The first global platform in rail and coach

trainline

This document comprises a registration document (the "Registration Document") relating to Victoria Investments S.C.A. (the "Company") prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the "FCA") made under section 73A of the Financial Services and Markets Act 2000 (the "FSMA"). A copy of this Registration Document has been filed with, and approved by, the FCA and has been made available to the public in accordance with the Prospectus Rules.

The directors of Victoria Investments Intermediate Holdco Limited ("OpCo"), a subsidiary of the Company, whose names appear on page 62 of this Registration Document (the "Directors"), OpCo and the Company accept responsibility for the information contained in this Registration Document. To the best of the knowledge of the Directors, OpCo and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Registration Document is in accordance with the facts and contains no omission likely to affect the import of such information.

This Registration Document should be read in its entirety. See Part 1 (Risk Factors) for a discussion of certain risks relating to the Company and its subsidiaries and subsidiary undertakings (the "Group" or "Trainline").

trainline

Victoria Investments S.C.A.

(a Luxembourg corporate partnership limited by shares (société en commandite par actions) incorporated under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B 195360)

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This Registration Document may be combined with a securities note and summary to form a prospectus in accordance with the Prospectus Rules. A prospectus is required before an issuer can offer transferable securities to the public or request the admission of transferable securities to trading on a regulated market. However, this Registration Document, where not combined with the securities note and summary to form a prospectus, does not constitute an offer or invitation to sell or issue, or a solicitation of an offer or invitation to purchase or subscribe for, any securities in the Company in any jurisdiction, nor shall this Registration Document alone (or any part of it), or the fact of its distribution, form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment whatsoever with respect to any offer or otherwise.

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PART 1

Risk Factors

The risk factors described below are not an exhaustive list or explanation of all risks relating to the Group and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group's current and future business prospects in the United Kingdom substantially depend on the Third Party Retailing Licence awarded to it by the Rail Delivery Group ("RDG"). The termination of the Third Party Retailing Licence could preclude the Group from carrying out its primary operations or otherwise could have a material adverse effect on the Group's results of operations, financial condition and business prospects.

The Group operates on behalf of UK rail carriers under the Third Party Retailing Licence awarded to it by RDG. The Group also operates a number of separate agreements with UK rail carriers, travel management companies ("TMCs") and corporates in relation to its Trainline for Business ("T4B") business in the United Kingdom, under which sales are also made pursuant to the terms of the Third Party Retailing Licence. As such, the Group's UK Consumer and UK T4B businesses, which together comprise the substantial majority of the Group's net ticket sales, are substantially dependent on maintaining the Third Party Retailing Licence.

The Third Party Retailing Licence has been renewed or extended several times since it was awarded in April 2005, most recently in September 2018. The term of the Third Party Retailing Licence is now on a seven-year rolling basis and will thus, in accordance with the Group's interpretation, continue in force for at least seven years, absent the occurrence of any termination event. In the event that the Group materially breaches the terms of the Third Party Retailing Licence (such as settlement of its obligations to Train Operating Companies ("TOCs") in respect of the payments it receives from customers for tickets) and the Group fails to remedy or is unable to remedy such a material breach within ten business days of receiving notice of such breach or the Group commits prohibited actions (such as fraud or insolvency-related events) as set out in the Third Party Retailing Licence, RDG may terminate or suspend the Third Party Retailing Licence. In addition, under the terms of the Third Party Retailing Licence, the Group has certain security and bonding obligations with respect to amounts owed by the Group to RDG. Whilst the Group historically has been in compliance with these security and bonding obligations, any failure of the Group to meet these obligations would constitute a termination event under the Third Party Retailing Licence and could give the Rail Settlement Plan Limited, a division of RDG, ("RSP") the right to seize assets in the Group's dedicated collections account and/or make a demand on the Group's revolving credit facility. In addition, in the event that the Group is allowed to continue operating under the Third Party Retailing Licence despite a breach of the payment and settlement obligations, RDG may impose further, more onerous, security or performance requirements which may be costly to meet.

Whilst the Group has in place what it considers to be robust controls and procedures to maintain compliance with its obligations under the Third Party Retailing Licence and whilst the Group has historically maintained such compliance, if these controls were to fail or if the Group were unable to meet its obligations under the payment and settlement procedures of the Third Party Retailing Licence and this failure was not remedied, RDG may be entitled to terminate the Third Party Retailing Licence. If the Third Party Retailing Licence were suspended or terminated, the Group may seek to enter into a delegated licence directly with one of the rail carriers as it had prior to 2005 (before the Group was licensed independently by the Association of Train Operating Companies ("ATOC") (the predecessor entity to RDG)), however, there can be no guarantee that the Group would be able to obtain such a delegated licence in a timely fashion or at all. The suspension or termination of the Third Party Retailing Licence could therefore have a material adverse effect on the Group's results of operations, financial condition and business prospects.

The Third Party Retailing Licence may be subject to material variation by the RDG in a manner which could have a material adverse effect on the Group's results of operations, financial condition and business prospects.

Under the terms of the Third Party Retailing Licence, RDG and RSP have unilateral variation rights in certain circumstances, including where such changes are mandated by a governmental agency or regulatory authority (including the UK Department for Transport ("DfT") and the UK Office of Rail Regulation ("ORR")) (a "Level 1 Mandatory Variation"). A Level 1 Mandatory Variation could result in changes to the term, the required security and bonding arrangements or other aspects of the Third Party Retailing Licence. Whilst there has been no such variation during the period that Trainline has been independently licensed by RDG (since 2005), a Level 1

Mandatory Variation could result in increased compliance costs for the Group, require a material change to the Group's business or business model or could otherwise ultimately result in the suspension or termination of the Third Party Retailing Licence if the Group fails to comply with the variations in a satisfactory manner, which could preclude the Group from selling tickets on behalf of UK rail carriers or otherwise could have a material adverse effect on the Group's results of operations, financial condition and business prospects.

The International business relies on the Group's licences with rail and coach carriers outside the United Kingdom.

The Group's provision of passenger rail and coach service information and the sale of rail and coach products provided by rail and coach carriers outside the United Kingdom (including Eurostar) are governed by bilateral licences with the relevant rail and coach carriers. A number of the Group's licences with such rail and coach carriers give the relevant carrier the ability to unilaterally vary the commission and other terms of the licence agreements in certain circumstances and/or terminate the licence agreements for convenience after providing the Group with notice. There can be no guarantee that the terms of these licences will not become less favourable to the Group over time, in particular during any renewal processes, although relevant competition laws may limit the scope of carriers' abilities to amend or otherwise treat the Group unfairly. Such variations, to the extent any challenge under relevant competition laws is unsuccessful, could result in increased compliance costs for the Group in relation to the relevant carrier(s), and termination of the Group's licences could limit the Group's competitiveness in the relevant jurisdiction or preclude it from retailing products on behalf of the relevant carrier(s), which could have a material adverse effect on the International business and on the Group's growth strategy.

As with the Third Party Retailing Licence, certain of the Group's arrangements with rail and coach carriers outside the United Kingdom require the Group to comply with security and bonding arrangements, the terms of which may be varied unilaterally by the relevant carrier under certain circumstances. Although the amounts of these international security and bonding arrangements have not been significant historically, the amounts of the required bonds typically increase if ticket sales increase and therefore may become more significant as the Group's international business grows in line with the Group's strategy. Whilst the Group historically has been in compliance with such arrangements, any failure of the Group to meet its payment obligations under these bilateral licences or a breach by the Group of its obligations under its financing arrangements could result in a demand on the Group's revolving credit facility or the imposition of more onerous security or performance requirements, which could have a material adverse effect on the Group's results of operations.

If the Group is unable to maintain and/or upgrade its technology platforms in a timely and effective manner, or if the Group's disaster recovery infrastructure is not sufficiently robust to support natural or man-made system disruptions, its current and future business prospects could be materially adversely affected.

The Group depends on the use of sophisticated information technology and systems to support its technology platforms. The Group has recently made significant investment in developing a new platform (the "Single Global Platform") which currently supports the UK Consumer and the majority of the International business (with the remainder being migrated over the next few months). The T4B business shares a significant proportion of the Single Global Platform services (payments, fulfilment, search) but the T4B front end functionality will, at least in the near term, continue to be supported as a different platform. The Single Global Platform enables and supports the Group's online and mobile sales channels, reservation management, journey planning, fares engine, customer service, internal and external communications, payment processing, fraud detection and other administrative and reporting processes. Most of these technologies and systems are developed and maintained in-house by the Group, although some are developed and maintained by third parties. As the Group's operations grow in size, scope and complexity, the Group seeks to improve and upgrade its technology systems and infrastructure to handle an increasing number of customers, enhanced products, features and functionalities and more complex transactions, and maintain the reliability and integrity of the Group's technology systems and infrastructure. Whilst much of the business has already been successfully migrated to the Single Global Platform, the ongoing maintenance of the Single Global Platform and remaining migration of the Group's products onto the Single Global Platform involve certain risks and operational challenges, including difficulties in timely completion and customer impact of the data and product migration, challenges using or applying upgrades, cost overruns and reliance on technologies and products provided by third parties, among other risks. In addition, the Group may be unable to realise planned operational efficiencies anticipated from the Single Global Platform.

The Group relies on Amazon Web Services ("AWS"), which hosts the Group's platforms. As a result, the Group is vulnerable to service interruptions at AWS, which could impact the ability of customers to access the platform at any time, without interruption or degradation of performance. In addition, AWS may terminate the agreement by providing 180 days prior written notice and may, in some cases, terminate the agreement immediately for cause upon notice. In the event that the Group's AWS service agreements are terminated, or there is a lapse of service, interruption of Internet service provider connectivity or damage to such facilities, the Group could experience interruptions in access to its platform as well as delays and additional expense in arranging new facilities and services. The Group may also incur significant costs for using an alternative cloud infrastructure provider or taking other actions in preparation for, or in reaction to, events that damage the AWS services used by the Group.

Any failure by the Group or its third-party service providers to maintain and improve the relevant technology systems and infrastructure may result in system interruptions. Like many technology-based businesses, the Group and its third-party service suppliers have experienced in the past, and may experience in the future, system interruptions. Any interruptions, outages or delays in systems used by the Group, including as a result of fire, flood, power loss, telecommunications failure, physical or electronic break-ins, earthquakes, acts of war or terrorism or other events or disruptions, could impair the Group's ability to process user traffic and transactions which, in turn, could materially adversely affect the quality of the Group's services, its reputation and its ability to generate revenue.

The Group's existing security measures may not prevent a security breach or hack.

Substantial or ongoing security breaches, whether instigated internally or externally on the Group's systems or other Internet-based systems, could significantly harm the Group's business and reputation. Like most technology companies, the Group experiences attempted phishing, malware and denial-of-service attacks in the ordinary course of its operations. Whilst the Group has not to date experienced any security breach, the Group incurs, and expects to continue to incur, substantial expense to protect itself against security breaches and their consequences.

Despite the Group's investments in protections against security breaches, it is possible that computer circumvention capabilities, new discoveries or advances in technology or other developments, including the Group's own acts or omissions, could result in a party (whether internal, external, an affiliate or unrelated third-party) compromising or circumventing the Group's security systems and stealing customer transaction/personal data or the Group's proprietary information or causing significant interruptions to the Group's operations. Although the Group has taken measures to protect all critical elements of its facilities, assets and data, including by using AWS to host its Single Global Platform, the Group cannot guarantee that such measures will be successful and if the Group were to experience frequent or persistent interruptions in its systems, whether due to system failures, human input errors, computer viruses, physical or electronic break-ins or denial-of-service attacks, such events could significantly curtail its ability to conduct its businesses and generate revenue, and its reputation and brand could be harmed. Failure to continue to improve the Group's standards or a substantial interruption to any of the Group's businesses, or in the systems of third parties upon which the Group relies, could expose the Group to a risk of loss or litigation and possible liability and could significantly harm its business. The Group's insurance may not be adequate to reimburse it for losses caused by security breaches.

Breaches could also damage the Group's reputation and cause customers and potential customers to lose confidence in its security, which would have a negative effect on the Group's reputation, the value of its brands and the demand for its products. Moreover, public perception concerning general security and privacy on the Internet could adversely affect customers' willingness to use the Group's websites and mobile app. A publicised breach of security could inhibit consumers' willingness to provide private information or effect commercial transactions on the Internet and, therefore, demand for the Group's services, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Data privacy compliance breaches or failure to protect confidential information could harm the Group's reputation and expose the Group to litigation or other legal or regulatory actions.

The Group is subject to a number of laws relating to privacy and data protection, including, in particular, the General Data Protection Regulation (Regulation (EU) 2016/679) ("GDPR"), the United Kingdom's Data Protection Act 2018 and the EU Privacy and Electronic Communications Regulations. Such laws govern the Group's ability to collect, use and transfer personal data, including relating to its consumer customers, rail and coach partners and business partners, as well as any such data relating to its employees and others. In processing transactions through the Group's technology platforms, the Group receives and stores a large volume of personal data, including credit card information. The Group also relies on third-party service providers to collect and process certain personal data and to maintain its databases. Therefore, the Group is exposed to the risk that such data could be wrongfully appropriated, lost or disclosed, damaged or processed in breach of privacy or data protection laws. See also "*The Group's existing security measures may not prevent a security breach or hack*" in this Part 1 (Risk Factors).

While the Group strives to comply with all applicable laws and regulations relating to privacy and data protection, such laws are subject to frequent evolution and, following the United Kingdom's exit from the European Union (commonly referred to as "Brexit"), it is expected that the data collected and processed by the Group will be subject to regulation by a different regulator in the United Kingdom to the EU. It is possible that applicable privacy and data protection laws and regulations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another or may conflict with other rules or the Group's practices. That concern is particularly relevant for the GDPR, given that it only recently came into force and that different Member State regulators may differ as to its interpretation and their approach to enforcement, and for the Privacy and Electronic Communications Regulations ("PECR"), which are currently under review.

In addition, the Group is currently compliant and accredited with Level 1 standards under the Payment Card Industry Data Security Standards. However, significant security breaches or operating failures that cause the disclosure of, or failure to adequately protect, payment card details may impact the Group's ability to comply with the Level 1 standards and may lead to the loss of the Group's Level 1 accreditation and/or increased processing costs for credit card transactions.

Any perceived or actual failure by the Group, including its third-party service providers, to protect confidential data or any material non-compliance with privacy or data protection or other consumer protection laws or regulations may harm its reputation and credibility, adversely affect revenue, reduce its ability to attract and retain customers, result in litigation or other actions being brought against the Group and the imposition of significant fines and, as a result, could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group operates in a competitive environment and is subject to risks relating to competition that may materially adversely affect its future performance and business prospects.

Trainline has no control over the prices of the rail and coach tickets that it sells via the Trainline platform and has limited control over the commissions that it receives for these sales. The Group's success therefore depends on its ability to attract new and repeat customers at reasonable acquisition costs based on a superior user experience, including providing unique journey options, together with the ease of use, quality, accessibility and reliability of its app and website.

The UK Consumer business currently competes against other companies that sell rail and coach tickets for travel in the United Kingdom, including other third-party rail ticket providers (via online and mobile sales platforms and contact centres), rail and coach carriers (via online and mobile sales platforms and contact centres as well as the ticket offices and machines which sell tickets at the rail stations) and Transport for London ("TFL") (via TFL's online sales platform as well as the ticket offices and machines which sell tickets, including tap and go, at rail and Tube stations largely for Greater London journeys). In addition, a majority of UK rail and coach carriers sell tickets without booking fees and may also offer promotional or other discounts. In addition, although National Rail Enquiries ("NRE"), a journey planning and information service owned and operated by the UK rail carriers, does not sell rail travel products, in the event that NRE determines it would be beneficial to obtain consent from the DfT to change its mandate and begin selling rail tickets directly, and such change in mandate was granted by the DfT, NRE may be able to develop effective retailing capabilities and capture a material share of the market more quickly than other online and mobile rail ticket providers, due in part to the strength of the National Rail brand, which could impact the Group's sales volumes and revenue.

Competition within the International business is more fragmented than it is within the UK Consumer business; however, the competitive dynamics are similar: Trainline competes primarily against a small number of third-party retailers, as well as against incumbent and new European rail and coach carriers (who typically sell tickets to customers without booking fees). These European carriers often benefit from significant brand recognition as they have historically been the largest option for travellers within their country of operation. In addition, certain of the European rail carriers place restrictions on Trainline's retailing or marketing abilities (such as restrictions upon Trainline's ability to bid for certain pay-per-click keywords) and/or provide the Group with lower levels of commission than those available in the United Kingdom. Such arrangements may make it difficult for the Group to compete at all or compete profitably within certain jurisdictions.

Within the UK T4B business, the TMC business competes against a small number of competitors for TMC customers and the Corporate business also competes against TMCs with respect to the provision of its services to Corporate customers. The competitive pressures in this market have historically related to the prices and services offered to consumers, and such competitive pressures may increase if there is an increase in the number of market participants. In the event that a competitor of the Group lowers the fees that it charges, improves or augments services provided through its platform or otherwise improves its product offering, the Group may lose market share or be unable to grow its market share in line with expectations. In addition, the Group could be forced to lower its fees for corporate and TMC activities in order to maintain sales volumes, which could adversely affect its ability to generate profit.

Similarly, within the train operating company "white label" solutions business within UK T4B, Trainline competes against a relatively small number of competitors. The pricing structures within this business are competitive, and white label solutions clients are experiencing increasing levels of demand from their consumers and typically have high service and maintenance expectations. In the event that a competitor is able to bid more competitively and provide higher levels of dedicated customer service resources, the Group may fail to maintain its existing white label solutions relationships or win new clients, which could have a material adverse effect on the UK T4B business. In addition, at the time of re-franchising, Trainline is often required to re-tender for the white label solutions contract or partner with a company or companies tendering for the franchise contract, which puts Trainline at risk of losing the contract if the company or companies with whom it partners are unsuccessful.

The Group may also face competitive challenges from entry into the market by new competitors, including new companies with a focus on selling rail and/or coach products in the Group's primary businesses or competitors with a diverse product offering, a well-known brand, significantly greater resources or other competitive advantages, such as Google, Amazon, Apple or Facebook. Given the direct access to potential customers that such companies have through their platforms and, potentially, the strength of their brand, the launch of a similar product by such companies focused on the Group's primary businesses could reduce the Group's overall market share, sales volumes and revenue. Competitive pressure or a material change in the characteristics of the online and mobile rail and/or coach ticket sales sector may result in reduced sales for the Group or reduced booking and other fees charged by the Group, which could have a material adverse effect on the Group's results of operations, financial condition and business prospects.

The Group's growth strategy, in particular its international expansion strategy, involves additional risks, including the risk that the growth strategy may not be successful.

For the year ended 28 February 2019, the Group generated: £136.7 million (65.2%) of its revenue from its UK Consumer business, £58.4 million (27.9%) of its revenue from its UK T4B business and £14.5 million (6.9%) of its revenue from its International business, compared to £114.4 million (64.3%), £54.4 million (30.6%) and £9.2 million (5.2%) in the year ended 28 February 2018, respectively. The Group's strategy of international expansion is ongoing, most recently with the rollout of its multi-currency platform across the Group's product offerings, as well as with the commencement of journey planning and sale of certain rail passes for rail travel in Japan and with the intention to expand coverage to North American rail carriers. The Group's international strategy involves significant risks and uncertainties, which primarily relate to:

- the regulatory framework governing rail service and travel in each jurisdiction, such as recent changes introduced across the EU by the Fourth Railway Package, in France by reform of the country's state rail operator SNCF and the introduction of the Law on Mobility and in Germany by the restructuring of Deutsche Bahn;
- the bilateral licensing environment requiring providers to negotiate arrangements with individual rail carriers able to dictate commission levels and impose marketing restrictions and unilateral termination rights;
- the competition, customer habits and preferences and other market characteristics in the countries of the Group's target customers and in the countries where the Group sells or plans to sell travel products impacting on the success of international marketing efforts, as well as ability to retain customers and charge booking and other fees; and
- consumer protection laws and regulations and the Group's ability to enhance consumer awareness of its brand in relation to these new markets and its ability to acquire customers at an affordable cost.

As a result of these or associated risks, the Group may be unable to execute its international expansion strategy in the time frame that is currently anticipated, or at all, and, if implemented, the Group's international operations may not generate an adequate return on investment or any return.

In addition, the Group's UK growth strategy involves expanding the availability of ticket types, such as season tickets, as well as expanding its ancillary product offerings. If the Group were to lose its variation to the Third Party Retailing Licence allowing it to sell season tickets (the "Season Ticket Trial Licence") and its bilateral agreement with West Coast Trains providing for a delegated season ticket licence (the "Retailing Agent's Agreement"), it would no longer be able to sell season tickets for UK rail travel, which may impact the Group's competitiveness in the United Kingdom and have an adverse effect on the Group's growth strategy. Similarly, the Group's competitiveness and growth strategy in the United Kingdom may be adversely impacted if the Group fails to provide customers with a sufficient variety of ancillary product offerings and customers do not engage with the ancillary offerings as expected.

The implementation of the Group's growth strategy may cost more than expected and will require significant management focus. A failure to effectively implement the Group's growth strategy, including at the cost levels or in the time period currently planned, could impact the Group's competitiveness, its ability to invest in and grow its current business as intended and could have a material adverse effect on its results of operations, financial condition and business prospects.

The Group relies on the performance of a highly skilled team, and its ability to attract and retain executives and other qualified employees is crucial to the Group's results of operations and future growth.

The Group depends substantially on the continued services and performance of its key executives, senior management, subject matter experts and skilled personnel, particularly its technology and systems, online and mobile digital marketing, product development, and finance employees. Any of these individuals may, upon giving the required notice, choose to terminate their employment with the Group at any time. The Group cannot ensure that it will be able to retain the services of any member of its senior management or key employees, the loss of whom could have a material adverse effect on the Group's business, or find adequate replacements in a reasonable amount of time, at similar compensation levels, or at all.

Competition remains intense for well-qualified employees in certain aspects of the Group's business, including top management; software engineers, testers and developers; online and mobile digital marketing; product development and business analysts, as well as other business and technology professionals. The specialised skills the Group requires are difficult and time-consuming to acquire and, as a result, such skills are in short supply and may be more expensive to employ, especially in a highly concentrated tech hub such as London. A lengthy period of time is also required to hire and train replacement personnel and it takes time for newly recruited specialists to learn the Group's systems and business and become productive.

An inability to hire, train and retain a sufficient number of qualified employees could materially hinder the Group's business by, for example, delaying its ability to bring new products and services to market or impairing the success of its operations. Even if the Group is able to maintain its employee base, the resources needed to attract and retain such employees, as well as to update their skills as the technological demands of the Group's industry change, could become increasingly costly.

The effects of Brexit are uncertain, but may result in a reduction in freedom of movement between the United Kingdom and Europe. This could force key personnel who are EU nationals to leave the Group, as well as impair the Group's ability to hire new personnel from the EU.

The loss of key personnel, or significant increases in employee-related costs, could have a material adverse effect on the Group's business, financial condition or results of operations.

A significant decrease in the commissions received by the Group could have a material adverse effect on the Group's growth strategy and profitability

The Group's revenue is composed substantially of the commissions it receives from rail carriers, which are typically based on industry standard rates for third-party retailers that are largely outside of the Group's control. In particular, the Group generates a substantial proportion of its revenue from operations through commissions payable on sales of UK rail ticket sales pursuant to its Third Party Retailing Licence, which are the same as those the rail carriers pay to each other for sales of other rail carrier tickets. Although the commission structure under the Third Party Retailing Licence is fixed under its terms until RDG serves three years' notice, commencing from the beginning of the financial year after serving notice, which currently means until April 2023 at the earliest, RDG may require the Group to accept lower commission rates from April 2023 onwards and there can be no assurance that rates will not be decreased in the future. In addition, the International Sales Licence is currently on a one-year rolling term and there can be no guarantee that the commission levels will not be varied should a one-year notice be served. Similarly, there can be no guarantee that the commission levels specified in the Season Ticket Trial Licence will not be varied as part of the renewal process at the end of 2019. The commission levels specified in the Group's bilateral agreements with rail carriers outside the United Kingdom are subject to variation in accordance with their respective terms.

A significant reduction in the levels of commissions the Group receives from rail and coach carriers, either as a result of RDG significantly decreasing the rates of commission payable under the Third Party Retailing Licence from April 2023 at the earliest on its own or in combination with a reduction of commission levels under the International Sales Licence or as a result of a general trend in the international rail and/or coach industries toward decreasing commission rates, could have a material adverse effect on the Group's growth strategy, results of operations, financial condition and business prospects.

If the Group is unable to charge some or all of the fees that it charges to the customers of its UK Consumer and International businesses, or if such fees are subject to reduction or mandated caps, the Group may not be able to generate profit at current levels.

In addition to the commissions that the Group receives in relation to its sales of rail tickets, it also charges, in some circumstances, the customers of its UK Consumer and International businesses fees, including, for example, booking fees and fees for voluntary refunds. These fees have historically constituted a critical part of the Group's profitability. The Group's ability to charge such fees in the future may be adversely affected by competitive pressures, changes in consumer and/or rail passenger protection regulations in the jurisdictions in which the Group operates, or where Trainline may charge differential rates across different geographies. For example, the Group previously charged credit card processing fees to cover costs imposed by credit card issuers. However, in January 2018, the EU Payment Services Directive II prohibited such surcharges (while credit card issuers were still free to charge merchant fees). Any reduction in fees currently charged by the Group to the customers of its UK Consumer and/or International businesses, the introduction of mandated fee caps or the elimination of certain types or methods of charging fees could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may in the future suffer from Internet-related fraud, including credit or debit card fraud.

The Group may be liable for accepting fraudulent credit or debit cards and could be subject to other payment disputes with its customers for such sales. For sales through the UK Consumer and International businesses, the Group would be liable to the rail carriers (via RSP in the United Kingdom) for the entire cost of the ticket and the Group's revenue from such sales could also be subject to automatic charge-backs related to fraudulent transactions from credit or debit card processing companies or demands from the relevant banks. For sales through the contracted Corporate and TMC businesses that involve fraudulent credit or debit cards, the Group remains liable for the entire cost of the ticket but generally passes the cost on to the relevant client. For sales made through the Group's technology platform generated for the white label solutions business that involve fraudulent credit or debit cards, the position around liability varies from contract to contract but, in some cases, the Group remains liable for the entire cost of the ticket. Therefore, sales made through the Group's technology platform which involve or may involve fraudulent credit card or debit card transactions may result in decreased revenue for the Group and increased costs and could therefore materially adversely affect the Group's margins, business, financial condition and results of operations.

The Group makes significant and ongoing investment in technology and people to combat fraud, however the Group's ability to detect and combat increasingly sophisticated fraudulent schemes may be negatively impacted by the adoption of new payment methods, the emergence of new technology platforms, including mobile, and the Group's expansion into new markets where the risk of fraud may be more prevalent. If the Group is unable to effectively combat the use of fraudulent credit or debit cards through its technology platform, the Group's results of operations and financial condition could be materially adversely affected. In addition, because the Group offers its fraud protection technology as a service to Corporate and TOC clients, the Group's reputation and brand may suffer if it unable to or is perceived as unable to effectively combat fraud.

The Group may not be able to keep up with technological changes or to address the challenges presented by consumer or market trends, and its new products and technologies may not achieve broad acceptance by rail carriers or other industry participants.

Each of the Group's businesses operates in markets where technology, industry and regulatory standards, product offerings and consumer demand are evolving. The Group may not be able to remain competitive if it is unable to keep up with these changes by continuously innovating its technology and product offerings.

The Directors believe that sales of travel products online and through mobile devices, either via mobile apps or the Group's websites through mobile browsers, will continue to grow, and the Group has sought to address this demand through the development of its mobile app and through the optimisation of its website for access by mobile devices. An average of approximately 74% of the Group's transactions within the UK Consumer and International business were made from mobile devices from September 2018 to November 2018, compared with approximately 9% in the year ended 28 February 2014. The Group's future success will depend on its ongoing ability to adapt to changing technologies, including mobile device and other technologies which the Group or the market has not yet encountered, to adapt its products to evolving industry standards and to improve the performance, features and reliability of its service in response to competitive service offerings and the evolving demands of the marketplace.

Further, global rail and coach networks are complex and involve a large number of industry participants, including approximately 800 rail and coach carriers across Europe. As the Group adapts its sales channels, infrastructure and product offering to evolving technologies and consumer demand, it may invest in products or technologies that require other industry participants to accept, use or invest in similar technologies. If other participants do not have, or fail to or choose not to develop, the required complementary products and services, the Group may not be able to offer the products and technologies to its customers, which could result in the Group failing to achieve an adequate, or any, return on its investment. For example, the Group continues to invest in mobile technology, including mobile ticketing, whereby users can download tickets directly to their mobile devices. While many rail carriers, particularly in Europe, have adapted to mobile technology, certain rail carriers, including in new geographic markets into which the Group may expand, may be less willing to agree to accept such mobile tickets or may be slow in developing or acquiring ticket readers or other technology that are capable of confirming the validity of the ticket. If any of these circumstances occur, the Group would be unable to offer mobile ticketing to customers travelling with such rail carriers, which could result in lower revenues than the Group expected to generate from its investment in the new product and technology.

If the Group fails to develop or evolve its product offering in line with evolving technology, industry standards, product offerings and consumer demands or if the Group's investments in new products and technologies do not achieve broad acceptance in the industry, the Group may experience reduced sales volumes or revenue, which could have a material adverse effect on its results of operations, financial condition and business prospects.

The Group relies on rail and coach carriers for raw timetable and fare data.

All providers of rail and coach service information and rail and coach products for rail and coach travel, including the Group, rely upon fare, timetable and other industry information provided by or on behalf of the relevant rail and coach carriers. In the United Kingdom, the raw data supporting the Group's journey planning services is provided by RDG / NRE on behalf of the rail carriers, while in the EU raw data is provided by each carrier. For coach, Trainline is reliant on raw data feeds directly from the coach carriers or the coach integrators.

In circumstances where raw data provided by the rail and coach carriers is inaccurate, unavailable or difficult to extract, or if the coach integrators were to lose the ability to integrate underlying coach carriers, the Group's ability to provide its products and services to customers in the manner and of the quality expected by customers may deteriorate. If such circumstances were widespread or prolonged, this could result in lower sales volumes and decreased revenue, which could have a material adverse effect on the Group's reputation, business, financial condition and results of operation.

The Group relies on third parties for a number of services which are key to the Group's operations, services and systems and the failure of such third parties to deliver the services could have a material adverse effect on the Group's business, results of operations and financial condition.

Certain of the Group's services, including in particular its proprietary journey planning services, are offered through the Group's Single Global Platform but are dependent upon or provided by third parties that also provide their services to other industry participants in the jurisdictions in which the Group operates. For example, the software used by the Group that facilitates the raw timetable data exchange between some rail carriers and Trainline is provided by HaCon and the Group's platforms are hosted by AWS.

Any inability by these third parties to meet the Group's requirements or standards could damage the Group's reputation or make it difficult or more costly for the Group to operate certain aspects of its business. In addition, if such third-party service providers were to cease operations, temporarily or permanently, or face financial distress or other business disruption, the Group could suffer increased costs and delays in its ability to provide similar services until an equivalent service provider is found or the Group develops replacement technology or operations. If the Group fails to replace any such defaulting service provider, this could result in its inability to provide the services in the manner and of the quality expected by its customers, which could result in lower sales volumes, decreased revenue and could have a material adverse effect on the Group's reputation, business, financial condition and results of operations.

There is no guarantee that the Group will be able to successfully manage potential future growth.

The Group has been growing rapidly and must continue to implement a sustainable growth strategy in order to continue to achieve strong results. To successfully implement its growth strategy, Trainline must successfully manage business opportunities, revenue streams, product and service quality in operations and increase capacity and Internet traffic as required by existing and prospective customers.

The Group's growth strategy includes the expansion of its product and service offerings, including its ancillary services such as travel insurance and hotel bookings, its multi-currency capabilities and its selective advertising partnerships, which currently represent a small portion of the Trainline business. Such expansion may in the future expose the Group to additional risks and competitive and operational complexities, which may place additional requirements on the Group's systems, controls, procedures and management, including the need to identify, recruit and integrate additional employees with relevant expertise and expand the scope of the Group's current technology systems. The Directors believe Trainline's innovation and collaboration-driven culture is an important element of its success and there is a risk that the Group may have difficulties maintaining that culture or adapting it sufficiently to meet the needs of future and evolving operations, in particular as the Group grows internationally.

Rapid and significant growth may, therefore, place strain on the Group's administrative, operational, cultural and technological infrastructure. In order to manage operating activities and growth, the Group will need to continuously test and improve operational and management controls, controls over technology, reporting and information disclosure, and financial internal controls. If the Group is unable to effectively manage its growth, or is unsuccessful in adapting to changes and increased requirements resulting from expansion, this could have a material adverse effect on the Group's business, financial condition and results of operations.

A significant or prolonged disruption to passenger rail and/or coach services or systems in the jurisdictions in which the Group operates could reduce demand for the Group's products.

The Group's business is dependent on operationally safe and adequately performing rail and coach service systems in the jurisdictions in which it operates. Disruption to passenger rail or coach service, whether caused by natural or man-made disasters or other events, including industrial action and strikes, severe weather, derailments, actual or threatened acts of terrorism or reported outbreaks of epidemics or pandemics could reduce customer demand for rail and/or coach travel and, as a result, the Group's products. For example, delays caused by the failed rollout of timetable changes nationwide in 2018 supressed rail travel generally in the United Kingdom and had an adverse effect on the Group's results of operations. In addition, the United Kingdom has experienced significant flooding in recent years, which caused some disruption to local and national rail services. If the scope of such flooding or other weather phenomena were sufficiently broad to cause significant ongoing disruptions in the rail network in the United Kingdom, it could have a material adverse effect on the Group's financial condition and results of operations.

Such disruptions and safety concerns arising from similar events in the future are outside of the Group's control and could result in a significant decrease in the use of the rail services for travel which, depending on its scope and duration, could have a material adverse impact on the Group's business, financial condition and results of operations.

A significant decrease in rail or coach travel usage due to extended economic uncertainty or a change in traveller perceptions of the reliability of rail and coach services and/or evolving preferences for other means of travel could reduce demand for the Group's products.

Online and mobile sales of tickets for rail and coach travel are directly related to the overall level of rail and coach travel activity, which is, in turn, largely dependent on discretionary spending levels. As a substantial portion of rail and coach travel expenditure, for both leisure travellers and corporate travellers, is often discretionary, such expenditure can be impacted by economic downturns. For example, although overall expenditures on rail tickets for travel increased during the economic downturn that began in 2008, the recession resulted in decreased corporate travel, due to smaller corporate travel budgets, and decreased commuter travel, due to increased unemployment. Although the net impact to the Group of that recession was limited, further significant and prolonged periods of economic and financial weakness and uncertainty may result in lower total spending on discretionary travel, which could reduce the Group's ticket sales volumes and have a material adverse impact on the Group's results of operations, financial condition and business prospects.

The effects of Brexit are currently uncertain and will depend on any agreements the United Kingdom makes to retain access to EU markets. Brexit may lead to legal uncertainty and potentially divergent national laws and regulations and could also adversely affect economic or market conditions in the United Kingdom, Europe or globally. These changes could negatively impact the broader economic environment on which online and mobile sales of tickets for rail and coach travel depend. Brexit may also lead to a reduction in freedom of movement between EU markets and the United Kingdom, potentially leading to fewer Europeans visiting the United Kingdom and vice versa and a corresponding decline in online and mobile ticket sales.

In addition, the Group's ongoing success depends on rail and coach services remaining a popular and broadly utilised means of travel. Changes in consumer patterns leading to an increased preference for alternative means of transportation, such as air or car travel, could result in significantly lower sales volumes or lower ticket prices, or both. Changes in consumer preferences could be driven by increased concerns about the quality and reliability of the rail services, including rolling stock and track quality, as well as ease of use and pricing compared to other means of travel. For example, if low-cost air travel services were to increase or fuel prices drop significantly making car travel much cheaper and take a material share from the rail travel market, the Group may see a material decrease in the volume of rail ticket sales.

Any such decreases in demand are outside of the Group's control and, depending on their scope and duration, together with any other issues affecting customer preferences, could have a material adverse impact on the Group's business, financial condition and results of operations.

Structural changes in rail and coach travel could reduce the Group's attractiveness to customers

The potential number of customers for the Group could reduce materially if there is a structural change in rail and coach travel bookings such as, for example an increase in "pay as you go" travel, whereby customers are able to travel throughout the entire rail and/or coach network of a given region on a prepaid or "pay as you go" basis, without purchasing a ticket through the Group. Such an increase could be driven by consumer preference and/or driven by regulatory initiatives. The DfT has, for example, recently announced a consultation on proposals to extend the "pay as you go" rail travel area in the United Kingdom. Whilst any such development would likely be limited to metropolitan and surrounding suburban areas, and the Group may still have a role in a "pay as you go" model, implementation outcome is currently unclear and there is a risk that such a shift may result in customers choosing to purchase tickets directly through rail carriers, at the station barrier gate, or through another of the Group's competitors or which may not require the pre-retailing of tickets at all. As a result, increased coverage or use of "pay as you go" systems may lead to lower sales volumes and decreased revenue for the Group. Similarly, the Group may also experience increased competitive pressure from and/or lose market share as a result of the emergence of "mobility as a service", in which multiple types of both public and private transportation services are integrated into one platform which customers can access using a single account and payment method.

The Group may lose one or more material UK T4B customers, including material Corporate or government clients of TMC customers or be subject to significant changes to the terms of these agreements.

The UK T4B businesses contribute a significant proportion of the Group's annual revenue and each of the UK T4B businesses, other than its SME business, has a relatively small number of customers, certain of which contribute a material portion of that business's revenue. For example, the 20 largest customers within UK T4B represented 71.3% of the UK T4B net ticket sales in the year ended 28 February 2019.

In addition, certain of the Group's TMC clients have historically served, and may in the future serve, corporate clients whose activities contribute a material proportion of UK T4B's revenue. Such clients may choose to contract with a TMC that is not a client of the UK T4B business. For example, certain government entities contract with TMCs and, prior to the expiration of the service contract, may commence a tender process through which they solicit competing bids from TMCs. If the client does not choose a TMC that is itself a client of the UK T4B business, UK T4B's business, financial condition and results of operations may be materially adversely affected.

In the event that the Group loses a material customer or a number of customers which together contribute a material proportion of UK T4B revenue, the Group may be unable to acquire other customers of a similar size. In addition, the inability of the Group to negotiate new contracts on substantially similar terms with such customers as such contracts come up for renewal from time to time could result in increased costs or decreased revenue for the UK T4B business. The loss of any key customers or the loss of a relatively small number of UK T4B customers, for any reason, or significant changes to these agreements could therefore have a material adverse effect on the UK T4B business, financial condition and results of operations.

The Group may be subject to significant fines, or prohibitions on certain activities, if it is found not to be in compliance with laws, rules and regulations relating to its e-commerce operations.

Nearly all of the Group's revenue is generated from its e-commerce operations from transactions which take place through the Group's technology platforms. The growth and development of e-commerce and the online and mobile travel industry, along with negative publicity and allegations of unfair business practices, particularly in relation to the transparency of fees charged to customers, have prompted calls for more stringent consumer protection laws and more aggressive enforcement efforts by regulatory authorities in the United Kingdom and the European Union. As a result, regulators have imposed additional burdens on online and mobile businesses generally, such as requirements of greater transparency as to pricing and terms and conditions and the prohibition on charging credit card settlement fees to customers. Additional or more restrictive requirements may result in increased compliance costs for the Group, reduced revenue and/or reduced sales. More generally, failure to comply with these and similar laws and regulations may subject the Group to allegations of unfair business practices, fines or otherwise harm Trainline's reputation. The Group is also subject to the risks that Member States will enforce GDPR in such a way, and/or PECR will be updated and implemented in such a way, as to reduce the quantity and type of marketing Trainline is able to engage in and/or so as to encourage more people to opt out of marketing communications on which the Group's marketing strategy relies. In addition, although there is a general trend towards increased consumer protection, specific laws and rules may vary between the United Kingdom and the European Union and internationally, making compliance more complex and expensive. Any such developments could have a material adverse effect on the Group's business, financial condition and results of operations.

Changes to government policies or regulations, including those that affect the rail network or train travel in the United Kingdom, could have a material adverse impact on the Group's results of operations, financial condition and business prospects.

Given the strategic importance of the rail network to travellers in the United Kingdom, the UK Government and its regulators have historically been active in the regulation of the rail network and undertake frequent reviews of the network and the market. The government has recently commissioned the Williams Rail Review (the "Rail Review"), which is currently underway and due to be published in Autumn 2019. Its aim is to establish the most appropriate organisational and commercial frameworks for the rail network, with its recommendations laying the foundation for reform commencing in 2020. Similarly, RDG is conducting a Fares Review, which may yield recommendations with respect to fares reform in the near-term, including the potential implementation of capped fares in the United Kingdom. In addition, while the current UK Government is opposed to the renationalisation of railway in the United Kingdom, the opposition Labour party currently supports renationalisation as franchises expire and may effect this plan if they win the next general election. The impact on the rail industry, UK rail carriers, third-party rail ticket providers and other participants of the implementation of any changes to the UK rail industry recommended by the Rail Review, the Fares Review or other consultation or market study, and/or any changes to government policies as a result of a general election or other change in government, is difficult to quantify, but could have a material adverse effect on the Group's licencing arrangements and operations in the United Kingdom.

The Fourth Railway Package was introduced in the EU in 2016 and requires significant changes to be made to the EU railway market, including the mandatory uncoupling of rail infrastructure managers from train operators, mandatory tendering for public service contracts, and the streamlining of licensing and approvals processes for railways companies. These reforms are designed to improve the competitiveness of the European railway market. While such reforms present opportunities for independent retailers given the likely increased competition amongst carriers, the outcomes of the implementation of the Fourth Railway Package into each Member State (such as the Law on Mobility in France) may be unpredictable in terms of their interpretation and outcomes for retailers and may also result in the legislative landscape across the European Union becoming more piecemeal. There is also the potential for disruption of European railway networks when implementing such wide-ranging changes, which might cause a temporary reduction in train travel and a corresponding fall in the Group's revenues. For example, temporary disruption, and a corresponding fall in revenues, was caused by the reform of the French state-owned rail operator SNCF that began in July 2018 as a result of widespread strikes by railway workers.

In addition, updates to the EU Rail Passenger Rights Regulations may provide passengers with protection for journeys in which different legs of the journey are taken on different rail carriers, or via rail and coach, and may require the Group to take on more liability where such journeys were booked through Trainline's platform.

These and other changes to government policies and regulations could have a material adverse impact on the Group's results of operations, financial condition and business prospects.

Changes in tax law or the interpretation of tax law, or the enactment of new unfavourable tax laws, rules or regulations, could increase the Group's effective tax rate.

Changes in tax laws or the interpretation of those laws, including changes which restrict the utilisation or timing of utilisation of tax losses to offset future taxable profits (such as those recently introduced in the United Kingdom), could adversely affect the Group's effective tax rate and reduce the value of any tax assets recorded on its balance sheet, which in turn could reduce the Group's net cash flow and result in higher tax payments in future periods than is currently anticipated.

The Group's growth strategy involves international expansion, and the source of profits across different jurisdictions may therefore change over time towards jurisdictions with higher or lower tax rates, or with more or less favourable tax regimes for calculating the tax base. It is not uncommon for taxing authorities in different countries to have conflicting views, for instance, with respect to, among other things, whether a permanent establishment exists in a particular jurisdiction, the manner in which the arm's length standard is applied for transfer pricing purposes, or with respect to the valuation of intellectual property. The Group's planned international expansion could therefore increase the complexity of the tax laws and regulations with which the Group must comply and could result in a higher effective tax rate.

In addition, many of the underlying laws, rules or regulations imposing taxes and other obligations were established before the growth of the Internet and e-commerce. Tax authorities globally are currently reviewing the appropriate treatment of companies engaged in e-commerce and considering changes to existing tax or other laws that could regulate transmissions and/or levy sales, income, consumption, use or other taxes relating to the Group's activities, and/or impose obligations on us to collect such taxes. For example, although the European Commission largely abandoned its March 2018 proposal for taxing digital business activities in the EU, France implemented a digital tax on large technology firms with retroactive effect from 1 January 2019 and the UK Government has indicated it may implement a similar digital tax beginning in 2020. Although Trainline would likely not currently be of sufficient size to be within scope of these digital tax laws, it may in the future reach sufficient size, or the application of the laws could be expanded so as to cover businesses of Trainline's size.

The Directors cannot predict the effect of current attempts to impose taxes on commerce over the Internet. If such tax or other laws, rules or regulations were amended, or if new unfavourable laws, rules or regulations were enacted, the results could increase the Group's tax payments or other obligations, prospectively or retrospectively, subject the Group to interest and penalties or result in increased costs to update or expand the Group's technical or administrative infrastructure. As a result, these changes may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group's business could be materially adversely affected by changes in search engine algorithms and search engine relationships.

In the year ended 28 February 2019, the Group estimates that approximately 20% of new customers in its UK Consumer business and 50% of new customers in its International business were won through the purchase of travel-related keywords on Internet search engines as well as pay-per-click and display advertising on Internet media properties. An increase in the price of securing travel-related keywords and preferred placement on the search page or the price of pay-per-click and display advertising could materially increase the Group's advertising and marketing expenses, which could have a material adverse effect on the results of operations, financial condition and business prospects.

The Group also generates a significant proportion of its transactions through the UK Consumer and International businesses' online and mobile sales channels from "free traffic" resulting from customers clicking a non-paid results link in a Google or another search engine. If search engine providers such as Google change the search algorithms that determine the Group's position on "free searches" in a manner that is disadvantageous to the Group, whether to support their own travel-related services or otherwise, the Group's ability to generate traffic to its online and mobile sales channels would be harmed. In addition, if the Group fails to maintain its current strong click-through and conversion rate performance and its search rankings fall as a consequence thereof, free traffic to the Group's online and mobile sales channels could fall. Declines in the level of traffic to the Group's websites could have a material adverse effect on its results of operations, financial condition and business prospects.

The Group is exposed to fluctuations in currency exchange rates

The Group processes transactions in multiple currencies and conducts a portion of its business outside of the United Kingdom. Because the Group reports its results in pounds sterling, it faces exposure to movements in currency exchange rates as the financial results of the Group's International business are translated from local currency (principally Euros) into pounds sterling. Throughout 2017 and 2018, pound sterling weakened year-over-year relative to substantially all currencies in which the Group transacts, most notably the Euro. As a result of these currency exchange rate changes, in 2017 and 2018 the Group's foreign-currency-denominated revenue, gross profit and operating expenses were higher as expressed in pounds sterling. If pounds sterling were to again strengthen, the Group's foreign-currency-denominated revenue, gross profit and operating expenses when expressed in pounds sterling would decrease.

Additionally, volatility in foreign exchange rates and its impact on consumer behaviour, which may differ across regions, make it more difficult to forecast industry and consumer trends and the timing and degree of their impact on the Group's markets and business, which in turn could adversely affect the Group's ability to effectively manage its business and could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may in the future become involved in legal proceedings, the outcomes of which could materially adversely affect its business, financial condition and results of operations.

The Group may in the future become involved in various legal proceedings that involve claims or sanctions for substantial amounts of money or for other relief or that might necessitate changes to the Group's business or operations. Such legal proceedings may also include disputes with certain authorities relating to regulatory matters or may include the Group taking legal proceedings against others. The defence of any of these actions may be both time-consuming and expensive. The Group may not prevail in any such legal proceedings and if such disputes were to result in an unfavourable outcome, it could result in reputational damage and have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may not be able to protect its intellectual property effectively from copying and use by others, including current or potential competitors and the Group may face claims by third parties that the Group infringes their intellectual property rights.

The Group's success depends, in part, upon its technology and other intellectual property, including its brand name. The Group protects its logo, brand name and the domain names of its websites by relying on registered domain names and trademarks and copyrights. The Group's operations also rely on its technology platforms, the majority of which the Group believes is protected by copyright laws.

However, not all of the Group's intellectual property can be protected by registration or copyright. If another party were to copy or otherwise obtain the Group's intellectual property and the Group was unable to prevent its unauthorised use, or if another party were to develop similar technology independently, the Group's competitiveness could be reduced. In addition, the Group's international expansion strategy relies in part on the Group being able to use and protect its brand name and domain names, and effective trademark and copyright protection may not be available in every jurisdiction in which the Group's products are made available and policing unauthorised use of the Group's proprietary information across jurisdictions is difficult and expensive.

