trainline

3 November 2022

Trainline plc
Results for the six months ended 31 August 2022

Strong growth as rail industry recovery continues across Europe

H1 FY2023 summary financial highlights:

£m unless otherwise stated:	H1 FY2023	H1 FY2022	Variance
Net ticket sales[1]	2,159	1,000	+116%
Revenue	165	78	+112%
Adjusted EBITDA[2]	45	15	+30
Operating profit/ (loss)	17	(9)	+25
Adjusted basic earnings/ (loss) per share (pence)[3]	3.9p	(1.1)p	+5.0p
Basic earnings/ (loss) per share (pence)[3]	2.6p	(1.8)p	+4.4p
Diluted earnings/ (loss) per share (pence)[3]	2.4p	(1.8)p	+4.2p

Results summary:

- Group net ticket sales of £2.2 billion, up 116% year on year (YoY) and up 17% vs. H1 FY2020 (Yo3Y), reflecting passenger volume recovery across our markets and eticket growth in UK
- Group revenue of £165 million, up 112% YoY, and 28% higher Yo3Y
- Adjusted EBITDA of £45 million, up £30 million YoY, and £3 million higher Yo3Y
- Basic earnings per share of 2.6 pence vs. 1.8 pence loss last year
- Strong progress against strategic priorities in H1 FY2023:
    - Positioning ourselves as the aggregator in Europe: integrated new Spanish carrier Iryo and Ouigo's new Madrid-Valencia route
    - Tripled new app customer acquisition in Italy YoY following nationwide brand campaign
    - Strong resurgence in net ticket sales to global inbound customers in International Consumer, up 66% Yo3Y, including sales to US inbound customers up 89%
    - Twice as many customers transacting 2+ times a month in UK and France Yo3Y, and 4x as many in Italy Yo3Y
    - Now selling digital season tickets for 10 train operating companies in UK
    - Scaled active digital railcard users in UK Consumer to 1.7 million
    - Enhanced SplitSave increases availability to 76% of journeys (64% at launch in FY2020)
- Reaffirming improved guidance for FY2023 (as updated on 6 July 2022), assuming no major disruption to rail travel in H2:
    - Net ticket sales Yo3Y growth of between +18% and +27%
    - Revenue Yo3Y growth of between +22% and +31%
    - Adjusted EBITDA as a percentage of net ticket sales of between 1.9% and 2.1%

Jody Ford, CEO of Trainline said:

"We delivered strong growth in the first half of the year as we supported the rail industry recovery. Helping customers save money continues to be an important focus, through dedicated features such as SplitSave, digital railcards and now digital season tickets too.

"On high speed routes throughout the Continent, where rail carriers are now competing on the same lines, we give customers the broadest range of options and help them find the cheapest journey. This is accelerating our growth, including on the Madrid to Barcelona route where tickets sold are now seven times higher than pre-COVID.

"Overall, the business continues to build momentum and we reaffirm guidance for the full year."

Notes:

1. Please refer to Note 1d for definition of net ticket sales
2. Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) excludes share-based payment charges and exceptional items
3. Please refer to Note 5 for definitions of adjusted basic earnings per share, basic earnings per share and diluted earnings per share

Presentation of results

There will be a live webcast presentation of the results to analysts and investors at 9:00am GMT today (3 November 2022). Please register to participate at the Company's investor website: https://edge.media-server.com/mmc/p/hwmpn93u

If participants wish to ask a question, they can register to dial into the telephone conference call using this link: https://register.vevent.com/register/BI713ea5fc11454a55b1d47df2ab940c01

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Forward looking statements and other important information

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

H1 FY2023 PERFORMANCE REVIEW

Group Overview

Group net ticket sales increased to £2.2 billion as the industry continued to recover from the impact of COVID-19. Net ticket sales were 116% higher year-on-year (YoY), and 17% higher than H1 FY2020 (Yo3Y).

The recovery in net ticket sales helped Group revenue grow to £165 million, 112% higher YoY and 28% higher Yo3Y.

Gross profit increased by 124% to £129 million YoY. Adjusted EBITDA was £45 million, £30 million higher than last year.

H1 FY2023 Segmental performance

	H1 FY2023	H1 