The Group cannot be sure that the steps it has taken will in all instances preserve the Group's ability to enforce its intellectual property rights or prevent unauthorised disclosure or misappropriation of its proprietary information. Unauthorised use and misuse of the Group's intellectual property or disclosure of its proprietary information could have a material adverse effect on the Group's business, financial condition and results of operations. Furthermore, the Group may need to go to court or other tribunals to enforce its intellectual property rights or to determine the validity and scope of the proprietary rights of others, and the legal remedies available to the Group may not adequately compensate it for the damages caused by unauthorised use.

The Group has in the past faced and may in the future face claims that it has infringed the patents, copyrights, trademarks or other intellectual property rights of others. In addition, to the extent that the Group's employees, contractors or other third parties with whom it does business use intellectual property owned by others in their work for the Group, disputes may arise as to the intellectual property rights in such work. The Group endeavours to defend its intellectual property rights diligently, but intellectual property litigation is expensive and time-consuming and may divert managerial attention and resources from the Group's business objectives. Successful infringement claims against the Group could result in significant monetary liability. Such claims could also delay or prohibit the use of existing, or the release of new, products, services or processes, and the development of new intellectual property. The Group could be required to obtain licences to use the intellectual property that is the subject of the infringement claims, which may be expensive to obtain, and resolution of these matters may not be available on acceptable terms within a reasonable time frame or at all. Intellectual property claims against the Group could have a material adverse effect on its business, financial condition and results of operations, and such claims may result in a loss of intellectual property protections that relate to certain parts of the Group's business.

The Group may not be successful in implementing any strategic transactions such as mergers, acquisitions and joint ventures, and integrating any acquired businesses.

The Group has acquired or invested in businesses in the past and may consider acquiring or investing in other businesses as and if opportunities arise. The process of integrating an acquired company, business or technology may create unforeseen operating difficulties, expenditures and risks, such as:

- the expected and unexpected costs and management time and focus incurred in pursuing acquisitions, including identifying and performing due diligence on potential acquisition targets that may or may not be successful;
- difficulties and expenses in assimilating the operations, products, technology, privacy protection systems, information systems or personnel of the acquired company;
- costs associated with litigation or other claims arising in connection with the acquired company;
- failure to generate adequate returns on the Group's acquisitions and investments, or returns in excess of alternative uses of capital; and
- entrance into markets in which the Group has no direct prior experience.

The Directors expect to continue to evaluate potential strategic or other acquisitions and transactions as part of the Group's strategy. There can be no assurance that the Group will be able to identify, attract and successfully execute suitable acquisition opportunities and partnerships. Any transactions that the Group enters into and the inability to integrate any transactions could have a material adverse effect on the Group's business, financial condition and results of operations.

PART 2

Presentation of Financial and Other Information

General

No representation or warranty, express or implied, is made and no responsibility or liability is accepted by any person other than the Company, OpCo and the Directors, as to the accuracy, completeness, verification or sufficiency of the information contained herein, and nothing in this Registration Document may be relied upon as a promise or representation in this respect, as to the past or future. No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Registration Document and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, OpCo or the Directors. The delivery of this Registration Document shall not, under any circumstances, create any implication that there has been no change in the business or affairs of the Group since the date of this Registration Document or that the information contained herein is correct as of any time subsequent to its date.

A copy of this Registration Document has been filed with, and approved by, the FCA and has been made available to the public in accordance with the Prospectus Rules. This Registration Document may be combined with a securities note and summary to form a prospectus in accordance with the Prospectus Rules. A prospectus is required before an issuer can offer transferable securities to the public or request the admission of transferable securities to trading on a regulated market. However, this Registration Document, where not combined with the securities note and summary to form a prospectus, does not constitute an offer or invitation to sell or issue, or a solicitation of an offer or invitation to purchase or subscribe for, any securities in the Company in any jurisdiction, nor shall this Registration Document alone (or any part of it), or the fact of its distribution, form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment whatsoever with respect to any offer or otherwise.

The contents of this Registration Document are not to be construed as legal, business or tax advice.

This Registration Document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, any of the Company's advisers or any of their affiliates or representatives regarding the securities of the Company.

Presentation of financial information

The Group's consolidated historical financial information included in Part 10 (Historical Financial Information) of this Registration Document has been prepared in accordance with the requirements of the Prospectus Directive and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The basis of preparation and significant accounting policies are set out within Note 1 of the Group's consolidated historical financial information in Part 10 (Historical Financial Information). The Group's financial information has been prepared in accordance with IFRS for the years ended 28 February 2017, 2018 and 2019.

Financial information

The Company's financial year runs from 1 March to the last day in February and the financial information presented in this Registration Document covers the years from 1 March 2016 to 28 February 2017, from 1 March 2017 to 28 February 2018 and 1 March 2018 to 28 February 2019. The financial information for the Group included in Section B of Part 10 (Historical Financial Information) is covered by the accountants' report included in Section A of Part 10 (Historical Financial Information), which was prepared in accordance with Standards for Investment Reporting issued by the Auditing Practices Board.

None of the financial information used in this Registration Document has been audited in accordance with auditing standards generally accepted in the United States of America ("US GAAS") or auditing standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"). There could be differences between the auditing standards issued by the Auditing Practices Board in the United Kingdom and those required by US GAAS or the auditing standards of the PCAOB.

Prior Year Restatements

During the preparation of the Financial Information the financial results for the year ended 28 February 2017 and 28 February 2018 have been restated. The restatements comprise:

- *Consolidation of the Group's Employee Benefit Trust ("EBT"):* The Group has an Employee Benefit Trust, that has not previously been consolidated. The financial information for each of the years ended 28 February 2017 and 2018 has been restated to include the consolidation of the EBT.
- *Share Based Payments and share related balances*: The Group has a number of share based payment arrangements, as disclosed in Note 21 of the Group's consolidated historical financial information in Part 10 (Historical Financial Information), which were not accounted for in prior years. The financial information for each of the years ended 28 February 2017 and 2018 has been restated to reflect accounting for these arrangements. Other non-current liabilities for phantom securities were included in loans and borrowings in previous years at grant date fair value. These have been reclassified in the financial information for each of the years ended 28 February 2017 and 2018 and revalued to fair value at each year end.

The financial information for the year ended 28 February 2018 has been restated for the following adjustment:

- *Deferred Tax*: In the year ended 28 February 2018, the Group made an error in its consolidation of deferred tax credits and balances in overseas jurisdictions. The deferred tax credit and liability have therefore been restated in the financial information for the year ended 28 February 2018.

For additional details on the prior period restatements, see Note 27 of the Group's consolidated historical financial information in Part 10 (Historical Financial Information). In addition, the Group has made certain presentational changes to better align these items to the relevant IFRS financial statement captions. See Note 1K of the Group's consolidated historical financial information in Part 10 (Historical Financial Information).

Non-IFRS financial information

This Registration Document contains certain financial measures that are not defined or recognised under IFRS, including Adjusted EBITDA, Contribution, Adjusted EBITDA Margin, operating free cash flow, normalised operating free cash flow and normalised operating free cash flow conversion. The Directors consider these metrics to be the non-IFRS financial measures used by the Group to help evaluate growth trends, establish budgets and assess operational performance and efficiencies in relation to the Group. The Directors believe that these non-IFRS performance financial measures, in addition to IFRS measures, provide an enhanced understanding of the Group's results and related trends, therefore increasing transparency and clarity into the core results of the business of the Group. There are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company. These measures, by themselves, do not provide a sufficient basis to compare the Group's performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or loss or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity. The Group does not regard these non-IFRS financial measures as a substitute for, or superior to, the equivalent measures that are calculated in accordance with IFRS. The non-IFRS financial measures presented in this Registration Document may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Group's operating results as reported under IFRS.

Adjusted EBITDA

The Group defines Adjusted EBITDA as profit or loss after tax before net financing income/(expense) and tax, depreciation and amortisation, exceptional items and share based payment charges and includes it as a memorandum account on the face of its income statement. The Directors view Adjusted EBITDA as a meaningful measure of the Group's operating performance and debt servicing ability without regard to amortisation and depreciation methods which can differ significantly. Exceptional items are excluded as the Directors 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 from year to year. The Directors believe that Adjusted EBITDA is therefore helpful for understanding the performance of the business of the Group.

The following table provides a reconciliation from profit or loss for the year to Adjusted EBITDA for the years indicated:

	Year ended 28 February		
	2017[(1)]	**2018**[(1)(2)]	**2019**
	(restated)	***(restated)*** *(£'000s)*	
Loss after tax	(30,237)	(24,202)	(13,670)
Income tax credit	(962)	(5,222)	8
Net finance costs	19,960	21,873	24,175
Exceptional items	6,780	2,201	(136)
Share based payment charges	168	1,846	3,309
Depreciation and amortisation	34,977	34,137	38,942
Adjusted EBITDA	**30,686**	**30,633**	**52,628**

(1) The financial information for each of the years ended 28 February 2017 and 2018 has been restated for the consolidation of the EBT and to reflect share-based payment arrangements and classification. For additional details on the prior period restatements, see Note 27 of the Group's consolidated historical financial information in Part 10 (Historical Financial Information).

(2) The financial information for the year ended 28 February 2018 has been restated for the removal of a deferred tax amount. For additional details on the prior period restatements, see Note 27 of the Group's consolidated historical financial information in Part 10 (Historical Financial Information).

Adjusted EBITDA Margin

The Group defines Adjusted EBITDA Margin as the ratio of Adjusted EBITDA to revenue, expressed as a percentage. The Directors view Adjusted EBITDA Margin as a useful measure because it assists in evaluating the Group's operating performance. The following table provides the information used to calculate Adjusted EBITDA Margin for the years indicated:

	Year ended 28 February		
	2017	**2018**	**2019**
	(restated)	*(restated)* *(£'000s)*	
Adjusted EBITDA	30,686	30,633	52,628
Revenue	152,772	177,993	209,504
Adjusted EBITDA Margin	**20.1%**	**17.2%**	**25.1%**

Contribution

The Group defines Contribution as revenue less cost of sales and directly allocable administrative expenses for the total UK business, the International business and the total Group. The Directors view Contribution as a meaningful measure of the operating performance of the Group's geographies

The following table shows the reconciliation of Group Contribution to operating profit for the years indicated:

	Year ended 28 February		
	2017	**2018**	**2019**
	(restated)	*(restated)* *(£'000s)*	
Revenue	152,772	177,993	209,504
Cost of sales	(41,162)	(48,146)	(54,059)
Gross profit	111,610	129,847	155,445
Directly allocable administrative expenses	(48,577)	(60,933)	(61,562)
Group Contribution	**63,032**	**68,914**	**93,883**
Central administrative expenses	(32,347)	(38,281)	(41,255)
Depreciation & amortisation	(34,977)	(34,137)	(38,942)
Share based payment charges	(168)	(1,846)	(3,309)
Exceptional items	(6,780)	(2,201)	136
Operating (loss)/profit	(11,239)	(7,551)	10,513
UK Contribution	**74,173**	**87,220**	**111,896**
International Contribution	**(11,140)**	**(18,306)**	**(18,013)**
Group Contribution	**63,032**	**68,914**	**93,883**

The following table shows UK Contribution for the years indicated:

	Year ended 28 February		
	2017	**2018**	**2019**
	(restated)	*(restated)* *(£'000s)*	
Revenue	147,889	168,796	195,026
Cost of sales	(39,519)	(45,086)	(47,452)
Gross profit	108,370	123,710	147,574
Directly allocable administrative expenses	(34,197)	(36,490)	(35,678)
Total UK Contribution	**74,173**	**87,220**	**111,896**

The following table shows International Contribution for the years indicated:

	Year ended 28 February		
	2017	**2018**	**2019**
	(restated)	*(restated)* *(£'000s)*	
Revenue	4,883	9,197	14,478
Cost of sales	(1,642)	(3,060)	(6,607)
Gross profit	3,240	6,137	7,871
Directly allocable administrative expenses	(14,380)	(24,443)	(25,884)
Total International Contribution	**(11,140)**	**(18,306)**	**(18,013)**

Operating free cash flow

The Group defines operating free cash flow as cash generated from operating activities adding back exceptional items, excluding non-cash impairments, and deducting purchase of property, plant and equipment and intangible assets. The Directors use operating free cash flow as a supplementary measure of liquidity.

The following table shows the reconciliation of operating free cash flow to cash generated from operating activities for the years indicated:

	Year ended 28 February		
	2017	2018	2019
	(restated)	*(restated)* *(£'000s)*	
Cash generated from operating activities	38,629	37,164	75,161
Add back Exceptional Items	6,780	2,201	(136)
Non-cash impairments	(905)	—	—
Purchase of property, plant and equipment and intangible assets	(17,274)	(28,494)	(32,562)
Operating free cash flow	**27,230**	**10,871**	**42,463**

Normalised operating free cash flow and Normalised operating free cash flow conversion

The Group defines normalised operating free cash flow as operating free cash flow adding back capital expenditures related to the Single Global Platform. The Group defines normalised operating free cash flow conversion as normalised operating free cash flow as a percentage of Adjusted EBITDA. The Directors use normalised operating free cash flow and normalised operating free cash flow conversion as supplemental measures of liquidity.

The following table provides a reconciliation of normalised operating free cash flow to cash generated from operating activities and the information used to calculate normalised operating free cash flow conversion for the periods indicated:

	Year ended 28 February		
	2017	2018	2019
	(restated)	*(restated)* *(£'000s)*	
Cash generated from operating activities	38,629	37,164	75,161
Add back Exceptional Items	6,780	2,201	(136)
Non-cash impairments	(905)	—	—
Purchase of property, plant and equipment and intangible assets	(17,274)	(28,494)	(32,562)
Add back capital expenditure related to Single Global Platform	2,800	14,100	18,284
Normalised operating free cash flow	**30,030**	**24,971**	**60,747**
Adjusted EBITDA	**30,686**	**30,633**	**52,628**
Normalised % operating free cash flow conversion	**98%**	**82%**	**115%**

Operational data

In addition to the non-IFRS financial measures described above, the Group presents certain operational data in this Registration Document. Such data as presented in this Registration Document may not be comparable to similarly titled data presented by other companies in the Group's industries and, while the method of calculation may differ across the Group's industries, the Directors believe that such data is important to understanding the Group's performance from period to period and that such data facilitates comparison with the Group's peers. This operational data is not intended to be a substitute for any IFRS measures of performance. The operational data is based on the Group's estimates and is not part of the Group's financial statements and has not been audited or otherwise reviewed by outside auditors, consultants or experts.

Set out below is a description of the key operational data presented in this Registration Document.

Net transactions

Net transactions represent the aggregate number of customer payment events in a given period less the number of transactions refunded.

Net ticket sales

Net ticket sales represent the gross value of ticket sales to customers, less the value of refunds issued, during the relevant accounting period. Net ticket sales does not represent the Group's revenue. The Group generates the majority of its revenue in the form of commissions earned from the rail and coach industry on ticket sales based on a percentage of the value of the transaction. The Group also earns booking fees and other service charges billed directly to the customer, on a per transaction basis. As such, the Group's revenue and results of operations for any particular period largely depend on net ticket sales during that period, which, in turn, are driven primarily by net transactions and average transaction value.

Average transaction value

Average transaction value represents net ticket sales divided by net transactions. Average transaction value is primarily driven by the mix of the types of ticket purchased, methods of purchase and distance travelled, as well as carrier pricing trends.

Revenue as a percentage of net ticket sales

Revenue as a percentage of net ticket sales represents the Group's commissions received from rail carriers and coach operators, booking and other fees, and ancillary services (including the Group's multi-currency platform, selective advertising, insurance and others, including hotels).

Currency presentation

Unless otherwise indicated, all references in this Registration Document to "sterling", "pounds sterling", "GBP", "£", or "pence" are to the lawful currency of the United Kingdom. All references to the "euro" or "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. All references to "US dollars" or "$" are to the lawful currency of the United States.

The average exchange rates of US dollars and euros are shown relative to pounds sterling below. The rates below may differ from the actual rates used in the preparation of the financial statements and other financial information that appears elsewhere in this Registration Document. The inclusion of these exchange rates is for illustrative purposes only and does not mean that the sterling amounts actually represent such US dollar or euro amounts or that such sterling amounts could have been converted into US dollars or euro at any particular rate, if at all.

Average rate against pounds sterling

	US dollars per £1.00			
Year	**Period End**	**Average**	**High**	**Low**
2014	1.5581	1.6474	1.7165	1.5515
2015	1.4734	1.5283	1.5872	1.4654
2016	1.2345	1.3554	1.4810	1.2158
2017	1.3524	1.2886	1.3582	1.2068
2018	1.2746	1.3351	1.4325	1.2516
2019 (through 20 May 2019)	1.2724	1.3018	1.3339	1.2607

	Euros per £1.00			
Year	**Period End**	**Average**	**High**	**Low**
2014	1.2874	1.2409	1.2874	1.1912
2015	1.3559	1.3775	1.4399	1.2726
2016	1.1705	1.2243	1.3645	1.0983
2017	1.1250	1.1416	1.1968	1.0758
2018	1.2874	1.2409	1.2874	1.1912
2019 (through 20 May 2019)	1.1394	1.1516	1.1775	1.1080

Source: Bloomberg

Roundings

Certain data in this Registration Document, including financial, statistical, and operating information have been rounded. As a result of the rounding, the totals of data presented in this Registration Document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

Market, economic and industry data

Unless the source is otherwise stated, the market, economic and industry data in this Registration Document constitute the Directors' estimates, using underlying data from independent third parties. The Group obtained market data and certain industry forecasts used in this Registration Document from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications, including publications and data compiled by OC&C Strategy Consultants ("OC&C"), ORR, Eurostat, the European Commission, Network Rail, DfT, SimilarWeb, AppAnnie, Adobe Analytics and Google Analytics, Railteam and the rail carriers and coach operators.

The Company confirms that all third-party data contained in this Registration Document has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Registration Document, the source of such information has been identified. While the Directors believe the third-party information included herein to be reliable, the Company has not independently verified such third-party information.

No incorporation of website information

The contents of the Group's websites do not form part of this Registration Document.

Definitions and glossary

Certain terms used in this Registration Document, including all capitalised terms and certain technical and other items, are defined and explained in Part 12 (Definitions and Glossary).

Information not contained in this Registration Document

No person has been authorised to give any information or make any representation other than those contained in this Registration Document and, if given or made, such information or representation must not be relied upon as having been so authorised. The delivery of this Registration Document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this Registration Document or that the information in this Registration Document is correct as of any time subsequent to the date hereof.

Information regarding forward-looking statements

This Registration Document includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned", "anticipates" or "targets" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Registration Document and include statements regarding the intentions, beliefs or current expectations of the Directors or the Group concerning, among other things, the future results of operations, financial condition, prospects, growth, strategies, and dividend policy of the Group and the industry in which it operates. In particular, the statements under the headings "Risk Factors", "Business Description" and "Operating and Financial Review" regarding the Group's strategy, targets and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this Registration Document regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements.

Such forward-looking statements contained in this Registration Document speak only as of the date of this Registration Document. The Company, the Directors and the Company's advisers expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law, the Prospectus Rules, the Listing Rules, or the Disclosure Guidance and Transparency Rules of the FCA or the Market Abuse Regulation.

PART 3

Directors, Secretary, Registered and Head Office and Advisers

Directors	Douglas S. McCallum *(Chair)*
	Clare Gilmartin *(Chief Executive Officer)*
	Shaun McCabe (*Chief Finance Officer*)
	Philipp Freise (*Non-Executive Director*)
	Franziska Kayser (*Non-Executive Director*)
	Martin Mignot (*Non-Executive Director*)
	Andy Phillipps (*Non-Executive Director*)
	Lucian Schönefelder (*Non-Executive Director*)
Company Secretary	Neil Murrin
Registered and head office of the Company	Victoria Investments S.C.A 2, rue Edward Steichen L-2540 Luxembourg
Registered and head office of OpCo . .	Victoria Investments Intermediate Holdco Limited 120 Holborn London EC1N 2TD
English and US legal advisers to the Company	Freshfields Bruckhaus Deringer LLP 65 Fleet Street London EC4Y 1HS
Auditor	KPMG Luxembourg, Société coopérative 39, Avenue John F Kennedy L-1885 Luxembourg
Reporting Accountants	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL

PART 4

Industry Overview

The following information relating to the Group's industry has been provided for background purposes only. The information has been extracted from a variety of sources released by public and private organisations. The information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. This Part 4 (Industry Overview) should be read in conjunction with the more detailed information contained in this Registration Document including Part 1 (Risk Factors) and Part 9 (Operating and Financial Review).

The Group operates in a highly fragmented global rail and long distance coach market, estimated by OC&C to be worth more than €225 billion, based on 2017 data, with more than 800 rail and coach carriers across Europe, 55 million fare possibilities, approximately 27,000 rail and coach stations across Europe and no standardisation across the industry. There has been significant investment in the high-speed rail network across Europe in recent years and in overall capacity. The Directors believe that improved connectivity and ease of rail and coach ticket purchasing, coupled with a growing public awareness of the positive environmental impact of choosing rail or coach over short haul air and car has dramatically changed and will continue to change how people travel and are driving a modal shift away from air travel and towards rail and coach, in particular for shorter journeys.

Rail Market Overview

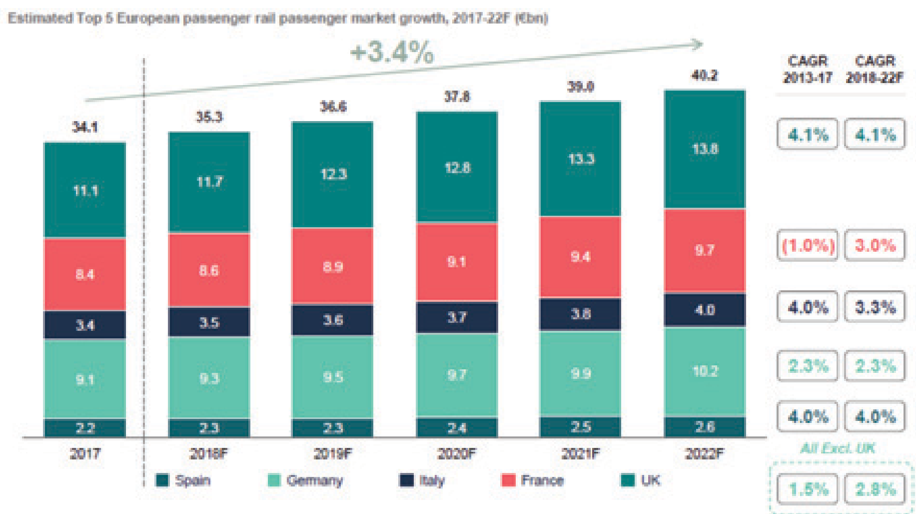
According to OC&C, the global rail passenger market is worth approximately €165 billion, based on 2017 data, of which Europe accounts for approximately €62.5 billion. The United Kingdom, Germany, Spain, Italy and France are the five largest European markets ("Top 5 European Markets") accounting for approximately €34.1 billion, with the United Kingdom accounting for approximately €11.1 billion of that.

Overview of Rail Market in Europe

The European rail market is highly fragmented, with approximately 400 carriers across Europe, according to Company estimates, and is predicted to become even more so due to ongoing liberalisation in European countries. According to Eurostat, the European rail network carried 10 times as many passengers in 2017 than did European airlines.

Underlying market growth in European Rail

Spend on rail travel in the Top 5 European Markets currently comprises a significant share of travel spend – Germany: 21%, United Kingdom: 28%, France: 23%, Spain 19% and Italy: 36% – and is growing both in volume and value terms. As illustrated below, OC&C expects rail market growth in the Top 5 European Markets to accelerate by a CAGR of 3.4% between 2017 and 2022:



Source: OC&C analysis

Overview of Rail Market in the United Kingdom

For many rail journeys in the United Kingdom, there are a large number of routes, fares and ticketing options, and customers may travel with multiple rail carriers on a single journey or have a choice of rail carriers for their journey. According to Eurostat, the rail network in the United Kingdom was operated through approximately 3,000 train stations in 2017.

Market Drivers in United Kingdom

According to the DfT, rail travel was the fastest growing mode of transport in the United Kingdom between 2007 and 2017, as measured by passenger kilometres, and was supported by significant investment in infrastructure and an improved passenger offering. The following table sets out the total number of kilometres travelled by passengers on the rail network in the United Kingdom and rail travel's share of total passenger kilometres in the United Kingdom for the periods indicated:

	12 months ended 31 March										
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Passenger km (bn)	58.5	60.5	61.1	53.7	68.0	69.8	72.1	75.4	77.6	79.7	80.2
% total km	7.4	7.7	7.8	8.4	8.8	9.0	9.3	9.6	9.8	10.0	9.9

Source: DFT – Transport Statistics Great Britain 2018

Network Rail expects passenger numbers in the United Kingdom to increase by approximately 40% by 2040. The Directors believe that this expected growth will be in part a result of broad socioeconomic trends in the United Kingdom, including expected increases in population and GDP per capita, improved employment figures and a modal shift to rail travel primarily driven by:

- *Increased costs and decreased convenience of non-rail travel.* According to the DfT, the annual number of passenger kilometres attributable to cars, vans and taxis in the United Kingdom decreased by 0.5% in 2017 compared to 2007, against an increase of 37.1% in rail passenger kilometres in 2017 compared to 2007 and an increase of 2.0% in overall passenger kilometres. The Directors believe that this is the result of: increasing costs for automobile travel, including fuel costs, parking and congestion charges; worsening congestion on roads making journey times longer; and environmental concerns and lifestyle choices, particularly among younger travellers.

- *Investment in Rail infrastructure.* Rail infrastructure in the United Kingdom is continuing to receive significant investment in order to increase the speed, comfort and convenience of rail travel. Historically, these investments have included a variety of track and station improvements, including modernising train stations, electrifying railways and improving safety at level crossings.

- *Service and reliability improvements.* According to Network Rail, after reducing delay minutes by 20% over the past 10 years, they have committed to reduce the number of delayed trains by 15% between 2019 and 2024. The Directors believe that this indicates that the reliability and punctuality of rail travel will continue to be a focus for Network Rail over the next five years.

- *Rail capacity increases.* Increased demand for rail travel has resulted in a drive for increased passenger capacity. Approximately 22,500 trains run every day in the United Kingdom with a further 6,400 new train services to be launched by 2021, according to Network Rail.

- *Improved consumer experience*. Solving the key pain points for customers has helped drive increased rail usage, especially those related to opaque and complex pricing, the hassle of buying tickets and making changes, insufficient real time travel info and limited help with delays/disruptions.

- *High frequency.* The rail market in the United Kingdom is characterised by a high frequency of annual travel. According to OC&C, rail transactions per capita in the United Kingdom were approximately 21 in 2017, approximately 10 times higher than for air.

Significant Investment in the United Kingdom

Network Rail and DFT intend to extend the already extensive reach of the rail network in United Kingdom, through a number of significant investment programmes amounting to approximately US$183 billion through 2033, according to OC&C. This includes a £47 billion expenditure programme relating to investment and refurbishment projects from 2019 to 2024, including releasing 7,000 new carriages on the railway network and upgrading and enhancing digital signalling in the overall network to cope with the forecasted increased demand for the coming years. The other major projects are: the Transpennine Route Upgrade project to improve journey times between Manchester and Leeds; the High Speed 2 (HS2) project for new high speed trains running from London – Birmingham – Leeds/Manchester budgeted for £55.7 billion and the East West Rail Phase 2 (western section) re-establishing rail link between Oxford and Cambridge. Other investment programs include the Northern Powerhouse rail, a package of upgrades and network changes to improve frequencies and journey times between major cities in the North, and Crossrail 2, to deliver increased capacity and reduced rail journey times between south west and north east London.

Market Drivers in Europe

The European Union has invested and will continue to invest in rail, with more than €33 billion in grants allocated to rail investments under the current EU financial framework (2014-2020). The Directors believe these investments have been and will continue to be instrumental to the growth of the European rail market. A substantial amount of planned investment is currently scheduled to enhance and improve the European rail infrastructure, helping to drive an anticipated future increase in passenger kilometre capacity. For example, according to OC&C, in the Top 5 European Markets (including the United Kingdom), approximately US$402 billion (approximately €353 billion) is included in current or planned rail infrastructure projects until 2033. Excluding the United Kingdom, France has the highest amount of current and upcoming rail investments until 2033, with US$96 billion (€84 billion) currently planned, followed by Spain and Italy with amounts of current and upcoming rail investments of €43 billion and €41 billion, respectively.

Major European rail infrastructure projects include the development of the rail axis from the North Sea to the Mediterranean (the Lyon/Geneva – Basel – Duisberg – Rotterdam/Antwerp rail axis); the Stuttgart 21 railway upgrade project in Germany; upgrades to the LGV East European line connecting metropolises in France, Luxembourg and Germany; and the development of a high-speed railway axis in Southwest Europe.

According to OC&C, more than US$23 billion has been invested in the development of the European high speed rail network since 2000, most recently funding the Turin-Lyon route to link French and Italian networks and historical investments in the high speed rail market, as a result of which Spain has the longest high-speed rail network in operation in Europe as of September 2018 and the third largest in the world, closely followed by France and Germany, which ranked fourth and fifth in the world respectively, according to OC&C. European high speed rail grew from approximately 3,000 km in 2000 to approximately 8,000 km in 2015 and is expected to grow to approximately 21,000 km by 2030, according to OC&C.

The Directors believe these investments had an impact on the volume of passengers. For example, following the recent upgrade of the TGV high-speed rail network in France, there was a passenger volume increase of approximately 3% for the 2017 calendar year compared to 2016, according to OC&C. Based on UIC, the Directors expect the European high-speed rail infrastructure to increase by a factor of more than 3 times by 2030, compared to 2011.

Liberalisation of the European Rail Market

There has been a series of European Commission directives aimed at encouraging competition across Europe's railways and facilitating the free movement of goods and people through the development of efficient transport systems that operate effectively across borders. These directives, which followed the successful opening up of the road haulage industry in the 1990s, began with the First Railway Package of 2001 and continued through the Fourth Railway Package of 2016, which mandates competition in every EU market by 2023. These reforms have sought to:

- unbundle infrastructure management from the operation of services, open access to railway lines across the EU to international freight and passenger services and eliminate discrimination in favour of national operators;
- open the rail freight and passenger market in the EU by encouraging interoperability through the creation of technical standards and requiring each state to have a railway safety authority;
- open cross-border passenger services in the EU through the Third Party Railway Package by introducing "cabotage" from 2010, giving the train operator the right to pick up or set down passengers at any station on an international route, which opened up cross-border and then domestic routes, and represented an important milestone in increasing competition within EU rail passenger services; and

- adopt common EU standards for rolling stock, further liberalise domestic passenger services, open up all passenger services to competition by 2019 and ensure proper separation between the ownership of infrastructure and the operation of passenger or freight trains, through the Fourth Railway package.

Following the most recent directives, the European rail market underwent a substantial trend in liberalisation and fragmentation of the network, which has created an environment supportive of market volume growth and creating an environment for the independent retailers such that many of the approximately 400 European rail carriers are new entrants within the last 15 years.

Examples of liberalisation in Europe include: France, where, as of January 2019, the French government formally began opening up the main French domestic passenger railway lines, with 2 of the major routes currently operated by SNCF (Nantes – Bordeaux and Lyon – Nantes) put out to public tender; Italy, where after the 2012 initial market opening to competition with the entrance of NTV, Italo trains has gained market share from the Italian national provider Trenitalia and operates now across 25 stations; Germany, where approximately 30% of the annual volume of rail kilometres was put out to public tender, with a variety of private companies operating long distance rail and high speed connection in Germany such as Locomore and Flixtrain; in addition to liberalisation measures in Austria, Sweden and Spain.

Shift to Digital

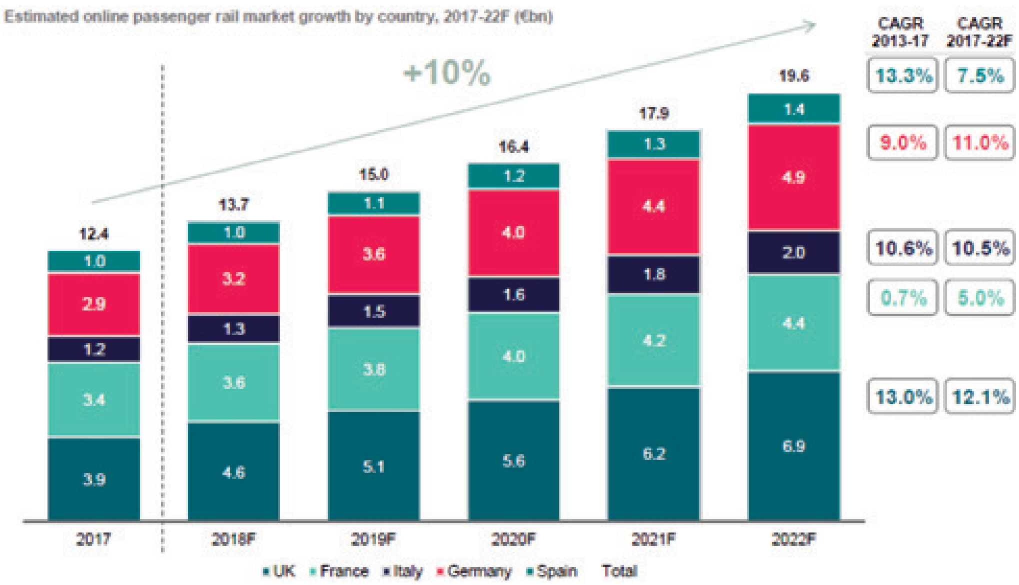
Growth of Digital Market in Europe

Rail tickets for travel in Europe are sold through online and offline sales channels. Online sales channels primarily include (i) branded independent third-party rail ticket providers, such as Trainline, (ii) the carriers directly and (iii) services used by TMCs, SMEs and larger corporates, such as those provided by the Trainline T4B business. These online channels include desktop and mobile websites and mobile apps, as well as telephone sales, which are generally effected by the relevant contact centre employees through an online channel.

The primary offline sales channels are located in rail stations and include staffed sales windows and self-service ticket vending machines. Offline sales channels also include tickets sold on-train and through other organisations, such as TfL in the United Kingdom.

There has been a significant shift in sales of rail tickets from offline to online, due to government initiatives and to what the Directors believe is an increasing customer preference for the convenience of online purchases at the expense of in-station purchases, combined with cost savings for advance purchase tickets.

The chart below illustrates the estimates by OC&C of projected growth of the online passenger rail market of the Top 5 European Markets.



Source: OC&C analysis

Structural Shift to Digital Distribution across all forms of travel

According to OC&C, online penetration in the Top 5 European Markets for rail, air and car hire has increased since 2013 as part of a more general shift to digital (including online and mobile) distribution across all forms of travel, with the migration from offline proceeding very rapidly. Rail in the Top 5 European Markets has been the fastest growing travel segment compared to the air and car hire travel segments, reaching approximately 39% online penetration of bookings in 2017. This level is still lower than other travel segments in Europe, with online penetration in car hire and in traditional air estimated by OC&C to be 50%, based on 2017 gross bookings in the Top 5 European Markets and online penetration in air for low cost carriers estimated by OC&C to be 86%, based on all European bookings in 2017, suggesting significant further headroom for increasing digital penetration in rail. Meanwhile, in the Asia-Pacific region, online penetration in rail was estimated by OC&C to be 29% based on 2017 gross bookings, compared to 24% online penetration in car hire and 44% online penetration in traditional air.

The table below sets out the estimates by OC&C of the value of the online and offline shares of the rail passenger market in the United Kingdom for the periods indicated:

	Financial Year											
	2013		2014		2015		2016		2017		2018E[(1)]	
	(£bn)	%	(£bn)	%	(£bn)	(%)	(£bn)	%	(£bn)	%	(£bn)	%
Online	2.1	25.3	2.3	26.1	2.6	28.3	2.9	30.9	3.5	36.1	4.0	38.8
Offline	6.1	74.5	6.5	73.9	6.7	72.8	6.5	69.1	6.3	64.9	6.3	61.2
Market value	8.3	100.0	8.8	100.0	9.2	100.0	9.4	100.0	9.7	100.0	10.3	100.0

Source: OC&C

(1) 2018 figures are estimates at the time of the study conducted by OC&C

The table below sets out the estimates by OC&C of rail tickets sold in the United Kingdom through the online and offline channels across all UK rail segments in 2018:

	UK Rail Segment (2018E)									
	Int'l		Season		Commute		Long Distance		Short Distance	
	(£bn)	%	(£bn)	%	(£bn)	%	(£bn)	%	(£bn)	%
Online booking value	0.3	62	0.2	10	0.8	50	1.6	54	1.1	36
Offline booking value	0.2	38	1.9	90	0.9	50	1.4	46	1.9	64

Source: OC&C. 2018 figures are estimates at the time of the study conducted by OC&C

The table below sets out the estimates by OC&C of the value of the online and offline rail passenger market in the Top 5 European markets for the periods indicated:

	Financial Year									
	2013		2014		2015		2016		2017	
	(€bn)	%	(€bn)	%	(€bn)	%	(€bn)	%	(€bn)	%
Online	10.1	32.5	10.7	33.5	11.3	35.0	12.0	37.0	13.6	39.9
Offline	21.0	67.5	21.2	66.5	21.0	64.0	20.4	63.0	20.5	60.1
Market value	31.1	100.0	31.9	100.0	32.3	100.0	32.4	100.0	34.1	100.0

Source: OC&C

The Directors believe that the shift in overall travel towards digital is due to a number of factors, including the broader growth in e-commerce as consumers shift towards online purchases, the headroom in all journey segments, the convenience of booking online compared to traditional booking methods and the relatively modest eTicket penetration which has only recently been enabled.

Growth in Mobile Retailing and electronic fulfilment in the United Kingdom

Mobile retailing is driving increased rail bookings for travel in the United Kingdom and, the Directors believe it has transformed and will continue to drive the online rail retailing sector due to its convenience, enabling customers to make "on the go" purchases through their mobile devices, and its potential to improve the customer experience.

According to OC&C, during the year 2018, approximately 64% of UK rail passenger journeys were enabled for electronic fulfilment methods (via mobile tickets or print-your-own) on ticket purchases, with the latest additions to the network being the routes served from Southwestern Railway, which became fully enabled for electronic fulfilment in February 2019.

Despite the relatively high level of availability of electronically fulfilled tickets ("eTickets") in the United Kingdom, the actual penetration of journeys booked using eTickets in 2018 was only 14%, according to OC&C. The Directors see potential for this penetration to further increase in the coming years also due to the growing popularity of mobile tickets, which are eTickets optimised for mobile use. Mobile tickets offer greater convenience to customers who can avoid printing their ticket and directly board the train with only their mobile phone.

Electronic fulfilment methods could also enable cost savings to carriers and branded independent third-party ticket providers, such as Trainline, by reducing the reliance on staffing and infrastructure, including in-station staffed windows and self-service vending machines, which are currently used to fulfil ticket purchases. In addition to these cost savings, the Directors believe eTicket adoption improves transaction frequencies, based on Trainline's app transactions per month being 4 times higher than mobile web transactions and 3 times higher than desktop web transactions in the year ended 28 February 2019, which combined with the cost-savings, resulted in a 2.3 times higher one year return on eTicket users compared to non-eTicket users. Further, eTicket adoption improves customer retention (i.e., customers who transact between 10 and 12 months after their first transaction) and frequency, with eTicket customers having a one year retention rate of more than 4.6 times non eTicket users and a 4.4 times better one year frequency.

Attractive Long Distance Coach Market

Long distance coaches provide a convenient option for customers as they are typically cheaper than rail for long distance journeys and therefore serve different customer bases than rail (e.g. students and more cost-conscious travellers). Long distance coaches also typically serve more locations compared to rail, such as remote or hard to reach rural areas, and therefore widen the geographic reach of services. These factors can improve conversion when options for rail and coach are provided side-by-side.

Coach operators may provide both coach and bus services, with many coach brands representing a marketing alliance or partnership, managed by one operator and operated by several companies or by subcontractors.

Many coach companies are domestic subsidiaries of foreign-owned groups, and the ultimate ownership of individual coach operators may depend on mergers and acquisitions activity among a more limited number of parent companies, including national rail operators such as Deutsche Bahn AG, ÖBB and SNCF, and major transport groups such as Arriva, National Express, Stagecoach and Transdev.

According to OC&C estimates, the global long distance coach market was worth between €45 billion and €68 billion, based on 2017 data, with the majority of global spend in developing markets, where rail infrastructure tends to be less developed and coaches provide convenient and accessible means of transportation. According to OC&C, the largest market for long distance coach in 2017 was the Asia-Pacific region, with a market size of between €24 billion and €34 billion.

	Long Distance Coach Market Size (€bn, 2017)
Europe	5-11
North America	2-3
Latin and Central America	8-13
Middle East & Africa	6-8
Asia & Australasia	24-34
Total	45-68

Source: OC&C

Long Distance Coach in the United Kingdom

The United Kingdom has a sizable long distance coach market of approximately €430 million, according to OC&C estimates based on 2017 data, with a relatively high volume of passengers of more than 44 million passengers in 2017 and a relatively high ratio of 0.7 long distance journeys per capita in 2017, compared to the rest of the Top 5 European Markets

European Long Distance Coach

The Top 5 European Markets account for approximately €1.4 billion of the €5-€11 billion European long distance coach market including the United Kingdom, with Germany contributing the most among the five countries with a market of approximately €620 million in 2017, according to OC&C.

France, Italy, Germany and Spain typically display lower volume of passenger journeys than the United Kingdom, reflecting the different stage in each market's liberalisation journey, with Germany becoming liberalised in 2013, Italy in 2014 (following a gradual process that started in 2007) and France in 2015.

Attractive market dynamics

Based on current market estimates from OC&C, the European long distance coach market is fragmented, despite having experienced some consolidation in recent years following liberalisation, which created new possibilities for operators to start serving certain routes that were before protected to avoid competition with train or high speed trains. In particular, Regulation (EC) 1073/2009 provided a set of common rules for access to the international market for coach and bus services, intending to clarify and simplify rules, to improve enforcement, and to avoid unnecessary administrative burden.

The Directors believe that the addition of new operators, offering a convenient alternative to travelling both nationally and cross-border in Europe on modern fleets, has prompted an increase in the number of customers utilising the coach network.

Positive environmental impact of rail and coach

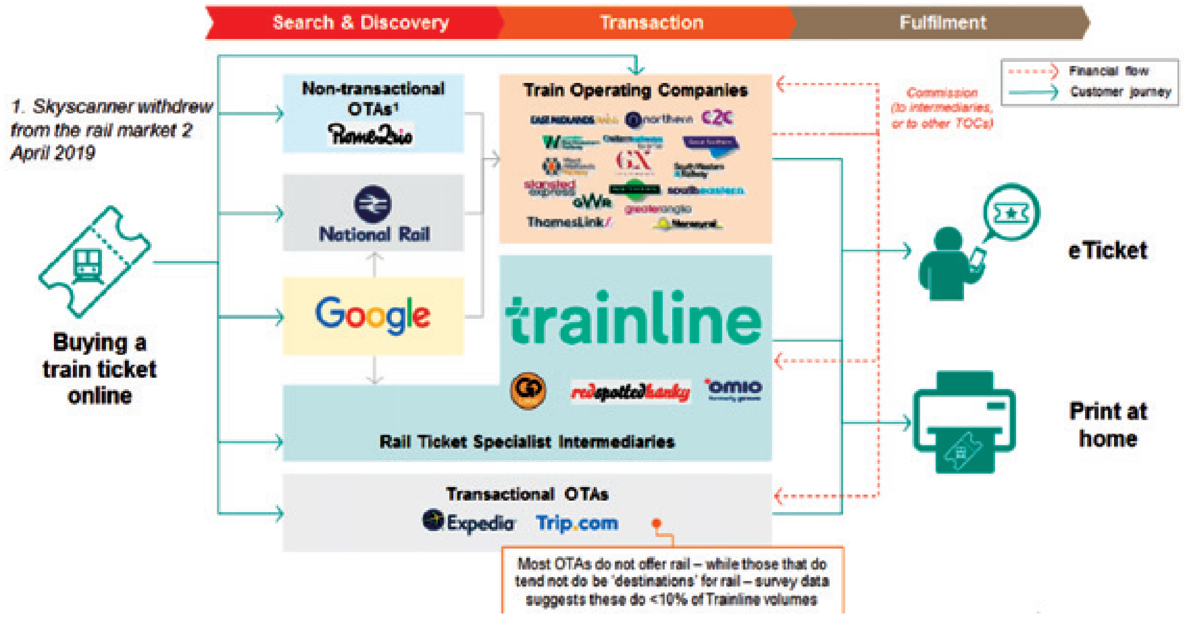
Aside from improved travel convenience, Railteam, an alliance of European high-speed rail providers, highlights that high-speed rail has a lower environmental impact than alternative modes of transport, with up to 90% lower CO2 emissions than comparable transport modes, and even traditional rail was estimated in a 2014 European Environmental Agency Study to have less than 1/8th the CO2 emissions of air and approximately 1/3rd the CO2 emissions of road transport. In the EU, as of 2017, rail accounted for just 1.7% of total energy consumption in transport, despite carrying 17.4% of inland freight and 7.6% of passengers in Europe, according to the Community of European Railway and Infrastructure Companies.

The Directors believe that the combination of mounting public awareness about the environmental impact of CO2 emissions and he increased convenience of rail and coach travel across Europe, alongside the low environmental impact of these journeys and the EU Commission's objective to reduce transport emissions by 50% by 2050, are driving a modal shift towards rail and coach. In particular, for journeys under four hours, rail and coach consistently offer an attractive, efficient and greener alternative. And when time spent travelling to and at airports, plus the ease of direct city-centre connections that rail and coach offers is taken into account, train and coach travel can also compete favourably with air travel in terms of end-to-end journey time.

Competitive Landscape

Supplier landscape in the United Kingdom

Competing rail specialist intermediaries and rail carriers are Trainline's main competitors for rail transactions for in the United Kingdom. The graphic below illustrates the ecosystem in the United Kingdom for ticket and financial flows.



Source: OC&C analysis

The majority of new entrants are digital-focused, increasing the pressure on the incumbents to improve their digital offering.

Overall Digital Rail Tickets in the United Kingdom

Based on OC&C analysis, the Group's platforms (excluding Trainline-enabled third-party rail carriers who use the Trainline platform and services) processed approximately 53% of the total digital consumer passenger rail ticket sales in the United Kingdom in 2018, representing an increase of 11 percentage points from 2013.

Consumer Market Competitive Landscape in the United Kingdom

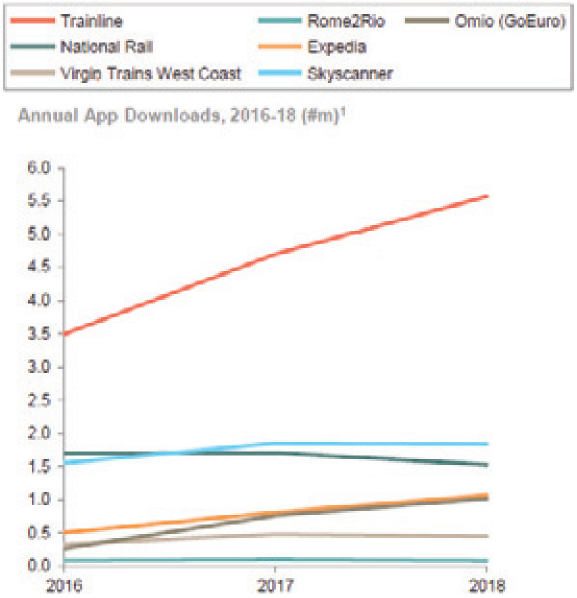
According to OC&C, approximately £4.0 billion worth of online rail tickets were sold to the overall consumer rail market in the United Kingdom during calendar year 2018, an increase from the £2.1 billion sold in the consumer rail market in calendar year 2013, representing a CAGR of 14% in the period 2013-2018 with a recent re-acceleration from calendar year 2015.

Trainline's UK Consumer and UK T4B businesses had the leading and increasing share of total consumer digital sales of rail tickets (by value) in the United Kingdom, growing from 41.5% in calendar year 2013 to 52.7% in calendar year 2018, thanks to sales growing faster than the overall market at a CAGR of 19% for the period between the calendar year 2013 and 2018.

Leadership in United Kingdom Rail Market

In terms of online traffic, the Group has a clear market leading position with more than 7 times more monthly average website visits compared to the closest rail specialist competitor, according to OC&C. When comparing to online travel agencies ("OTAs") and non-transactional companies, Trainline had still higher number of monthly website visits between November 2017 and November 2018, according to OC&C.

When considering the annual mobile app downloads from the Android and Apple app stores from 2016 to 2018, the Group displays a significantly larger volume of downloads compared to competitors, as shown in the graph below.



Source: OC&C analysis

Markets and Competition in European Rail

Sales of domestic rail tickets in Europe are typically run by local, predominantly state-owned train operators, with a significant share of sales represented by in-station retailing and the remainder represented by online sales or through a variety of travel agents and TMCs facilitating distribution. As the local European markets become more liberalised, third-party online rail ticket providers like Trainline are experiencing increasing relevance.

The Directors believe that there are limited options for consumers seeking to plan and book inbound rail journeys online in Europe, including small privately funded online third-party retailers who typically do not provide access to the full range of fares across Europe and/or have booking capabilities designed predominantly for domestic consumers. The primary options for foreign and cross-border travellers seeking to book rail tickets in Europe include:

- European train operator websites and mobile apps. However, the booking process may be complex, especially for an international traveller and language and foreign currency payment options are often unavailable.
- Voyages SNCF has a presence in a number of international markets through its websites which are based on the raileurope.com brand and oui.sncf. In July 2017, SNCF invested in Loco2, an independent European third-party ticket provider, with the aim of accelerating international growth in the UK and European markets.
- Other private smaller scale third-party ticket providers.
- Offline contact centres, operated by a number of small, privately funded players, who provide booking and support for international consumers seeking to book European rail journeys. These players are dependent on access to a number of different booking systems and the Directors believe such contact centres generally do not have access to the full fares or availability for all European rail operators or the ability to reach a large number of international consumers.

PART 5

Regulatory and Licensing Framework

Trainline's operations are part of complex regulatory and licensing frameworks in the United Kingdom and internationally. Set out below is an overview of the regulatory and licensing framework in the United Kingdom and Trainline's key international markets.

United Kingdom rail

The passenger rail industry in the United Kingdom is operated by 31 rail carriers and operators (known as "Train Operating Companies" or "TOCs") comprised of (i) those franchised by the DfT or Transport Scotland, (ii) Open Access Operators ("OAOs"), which operate without a franchise or concession agreement after applying to the ORR and to Network Rail for the necessary track access rights and (iii) those directly awarded contracts to operate rail services including Heathrow Express, London Overground and Merseyrail.

Regulatory Framework

The break-up of British Rail in 1993, the introduction of competition both on the rails and via franchising and the subsequent division of its responsibilities between a variety of industry participants required the establishment of a new regulatory framework to oversee the activities of and relationships between the various stakeholders (as amended over time):

- *DfT and Transport Scotland:* The DfT and Transport Scotland have responsibility for rail policy and strategy for the rail networks in England and Wales and Scotland, respectively. The DfT and Transport Scotland are also responsible for awarding rail franchises to the rail carriers and determining overall funding for their respective networks.
- *Network Rail:* Network Rail owns and has operational responsibility for the majority of track and associated railway infrastructure in the United Kingdom, including some stations. Any profits generated by Network Rail, including those that arise as a result of access charges paid by rail carriers for use of the rail infrastructure, are reinvested in the rail network.
- *ORR:* The passenger rail industry in the United Kingdom is principally regulated by the ORR. The ORR enforces compliance with licences granted to rail carriers and Network Rail, regulates access to tracks, stations and depots and supervises the access relationship between Network Rail, the rail carriers and others (including freight operating companies). As economic regulator, the ORR also reviews, typically every five years, the access charges that Network Rail levies against rail carriers for the operation, maintenance and improvement of the rail network. The ORR is also the industry safety regulator.
- *RDG:* RDG is the trade body representing the interests of UK rail carriers. RDG awards licences to third parties (such as the Group) and travel agencies to sell rail tickets on behalf of UK rail carriers.
- *RSP*: RSP is a division of RDG responsible for accreditation of ticket issuing systems, settlement of ticket revenues to the UK rail carriers and maintaining fares and other industry data.
- *Rail carriers*: Rail carriers in the United Kingdom are awarded franchises by the DfT and Transport Scotland and are licensed by the ORR to operate passenger railway services in the United Kingdom.
- *OAOs*: OAOs provide passenger services on a commercial basis with no subsidy or franchise rights. OAOs are required to arrange and pay for capacity for their services from National Rail and have their plans approved by the ORR. The current OAOs are Grand Central Railway and Hull Trains.

Williams Rail Review

The UK government has recently commissioned the Williams Rail Review ("Rail Review"), which is currently underway and due to be published in Autumn 2019. Its aim is to establish the most appropriate organisational and commercial frameworks for the UK rail network, with its recommendations laying the foundation for reform commencing in 2020.

According to the DfT, the government's vision is for the United Kingdom to have a world-class railway system, working as part of the wider transport network and delivering new opportunities across the nation. The Rail Review has been established to recommend the most appropriate organisational and commercial frameworks to deliver the government's vision.

The Rail Review is led by independent chair Keith Williams, the former chairman and chief executive of British Airways.

Its stated aims are to support the delivery of:

- commercial models for the provision of rail services prioritising the interests of passengers and taxpayers;
- rail industry structures that promote clear accountability and effective joint-working for both passengers and the freight sector;
- a system that is financially sustainable and able to address long-term cost pressures;
- a railway that is able to offer good value fares for passengers, while keeping costs down for taxpayers;
- improved industrial relations, to reduce disruption and improve reliability for passengers; and
- a rail sector with the agility to respond to future challenges and opportunities.

Trainline has engaged with the Rail Review consultation and senior members of the Trainline team have held senior-level meetings direct with the Rail Review team.

The Directors are supportive of the Rail Review and believe that it will be beneficial for rail travellers, which would increase trust and reliability of rail and in turn the Group's business. In addition, the Directors believe that Trainline is well-placed to help drive many of the stated aims of the Rail Review, including:

- *Prioritising the interests of passengers and taxpayers* – by focussing on the customer experience, including developing its season tickets and railcards offerings, the Directors believe Trainline is helping passengers find the best value products for their journey in the most user-friendly way;
- *Good value fares for passengers* – another focus of the Rail Review is removing the anomalies in the fares structure and simplifying the ticket purchasing experience for passengers. This aligns with Trainline's core value proposition. In addition, the Directors believe that there is support for improving access to 'delay repay' compensation entitlement and the introduction of season tickets on mobile (all products which Trainline is well placed to provide);
- *Agility to respond to future challenges and opportunities* –
  - the Directors believe Trainline is well-placed to *drive* further retail innovation, as it has previously through driving eTickets and app-based retail and real-time travel information. The Directors believe that Trainline's continued innovation (the Group makes more than 300 improvements a week to its app and websites) and its planned future customer focussed products, such as digital seasons and automatic 'delay repay' compensation will further continue this innovation and drive increased frequency of booking and increased journeys overall, which is a win-win for passengers and the rail industry. Keith Williams' background at British Airways included overseeing the shift of British Airways' ticketing from offline to online and the Directors therefore believe him to be pro-technology and very consumer centric.
  - currently, the industry decision process for the introduction of innovation into the rail industry is relatively slow compared to the pace of technological change, especially in ticketing (for example eTicketing took 4 years, with Trainline leading the programme to drive the change). The Directors believe a simplified framework for decision making, with input from the expert innovators, would push innovation faster into the industry; and
- *Financial sustainability* – Trainline aims to provide carriers with access to more customers at a lower cost to serve than traditional forms of retailing, such as station window. Accordingly, the Directors believe that there are significant cost savings for the rail industry in a continuing shift to online retailing, a view the Directors believe is shared by the Rail Review team.

Therefore, the Directors believe that Trainline's leading innovation in rail and coach and focus on consumer-facing products ensuring value for money and friction free booking would place it well in achieving the aims of the Rail Review.

Trainline's RDG Licences

The RDG Licences, which comprise the primary Third Party Retailing Licence, the Season Ticket Licence (a variation to the Third Party Retailing Licence) and the International Sales Licence, operate within a rail industry-wide Ticketing and Settlement Agreement, which sets out the common arrangements between the UK rail carriers, including the framework for the sale of tickets and other rail products by third parties and provision of train service information, and which authorises RDG to grant retail licences. The Ticketing and Settlement Agreement forms part of the wider franchise arrangements agreed between a UK rail carrier and the DfT and includes a requirement for all providers of tickets, including UK rail carriers, to sell all tickets for all UK rail carriers on an impartial basis.

Under the Third Party Retailing Licence, RDG and RSP have granted the Group the authority to sell rail products on behalf of all UK rail carriers (other than Eurostar, with whom the Group has a bilateral licensing agreement) and to provide information relating to passenger rail services operated by each UK rail carrier. Season tickets and certain other products are covered by the Season Ticket Licence (which is a variation to the Third Party Retailing Licence) and a separate Retailing Agent's Agreement (further details of which are set out below).

Pursuant to the RDG Licences, the Group is appointed as agent for the UK rail carriers (other than Eurostar) on a non-exclusive basis to: (i) provide train service information to purchasers or prospective purchasers of rail products through a variety of channels including the Group's websites, contact centres and mobile apps; and (ii) sell rail products (excluding certain restricted products) through each channel, in each case in accordance with the relevant RDG standards. UK timetable and fare data Trainline receives is derived from its RDG Licences and is subject to certain charges as part of the current licence fees.

The Group was first licensed by the Association of Train Operating Companies ("ATOC") (the predecessor entity to RDG) on 4 May 2005 and its licence has been renewed on several occasions since then, most recently in September 2018.

Commission

The RDG Licences entitle third-party rail ticket providers, such as the Group, to a commission on each rail product sold pursuant to the RDG Licences, with the specific level of commission varying based on the method of purchase, type of product, category of customer and territory of sale. The fare of each rail product is set by each rail carrier (subject to certain regulatory restrictions), from which the commission is calculated and is permitted to be set off by the Group from the amounts it returns to the relevant carrier for the rail product sold. Notice of any changes to the level of commission for public contact centres, internet and mobile must be provided by RDG at least three years before coming into effect, with such notice taking effect from the beginning of the financial year after serving notice.

The table below summarises the current rates of commissions under the RDG Licences:

Sales Channel	Rate of Commission
Internet sites and SME's to a certain size	5%
Corporate channels (e.g. SMEs over a certain size, direct corporate and TMCs)	3%
Season tickets (sold under the Season Ticket Licence)	2%(1)
International sales (sold under the International Sales Licence)(2)	8%
Public contact centres	9%

(1) Other than TfL travelcards, which earn a commission of 1.5%
(2) International sales attract a 5% commission under the Third Party Retailing Licence

The commission levels for public contact centres, internet and mobile have been broadly consistent for over ten years and commission levels for corporate sales have been consistent since April 2011. In both cases, these rates and will remain fixed at current levels until at least April 2023. In addition, commission levels for international sales have been consistent since 2014. In 2015, new commission levels (as set out above) were introduced for season tickets with the commencement of the Season Ticket Licence. Commissions are accounted for through the settlement procedure described below.

Under the Third Party Retailing Licence, the Group also pays an annual licence fee to RDG and RSP in respect of its share of the central industry costs incurred by RDG and RSP in performing their obligations under the RDG Licence (this also includes costs in relation to carrying out an annual sales audit and monitoring the Group's sale of rail products and provision of information relating to passenger rail services).

Duration

The Group was first licensed by ATOC on 4 May 2005 and the Third Party Retailing Licence has been renewed or extended several times since then, most recently in September 2018. The term of the Third Party Retailing Licence is now on a seven-year rolling basis and will thus, in accordance with the Group's interpretation, continue in force for at least seven years, absent the occurrence of any termination event (as outlined below).

The Third Party Retailing Licence can be terminated in various circumstances, including by the Group for convenience on one year's notice or by RDG with immediate effect, but only in the event of certain specified breaches, including the Group's continual failure to comply with RDG retailing standards, failure to maintain the bonding arrangements, non-payment of amounts due to RSP or RDG on two consecutive payment dates, bringing a rail carrier into disrepute, material breaches of the licences by the Group (which remain unremedied for ten business days following notice by RDG), fraud or insolvency-related events or upon the change of control of the Group (initial public offerings are, however, expressly excluded from this termination right).

RDG International Sales Licence (for UK Rail Travel by non-UK Customers)

Overview

The Group is one of nine third-party businesses currently holding an active International Sales Licence. Although the Third Party Retailing Licence entitles the Group to sell rail tickets outside of the United Kingdom, the Group is separately authorised, under its International Sales Licence with RDG, to sell all rail products for travel in the United Kingdom and provide train service information to all customers located outside the United Kingdom for travel in the United Kingdom, as non-exclusive agent for the UK rail carriers, in return for a greater level of commission than under the Third Party Retailing Licence (see "Commission" below for further detail). The rail products can only be sold through approved methods of retailing at retail sites, telephone sales centres, Internet sites (including via mobile devices), sub-licensees (including TMCs and Corporates) or rail carrier-branded online and mobile sales platforms.

Commission

Whilst the Third Party Retailing Licence does not preclude sales to non-UK customers, the International Sales Licence provides a higher set commission on non-UK sales for travel in the United Kingdom. The International Sales Licence operates on a similar basis to the Third Party Retailing Licence (and expressly incorporates certain provisions of the Third Party Retailing Licence) and provides for a current rate of commission of 8% to be payable to the Group for sales made to customers located outside the United Kingdom.

Duration

The current term of the International Sales Licence is on a one-year rolling basis. The International Sales Licence can be terminated in various circumstances, including by the Group for convenience on three months' notice or by RDG with immediate effect for certain matters including material breach of the agreement by the Group (which remains unremedied for ten business days following notice by RDG), failure to pay amounts due to RSP on two consecutive payment dates or upon the change of control of the Group (initial public offerings are, however, expressly excluded from this termination right).

Retailing Agent's Agreement and Season Ticket Licence

Under the initial terms of the Third Party Retailing Licence, Trainline was not authorised to sell season tickets and certain other specified products, but Trainline initially entered into an retailing agent's agreement dated 3 June 2005 with West Coast Trains Limited ("West Coast Trains") (the "Retailing Agent's Agreement") which provided Trainline with the ability to sell season tickets and certain other restricted products. Subsequently, Trainline has entered into a Season Ticket Licence (as part of a Third Party Retailer trial) by way of a variation to the Third Party Retailing Licence, which provides Trainline with the ability to sell season tickets under its own licence, rather than relying solely upon the delegated Retailing Agent's Agreement.

Retailing Agent's Agreement

Pursuant to the Retailing Agent's Agreement, the Group acts as agent for West Coast Trains for the sale of season tickets and certain other products on behalf of all rail carriers in the United Kingdom, not just those offered by West Coast Trains. Season tickets can only be sold using prescribed methods of retailing, which include both Internet sales and contact centres.

All commission payments arising in relation to sales of rail products pursuant to the Retailing Agent's Agreement are retained by the Group with the remaining balance of the fare passed through to RSP in accordance with the payment procedures under the Third Party Retailing Licence. The industry standard commission earned by the Group, via its arrangement with West Coast Trains, is currently 2% of the value of each season ticket sale for sales via its contact centre only. Under the terms of the Retailing Agent's Agreement, the Group does not currently earn any commission on online and mobile sales of season tickets.

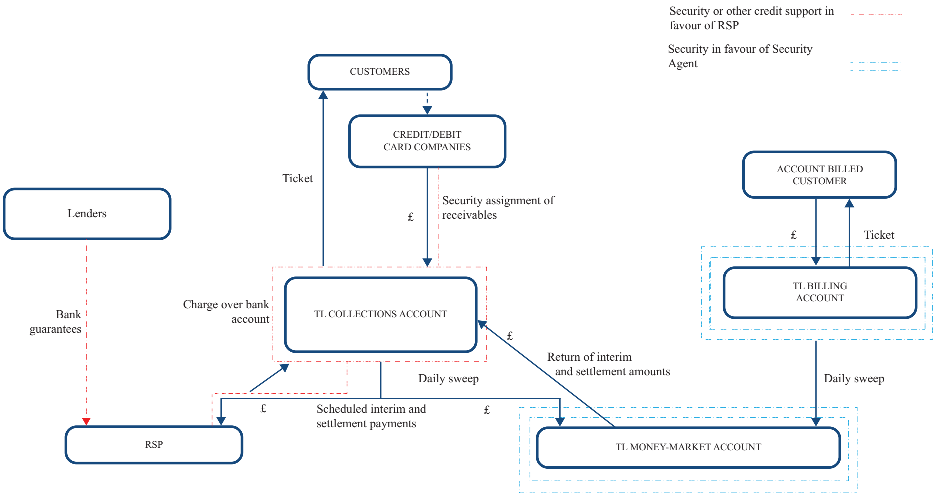
The Retailing Agent's Agreement can be terminated in various circumstances, including by the Group for convenience on six months' notice or by West Coast Trains with immediate effect for certain matters including material breach of the agreement by the Group (which remains unremedied for 15 business days following notice by West Coast Trains) or insolvency-related events affecting the Group. The term of the Retailing Agent's Agreement runs until the expiration of West Coast Trains' franchise agreement with DfT, which is due to expire in March 2020 at the latest (though may be earlier in accordance with the DfT's franchising plan).

Season Ticket Licence

Under the Season Ticket Licence, Trainline is appointed by RDG and RSP as agent for the sale of season tickets on a trial basis, with the trial period for an initial term of one year commencing on or within two months of 3 May 2015, which was subsequently extended by letter notification such that the trial period will continue until 31 December 2019. The Season Ticket Licence provides for a 2% commission on all season tickets sold under it, including online and mobile sales. Trainline expects that this trial will become a permanent license to sell season tickets. Expiry or termination of the Season Ticket License would not affect the ongoing operation of the Third Party Retailing Licence.

Settlement Procedure under the RDG Licences

The following diagram sets out the Group's bonding and settlement procedure as required by the RDG Licences and related security:



Payment Process

Payments from customers for all sales of rail products made through UK Consumer and each of the UK T4B businesses, (apart from Eurostar ticket sales, which are processed in accordance with the bilateral licensing agreement with Eurostar, and the TMC ticket sales, which are processed via the Tarif Scheme) are processed through the Group's technology platforms and received by the Group in a collection account net of any refunds made to customers from time to time. All amounts in the collection accounts are then transferred into the Group's money-market account each business day such that the balance of the collection accounts will be zero at close of banking hours each business day.

As discussed below, the Group is required to make interim and final settlement payments to RSP at certain intervals. The amounts necessary for the Group to make the interim payments and final settlement payments are transferred back from the money-market account to the collection accounts and are paid by the Group to RSP by way of direct debit to RSP's own bank account(s). Refunds which have not been set-off by the credit and/or debit card companies, "ticket on departure" and barcode fulfilment charges and other industry charges are also primarily paid by the Group out of the relevant collection account(s).

Settlement Procedure

Under the terms of the Third Party Retailing Licence, the Group must make a series of interim and final payments to RSP in respect of each four-week settlement period for the rail products sold under the RDG

Licences. The Group makes such interim payments to RSP either 3 or 4 times a week. Interim payments are calculated by reference to a formula contained within the Third Party Retailing Licence, which takes into account a growth factor based on annual increase in sales of rail products, and are principally based upon the historic settlement amount for the same settlement period during the previous year.

The Group provides RSP with detailed information about the rail products it has sold and any refunds which it has made via an overnight feed into the rail industry accounting system. This information is then used by RSP to calculate the final settlement payment due from the Group to RSP in respect of such settlement period and payable by the Group on the third week in the following settlement period. The amount of the final settlement payment is the aggregate amount of the total of each ticket issued during the settlement period after adding the RSP element of the licence fee due in the relevant settlement period and after deducting: (i) all refunds made during the relevant settlement period; (ii) the Group's commission; (iii) ticket on departure and barcode fulfilment charges and (iv) interim payments made during the relevant settlement period.

Security Obligations

Under the RDG Licences, the Group is required to maintain a bond, guarantee, interim payments, another form of security or a combination thereof (as approved by RDG and/or RSP) for the purposes of securing the payment of all monies which the Group may become liable to pay to RSP or RDG under the RDG Licences.

The Group currently satisfies this security requirement by way of letters of credit issued by Barclays Bank PLC ("Barclays"), HSBC Bank PLC, Commerzbank AG and/or Credit Agricole to RSP pursuant to a £130 million revolving credit facility made available under the Group's Senior Facilities Agreement (please see Part 13 (Additional Information) for further details of this facility). In addition, the Group is required to ensure that all payments in respect of credit card, debit card or charge card sales of rail products made under the RDG Licences are made into a designated account with Barclays (being the collections account). The value of the security required is calculated by reference to a formula contained within the Third Party Retailing Licence which takes into account historical settlement amounts, as well as expected growth in rail product sales. The value of the security is then recalculated at the start of each settlement period and additional "top-up" letters of credit are issued to RSP at that time if required.

The Group has also granted security in favour of RSP over the collections account and all sums payable to the Group in respect of agreements pursuant to which the Group receives payments from credit card, debit card or charge card sales of rail products under the RDG Licences.

Tarif Scheme

Pursuant to the terms of the Third Party Retailing Licence, sales by and for TMCs through the Group's technology platforms are included for the purposes of calculating the level of the Group's bonding arrangements in respect of monies received from rail ticket sales. RDG and RSP have, however, established a Travel Agent's Reserve Insurance Fund scheme (the "Tarif Scheme") which allows TMCs with whom the Group contracts to access and participate in a credit insurance arrangement, instead of relying on the Group's bonding arrangements.

Under the Tarif Scheme, the TMCs account directly to RSP for rail products retailed by them, with the effect being that liability for such sums is transferred from the Group to the TMCs, which reduces the level and cost of the bonding requirements. For the year ended 28 February 2019, most of the TMC sales via the Group were under the Tarif scheme, which has therefore proportionately reduced the Group's level and cost of the bonding requirements. The Group separately invoices the relevant TMC for the fees payable to the Group under the contract between the relevant TMC and the Group.

International rail

As of the date of this document, the Group's operations outside the United Kingdom are largely concentrated in the European Union. The discussion below therefore focusses on the European market.

The European rail market is highly fragmented, with approximately 400 rail carriers operating in Europe. However, the three largest European rail carriers, SNCF, Deutsche Bahn and Trenitalia represent more than a third of the European rail market.

Regulatory Framework

There has been a series of European Commission directives aimed at encouraging competition across Europe's railways and facilitating the movement of goods and people through the development of efficient transport systems that operate across borders. These directives followed the successful opening of the road haulage industry in the 1990s and began with the First Railway Package of 2001 and continued through the Fourth Railway Package of 2016. The European Commission's efforts have concentrated on opening the rail transport market to competition, improving the interoperability and safety of national rail networks and developing rail transport infrastructure.

The Fourth Railway package is comprised of two pillars: (1) the technical pillar, which is designed to increase the competitiveness of the railway sector by reducing the costs and administrative burden for railway undertakings wishing to operate across Europe and (2) the market pillar, which will complete the process of liberalisation started with the First Railway Package by establishing the general right for railway undertakings established in one Member State to operate all types of passenger services across the European Union, laying down rules mandating more impartiality in the governance of railway infrastructure and introducing the principle of mandatory tendering for public service contracts in rail.

The key stakeholders in the European rail market include: (i) the European Union Agency for Railways (the "ERA"); (ii) the national rail and transportation authorities of the Member States and (iii) the rail carriers. Each Member State must also implement the Fourth Railway Package by transposing the directives into national law, and there is scope for divergence in how each Member State implements the Fourth Railway package, depending in part upon the current state of rail industry liberalisation in the relevant Member State. For example, France's national railway services operator, SNCF, currently enjoys a monopoly over national and regional passenger services, although this is due to be phased out, with the introduction of open access competition on core routes from 2020 and competitive tendering of regional operating contracts from 2023. In Italy, although Trenitalia is still the largest rail carrier in the country and is indirectly state-owned, the opening up of the Italian rail industry in 2012 allowed for the introduction of NTV Italo and Thello, which have gained market share, driving up quality and choice and driven down rail ticket prices increasing overall yield to the rail industry in Italy. Trainline offers rail inventory on behalf of each of these carriers to its customers.

Licences

In connection with sales made in its International business, the Group predominately has entered into bilateral licencing agreements with rail carriers, which enable the Group to sell tickets on behalf of the relevant rail carriers to customers around the world. In some instances, the Group has entered into affiliate agreements with rail carriers which allow the Group to provide journey planning services for customers and, where direct retailing is not possible, refer customers to the relevant rail carrier affiliate's website for completion of the purchase. Timetable and fare data Trainline receives is derived from its various licences with carriers. Whilst some of these licences include real time data, reforms have been agreed at the EU level and approved by the relevant EU institutions in January 2019 as part of the PSI Directive. These reforms aim to increase the supply of data, including information held by public undertakings in the transport sector, to support the economy and to ensure that data is used for the benefit of all stakeholders in the transportation industry. Trainline expects that charges related to these reforms should be at no more than the marginal cost for supplying this data.

The Group's bilateral licensing arrangements with rail carriers outside the United Kingdom typically have an indefinite duration subject to a right to terminate for convenience subject to a notice period which varies between 3 months and 6 months. The Group's arrangements with the larger rail carriers often provide the rail carrier with a right to unilaterally vary the terms of the arrangements.

Settlement and security

The Group is generally required to provide security for any payments received on behalf of the international rail carriers, the level of which is as agreed bilaterally between the Group and the relevant rail carrier. As of 28 February 2019, Trainline was required to post bonds in favour of SNCF, Trenitalia, NTV, Deutsche Bahn and Renfe, all of which are currently satisfied by bank guarantees issued by the Group's lender under its revolving credit facility.

United Kingdom and International Coach

As at the date of this document, all of the Group's coach activities are long-distance journeys and airport transfers and, where outside the United Kingdom, are largely concentrated in the European Union. The discussion below therefore focusses on the UK and European markets.

The long-distance coach market sees three main models: A model where a country is led by one player (such as Flixbus in Germany); one where a market sees 2-3 large players (like France with Ouibus, Flixbus and Isilines); and one where a market has 1 or 2 large players and a multitude of small operators (e.g., Spain or Eastern Europe).

Regulatory Framework

The main coach-related EU regulation encouraging competition and liberalisation is Regulation (EC) 1073/2009 on common rules for access to the international market for coach services, which together with Regulation (EC) 1071/2009 (on access to the occupation of road transport-operator), regulate the conditions for accessing the profession and the market in the field of transport of passengers by road.

Regulation (EC) 1073/2009 applies to undertakings intending to operate on the international road passenger transport market and on national markets other than the market of their Member State of establishment. It has been under review since the end of 2017. The new proposal forms part of the Second Mobility package and the European Commission's "Europe on the move" initiative and, for example, seeks to modify the authorisation procedure for international carriage of passengers and for national regular service. The new proposal was adopted by the European Parliament's Committee on Transport and Tourism on 22 January 2019 and will need to go through the EU legislative process prior to becoming enforceable.

The other main regulation in the European Union relates to passenger rights.

However, outside of these regulations, most of the coach industry, including regarding competition within a domestic market, remains regulated at national level.

At the national level, Germany led the liberalisation of coach travel in January 2013, which re-generated the long-distance coach sector and led France to do the same in August 2015. Other countries in Eastern Europe have also liberalised their domestic coach sectors but some key markets, such as Spain, remain restrictive and franchise-based.

The main stakeholders in the coach market are (i) the International Road Transport Union (the "IRU"), which is the global industry association for road transport; (ii) national associations/stakeholders; (iii) coach operators; (iv) coach content (i.e., fare and timetable information) aggregators.

Licences

In connection with UK and international coach ticket sales, the Group generally has entered into:

(i) bilateral distribution agreements with coach operators (such as National Express). These arrangements allow the Group to sell tickets on behalf of the relevant coach operators and is the preferred option for the major operators in Europe;

(ii) bilateral distribution agreements with aggregators such as Busbud and Distribusion. Each aggregator individually represents and gives Trainline technical access to a number of coach operators' content and a right to distribute such content on behalf of the coach operators. For example, as of 28 February 2019, Trainline has 40 bus operators "live" through Busbud; and

(iii) bilateral 'affiliate agreements' (such as Flixbus) which allow the Group to provide journey planning services to customers and refer such customers to the relevant operator's site for completion for the purchase, where direct retailing by the Group is not possible (technically or strategically).

These bilateral arrangements with coach operators and aggregators typically have a duration of 3 years. A number of these arrangements provide the aggregators or coach operators with the right to terminate the arrangements after a notice period that may vary between 3 and 6 months. However, they do not tend to give the relevant coach operator or aggregator the right to unilaterally vary the terms of the arrangement except where the content is provided by a third party, in which case the relevant coach operator or aggregator is entitled to unilaterally remove the content if they lose access/distribution right to it.

The majority of the Group's coach ticket sales are generated through its direct distribution agreements with Flixbus and National Express.

As the Group is completing key activities on its re-platforming project, the Group is temporarily using an affiliate arrangement (with transactions taking place on Trainline's partners' sites) for the aggregators Busbud and Distribusion.

Settlement and security

The Group is not generally required to provide security for any payments received on behalf of the coach operators.

PART 6

Business Description

This Part 6 (Business Description) should be read in conjunction with the more detailed information contained in this Registration Document including the financial and other information appearing in Part 9 (Operating and Financial Review). Where stated, financial information in this section has been extracted from Part 10 (Historical Financial Information).

OVERVIEW

Trainline is the leading independent rail and coach travel platform based on monthly active users, selling rail and coach tickets to travellers worldwide via its highly rated website and mobile app. The Directors believe there is a global movement towards more environmentally sustainable travel, with a growing awareness of the environmental impact of CO_2 emissions, reflected in the EU Commission's objective to reduce transport emissions by 50% by 2050 and increased investment by many governments in public transport, particularly rail, which generates less than 1/8th the CO_2 of air travel and approximately 1/3rd the CO_2 emissions of road travel. Trainline's ambition is to bring together the world's rail, coach and other travel services into one simple mobile experience so travellers can easily find the best prices for their journey and access smart, real time travel information on the go. By making rail and coach travel easier, Trainline's aim is to encourage people all over the world to make more environmentally sustainable travel choices.

Today, Trainline is a one-stop-shop for rail and coach travel, bringing together routes, fares and journey times from 220 rail and coach carriers, covering approximately 80% of European rail by overall ticket sales of carriers and approximately 50% of European coach by overall ticket sales of carriers, allowing travellers to compare and book millions of routes across 45 countries, principally in Europe but also in Asia. Trainline customers have access to payment in 10 currencies, including pounds sterling, US dollars and Japanese Yen, and to 14 languages, including English, French, Spanish and Mandarin Chinese. This means millions of travellers can benefit from booking journeys in their own language and seeing prices and paying in their own currency, saving money, time and hassle.

The Group is able to use its scale, and the volume of information generated through its platform to collect and analyse a vast amount of data to facilitate product innovation and personalisation that benefits its customers. Trainline's unique artificial intelligence ("AI") driven mobile app offers customers a number of booking and support features, such as Price Prediction, which is available for customers travelling in the United Kingdom and tells them when the price for their journey is most likely to increase, helping them save money on their bookings. By providing a complete set of travel options and AI-driven journey information in one mobile app, Trainline aims to make it easy for travellers to find the best prices and most direct routes for their journey and aims to provide carriers access to more customers at a lower cost to serve.

As well as an easy, consistent and friction-free travel booking experience, Trainline aims to offer travellers a smart travel companion for every stage of their journey. Via the Trainline mobile app, customers can, where available, access live departure boards, live train trackers, and personalised journey delay and disruption information as they travel. For example, the mobile app feature Busybot uses crowd sourced data to help travellers find a seat on busy commuter trains in the United Kingdom.

The global long-distance rail and coach markets are estimated by OC&C to be worth more than €225 billion per year based on 2017 market size data – and increasing as governments continue to invest, particularly in high speed rail, as liberalisation of rail and coach unfolds across continental Europe, and customer usage of rail and coach increases in tandem with growing environmental awareness. During 2017, only approximately 39% of rail purchases in the Top 5 European Markets were made online, according to OC&C, and in 2018 only 1 in 7 tickets sold in the United Kingdom were eTickets, according to OC&C. However, with customers making approximately 21 rail journeys per capita in 2017 in the United Kingdom, according to OC&C, and significant headroom for further growth in online penetration, in part due to governments committing to eTicket availability, the Directors believe there is a significant runway for eTicketing and that Trainline's focus on unique, AI-driven travel information, travel recommendations and machine learning capabilities will keep the Group at the centre of this shift.

Trainline has invested in the introduction and take-up of eTickets in rail and coach and in 2019, eTickets made up 61% of all journeys booked through Trainline's platform. The Directors believe this is to the benefit of

Trainline's customers, with Trainline's internal customer research showing that, once travellers use eTicketing, the majority do not revert to buying paper tickets; 94% of Trainline's mobile ticket customers say that they will continue to use this ticket option.

The Directors believe that Trainline is encouraging the shift away from road and short haul air travel to more environmentally sustainable modes of transport with its continued focus on making rail and coach travel easier and more accessible by offering customers a broad choice of travel options and helping them stay in control of their travel experience with personalised travel information, including delay and disruption notifications.

Trainline currently operates through three business segments:

- *UK Consumer*: Trainline sells rail tickets on behalf of all UK rail carriers and coach tickets on behalf of National Express, the largest UK coach carrier. Customers include people living in the United Kingdom (domestic customers) as well as those visiting the United Kingdom (inbound customers). These UK Consumer customers can also benefit from individually targeted, high quality recommendations for hotel bookings and insurance. Trainline partners with carefully selected businesses and brands wishing to advertise on its mobile app and website. In the year ended 28 February 2019, UK Consumer represented £136.7 million (65.3%) of Group revenue, had more than 60 million visits per month and had net ticket sales of £1,647.6 million.
- *International*: Trainline's International business sells rail and coach tickets to people all over the world on behalf of all the major European rail carriers, offers rail passes in Japan to inbound visitors through its partnership with JTB and is in advanced discussions with US operators to secure direct distribution agreements for the sale of rail and coach tickets in the United States. The International business sells coach tickets to individuals on behalf of all the major European carriers. In the year ended 28 February 2019, International represented £14.5 million (6.9%) of Group revenue, had approximately 20 million visits per month and had net ticket sales of £348.5 million.
- *Trainline for Business:* Trainline's T4B business is currently a UK-focussed business which provides and supports rail booking solutions for small and medium enterprises ("SMEs") and large corporate entities, including public sector partners. The Group provides services to travel management companies ("TMCs") who in turn support businesses, primarily in the United Kingdom. Additionally, T4B builds, supports and manages "white label" online and mobile sales platforms for many of the United Kingdom's biggest rail carriers, leveraging its proprietary technology to provide rail carriers with a best-in-class product and a cost-to-serve advantage compared to developing their own ticket sales solutions. In the year ended 28 February 2019, UK T4B represented £58.4 million (27.9%) of the Group's revenue and, as of 28 February 2019, T4B had 10 white label solutions customers, 90 TMC customers, 125 corporate customers and approximately 30,000 SME customers.

Trainline's products and services are underpinned by its Single Global Platform, allowing customers to book travel seamlessly through one consistent 4.7-star rated mobile app, on one website and via one application programming interface ("API") in the currency and language of their choosing, wherever they are in the world. The Single Global Platform currently supports the UK Consumer and the majority of the International business (with the remainder being migrated over the next few months). The T4B business shares a significant proportion of the Single Global Platform services (payments, fulfilment, search) but the T4B front end functionality will, at least in the near term, continue to be supported as a different platform. The investment in the Single Global Platform enables a significant increase in the velocity at which Trainline can launch new products and features, delivering more than 300 releases a week (compared to 9 total releases in 2014) through small, agile, mission-based teams with a focus on continuously improving the customer experience and leading to nearly 80% of the Group's sales in the year ended 28 February 2019 coming from repeat customers.

Trainline had approximately 23 million cumulative app downloads as of 28 February 2019, based on Company data and an average of approximately 29 million monthly active users from September to November 2018, based on Adobe Analytics and Google Analytics, representing approximately 3 times as many monthly active users as the next largest independent platform, based on data from AppAnnie and Similar Web. This translated into revenue of £209.5 million, net ticket sales of £3.2 billion, representing a 19% growth compared to the year ended 28 February 2018, operating profit of £10.5 million, Adjusted EBITDA of £52.6 million and Adjusted EBITDA margin of 25.1% for the year ended 28 February 2019. The Trainline team is made up of more than 600 people, including more than 300 tech engineers, representing more than 42 nationalities, with offices based in London, Paris and Edinburgh.

History of the Group

Trainline was created in 1997 as a wholly-owned ticket retailing division of Virgin Rail Group, selling tickets through a call centre and, beginning in 1999, through an online platform. In 2002, Trainline began providing technological solutions to other rail carriers in addition to continuing to manage and support Virgin Rail Group's website. In 2006, Trainline was sold by the Virgin Group to Exponent, allowing Trainline to become independent of any particular rail carrier.

The Group was awarded its first independent licence from ATOC on 4 May 2005 and has renewed or extended its licence on several occasions since then, most recently in September 2018, and the licence is now on a seven-year rolling term and will thus, in accordance with the Group's interpretation, continue in force for at least seven years. This licence allows the Group to sell rail products and provide passenger rail service information for all rail journeys on behalf of, and independently of, all rail carriers in the United Kingdom.

In October 2009, following a relaunch of its technology platform, Trainline launched its first mobile app for iPhones and in 2010, Trainline launched mobile app for Android, beginning a new phase of development mobile-friendly product features.

Massive Operational Transformation

Following the appointment of Clare Gilmartin as CEO in June 2014, the Group embarked on a growth plan involving accelerating growth in the United Kingdom, international expansion and a focus on mobile-friendly technology and product offerings. The Group was acquired by KKR Victoria Aggregator L.P., acting by its general partner, KKR Victoria Aggregator GP Limited ("KKR LP") in January 2015 following which, the Group acquired Capitaine Train S.A.S. ("Captain Train"), a Paris-based online ticket provider, in 2016, which gave the Group access to the technology underpinning Captain Train's itinerary calculation system and access to the European market. In 2016, the Group also expanded into the coach market.

By 2017, the Group had localised mobile apps in the United Kingdom, France, Germany, Italy and Spain and 11 new websites, including functionality in 14 total languages and multi-currency functionality in 10 currencies. The Group also launched features including PriceBot, allowing customers to find the cheapest ticket available on their selected UK route with the tap of an icon, and Price Prediction, a tool designed to help customers identify the best time to book UK rail tickets.

In 2018, the Group introduced the United Kingdom's most advanced rail voice AI feature with Google Assistant, expanded into Asia with its JTB partnership and accelerated its coach partnership offering, bringing the total number of coach operators covered to 94 by 28 February 2019.

In 2014, Trainline was a UK rail ticket retailer with a majority of customers from the United Kingdom and 29 rail carrier partners. Its website and mobile apps, which were built on a monolithic architecture, attracted approximately 18 million visits per month, only approximately 9% of consumer transactions were on mobile and only 7% of journeys were booked via eTickets. As a result of its ambitious growth plan, by 2019 Trainline had transformed into a global rail and coach platform operating across 45 countries and covering 220 rail and coach carriers, with approximately 40% of its monthly active users located outside the United Kingdom. Its website and mobile apps, underpinned by a micro-service Single Global Platform, attracted approximately 80 million visits per month (based on average visits from September to November 2018) and supported approximately 74% of transactions on mobile devices and 61% of journeys booked via eTicket.

The Group has recently made significant investment in developing the Single Global Platform, which currently supports the UK Consumer and the majority of the International businesses, and it is in advanced discussions with US operators to secure direct distribution agreements for the sale of US rail and coach tickets to US and international customers.

Competitive Strengths

The Directors believe that the Group's competitive strengths are as follows:

Leading platform in large and growing market with positive tailwinds

Largest independent platform globally

Trainline benefits from a differentiated leadership position as an independent platform. In terms of monthly active users, the Group estimates it is significantly larger than the next largest independent platform by a factor of 3 times, based on data available from SimilarWeb and AppAnnie for monthly active users from September to November 2018. Trainline's monthly active users are also growing at a faster rate than other third-party retailers and carriers, with Trainline achieving a 40% year-on-year growth in average monthly active users in September to November 2018 compared to the same period in 2017, whereas in the same period four of the Group's competitors experienced 15%, 6%, 5% and 4% growth, respectively, and two experienced a decline of 1% and 6%, respectively (based on data from Similar Web and App Annie). Trainline also has a leading travel app, based on UK Apple iOS store rankings of travel apps as of 20 May 2019.

Clear leadership position in UK

Trainline holds a clear leadership position in the online ticket sector in the United Kingdom, with approximately 53% of the total digital consumer passenger rail ticket sales in the United Kingdom in 2018, representing approximately 27% of overall ticket sales, according to OC&C. Trainline has improved its digital rail market position by 11 percentage points since 2013, with the Group processing approximately 42% of the total digital consumer passenger rail ticket sales in 2013, 43% in 2014, 44% in 2015, 47% in 2016, 51% in 2017 and 53% in 2018, based on Trainline's ticket sales as a proportion of the total digital consumer passenger rail ticket sales estimated by OC&C.

In addition, Trainline's UK T4B holds a strong market segment position, with 59% of total 2017/2018 UK branded rail carrier sales going through Trainline's platform, the top 6 TMCs in the United Kingdom by 2017/2018 ticket sales served by Trainline and approximately 30,000 SME customers as of 28 February 2019.

Given commission rates, which carriers pay to independent third-party online rail ticket providers on net ticket sales, are typically set by the carriers and are typically applied consistently across third-party providers, the Directors believe it would be difficult for a new entrant to succeed through under-cutting Trainline on commissions, providing barriers to success for competitors.

Large, growing market with positive tailwinds

Trainline operates in a large and growing rail and long-distance coach market worth more than €225 billion globally, according to OC&C estimates based on 2017 data, with Europe representing approximately €70 billion. This market features multiple growth drivers, including significant capacity expansion, with over US$400 billion of planned rail infrastructure projects in Europe to 2033, including US$183 billion in the United Kingdom, according to OC&C, underpinned by the aim of tripling the length of existing high-speed rail network in the European Union by 2030, and growing environmental awareness favouring increased rail and coach journeys in preference to air travel.

Trainline is committed to increasing access to greener mobility, and the Directors believe that the Trainline brand is associated with helping travellers find more environmentally friendly travel options and that Trainline is well positioned to encourage this shift towards more environmentally sustainable modes of travel. According to recent YouGov research carried out by Trainline in 2018, people in the United Kingdom who bought most of their train tickets from Trainline over the past year were almost 30% more likely to have increased their train travel than those who did not use Trainline. Furthermore, people in the United Kingdom who bought their last train ticket from Trainline were 20% more likely to have switched from using the car and 25% more likely to say that Trainline's website or app had a major influence on their decision to travel by train than those buying from other websites.

Fragmented carrier landscape

Trainline operates in a highly fragmented and complex market, with approximately 800 rail and coach carriers in Europe, approximately 27,000 rail stations in Europe and no harmonised standards across rail or coach (i.e., no common API and no standard definition of stations/stops, travel class categorisations, discount/loyalty cards, ticket types or peak vs off-peak classifications), compared with approximately 100 European airlines, 400 airports in Europe and global distribution systems ("GDS") underpinning the air market. Following the implementation of the Fourth Railway Package, the Directors expect that European markets will continue to liberalise, leading to even more competition in Europe, with the further expansion of independent rail carriers. The Directors believe this will be beneficial to Trainline, as it will provide consumers with more fare and route options and increase the value of third-party intermediaries like Trainline which has the ability to consolidate multi-carrier and multi-route options across the network.

High frequency vertical

Rail travel represents a high frequency vertical, with customers in the UK market making approximately 21 rail ticket purchases per capita in 2017, versus 2 per year for air travel, according to OC&C. The Directors believe that this provides Trainline with a competitive advantage compared to third-party intermediaries operating in other travel verticals, as it maintains high levels of engagement and activity with customers, driving revenue with the same cohort, increasing the lifetime value of customers. The Directors believe this enables Trainline to build relationships with travellers as their go-to app for rail and coach travel including journey search and booking, checking live departure and arrival times, searching for information about disruption, and more.

Low online mobile and eTicket penetration today

The Directors believe there is significant growth headroom from continued increases in eTicket roll-out. According to OC&C, online penetration in the Top 5 European Markets for rail, air and car hire has increased since 2013 as part of a more general shift to digital distribution across all forms of travel, with the migration from offline proceeding very rapidly. Rail in the Top 5 European Markets has been the fastest growing travel segment compared to the air and car hire travel segments, reaching approximately 39% online penetration of bookings in 2017. This level is still lower than other travel segments in Europe, with online penetration in car hire and in traditional air estimated by OC&C to be 50%, based on 2017 gross bookings in the Top 5 European Markets, and online penetration in air for low cost carriers estimated by OC&C to be 86%, based on all European bookings in 2017. Meanwhile, in the Asia-Pacific region, online penetration in rail was estimated by the Company to be 29% based on 2017 gross bookings, compared to 24% online penetration in car hire and 44% online penetration in traditional air.

Despite the relatively low levels of online penetration, there has been, and it is expected that there will continue to be, a significant shift to online sales of rail tickets, which the Directors believe is due to a customer preference for the convenience of online purchases, the potential cost savings for advance purchase tickets and the general increase of WiFi and broadband spending across the wider European economy. OC&C expects the digital passenger rail market to grow by approximately 10% annually between 2017 and 2022, driven by eTicket availability and the shift to mobile. In addition to cost savings, the Directors believe eTicket adoption improves transaction frequencies, based on Trainline's app transactions per month being 4 times higher than mobile web transactions and 3 times higher than desktop web transactions in the year ended 28 February 2019, which combined with the cost-savings, resulted in a 2.3 times higher one year return on eTicket users compared to non-eTicket users. Further, eTicket adoption improves customer retention (i.e. customers who transact between 10 and 12 months after their first transaction) and frequency, with eTicket customers having a one year retention rate of more than 4.6 times non eTicket users and a 4.4 times better one year frequency.

The Directors believe that the underlying structural growth of the rail market, the shift of sales to online providers and the relative under-penetration of online sales in the rail market more broadly present the Group with an opportunity to capture a larger share of this growing market.

Strong value proposition for customers and business partners, driving high repeat and long tenure

The Group's ambition is to bring together the world's rail, coach and other travel services into one simple, mobile experience so travellers can easily find the best prices for their journey and access smart, real-time travel information on the go. By making rail and coach travel easier, Trainline's mission is to encourage people all over the world to make more environmentally sustainable travel choices.

Customers poorly served today

The rail and coach markets are complex, with a large number of routes, fares and ticketing options available for many journeys. Trainline believes that consumers are poorly served today by traditional rail and coach travel booking due to opaque and complex pricing, the hassle of purchasing tickets and making changes, a lack of sufficient real-time travel information and limited assistance with delays and disruptions.

Strong value proposition for customers

The Directors believe that most customers are focused on reaching their destination within the shortest time at the best fare for their needs and are often unaware of which rail or coach carriers operate their chosen route. Such complexity allows Trainline to solve for customer pain points and provide a compelling proposition to customers by establishing all available routes and fares, and presenting the options to customers in a simple singular and user-friendly format with an easy and speedy booking process supporting a wide range of payment options. In addition, Trainline enables customers to avoid the time-consuming exercise of queuing to purchase tickets, or make changes to an existing ticket at a station, whilst also providing real-time travel information for all carriers in the United Kingdom and SNCF in France and Trenitalia in Italy.

Trainline serves customers end-to-end across geographies and rail and coach carriers. Customers of Trainline are able to plan their journey and book rail and coach tickets through a simple process and can save money by finding the cheapest available fare that fits their requirements. This focus on serving customers resulted in Trainline scoring highly in an OC&C survey of customers in the Top 5 European Markets on solving key pain points, including access to cheapest prices, ease of accessing tickets, ease of booking process, trust, speed of booking, ability to compare prices, ability to complete last minute bookings and availability of a range of payment options.

Trainline offers customers, both in the United Kingdom and internationally, one mobile app for all rail and coach carriers, with features available in the United Kingdom such as ‘Best Fare Finder’ and ‘Ticket Alert’ focused on helping rail customers at each point of their journey, enabling customers to seamlessly search, book, and get eTickets on mobile. The Trainline mobile app had a rating of 4.7 stars on the UK Apple iOS store as at 20 May 2019 and the Trainline mobile app receives more user engagement than other similar apps, with substantially more engagement compared to the Airbnb app and more engagement than the Uber app during weekdays in February 2019. Its deep connections and broad supply ensure that Trainline is able to provide great flexibility, more route options and better prices for customers. In addition to purchasing or amending tickets with Trainline’s simple self-service functionality, customers have the ability to receive partial or full refunds via the mobile app and have the optionality to pay for cross-border journeys in local currency, whilst Trainline’s smart travel companion feature provides real time updates for journeys. The Directors believe that the increasing adoption of the self-service features also helps drive down Trainline’s costs, with customer service contacts per thousands of customers down 78% from July 2008 to June 2019 and an increase of 12% from November to December 2018 in the percentage of journeys changed via self-service rather than by contacting customer service.

The Directors believe that these features and tools helped to deliver visit growth in its UK Consumer and International businesses at a CAGR of 34% from 2014 to the year ended 28 February 2019, 1.9 times growth in UK Consumer transactions per customer from approximately 2.7 in 2015 to approximately 5.0 in the year ended 28 February 2019, growth in UK Consumer mobile transactions per month at a CAGR of 94% from 2014 to the year ended 28 February 2019, a 5 percentage point increase in the percentage UK Consumer sales derived from repeat customers, from approximately 81% in 2014 to approximately 86% in the year ended 28 February 2019 and a 3 times improvement in the conversion rate for visits to sales via the Group’s mobile app from 2016 through the year ended 28 February 2019. The Directors believe these conversion rates were also driven by improvements such as the ability for guest purchases of eTickets and the introduction of Apply Pay capabilities in 2016, the launch of all day price visibility and the iPad app in 2017, the rollout of urgency messaging in the United Kingdom in 2018 and the unified search functionality and full coach flow in 2019.

Strong value proposition for T4B partners

The Directors believe Trainline represents a compelling proposition to businesses through access to its world-class technology platforms.

For Trainline’s carrier partners and white label solutions clients, Trainline offers a ‘one-stop-shop’ solution, including bespoke development, desktop product, mobile product, API and customer service. The Directors believe Trainline represents a lower cost-to-serve channel compared to alternative channels, such as the ticketing window. In addition, the rail industry is characterised by high demand on certain peak routes and times, but low demand with significant unused capacity on other routes and times. The Directors believe that rail carriers, which supply the inventory of tickets and seats for the rail industry, welcome the service that independent rail ticket providers, like the Group, providing rail with the ability to seek additional passengers, better utilise their capacity, and consequently drive margin expansion.

Trainline’s B2B partners benefit from a deep feature set which leverages the functionality of Trainline’s consumer product offerings while also providing a comprehensive toolset and account management dashboard and, in 2019, Trainline intends to expand this further with its new global API containing the largest selection of EU rail and coach available from third-party intermediaries.

The Directors believe that Trainline's strong value proposition for UK T4B partners is demonstrated by its long tenure, high retention rates for existing customers and high win rates of new customers within UK T4B for the year ended 28 February 2019, with an average white label solutions client tenure of 7 years, retention rates of 99% and 96% for TMC and corporate clients, respectively, and win rates (defined as contracts signed as a percentage of client pitches) of 80% and 70% for TMC and corporate clients, respectively.

Deep rooted supply relationships with proven marketing approach

Trainline covers 220 rail and coach carriers and believes that its deep relationships with carriers have broader benefits in supporting the Trainline business by enabling the Group to integrate supply, negotiate commercial terms, and promote the Trainline brand, which enjoys 87% brand awareness based on a February 2019 customer survey conducted by Trainline, and drive technology, with Trainline to be the first retailer of in-app digital season tickets. At the same time, however, there remains significant room for further growth, as demonstrated by the markets for season tickets and railcards in the United Kingdom and new carriers in Europe and the rest of the world.

The Group's marketing playbook, through the use of free sources and efficient targeting of high value customers, has demonstrated the ability of the Group to scale customer acquisition (a 1.5-fold increase in new customers in the United Kingdom since the year ended 28 February 2016 and a 5-fold increase in new customers in the International business) while reducing cost per acquisition (as measured by marketing spend divided by new customers).

Proprietary tech platform with unique data capabilities

Integrated global platform

Trainline has developed a modern, agile, single global technology platform to support its business. The Group has recently made significant investment in developing the Single Global Platform which currently supports the UK Consumer and the majority of the International businesses.

The Directors believe the Single Global Platform offers real benefits for Trainline's millions of customers around the world: the Single Global Platform allows Trainline to integrate deeply with its rail and coach carriers, whilst providing a simple, customer-centric user interface via the mobile app and website that insulates consumers against the underlying industry complexity. Despite the number of rail and coach carriers across geographies and networks, the Trainline platform provides customers with the ability to optimise for time and price, book other products and services relevant to a trip, and choose how to pay, all in one mobile app or on one website.

Approximately 2-3 terabytes are processed via Trainline's platform every day, more than 154 billion prices and tickets are shown in searches on Trainline's platform every year and Trainline tracks approximately 1 billion train movements per year. The Group is able to take advantage of its scale and the volume of information generated through its platform to collect and analyse a vast amount of data to facilitate product innovation and personalisation. These additional features ensure that the platform is constantly evolving and improving to ensure the platform remains engaging for customers, driving increased conversion as well as retention. Further information gained through direct engagement with customers helps to inform the development process for the product, technology platforms and the business and innovate for the benefit of the customer. The data also allows Trainline to achieve marketing efficiencies as it allows the Group to determine highest value customers and where to achieve best return on marketing investment in acquiring new customers.

The T4B business shares a significant proportion of the Single Global Platform services (payments, fulfilment, search), but the T4B front end functionality will, at least in the near term, continue to be supported as a different platform. The Directors believe that the existing technology platform will be able to support the Group's growth plans without significantly higher capital expenditure in the near future.

Reliable, scalable and secure

The Single Global Platform is capable of operating at scale across all modes and products. Trainline operates on a 100% cloud-based system, fully resilient across three data centres hosted by AWS. The infrastructure is highly scalable both 'up' and 'down', with the ability to scale to 10 times current average traffic levels and offers best-in-class tooling for managing reliability and performance, with 99.9% availability across all channels for the last three years. The Directors believe the Group operates on best-in-class architecture, comprising more than 500 micro-services and more than 300 production releases each week and achieving a 0.09% fraud rate in the year ended 28 February 2019, with a 92% EU card accept rate (compared to 86% in 2016) and 66% lower fraud losses compared to 2016. The platform led Werner Vogels, Amazon Chief Technology Officer to say that "there is no cooler story than that of Trainline" at the AWS re:Invent Keynote in 2017. In addition, Trainline's technology platforms have been compliant with Level I PCI DSS since 2012.

Trainline's technology approach and strategy focus are designed to drive a frictionless user-experience, whilst ensuring the integrity and security of the data used. The Group employs more than 300 tech engineers, operates on 100% cloud-based platform and processes approximately 2-3 terabytes of data per day. As a result, Trainline's technology supports significant increased scale at minimal incremental platform cost.

Unique combination of scale, accelerating growth and expanding margins

Accelerating growth and strong profitability

The Group has seen strong and accelerating growth since the year ended 28 February 2016, outpacing growth in the Top 5 European Markets: Revenue has grown at a 15.4% CAGR for the period from the year ended 28 February 2015 to the year ended 28 February 2019, driven by a net ticket sales CAGR of 18.7% for the same period.

Highly scalable model with significant capital expenditure already undertaken

The Group's UK operations represent an established business whilst continuing to demonstrate a strong growth profile with improving margins given the scalable business model. Following entry into the European markets, the Group has invested significantly to develop a platform for growth. This period of significant investment has been completed and positions the business for greater functionality, therefore the Directors believe the International business will trend towards a similar financial profile of the UK Consumer business as the existing cohorts mature and scale is built in the International business.

Established UK Consumer and UK T4B business, with fast-growing and developing International business

For the Group's UK Consumer business for the period from 1 March 2015 to 28 February 2019:

- Revenue increased from £80 million in the period ended 28 February 2016 to £137 million in the year ended 28 February 2019.
- Net ticket sales increased from £896 million in the period ended 28 February 2016 to £1,648 million in the year ended 28 February 2019.

For the Group's International business for the period from 1 March 2015 to 28 February 2019:

- Revenue increased from a negligible amount in the period ended 28 February 2016 (£5 million in the period ended 28 February 2017 following the Captain Train acquisition) to £14 million in the year ended 28 February 2019.
- Net ticket sales increased from a negligible amount in the period ended 28 February 2016 (£105 million in the period ended 28 February 2017, following the Captain Train acquisition) to £349 million in the year ended 28 February 2019.

For the Group's UK T4B business for period from 1 March 2015 to 28 February 2019:

- Revenue increased from £46 million in the period ended 28 February 2016 to £58 million in the year ended 28 February 2019.
- Net ticket sales increased from £947 million in the period ended 28 February 2016 to £1,198 million in the year ended 28 February 2019.

This record of net ticket sales and revenue growth has delivered strong profitability in the form of UK gross profit growth from £90.8 million in the period ended 28 February 2016 to £147.6 million in the year ended 28 February 2019 and UK Contribution growth from £57.2 million in the period ended 28 February 2016 to £111.9 million in the year ended 28 February 2019, representing a CAGR of 17.6% and 25.1% respectively.

High cash conversion with attractive working capital dynamics

The Group's working capital dynamics (a negative working capital cycle generated by its customers making payment for tickets prior to the Group settling accounts) enable strong cash conversion, with net cash generated from operating activities increasing from £38.6 million in the year ended 28 February 2017 to £72.2 million in the year ended 28 February 2019, reflecting the growth in Adjusted EBITDA as well as the positive contribution the Group's negative working capital cycle made to changes in working capital. The Group had normalised operating free cash flow conversion rate of 98%, 82% and 115% for the years ended 28 February 2017, 2018 and 2019, respectively, and operating free cash flow of £27 million, £11 million and £42 million for these periods.

Multiple drivers of long-term growth

The Directors believe that the Group benefits from powerful network effects, providing the Group with multiple drivers of long-term growth, with Trainline's scale and self-reinforcing business model creating a virtuous circle that will continue to enhance its competitive position. These drivers include market tailwinds such as investment in high-speed rail, increasing fragmentation in the market, the shift to online booking and growing public awareness of the environmental impact of CO2 emissions and the commitment by governments to reduce transport emissions encouraging a modal shift towards more environmental modes of travel.

The Directors believe the strength of the 4.7 star Trainline app and the Single Global Platform have contributed to earning approximately 80% of sales from repeat customers and generating 80% of new customers in the UK, and 50% of new customers in the International business, from free traffic. This provides even greater sources of data, enabling the app to be continually refined, improved and personalised, to provide an enhanced experience for customers.

The depth, richness and high utility of Trainline's data, derived from its scale and network effects, and supported by the Single Global Platform, enable continual refinement and enhancement of its customer experience, creating a compelling logic for existing and new rail and coach carriers to continue signing up to the Group given the accessible and loyal customer base.

Highly experienced and proven management team

Experienced management team, who have driven massive operational transformation

The Group has a highly skilled management team and board with more than 100 combined years of relevant experience and 50 combined years within the Group. The management team has successfully overseen a massive transformation of the Trainline business since 2014. In 2014, the Directors appointed Clare Gilmartin as Chief Executive Officer of the Group who has established Trainline as the leading global platform in rail and coach, overseen strong investment in the operating platform of the business and driven the international expansion via the acquisition and successful integration of Captain Train in April 2016. In addition to Clare's appointment, Shaun McCabe, Mark Holt, Daniel Beutler, Peter Wade and Jon Moore have also joined the business and, together with existing members of management like William Hopkins, have been integral in transforming Trainline from a UK-focussed business into the first global platform in rail and bus.

Strong, innovation-led culture, driving high employee satisfaction

The Group has clearly defined values – (i) Wow Customers, (ii) Blaze new trails, (iii) One team and (iv) Focus on Impact – and has cultivated a culture of innovation and empowerment among employees. With a strong ethos focused on the customer (Wow Customers) and innovation (Blaze new trails), the Group drives more than 300 customer experiences a week with a 300-strong tech engineering team, product team and data science team. Trainline hosts customers often in "user experience sessions" and customer research events, having built out internal research and development capabilities. The workforce is globally diverse, with representation from 42 nationalities and a strong gender mix relative to its size and industry, with the strong culture inherent throughout the Group evident with very high levels of employee satisfaction, with 73% of employees saying they "love working at Trainline" and less than 5% regretted attrition in the year ended 28 February 2019.

The Directors believe that the current composition of the senior management team combines deep operational knowledge of the UK and International rail industry with digital expertise which will help deliver the Group's next phase of growth and strengthen its leadership position.

STRATEGY OF THE GROUP

The overall strategy of the Group is to continue to take advantage of the structural growth drivers in the industry and expand the Group's offering within the UK and internationally to capture the significant growth potential across all segments within rail and coach. The Group will seek to monetise the opportunity from increasing electronic ticketing and providing solutions to complex ticketing through an enhanced user experience for domestic and global inbound travellers. The Directors believe Trainline's international growth will be underpinned by expansion of the supply base and the continued roll-out of the marketing strategy that has proved successful in the United Kingdom. In addition, the Group will look to expand its revenue as a percentage of net ticket sales through increased uptake of ancillary services and additional monetisation services. The Group is making progress in expanding its international strategy beyond Europe through building inventory and forming relationships with carriers in Japan and North America.

Capitalise on structural growth in the global rail and coach market

The Group's strategy is designed to position the Group to benefit from both the underlying structural growth drivers in the €165 billion global rail and the €45-€68 billion coach market. OC&C expects the rail market for the Top 5 European Markets to grow by a CAGR of more than 3% between 2017 and 2022, supported by governments investing in rail network and high speed rail expansions and an increasing number of carriers due to liberalisation and growing environmental awareness favouring increased rail and coach journeys in preference to air travel. In addition, there is significant online and eTicket headroom in the digital rail markets, with the Top 5 European Markets expected by OC&C to grow by approximately 10% per annum between 2017 and 2022.

Continuous innovation of Trainline's platform and enhancement of the user experience to drive growth

The Directors believe that the Group's investment in its Single Global Platform has created a powerful, flexible e-commerce platform with unique, proprietary cross-carrier search and transactional capabilities that can operate at scale and have driven a UK mobile app conversion uplift of 3 times since the year ended 28 February 2016. Trainline's strategy is focussed on continuing this innovation, delivering more than 300 releases per week, and growth priorities including, for example, low-price search algorithms and views covering millions of train and coach times pages, 40,000 station pages and thousands of destination pages; journey-specific reliability ratings, advanced and accurate seat mapping, expanded currency and language selection, auto-refunds for delays, congestion and delay prediction and advanced search views and filtering. The Directors believe that this continuous enhancement of user experience will lead to higher conversion rates, better return on investment and a better repeat customer rate.

Expand supply base in the UK and internationally

The Group currently covers approximately 80% of the supply of rail in the European Union, 60% of coach and approximately 22% of global supply, based on the aggregate market share of carriers with whom Trainline has existing contracts, according to OC&C. The Directors believe there is significant headroom for growth, both with existing and new customers across the United Kingdom and European Union rail and coach carrier markets.

In the United Kingdom, where Trainline covers all rail carriers and the largest coach carrier, Trainline's strategy is to expand supply of options available to customers, such as through the provision of season tickets and railcards, which represent a £2.1 billion and £150 million market opportunity, respectively. Trainline's international strategy is focussed on new contract wins with carriers in Europe and expanding beyond Europe, such as through its recent wins in Japan and advanced discussions in North America.

The Directors believe Trainline's market leading platform, strong customer service and best-in-class development capabilities combined with the Group's relationships and operating history will continue to attract carriers as suppliers, allowing the Group to deliver on its expansion strategy.

Roll-out of marketing playbook globally

Trainline has developed a marketing playbook that has driven continued customer growth at declining cost per new customer in the United Kingdom. Today, 80% of new customers in the United Kingdom come from free marketing sources. In the past two years, this playbook has started to be rolled out in major international markets, including France and Italy, where customer growth and cost per new customer have shown a similar trajectory. For the year ended 28 February 2019, 50% of new customers in International were from free marketing sources. The Directors believe that the marketing strategy that has enabled Trainline to successfully build brand awareness and scale in the United Kingdom can continue to be replicated internationally at a decreasing cost per new customer by focusing on both paid and free marketing. The Directors believe that the increasing fragmentation of the European rail market and ongoing innovation and user experience improvements will further accelerate the effectiveness of customer acquisition, retention, and frequency, and increase the yield on marketing spend. The Directors believe ancillary service offering improvements will also help to fund future customer growth.

Expansion of revenue as a percentage of net ticket sales

The Group's strategy is to expand its revenue as a percentage of net ticket sales through the addition and expansion of new revenue streams. For example, the development and recent roll-out of ancillary revenue streams in the United Kingdom, including advertising, insurance, multi-currency fees, and hotels has demonstrated the potential for increasing both the revenue as a percentage of net ticket sales and the size of the Group's total addressable market in both the United Kingdom and in International, where many new revenue streams are only recently or yet to be launched. Comparison with online travel and air benchmarks shows that today Trainline has a seven-fold lower share of ancillary revenues as a percentage of total segment revenues in International and a three-fold lower share in the United Kingdom, providing significant opportunities for future growth.

Growth of T4B

The Directors believe significant headroom remains in the markets comprising the T4B business, including internationally. For example, OC&C estimates, based on 2017 market data, that the market for online corporate, SMEs and TMCs is approximately €5-7 billion. The Group's UK T4B growth strategy includes increasing its share of wallet from existing clients, who had a 95% retention rate in the year ended 28 February 2019, for example by cross-selling compliance services, new features and bespoke development services for white label solutions clients; and driving new account wins by leveraging its global API and one-stop-shop rail and coach offering. The Group also intends to grow international T4B.

BUSINESS DESCRIPTION

As described in more detail in Part 5 (Regulatory and Licensing Framework), Trainline has in place retailing arrangements with 220 rail and coach carriers which enable it to provide journey planning information and sell rail and coach products and service to customers and business clients through its mobile app, websites (desktop and mobile) and contact centres. Trainline typically earns a commission from the relevant rail or coach carrier on each ticket sale. In addition, Trainline offers its customers and business clients ancillary products and services through the same platform, providing customers and clients with an even more integrated travel tool and Trainline with additional revenue streams.

The Trainline Experience

Trainline offers customers a one-stop-shop for rail and coach travel whether through its website or its mobile app, which was rated 4.7 out of 5 stars on the UK Apple iOS store as at 20 May 2019. Trainline facilitates the entire journey planning and booking process as customers search for available tickets for travel across the rail and coach networks in the United Kingdom and Europe, book and pay for their selected tickets, receive their tickets via a number of fulfilment methods, access real-time train arrival and departure information (where available), and access any required post-sale support.

On any particular journey there can be a wide range of tickets available with different prices, routes and restrictions. Increasingly, rail and coach routes are serviced by more than one rail or coach carrier franchise and some journeys may require the provision of travel services from more than one carrier or method of travel, with many travellers unaware of which carrier operates the route on which they are travelling or where they can take advantage of coach offerings. Trainline's Single Global Platform simplifies the searching, route planning and booking processes by consolidating data from the rail carriers and coach operators with whom it has retailing arrangements and presenting customers with tailored travel options in a single mobile app or website.

Customers may also complete their journey planning and booking processes through the Group's contact centres, which are located in the United Kingdom, France India and Bulgaria. The UK and French contact centres are operated in-house, while the Indian and Bulgarian operations are outsourced to Sitel but managed in-house.

Trainline's consumer product strategy is underpinned by four key pillars: (i) search: all options, best price, (ii) simple self-service, (iii) smart travel companion, and (iv) smart ancillary and recommendations:

(i) *Search: all options, best price:* Trainline brings together the 220 rail and coach carriers with whom it has retailing arrangements to deliver increasing journey and pricing options. At its most basic level, this means Trainline's customers have the ability to view in one place the timing and pricing options of a broad range of carriers. This also enables Trainline to present customers with even more options by combining journeys from different carriers into one cross-border or intra-territory, multi-network route, which may be cheaper or provide the customer with more appealing departure and arrival times. In addition, with coach fully integrated, Trainline is able to combine rail and coach to deliver even more route and pricing optionality.

Trainline also delivers rail card integration in the United Kingdom and with SNCF so customers can select different ticket types for their journeys, and Trainline's new seasons platform for customers travelling in the United Kingdom provides commuters with a quick and convenient alternative to queuing in the station for their season tickets. Trainline's Price Prediction tool can further save customers travelling in the United Kingdom time and money, by providing them with accurate and timely information about when a ticket is likely to go up in price and by how much.

(ii) *Simple self-service:* Trainline believes that travel should be easy, consistent and friction-free. In line with this belief, Trainline's platform is built to auto-apply discounts on booking where a customer is paying with a railcard or other eligible discount authority and enables customers to transact in their home currency, with 10 transacted currencies, and using their payment method of choice, with 14 payment types supported. Following each purchase, within UK Consumer, Trainline also provides full post-transaction flexibility, available within the app or online, for every ticket type, including: flexible fulfilment options, change of journey and full and partial refunds. Trainline also provides customer service in 8 languages online or via its contact centres.

(iii) *Smart travel companion:* Using real-time data and user-generated content, Trainline provides customers with an on-the-day travel companion through its mobile app. As of the date of this document, real-time data tools are available within UK Consumer and for customers travelling with SNCF in France and Trenitalia in Italy. Customers are able to track their train in real time and view all stops en route, with informed delay predictions. In addition, the app's smart departure feature auto saves searches for instant user access, providing customers with the prices and times for their previously searched journeys, location-aware search suggestions and a simple purchase flow for quick bookings. In addition, Trainline's BusyBot is a crowdsourced tool which takes advantage of Trainline's significant customer base to help provide customers travelling in the United Kingdom with even more information about whether and where seats may be available. In addition, urgency messaging provides bespoke search-level disruption information in the United Kingdom, where up to 30% of journeys are disrupted and 80 million journeys are flagged with disruption alerts per month.

(iv) *Smart ancillary and recommendations:* In addition to travel tickets, Trainline's aim is to offer customers a number of ancillary options for their journey during the booking process. These currently include the Group's multi-currency platform, which allows customers to transact in 10 currencies, which the Directors believe enables customers to pay less in foreign exchange fees whilst providing the Group with an additional revenue stream, cancellation protection and travel insurance for customers travelling in the United Kingdom, and recommendations such as hotels and activities and selective third-party advertisements. Trainline's platform is built to continue expanding its ancillary offerings.

Trainline's UK T4B product strategy is to provide its UK T4B partners with best-in-class digital infrastructure, with seamless integration with customers' back-office and up-to-date connectivity solutions. For Corporates, TMCs and SMEs, Trainline aims to provide the largest European carrier coverage in one API; country-specific deep functionality, including subscription cards, seat reservations and multiple-carrier journeys, all underpinned by a comprehensive business-to-business ("B2B") suite, including API, agent tools and self-booking tools. For rail carriers, Trainline's white label solution aims to help them increase capacity utilisation and margin expansion, thus enabling them to achieve a higher operating profit through their partnership with Trainline, by providing them with access to a new and global customer base at a cost-to-serve which the Directors estimate is cheaper than alternative channels, such as the ticketing window.

UK Consumer

Trainline's UK Consumer business allows customers anywhere in the world to purchase rail tickets offered by 31 UK rail carriers and to purchase coach tickets offered by National Express, the largest coach carrier in the United Kingdom. Trainline is the leading third-party provider of tickets for rail and coach travel in the United Kingdom based on monthly active users, with approximately 3 times as many monthly active users as its closest competitor and 28% share of total consumer online and mobile rail sales, based on Trainline's net ticket sales in the year ended 28 February 2019. Trainline has seen a 29% growth in new customers acquired per year from the year ended 28 February 2018 to the year ended 28 February 2019.

For the years ended 28 February 2017, 2018 and 2019, UK Consumer accounted for 63.9%, 64.3% and 65.2%, respectively, of the Group's total revenue and 49.3%, 49.9% and 51.6%, respectively, of the Group's total net ticket sales.

Supply and sales channels

Trainline covers all 31 rail carriers in the United Kingdom under its RDG Licences (with the exception of Eurostar, with whom Trainline has a bilateral licence arrangement) and covers National Express, the largest coach operator in the United Kingdom. Trainline is also able to provide customers with the ability to use their railcards and other discounts (such as Groupsave) on the Trainline mobile app and, since 2018, the ability to purchase weekly, monthly or annual season passes through the app.

UK Consumer sells tickets, including eTickets, to customers through its desktop and mobile website, its mobile app and through its contact centres. Website sales have historically represented longer journey tickets purchased in advance, whereas mobile app purchases tend to be same-day, shorter distance journeys.

Revenue – commissions and fees

Commissions

When Trainline sells rail tickets to customers through the UK Consumer business, it earns industry standard commissions on each ticket based on the method of purchase, type of ticket, category of customer and territory of sale. In addition to ticket sales, Trainline is able to acquire additional commission opportunities by selling adjacent products such as railcards. The table below summarises the current rates of commissions:

Sales Channel	Rate of Commission
Internet sites	5%
Season tickets (sold under the Season Ticket Licence)	2%(1)
International sales (sold under the International Sales Licence)(2)	8%
Public contact centres	9%

(1) Other than TfL travelcards, which earn a commission of 1.5%

(2) International sales attract a 5% commission under the Third Party Retailing Licence

The Directors believe there is commission upside from connecting new supply. For example, coach typically earns higher commissions than rail and adjacent products such as railcards offer additional commission opportunity at potentially higher average transaction values.

Fees

The Group also charges booking and other customer fees when a ticket is purchased. The fee level is determined primarily by which sales channel the customer uses to book the ticket and the value of the ticket.

If a booking is made through the Group's desktop or mobile website or mobile app prior to the date of purchase, different tiered booking fee structures apply whereby the booking fee that is charged varies depending on the price of the booking. The Group does not currently charge booking fees for purchases made via the mobile app on the day of travel.

In addition, the Group charges service fees for refunds, as is standard in the industry, fees on the use of its multi-currency platform (for transactions in a currency other than the currency of the original ticket sale) and earns fees through advertising partnerships and its other ancillary services.

Fulfilment

Delivery via first class post, next day special delivery and international delivery attract different fixed fees although collection via a self-service ticket machine at the station or delivery of mobile barcode and print-your-own barcode eTickets are free of charge. Where there are no self-service ticket machines at the station of departure, delivery via first class post is free of charge.

International

Trainline's International business allows customers anywhere in the world to purchase rail tickets offered by more than 95 rail carriers outside the United Kingdom and to purchase coach tickets offered by 94 international coach operators. Trainline has a leading travel app internationally and has achieved a 40% year-on-year growth in average monthly active users in September to November 2018 compared to the same period in 2017, whereas in the same period four of the Group's competitors experienced 15%, 6%, 5% and 4% growth, respectively, and two experienced a decline of 1% and 6%, respectively, based on data from AppAnnie and Similar Web.

For the years ended 28 February 2017, 2018 and 2019, International accounted for 3.2%, 5.2%, and 6.9%, respectively, of the Group's total revenue and 4.6%, 8.1% and 10.9%, respectively, of the Group's total net ticket sales.

Supply and Sales channels

Trainline covers more than 95 rail carriers outside the United Kingdom, an increase of 4.6 times between the years ended 28 February 2017 and 28 February 2019, the significant majority of which are European rail carriers. Trainline also covers 94 coach operators outside the United Kingdom. In total, Trainline retails on behalf of more than 80% of EU rail and approximately 50% of the EU coach market. Trainline has increased its international coach sales by 3 times in from the first quarter of the year ended 28 February 2018 and the fourth quarter of the year ended 28 February 2019. Trainline has also recently added the ability to offer TGVmax on app (and has approximately 16% of the TGVmax market share), SNCF's unlimited monthly long-distance travel option for young travellers and is incorporating real-time data throughout its European rail offering, similar to that which it already offers in its UK Consumer business.

As with UK Consumer, the International business sells tickets to customers through the Group's desktop and mobile website, its mobile app and its contact centres. Trainline offers customers the ability to use its platform in 14 different languages, pay using more than 14 payment types and transact in 10 currencies via its multi-currency platform.

Trainline's International business also undertakes some corporate sales in France and Italy and has partnered with Westbahn as a white label customer.

Revenue – commissions and fees

Commissions

When Trainline sells rail tickets to customers through the International business, it earns commissions under the bilateral licences it has from rail carriers based on factors including the type of ticket, category of customer and territory of sale. The blended rate of commission for International is currently approximately 4.2% across all international markets and Trainline sees commission upside from inbound traffic, coach sales and new market entrants. In addition, many international carriers offer volume bonuses on top of base commissions, which the Group expects to continue to benefit from as its international operations grow.

Fees

Within the International business, the Group has not historically charged booking or other fees, although it has begun testing booking fees in select markets since the end of the year 28 February 2019 and may charge additional service fees in the future. In addition, the Group has recently rolled out its multi-currency platform internationally and intends to expand its international ancillary offerings to include selective advertising, insurance and hotels.

T4B

Trainline T4B comprises its Corporate, SME, TMC and white label solutions businesses, each of which is based primarily in the United Kingdom, with additional Corporate business in France and Italy and a white label solution for an Austrian rail carrier. For the years ended 28 February 2017, 2018 and 2019, UK T4B accounted for 32.9%, 30.6%, and 27.9%, respectively, of the Group's total revenue and 46.1%, 41.9% and 37.5%, respectively, of the Group's total net ticket sales.

Trainline plans to grow T4B by increasing its share of existing accounts through retention of and upsell to key clients, acquiring new accounts (recent account wins include Capita, CBRE and Deloitte) and offering a new global API for its TMC and white label solution businesses (current international customers include Travel Planet, La Ministère de l'Économie des Finances et de l'Industrie in France and McKinsey & Company).

White label solutions

A number of rail carriers outsource the provision of their online and mobile rail booking services to Trainline, which builds, supports and manages bespoke rail carrier-branded online and mobile sales platforms and also provides associated services, including back office, retailing and contact centre services for the rail carrier. Trainline currently has agreements in place with 10 rail carriers to provide some or all of these services, including Virgin Trains, East Midlands Trains, CrossCountry, Greater Anglia, ScotRail, Northern Rail, LNER, West Midlands Railway and Transport for Wales in the United Kingdom and Westbahn in Austria. Trainline covers 59% of total UK rail carriers' online sales, based on 2017/2018 ticket sales, the Group's average white label solutions relationship has a tenure of 7 years and most of the white label solutions contracts are on fixed terms that cannot be terminated early, the largest of which is Virgin Trains (through West Coast Trains).

Trainline offers rail carriers a unique one-stop solution through various bespoke product offerings:

- *Booking engine technology.* The Group provides its booking engine application for rail carriers' websites and mobile apps. In addition, Trainline builds, hosts and manages rail-carrier-branded websites and mobile apps, which are operated through the Group's technology platform and can be built to bespoke specifications or provided off-the-shelf.
- *Bespoke features.* The Group develops certain bespoke services for rail carrier websites, both enhancing the look of the websites and providing a variety of specified features for integration into the carrier's website.
- *Customer support*. The Group provides the same type and quality of customer support to its rail carrier customers as it does through the UK Consumer and International businesses, included a branded telephone number that is routed to the Group's call contact centres in the United Kingdom or India.
- *Post-sale support.* Trainline manages post-sale support and refund solutions for carriers' customers who book through the carrier's website.
- *Payment and fraud protection & cyber security.* The Group provides similar payment protection and fraud detection services to those used by the Group's other businesses. White label solutions customers are also able to benefit from the Group's data security expertise.

The Group typically charges fees in respect of each transaction, which may comprise booking and fulfilment fees, as agreed bilaterally with the rail carrier under a services agreement. Under its RDG Licences, the Group earns an industry-standard commission of 5% of the ticket fare for bookings made through rail carriers, which the Group typically passes on to the relevant rail carrier net of the Group's transaction-related fees.

The Group's white label solutions contracts with Virgin Trains and Cross Country are each nearing the end of their term. Typically, at the end of a contract term or when there is a re-franchising, Trainline must re-tender for the white label contract.

TMC

A number of large companies choose to outsource the management of their travel booking requirements to TMCs. In turn, Trainline provides rail and coach ticket booking and information solutions to certain TMCs for onward provision to their corporate clients through a number of methods. For sales made through TMCs, Trainline typically charges booking and fulfilment fees, as agreed bilaterally with the TMC under a multi-year services agreement which, in some cases, includes an exclusivity clause.

In addition to the same self-booking tools offered to Corporate clients, the Group offers TMC clients access to its agent system and API, which enables TMCs to integrate the Group's online and mobile booking and rail information tools into their own systems, allowing the TMCs' systems to bring rail into a single interface with, hotel, air and other travel offerings. In addition, the Group provides dedicated TMC-branded rail websites to TMCs' corporate clients to enable the purchase of rail tickets directly. The Group also offers call contact centre tools for direct use by TMC customer support teams.

The Group currently provides these solutions to 90 TMCs, including 6 of the 10 largest TMCs in the United Kingdom by net ticket sales. Trainline's retention rate within TMCs was approximately 99% from the year ended 28 February 2017 to the year ended 28 February 2019, as measured by the number of clients at the end of the year who were clients at the beginning of the financial year. Trainline has grown its TMC customers by a CAGR of 3% from the year ended 28 February 2017 to the year ended 28 February 2019, with an 80% win rate on new contracts.

Corporate

For larger businesses, Trainline provides a fully managed solution for booking rail and coach travel. In addition to the services and functionality available as part of the SME offering, Trainline provides a specialist account manager to work closely with the client to help understand, control and manage their rail and coach spend on the platform, and identify compliance with their internal travel policy and cost savings.

In addition, Trainline offers bespoke management information to Corporate clients, including reports analysing rail travel by the clients' industry peers. Where appropriate, Trainline can also facilitate discussions with relevant rail carriers to negotiate dedicated rail fares on key routes on behalf of its corporate clients. In addition to the normal delivery methods for tickets, including mobile ticket coverage, the Group offers to install and maintain either desktop ticket printers or wall- or floor-mounted self-service ticket machines for use in the clients' own offices.

Corporate client access to the Group's technology platform is usually provided through a dedicated Corporate website with self-booking tools for use by the corporate client's employees. Where access is through the client's corporate intranet site, the Group offers secure single sign-on facilities. In addition, the Group offers account facilities that allow employees to purchase products through the online and mobile booking tool, with monthly invoices provided to the Corporate client.

Under the RDG Licences, Corporate ticket sales currently attract a 3% commission. In addition, Trainline typically charges the client booking and fulfilment fees, as agreed bilaterally under a services agreement with the relevant client.

As of 28 February 2019, T4B had 125 Corporate clients and a retention rate of approximately 96% from the year ended 28 February 2018 to the year ended 28 February 2019, as measured by the number of clients at the end of the year who were clients at the beginning of the financial year. Trainline has experienced a CAGR of 17% in the number of Corporate clients with a 70% win rate on new contracts. Trainline's contracts with corporate clients are typically multi-year agreements and Trainline is typically required to tender for renewal at the expiry of each contract period. For most of its Corporate clients, Trainline is the exclusive provider of rail and coach related travel services.

SME

Trainline provides access to its platform to over approximately 30,000 SMEs in the United Kingdom, with more than 12,000 new SME clients since the year ended 28 February 2017, representing a CAGR of 33% over the period. Trainline provides SME clients with a similar online and mobile booking tool to that offered through the UK Consumer and International businesses' online and mobile sales channels. This allows employees to plan and book their rail travel and have their tickets delivered via e-fulfilment methods, self-service ticket machines at railway stations or the post.

In addition, Trainline provides SME clients with a number of additional features allowing them to monitor and control their company's spending on rail travel. These features include the ability to apply a travel policy (for example, no First Class travel unless a journey is over three hours long), set up and manage bespoke management information questions, download management information reports on rail travel undertaken and pay on statement account through a registered credit card facility.

SME accounts are self-administered and require no account management by the Group. Under the RDG Licences, ticket sales from SME accounts paying upfront currently attract a 5% commission. However, if such SME accounts reach a certain threshold (£50,000 of sales) in a financial year, the commission reduces to 3% from the beginning of the following financial year for all future years, even if the SME subsequently falls below the threshold. Ticket sales from SME accounts paying on account currently attract a 3% commission.

Marketing Playbook and monetisation

Marketing Playbook

Trainline has invested in world-class branding and marketing capability, with a particular focus on building a leading household brand name in the United Kingdom and accelerating international customer acquisition to drive demand growth that benefits both Trainline's business and supply partners. The Trainline app and website are now used by approximately 29 million monthly active users, based on average monthly active users in September – November 2018 and attract more than 80 million visits per month based on October 2018 data.

The Directors believe Trainline has developed a highly scalable, marketing playbook that allows Trainline to enter new geographic markets and drive customer acquisition at scale whilst maintaining a low cost per new customer acquired ("CPA"). Central to this playbook is Trainline's extensive and proprietary data, including, for example, detailed customer segmentation, which allows Trainline to identify and target high value customers and potential customers, price and profitability across all relevant rail and coach carriers and the cost and importance of key marketing touch points throughout the customer's search and booking journey. Equally important is Trainline's consistent marketing messaging framework, with claims that have been tested amongst thousands of travellers around the world, including potential high value customers, to ensure Trainline is leveraging its most persuasive and relevant messaging in its marketing campaigns, such as its "Fly around Europe" inbound campaign which reached more than 2,000,000 views on YouTube.

The Directors believe Trainline's marketing is cost-efficient and highly targeted at every step of the customer journey. Trainline uses its proprietary data and digital technology to target and re-target relevant audiences with what the Directors believe are persuasive marketing messages when they demonstrate intent to travel, for example serving them digital or mobile advertising if they have read a relevant travel article, searched for train travel or engaged with a relevant social media page online. Trainline's "digital first" brand marketing approach is complemented by its geo-targeted outdoor and digital strategy which is focused on metropoles with a high density of highly frequent rail and coach travellers. This marketing approach has resulted in an increase in the number of transactions per monthly average user in the United Kingdom by 20% from the year ended 28 February 2018 to the year ended 28 February 2019.

Trainline has invested in a world class Search Engine Optimisation ("SEO") capabilities in all major relevant languages with the aim of making the Trainline brand and platform more visible and easier for customers to find in organic search rankings around the world on search engines such as Google for relevant high volume and high intent rail and coach travel search terms. As a result, Trainline occupies the top or one of the top search results for many of the most commonly used organic search terms for online train and coach ticket bookings in the United Kingdom and the Directors believe this has contributed to the decline in Trainline's CPA over the periods under review. This approach includes a data driven view of the highest volume key words, with Trainline appearing in search results for more than one million key words globally, and use of A/B testing to improve landing page conversion. Trainline ranked in the top three of 97 of the top 100 key words in searches in the United Kingdom, resulting in a 39% increase in visits per month from the year ended 28 February 2016 to the year ended 28 February 2019. Additionally, Trainline has seen growth in the proportion of new customers acquired from free channels with 75%, 75% and 80% of new customers in the United Kingdom coming from free channels in the years ended 28 February 2017, 2018 and 2019.

Trainline also uses pay-per click ("PPC") advertising across multiple languages and geographies to acquire new customers, with a data driven approach to key word coverage and bidding strategies, allowing Trainline to maximise the return on its PPC spend. Trainline uses real-time revenue feeds to optimise bidding on PPC advertising, audience segmentation to identify the highest potential customer lifetime value and ad copy and landing page testing, resulting in a 10% increase in sales in the United Kingdom from new customers as a result of PPC advertising from the year ended 28 February 2018 to the year ended 28 February 2019.

Trainline's acquisition strategies are complemented by sophisticated CRM strategies, designed to drive engagement and increased frequency of purchase. These include retargeting customers who have reached checkout without completing their booking and highlighting relevant journeys, features and offers based on previous booking or search history via personalised emails and mobile alerts to the existing customer base.

Central to Trainline's marketing playbook is its app marketing and messaging designed to persuade existing web customers and potential new customers to download the Group's mobile app; Trainline knows that its app customers are more engaged and make significantly more purchases per year than its web customers once they have installed the Trainline mobile app and made their first app transaction, with app customers transacting

4 times more frequently than mobile web customers and 3 times more frequently than desktop web customers, based on Company data from the year ended 28 February 2019. Trainline uses key word optimisation and paid advertising to drive app downloads, as well as messaging across its advertising, website and post transaction communication to drive customer conversion from website to app usage.

Monetisation

Trainline currently has four primary monetisation levers: commissions (described above); fees related to bookings, refunds and multi-currency services; revenues associated with advertising; and fees for other ancillaries, such as insurance. These monetisation levers combined comprise the Group's revenue as a percentage of net ticket sales, which was 8% in UK Consumer and 4% in International in the year ended 28 February 2019.

Booking fees are charged to customers as a percent or as a fixed amount of a ticket price and range from £0-£1.50 per ticket in the United Kingdom.

The multi-currency platform was launched in the first quarter of the year ended 28 February 2019 and enables customers to pay for tickets in their domestic currency (10 in total) for a percentage of the pre-fee ticket price. Since its launch, the Group has seen 3 times quarter-on-quarter revenue growth in EU multi-currency platform fees.

The Group's advertising programme is designed around relevance to customers by focusing ads on lowest intent users, i.e., those who are searching primarily for information purposes. In the United Kingdom, the Group has seen 2 times quarter-on-quarter advertising growth since launching its programmatic advertising in the United Kingdom in summer 2018.

Other ancillary services include the availability of travel insurance in the United Kingdom, which is provided through the Company's wholly-owned subsidiary, Trainline.com Limited, which operates as an appointed representative of an FCA-authorised third party. The Directors believe that the availability of insurance improves the customer experience and drives overall revenue as a percentage of net ticket sales and is currently testing opportunities for EU insurance. The Group has seen UK revenue from other ancillaries grow by 2 times from the first quarter to the fourth quarter of the year ended 28 February 2019.

Within the United Kingdom, the Group has charged booking fees and service fees and has earned revenue from direct advertising partnerships for many years. Since the first quarter of the year ended 28 February 2019, the Group has also earned fees from its multi-currency platform and has earned revenue from programmatic advertising and a re-booted insurance offering. Trainline is currently testing a hotel recommendation feature and has additional ancillary opportunities in the pipeline. Internationally, the ancillary roll-out is in its earlier stages. The Group commenced charging booking fees on inbound traffic for two carriers in the fourth quarter of the year ended 28 February 2019 and has earned fees from its multi-currency platform since the third quarter of the year ended 28 February 2019. The Group intends to launch advertising partnerships and insurance and hotels recommendations internationally and may in the future charge service fees.

TECHNOLOGY

Since 2014, Trainline has undergone a massive tech transformation, making Trainline 2,000 times more agile, as measured by the number of production releases in the year ended 28 February 2019 (more than 300 per week) compared to the year ended 28 February 2014 (approximately 9 releases per year), resulting in the development from the ground up of what the Directors believe is the world's most comprehensive digital rail and coach platform. Trainline believes that its emphasis on technology, combined with its deep inventory connections, gives it a competitive advantage because the lack of standardisation in rail and coach has presented an opportunity for Trainline to develop its own cross-carrier abstraction layer, which complements the Single Global Platform's customer-centric ecommerce layer and solves for the complexity in the industry while providing the Group with a massive data set to drive acquisition, engagement and repeat customers.

The Single Global Platform is capable of operating at scale across all modes and products, with approximately 2-3 terabytes processed via Trainline's platform every day, more than 154 billion prices and tickets shown in searches every year and approximately 1 billion train movements tracked per year. Trainline operates on a 100% cloud-based system, fully resilient across three data centres hosted by AWS. The infrastructure is highly scalable both 'up' and 'down', with the ability to scale to 10 times current average traffic levels. With its Single Global Platform, Trainline has developed and continues to develop a modern, customer-centric technology that enables it to deliver scalable, innovative and automated solutions to customers and to rail and coach carriers. It uses modern, modular technologies that provide enhanced performance and flexibility, and its horizontally-scalable architecture, comprising more than 500 micro-services in continuous delivery, helps maintain a stable performance level in terms of response time, regardless of the number of users accessing the platform. Its technology approach and strategy focus on both customers and carriers, and its sophisticated web and mobile interfaces and data analytics platforms were designed to optimise user experience. The Single Global Platform is efficient, reliable and secure, with 99.9% availability across all channels for the last three years and a 0.09% fraud rate in the year ended 28 February 2019, with a 92% EU card accept rate (compared to 86% in 2016) and 66% lower fraud losses compared to 2016.

As of the date of this document, the Single Global Platform supports the UK Consumer and the majority of the International business (with the remainder being migrated over the next few months). The T4B business shares a significant proportion of the Single Global Platform services (payments, fulfilment, search) but the T4B front end functionality will, at least in the near term, continue to be supported as a different platform.

Trainline also employs modern ways of working – for example, using agile methodologies in its software development approach, ensuring collaboration between self-organising cross-functional squads, adaptive planning, early delivery and continuous improvement, which allow it to respond to change quickly and easily. Trainline has an exceptional team of software and data engineers, led by Mark Holt, possessing a deep understanding of the travel business and customer needs, dedicated to delivering innovation and advancement of Trainline's technology. The technology team department (including contractors) accounted for approximately half of Trainline's wider team (including contractors) by headcount as at 28 February 2019, reflecting the Group's investment in technology. Trainline's technology team is mainly based in London.

Data Security

Trainline seeks to use customer data responsibly and has established clear guidelines in connection with data collection, storage and processing. Data is stored securely in line with the legal frameworks of the relevant jurisdiction, with appropriate controls and regular audits. Trainline is transparent about its use of data in its privacy policy and other notifications that it provides to customers as necessary. Trainline has established processes in place for ensuring that any collection of new data, or the use of data for a new purpose, is done lawfully and in line with customers' expectations. There are also processes in place that enable Trainline's customers to exercise their rights under applicable privacy laws.

Information and data security is managed by Trainline's dedicated security and privacy team, which is under the authority of Trainline's Chief Technology Officer and is overseen by the Audit and Risk Committee as appropriate. Trainline has been continuously accredited as Level I PCI DSS compliant since 2013 and gained Cyber Essentials certification in 2018.

In so far as the Directors are aware, Trainline has not experienced any material operational or information security issues resulting from failures of, or breaches in, its cybersecurity systems.

Intellectual Property

Trainline's core trademarks comprise the Trainline brand name and the Trainline logo. Trainline has registered or applied for trademarks relating to countries that are strategically important to the business, whether current or anticipated. The registration and administration of the Group's trade mark portfolio is managed by Trainline's legal team, in conjunction with its marketing team, with the assistance of external agencies.

Trainline also holds a portfolio of domain names (most notably, www.trainline.com) that is managed by the Group's technology team, in conjunction with its brand, strategy and legal teams. Trainline has not registered any patents or designs to date.

Trainline also takes measures to ensure the integrity of its unregistrable intellectual property is maintained, such as by entering into confidentiality agreements to protect confidential know-how and trade secrets, protecting database rights and defending copyright material against third-party infringement.

On occasion, Trainline engages third parties to develop processes, techniques, technology or other intellectual property on its behalf. As a matter of general practice, contracts with such third parties (and Trainline's standard employment contracts) provide for the assignment of relevant intellectual property to Trainline or the right to use such intellectual property in its business. Trainline's employees and direct contractors are generally contractually required to both transfer relevant intellectual property to Trainline (in addition to statutory protections for Trainline where available) and maintain confidentiality.

People and Culture

The Directors believe that building a team that is representative of Trainline's broad base of customers is key to Trainline's success, as is fostering a unique, innovation-driven culture that attracts top talent across all aspects of the business.

As at 28 February 2019, the Group had a team of more than 600 full-time employees, representing over 42 different nationalities, with offices based in London, Paris and Edinburgh. The following table details the average numbers of the Group's employees (including directors and contractors) by function during the periods indicated:

	Year ended 28 February		
	2017	**2018**	**2019**
Sales and marketing	78	87	115
Operations	106	117	118
Technology and product	218	383	459
Management and administration	87	118	130
Total	**489**	**705**	**822**

The following table details the average numbers of the Group's employees (including directors and contractors) by location during the periods indicated:

	Year ended 28 February		
	2017	**2018**	**2019**
Edinburgh	118	130	141
London	315	448	510
Paris	56	80	81
Other	—	47	90
Total	**489**	**705**	**822**

Trainline is subject to an industry collective bargaining agreement (as required by law) in France and the employees of Trainline SAS, the Group's wholly-owned subsidiary in France, are represented by a Unique Delegation of Personnel ("DUP"), comprised of staff representatives elected every four years. The last DUP elections were held in January 2017. Trainline is also subject to a national collective bargaining agreement in Italy in respect of the employee of Trainline Italia S.r.l., the Group's wholly-owned subsidiary in Italy. None of the Group's other employees is covered by a collective bargaining agreement or represented by a labour organisation.

To date, the Group has not experienced a labour-related work stoppage.

Trainline operates a defined contribution pension plan in the United Kingdom, membership of which is open to all UK employees. Trainline also participates in a fully funded defined benefit pension scheme which was closed to new members on 31 March 2003 and is closed to future accrual of benefits. Based on its last formal triennial valuation as at 31 December 2016, the defined benefit pension scheme had total assets of £4.6 million for the year ended 28 February 2019 and the scheme was in surplus. Employees in France are included within a state scheme; hence no pension scheme is operated in France. Trainline has one employee in Italy, who is included within the state pension scheme and receives an employee-matched pension contribution.

Certain senior employees of the Group are entitled to participate in a discretionary bonus scheme. Bonuses under the scheme are based upon a percentage of the relevant employee's salary and are payable on the achievement of certain personal and company performance targets. These bonus schemes are subject to approval by the Board. See paragraph 7.4 (Directors' and Senior Managers' Remuneration) and paragraph 9 (Pensions) of Part 11 (Additional Information).

ENVIRONMENT

The Directors believe there is a global movement towards more environmentally sustainable travel, with growing awareness of the environmental impact of CO_2 emissions. The EU Commission is focussed on reducing transport emissions by 50% by 2050 and many governments are increasing investment in public transport, particularly rail, which generates less than $1/8^{th}$ the CO_2 of air travel and approximately $1/3^{rd}$ compared with road travel.

Trainline's aim is to make rail and coach travel as simple, seamless and affordable as possible, thereby encouraging people all over the world to make more environmentally sustainable travel choices and driving a modal shift towards rail and coach.

Trainline is committed to increasing access to greener mobility and is already making headway – according to recent YouGov research carried out by Trainline in 2018, people in the United Kingdom who bought most of their train tickets from Trainline over the past year were almost 30% more likely to have increased their train travel than those who did not use Trainline. Furthermore, people in the United Kingdom who bought their last train ticket from Trainline were 20% more likely to have switched from using the car and 25% more likely to say that Trainline's website or app had a major influence on their decision to travel by train than those buying from other websites.

In addition, the Directors believe that Trainline is in compliance in all material respects with all applicable environmental and health and safety laws and regulations.

INSURANCE

Trainline maintains insurance policies covering a range of risks including those related to physical damage to, and loss of, equipment and property, injury to employees, cyber and business interruption as well as coverage against claims and general liabilities that may arise through the course of normal business operations. Trainline engages an insurance broker to advise on the necessary types and levels of coverage and periodically reviews its coverage with its broker. Trainline renews most of its insurance policies annually. It also maintains various other insurance policies to cover a number of other risks related to its business, such as director and officer cover and employment practices.

PART 7

Directors, Senior Managers and Corporate Governance

Directors

The following table lists the names, positions and ages of the Directors.

Name	Age	Position
Douglas S. McCallum	53	Chair
Clare Gilmartin	43	Chief Executive Officer
Shaun McCabe	50	Chief Finance Officer
Philipp Freise	45	Non-Executive Director
Franziska Kayser	31	Non-Executive Director
Martin Mignot	34	Non-Executive Director
Andy Phillipps	50	Non-Executive Director
Lucian Schönefelder	40	Non-Executive Director

Douglas S. McCallum (Chair)

Douglas joined the Group as Chair in April 2013. Prior to this, Douglas served as Managing Director of eBay UK and as Senior Vice President eBay Europe and as the founder and Managing Director of the online division of Capital Radio. Douglas is currently Chair of Photobox, and has served on the boards of Ocado plc and the Cabinet Office's Digital Advisory Board. Douglas holds an Oxford undergraduate degree and an MBA from Harvard Business School.

Clare Gilmartin (Chief Executive Officer)

Clare has been CEO of Trainline since 2014, leading the business through a period of rapid growth and expansion. Prior to Trainline, Clare was Vice President, Greater Europe for eBay. Clare is an advisor to Future Frontiers, an award-winning social enterprise that provides career guidance to pupils from low income backgrounds, and through Trainline is a supporter of Code First Girls. She holds a Bachelor of Commerce (Int) degree from University College of Dublin and is their Business Alumni of the year 2019.

Shaun McCabe (Chief Finance Officer)

Shaun joined the Group and became Chief Finance Officer in September 2016. Prior to this, Shaun held the position of International Director for ASOS, and previously as Chief Financial Officer for Amazon Europe. Shaun is currently a non-executive director for AO, an online-only retailer operation in the UK, Germany and the Netherlands. Shaun is a Chartered Accountant (ICAEW) and holds a bachelor's degree in Finance and Economics from the University of Essex.

Philipp Freise (Non-Executive Director)

Philipp was appointed as a non-executive director in December 2016. Philipp is the Head of the Technology, Media and Telecommunications Industry Team for KKR's Private Equity platform in Europe. He is Vice Chairman of the Supervisory Board and a member of the Audit Committee of GfK SE. Philipp was a scholar of the German National Scholarship foundation (Studienstiftung des Deutschen Volkes) and graduated top of his class at WHU Koblenz, EDHEC Lille and University of Texas at Austin, McCombs School of Business.

Franziska Kayser (Non-Executive Director)

Franziska was appointed as a non-executive director in September 2015. Franziska is a Director at KKR and a member of the Technology, Media and Telecommunications team in Europe. She is currently a non-executive director of the Supervisory Board and a member of the audit committee of GfK. Franziska holds a First Class Honours B.A. from McGill University.

Martin Mignot (Non-Executive Director)

Martin was appointed as a non-executive director in December 2016. Martin is a General Partner at Index Venture, which he joined in 2010. He had previously spent 2 years as an Investment Banking Analyst at UBS in

London. He is currently a non-executive director and chairman of the remuneration committee of Deliveroo, a non-executive director of Cowboy, a non-executive director of Kry, a non-executive director of Personio, a non-executive director of Revolut. Martin holds a Masters in Finance from Sciences Po Paris.

Dr. Andy Phillipps (Non-Executive Director)

Andy joined the Group in June 2015 as a director of Victoria Investments Bidco and was appointed as a non-executive director of the Company in December 2016. Andy co-founded Active Hotels, and after it was acquired by Priceline, became CEO of Priceline's international business. Under his leadership, Priceline International acquired Booking.BV before rebranding to Booking.com, now one of the world's largest travel businesses. Andy holds various non-executive director and/or advisory positions for finance and venture capital backed firms including Prodigy Finance, Albion Capital and iQ Capital, as well as for Hussle and Thought Machine.

Dr. Phillipps has regularly lectured on entrepreneurship at London Business School and INSEAD. He holds a PhD and a BA from Cambridge and an MBA from INSEAD.

Lucian Schönefelder (Non-Executive Director)

Lucian is a Member at KKR and part of the European Technology, Media, & Telecommunications team. He is currently serving on the boards of Ivalua, Trainline and Optimal+. Lucian also spent one year with KKR Capstone where he worked on various assignments at ProSiebenSat.1. Before joining KKR, Lucian worked in the M&A department of J.P. Morgan in London. He holds an MSc in Economics as well as a PhD (summa cum laude) from the University of St. Gallen (Switzerland).

Senior Managers

The Group's Senior Managers are as follows:

Name	Age	Position
Clare Gilmartin	43	Chief Executive Officer
Shaun McCabe	50	Chief Finance Officer

Clare Gilmartin (Chief Executive Officer)

See "—*Directors*," above, for Clare's biography.

Shaun McCabe (Chief Finance Officer)

See "—*Directors*," above, for Shaun's biography.

Corporate governance

As a Luxembourg corporate partnership, the Company is not subject to the UK Corporate Governance Code (the "Governance Code") nor is it subject to the Ten Principles of Corporate Governance of the Luxembourg Stock Exchange. However, the Group is committed to high standards of corporate governance and, as such, OpCo has established an audit and risk committee and a remuneration and nomination committee. Should Trainline proceed with a public listing in the United Kingdom, its intention would be to comply over time with the Governance Code.

Audit and risk committee

The audit and risk committee's role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, including reviewing the Group's annual financial statements and accounting policies, internal and external audits and controls, reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal audit, internal controls, whistleblowing and fraud systems in place within the Group. The audit and risk committee meet at least two times each financial year.

The audit and risk committee is chaired by Lucian Schönefelder and its other members are Franziska Kayser, Philipp Freise and Shaun McCabe.

Remuneration and nomination committee

The remuneration and nomination committee recommends the Group's policy on executive remuneration, determines the levels of remuneration for Executive Directors and the Chair and other senior executives and prepares an annual remuneration report for approval by the Shareholders at the annual general meeting. The committee is also responsible for motivating, retaining and incentivising Trainline's people and for attracting world-class talent to the Group. The remuneration and nomination committee will normally meet at least two times each financial year.

The remuneration and nomination committee is chaired by Douglas S. McCallum and its other members are Clare Gilmartin, Lucian Schönefelder, Franziska Kayser, Philipp Freise and Shaun McCabe.

Conflicts of interest

Save as set out below, there are no potential conflicts of interest between any duties owed by the Directors or Senior Managers to the Company or OpCo and their private interests or other duties.

Philipp Freise, Franziska Kayser, and Lucian Schönefelder were appointed by and represent KKR LLP and Martin Mignot was appointed by and represents the Index Ventures Group. KKR LLP is the controlling shareholder of the Group and Index Ventures Group is an existing shareholder. Amongst other things, existing shareholders may from time to time acquire and hold interests in businesses that compete directly or indirectly with the Group, or with which the Group conducts business. Each of the Directors has a statutory duty under the UK Companies Act 2006 (the "UK Companies Act") to avoid conflicts of interest with OpCo and to disclose the nature and extent of any such interest to the Board. As permitted by the UK Companies Act, the Board may authorise any matter which would otherwise involve a Director breaching this duty to avoid conflicts of interest.

PART 8

Selected Financial Information

The tables below set out the Group's selected financial information for the periods indicated, as reported in accordance with IFRS. The audited consolidated financial information for the Group as of and for each of the three years ended 28 February 2017, 2018 and 2019 has been extracted without material adjustment from the historical financial information set out in Section B of Part 10 (*Historical Financial Information*).

Consolidated income statement

	Year ended 28 February		
	2017[(1)]	2018[(1)(2)]	2019
	(restated)	*(restated)* *(£000)*	
Revenue	**152,772**	**177,993**	**209,504**
Cost of sales	(41,162)	(48,146)	(54,059)
Gross profit	**111,610**	**129,847**	**155,445**
Administrative expenses	(122,849)	(137,398)	(144,932)
Adjusted EBITDA*	**30,686**	**30,633**	**52,628**
Depreciation and amortisation	(34,977)	(34,137)	(38,942)
Share based payment charges	(168)	(1,846)	(3,309)
Exceptional items	(6,780)	(2,201)	136
Operating profit/(loss)	**(11,239)**	**(7,551)**	**10,513**
Finance income	228	161	1,100
Finance costs	(20,188)	(22,034)	(25,275)
Net finance costs	**(19,960)**	**(21,873)**	**(24,175)**
Loss before tax	**(31,199)**	**(29,424)**	**(13,662)**
Income tax credit / (expense)	962	5,222	(8)
Loss after tax	**(30,237)**	**(24,202)**	**(13,670)**

Consolidated statement of financial position

	As at 28 February		
	2017[(1)]	2018[(1)(2)]	2019
	(restated)	*(restated)* *(£000)*	
Non-current assets			
Intangible assets	125,256	119,663	114,770
Goodwill	443,271	443,271	443,271
Property, plant and equipment	5,180	6,044	5,462
Derivative assets	—	1,539	460
	573,707	**570,517**	**563,963**
Current Assets			
Cash and cash equivalents	73,979	69,678	94,477
Trade and other receivables	35,874	37,505	47,196
Current tax receivables	2,651	—	—
Inventories	32	44	25
	112,536	**107,227**	**141,698**

	As at 28 February		
	2017[(1)]	2018[(1)(2)]	2019
	(restated)	*(restated)* *(£000)*	
Current Liabilities			
Trade and other payables	(117,650)	(129,412)	(161,684)
Current tax payable	—	(178)	(1,093)
Loans and borrowings	(80)	(200)	(2,815)
	(117,730)	**(129,790)**	**(165,592)**
Net current liabilities	**(5,194)**	**(22,563)**	**(23,894)**
Total assets less current liabilities	**568,513**	**547,954**	**540,069**
Non-current liabilities			
Loans and borrowings	(251,360)	(258,845)	(266,438)
Other non-current liabilities	(17,061)	(18,641)	(19,561)
Share based payment liabilities	(5,021)	(6,882)	(8,033)
Provisions	(1,303)	(1,493)	(1,566)
Deferred tax liability	(20,489)	(12,870)	(7,882)
	(295,234)	**(298,731)**	**(303,480)**
Net assets	**273,279**	**249,223**	**236,589**
Equity			
Share capital	155	155	155
Share premium	26,283	26,283	26,283
Convertible preferred equity certificates	310,735	310,735	310,735
Foreign exchange reserve	1,644	1,680	2,186
Other reserves	(2,772)	(2,486)	(2,894)
Retained earnings	(62,766)	(87,144)	(99,876)
Total equity	**273,279**	**249,223**	**236,589**

Condensed consolidated statement of cash flow

	Year ended 28 February		
	2017[(1)]	2018[(1)(2)]	2019
	(restated)	*(restated)* *(£000)*	
Net cash from operating activities	38,629	37,158	72,175
Net cash flow used in investing activities	(66,643)	(28,494)	(32,562)
Net cash flows (used in) / generated by financing activities	65,778	(12,441)	(14,313)
Net increase/(decrease) in cash and cash equivalents	37,764	(3,777)	25,300
Cash and cash equivalents at beginning of the year	36,345	73,979	69,678
Effect of foreign exchange on cash	(130)	(524)	(501)
Closing cash and cash equivalents	**73,979**	**69,678**	**94,477**

* Non-IFRS financial measure. For a reconciliation of Adjusted EBITDA to Loss before tax, see Part 2 (Presentation of Financial and Other Information) – "Non-IFRS financial information"

(1) The comparative financial information for each of the years ended 28 February 2017 and 2018 has been restated for the consolidation of the EBT and to reflect share-based payment arrangements and classification. For additional details on the prior period restatements, see Note 27 of the Group's consolidated historical financial information in Part 10 (Historical Financial Information).

(2) The comparative financial information for the year ended 28 February 2018 has been restated for the removal of a deferred tax amount. For additional details on the prior period restatements, see Note 27 of the Group's consolidated historical financial information in Part 10 (Historical Financial Information).

PART 9

Operating and Financial Review

This Part 9 (Operating and Financial Review) should be read in conjunction with Part 2 (Presentation of Financial and Other Information), Part 4 (Industry Overview), Part 6 (Business Description) and Part 10 (Historical Financial Information). The financial information considered in this Part 9 (Operating and Financial Review) is extracted from the financial information set out in Part 10 (Historical Financial Information).

The following discussion of the Company's results of operations and financial condition contains forward-looking statements. The Company's actual results could differ materially from those that it discusses in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this Registration Document, particularly under Part 1 (Risk Factors) and Part 2 (Presentation of Financial and Other Information). In addition, certain industry issues also affect the Company's results of operations and are described in Part 4 (Industry Overview).

OVERVIEW

Trainline is the leading independent rail and coach travel platform based on monthly active users, selling rail and coach tickets to travellers worldwide via its highly rated website and mobile app. The Directors believe there is a global movement towards more environmentally sustainable travel, with a growing awareness of the environmental impact of CO2 emissions, reflected in the EU Commission's objective to reduce transport emissions by 50% by 2050 and increased investment by many governments in public transport, particularly rail, which generates less than 1/8th the CO2 of air travel and approximately 1/3rd the CO2 emissions of road travel. Trainline's ambition is to bring together the world's rail, coach and other travel services into one simple mobile experience so travellers can easily find the best prices for their journey and access smart, real time travel information on the go. By making rail and coach travel easier, Trainline's aim is to encourage people all over the world to make more environmentally sustainable travel choices.

Today, Trainline is a one-stop-shop for rail and coach travel, bringing together routes, fares and journey times from 220 rail and coach carriers, covering approximately 80% of European rail by market share of carriers and approximately 50% of European coach by market share of carriers, allowing travellers to compare and book millions of routes across 45 countries, principally in Europe but also in Asia. Trainline customers have access to payment in 10 currencies, including pounds sterling, US dollars and Japanese Yen, and to 14 languages, including English, French, Spanish and Mandarin Chinese. This means millions of travellers can benefit from booking journeys in their own language and seeing prices and paying in their own currency, saving money, time and hassle.

The Group is able to use its scale, and the volume of information generated through its platform to collect and analyse a vast amount of data to facilitate product innovation and personalisation that benefits its customers. Trainline's unique AI- driven mobile app offers customers a number of booking and support features, such as Price Prediction, which is available for customers travelling in the United Kingdom and tells them when the price for their journey is most likely to increase, helping them save money on their bookings. By providing a complete set of travel options and AI-driven journey information in one mobile app, Trainline aims to make it easy for travellers to find the best prices and most direct routes for their journey and aims to provide carriers access to more customers at a lower cost to serve.

As well as an easy, consistent and friction-free travel booking experience, Trainline aims to offer travellers a smart travel companion for every stage of their journey. Via the Trainline mobile app, customers can, where available, access live departure boards, live train trackers, and personalised journey delay and disruption information as they travel. For example, the mobile app feature Busybot uses crowd sourced data to help travellers find a seat on busy commuter trains in the United Kingdom.

The global long-distance rail and coach markets are estimated by OC&C to be worth more than €225 billion per year based on 2017 market size data – and increasing as governments continue to invest, particularly in high speed rail, as liberalisation of rail and coach unfolds across continental Europe, and customer usage of rail and coach increases in tandem with growing environmental awareness. During 2017, only approximately 39% of rail purchases in the Top 5 European Markets were made online, according to OC&C, and in 2018 only 1 in 7 tickets sold in the United Kingdom were eTickets, according to OC&C. However, with customers making approximately 21 rail journeys per capita in 2017 in the United Kingdom, according to OC&C, and significant headroom for further growth in online penetration, in part due to governments committing to eTicket availability, the Directors believe there is a significant runway for eTicketing and that Trainline's focus on unique, AI-driven travel information, travel recommendations and machine learning capabilities will keep the Group at the centre of this shift.

Trainline has invested in the introduction and take-up of eTickets in rail and coach and in 2019, eTickets made up 61% of all journeys booked through Trainline's platform. The Directors believe this is to the benefit of Trainline's customers, with Trainline's internal customer research showing that, once travellers use eTicketing, the majority do not revert to buying paper tickets; 94% of Trainline's mobile ticket customers say that they will continue to use this ticket option.

The Directors believe that Trainline is encouraging the shift away from road and short haul air travel to more environmentally sustainable modes of transport with its continued focus on making rail and coach travel easier and more accessible by offering customers a broad choice of travel options and helping them stay in control of their travel experience with personalised travel information, including delay and disruption notifications.

Trainline currently operates through three business segments:

- *UK Consumer*: Trainline sells rail tickets on behalf of all UK rail carriers and coach tickets on behalf of National Express, the largest UK coach carrier. Customers include people living in the United Kingdom (domestic customers) as well as those visiting the United Kingdom (inbound customers). These UK Consumer customers can also benefit from individually targeted, high quality recommendations for hotel bookings and insurance. Trainline partners with carefully selected businesses and brands wishing to advertise on its mobile app and website. In the year ended 28 February 2019, UK Consumer represented £136.7million (65.3%) of Group revenue, had more than 60 million visits per month and had net ticket sales of £1,647.6 million.
- *International*: Trainline's International business sells rail and coach tickets to people all over the world on behalf of all the major European rail carriers, offers rail passes in Japan to inbound visitors through its partnership with JTB and is in advanced discussions with US operators to secure direct distribution agreements for the sale of rail and coach tickets in the United States. The International business sells coach tickets to individuals on behalf of all the major European carriers. In the year ended 28 February 2019, International represented £14.5 million (6.9%) of Group revenue, had approximately 20 million visits per month and had net ticket sales of £348.5 million.
- *Trainline for Business:* Trainline's T4B business is currently a UK-focussed business which provides and supports rail booking solutions for SMEs and large corporate entities, including public sector partners. The Group provides services to TMCs who in turn support businesses, primarily in the United Kingdom. Additionally, T4B builds, supports and manages "white label" online and mobile sales platforms for many of the United Kingdom's biggest rail carriers, leveraging its proprietary technology to provide rail carriers with a best-in-class product and a cost-to-serve advantage compared to developing their own ticket sales solutions. In the year ended 28 February 2019, UK T4B represented £58.4 million (27.9%) of the Group's revenue and, as of 28 February 2019, T4B had 10 white label solutions customers, 90 TMC customers, 125 corporate customers and approximately 30,000 SME customers.

Trainline's products and services are underpinned by its Single Global Platform, allowing customers to book travel seamlessly through one consistent 4.7-star rated mobile app, on one website and via one API in the currency and language of their choosing, wherever they are in the world. The Single Global Platform currently supports the UK Consumer and the majority of the International business (with the remainder being migrated over the next few months). The T4B business shares a significant proportion of the Single Global Platform services (payments, fulfilment, search) but the T4B front end functionality will, at least in the near term, continue to be supported as a different platform. The investment in the Single Global Platform enables a significant increase in the velocity at which Trainline can launch new products and features, delivering more than 300 releases a week (compared to 9 total releases in 2014) through small, agile, mission-based teams with a focus on continuously improving the customer experience and leading to nearly 80% of the Group's sales in the year ended 28 February 2019 coming from repeat customers.

Trainline had approximately 23 million cumulative app downloads as of 28 February 2019, based on Company data and an average of approximately 29 million monthly active users from September to November 2018, based on Adobe Analytics and Google Analytics, representing approximately 3 times as many monthly active users as the next largest independent platform, based on data from AppAnnie and Similar Web. This translated into revenue of £209.5 million, net ticket sales of £3.2 billion, representing a 19% growth compared to the year ended

28 February 2018, operating profit of £10.5 million, Adjusted EBITDA of £52.6 million and Adjusted EBITDA margin of 25.1% for the year ended 28 February 2019. The Trainline team is made up of more than 600 people, including more than 300 tech engineers, representing more than 42 nationalities, with offices based in London, Paris and Edinburgh.

Key Performance Indicators

Trainline monitors several KPIs to track the financial and operating performance of its business. These measures are derived from the Group's internal systems. Because some of these measures are not determined in accordance with generally accepted accounting principles, including IFRS, and are thus susceptible to varying calculations, they may not be comparable with other similarly titled measures of performance of other companies.

The table below presents revenue, gross profit, Contribution, net transactions and net ticket sales, for the business segments or geographies indicated, and central administrative expenses and Adjusted EBITDA for the years ended 28 February 2017, 2018 and 2019. For more information on the definition and calculation of these metrics, including, in respect of applicable financial metrics, a reconciliation to the Group's reported historical financial information prepared on an IFRS basis, where applicable, please see "Non-IFRS financial information" and "Operational data" each in Part 2 (Presentation of Financial and Other Information).

	Year ended 28 February		
	2017	2018	2019
		(£000)	
Revenue			
UK Consumer	97,618	114,397	136,660
UK T4B	50,271	54,399	58,366
Total UK	147,889	168,796	195,026
International	4,883	9,197	14,478
Group	152,772	177,993	209,504
Gross profit			
UK Consumer	75,970	88,236	106,957
UK T4B	32,400	35,474	40,617
Total UK	108,370	123,710	147,574
International	3,240	6,137	7,871
Group	111,610	129,847	155,445
Contribution			
Total UK	74,173	87,220	111,896
International	(11,140)	(18,306)	(18,013)
Group	63,033	68,914	93,883
Central administrative expenses(1)	(32,347)	(38,281)	(41,255)
Adjusted EBITDA	30,686	30,633	52,628
Net ticket sales			
UK Consumer	1,109,872	1,338,438	1,647,648
UK T4B	1,038,827	1,123,826	1,198,006
Total UK	2,148,699	2,462,264	2,845,654
International	104,766	218,228	348,515
Group	2,253,465	2,680,492	3,194,168
Net transactions *(000)*			
UK Consumer	24,939	34,970	48,053
International(2)	1,416	3,023	5,597

(1) Central administrative expenses include costs which by their nature cannot be allocated to a specific segment. These include central staff costs relating to general management, administration, technology and back office functions as well as occupancy, finance and professional and IT costs.

(2) Excludes transactions that have zero value as they are part of a subscription travel scheme.

Key Factors Affecting the Group's Results of Operations

The results of the Group's operations have been, and will continue to be, affected by many factors, some of which are beyond the Group's control. This section sets out certain key factors the Directors believe have affected the Group's results of operations in the periods under review and could affect its results of operations in the future.

Net ticket sales

The Group generates the majority of its revenue in the form of commissions earned from the rail and coach industry on ticket sales based on a percentage of the value of the transaction. The Group also earns booking fees and other service charges billed directly to the customer, on a per transaction basis. As such, the Group's revenue and results of operations for any particular period largely depend on net ticket sales during that period, which, in turn, are driven primarily by net transactions and average transaction value. Net ticket sales do not represent the Group's revenue.

Net transactions

Net transactions represent the aggregate number of customer payment events in a given period less the number of transactions refunded. Throughout the periods under review, Trainline has experienced a 39% CAGR in net transactions, which the Directors believe is driven in large part by the increasing digitalisation of the rail and coach industry, together with Trainline's ability to capitalise on this digitalisation through its continued investment in providing customers with a one-stop-shop for rail and coach travel via the Trainline mobile app and websites and its success in driving customers to its mobile app.

In the year ended 28 February 2019, more than 74% of UK Consumer and International transactions were mobile transactions (including its mobile web and mobile app) compared to just 9% in 2014. As described in Part 4 (Industry Overview – "Shift to Digital"), mobile and online ticket penetration levels were estimated to be approximately 39% of rail bookings in the Top 5 European Markets in 2017 and the size of the online passenger rail market in the Top 5 European Markets is expected by OC&C to grow by approximately 10% per annum between 2017 and 2022. These dynamics have contributed to growth at a 24% CAGR in monthly active customers from the year ended 28 February 2017 to the year ended 28 February 2019 and increasing frequency of ticket sales as customers shift to mobile and eTickets.

Net transactions are also affected by certain other structural trends that are driving an expansion of the rail and coach market globally, including planned rail investments across Europe and corresponding increases in demand for rail and coach travel in the markets in which the Group operates. These developments have contributed to a large, growing and evolving addressable market that has driven robust growth in demand. The Directors believe these developments, combined with Trainline's technology and marketing strategy, have the potential to support sustained organic growth in the Group's transaction volumes across its business segments.

The table below sets forth net transactions by business segment and geography during the years under review.

	Year ended 28 February		
	2017	**2018**	**2019**
		(000)	
Net transactions			
UK Consumer	24,939	34,970	48,053
International(1)	1,416	3,023	5,597

(1) Excludes transactions that have zero value as they are part of a subscription travel scheme.

Average transaction value

Average transaction value represents net ticket sales divided by net transactions. Average transaction value is primarily driven by the type of ticket purchased, the method of purchase, the distance of journeys made and carrier pricing trends. For example, coach journeys typically have a lower transaction value than rail journeys and, within rail journeys, longer journeys typically have a higher transaction value than shorter journeys. On-the-day mobile tickets are typically for shorter journeys, as customers are more likely to book long trips further in advance. Trainline's average transaction value for a given period will thus depend on the mix of tickets purchased by customers.

During the periods under review, average transaction value in the UK Consumer business decreased by a CAGR of 12% between the years ended 28 February 2017 and 2019, from £44 in the year ended 28 February 2017, £38 in the year ended 28 February 2018 and to £34 in the year ended 28 February 2019, while average transaction value in International decreased by a CAGR of 8% from £74 in the year ended 28 February 2017, £72 in the year ended 28 February 2018 and to £62 in the year ended 28 February 2019, in each case largely due to the significant increase in mobile transactions, which are predominately on-the-day purchases and short-distance journeys. The Directors expect average transaction value to continue to decrease slightly as customers increasingly purchase on-the-day flexible tickets via the Trainline mobile app. The roll-out of eTicket has given Trainline access to the on-the-day market which was previously predominantly serviced at the station.

Despite the decrease in average transaction value during the periods under review, the significant increase in net transactions has resulted in robust increase in net ticket sales and, consequently, the Group's revenue, with net ticket sales growing at a CAGR of 19.1% from the year ended 28 February 2017 to the year ended 28 February 2019. This increase was primarily due to growth at a CAGR of 38.8% in UK consumer net transactions and 98.8% in international net transactions over the same period, each driven in large part by an increase in mobile app and website purchases as a result of the Group's marketing activities driving app transactions. The table below sets forth the net ticket sales by business segment and geography during the periods under review.

	Year ended 28 February		
	2017	**2018**	**2019**
		(£000)	
UK Consumer	1,109,872	1,338,438	1,647,648
UK T4B	1,038,827	1,123,826	1,198,006
Total UK	2,148,699	2,462,264	2,845,654
International	104,766	218,228	348,515
Group	2,253,465	2,680,492	3,194,168

Net ticket sales in UK Consumer increased by £309.2 million, or 23.1%, to £1,647.6 million in the year ended 28 February 2019 from £1,338.4 million in the year ended 28 February 2018. This increase was primarily due to the 37.4% increase in net transactions, particularly by an increase in purchases on mobile devices, offset in part by a decline in average transaction values driven by the shift to on-the-day tickets. Net ticket sales in UK Consumer increased by £228.5 million, or 20.6%, to £1,338.4 million in the year ended 28 February 2018 from £1,109.9 million in the year ended 28 February 2017. This increase was primarily due to an increase in the volume of tickets sold offset by a declining average transaction value.

Net ticket sales in International increased by £130.3 million, or 59.7%, to £348.5 million in the year ended 28 February 2019 from £218.2 million in the year ended 28 February 2018. This increase was primarily a result of partnering with new rail carriers and an increase in marketing spend to acquire new customers and drive traffic to the website and app, which combined to deliver an 85.1% increase in net transactions. Net ticket sales in International increased by £113.4 million, or 108.5%, to £218.2 million in the year ended 28 February 2018 from £104.8 million in the year ended 28 February 2017.

Net ticket sales in UK T4B increased by £74.2 million, or 6.6%, to £1,198.0 million in the year ended 28 February 2019 from £1,123.8 million in the year ended 28 February 2018. This increase was primarily driven by new customer wins in the Corporate business, as well as underlying volume growth in each of the UK T4B businesses. Net ticket sales in UK T4B increased by £85.0 million, or 8.2%, to £1,123.8 million in the year ended 28 February 2018 from £1,038.8 million in the year ended 28 February 2017.

Revenue earned on net ticket sales

As described in "– Net ticket sales" above, while transaction volumes have historically driven the growth in net ticket sales (partially offset by a year-on-year decline in average transaction value as the Group has increased its focus on mobile tickets), the Group's own revenue generated by the tickets sold through its platform is driven by revenue as a percentage of net ticket sales, which is a function of the commission it receives from rail carriers and coach operators, booking and other fees, and ancillary services (including the Group's multi-currency platform, selective advertising, insurance and others, including hotels). In the year ended 28 February 2019, the UK Consumer revenue as a percentage of net ticket sales was 8.3%, the International revenue as a percentage of net ticket sales was 4.2% and the UK T4B revenue as a percentage of net ticket sales was 4.9%. The International revenue as a percentage of net ticket sales is substantially a commission-only rate as the Group has only recently rolled out other revenue streams for International, including booking fees and other service fees.

UK Consumer

During the periods under review, the Group's commission rates on UK rail tickets have remained stable, with a base commission of approximately 5.0% and commission upside from sales of inbound rail tickets (8.0%) and a higher commission on UK coach sales. Commissions (as a percentage of revenue) increased from 58% in the year ended 28 February 2017, to 60% in the year ended 28 February 2018, to 63% in the year ended 28 February 2019, largely due to the declining proportion of fees. Fees (as a percentage of revenue) have declined during the period under review from 42% in the year ended 28 February 2017 to 40% in the year ended 28 February 2018 and 37% in the year ended 28 February 2019, following the implementation of the Payment Services Directive II, which prohibited credit card processing fees and reflecting a shift in mix of tickets sold to on-the-day ticket purchases, which currently do not attract any booking fees. This decline was offset in part by increased revenue from ancillary services. As a result of the foregoing, the Group's UK Consumer revenue as a percentage of net ticket sales decreased from 8.8% in the year ended 28 February 2017 to 8.5% in the year ended 28 February 2018 to 8.3% in the year ended 28 February 2019. Revenue in the UK Consumer business continued to grow, however, as a result of a cumulative increase in net ticket sales.

International

The Group's revenue as a percentage of net ticket sales in its International business has been historically lower as a result of lower aggregate commissions (blended rate of approximately 4.2% in the year ended 28 February 2019) and fees in the Group's international markets, where ancillary and monetisation services are in the nascent stages of being rolled out because the Group has historically sought transaction volume growth over margin. In the years ended 28 February 2017, 2018 and 2019, the International revenue as a percentage of net ticket sales was 4.7%, 4.2% and 4.2%, respectively. As a result of monetisation avenues such as the multicurrency platform, booking fees and other ancillaries begin to come online in International, the Directors expect the International revenue as a percentage of net ticket sales in the year ending 29 February 2020 to rise to approximately 5 – 6%.

UK T4B

The UK T4B business model typically attracts lower fee revenue as a percentage of net ticket sales (see Part 5 *Regulatory and Licensing Framework*), and hence a lower revenue as a percentage of net ticket sales than the UK Consumer business. Revenue earned as a percentage of net ticket sales within the TMC, Corporate and white label solutions businesses are negotiated on a bespoke contractual basis which varies from client to client and is based on a blend of commissions received on underlying sales and fees charged to the client. Revenue earned as a percentage of net ticket sales for SME clients is determined on largely the same basis as it is for the consumer businesses, which has the effect of driving up overall UK T4B revenue as a percentage of net ticket sales given the higher revenue as a percentage of net ticket sales in the UK Consumer business. The UK T4B revenue as a percentage of net ticket sales was 4.8%, 4.8% and 4.9% in the years ended 28 February 2017, 2018 and 2019, respectively. Whilst the revenue as a percentage of net ticket sales is lower for UK T4B than for UK Consumer, it is important to note there are no marketing costs associated with T4B as those marketing costs are a cost to the T4B customer to drive traffic to their own sites.

International investment

The Group's International business began operations in 2014 with a view to offering a comprehensive, impartial "one stop shop" proposition that facilitates the planning and booking of rail journeys in and across Europe. Since then, the Group's International business has rapidly built a customer base that continues to grow, including in particular through the acquisition of Captain Train in April 2016. In addition, the International business expanded into coach in 2016 and entered into a partnership with JTB in 2018 to enable the sale of Japanese rail passes to inbound customers via the Trainline platform, demonstrating the traction Trainline has gained internationally and the growth opportunities that the Group's International business represents. The Group also intends to expand into North America and is in advanced discussions with US partners to secure direct distribution agreements for the sale of US rail and coach tickets to US and international customers and intends to expand its T4B businesses internationally and already has a small amount of Corporate business in France and Italy and one white label solutions customer in Austria.

The International business currently represents a small but growing proportion of Trainline's operations, with 3.2%, 5.2% and 6.9% of total revenue in the years ended 28 February 2017, 2018 and 2019, respectively and 4.6%, 8.1% and 10.9% of Group net ticket sales in the years ended 28 February 2017, 2018 and 2019, respectively. Although the Directors expect that International will remain a relatively smaller proportion of the overall Trainline business at least in the medium-term compared to the UK Consumer business, Trainline's international expansion is a key part of the Group's growth strategy and the Directors expect the International business will represent an increasing proportion of the Group's business in the longer term.

Marketing spend and customer acquisition

Historically, the Group has invested significantly and diligently in marketing to grow the customer base. The Group's marketing strategy is focussed on its consumer businesses and involves the use of targeted campaigns to drive new customers, mobile app downloads and transactions which support growth in net ticket sales and active customers and enable the Group to scale customer acquisition at lower cost. During the periods under review, the Group's UK marketing expenditure in these areas was £17 million, £17 million and £16 million for years ended 28 February 2017, 2018 and 2019, respectively, representing 1.5%, 1.3% and 1.0% of UK Consumer net ticket sales over these periods.

Trainline's investment in marketing has helped the Group to grow its customer numbers dramatically since the year ended 28 February 2016, while decreasing its CPA. In the Group's UK Consumer business, the number of new customers acquired from the year ended 28 February 2016 to the year ended 28 February 2019 increased by 1.5 times, with a CAGR of 13% from the year ended 28 February 2017 to the year ended 28 February 2019 and the CPA decreasing by 50% from the year ended 28 February 2016 to the year ended 28 February 2019 and by a CAGR of 15% from the year ended 28 February 2017 to the year ended 28 February 2019. In International, the number of new customers acquired increased by 5 times from the year ended 28 February 2017 to the year ended 28 February 2019, with the CPA decreasing by a CAGR of 29%. The Group has also seen growth in monthly active UK Consumer customers at a CAGR of 24% from the year ended 28 February 2017 to the year ended 28 February 2019 and increasing transaction frequency per cohort of customers acquired in a given year, which the Directors believe is driven at least in part by the shift to mobile and eTickets.

Combined, the growth in customers and frequency per customer results in strong growth in gross transactions per annual cohort and compelling customer payback metrics. In UK Consumer, based on the Company's analyses of consumer behaviour and its marketing expenditures, the Directors expect a return on investment (defined as cumulative gross profit less marketing costs divided by marketing costs) from the 2017 customer cohort of 0.1 times within six months, 0.8 times within one year, 2.7 times within 3 years and 4.3 times within five years; from the 2018 customer cohort of 0.3 times within six months, 1.1 times within one year, 3.6 times within three years and 5.8 times within five years; and from the 2019 cohort of 0.4 times within six months, 1.3 times within one year, 4.3 times within three years and 6.9 times within five years. In International, the Group expects that its ability to scale its marketing playbook and the rollout of monetisation opportunities will continue to drive down CPA, decreasing the expected time to break even from approximately 5 years to approximately 2-3 years.

The Directors believe that Trainline has now developed an efficient and highly replicable marketing playbook that will enable the Group to continue to drive demand at scale in new geographies whilst maintaining a low cost per customer acquisition.

Investment in technology and products

The Group's business strategy relies significantly on continuing to develop innovative products and features that address customer needs and differentiate the Group and its product offering from its competitors.

During the periods under review, the Group has made substantial investments in its technology and product offering, amounting to £12.7 million, £27.1 million and £32.4 million in capital expenditures for the years ended 28 February 2017, 2018 and 2019, respectively, with a view to expanding its operations and enhancing customer experience. A significant portion of the Group's capital expenditures related to the development of the Group's Single Global Platform, which increases the scalability and reliability of the Group's software platform and contributes to the Group's operating leverage. In the years ended 28 February 2017, 2018 and 2019, the Single Global Platform capital expenditures amounted to £3 million, £14 million and £18 million, respectively. The Single Global Platform also provides Trainline with the foundation for providing ancillary services to customers via the Trainline mobile app and website without significant additional development expenditure, driving increased revenue as a percentage of net ticket sales as discussed above in "Revenue earned on net ticket sales". In addition, the Directors believe that investments in the Group's mobile app, including by adding features such as price prediction, voice assistants and localised offerings, increase conversion rates, and, accordingly, the efficiency of the Group's expenditures. In the year ending 29 February 2020, the Group has budgeted approximately £25 million of capital expenditure, of which approximately £5 million relates to the Single Global Platform, thereafter the Group is targeting a capital expenditure budget over the medium term in the mid-to-high single digit percentage of revenues.

Payment and settlement procedures affecting the Group's cash flow

The Group has granted RSP a security interest in its dedicated collections account for sales under the RDG Licences and has provided RDG security over the Group's credit card receivables relating to sales made under the RDG Licences. In connection with the Third Party Retailing Licence and certain of its larger international carrier licences, the Group is required to secure its obligations to the carriers in respect of tickets sold.

As at 28 February 2019, the Group had drawn down £92.3 million of its £130 million revolving credit facility to satisfy security obligations to carriers. In relation to RSP, the amount of the bond is calculated each settlement period based on an agreed formula under the Third Party Retailing Licence and a similar concept applies in relation to security provided to certain international carriers under the relevant bilateral licence, pursuant to which the amount of the bond will increase if ticket sales increase. If the Group's sales of tickets continue to grow, the Group will therefore be required to maintain a larger line of credit to support the commensurate growth in the amount of the security bond. If the Group's security requirements exceed its available credit, the Group is required to provide cash top-ups to the bonding arrangements.

In the case of UK T4B, sales of rail tickets to corporate and SME customers and via the TOC white label solutions are made under Trainline's RDG Licences. Trainline's TMC customers can access and participate in a credit insurance arrangement (the "Tarif Scheme") with RSP, whereby the participating TMC is responsible for accounting directly to RSP for any rail products sold and for paying a separate commission sum to Trainline. This Tarif Scheme has the effect of (i) removing the participating TMCs from the scope of Trainline's security and bonding arrangements, thereby reducing the level of the security required to be maintained by Trainline and (ii) reducing the level of interim payments Trainline is required to make to RSP.

During the periods under review, these arrangements had a significant impact on the Group's working capital and cash flow management and mean the Group typically operates with negative net working capital and, taking into consideration the Group's cash position for the periods then ended, net cash flow generated from operating activities was £38.6 million for the year ended 28 February 2017, £37.2 million for the year ended 28 February 2018 and £72.2 million for the year ended 28 February 2019. See, "– Liquidity and Capital Resources – Cash Flow Statement."

Seasonality of ticket sales and its effect on cash flow

The Group's net ticket sales are subject to seasonal fluctuations, reflecting seasonal fluctuations in the rail industry, in the form of (i) a significant decrease in the periods encompassing Christmas and New Year, which reflects advance leisure rail ticket purchases made prior to the holiday period and an overall decrease in UK T4B net ticket sales during the Christmas and New Year period and (ii) a slight decrease in the July-August period, reflecting a decrease in UK and European corporate rail travel booking during the summer holidays. These fluctuations have an impact on cash flow for the Group. Because the fourth quarter of the financial year contains the Christmas period, quarter on quarter comparisons are influenced by the impact of lower transaction volumes during the Christmas period.

Acquisitions

In April 2016, the Group acquired Captain Train for total consideration of £110.8 million, financed with PIK Notes and equity investments. The acquisition gave the Group access to the technology underpinning Captain Train's itinerary calculation system, together with access to the European market. The results of Captain Train have been consolidated in the results of the Group's from 13 April 2016. The Directors will consider opportunistic acquisitions to acquire scale in other geographies where appropriate, in line with the Group's strategy.

CURRENT TRADING AND PROSPECTS

Trainline's business plan sets out certain ambitions in respect of net ticket sales growth, revenue growth and Contribution margin for its UK and International businesses. These are forward-looking statements, based on assumptions that the Directors believe are reasonable, but which may turn out to be incorrect or different than expected, and Trainline's ability to achieve them will depend on a number of factors, many of which are outside the Group's control, including significant business and economic uncertainties and risks, including those described in Part 1 (Risk Factors). As a result, Trainline's actual results may vary from the targets and ambitions set out below and those variations may be material.

In the UK Consumer business, looking forward, for the year ending 29 February 2020, the Group is targeting net ticket sales growth in the high teens to low 20% range, with revenue growing at a slightly lower rate as a result of the continued shift toward on-the-day ticket sales which do not attract a booking fee. Over the medium term, the Group is targeting UK Consumer net ticket sales to grow in the mid- to high-teens, with the delta between net ticket sales growth and revenue to be approximately two to four percentage points as a result of continued strong growth in on-the-day tickets.

In the International business, the Group is targeting net ticket sales growth for the year ending 29 February 2020 at a rate slightly below the growth achieved in the year ended 28 February 2019, with revenue growth of approximately 80% to 100% due to the launch of new revenue streams. Over the medium term, the Group is targeting similar rates of net ticket sales growth, with revenue growth broadly in line with net ticket sales growth.

In the UK T4B business, the Group is targeting net ticket sales growth in the low-to-mid single digits and flat revenue growth for the year ending 29 February 2020, primarily as a result of the termination of the Egencia TMC contract following the acquisition of SilverRail by the parent company of Egencia, Expedia. Over the medium term, the Group is targeting low-to-mid single digit net ticket sales growth and revenue growth broadly in line with net ticket sales growth.

On a group-wide basis, the Group accordingly is targeting overall net ticket sales growth in the high teens for the year ending 29 February 2020 and over the medium term. Revenue growth for the year ending 29 February 2020 is expected to be broadly in line with net ticket sales growth with the shift to on-the-day ticket sales in UK Consumer offset by new revenue streams in International. Revenue growth in the medium term is expected to be in the high teens range. In respect of Contribution margin, over the medium term, the Group is targeting a high 50% range for its UK business, and for the International business to achieve breakeven on a full year basis within the next three years.

Trainline has had a strong start to the year ending 29 February 2020. Within UK Consumer, the Directors expect net ticket sales growth for the year to be near the top end of the targeted range with a smaller-than-expected delta between net ticket sales and revenue growth. Within UK T4B and International, net ticket sales growth remains in line with the Directors' expectations for the year.

Recent Accounting Pronouncements

Trainline has considered the impact on the Group of new standards IFRS 9, IFRS 15, IFRS 16, amendments to standards and interpretations that are endorsed by the EU. The Group's assessment of the impact of these new standards is set out below:

IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* was issued in July 2014 and was endorsed by the EU in 2016. It replaces existing financial instruments guidance, including IAS 39 Financial Instruments: Recognition and Measurement. This standard is effective for accounting periods commencing on or after 1 January 2018. The standard addresses the classification and measurement of financial instruments and will require additional disclosures. Further to this, a new impairment measurement model for financial assets based around expected credit losses has been introduced. There is no longer a requirement for a credit event to have occurred before a credit loss is recognised.

The Group has adopted the new standard in its consolidated financial information for the year ended 28 February 2019. The Group has considered the impact of adopting IFRS 9 and determined that there was no material impact on the Group's results and as such there is no required restatement disclosure.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 *Revenue from Contracts with Customers* was issued in 2014 and was endorsed by the EU in 2016. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue. IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The Group has adopted IFRS 15 in its consolidated financial information for the year ending 28 February 2019 and has applied the practical expedients for completed contracts. Based on the Group's impact assessment, IFRS 15 has not had a significant impact on revenue recognised in comparative periods. As such, revenue for the year ended 28 February 2018 and 29 February 2017 does not require restatement due to the adoption of IFRS 15.

Consumer

As described in Note 1 to the Group's Historical Financial Information, the Group's consumer revenue relates to commission earned from carriers on ticket sales and service charges billed to customers. Each sales transaction represents a performance obligation and the related revenue is recognised at the time of the sale. The Group acts as an agent in these transactions, as it does not control the services promised 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.

IFRS 16 Leases

IFRS 16 *Leases* was issued in January 2016, and was endorsed by the EU in 2017. IFRS 16 introduces a single on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a corresponding lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items.

IFRS 16 replaces existing leases guidance including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 *Revenue from Contracts with Customers* at or before the date of initial application of IFRS 16.

The Group plans to adopt IFRS 16 in its consolidated financial information for the year ending 29 February 2020. This will result in the Group's London, Paris and Edinburgh office leases being recognised on the balance sheet through new right of use assets and lease liabilities. The current lease costs relating to these buildings total £2.7 million per annum and the largest two leases relating to the London office have a remaining life of 7 years. The Group expects that IFRS 16 will result in Adjusted EBITDA increasing as a result of these lease costs no longer being reported in administrative expenses. Instead, a depreciation charge on the new right of use asset will be recognised, along with an interest charge on the new lease liability. The aggregate value of the depreciation and interest charges will be materially similar (but not exactly the same) as the lease cost previously reported in administrative expenses. The Group does not expect the new standard will have any material impact on net profit after tax, total comprehensive income or equity.

DESCRIPTION OF KEY LINE ITEMS

Revenue

Within UK Consumer and International, revenue primarily comprises amounts earned by the Group from the sale of rail and coach tickets in the form of both commission earned from carriers on ticket sales and service charges billed directly to the customer. Revenue associated with ticket sales and associated ancillary services is recognised at the point of sale. UK Consumer and International revenue also includes administration fees for processing ticket refunds. Ticket refund administration fees are recognised at the time the refund is processed.

Within UK T4B, revenue is also recognised in relation to branded travel platforms for corporates and TMCs and white label ecommerce platforms for rail carriers. Revenue relating to bespoke build and customisation of a product is recognised when the product is fully mobilised for use by the customer. Revenue is also recognised in the form of fixed fees and/or contribution per transaction to cover the maintenance of the product. Revenue is recognised over time for maintenance and point in time for the contribution per transaction.

Cost of sales

Costs of sales include costs in relation to the provision of rail tickets, software services, ancillary services and settlement and fulfilment costs.

Administrative expenses

Administrative expenses relate to the costs of hosting, developing and supporting the Single Global Platform and other software, employment benefit expenses, marketing and other costs, including exceptional costs such as transaction costs and exceptional restructuring costs. The systems costs associated with hosting, application and support are largely fixed in nature, as are the costs associated with employment benefit expenses. Marketing and other costs, including exceptional costs, are discretionary and variable. Administrative expenses are partially directly allocable to the Group's business segments and geographies. Costs which by their nature cannot be allocated to a specific segment are included within central administrative expenses. These include central staff costs relating to general management, administration, technology and back office functions as well as occupancy, finance and professional and IT costs.

Adjusted EBITDA

The Directors 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. 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 and, not related to underlying trade. Share based payment charges are also excluded as they can fluctuate significantly year on year, please see Part 2 (Presentation of Financial and Other Information)

Depreciation and amortisation

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. 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 generally recognised in the income statement. Goodwill is not amortised.

Share based payment charges

The Group holds two cash settled share-based payment schemes: the Joint Share Ownership Plan ("JSOP") and phantom shares and convertible preferred equity certificates ("cPECs") (the cPECs, together with the phantom shares, the "phantom securities") relating to the Group's acquisition of Captain Train. Cash-settled share based payments to employees are initially measured and recorded as a liability at the fair value of the equity instruments. The initial fair value is then expensed in employee benefit expenses evenly over the vesting period. The fair value is re-measured at each balance sheet date with any changes recognised in finance costs for the relevant period.

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 Group's financial information. Exceptional items are one off in nature or are not considered to be part of the Group's operating activities.

Net finance costs

Net finance costs comprise bank interest income and interest expense on borrowings, as well as foreign exchange gains, losses and fair value movements on the Group's interest rate cap and fair value re-measurements in relation to share based payments and put/call option liabilities. Interest income and expense is recognised as it accrues in the income statement, using the effective interest method.

Income tax

Income tax credit / (expense) comprises current and deferred tax and 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 of the Group. 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. 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. The current tax charge primarily consists of corporate tax arising in the UK, and the deferred tax credit primarily results from the unwinding of deferred tax liabilities arising on acquired intangibles.

Results of Operations

The table below presents the Group's results of operations for the periods indicated which has been extracted without material adjustment from the historical financial information set out in Part 10 (Historical Financial Information).

	Year ended 28 February		
	2017[(1)]	2018[(1)(2)]	2019
	(restated)	*(restated)* *(£000)*	
Revenue	**152,772**	**177,993**	**209,504**
Cost of sales	(41,162)	(48,146)	(54,059)
Gross profit	**111,610**	**129,847**	**155,445**
Administrative expenses	(122,849)	(137,398)	(144,932)
Adjusted EBITDA*	**30,686**	**30,633**	**52,628**
Depreciation and amortisation	(34,977)	(34,137)	(38,942)
Share based payment charges	(168)	(1,846)	(3,309)
Exceptional items	(6,780)	(2,201)	136
Operating profit/(loss)	**(11,239)**	**(7,551)**	**10,513**
Finance income	228	161	1,100
Finance costs	(20,188)	(22,034)	(25,275)
Net finance costs	**(19,960)**	**(21,873)**	**(24,175)**
Loss before tax	**(31,199)**	**(29,424)**	**(13,662)**
Income tax credit / (charge)	962	5,222	(8)
Loss after tax	**(30,237)**	**(24,202)**	**(13,670)**

* Non-IFRS financial measure. For a reconciliation of Adjusted EBITDA to Loss before tax, see Part 2 (Presentation of Financial and Other Information) – "Non-IFRS financial information"

(1) The comparative financial information for each of the years ended 28 February 2017 and 2018 has been restated for the consolidation of the EBT and to reflect share-based payment arrangements and classification. For additional details on the prior period restatements, see Note 27 of the Group's consolidated historical financial information in Part 10 (Historical Financial Information).

(2) The comparative financial information for the year ended 28 February 2018 has been restated for the removal of a deferred tax amount. For additional details on the prior period restatements, see Note 27 of the Group's consolidated historical financial information in Part 10 (Historical Financial Information).

Results of operations for the year ended 28 February 2019 compared to the year ended 28 February 2018

Revenue

Revenue increased by £31.5 million, or 17.7%, to £209.5 million in the year ended 28 February 2019 from £178.0 million in the year ended 28 February 2018. This increase was primarily due to increased volume of tickets sold in the UK Consumer segment, offset by a declining average transaction value and a lower revenue as a percentage of net ticket sales arising as a result of increased sales of on-the-day tickets, which do not attract booking fees, and growth in the International segment.

The table below provides a breakdown of Trainline's revenue by segment for the years ended 28 February 2018 and 2019:

	Year ended 28 February			
	2018	% Total	2019	% Total
	(£000)		*(£000)*	
UK Consumer	114,397	64.3	136,660	65.2
International	9,197	5.2	14,478	6.9
UK T4B	54,399	30.6	58,366	27.9
Revenue	**177,993**	**100.0**	**209,504**	**100.0**

UK Consumer revenue increased by £22.3 million, or 19.5%, to £136.7 million in the year ended 28 February 2019 from £114.4 million in the year ended 28 February 2018. This increase was primarily due to an increase in the volume of tickets sold, particularly driven by an increase in purchases on mobile device, offset slightly by a decrease in booking fees, service fees and ancillary revenue following the implementation of the Payment Services Directive II, which prohibited credit card processing fees, and reflecting the ongoing shift in mix of tickets sold.

International revenue increased by £5.3 million, or 57.4%, to £14.5 million in the year ended 28 February 2019 from £9.2 million in the year ended 28 February 2018. This increase was primarily a result of the purchase of partnering with new rail carriers and the increase in marketing spend, driving overall transaction growth.

UK T4B revenue increased by £4.0 million, or 7.3%, to £58.4 million in the year ended 28 February 2019 from £54.4 million in the year ended 28 February 2018. This increase was primarily due to the increase in the volume of tickets sold, which was offset somewhat by a lower average transaction value due to increased purchases of "on the day" tickets by SMEs.

Cost of sales

Cost of sales increased by £5.9 million, or 12.3%, to £54.1 million in the year ended 28 February 2019 from £48.1 million in the year ended 28 February 2018. This increase was primarily due to increased transaction volumes and some inefficiencies in International related to cost of payments, with a greater mix of cross-border and international inbound journeys, partially offset by lower fulfilment costs per transaction due to increased use of eTickets in the United Kingdom.

The table below provides a breakdown of Trainline's cost of sales by segment for the years ended 28 February 2018 and 2019:

	Year ended 28 February			
	2018	**% Total**	**2019**	**% Total**
	(£000)		*(£000)*	
UK Consumer	(26,161)	54.3	(29,703)	54.9
International	(3,060)	6.4	(6,607)	12.2
UK T4B	(18,925)	39.3	(17,749)	32.8
Cost of sales	**(48,146)**	**100.0**	**(54,059)**	**100.0**

Administrative expenses

Administrative expenses increased by £7.5 million, or 5.5%, to £144.9 million in the year ended 28 February 2019 from £137.4 million in the year ended 28 February 2018. This increase was primarily due to staff overheads driven by investment in more employees to help scale and grow the business and higher average salaries along with increased marketing costs primarily directed to expansion of the international business.

Adjusted EBITDA

Adjusted EBITDA increased by £22.0 million, or 71.8%, to £52.6 million in the year ended 28 February 2019 from £30.6 million in the year ended 28 February 2018. This increase was primarily due to volume growth and operating leverage, as revenue and gross profit continued to grow at a faster rate than operating expenses as the business began to realise the benefits of scale.

The table below provides a breakdown of Contribution by geography and Adjusted EBITDA for the years ended 28 February 2018 and 2019:

	Year ended 28 February	
	2018	**2019**
	(£000)	
Total UK Contribution	87,220	111,896
International Contribution	(18,306)	(18,013)
Group Contribution	68,914	93,883
Central Administrative expenses	(38,281)	(41,255)
Adjusted EBITDA	**30,633**	**52,628**

For definitions of and reconciliations for Adjusted EBITDA and Contribution, see Part 2 (Presentation of Financial and Other Information) – "Non-IFRS Financial Information".

Depreciation and amortisation

Depreciation and amortisation increased by £4.8 million, or 14.1%, to £38.9 million in the year ended 28 February 2019 from £34.1 million in the year ended 28 February 2018. This increase was primarily due to depreciation of the Single Global Platform.

Share based payment charges

Share based payment charges were £3.3 million in the year ended 28 February 2019, compared to £1.8 million in the year ended 28 February 2018, as a result of a net increase over the year in the number of awards granted pursuant to the Group's JSOP from 45,214 shares as at 28 February 2018 to 58,108 shares as at 28 February 2019, which was partially offset by a forfeiting of awards under the JSOP and of phantom shares. This net increase in shares covered resulted in an increase to the carrying value and fair value of the share-based payment arrangements recorded in employee costs.

Exceptional items

Exceptional items were a benefit of £0.1 million in the year ended 28 February 2019, compared to a cost of £2.2 million in the year ended 28 February 2018. Exceptional items in the year ended 28 February 2019 consisted of restructuring costs offset by a recovery of an indemnity claim and VAT recoveries on historic acquisition costs. Exceptional items in the year ended 28 February 2018 primarily consisted of costs associated with restructuring and legal fees.

Operating profit/(loss)

As a result of the above, the Group's operating profit for the period was £10.5 million for the year ended 28 February 2019, compared to an operating loss of £7.5 million for the year ended 28 February 2018.

Finance income

Finance income increased to £1.1 million in the year ended 28 February 2019 from £0.2 million in the year ended 28 February 2018. This increase was primarily due to £0.8 million relating to revaluation gains on share-based payment liabilities as well as increased bank interest income.

Finance costs

Finance costs increased by £3.2 million, or 14.7%, to £25.3 million in the year ended 28 February 2019 from £22.0 million in the year ended 28 February 2018. This increase was primarily due to increased interest on bank loans relating to the extension of the Group's senior credit facilities, as well as to losses on foreign exchange and interest rate swaps.

Income tax

Income tax credit decreased to a charge of less than £0.1 million in the year ended 28 February 2019 from a credit of £5.2 million in the year ended 28 February 2018. This decrease was primarily due to reduced losses before tax.

Loss for financial period

As a result of the above, the Group's loss for financial period was £13.7 million for the year ended 28 February 2019, compared to £24.2 million for the year ended 28 February 2018.

Results of operations for the year ended 28 February 2018 compared to the year ended 28 February 2017

Revenue

Revenue increased by £25.2 million, or 16.5%, to £178.0 million in the year ended 28 February 2018 from £152.8 million in the year ended 28 February 2017. This increase was primarily due to growth in net ticket sales across all of the Group's segments, in particular UK Consumer, as well as a near doubling of International revenue, partially offset by a moderate decline in average transaction value driven by the shift to on-the-day and mobile tickets.

The table below provides a breakdown of Trainline's revenue by segment for the years ended 28 February 2017 and 2018:

	Year ended 28 February			
	2017	% Total	2018	% Total
	(£000)		(£000)	
UK Consumer	97,618	63.9	114,397	64.3
International	4,883	3.2	9,197	5.2
UK T4B	50,271	32.9	54,399	30.6
Revenue	**152,772**	**100.0**	**177,993**	**100.0**

UK Consumer revenue increased by £16.8 million, or 17.2%, to £114.4 million in the year ended 28 February 2018 from £97.6 million in the year ended 28 February 2017. This increase was primarily due to growth in net ticket sales.

International revenue increased by £4.3 million, or 88.3%, to £9.2 million in the year ended 28 February 2018 from £4.9 million in the year ended 28 February 2017. This increase was partly due to the full year impact of the Captain Train acquisition and partly driven by an increase in net ticket sales.

UK T4B revenue increased by £4.1 million, or 8.2%, to £54.4 million in the year ended 28 February 2018 from £50.3 million in the year ended 28 February 2017. This increase was primarily due to growth in net ticket sales, which was offset somewhat by a lower average transaction value.

Cost of sales

Cost of sales increased by £7.0 million, or 17.0%, to £48.1 million in the year ended 28 February 2018 from £41.2 million in the year ended 28 February 2017. This increase was primarily due to growth in transaction volumes.

The table below provides a breakdown of Trainline's cost of sales by segment for the years ended 28 February 2017 and 2018:

	Year ended 28 February			
	2017	% Total	2018	% Total
	(£000)		(£000)	
UK Consumer	(21,648)	52.6	(26,161)	54.3
International	(1,642)	4.0	(3,060)	6.4
UK T4B	(17,871)	43.4	(18,925)	39.3
Cost of sales	**(41,162)**	**100.0**	**(48,146)**	**100.0**

Administrative expenses

Administrative expenses increased by £14.5 million, or 11.8%, to £137.4 million in the year ended 28 February 2018 from £122.8 million in the year ended 28 February 2017. This increase was primarily due to increased marketing and staff cost spend.

Adjusted EBITDA

Adjusted EBITDA was broadly stable and decreased by £0.1 million, or 0.2%, to £30.6 million in the year ended 28 February 2018 from £30.7 million in the year ended 28 February 2017. This reflects investments made in scaling the business for international expansion, including through increasing marketing spend by £8.4 million to £31.7 million in the year ended 28 February 2018. Adjusted EBITDA was also impacted by higher staff bonuses, which was offset by increased revenue.

The table below provides a breakdown of Contribution by geography and Adjusted EBITDA for the years ended 28 February 2017 and 2018:

	Year ended 28 February	
	2017	2018
	(£000)	
Total UK Contribution	74,173	87,220
International Contribution	(11,140)	(18,306)
Group Contribution	63,033	68,914
Central administrative expenses	(32,347)	(38,281)
Adjusted EBITDA	**30,686**	**30,633**

For definitions of and reconciliations for Adjusted EBITDA and Contribution, see Part 2 (Presentation of Financial and Other Information) – "Non-IFRS Financial Information"

Depreciation and amortisation

Depreciation and amortisation decreased by £0.8 million, or 2.4%, to £34.1 million in the year ended 28 February 2018 from £35.0 million in the year ended 28 February 2017.

Share based payment charges

Share based payment charges increased to £1.8 million in the year ended 28 February 2018 from £0.2 million in the year ended 28 February 2017. This change was primarily as a result of a net increase over the year in the number of awards granted pursuant to the Group's JSOP from 41,005 shares as at 28 February 2017 to 45,214 shares as at 28 February 2018, which was partially offset by a forfeiting of awards under the JSOP and of phantom shares. This net increase in shares covered resulted in an increase to the carrying value and fair value of the share-based payment arrangements recorded in employee costs.

Exceptional items

Exceptional items were £2.2 million in the year ended 28 February 2018, compared to £6.8 million in the year ended 28 February 2017. Exceptional items in the year ended 28 February 2018 primarily consisted of costs associated with restructuring and legal fees. Exceptional items in the year ended 28 February 2017 consisted of costs related to the acquisition of Captain Train and the write-off of software development costs related to the old International technology platform.

Operating profit/(loss)

As a result of the above, the Group's operating loss was £7.6 million for the year ended 28 February 2018, compared to £11.2 million for the year ended 28 February 2017.

Finance income

Finance income decreased by £0.1 million, or 29.4%, to £0.1 million in the year ended 28 February 2018 from £0.2 million in the year ended 28 February 2017.

Finance costs

Finance costs increased by £1.8 million, or 9.1%, to £22.0 million in the year ended 28 February 2018 from £20.2 million in the year ended 28 February 2017. This increase was primarily due to increases on the amount of borrowings drawn and outstanding, and increased share based payment fair value re-measurement.

Income tax credit

Income tax credit was £5.2 million in the year 28 February 2018, compared to £1.0 million in the year ended 28 February 2017. This change was primarily due to the impact of losses which were not expected to be recoverable in the year ended 28 February 2017 and were therefore not recognised.

Loss for financial period

As a result of the above, the Group's loss for financial period was £24.2 million for the year ended 28 February 2018, compared to £30.2 million for the year ended 28 February 2017.

LIQUIDITY AND CAPITAL RESOURCES

The Group's primary sources of liquidity are the cash flows generated from its operations, along with long-term borrowings. The primary use of this liquidity is to fund the Group's operations.

Cash flows

The table below presents a summary of the Group's cash flows for the periods indicated, which have been extracted without material adjustment from the historical financial information set out in in Part 10 (Historical Financial Information).

	Year ended 28 February		
	2017[(1)]	**2018[(1)(2)]**	**2019**
	(restated)	*(restated)* *(£000)*	
Net cash from operating activities	38,629	37,158	72,175
Net cash flow used in investing activities	(66,643)	(28,494)	(32,562)
Net cash flows (used in) / generated by financing activities	65,778	(12,441)	(14,313)
Net increase/(decrease) in cash and cash equivalents	37,764	(3,777)	25,300
Cash and cash equivalents at beginning of the year	36,345	73,979	69,678
Effect of foreign exchange on cash	(130)	(524)	(501)
Closing cash and cash equivalents	**73,979**	**69,678**	**94,477**

(1) The comparative financial information for each of the years ended 28 February 2017 and 2018 has been restated for the consolidation of the EBT and to reflect share-based payment arrangements and classification. For additional details on the prior period restatements, see Note 27 of the Group's consolidated historical financial information in Part 10 (Historical Financial Information).

(2) The comparative financial information for the year ended 28 February 2018 has been restated for the removal of a deferred tax amount. For additional details on the prior period restatements, see Note 27 of the Group's consolidated historical financial information in Part 10 (Historical Financial Information).

Cash flows from operating activities

Net cash inflow from operating activities increased by £35.0 million, or 94.2%, to £72.2 million in the year ended 28 February 2019 from £37.2 million in the year ended 28 February 2018 primarily due to strong growth in Adjusted EBITDA and the impact of the Group's net working capital cycle (described in "– Net working capital" below) as a result of increased net ticket sales.

Net cash inflow from operating activities decreased by £1.5 million, or 3.8%, to £37.2 million in the year ended 28 February 2018 from £38.6 million in the year ended 28 February 2017 primarily due to a smaller increase in the Group's trade payables arising as a result of short-term changes to the settlement cycle under the Third Party Retailing Licence.

Cash flows used in investing activities

Net cash outflow from investing activities increased by £4.1 million, or 14.3%, to £32.6 million in the year ended 28 February 2019 from £28.5 million in the year ended 28 February 2018 primarily due to increased purchases of property, plant and equipment and intangible assets relating to the development of the Single Global Platform.

Net cash outflow from investing activities decreased by £38.1 million, or 57.2%, to £28.5 million in the year ended 28 February 2018 from £66.6 million in the year ended 28 February 2017 primarily due to an increase in investment in intangible assets relating to development of the Single Global Platform and the non-recurrence of significant purchase of investment related to the Captain Train acquisition in the year ended 28 February 2017.

Cash flows used in financing activities

Net cash flows used in financing activities increased by £1.9 million, or 15.0%, to £14.3 million in the year ended 28 February 2019 from £12.4 million in the year ended 28 February 2018 primarily due to the redemption of phantom securities.

Net cash flows from financing activities changed from an inflow of £65.8 million in the year ended 28 February 2017 to an outflow of £12.4 million in the year ended 28 February 2018, primarily reflecting net cash flows from financing activities in the year ended 28 February 2017 related primarily to the proceeds of the PIK notes issued in connection with the Captain Train acquisition.

Net working capital

Trainline benefits from a negative net working capital cycle due to the mismatch in payments from customers and payments owed to rail carriers. While Corporate and TMC clients are invoiced in arrears, in UK Consumer and International, Trainline receives cash from customers prior to settling the associated liability with the rail carriers. RSP and certain of the European rail carriers impose a bonding requirement on Trainline for security over the liability, which is currently provided through letters of credit issued under the Group's revolving credit facility. If and to the extent there is a shortfall between the letters of credit and the bonding requirements, the Group will typically make cash top-up payments to RSP and the rail carriers.

The table below presents the Group's net working capital movements as at 28 February 2017, 2018 and 2019:

	As at 28 February		
	2017(1)	**2018(2)**	**2019(3)**
		(£000)	
Changes in working capital			
Inventories	(1)	(12)	19
Trade and other receivables	(589)	(1,661)	(13,604)
Trade and other payables	14,408	10,217	35,908
Provisions	—	188	74
Net change in working capital	13,818	8,732	22,397

(1) Includes cash outflows in relation to RSP rail bonding of £4.7 million
(2) Includes cash outflows in relation to RSP rail bonding of £9.3 million
(3) Includes a cash inflow in relation to RSP rail bonding of £14.0 million

The combination of the Group's negative working capital cycle and the growth in Adjusted EBITDA during the periods under review drives strong normalised operating free cash flow and normalised operating free cash flow conversion, with normalised operating free cash flow of £30.0 million, £25.0 million and £60.8 million in the years ended 28 February 2017, 2018 and 2019, respectively, and normalised operating free cash flow conversion rates of 98%, 82% and 115% in the years ended 28 February 2017, 2018 and 2019, respectively.

Borrowings

The table below presents a breakdown of the Group's interest-bearing loans and borrowings as at the dates indicated.

	As at 28 February		
		(£000)	
	2017	**2018**	**2019**
Non-current liabilities			
Secured bank loans[1]	197,725	199,032	198,954
Unsecured PIK loan and accrued interest[2]	52,833	59,389	66,874
Other term debt	802	424	610
	251,360	**258,845**	**266,438**
Current liabilities			
Accrued interest on secured bank loans	—	—	2,815
Secured bank loans	80	200	—
Total	**80**	**200**	**2,815**

(1) Included within secured bank loans balance as at 28 February 2019 is the principal amount of £205.0 million (2018: £205.0 million, 2017: £205.0 million) and directly attributable transaction costs of £6.2 million (2018: £6.1 million, 2017: £7.3 million)
(2) Included within the unsecured PIK loan as at 28 February 2019 is the principal amount of £50.0 million (2018: £50.0 million, 2017: £50.0 million), accrued interest of £19.0 million (2018: £11.7 million, 2017: 5.3 million) and directly attributable transaction costs of £2.2 million (2018: £2.3 million, 2017: £2.5 million)

Commitments and Contingent Liabilities

Commitments

The Group's commitments relate to non-cancellable operating leases. The table below presents a summary of the Group's commitments as at 28 February 2019.

	Less than one year	One to five years	More than five years	Total
		(£000)		
Property, land and buildings	3,068	11,585	6,911	21,564
Total	**3,608**	**11,585**	**6,911**	**21,564**

Contingent liabilities

Trainline had no material contingent liabilities as at 28 February 2019

Capital expenditure

The table below presents a breakdown of the Group's capital expenditure for the periods indicated.

	Year ended 28 February		
		(£000)	
	2017	**2018**	**2019**
Property, plant and equipment	4,615	2,325	1,057
Software development	12,659	27,083	32,410
Total	**17,274**	**29,408**	**33,467**

The most significant element of the Group's capital expenditure during the period under review related to capitalised development spend associated with the Single Global Platform. Expenditure on property, plant and equipment relates to the purchase of physical computer equipment, property fit-out costs and leasehold improvements. In the year ending 29 February 2020, the Group has budgeted approximately £25 million of capital expenditure, of which approximately £5 million relates to the Single Global Platform, thereafter the Group is targeting a capital expenditure budget over the medium term in the mid-to-high single digit percentage of revenues.

Off-balance sheet arrangements

Trainline's off-balance sheet arrangements relate to its revolving credit facility, which is used to provide letters of credit required to secure the obligations of the Group to carriers in respect of tickets sold. In addition, the facility is available to fund short term working capital if required. This facility is not recognised on balance sheet unless amounts are drawn down in cash.

In October 2018, the Group entered into a refinancing agreement for an increased £130,000,000 revolving credit facility (facility of £60,000,000 as at 28 February 2018 and 28 February 2017) to be able to provide bonding security to carriers via bank guarantees and for general corporate liquidity purposes. Of the £130,000,000, £30,000,000 can be drawn down in either cash or bank guarantees and the remaining £100,000,000 can only be drawn down in bank guarantees.

The Group's revolving credit facility is secured by a fixed and floating charge over certain assets of the Group. Interest is payable on cash amounts drawn down at a margin of 2% to 3% above LIBOR and a commitment fee of 0.9% to 1.1% is payable on unutilised amounts.

An amount of £92,284,000 (2018: £59,340,000, 2017: £59,600,000) had been drawn down as at 28 February 2019 in respect of bank guarantees. No amounts have ever been drawn down in cash.

Dividend Policy

The Company currently intends to retain any future earnings to finance the operation and expansion of its business. The Company will review its capital allocation policy on an ongoing basis but does not expect to declare or pay any dividends for the foreseeable future.

Quantitative and Qualitative Disclosures about Market Risks

For a description of the Group's management of market, credit and liquidity risks, see Note 18 of Section B of Part 10 (Historical Financial Information).

Critical Accounting Policies and Estimates

For a description of the Group's critical accounting judgements and key sources of estimation uncertainty, see Note 1 of Section B of Part 10 (Historical Financial Information).

PART 10

Historical Financial Information

Section A – Accountant's report on the Historical Financial Information

KPMG LLP
15 Canada Square
London E14 5GL

The Directors
Victoria Investments S.C.A.
2, rue Edward Steichen
L-2540 Luxembourg

22 May 2019

Ladies and Gentlemen

Victoria Investments S.C.A.

We report on the financial information set out in Part 10 Section B for the three years ended 28 February 2019. This financial information has been prepared for inclusion in the registration document dated 22 May 2019 of Victoria Investments S.C.A. on the basis of the accounting policies set out in the notes to the financial information. This report is required by paragraph 20.1 of Annex I of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of Victoria Investments S.C.A. are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Item 1.2 of Annex I to the Prospectus Directive Regulation to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the registration document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the registration document dated 22 May 2019, a true and fair view of the state of affairs of Victoria Investments S.C.A. as at 28 February 2017, 28 February 2018 and 28 February 2019 and of its losses, cash flows and comprehensive income, and changes in equity for the three years then ended in accordance with the basis of preparation set out in note 1 and in accordance with International Financial Reporting Standards as adopted by the European Union as described in note 1.

Declaration

For the purposes of item 1.2 of Annex I to the PD Regulation we are responsible for this report as part of the registration document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the registration document in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

KPMG LLP

Section B – Historical Financial Information

Consolidated Income Statement

	Notes	Year Ended 28 February 2019 £'000	Year Ended 28 February 2018 £'000 Restated	Year Ended 28 February 2017 £'000 Restated
Revenue	2	**209,504**	**177,993**	**152,772**
Cost of sales	2	(54,059)	(48,146)	(41,162)
Gross profit		**155,445**	**129,847**	**111,610**
Administrative expenses		(144,932)	(137,398)	(122,849)
Adjusted EBITDA*	**1g**	**52,628**	**30,633**	**30,686**
Depreciation and amortisation	8,9	(38,942)	(34,137)	(34,977)
Share based payment charges	21	(3,309)	(1,846)	(168)
Exceptional items	5	136	(2,201)	(6,780)
Operating profit / (loss)		**10,513**	**(7,551)**	**(11,239)**
Finance income		1,100	161	228
Finance costs		(25,275)	(22,034)	(20,188)
Net finance costs	6	**(24,175)**	**(21,873)**	**(19,960)**
Loss before tax		**(13,662)**	**(29,424)**	**(31,199)**
Income tax (expense)/credit	7	(8)	5,222	962
Loss after tax		**(13,670)**	**(24,202)**	**(30,237)**
		£	**£**	**£**
Basic earnings/(loss) per ordinary share	24	**(41.99)**	**(49.20)**	**(52.29)**
Diluted earnings/(loss) per ordinary share	24	**(0.14)**	**(0.17)**	**(0.18)**

The notes on pages 94 to 131 form part of the Financial Information.

* Non-GAAP measure – for further details please refer to note 1g

Consolidated Statement of Other Comprehensive Income

	Notes	Year Ended 28 February 2019 £'000	Year Ended 28 February 2018 £'000 Restated	Year Ended 28 February 2017 £'000 Restated
Loss after tax		**(13,670)**	**(24,202)**	**(30,237)**
Items that may be reclassified to the income statement:				
Re-measurements of defined benefit liability	*13*	30	37	23
Foreign exchange movement		506	36	1,640
Fair value movement on interest rate cap		—	346	—
Other comprehensive income, net of tax		**536**	**419**	**1,663**
Total comprehensive loss		**(13,134)**	**(23,783)**	**(28,574)**

The notes on pages 94 to 131 form part of the Financial Information.

Consolidated Statement of Financial Position

	Notes	As at 28 February 2019 £'000	As at 28 February 2018 £'000 Restated	As at 28 February 2017 £'000 Restated
Non-current assets				
Intangible assets	8	114,770	119,663	125,256
Goodwill	8	443,271	443,271	443,271
Property, plant and equipment	9	5,462	6,044	5,180
Derivative assets		460	1,539	—
		563,963	**570,517**	**573,707**
Current assets				
Cash and cash equivalents		94,477	69,678	73,979
Trade and other receivables	10	47,196	37,505	35,874
Current tax receivable	7	—	—	2,651
Inventories		25	44	32
		141,698	**107,227**	**112,536**
Current liabilities				
Trade and other payables	11	(161,684)	(129,412)	(117,650)
Current tax payable	7	(1,093)	(178)	—
Loan and borrowings	12	(2,815)	(200)	(80)
		(165,592)	**(129,790)**	**(117,730)**
Net current liabilities		**(23,894)**	**(22,563)**	**(5,194)**
Total assets less current liabilities		**540,069**	**547,954**	**568,513**
Non-current liabilities				
Loan and borrowings	12	(266,438)	(258,845)	(251,360)
Other non-current liabilities	20	(19,561)	(18,641)	(17,061)
Share based payment liabilities	21	(8,033)	(6,882)	(5,021)
Provisions	14	(1,566)	(1,493)	(1,303)
Deferred tax liability	7	(7,882)	(12,870)	(20,489)
		(303,480)	**(298,731)**	**(295,234)**
Net assets		**236,589**	**249,223**	**273,279**
Equity				
Share capital	15	155	155	155
Share premium	15	26,283	26,283	26,283
Convertible preferred equity certificates	15	310,735	310,735	310,735
Foreign exchange reserve	15	2,186	1,680	1,644
Other reserves	15	(2,894)	(2,486)	(2,772)
Retained earnings		(99,876)	(87,144)	(62,766)
		236,589	**249,223**	**273,279**

The notes on pages 94 to 131 form part of the Financial Information.

Consolidated Statement of Changes in Equity

For the Year Ended 28 February 2019:

	Share Capital £'000	Share Premium £'000	CPECs £'000	Other Reserve £'000	Foreign Exchange Reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 March 2018	**155**	**26,283**	**310,735**	**(2,486)**	**1,680**	**(87,144)**	**249,223**
Loss after tax	—	—	—	—	—	(13,670)	(13,670)
Other comprehensive income					506	30	536
Other movements	—	—	—	(408)	—	908	500
Balance as at 28 February 2019	**155**	**26,283**	**310,735**	**(2,894)**	**2,186**	**(99,876)**	**236,589**

For the Year Ended 28 February 2018 – Restated:

	Share Capital £'000	Share Premium £'000	CPECs £'000	Other Reserve £'000	Foreign Exchange Reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 March 2017	**155**	**26,283**	**310,735**	**(2,772)**	**1,644**	**(62,766)**	**273,279**
Loss after tax	—	—	—	—	—	(24,202)	(24,202)
Other comprehensive income					36	383	419
Other movements	—	—	—	286	—	(559)	(273)
Balance as at 28 February 2018	**155**	**26,283**	**310,735**	**(2,486)**	**1,680**	**(87,144)**	**249,223**

For the Period Ended 28 February 2017 – Restated:

	Share Capital £'000	Share Premium £'000	CPECs £'000	Other Reserve £'000	Foreign Exchange Reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 March 2016	**128**	**1,054**	**269,286**	**—**	**4**	**(33,055)**	**237,417**
Loss after tax	—	—	—	—	—	(30,237)	(30,237)
Other Comprehensive income					1,640	23	1,663
Issuance of shares	27	25,229	—	—	—	—	25,256
Issuance of CPECs	—	—	41,449	—	—	—	41,449
Other movements	—	—	—	(2,772)	—	503	(2,269)
Balance as at 28 February 2017	**155**	**26,283**	**310,735**	**(2,772)**	**1,644**	**(62,766)**	**273,279**

Consolidated Statement of Cash Flow

	Notes	28 February 2019 £'000	28 February 2018 £'000 Restated	28 February 2017 £'000 Restated
Cash flows from operating activities				
Loss after tax		**(13,670)**	**(24,202)**	**(30,237)**
Adjustment for non-cash items:				
Amortisation	*8*	37,303	32,676	33,132
Depreciation	*9*	1,639	1,461	1,845
Net finance costs	*6*	24,175	21,873	19,960
Write down software development		—	—	905
Share based payment charges	*21*	3,309	1,846	168
Tax		8	(5,222)	(962)
		52,764	28,432	24,811
Changes in working capital				
Inventories		19	(12)	(1)
Trade and other receivables		(13,604)	(1,661)	(589)
Trade and other payables		35,908	10,217	14,408
Provisions		74	188	—
Cash generated from operating activities		**75,161**	**37,164**	**38,629**
Taxes paid		(2,986)	(6)	—
Net cash from operating activities		**72,175**	**37,158**	**38,629**
Cash flows from investing activities				
Purchase of property, plant and equipment and intangible assets		(32,562)	(28,494)	(17,274)
Acquisition net of cash acquired	*25*	—	—	(49,369)
Net cash flow used in investing activities		**(32,562)**	**(28,494)**	**(66,643)**
Cash flows from financing activities				
Interest paid		(11,385)	(11,881)	(11,764)
Proceeds from new borrowings		—	—	50,000
Proceeds from new CPECs issued		—	—	19,018
Issue costs relating to loans and borrowings		(925)	—	(2,467)
Redemption of other non-current liabilities		(2,003)	(560)	—
Shares issued		—	—	10,991
Net cash flows (used in) / generated by financing activities		**(14,313)**	**(12,441)**	**65,778**
Net increase/(decrease) in cash and cash equivalents		**25,300**	**(3,777)**	**37,764**
Cash and cash equivalents at beginning of the year		**69,678**	**73,979**	**36,345**
Effect of foreign exchange on cash		(501)	(524)	(130)
Closing cash and cash equivalents		**94,477**	**69,678**	**73,979**

The notes on pages 94 to 131 form part of the financial statements

Notes

(Forming part of the Financial Information)

1. General information

This section describes how the Financial Information has been prepared, as well as the critical accounting judgements and key sources of estimation uncertainty that the Group has identified that could potentially have a material impact on the consolidated Financial Information in the next 12 months. This note also sets out the significant accounting policies that relate to the Financial Information as a whole. Where an accounting policy is mainly applicable to a specific note to the Financial Information, the policy is described within that note. Where the Group believes any new Accounting Standards yet to be adopted could have a material impact, these have also been disclosed in this note.

a) Basis of preparation

Victoria Investments S.C.A (referred to as the "Company") is a company incorporated in the Grand-Duchy of Luxembourg. The Group financial information consolidates those of the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated Financial Information has been prepared under the historical cost convention except for certain financial instruments (including derivative instruments), pension assets and liabilities which are measured at fair value.

The Group's principal activity during the period was that of rail and bus ticket retail, fulfilment, distribution and information service provision on behalf of carriers and customers, with ancillary services being offered in conjunction with the core journey.

The financial information presented herein is for the year from 1 March 2016 to 28 February 2017 and the years from 1 March 2017 to 28 February 2018 and 1 March 2018 to 28 February 2019.

The Company is a partnership limited by shares within the definition of the Luxembourg Law of August 10, 1915. The address of the registered office during the year ended 28 February 2019 was 63, rue de Rollingergrund, L-2440 Luxembourg.

b) Basis of measurement

The financial information is 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 information and have been applied consistently by all subsidiaries.

c) Functional and presentation currency

This financial information is presented in Sterling. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

d) Going concern

The consolidated financial information has 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 end of the reporting period. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current bank and other borrowing facilities.

Notes *(continued)*

1. General information *(continued)*

e) **Basis of consolidation**

(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 information of subsidiaries are included in the consolidated financial information 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.

f) **Revenue and cost of sales**

(i) Revenue

Consumer

Revenue primarily comprises amounts earned by the Group from the sale of rail and coach tickets in the form of commission earned from carriers on ticket sales and service charges billed directly to the customer. Revenue associated with ticket sales and associated ancillary services is recognised at the point of sale. Revenue also includes administration fees for processing ticket refunds. Ticket refund administration fees are recognised at the time the refund is processed. Consumer revenue is reported under the UK Consumer and International segment.

T4B

Revenue is also recognised in relation to branded travel portal platforms for corporate and travel management companies and white label ecommerce platforms for Train Operating Companies. Revenue relating to bespoke build and customisation of a product is recognised when the product is fully mobilised for use by the customer. Revenue is also recognised in the form of fixed fees and/or contribution per transaction to cover the maintenance of the product. Revenue is recognised over time for maintenance and point in time for the contribution per transaction. T4B is reported in the T4B segment.

(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.

g) **Non-GAAP Measures**

When discussing and assessing performance of the Group Management use certain measures which are not defined under IFRS, referred to as ‘Non-GAAP measures’. These measures are used on a supplemental basis as they are considered to be indicators of the underlying performance and success of the Group.

The Non GAAP measures used within this Financial Information are:

(i) 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.

Notes *(continued)*

1. General information *(continued)*

(ii) Adjusted EBITDA

Management 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.

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.

h) **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 information, 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.

i) **Use of judgements and estimates**

In preparing this financial information, 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.

Areas of Judgement

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

- Note 21 – Share based payments

  Judgement is required to assess whether Share Based Payment arrangements are cash or equity settled. IFRS 2 requires that the Group's share-based payment arrangements are initially measured and recorded as a liability 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 cost. 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 and the expected timing of a liquidity event.

Management do not consider any of the estimates made in this financial information 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:

- Note 8 – Goodwill impairment test: key assumptions underlying recoverable amounts;

  An impairment review is performed 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

1. General information *(continued)*

occur, and in arriving at an appropriate discount rate to apply to the cashflows as well as an appropriate long term growth rate. Each of these judgements has 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 8 – 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 useful life to amortise assets over as the length of useful life, 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.

j) **New standards and interpretations not yet adopted**

Management has considered the impact on the Group of new standards IFRS 9, IFRS 15, IFRS 16, amendments to standards and interpretations that are endorsed by the EU. The Group's assessment of the impact of these new standards is set out below.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments was issued in July 2014 and was endorsed by the EU in 2016. It replaces existing financial instruments guidance, including IAS 39 Financial Instruments: Recognition and Measurement. This standard is effective for accounting periods commencing on or after 1 January 2018. The standard addresses the classification and measurement of financial instruments and will require additional disclosures. Further to this, a new impairment measurement model for financial assets based around expected credit losses has been introduced. There is no longer a requirement for a credit event to have occurred before a credit loss is recognised.

The Group has adopted the new standard in its consolidated financial information for the year ended 28 February 2019. The Group has considered the impact of adopting IFRS 9 and determined that there was no material impact on the Group's results and as such there is no required restatement disclosure.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers was issued in 2014 and was endorsed by the EU in 2016. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue. IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The Group has adopted IFRS 15 in its consolidated financial information for the year ending 28 February 2019 and has applied the practical expedients for completed contracts. Based on the Group's impact assessment IFRS 15 has not had a significant impact on revenue recognised in comparative periods. As such, revenue for the year ended 28 February 2018 and 28 February 2017 does not require restatement due to the adoption of IFRS 15.

Consumer

As described in note 1 (f), the Group's consumer revenue relates to commission earned from carriers on ticket sales and service charges billed to customers. Each sales transaction represents a performance obligation and the related revenue is recognised at the time of the sale. The Group acts as an agent in these transactions, as it does not control the services promised 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

Notes *(continued)*

1. General information *(continued)*

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.

IFRS 16 Leases

IFRS 16 Leases was issued in January 2016, and was endorsed by the EU in 2017. IFRS 16 introduces a single on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a corresponding lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items.

IFRS 16 replaces existing leases guidance including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

The Group plans to adopt IFRS 16 in its consolidated Financial Information for the year ending 29 February 2020. This will result in the Group's London, Paris and Edinburgh office leases being recognised on the balance sheet through new right of use assets and lease liabilities. The current lease costs relating to these buildings total £2.7 million per annum and the largest two leases relating to the London office have a remaining life of 7 years. The Group expects that IFRS 16 will result in Adjusted EBITDA increasing as a result of these lease costs no longer being reported in Administration Expenses. Instead, a depreciation charge on the new right of use asset will be recognised, along with an interest charge on the new lease liability. The aggregate value of the depreciation and interest charges will be materially similar (but not exactly the same) as the lease cost previously reported in Administration expenses. The Group does not expect the new standard will have any material impact on net profit after tax, total comprehensive income or equity.

k) **Changes in presentation**

In preparing this financial information, the Group has made certain presentational changes to better align these items to the relevant IFRS financial statement captions and to better reflect the underlying nature of the transactions. Comparative for the year ended 28 February 2018 and year ended 28 February 2017 have been updated to reflect this change in classification for all instances.

These changes are:

Income statement

i. System costs (2019: £16,280,000, 2018: £16,431,000, 2017: £15,323,000) have been reclassified to administrative expenses; in the previous 28 February 2018 financial statements these costs were classified as costs of sale. This change in classification was made as system costs are not driven by transactional volume and therefore the Directors considered that administration expenses better reflected the nature of cost.

Statement of financial position

i. Current tax payable (2019: £1,093,000, 2018: £178,000, 2017: nil) and current tax receivable (2019: nil, 2018: nil, 2017: £2,651,000) have been separately disclosed on the face of the statement of financial position; in the previous 28 February 2018 financial statements these balances were included as components of trade and other payables, and trade and other receivables, respectively.

Statement of cash flows

i. Interest paid (2019: £11,385,000, 2018: £11,881,000 2017: £11,764,000) has been reclassified to financing cash flows; in the previous 28 February 2018 financial statements these cash flows were classified as operating cash flows.

Notes *(continued)*

2. Operating segment

In accordance with IFRS 8 the Group determines and presents its operating segments based on internal information that is provided to the Board, who is considered to be the Group's Chief Operating Decision Maker ("CODM"). During the year ended 28 February 2019 management have reassessed the Group's segments and established that the Group has three segments as presented below, on the basis of the information received and monitored by the CODM. As such, the operating segments disclosures for the year ended 28 February 2018 and year ended 28 February 2017 have also been presented.

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.
- 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 balance sheet results by operating segment.

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 the below disclosure).
- No results at a profit before/after tax or in relation to the Balance Sheet are reported to the CODM at a lower level than the consolidated Group.

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 Margin	**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/(loss)					**10,513**
Net finance costs					(24,175)
Loss before tax					**(13,662)**
Tax					(8)
Loss after tax					**(13,670)**

2. Operating segment *(continued)*

Segmental Analysis for the Year ended 28 February 2018 – Restated:

	UK Consumer £'000	UK T4B £'000	Total UK £'000	International £'000	Total Group £'000
Net Ticket Sales	**1,338,438**	**1,123,826**	**2,462,264**	**218,228**	**2,680,492**
Revenue	**114,397**	**54,399**	**168,796**	**9,197**	**177,993**
Cost of sales	(26,161)	(18,925)	(45,086)	(3,060)	(48,146)
Gross Margin	**88,236**	**35,474**	**123,710**	**6,137**	**129,847**
Directly allocable administrative expenses			(36,490)	(24,443)	(60,933)
Contribution			**87,220**	**(18,306)**	**68,914**
Central administrative expenses					(38,281)
Adjusted EBITDA					**30,633**
Depreciation and Amortisation					(34,137)
Share based payment charges					(1,846)
Exceptional items					(2,201)
Operating profit/(loss)					**(7,551)**
Net finance costs					(21,873)
Loss before tax					**(29,424)**
Tax					5,222
Loss after tax					**(24,202)**

Segmentation Analysis for the Year Ended 28 February 2017 – Restated:

	UK Consumer £'000	UK T4B £'000	Total UK £'000	International £'000	Total Group £'000
Net Ticket Sales	**1,109,872**	**1,038,827**	**2,148,699**	**104,766**	**2,253,465**
Revenue	**97,618**	**50,271**	**147,889**	**4,883**	**152,772**
Cost of sales	(21,648)	(17,871)	(39,519)	(1,642)	(41,162)
Gross Margin	**75,970**	**32,400**	**108,370**	**3,240**	**111,610**
Directly allocable administrative expenses			(34,197)	(14,380)	(48,577)
Contribution			**74,173**	**(11,140)**	**63,033**
Central administrative expenses					(32,347)
Adjusted EBITDA					**30,686**
Depreciation and Amortisation					(34,977)
Share based payment charges					(168)
Exceptional items					(6,780)
Operating profit/loss					**(11,239)**
Net finance costs					(19,960)
Loss before tax					**(31,199)**
Tax					962
Loss after tax					**(30,237)**

Notes *(continued)*

3. Auditor remuneration

This note details a breakdown of the auditor remuneration recognised across the Group.

During the year, the Group obtained the following services from its auditor:

	Year Ended 28 February 2019 £'000	Year Ended 28 February 2018 £'000	Year Ended 28 February 2017 £'000
Audit of the Group Financial Statements	50	49	49
Audit of financial statements of subsidiaries of the Company	155	158	156
Accounting advisory services	—	—	25
	205	**207**	**230**

4. Employee benefit expenses

This note details the number of employees across the Group, staff costs relating to these persons and remuneration of the key management personnel.

The average number of persons employed by the Group (including directors) during the period analysed by category was as follows:

	Year Ended 28 February 2019 Number of employees	Year Ended 28 February 2018 Number of employees	Year Ended 28 February 2017 Number of employees
Sales and marketing	107	82	76
Operations	111	116	106
Technology and product	258	233	189
Management and administration	107	98	80
	583	**529**	**451**

The table below presents the staff costs of these persons, including those in respect of the Directors, recognised in the income statement.

	Year Ended 28 February 2019 £'000	Year Ended 28 February 2018 £'000 Restated	Year Ended 28 February 2017 £'000 Restated
Wages and salaries	41,221	37,147	28,028
Social security contributions	5,752	4,892	3,765
Contributions to defined contribution plans	1,381	1,457	1,120
Net share based payment expense	2,499	2,373	246
	50,853	**45,869**	**33,159**

Staff costs presented in this note reflect the total wage, tax and pension cost relating to employees of the Group. These costs are allocated between administrative expenses, cost of sales or capitalised where appropriate as part of Software Development intangible assets. The allocation between these areas is dependent on the area of business the employee works in and the activities they have undertaken.

Notes *(continued)*

4. Employee benefit expenses *(continued)*

Key Management Personnel

Key management personnel are considered to be members of the Group's Strategic Board.

	Year Ended 28 February 2019 £'000	**Year Ended 28 February 2018 £'000 Restated**	**Year Ended 28 February 2017 £'000 Restated**
Aggregate emoluments	2,713	2,840	2,499
Group contribution to defined contribution pension schemes	99	32	39
Net share based payment expense	1,287	835	131
	4,099	**3,706**	**2,669**

	Number	**Number**	**Number**
Number of Strategic Board Members of the Group accruing benefits under a defined contribution pension scheme Retirement benefits are accruing to the following number of directors, under a defined contribution pension scheme:	4	4	3

The aggregate emoluments of the highest paid Strategic Board Member in the Group were £1,328,000 (2018: £1,088,000, 2017: £793,000) and no group pension contributions were made on their behalf.

5. 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 Information. Exceptional items are one off in nature or are not considered to be part of the Group's operating activities.

	Year Ended 28 February 2019 £'000	**Year Ended 28 February 2018 £'000**	**Year Ended 28 February 2017 £'000**
Strategic restructuring costs	1,532	2,201	490
Software development write off	—	—	1,530
Acquisition related transaction costs	—	—	4,760
Recoveries	(1,668)	—	—
Net exceptional (credits) / costs	**(136)**	**2,201**	**6,780**

Restructuring costs

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

Software development write off

The software development costs write off in 2017 occurred as a result of the acquisition of Trainline SAS.

Acquisition related transaction costs

Costs relating to the acquisition of Trainline SAS.

Recoveries

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

Notes *(continued)*

6. Finance income and finance costs

Net financing costs comprise bank interest income and interest expense on borrowings, as well as foreign exchange gains, losses and 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 1)h. The interest rate cap held by the Group is a derivative asset and is revalued to fair value as each period end, any fair value movement is booked through net finance costs.

	Year Ended 28 February 2019 £'000	Year Ended 28 February 2018 £'000 Restated	Year Ended 28 February 2017 £'000 Restated
Bank interest income	290	161	228
Fair value movements on share-based payment liabilities	810	—	—
Finance Income	**1,100**	**161**	**228**
Interest on bank loans	(22,050)	(19,744)	(18,798)
Interest on other long-term liabilities	(1,083)	(940)	(843)
Other interest expense	—	(60)	(46)
Foreign exchange loss	(270)	—	—
Loss on interest rate swap	(1,081)	—	—
Fair value movements on share-based payment liabilities	—	(527)	(78)
Fair value movements on Put/Call option liability	(791)	(763)	(423)
Finance Costs	(25,275)	(22,034)	(20,188)
Net finance costs recognised in the income statement	**(24,175)**	**(21,873)**	**(19,960)**

7. 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 Luxembourg 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.

Notes *(continued)*

7. Taxation *(continued)*

(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 in the income statement;
- temporary differences related to investments in subsidiaries, to the extent that the Company is able to 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.

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

	Year Ended 28 February 2019 £'000	Year Ended 28 February 2018 £'000 Restated	Year Ended 28 February 2017 £'000 Restated
Current tax expense/(credit)			
Current period	4,509	2,315	—
Adjustment in respect of prior years	487	82	—
Adjustment for acquired subsidiaries	—	—	(1,270)
	4,996	**2,397**	**(1,270)**
Deferred tax (credit)/charge			
Current period	(4,526)	(7,141)	1,406
Adjustment in respect of prior years	(433)	(1,402)	—
Adjustment for acquired subsidiaries	—	—	(1,406)
Effect of change in tax rates	(29)	924	308
	(4,988)	**(7,619)**	**308**
Tax charge/(credit)	**8**	**(5,222)**	**(962)**

The current tax charge primarily consists of corporate tax arising in the UK, and the deferred tax credit primarily results from the unwinding of deferred tax liabilities arising on acquired intangibles.

Notes *(continued)*

7. Taxation *(continued)*

The Group's income tax expense for the year is lower in both years than the standard rate of corporation tax in Luxembourg of 26.01% (2018: 27.08%, 2017: 29.22%). The differences are explained below:

	Year Ended 28 February 2019 £'000	Year Ended 28 February 2018 £'000 Restated	Year Ended 28 February 2017 £'000 Restated
Loss before tax	(13,662)	(29,424)	(31,199)
Loss multiplied by standard rate of corporation tax in the Luxembourg 26.01% (2018: 27.08%, 2017: 29.22%)	(3,553)	(7,968)	(9,116)
Non-taxable (income)/expenses	(2,510)	(1,650)	(2,588)
Pension adjustments	1	7	(5)
Capital allowances in excess of depreciation	154	(9)	—
Amounts not recognised*	3,102	1,817	7,235
Rate difference on deferred tax	(29)	491	368
Adjustment in respect of prior years and acquired subsidiaries	53	(1,320)	(2,427)
Difference in overseas tax rates	2,790	3,410	5,571
Total tax credit	**8**	**(5,222)**	**962**
Effective tax rate	**(0.1)%**	**17.7%**	**3.3%**

* Primarily relates to unrecognised losses which are not expected to be recoverable and therefore not recognised as deferred tax assets.

The difference between the standard rate and effective rate at 28 February 2019 of 26.11% (2018: 9.38%, 2017: 26.12%) is primarily attributable to difference in overseas tax rates and adjustments in respect of non-deductible income, in particular in relation to financing.

Deferred tax

The net deferred tax liability is attributable to the following:

Deferred tax liability as at 28 February 2019:

	Acquired intangible assets £'000	Accelerated tax depreciation £'000	Total £'000
At 1 March 2018	14,515	(1,645)	12,870
Adjustment in respect of prior years	1	(434)	(433)
Current year credit to consolidated income statement	(4,804)	250	(4,555)
At 28 February 2019	**9,712**	**(1,830)**	**7,882**

Deferred tax liability/(asset) as at 28 February 2018 – Restated:

	Acquired intangible assets £'000	Accelerated tax depreciation £'000	Total £'000
At 1 March 2017	20,489	—	20,489
Adjustment in respect of prior years	(1,402)	—	(1,402)
Current year credit to consolidated income statement	(4,572)	(1,645)	(6,217)
At 28 February 2018	**14,515**	**(1,645)**	**12,870**

Notes *(continued)*

7. **Taxation** *(continued)*

Deferred tax liability as at 28 February 2017:

	Acquired intangible assets £'000	Accelerated tax depreciation £'000	Total £'000
At 1 March 2016	22,403	(3,628)	18,775
Adjustment in respect of prior years	1,406	—	1,406
Current year credit to consolidated income statement	(3,320)	3,628	308
At 28 February 2017	**20,489**	**—**	**20,489**

Corporation tax payable / (receivable)

Corporation tax payable/receivable at each year end was as follows:

	Year Ended 28 February 2019 £'000	Year Ended 28 February 2018 £'000	Year Ended 28 February 2017 £'000
Corporation tax payable / (receivable)	1,093	178	(2,651)

Corporation tax payable at the end of the year reflects the tax charge for the year, less corporation tax payments on account made during the year. In years where the corporation tax balance is a receivable this reflects that payments were made in excess of the tax charge due.

8. **Intangible assets and Goodwill**

The consolidated balance sheet 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 of goodwill is a key judgement (see Note 1).

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.

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 acquiree 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

Notes *(continued)*

8. Intangible assets and Goodwill *(continued)*

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) Other intangible assets

Other intangible assets 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.

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 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**

8. Intangible assets and Goodwill *(continued)*

Intangible assets and Goodwill as at 28 February 2018:

	Software development £'000	Brand valuation £'000	Customer valuation £'000	Goodwill £'000	Total £'000
Cost:					
At 1 March 2017	43,182	51,738	92,690	443,271	630,881
Additions	27,083	—	—	—	27,083
Disposals	(19,413)	—	—	—	(19,413)
At 28 February 2018	**50,852**	**51,738**	**92,690**	**443,271**	**638,551**
Accumulated amortisation:					
At 1 March 2017	(17,732)	(10,117)	(34,505)	—	(62,354)
Amortisation	(9,799)	(5,168)	(17,709)	—	(32,676)
Disposals	19,413	—	—	—	19,413
At 28 February 2018	**(8,118)**	**(15,285)**	**(52,214)**	**—**	**(75,617)**
Carrying amounts:					
At 28 February 2018	**42,734**	**36,453**	**40,476**	**443,271**	**562,934**

Intangible assets and Goodwill as at 28 February 2017:

	Software development £'000	Brand valuation £'000	Customer valuation £'000	Goodwill £'000	Total £'000
Cost:					
At 1 March 2016	29,055	51,700	92,500	336,449	509,704
Acquired through business combinations	4,218	38	190	106,822	111,268
Additions	12,659	—	—	—	12,659
Disposals	(2,750)	—	—	—	(2,750)
At 28 February 2017	**43,182**	**51,738**	**92,690**	**443,271**	**630,881**
Accumulated amortisation:					
At 1 March 2016	(9,348)	(4,898)	(16,752)	—	(30,998)
Amortisation	(10,160)	(5,219)	(17,753)	—	(33,132)
Disposals	1,776	—	—	—	1,776
At 28 February 2017	**(17,732)**	**(10,117)**	**(34,505)**	**—**	**(62,354)**
Carrying amounts:					
At 28 February 2017	**25,450**	**41,621**	**58,185**	**443,271**	**568,527**

Of the amortisation charge for the year ended 28 February 2019, £24,300,000 (2018: £25,200,000, 2017: £24,800,000) related to the amortisation of intangible assets which were recognised on the Group's acquisition of Trainline.com Limited and Trainline SAS, while £12,400,000 (2018: £7,500,000, 2017: £8,300,000) 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, 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 £443,271,000 which comprises:

i. £336,449,000 from the FY16 acquisition of Trainline.com

ii. £106,822,000 from the FY17 acquistion of Trainline SAS (formerly Captain Train SAS)

8. Intangible assets and Goodwill *(continued)*

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	At 28 February 2019 £'000	At 28 February 2018 £'000	At 28 February 2017 £'000
UK Consumer	351,271	351,271	351,271
UK T4B	—	—	—
International	92,000	92,000	92,000
Total Goodwill	**443,271**	**443,271**	**443,271**

For the year ended 28 February 2019 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:

	UK Consumer	UK T4B	International
Pre-tax discount rate	14.5%	N/A	16%
Terminal growth rate[1]	2%	N/A	2%
Number of years forecasted before terminal growth rate applied	5	N/A	5

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

There were no impairments in the year ended 28 February 2019, 28 February 2018 or 28 February 2017.

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 Value in Use 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.

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. The sensitivity analysis is included below and shows clear headroom for all outcomes.

Sensitivity analysis

The group has conducted 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.

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

None of the above reasonably possible scenarios result in an impairment in any of the CGUs, there is still clear headroom in all CGUs.

9. 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	3-7 years/remaining lease life if shorter

Property Plant and Equipment as at 28 February 2019:

	Plant and equipment £'000	Leasehold improvements £'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**

Property Plant and Equipment as at 28 February 2018:

	Plant and equipment £'000	Leasehold improvements £'000	Total £'000
Cost:			
At 1 March 2017	5,303	3,619	8,922
Additions	1,103	1,222	2,325
Disposals	(437)	(452)	(889)
At 28 February 2018	**5,969**	**4,389**	**10,358**
Accumulated depreciation and impairment:			
At 1 March 2017	(3,098)	(644)	(3,742)
Depreciation	(1,096)	(365)	(1,461)
Disposals	437	452	889
At 28 February 2018	**(3,757)**	**(557)**	**(4,314)**
Carrying amounts:			
At 28 February 2018	**2,212**	**3,832**	**6,044**

Notes *(continued)*

9. Property, plant and equipment *(continued)*

Property Plant and Equipment as at 28 February 2017:

	Plant and equipment £'000	Leasehold improvements £'000	Total £'000
Cost:			
At 1 March 2016	3,632	464	4,096
Acquired through business combinations	303	—	303
Additions	1,460	3,155	4,615
Disposals	(92)	—	(92)
At 28 February 2017	**5,303**	**3,619**	**8,922**
Accumulated depreciation and impairment:			
At 1 March 2016	(1,670)	(312)	(1,982)
Depreciation	(1,513)	(332)	(1,845)
Disposals	85	—	85
At 28 February 2017	**(3,098)**	**(644)**	**(3,742)**
Carrying amounts:			
At 28 February 2017	**2,205**	**2,975**	**5,180**

10. Trade and other receivables

Trade and other receivables include amounts due from credit card companies for consumer ticket sales and amounts due from business customers and Train Operating Companies on account. The Group assesses at each reporting date whether there is objective evidence that trade and other receivables are impaired. An impairment allowance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

	As at 28 February 2019 £'000	As at 28 February 2018 £'000	As at 28 February 2017 £'000
Trade receivables	30,048	15,929	28,280
Other receivables	5,675	5,803	1,986
Prepayments and accrued income	11,473	11,967	3,599
Security deposits	—	3,806	2,009
	47,196	**37,505**	**35,874**

There is no material difference between the carrying value and fair value of trade and other receivables. See note 18 for more detail on the trade and other receivables accounting policy.

Trade receivables are net of an allowance for bad or doubtful debts of £168,000 (2018: £200,000, 2017: £40,000). Trade receivables are recognised and carried at the lower of their original invoiced value and their recoverable amount.

11. Trade and other payables

Trade and other payables include liabilities for ticket sale monies to be passed on to carriers, as well as accounts payable and accruals for general business expenditure and deferred revenue.

	As at 28 February 2019 £'000	As at 28 February 2018 £'000	As at 28 February 2017 £'000
Trade payables	132,703	102,444	99,137
Accruals and deferred revenue	28,981	26,968	18,297
Other payables	—	—	216
	161,684	**129,412**	**117,650**

Notes *(continued)*

11. Trade and other payables *(continued)*

There is no material difference between the carrying value and fair value of trade and other payables presented. See note 18 for more detail on the trade and other payables accounting policy.

12. 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.

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.

	As at 28 February 2019 £'000	As at 28 February 2018 £'000 Restated	As at 28 February 2017 £'000 Restated
Non-current liabilities			
Secured bank loan[1]	198,954	199,032	197,725
Unsecured PIK loan and accrued interest[2]	66,874	59,389	52,833
Other term debt	610	424	802
	266,438	**258,845**	**251,360**
Current liabilities			
Accrued interest on secured bank loans	2,815	—	—
Secured bank loans	—	200	80
	2,815	**200**	**80**

1. Included within the secured bank loan is the principal amount of £205,000,000 (2018: £205,000,000, 2017: £205,000,000) and directly attributable transaction costs of £6,200,000 (2018: £6,084,000, 2017: £7,300,000).
2. Included within the unsecured PIK loan is the principal amount of £50,000,000 (2018: £50,000,000, 2017: £50,000,000), accrued interest of £19,044,000 (2018: £11,700,000, 2017: £5,300,000) and directly attributable transaction costs of £2,169,000 (2018: £2,300,000, 2017: £2,500,000).

Terms and repayment schedule

Agreement	Interest Rate	Year of maturity	Face Value £'000	Carrying amount £'000
Secured bank loan	LIBOR +4.5%	2022	205,000	198,954
PIK loan	LIBOR +11.0%	2023	50,000	66,874
Other term debt		2019 -22	610	610
Total Borrowings			**255,610**	**266,438**

The secured bank loan is secured by a fixed and floating charge against certain assets of the Group.

The Group is subject to bank covenants, all of which have been met during the year.

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 £'000	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Bank term debt	234,621	9,688	9,714	215,219	—
PIK Loan	107,492	—	—	107,492	—
Other term debt	633	228	184	221	—
	342,746	**9,916**	**9,898**	**322,932**	**—**

Notes *(continued)*

12. Loans and borrowings *(continued)*

Revolving finance facility

A revolving credit facility is used to provide letters of credit required to secure the obligations of the Group to carriers in respect of tickets sold. In addition, the facility is available to fund short term working capital if required.

In October 2018, the Group entered into a refinancing agreement for an increased £130,000,000 revolving credit facility (facility of £60,000,000 as at 28 February 2018) to be able to provide bonding security to carriers via bank guarantees and for general corporate liquidity purposes. Of the £130,000,000, £30,000,000 can be drawn down in cash or bank guarantees and the remaining £100,000,000 can only be drawn down in bank guarantees.

The Group's revolving credit facility is secured by a fixed and floating charge over certain assets of the Group. Interest is payable on cash amounts drawn down at a margin of 2% to 3% above LIBOR and a commitment fee of 0.9% to 1.1% is payable on unutilised amounts.

An amount of £92,284,000 (2018: £59,340,000, 2017: £59,600,000) had been drawn down as at 28 February 2019 in respect of bank guarantees. No amounts have been drawn down in cash. This facility is not recognised on the balance sheet unless amounts are drawn down in cash.

13. Other employee benefits

This note explains the accounting policies governing the Group's pension schemes and details the calculations and actuarial assumptions related to these.

The majority of the Group's employees are members of a defined contribution pension scheme. Additionally, the Group operates one defined benefit pension plan which is closed to new entrants.

For defined contribution schemes, the Group pays contributions into separate funds on behalf of the employee and has no further obligations to employees. The risks associated with this type of plan are assumed by the member. Contributions paid by the Group in respect of the current period are included within the income statement in Employee Costs.

The defined benefit scheme is a pension arrangement under which participating members receive a pension benefit at retirement determined by the scheme rules, salary and length of pensionable service. The income statement charge for the defined benefit scheme is the current/past service cost and the net interest cost which is the change in the net defined benefit liability that arises from the passage of time. The Group underwrites both financial and demographic risks associated with this type of plan.

Accounting Policy

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contribution is recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plans

The Group participates in a defined benefit scheme which is closed to new members. The assets of the scheme are held separately from those of the Group. Pension scheme assets are measured using market values.

13. Other employee benefits *(continued)*

The Group's net obligation in respect of defined benefit plans is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed every period end by a qualified actuary using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

The scheme is subject to an asset ceiling, meaning when the scheme is remeasured and shows a net asset position an 'asset ceiling' is applied equal to this amount, meaning the Group recognises no asset on its Balance Sheet. This is because the Group does not have an irrevocable right to the surplus of the scheme. If the scheme is in a net deficit the Group would recognise the liability.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the income statement.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the income statement. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Defined benefit pension plan

(a) The Scheme

Qjump Limited, a subsidiary of Victoria Investments Finco Limited, operates a defined benefit pension scheme which is closed to new entrants. The Qjump Shared Cost Section of the Railways Pension Scheme ("the Scheme") is a funded scheme and provides benefits based on final pensionable pay. The assets of the Scheme are held separately from those of the company and are managed by RPMI.

As the scheme is currently in an asset position no contributions are expected from the Group in the coming year, apart from the cover the scheme administration costs.

Triennial valuation

The last formal valuation was carried out by independent actuaries Towers Watson Ltd as at 31 December 2016.

13. Other employee benefits *(continued)*

IAS 19R Employee benefits valuation

The IAS 19 valuations of the defined benefit pension scheme have been updated at each period end, the latest being 28 February 2019 by qualified independent actuaries Towers Watson Ltd. The main financial assumptions applied in the valuations and an analysis of schemes' assets are as follows:

(i) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Year Ended 28 February 2019 % pa	Year Ended 28 February 2018 % pa	Year Ended 28 February 2017 % pa
Discount Rate	2.7	2.5	2.5
Price Inflation (RPI measure)	3.2	3.2	3.2
Increases to deferred pensions (CPI measure)	2.2	2.2	2.2
Pension increase (CPI measure)	2.2	2.2	2.2
Salary increase	n/a	n/a	n/a

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

	Year Ended 28 February 2019	Year Ended 28 February 2018	Year Ended 28 February 2017
Longevity at age 65 for current pensioners			
Males	20.7	20.6	21.4
Females	23.2	23.1	23.4
Longevity at age 65 for current members aged 45			
Males	22.7	22.6	23.6
Females	25.1	25.0	25.8

Assumptions used are best estimates from a range of possible actuarial assumptions, which may not necessarily be borne out in practice.

Given the net position is not significant, changes in assumptions are not likely to impact the valuation significantly.

When defined benefit funds have an IAS 19 surplus, they are recorded at the lower of that surplus and the future economic benefits available in the form of a cash refund or a reduction in future contributions. Any adjustment to the surplus is recorded in other comprehensive income.

	Year Ended 28 February 2019 £'000	Year Ended 28 February 2018 £'000	Year Ended 28 February 2017 £'000
Liability			
Deferred members	(3,468)	(3,623)	(3,724)
Pensioner members (Including dependents)	(610)	(616)	(607)
Total	(4,078)	(4,239)	(4,331)
Value of assets at end of year	4,491	4,605	4,607
Funded Status at end of year	413	366	276
Adj. for the members share of surplus	(165)	(146)	(110)
Effect of asset ceiling	(248)	(220)	(166)
Net defined benefit (liability) / asset at end of year	—	—	—

Notes *(continued)*

13. Other employee benefits *(continued)*

	Year Ended 28 February 2019 £'000	Year Ended 28 February 2018 £'000	Year Ended 28 February 2017 £'000
Employer's share of administration cost	23	37	27
Past service cost adjustment	7	—	—
Total employer's share of service cost	30	37	27
Employer's share of net interest on net defined benefit	—	—	—
Employer's share of pension expense	**30**	**37**	**27**

(ii) Other comprehensive income (OCI)

	Year Ended 28 February 2019 £'000	Year Ended 28 February 2018 £'000	Year Ended 28 February 2017 £'000
Loss/(gain) due to the liability expense	34	50	(63)
(Gain)/loss due to the liability assumption changes	(143)	(189)	1,148
Adjustment for the members' share	37	59	(291)
Cost/(return) on plan assets greater than discount rate	20	(7)	(360)
Change in effect of the asset ceiling	22	50	(461)
Total gain recognised in the OCI	**(30)**	**(37)**	**(27)**

(b) Movements in net defined benefit asset/liability

The following table shows the reconciliation from the opening balances to the closing balances for net defined benefit liability /asset and its components.

	Year Ended 28 February 2019 £'000	Year Ended 28 February 2018 £'000	Year Ended 28 February 2017 £'000
Defined benefit obligation			
Opening balance	4,239	4,331	3,163
Interest cost	104	108	116
Defined benefit obligation	**4,343**	**4,439**	**3,279**
Actuarial gain arising from:			
Financial assumptions	(143)	—	1,148
Experience adjustment	34	50	(63)
Demographic adjustment	—	(189)	—
	4,234	**4,300**	**4,364**
Other			
Benefits paid	(168)	(61)	(33)
Section amendment	12	—	—
Closing balance	**4,078**	**4,239**	**4,331**

13. Other employee benefits *(continued)*

Reconciliation of value of assets:

	Year Ended 28 February 2019 £'000	Year Ended 28 February 2018 £'000	Year Ended 28 February 2017 £'000
Opening value of scheme assets	4,605	4,607	4,172
Interest income on assets	113	114	153
Return on plan assets greater than discount rate	(20)	7	360
Employer contributions	—	—	—
Actual benefit payments	(168)	(61)	(33)
Administration costs	(39)	(62)	(45)
Closing value of scheme assets	**4,491**	**4,605**	**4,607**

(c) Plan assets

Plan assets comprise:

	As at 28 February 2019 £'000	As at 28 February 2018 £'000	As at 28 February 2017 £'000
Equities	2,703	2,844	2,896
Government bond	1,383	1,559	1,620
Non-Government bond	398	200	88
Other assets	7	2	3
	4,491	**4,605**	**4,607**

All equity securities and government bonds have quoted prices in active markets

14. Provisions

The Group holds provisions in relation to dilapidations and VAT.

Accounting policy

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

The Group provides for the cost of dilapidations in relation to the London, Edinburgh and Paris offices over the minimum term of the leases.

The Group has provided for VAT previously recovered in respect of certain professional services costs, this recovery was challenged by HMRC and the case has been taken to tribunal. A provision has been established and interest accrued on the provision in case the Company is not successful in the tribunal.

Provisions at 28 February 2019:

	Dilapidation £'000	VAT £'000	Total £'000
As at 1 March 2018	602	891	1,493
Provision made during the year	53	20	73
Provision used during the year	—	—	—
As at 28 February 2019	**655**	**911**	**1,566**

Notes *(continued)*

14. Provisions *(continued)*

Provisions at 28 February 2018:

	Dilapidation £'000	VAT £'000	Total £'000
As at 1 March 2017	433	871	1,304
Provision made during the year	169	20	189
Provision used during the year	—	—	—
As at 28 February 2018	**602**	**891**	**1,493**

Provisions at 28 February 2017:

	Dilapidation £'000	VAT £'000	Total £'000
As at 1 March 2016	378	851	1,229
Provision made during the year	346	20	366
Provision used during the year	(291)	—	(292)
As at 28 February 2017	**432**	**871**	**1,303**

15. Capital and reserves

Share Capital (shares classified in shareholders' funds)

Group and Company

	As at 28 February 2019		As at 28 February 2018		As at 28 February 2017	
	Number	£'000	Number	£'000	Number	£'000
Allotted, called up and fully paid:						
Ordinary shares of £0.10 each	1,557,460	155	1,557,460	155	1,557,460	155
	1,557,460	155	1,557,460	155	1,557,460	155

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.

As at February 28, 2019, the fully paid up subscribed capital amounts is £155,000 (2018: £155,000, 2017: £155,000) and is represented by 150,342 Class A shares, 977,712 Class B shares, 348,334 Class C shares, 15,425 Class D shares and 65,647 Class E shares, all having a nominal value of £0.10.

The shares were issued at a premium of £26,283,000.

Convertible Preferred Equity Certificates (CPECs)

As at 28 February 2019, the Company has issued CPECs for an aggregate amount of £310,735,000 (2018: £310,735,000, 2017: £310,735,000).

At any time but before liquidation the Company shall be entitled to convert some or all of the CPECs into Conversion Shares by requiring the holders to exchange the relevant CPECs for the Conversion Shares at the Conversion ratio and the Holders holding not less than 75% of the CPECs shall not be entitled to convert some or all of the CPECs into Conversion Shares, in each case, at the Conversion ratio. Any such conversion of some, but not all, of the CPECs shall be pro-rata between holders (as nearly as may be) to the number of CPECs held by the holders respectively and so that, for the avoidance of doubt, if the holders holding not less than 75% of the CPECs exercise their right to convert some or all of their CPECs into Conversion Shares, this shall require the other Holders to convert some or all of their CPECs in the same proportion into Conversion Shares.

Conversion ratio means the exchange rate between CPECs and Conversion shares being 1 CPEC for 1 Conversion share, subject to such adjustment in respect of any changed to the Company's share capital, as the Directors may determine in its absolute discretion.

Notes *(continued)*

15. Capital and reserves *(continued)*

The Conversion shares shall be class B shares of each numerical class in existence at that time in the same proportions as regards the different numerical classes as the number of class B shares of the different numerical classes in issue immediately before the conversion bear to each other.

Foreign exchange reserve

The foreign exchange reserve represents the exchange differences upon consolidation of foreign entities.

Other Reserves

Other reserves primarily consists of Treasury shares which are held by the Group's EBT. Movements in Treasury shares occur when employee's leave or join the Group's share option schemes.

16. Operating leases

The Group's operating leases consist of the lease of office buildings.

Accounting Policy

(i) Leased assets

Assets held under leases that transfer substantially all of the risks and rewards of ownership are classified as finance leases. During the year to and ending 28 February 2019, the Group did not hold any finance leases (year to and ending 28 February 2018: none, year to and ending 28 February 2017: none).

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

(ii) Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

The future minimum lease payments under non-cancellable leases were payable as follows:

	As at 28 February 2019 £'000	As at 28 February 2018 £'000	As at 28 February 2017 £'000
Property, Land and Building			
Not later than one year	3,068	2,615	2,306
After one year, but not more than five	11,585	9,436	3,235
Greater than five years	6,911	6,841	14,365
	21,564	**18,892**	**19,906**

The income statement lease expense for the period was £2,538,000 (2018: £2,754,000, 2017: £1,769,000).

Notes *(continued)*

17. Changes in liabilities arising from financing activities

The table below details changes in liabilities arising from financing activities, including both cash and non-cash changes.

	Loans & Borrowings (Current & Non-current) £'000	Other non-current liabilities £'000	Total £'000
Balance at 1 March 2018	**259,044**	**18,641**	**277,685**
Changes from cash flows			
Interest paid	(11,385)	—	(11,385)
Issue costs relating to loans and borrowings	(925)	—	(925)
Redemption of other non-current liabilities	—	(2,003)	(2,003)
Total changes from financing cash flows	**(12,310)**	**(2,003)**	**(14,313)**
Changes in fair value	—	2,923	2,923
Other changes			
Capitalised borrowing costs	1,355	—	1,355
Interest expense	21,164	—	21,164
Balance at 28 February 2019	**269,253**	**19,561**	**288,814**

18. Financial Instruments

Financial instruments comprise financial assets and financial liabilities. The fair values and carrying amounts are set out in the table below.

Accounting Policy

Categorisation within the hierarchy, measured or disclosed at fair value, has been determined based on the lowest level of input that is significant to the fair value measurement as follows:

- Level 1 – valued using quoted prices in active markets for identical assets or liabilities
- Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1
- Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data

	Measurement level	As at 28 February 2019	As at 28 February 2018	As at 28 February 2017
Cash and cash equivalents	1	94,477	69,678	73,979
Trade and other receivables	1	47,196	37,505	35,874
Derivative assets	2	460	1,539	—
Total financial assets		142,133	108,722	109,853
Trade and other payables	1	(161,684)	(129,412)	(117,650)
Loans and borrowings	2	(266,438)	(258,845)	(251,360)
Other non-current liabilities	3	(19,561)	(18,641)	(17,061)
Total financial liabilities		(447,683)	(406,898)	(386,071)

All financial assets and financial liabilities shown above, except for derivative assets and loans and borrowings, are valued at carrying amount or at fair value using Level 1 measurements. The fair value of the derivative asset interest rate cap and loans and borrowings was determined using Level 2 inputs. There have been no transfers between levels in any of the years. Other non-current liabilities are valued using market established valuation techniques. For other non-current liabilities fair value assumptions please see note 20

Notes *(continued)*

18. Financial Instruments *(continued)*

Financial assets

The Group classifies its non-derivative financial assets into the following categories: cash and cash equivalents and trade and other receivables. The classification depends on the purpose for which the assets are held. The classification is first performed at initial recognition and then re-evaluated at every reporting date for financial assets other than those held at fair value through the income statement.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

The carrying value of cash in the statement of financial position is valued at fair value.

(ii) Trade and other receivables

Trade and other receivables are initially recognised at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses. Trade and other receivables are presented in current assets in the statement of financial position, except for those with maturities greater than one year after the reporting date.

Trade and other receivables, classified as financial assets, exclude prepayments.

(iii) Derivative assets

The Group's only derivative asset is an interest rate cap, which is used according to the Group's risk management policy relating to interest rate risk.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value through profit and loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the interest rate cap held at year end was valued based on broker quotes.

Financial liabilities

The Group classifies its financial liabilities into the following categories: trade and other payables, loans and borrowings and other non-current liabilities.

(i) Trade and other payables

Trade payables and accruals, which include amounts owed to carriers in respect of ticket sale monies that the Group has collected on their behalf, and amounts due to other suppliers for general business expenditure, are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Trade and other payables, classified as a financial liabilities, exclude deferred revenue.

(ii) Loans and *borrowings*

The financial liabilities recognised in this category include secured loan facilities and preference shares held by the Group and are presented in borrowings in both current and non-current liabilities in the statement of financial position.

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.

(iii) Other non-current liabilities

The Company has issued phantom entitlements as disclosed in note 20.

18. Financial Instruments *(continued)*

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group's overall risk management framework seeks to minimise potential adverse effects on the Group's financial performance.

(i) Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

(ii) Market risk

The Group is exposed to movements in LIBOR on its variable rate secured bank loan (see note 12) and the company has transactional foreign currency exposures, which arise from sales and purchases by the relevant segment in currencies other than the Group's functional currency.

To manage the risk of LIBOR rate increases, the Group holds an interest rate cap which has the effect of limiting the Group's exposure on €190 million of its borrowings to a maximum LIBOR of 1.0%. This cap expires January 2021. As a result, the Group does not anticipate any material movements that would impact the Group's results in the next 12 months.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. Trade receivables are assessed for risk of default by customers on a periodic basis and terms of trade are adjusted accordingly. Trade receivables are insured on risk and cost grounds.

Under the terms of Group's retail licenses, carriers require certain security arrangements with the Group in order to mitigate its credit risk under the payment and settlement procedures outlined in the licences. The Group satisfies these security arrangements through letters of credit from the Group's lenders. The letters of credit are provided under the Group's £130,000,000 revolving credit facility, details of which are included in Note 12.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains a daily rolling cash forecast in order to ensure that it has sufficient liquidity to cover all expected cash flows including scheduled repayment of debt.

In addition, a revolving credit facility under which the Group is able to draw down cash of up to £30,000,000 is in place.

Capital Management

The Group defines capital as equity, borrowings (note 12) and cash and cash equivalents. The Group's policy is to maintain a strong capital base that ensures financial stability and provides a solid foundation for ongoing development of business operations and maintains investor and creditor confidence. The Group's

18. Financial Instruments *(continued)*

objectives when managing capital are to ensure the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders. The Group currently has sufficient capital for its needs.

The Group has externally imposed requirements for managing capital under the terms of its loan facility. These requirements limit the use of cash for items such as capital expenditure, investing activities and loans and credit.

19. Capital commitments

This note details any capital commitments in contracts that the Group has entered into which have not been recognised as liabilities on the balance sheet

The Group's capital commitments at 28 February 2019 are £nil (2018: £nil, 2017: £nil).

20. Other non-current liabilities

As part of the Group's acquisition of Captain Train SAS, the Group issued non-cash consideration in the form of Phantom Shares and Phantom CPECs to certain employee-shareholder and venture capital sellers. These Phantom Shares and Phantom CPECs entitle the holders to cash returns, payable on a liquidity event, that mirror the economics of the Company's actual shares and CPECs on issue. Where employee-shareholders of Captain Train SAS continued to provide services to the post-combination group and had leaver conditions attached to their Phantom Shares, their Phantom Shares are accounted for as share based payments under IFRS 2 (see note 21). This note details the Group's liabilities for all other Phantom securities.

Accounting Policy

Phantom securities issued by the Group are accounted for as financial liabilities under IAS 32, unless they fall within the scope of another standard (e.g. IFRS 2). They are initially recognised at their fair value on the date of issue, and are subsequently remeasured to fair value at each reporting date. Gains and losses on fair value remeasurement are recognised in net finance costs.

The carrying value and fair value of Phantom securities accounted for as financial liabilities were as follows:

The carrying value of each instrument on the balance sheet was:

	At 28 February 2019 £'000	At 28 February 2018 £'000 Restated	At 28 February 2017 £'000 Restated
Put/Call option over CPECs	13,497	13,368	12,551
Put/Call option over A, B and Es	6,064	5,273	4,510
	19,561	**18,641**	**17,061**

The expense interest expense recognised in the period for put/call option over CPECS was £1,083,000 (2018: £928,000, 2017: £854,000). The fair value movement booked in other reserves in relation to the Put/Call options over A, B and Es was £791,000 (2018: £763,000, 2017: £423,000). The put/call options over A, B and Es are valued using the same methodology and assumptions as the share based payments described in note 21.

21. Share based payments

The Group holds two cash settled share-based payment schemes. Both schemes are re-valued to their fair value at each year end.

Accounting policy

The Group holds two share based payment arrangements that are cash-settled. Cash-settled share based payments to employees are initially measured and recorded as a liability at the fair value of the equity

21. Share based payments *(continued)*

instruments. The initial fair value is then expensed in employee benefit expenses evenly over the vesting period. The fair value is remeasured at each balance sheet date with any changes recognised in net finance costs for the relevant period.

Joint Share Ownership Plan ("JSOP")

The JSOP is a share ownership scheme under which the employee and Equity Trust (Jersey) Limited, the EBT Trustee, hold a joint interest in Class A shares. Interests under the JSOP take the form of restricted interests in Class A shares in the Company. An interest permits a participant to benefit from the increase (if any) in the value of a number of Class A shares in the Company over specified threshold amounts. In order to acquire an interest, a participant must enter into a co-ownership agreement with the EBT Trustee, under which the participant acquires shares from the EBT Trustee and agree that when the shares are sold the participant has a right to receive the proportion of the sale proceeds that exceed the threshold amount. The vesting of interests granted to employees is subject to the JSOP interest holder continuing to be an employee. Interests vest in stages over a five-year period commencing on a specified date. The fair value of interests awarded under the JSOP was determined using a Monte-Carlo option pricing model.

Phantom shares

As part of the Group's consideration for the acquisition of Capitaine Train SAS on 16 April 2016, the Group issued Phantom A, B and E shares to certain selling shareholder-employees of Capitaine Train SAS, who went on to become employees of the post-combination Group.

These Phantom Shares and CPECs entitle the holders to cash proceeds in a liquidity event that are calculated as if the holders held the actual shares and CPECs issued by the Group. The Phantom Shares are also subject to a put/call option that is exercisable by the Company in the event that the holders leave the business. The exercise prices for this put/call option depend in part on the holder's length of service in the post-combination business and leaver status. As a result of the link between the put/call option exercise pricing and the holders continued employment in the Group, the arrangement is required to be accounted for under IFRS2 as a cash-settled share based payment.

Key assumptions used in valuing the share based payments were as follows:

	Year ended 28 February 2019	Year ended 28 February 2018	Year ended 28 February 2017
Exit date	28/02/2020	28/02/2020	28/02/2020
Volatility	34%	34%	34%
Risk free rate	0.83%	0.72%	0.12%

Carrying value and fair value of share based payment liabilities

The carrying value and fair value of the Group's cash-settled share based payment arrangements were determined using Monte-Carlo option pricing models.

	At 28 February 2019 £'000	At 28 February 2018 £'000 Restated	At 28 February 2017 £'000 Restated
Joint Share Ownership Plan	3,961	2,132	169
Phantom shares	4,072	4,750	4,852
	8,033	**6,882**	**5,021**

The expense recognised in the period for share based payments is £2,499,000 (2018: £2,373,000, 2017: £246,000). Of these amounts £3,309,000 (2018: £1,846,000, 2017: 168,000) was recorded in Employee Costs (Note 4) and (£810,000) (2018: £527,000, 2017: £78,000) was recorded in Net Finance Costs (Note 6).

Notes *(continued)*

21. Share based payments *(continued)*

The movements in share awards are summarised as follows:

Outstanding	JSOP interests Number	Phantom Shares Number
At 1 March 2018	45,214	36,009
Granted	35,537	—
Forfeited	(22,643)	(1,691)
Exercised	—	—
At 28 February 2019	**58,108**	**34,318**

Outstanding	JSOP interests Number	Phantom Shares Number
At 1 March 2017	41,005	38,663
Granted	8,213	—
Forfeited	—	(2,654)
Exercised	(4,004)	—
At 28 February 2018	**45,214**	**36,009**

Outstanding	JSOP interests Number	Phantom Shares Number
At 1 March 2016	41,005	38,798
Granted	—	—
Forfeited	—	(135)
Exercised	—	—
At 28 February 2017	**41,005**	**38,663**

22. List of subsidiaries

The Group holds, directly or indirectly, share capital in the following companies:

Name of company	Country of Incorporation	Principle activity	Ownership	Registered Address
Victoria Intermediate Topco Limited	Jersey	Intermediate holding company	100%	b
Victoria Finco Limited	Great Britain	Intermediate holding company	100%	a
Victoria Investments Intermediate Holdco Limited	Great Britain	Intermediate holding company	100%	a
Victoria Investments PIKCo Limited	Great Britain	Intermediate holding company	100%	a
Victoria Investments Midco Limited	Great Britain	Intermediate holding company	100%	a
Victoria Investments Bidco Limited	Great Britain	Intermediate holding company	100%	a
Victoria Investments Newco Limited$_1$	Jersey	Intermediate holding company	100%	b
Trainline Investments Holdings Limited	Great Britain	Intermediate holding company	100%	a
Trainline International Limited	Great Britain	Rail ticket retail and distribution	100%	a
Trainline France SAS	France	Intermediate holding company	100%	c
Trainline Junior Mezz Limited	Great Britain	Intermediate holding company	100%	a
Trainline SAS	France	Rail ticket retail and distribution	100%	c
Trainline Group Investments Limited	Great Britain	Intermediate holding company	100%	a
Trainline Holdings Limited	Great Britain	Intermediate holding company	100%	a
Trainline.com Limited	Great Britain	Rail ticket retail and distribution	100%	a
Qjump Limited	Great Britain	Rail ticket retail and distribution	100%	a
Trainline Rail Enquiry Services Limited	Great Britain	Non trading	100%	a
Trainline Short Breaks Limited	Great Britain	Dormant	100%	a
Trainline Italia S.R.L	Italy	Intragroup services	100%	d

22. List of subsidiaries *(continued)*

Registered address key:

a 120 Holborn, London, EC1N 2TD
b 47 Esplanade, St Hellier, Jersey, JE1 0BD
c 20 rue Saint Georges, 75009 Paris
d Corso Vercelli, 40 20145 Milan, Italy
1 Victoria Investments Newco Limited is incorporated in Jersey but tax domiciled in UK.

23. Related parties

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

Transactions with Shareholders

At 28 February 2019, the ultimate controlling party of the company is KKR and Co. Inc on behalf of the funds under its management. As part of this control and ownership certain fees are payable to KKR and Co. Inc or associated companies, as detailed below.

During the financial year ended 28 February 2019, the Group paid KKR and Co. Inc £534,000 (2018: £625,000, 2017: £498,000) in relation to Directors fees and other subsidiaries of KKR and Co. Inc £928,000 (2018: £904,000, 2017: £858,000) in relation to advisory services.

Transactions with key management personnel of the Group

Key Management Personnel are defined as member of the Group's Strategic Board.

See note 6 for details of compensation of key management personnel. Certain employees hold shares in the Group, including Key Management Personnel. The underlying agreement in relation to these shares includes a call options which allows settlement in equity. It also includes employment conditions and therefore all shares are accounted for as equity settled share based payments. As these shares were purchased at fair value at the date of the KKR acquisition of Trainline no associated share based payment charge booked through the income statement.

Key Management Personnel had the following share holdings at each year end:

	Class A Number	Class B Number	Class C Number	Class D Number	CPECs Number
Year ended 28 February 2019	52,200	16,476	164,819	7,594	5,182,519
Year ended 28 February 2018	52,200	16,476	156,742	7,594	5,182,519
Year ended 28 February 2017	52,200	16,476	156,742	7,594	5,182,519

Where Key Management Personnel are accruing share based payments as part of the JSOP or Phantom Share Schemes the quantum of this charge per financial year is detailed in note 4.

24. 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 including in basic and diluted earnings per share calculations.

Accounting policy

The Group calculates earnings per share in accordance with the requirements of IAS 33.

Two types of earnings per share are reported:

(i) Basic earnings per share

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

24. Earnings per share *(continued)*

For the purposes of IAS 33, an 'Ordinary Share' is an equity instrument that is subordinate to all other classes of equity instruments. Ordinary Shares participate in profit for the period only after all other types of shares have participated.

As the Group has more than one class of equity instrument on issue, it reviews the terms of each equity instrument and determines which class or classes are subordinate to all other equity instruments. Superior classes of share that participate in profit for the period ahead of Ordinary Shares are classified as 'Participating Shares'.

When determining the share of overall group profits or losses that are attributable to Ordinary Shares, the Group adjusts total profit and loss to remove those elements of profit and loss that are attributable to Participating Shares.

(i) Diluted earnings per share

Adjusts the earnings attributable to ordinary equity holders of the Company and the weighted average number of shares outstanding used in the basic earnings per share calculation for the effects of all dilutive 'Potential Ordinary Shares'.

Potential Ordinary Shares are financial instruments or other contracts that may entitle their holders to Ordinary Shares. Examples of Potential Ordinary Shares could include convertible preference shares and share options, the exercise of which would result in additional Ordinary Shares being issued.

	At 28 February 2019	At 28 February 2018	At 28 February 2017
Weighted average number of ordinary shares for basic earnings per share;			
Class A shares	150,342	150,342	150,342
Class B shares	977,712	977,712	977,712
Treasury shares	(65,389)	(65,389)	(65,389)
Total ordinary shares for basic earnings per share	**1,062,665**	**1,062,665**	**1,062,665**
Dilutive impact of CPECS convertible to B shares	308,444,172	308,444,172	308,444,172
Weighted average number of ordinary shares for diluted earnings per share	**309,506,837**	**309,506,837**	**309,506,837**

	At 28 February 2019 £'000	At 28 February 2018 £'000	At 28 February 2017 £'000
Loss after tax	(13,670)	(24,202)	(30,237)
Accumulating preferred dividends on CPECs	(30,952)	(28,085)	(25,334)
Basic and diluted earnings	**(44,622)**	**(52,287)**	**(55,571)**
	£	**£**	**£**
Basic earnings/(loss) per share	**(41.99)**	**(49.20)**	**(52.29)**
Diluted earnings/(loss) per share	**(0.14)**	**(0.17)**	**(0.18)**

25. Business combinations

On 13 April 2016 the Group acquired Capitaine Train SAS for consideration of €143.3m satisfied in cash, equity and loan notes.

Accounting policy

The Group accounts for business combinations in line with IFRS 3. The consideration transferred is measured at fair value, as are the identifiable net assets acquired. Transaction costs are expensed as incurred

Notes *(continued)*

25. Business combinations *(continued)*

The Company provided an online booking platform and mobile apps that allow customers to book train tickets in Europe without any hassle and at the best price. The purpose of the acquisition by Trainline was to continue to expand its operations into Europe and make European travel by train easier and more accessible than ever before.

From the date of acquisition to 28th February 2017 the subsidiary contributed net loss of £2,100,000 to the consolidated net loss for the year. If the acquisition had occurred on first day of accounting period, the subsidiary revenue would have been an estimated £4,200,000 and the net loss would have been an estimated £2,200,000. In determining these amounts, management assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on first day of accounting period.

Effect of acquisition

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

	Recognised values on acquisition £`000
Acquiree's net assets at the acquisition date:	
Property, plant and equipment	303
Intangible assets	4,446
Trade and other receivables	889
Cash and cash equivalents	4,077
Interest-bearing loans and borrowings	(802)
Trade and other payables	(3,486)
Deferred tax liabilities	(1,406)
Net identifiable assets and liabilities	**4,021**
Goodwill arising from acquisition	**106,822**
Consideration paid:	
Cash consideration	53,443
Non-cash consideration	57,400
Total consideration	**110,843**

Goodwill arose on the acquisition because of the expected synergies and other benefits from combining the assets and activities of Capitaine Train SAS with the Trainline Group's existing business. As part of the agreement, £57,400,000 of shares and loan notes were issued to Capitaine Train SAS employees and shareholders, and the net cash consideration provided was £49,300,000. The cost base of the goodwill is partially expected to be deductible for income tax purposes on a future disposal of Capitaine Train SAS.

Total transaction costs of £4,800,000 were incurred and are included in exceptional expense.

Goodwill acquired has been allocated to the Group's CGUs as follows:

- UK consumer – £22,600,000 – to reflect the synergies, particularly relating to international inbound sales expected post combination.
- International – £84,400,000 – to reflect the future sales growth expected from the acquisition and the value of the workforce acquired.

26. Post balance sheet events

On 14 May 2019, the Group agreed with its lenders to refinance the PIK loan. As part of this refinancing, the Group agreed with its lenders to increase the secured bank loan facility by £65 million, to £270 million, and gave notice to the PIK lenders that it would repay the PIK loan, in full, on 17 May 2019. Funding for the PIK repayment was made by drawing on the increased loan facility and the Group's existing cash resources. The term, interest rates and covenants of the increased bank loan facility remain unchanged.

Notes *(continued)*

27. Prior period restatement

During the preparation of the Financial Information the financial results for the financial year ended 28 February 2017 and 28 February 2018 have been restated. Details of the restatements and their impacts are included in the tables and narrative below.

Income Statement – Year ended 28 February 2018

	Original £'000	Adj 1 £'000	Adj 2 £'000	Adj 3 £'000	Reclass.* £'000	Restated £'000
Revenue	177,993	—	—	—	—	177,993
Cost of sales	(64,577)	—	—	—	16,431	(48,146)
Gross profit	**113,416**	**—**	**—**	**—**	**16,431**	**129,847**
Administrative expenses	(119,122)	1	(1,846)	—	(16,431)	(137,398)
Adjusted EBITDA	**30,632**	**1**	**—**	**—**	**—**	**30,633**
Depreciation and amortisation	(34,137)	—	—	—	—	(34,137)
Share based payment charges	—	—	(1,846)	—	—	(1,846)
Exceptional items	(2,201)	—	—	—	—	(2,201)
Operating loss	**(5,706)**	**1**	**(1,846)**	**—**	**—**	**(7,551)**
Finance income	161	—	—	—	—	161
Finance expense	(20,742)	—	(1,292)	—	—	(22,034)
Net finance costs	**(20,581)**	**—**	**(1,292)**	**—**	**—**	**(21,873)**
Loss before tax	(26,287)	1	(3,138)	—	—	(29,424)
Income tax credit	1,943	—	—	3,279	—	5,222
Loss after tax	**(24,344)**	**1**	**(3,138)**	**3,279**	**—**	**(24,202)**

Income Statement – Year ended 28 February 2017

	Original £'000	Adj 1 £'000	Adj 2 £'000	Reclass.* £'000	Restated £'000
Revenue	152,772	—	—	—	152,772
Cost of sales	(56,485)	—	—	15,323	(41,162)
Gross profit	**96,287**	**—**	**—**	**15,323**	**111,610**
Administrative expenses	(107,358)	—	(168)	(15,323)	(122,849)
Adjusted EBITDA	**30,686**	**—**	**—**	**—**	**30,686**
Depreciation and amortisation	(34,977)	—	—	—	(34,977)
Share based payment charges	—	—	(168)	—	(168)
Exceptional items	(6,780)	—	—	—	(6,780)
Operating loss	**(11,071)**	**—**	**(168)**	**—**	**(11,239)**
Finance income	228	—	—	—	228
Finance expense	(19,686)	—	(502)	—	(20,188)
Net finance costs	**(19,458)**	**—**	**(502)**	**—**	**(19,960)**
Loss before tax	(30,529)	—	(670)	—	(31,199)
Income tax credit	962	—	—	—	962
Loss after tax	**(29,567)**	**—**	**(670)**	**—**	**(30,237)**

* Reclassifications have been explained in note 1k.

Notes *(continued)*

27. Prior period restatement *(continued)*

Balance Sheet – Year ended 28 February 2018

	Original £'000	Adj 1 £'000	Adj 2 £'000	Adj 3 £'000	Reclass. *	Restated £'000
Non-Current Assets	**570,517**	**—**	**—**	**—**	**—**	**570,517**
Current assets	**106,779**	**448**	**—**	**—**	**—**	**107,227**
Current liabilities	**(129,791)**	**1**	**—**	**—**	**—**	**(129,790)**
Loans and Borrowings	(281,329)	—	22,485	—	—	(258,844)
Other non-current liabilities	—	—	(18,641)	—	—	(18,641)
Share based payment liabilities	—	—	(6,882)	—	—	(6,882)
Provisions	(1,492)	—	—	—	—	(1,493)
Deferred tax liability	(16,149)	—	—	3,279	—	(12,870)
Non-current liabilities	**(298,971)**	**—**	**(3,039)**	**3,279**	**—**	**(298,731)**
Net Assets	**248,534**	**449**	**(3,039)**	**3,279**	**—**	**249,223**
Share capital	155	—	—	—	—	155
Share premium	26,283	—	—	—	—	26,283
CPECs	310,735	—	—	—	—	310,735
Foreign exchange reserve	1,680	—	—	—	—	1,680
Other reserves	(3,374)	313	575	—	—	(2,486)
Retained earnings	(86,945)	136	(3,614)	3,279	—	(87,144)
Total Equity	**248,534**	**449**	**(3,039)**	**3,279**	**—**	**249,223**

Balance Sheet – Year ended 28 February 2017

	Original £'000	Adj 1 £'000	Adj 2 £'000	Reclass. *	Restated £'000
Non-Current Assets	**573,707**	**—**	**—**	**—**	**573,707**
Current assets	**112,056**	**480**	**—**	**—**	**112,536**
Current liabilities	**(117,730)**	**—**	**—**	**—**	**(117,730)**
Loans and Borrowings	(272,878)	—	21,517	—	(251,361)
Other non-current liabilities	—	—	(17,061)	—	(17,061)
Share based payment liabilities	—	—	(5,021)	—	(5,021)
Provisions	(1,303)	—	—	—	(1,303)
Deferred tax liability	(20,489)	—	—	—	(20,489)
Non-current liabilities	**(294,670)**	**—**	**(564)**	**—**	**(295,234)**
Net Assets	**273,363**	**480**	**(564)**	**—**	**(273,279)**
Share capital	155	—	—	—	155
Share premium	26,283	—	—	—	26,283
CPECs	310,735	—	—	—	310,735
Foreign exchange reserve	1,644	—	—	—	1,644
Other reserves	(2,855)	55	28	—	(2,772)
Retained earnings	(62,599)	425	(592)	—	(62,766)
Total Equity	**273,363**	**480**	**(564)**	**—**	**273,279**

* Reclassifications have been explained in note 1k.

The restatement adjustments comprise of the following:

Adjustment 1: Consolidation of the Group's Employee Benefit Trust

The Group has an Employee Benefit Trust, that has not previously been consolidated. The comparative information has been restated to include the consolidation of the Trust.

27. Prior period restatement *(continued)*

Adjustment 2: Share Based Payments and share related balances

The Group has a number of share based payment arrangements, as disclosed in note 21, which were not accounted for in prior years. The comparative information has been restated to reflect the accounting for these arrangements.

Other non-current liabilities for phantom securities were included in loans and borrowings in previous years at grant date fair value. These have been reclassified in the above restatement and revalued to fair value at each year end. See note 20.

Adjustment 3: Deferred Tax

In the year ended 28 February 2018 the Group made an error in its consolidation of deferred tax credits and balances in overseas jurisdictions. The deferred tax credit and liability for the year ended 28 February 2018 has been restated to correct this error.

PART 11

Additional Information

1. **Incorporation and share capital**

1.1 The Company was incorporated under the laws of the Grand Duchy of Luxembourg on 3 March 2015 as a corporate partnership limited by shares (société en commandite par actions) with the name Victoria Investments S.C.A and registered with the Luxembourg Register of Commerce and Companies *Registre de commerce et des sociétés, Luxembourg*) under number B-195360.

1.2 The Company's registered office is at 2, rue Edward Steichen, L-2540 Luxembourg and its telephone number is +(352) 2461 0030-100.

1.3 The principal laws and legislation under which the Company operates and the Shares have been created is the Law of 10 August 1915 on commercial companies as amended from time to time (the "Luxembourg 1915 Law").

1.4 A history of the share capital of the Company for the period covered by the historical financial information set out in this Registration Document is set out below:

1.4.1 As of 28 February 2016, the share capital of the Company was of one hundred and twenty-eight thousand three hundred and fifteen pounds sterling and twenty pence (£128,315.20) divided into:

1.4.1.1 one (1) unlimited share (the "Unlimited Share");

1.4.1.2 fourteen thousand five hundred and five (14,505) class A1 shares (the "Class A1 Shares");

1.4.1.3 fourteen thousand five hundred and five (14,505) class A2 shares (the "Class A2 Shares");

1.4.1.4 fourteen thousand five hundred and five (14,505) class A3 shares;

1.4.1.5 fourteen thousand five hundred and five (14,505) class A4 shares;

1.4.1.6 fourteen thousand five hundred and five (14,505) class A5 shares;

1.4.1.7 fourteen thousand five hundred and five (14,505) class A6 shares;

1.4.1.8 fourteen thousand five hundred and five (14,505) class A7 shares;

1.4.1.9 fourteen thousand five hundred and five (14,505) class A8 shares;

1.4.1.10 fourteen thousand five hundred and five (14,505) class A9 shares;

1.4.1.11 fourteen thousand four hundred and fifty-five (14,455) class A10 shares;

1.4.1.12 eighty-five thousand six hundred and forty-four (85,644) class B1 shares (the "Class B1 Shares");

1.4.1.13 eighty-five thousand six hundred and forty-four (85,644) class B2 shares (the "Class B2 Shares");

1.4.1.14 eighty-five thousand six hundred and forty-four (85,644) class B3 shares;

1.4.1.15 eighty-five thousand six hundred and forty-four (85,644) class B4 shares;

1.4.1.16 eighty-five thousand six hundred and forty-four (85,644) class B5 shares;

1.4.1.17 eighty-five thousand six hundred and forty-four (85,644) class B6 shares;

1.4.1.18 eighty-five thousand six hundred and forty-four (85,644) class B7 shares;

1.4.1.19 eighty-five thousand six hundred and forty-four (85,644) class B8 shares;

1.4.1.20 eighty-five thousand six hundred and forty-four (85,644) class B9 shares;

1.4.1.21 eighty-five thousand six hundred and nine (85,609) class B10 shares;

1.4.1.22 twenty-six thousand six hundred and thirty-three (26,633) class C1 shares (the "Class C1 Shares");

1.4.1.23 twenty-six thousand six hundred and thirty-three (26,633) class C2 shares (the "Class C2 Shares");

1.4.1.24 twenty-six thousand six hundred and thirty-three (26,633) class C3 shares;

1.4.1.25 twenty-six thousand six hundred and thirty-three (26,633) class C4 shares;

1.4.1.26 twenty-six thousand six hundred and thirty-three (26,633) class C5 shares;

1.4.1.27 twenty-six thousand six hundred and thirty-three (26,633) class C6 shares;

1.4.1.28 twenty-six thousand six hundred and thirty-three (26,633) class C7 shares;

1.4.1.29 twenty-six thousand six hundred and thirty-three (26,633) class C8 shares;

1.4.1.30 twenty-six thousand six hundred and thirty-three (26,633) class C9 shares;

1.4.1.31 twenty-six thousand six hundred and twenty-four (26,624) class C10 shares;

1.4.1.32 one thousand five hundred and forty-two (1,542) class D1 shares (the "Class D1 Shares");

1.4.1.33 one thousand five hundred and forty-two (1,542) class D2 shares (the "Class D2 Shares");

1.4.1.34 one thousand five hundred and forty-two (1,542) class D3 shares;

1.4.1.35 one thousand five hundred and forty-two (1,542) class D4 shares;

1.4.1.36 one thousand five hundred and forty-two (1,542) class D5 shares;

1.4.1.37 one thousand five hundred and forty-two (1,542) class D6 shares;

1.4.1.38 one thousand five hundred and forty-two (1,542) class D7 shares;

1.4.1.39 one thousand five hundred and forty-two (1,542) class D8 shares;

1.4.1.40 one thousand five hundred and forty-two (1,542) class D9 shares; and

1.4.1.41 one thousand five hundred and forty-seven (1,547) class D10 shares;

each having a nominal value of ten British pence (£0.10)

1.4.2 On 29 March 2016, the share capital of the Company was increased by a decision of the board of managers of the general partner of the Company within the limits of the authorised share capital by an amount of eight thousand two hundred and one pounds sterling and thirty pence (£8,201.30), so as to raise the share capital of the Company to one hundred and thirty-six thousand five hundred and sixteen pounds sterling and fifty pence (£136,516.50) by creating and issuing 41,008 Class C1 Shares and 41,005 Class C2 Shares.

1.4.3 On 12 April 2016, by way of decision of the extraordinary general meeting of the shareholders of the Company, the share capital of the Company was (i) reorganised by the conversion of certain existing limited classes of shares into other existing classes of shares, and (ii) increased by an amount of five thousand five hundred and sixty-six pounds sterling (£5,566) in order to raise the share capital to one hundred and forty-two thousand eighty-two pounds sterling and fifty pence (£142,082.50) by creating and issuing 27,831 Class B1 Shares and 27,829 Class B2 Shares, so that the share capital was as follows:

1.4.3.1 seventy-two thousand five hundred and twenty-five (72,525) Class A1 Shares;

1.4.3.2 seventy-two thousand four hundred and seventy-five (72,475) Class A2 Shares;

1.4.3.3 four hundred and fifty-six thousand fifty-one (456,051) Class B1 Shares;

1.4.3.4 four hundred and fifty-six thousand fourteen (456,014) Class B2 Shares;

1.4.3.5 one hundred and seventy-four thousand one hundred and seventy-three (174,173) Class C1 Shares;

1.4.3.6 one hundred and seventy-four thousand one hundred and sixty-one (174,161) Class C2 Shares;

1.4.3.7 seven thousand seven hundred and ten (7,710) Class D1 Shares;

1.4.3.8 seven thousand seven hundred and fifteen (7,715) Class D2 Shares;

each having a nominal value of ten British pence (GBP 0.10).

1.4.4 On 13 April 2016, the share capital of the Company was increased by a decision of the board of managers of the general partner of the Company within the limits of the authorised share capital by an amount by an amount of thirteen thousand one hundred and twenty-nine pounds sterling and forty pence

(£13,129.40) so as to raise it from its previous amount of one hundred and forty-two thousand eighty-two pounds sterling and fifty pence (£142,082.50) to one hundred and fifty-five thousand two hundred and eleven pounds sterling and ninety pence (£155,211.90) by creating and issuing 32,826 Class B1 Shares, 32,821 Class B2 Shares, 32,826 class E1 shares (the "Class E1 Shares") and 32,821 class E2 shares (the "Class E2 Shares").

1.4.5 On 22 January 2019, the share capital of the Company was increased by a decision of the board of managers of the general partner of the Company within the limits of the authorised share capital by an amount of five hundred thirty-four pounds sterling and twenty pence (£534.20), so as to raise the share capital of the Company to one hundred fifty-five thousand seven hundred forty-six pounds sterling and ten pence (£155,746.10) by issuance of 2,671 Class A1 Shares, and 2,671 Class A2 Shares.

1.5 As at the date of this Registration Document, the issued share capital of the Company is of one hundred fifty-five thousand seven hundred forty-six pounds sterling and ten pence (£155,746.10) divided into one share having a nominal value of ten pence (£0.10) and the following limited shares:

1.5.1.1 seventy-five thousand one hundred and ninety-six (75,196) Class A1 Shares;

1.5.1.2 seventy-five thousand one hundred and forty-six (75,146) Class A2 Shares;

1.5.1.3 four hundred and eighty-eight thousand eight hundred and seventy-seven (488,877) Class B1 Shares;

1.5.1.4 four hundred and eighty-eight thousand eight hundred and thirty-five (488,835) Class B2 Shares;

1.5.1.5 one hundred and seventy-four thousand one hundred and seventy-three (174,173) Class C1 Shares;

1.5.1.6 one hundred and seventy-four thousand one hundred and sixty-one (174,161) Class C2 Shares;

1.5.1.7 seven thousand seven hundred and ten (7,710) Class D1 Shares;

1.5.1.8 seven thousand seven hundred and fifteen (7,715) Class D2 Shares;

1.5.1.9 thirty-two thousand eight hundred and twenty-six (32,826) Class E1 Shares;

1.5.1.10 thirty-two thousand eight hundred and twenty-one (32,821) class E2 Shares;

having a nominal value of ten pence (£0.10) each (all together referred to as the "Shares") and fully paid or credited as fully paid.

1.6 In addition to the above share capital of the Company, OpCo has issued A, B, C and E redeemable preference securities which give tracking rights as if the holders of phantom securities held A, B and E shares in the Company (represented by their A, B and E phantom securities in OpCo) and cPECs in the Company (represented by their C phantom securities in OpCo). The C phantom securities also track interest in the cPECs but (unlike the cPECs themselves) this is not on a compounding basis.

1.7 Pursuant to the Shareholders' Agreement, the holders of the phantom securities have a put/call right on a exit event (including sale processes and initial public offerings) which requires the Company to acquire the phantom securities in exchange for a yield free loan note. In the event of an initial public offering, the Company may (at its election) provide consideration in the form of listed securities instead.

2. Articles of Association

The Articles of Association of the Company (the "Articles") are articles suitable for a Luxembourg corporate partnership limited by shares and as such are not comparable to the model articles for a UK private company limited by shares or a UK public limited company. Should the Company proceed with a public listing in the United Kingdom of the Trainline business, a new holding company would be inserted as the holding company of the Group and its articles of association would be suitable for a public company in the United Kingdom.

2.1 *Shares*

2.1.1 Authorised Capital

2.1.1.1 The authorised, but unissued and unsubscribed share capital of the Company (the "Authorised Capital") is four hundred and ninety-nine million nine hundred and eighty-six thousand eight hundred and seventy pounds sterling and sixty pence (£499,986,870.60).

2.1.1.2 The Manager (as defined below) is authorised to issue class Al shares and/or class A2 shares and/or class B1 shares and/or class B2 shares and/or class C1 shares and/ or class C2 shares and/or class D1 shares and/ or class D2 shares and/or class E1 shares and/or class E2 shares ("Manager Issued Shares") bonds, preferred equity certificates, or other instruments convertible, exchangeable or exercisable into new shares (the "Convertible Instruments") (and to issue new shares further to the conversion or exercise of the above Convertibles Instruments) up to the limit of the Authorised Capital from time to time subject as follows:

(a) the above authorisation will expire five years after 12 April 2016 provided that a further period or periods of authorisation following that period may be approved by Shareholders' Resolution to the extent permitted by the Luxembourg 1915 Law;

(b) the Manager may limit or cancel the Shareholders' preferential rights to subscribe for the Manager Issued Shares or the Convertible Instruments and may issue the Manager Issued Shares or the Convertible Instruments to such persons and at such price with or without a premium and paid up by contribution in kind or for cash or by incorporation of claims or capitalisation of reserves or in any other way as the Manager may determine, subject to the Luxembourg 1915 Law.

2.1.1.3 The Shares are in registered form.

2.1.1.4 All Shares have equal rights subject as otherwise provided in these Articles and in any Shareholders' Agreement.

2.1.1.5 If any Shares are issued on terms that they are not fully paid up on issue, then payment of the balance due shall be made at such time and upon such conditions as the manager may determine provided that all such Shares are treated equally.

2.1.2 Increases and reductions of Share Capital

2.1.2.1 Without prejudice to Article 5.2 the subscribed share capital may be increased by a Shareholders' Resolution adopted in accordance with the conditions required for the amendment of the Articles and in accordance with Luxembourg Law and any Shareholders' Agreement.

2.1.2.2 The Company may acquire its Shares and reduce its subscribed share capital and/or its Authorised Capital subject as provided in the Luxembourg 1915 Law.

2.2 ***Transfer of shares***

2.2.1 The Shares will be transferable in accordance with the Luxembourg 1915 Law, these Articles and any Shareholders' Agreement, provided that any transfer of the Unlimited Share must also comply with certain conditions. 2.2.2 Any transfer of shares is subject to certain conditions, including, for example, tag-along and drag-along rights, and certain restrictions relevant to departed employees.

2.2.3 Upon certain transfers of Class A Shares held by individuals, a conversion mechanism applies such that, depending on the quantum of the proceeds received on the transfers, a certain proportion of the Class A Shares may convert into Class D Shares.

2.3 ***Dividends and other distributions***

2.3.1 All Distributions to be made by the Company in respect of its Shares or cPECs shall be made in the order set out in the Articles, which broadly provides for the cPECs to be paid out first in accordance with their terms, and for the Shares to be paid out in accordance with a distribution waterfall set out in the Articles.

2.3.2 From the net profits of the Company determined in accordance with Luxembourg Law, five per cent (5%) shall be deducted and allocated to a legal reserve fund. That deduction will cease to be mandatory when the amount of the legal reserve fund reaches one tenth (1/10) of the Company's nominal capital.

2.3.3 Subject to the provisions of Luxembourg Law, the Articles and the Shareholders' Agreement, the Company may by resolution of the Shareholders declare dividends in accordance with the respective rights of the Shareholders.

2.3.4 Subject to certain specified conditions, the Manager, as appropriate, may decide to pay interim dividends to the Shareholder(s) in accordance with their respective rights and the tem1s of any Shareholders' Agreement before the end of the financial year on the basis of a statement of accounts showing sufficient funds are available for distribution.

2.4 ***Management***

2.4.1 The Company will be managed by Victoria Manager S.a r.l. in its capacity as sole Unlimited Shareholder or "*actionnaire commandite*" (the "Manager"). The Manager has the power to take all or any action which is necessary or useful to realise any of the objects of the Company, with the exception of those reserved by Luxembourg Law or these Articles to a Shareholders' Meeting.

3. cPECs

As at the date of this Registration Document, the Company has issued two series of cPECs, being the series A and series B governed by terms and conditions, as amended, dated as of 1 January 2017. According to the registers of series A cPECS and series B cPECS, the Company has issued:

3.1.1 268,835,446 series A cPECs having a nominal value of one pound sterling (£1.00) issued on 20 March 2015, 03 July 2015, 12 May 2016, 12 October 2016 and the 5 December 2016; and

3.1.2 41,712,072 series B cPECs having a nominal value of one pound sterling (£1.00), issued on 12 April 2016, 13 April 2016, and 4 May 2016.

The payment, conversion and redemption conditions set out in the terms and conditions of the series A cPECs and series B cPECs are the same.

3.2 ***Payment***

The cPECs carry a right to a return, being the Yield calculated at the Applicable Rate of 8%, computed on a 365/366-day year, being payable by the Company to the holders of the cPECs on the Yield Payment Date at the discretion of the board of the Manager. The cPECs Yield may be paid by (i) cash, (ii) by the issue by the Company of further cPECs, or (iii) by the issue by the Company of shares.

The cPECs Yield may only be paid out of the Company Profit and provided that the Company has sufficient cash to make the payment. No payment of Yield shall be made on any cPECs unless (i) the Company has received sufficient Specified Income to make such payment and (ii) the Company will have sufficient funds available to settle its liabilities to all other ordinary or subordinated creditors, but prior in ranking, whether privileged, secured or unsecured, after any such payment.

3.3 ***Conversion***

The Company is entitled to convert some or all of the cPECs into class B shares (the "Conversion Shares") by requiring the holders to exchange the relevant cPECs for the equivalent Conversion Shares at the Conversion Rate.

3.4 ***Redemption***

All of the cPECs then outstanding will be redeemed upon the Maturity Date, being 29 years after the issue date of the cPECs or at the time of Optional Redemption or Redemption upon Liquidation. Upon redemption, the holders will be entitled to payment of a redemption price in respect of their cPECs, being the par value of the cPECs together with any unpaid cPEC Yield.

cPECs may only be transferred subject to the Shareholders' Agreement. cPECs are in registered form and give no right to voting.

4. Shareholders' Agreement

4.1 The Company, together with its Shareholders and certain of its subsidiaries is party to a shareholders' agreement originally dated 20 March 2015, as amended on 12 April 2016 (the "Shareholders' Agreement"). The Shareholders' Agreement regulates the relationship of the Shareholders as shareholders in the Company.

4.1.1 The Shareholders' Agreement contains provisions that, together with the Articles, govern matters such as: decisions requiring the consent of Shareholders (or the holders of particular classes of Shares, as the case may be) or directors (or certain members of the boards of Group companies, as the case may be); anti-dilution provisions; board composition and appointment rights; proceedings of the Group boards, Shareholder information rights; restrictions on share transfers; exit events (including sale processes and initial public offerings) as well as corporate governance matters.

4.1.2 KKR has the right to terminate the Shareholders' Agreement upon an initial public offering.

5. Directors' and Senior Managers' interests

5.1 As at the date of this Registration Document, the interests in the share capital of the Company of the Directors and Senior Managers (all of whom, unless otherwise stated, are beneficial and include interests of persons connected with a Director or a Senior Manager) are set out below. The interests set out below represent each individual's economic interests in Shares, cPECs and phantom securities and do not represent voting interests in the Company.

Director/Senior Manager	Number of Shares[(1)]	Percentage of issued share capital
Douglas S. McCallum	16,193,283	1.20%
Clare Gilmartin	38,227,409	2.83%
Shaun McCabe[(2)]	10,695,764	0.79%
Philipp Freise	—	—
Franziska Kayser	—	—
Martin Mignot	—	—
Andrew Phillipps	982,026	0.07%
Lucian Schönefelder	—	—

(1) Includes interests in cPECs
(2) Shares are held by Equity Trust (Jersey) Limited

6. Significant Shareholders

6.1 As a Luxembourg corporate partnership, Shareholders are not required to notify their interests in Shares under national law. However, in so far as is known to the Directors, the following are the interests (within the meaning of Part 22 of the UK Companies Act), which represent, directly or indirectly, 3% or more of the fully diluted share capital of the Company as at the date of this Registration Document. The interests set out below represent voting interests and do not represent economic interests in the Company.

Shareholders	Number of Shares[(1)]	Percentage of fully diluted voting rights
KKR LP	1,074,702,864	79.61%
Equity Trust (Jersey) Limited[(2)]	54,442,463	4.03%

(1) Includes interests in cPECs
(2) Equity Trust (Jersey) Limited hold Shares on behalf of management shareholders, being the Senior Managers and certain other employees and former employees of the Group.

Save as disclosed above, in so far as is known to the Directors, there is no other person who is, as at the date of this Registration Document, directly or indirectly, interested in 3% or more of the issued share capital of the Company, or of any other person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company. The Directors have no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Company. None of the Company's major shareholders have different voting rights attached to the Shares they hold in the Company.

6.2 No Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group or any of its subsidiary undertakings and which were effected by the Group or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

6.3 There are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Directors.

6.4 There are no family relationships between any of the Directors and/or the Senior Managers.

7. Directors' terms of employment

The Directors and their functions are set out in Part 7 (Directors, Senior Managers and Corporate Governance). The business address of each of the Directors is 120 Holborn, London, United Kingdom, EC1N 2TD.

7.1 *Executive Directors*

Clare Gilmartin, CEO, and Shaun McCabe, CFO, are currently engaged by Trainline Investments Holdings Limited pursuant to service agreements dated 11 April 2014 and 26 May 2016, respectively. Clare's service agreement is terminable on not less than 12 months' notice by either party, and Shaun's service agreement is terminable on not less than 6 months' notice by either party.

Clare and Shaun currently receive base salaries of £500,000 and £350,000, respectively, per annum. The base salaries are reviewed annually. Each of Clare and Shaun is eligible for an annual bonus payment, subject to the achievement of a combination of financial and personal objectives. Each of Clare and Shaun currently receives medical and dental insurance, life and permanent health insurance, and is entitled to receive an amount equal to 15% (in the case of Clare) and 10.5% (in the case of Shaun) of his or her base salary as a contribution to a group personal pension scheme or, at his or her election, a cash allowance in lieu of such contribution. Clare also receives an annual car allowance of £21,600.

Each of Clare and Shaun is subject to a confidentiality undertaking without limitation in time and to non-competition, non-solicitation, non-dealing and non-hiring restrictive covenants for a period of 12 months after the termination of his or her employment arrangement.

Doug McCallum, Executive Chair, is currently engaged by Trainline Investments Holdings Limited pursuant to a service agreement dated 22 April 2015. Doug's service agreement is terminable on not less than 3 months' notice by either party.

Doug currently receives a base salary of £128,750 per annum. The base salary is agreed annually between Doug and KKR. Doug is eligible for an annual bonus payment of up to 50% of his base salary, subject to the assessment and complete discretion of KKR and in accordance with objectives set by KKR, and a further bonus of up to 50% of his base salary subject to the complete discretion of KKR. Doug's pension participation is in accordance with statutory requirements.

Doug is subject to a confidentiality undertaking without limitation in time.

7.2 *Non-Executive Directors*

Philipp Freise, Franziska Kayser, and Lucian Schönefelder were appointed by KKR LLP, the controlling shareholder of the Group, and Martin Mignot was appointed by the Index Ventures Group, a shareholder of the Group, on 16 February 2016, 24 September 2015, 15 April 2015 and 16 December 2016, respectively (together, the "Shareholder-Appointed Non-Executive Directors"), in accordance with the Shareholders' Agreement. The Shareholder-Appointed Non-Executive Directors do not receive any fees or benefits in connection with their appointments.

Andy Phillipps was appointed to the Board pursuant to a letter of appointment dated 12 June 2015. His current fee is £65,000 per annum. His appointment is terminable on not less than 1 month's notice by either party.

Each Non-Executive Director is also entitled to reimbursement of reasonable expenses.

The Non-Executive Directors are not entitled to receive any compensation on termination of their appointment and are not entitled to participate in the Group's share, bonus or pension schemes.

The Non-Executive Directors are subject to confidentiality undertakings without limitation in time. Andy Phillipps is also subject to non-competition restrictive covenant for a period of 12 months after the termination of his appointment.

Save as set out in paragraphs 7.1 (Executive Directors) and 7.2 (Non-Executive Directors) above, there are no existing or proposed service agreements or letters of appointment between the Directors and any member of the Group.

7.4 *Directors' and Senior Managers' Remuneration*

Under the terms of their service contracts, letters of appointment and applicable incentive plans, in the year ended 28 February 2019, the aggregate remuneration paid and benefits granted to the Directors and Senior Managers who served the Group during the year ended 28 February 2019, consisting of 4 individuals, was £2.1 million.

Set out in the table below is the remuneration paid and benefits in kind granted to the Directors under the terms of their service contracts, letters of appointment and applicable incentive plans, in the year ended 28 February 2019:

Name	Position	Annual Salary (£)	Other Benefits (£)	Date of Joining the Board
Douglas S. McCallum	Chair	128,438	97,783	23/04/2013
Clare Gilmartin	Chief Executive Officer	432,550	784,181	24/03/2014
Shaun McCabe	Chief Finance Officer	311,000	285,131	12/09/2016
Philipp Freise	Non-Executive Director	N/A	N/A	16/12/2016
Franziska Kayser	Non-Executive Director	N/A	N/A	24/09/2015
Martin Mignot	Non-Executive Director	N/A	N/A	08/08/2016
Andy Phillipps	Non-Executive Director	65,000	N/A	12/06/2016
Lucian Schönefelder	Non-Executive Director	N/A	N/A	15/04/2015

7.5 There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this Registration Document.

7.6 ***Directors' and Senior Managers' current and past directorships and partnerships***

Set out below are the directorships and partnerships held by the Directors and Senior Managers (other than, where applicable, directorships held in the Company and its subsidiaries and the subsidiaries of the companies listed below), in the five years prior to the date of this Registration Document:

Name	Current directorships / partnerships	Past directorships / partnerships
Douglas S. McCallum	Photobox Group (Horizon) Ltd.	Ocado plc (*effective from 1 June 2019*) McCallum Management Consulting PayPal Europe Ltd Cabinet Office Digital Advisory Board
Clare Gilmartin	—	Chime PLC
Shaun McCabe	AO World PLC ASOS	—
Philipp Freise	KKR KFC Holdings Limited KKR SP Limited KKR Management LLC KKR Associates 2006 (Overseas), Limited Partnership KKR Associates Europe II, Limited Partnership KKR Associates Europe III, Limited Partnership KKR IFI GP L.P. KKR Management LLC Victoria Investments Bidco Limited KKR Next Gen Tech Growth Limited KKR NGT EEA Limited KKR NGT EEA LLC KKR Caribou Investors LLC KKR Next Gen Tech Growth AIV LLC KKR Ride Investors LLC KKR Valeur Investors GP LLC KKR Caribou Aggregator GP Limited KKR Caribou Co-Invest GP Limited KKR Caribou Co-Invest Blocker LLC KKR Omega Aggregator GP LLC KKR Omega Co-Invest GP LLC KKR Next Gen Tech Fund II Holdings Limited GfK SE Kohlberg Kravis Roberts & Co. Partners LLP	KKR PEI Holdings GP Limited KKR PEI Associates, L.P. KKR Ibex Investors GP LLC Scout24 Holding AG Scout24 Schweiz AG Omnimedia Holding AG GetYourGuide AG Hensoldt Holding GmbH ProSiebenSat.1 Media SE

Name	Current directorships / partnerships	Past directorships / partnerships
Franziska Kayser	Acceleratio Aggregator S.à r.l. Acceleratio Capital B.V. Acceleratio GP S.à r.l. Acceleratio Holdco S.à r.l. Victoria Manager S.à r.l. GfK SE Kohlberg Kravis Roberts & Co. Partners LLP	Fashionista Topco S.à r.l. KKR Ronnie S.à r.l. GLH RTM Company Limited KKR Columba Four S.à r.l. KKR Columba One S.à r.l. KKR Columba Three S.à r.l. KKR Columba Two S.à r.l.
Martin Mignot	Cowboy SA Index Ventures (UK) LLP Personio GmbH Revolut Ltd Roo Foods Limited (trading as Deliveroo) The Family S.A.S. webbhälsa AB	Drivy S.A.S. Rad S.A.S. Touchtype Limited
Andy Phillipps	IQ Capital Founder Partnership II Greentraveller Ltd Sandcroft Ltd Prodigy Investments Ltd Thought Machine Group Ltd	I2o Water Ltd Leanworks Ltd Reevoo Ltd BH Yardley Albion Development VCT plc
Lucian Schönefelder	GYG S.à r.l. KKR Associates 2006 (Overseas), Limited Partnership KKR Associates Europe II, Limited Partnership KKR Associates Europe III, Limited Partnership KKR GYG Investors GP Ltd. KKR IFI GP L.P. KKR Next Gen Tech Fund II Holdings Limited Machine S.à r.l. Clicktale Ltd. Clicktale UK Ltd. Optimal Plus Ltd. Kohlberg Kravis Roberts & Co. Partners LLP Valeurs Investors SARL Ivalua SAS	KKR PEI Associates, L.P. KKR Ronnie S.à r.l. BMG RM Warehouse S.à r.l. Forte Co-Invest II GP Limited Karmawings Community Interest Company Machine 2014 GmbH, Germany BMG RM Investments Luxembourg S.à.r.l. Omnimedia AG Scout 24 Schweiz AG Fotolia Inc

7.7 Within the period of five years preceding the date of this Registration Document, none of the Directors:

(a) has had any convictions in relation to fraudulent offences;

(b) has been a member of the administrative, management or supervisory bodies or director or senior manager (who is relevant in establishing that a company has the appropriate expertise and experience for management of that company) of any company at the time of any bankruptcy, receivership or liquidation of such company; or

(c) has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of affairs of a company.

8. Employee share plans

Joint Share Ownership Plan ("JSOP")

The JSOP is a share ownership scheme under which the employee and Equity Trust (Jersey) Limited, the EBT Trustee, hold a joint beneficial interest in Class A Shares, with the EBT Trustee holding the legal title to such shares. Interests under the JSOP take the form of restricted interests in Class A shares in the Company. An interest permits a participant to benefit from the increase (if any) in the value of a number of Class A shares in the Company over specified threshold amounts. In order to acquire an interest, a participant must enter into a co-ownership agreement with the EBT Trustee, under which the participant acquires a beneficial interest in shares from the EBT Trustee and agree that when the shares are sold the participant has a right to receive the proportion of the sale proceeds that exceed the threshold amount. The vesting of interests granted to employees is subject to the JSOP interest holder continuing to be an employee. Interests vest in stages over a five-year period commencing on a specified date and in full automatically on an exit event.

Phantom securities

As part of the Group's consideration for the acquisition of Captain Train on 16 April 2016, the Group issued phantom securities to certain selling shareholder-employees of Captain Train, who went on to become employees of the post-combination Group.

These phantom securities entitle the holders to cash proceeds in a liquidity event, which are calculated as if the holders held the acutal shares and cPECs issued by the Group. The phantom securities are subject to a call option that is exercisable by the Company in the event that the holders leave the business. The exercise prices for this call option depend in part on the holder's length of service in the post-combination business and leaver status.

9. Pensions

Trainline operates a defined contribution pension plan in the United Kingdom, membership of which is open to all UK employees. Trainline also participates in a fully funded defined benefit pension scheme which was closed to new members on 31 March 2003 and is closed to future accrual of benefits. Based on its last formal triennial valuation as at 31 December 2016, the defined benefit pension scheme had total assets of £4.6 million in the year ended 28 February 2019 and the scheme was in surplus. Employees in France are included within a state scheme; hence no pension scheme is operated in France. Trainline has one employee in Italy, who is included within the state pension scheme and receives an employee-matched pension contribution.

10. Subsidiaries, investments and principal establishments

10.1 *Subsidiaries and subsidiary undertakings*

The Company is the holding company of the Group, OpCo is the principal operating company of the Group, and it is proposed that a new holding company will soon be inserted as the ultimate parent company of the Group. As at the date of this Registration Document, the principal subsidiaries and subsidiary undertakings of the Company (excluding any companies in liquidation) are as follows:

Name	Country of incorporation and registered office	Primary field of activity	Ownership
Victoria Intermediate Topco Limited	Jersey	Intermediate holding company	100%
Victoria Finco Limited	Great Britain	Intermediate holding company	100%
Victoria Investments Intermediate Holdco Limited	Great Britain	Intermediate holding company	100%
Victoria Investments PIKCo Limited	Great Britain	Intermediate holding company	100%
Victoria Investments Midco Limited	Great Britain	Intermediate holding company	100%
Victoria Investments Bidco Limited	Great Britain	Intermediate holding company	100%
Victoria Investments Newco Limited	Jersey	Intermediate holding company	100%
Trainline Investments Holdings Limited	Great Britain	Intermediate holding company	100%
Trainline International Limited	Great Britain	Rail ticket retail and distribution	100%
Trainline France SAS	France	Intermediate holding company	100%
Trainline Junior Mezz Limited	Great Britain	Intermediate holding company	100%
Trainline SAS	France	Rail ticket retail and distribution	100%
Trainline Group Investments Limited	Great Britain	Intermediate holding company	100%
Trainline Holdings Limited	Great Britain	Intermediate holding company	100%
Trainline.com Limited	Great Britain	Rail ticket retail and distribution	100%
Qjump Limited	Great Britain	Rail ticket retail and distribution	100%
Trainline Rail Enquiry Services Limited	Great Britain	Non trading	100%
Trainline Short Breaks Limited	Great Britain	Dormant	100%
Trainline Italia S.R.L	Italy	Intragroup services	100%

10.2 *Principal establishments*

The following are the principal establishments of the Group:

Country	Location	Primary Function	Occupancy Type
United Kingdom	London	Global Headquarters	Leased
United Kingdom	Edinburgh	Office	Leased
France	Paris	Office	Leased

All the Group's leases are short term.

11. Statutory auditors

The auditors of the Company for the period covered by the historical financial information set out in this Registration Document are KPMG Luxembourg, Société coopérative, chartered accountants, whose registered address is at 39, Avenue John F Kennedy, L-1855 Luxembourg.

12. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group: (a) within the two years immediately preceding the date of this Registration Document which are, or may be, material to the Company or any member of the Group, and (b) at any time and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this Registration Document:

12.1 *Shareholders' Agreement*

The Shareholders' Agreement is described in paragraph 4 of this of Part 11 (Additional Information).

12.2 *The Group's financing arrangements*

12.2.1 **Senior Facilities Agreement**

On 26 October 2018, Victoria Investments Midco Limited, a wholly-owned subsidiary of the Company and Trainline France SAS, a wholly-owned subsidiary of the Company entered into an amended and restated senior facilities agreement as obligors' agent and french obligor, respectively, with Wimington Trust (London) Limited as facility agent and security agent and Barclays Bank PLC, HSBC UK Bank PLC, Commerzbank AG and Crédit Agricole Corporate and Investment Bank as new lenders (the "Senior Facilities Agreement") consisting of (i) a term loan facility of £205.0 million and (ii) revolving credit facilities of £130.0 million of which £30.0 million can be drawn in cash or bank guarantees and £100.0 million can only be drawn down in bank guarantees.

As at 28 February 2019, the Group had a total of £205 million principal amount outstanding and accrued interest of £2.8 million under the term loan facility. The term loan facility matures on 20 March 2022. The term loan facility accrues interest at either a EURIBOR rate or a LIBOR rate and, in either case, plus an applicable margin.

The two revolving credit facilities are made available for finance of the Group's general corporate and working capital needs and may be used by way of letters of credit. They are available in pounds sterling, Euro, US Dollars and any other currency readily available in the amount required and freely convertible into pounds sterling. As at 28 February 2019, the Group had a total of £92,284,000 of revolving credit facilities drawn down in respect of bank guarantees. The facilities mature on 20 March 2021 and 20 March 2022, respectively. The revolving credit facilities accrue interest at either a EURIBOR rate or a LIBOR rate and, in either case, plus an applicable margin.

The Senior Facilities Agreement limits the ability of the Company, the indirect parent of Victoria Investments Midco Limited, and its restricted subsidiaries to declare or pay dividends, make certain restricted payments and investments, enter into certain transactions with affiliates, transfer or sell assets, create certain liens and guarantee certain additional debt. Subject to certain exceptions, the Senior Facilities Agreement permits the parent guarantor and its restricted subsidiaries to incur additional indebtedness, including secured indebtedness.

In the event of a public listing of the Trainline business, the Group intends to refinance all amounts outstanding under the Senior Facilities Agreement and to replace the commitments thereunder with new facilities.

12.2.2 **PIK Facility Agreement**

On 10 February 2016, Victoria Investments PIKCO Limited completed the issuance of the PIK Notes. As at 28 February 2019, the Group had a total of £50.0 million principal amount of PIK Notes outstanding and accrued interest of £19.0 million, which accrue PIK interest (if cash interest is not elected to be paid) at a rate of LIBOR plus 11.00 per cent. per annum. If Victoria Investments PIKCO Limited is entitled to pay PIK interest in respect of the PIK Notes, Victoria Investments PIKCO Limited may elect (subject to certain restrictions) to either increase the outstanding principal amount of the PIK Notes or issue additional PIK Notes under the indenture governing the PIK Notes and having the same terms as the existing PIK Notes. The PIK Notes mature on 20 March 2023.

The PIK Notes limits the ability of the Company, the indirect parent of Victoria Investments PIKCO Limited, and its restricted subsidiaries to declare or pay dividends, make certain restricted payments and investments, enter into certain transactions with affiliates, transfer or sell assets, create certain liens and guarantee certain additional debt. Subject to certain exceptions, the PIK Notes Indenture permits the parent guarantor and its restricted subsidiaries to incur additional indebtedness, including secured indebtedness. At any time prior to maturity, the PIK Notes may be redeemed at the option of Victoria Investments PIKCO Limited, in whole or in part at a redemption price of 100.0 per cent without prepayment penalty.

On 14 May 2019, the Group agreed with its lenders to refinance the PIK loan. As part of this refinancing, the Group agreed with its lenders to increase the secured bank loan facility by £65 million, to £270 million, and gave notice to the PIK lenders that it would repay the PIK loan, in full, on 17 May 2019. Funding for the PIK repayment was made by drawing on the increased loan facility and the Group's existing cash resources. The term, interest rates and covenants of the increased bank loan facility remain unchanged.

13. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Registration Document, which may have, or have had in the recent past significant effects on the Company's and/or the Group's financial position or profitability.

14. Related party transactions

Save as described in Note 23 of Part 10 (Historical Financial Information), there are no related party transactions between the Company or members of the Group and related parties.

15. No significant change

There has been no significant change in the financial or trading position of the Group since 28 February 2019, being the end of the last financial period for which audited consolidated accounts of the Group were published.

16. Consents

KPMG LLP is a member firm of the Institute of Chartered Accountants in England and Wales and has given and has not withdrawn its written consent to the inclusion of the report in Section A of Part 10 (Historical Financial Information), in the form and context in which it appears and has authorised the contents of that part of this Registration Document.

17. General

The financial information contained in this Registration Document does not amount to statutory accounts within the meaning of section 434(3) of the UK Companies Act.

18. Documents available for inspection

Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months following the date of this Registration Document at the offices of Freshfields Bruckhaus Deringer LLP at 65 Fleet Street, London EC4Y 1HS:

(a) the Articles;

(b) the Reporting Accountant's report on the Historical Financial Information, which is set out in Section A of Part 10 (Historical Financial Information);

(c) the consent letter referred to in paragraph 16 (Consents) above; and

(d) this Registration Document.

This Registration Document will be published in electronic form and be available on the Group's website at www.trainline.com.

Dated: 22 May 2019

PART 12

Definitions and Glossary

The following definitions apply throughout this Registration Document unless the context requires otherwise:

"Adjusted EBITDA"	Earnings before net financing income/(expense), tax, depreciation and amortisation, share based remuneration and exceptional items
"AI"	artificial intelligence
"API"	application programming interface
"Articles"	the Articles of Association of the Company from time to time
"ATOC"	the Association of Train Operating Companies
"Authorised Capital"	the authorised, but unissued and unsubscribed share capital of the Company
"AWS"	Amazon Web Services
"B2B"	business-to-business
"Barclays"	Barclays Bank PLC
"Board"	the board of directors of OpCo
"Brexit"	the United Kingdom's exit from the European Union
"CAGR"	compound annual growth rate
"Captain Train"	Capitaine Train S.A.S.
"Chief Executive Officer" or "CEO"	the chief executive officer of the Group
"Chief Finance Officer" or "CFO"	the chief financial officer of the Group
"Company"	Victoria Investments S.C.A.
"Conversion Shares"	class B shares into which cPECs can be converted
"CPA"	cost per new customer acquired
"cPECs"	convertible preferred equity certificates
"CRM"	customer relationship management
"DfT"	the UK Department for Transport
"Disclosure Guidance and Transparency Rules"	the disclosure guidance and transparency rules produced by the FCA and forming part of the handbook of the FCA through which a manager derives its status as an authorised person under the FSMA rules and guidance, as, from time to time, amended

"Directors"	the Executive Directors and the Non-Executive Directors
"DUP"	Unique Delegation of Personnel
"EBT"	the Group's Employee Benefit Trust
"EEA"	the European Economic Area
"ERA"	the European Union Agency for Railways
"eTickets"	electronically fulfilled tickets
"EU"	the European Union
"Euro" or "€"	the lawful currency of the European Union
"Executive Directors"	the executive Directors of OpCo
"FCA"	the Financial Conduct Authority
"FSMA"	the Financial Services and Markets Act 2000, as amended
"GDPR"	the General Data Protection Regulation (Regulation (EU) 2016/679)
"GDS"	global distribution systems
"Governance Code"	the UK Corporate Governance Code published by the Financial Reporting Council, as amended from time to time
"Group" or "Trainline"	the Company and its subsidiaries and subsidiary undertakings
"IFRS"	International Financial Reporting Standards, as adopted by the European Union
"IRU"	the International Road Transport Union
"JSOP"	Joint Share Ownership Plan
"KKR LP"	KKR Victoria Aggregator
"KKR Victoria Aggregator"	KKR Victoria Aggregator L.P.,
"Level 1 Mandatory Variation"	a variation to certain terms of the Third Party Retailing Licence, where such changes are mandated by a governmental agency or regulatory authority (including DfT and ORR)
"Level 1 PCI DSS"	Payment Card Industry Data Security Standards certification
"Luxembourg 1915 Law"	the Law of 10 August 1915 on commercial companies, as amended from time to time
"Manager"	Victoria Manager S.a.r.l. in its capacity as sole Unlimited Shareholder
"Market Abuse Regulation"	Regulation (EU) 596/2014

"Member State"	a member state of the European Economic Area
"Non-Executive Directors"	the non-executive Directors of OpCo
"NRE"	National Rail Enquiries
"OAO"	Open Access Operators
"OpCo"	Victoria Investments Intermediate Holdco Limited
"OC&C"	OC&C Strategy Consultants
"ORR"	the UK Office of Rail Regulation
"OTA"	online travel agency
"PCAOB"	the Public Company Accounting Oversight Board (United States)
"PECR"	the Privacy and Electronic Communications Regulations
"phantom securities"	the phantom shares and phantom cPECs
"PPC"	pay-per click
"Prospectus Directive"	Directive 2003/71/EC as amended, including by Directive 2010/73/EU and Regulation EU 2017/1129, including any relevant implementing measure in each Relevant Member State
"Prospectus Rules"	the prospectus rules of the FCA made pursuant to section 73A of FSMA, as amended
"qualified institutional buyers" or "QIBs"	has the meaning given by Rule 144A
"Rail Review"	the Williams Rail Review commissioned by the UK government
"RDG"	the Rail Delivery Group
"RDG Licences"	the Third Party Retailing Licence, including the Season Ticket Trial Licence variation, and the International Sales Licence
"Registration Document"	the final registration document approved by the FCA as a registration document prepared in accordance with the Prospectus Rules
"regretted attrition"	defined as the percentage of employees who leave the organisation of their own accord on an annual basis
"Relevant Member State"	each Member State of the European Economic Area that has implemented the Prospectus Directive
"Retailing Agent's Agreement"	the retailing agent's agreement dated 3 June 2005 with West Coast Trains
"RSP"	the Rail Settlement Plan Limited
"Rule 144A"	Rule 144A under the US Securities Act

"Senior Facilities Agreement"	the amended and restated Senior facilities agreement between Victoria Investment Midco Limited, Barclays Bank PLC, HSBC UK Bank PLC, Commerz Bank AG and Crédit Agricole Corporate and Investment Bank
"Senior Managers"	those individuals identified as such in Part 7 (Directors, Senior Managers and Corporate Governance)
"SEO"	search engine optimisation
"Shareholder-Appointed Non-Executive Directors"	Philipp Freise, Franziska Kayser, Lucian Schönefelder and Martin Mignot
"Shareholders"	the holders of Shares in the capital of the Company
"Shareholders' Agreement"	the shareholders agreement between the Company, its Shareholders and certain of its subsidiaries, entered into on 20 March 2015 (as amended on 12 April 2016)
"Shareholders' Meeting"	general meeting of the Shareholders of the Company
"Share Premium Account"	a share premium account authorised by the Articles
"Shares" or "Manager Issued Shares"	the Class A1 Shares, the Class A2 Shares, the Class B1 Shares, the Class B2 Shares, the Class C1 Shares, the Class C2 Shares, the Class D1 Shares, the Class D2 Shares, the Class E1 Shares and the Class E2 Shares, each having the rights set out in the Articles
"Single Global Platform"	the Group's recently developed technology platform which currently supports the UK Consumer, the majority of the International and parts of the T4B businesses
"SME"	small and medium enterprises
"Sterling" or "pounds sterling" or "GBP" or "£" or "pence"	the lawful currency of the United Kingdom
"T4B"	Trainline for Business
"Tarif Scheme"	a credit insurance arrangement with RSP available to Trainline's TMC customers
"TFL"	Transport for London
"Ticketing and Settlement Agreement"	the common arrangements between UK rail carriers which authorises RDG to grant retail licences
"TMCs"	travel management companies
"TOC"	train operating company
"Top 5 European Markets"	United Kingdom, Germany, Spain, Italy and France
"UK"	the United Kingdom of Great Britain and Northern Ireland
"UK Companies Act"	the UK Companies Act 2006, as amended, modified or re-enacted from time to time
"United States" or "US"	the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia

"Unlimited Share"	the unlimited share issued pursuant to the Articles
"US Dollar" or "$"	the lawful currency of the United States of America
"US GAAP"	accounting principles generally accepted in the United States
"US GAAS"	auditing standards generally accepted in the United States
"US Securities Act"	United States Securities Act of 1933, as amended
"West Coast Trains"	West Coast Trains Limited

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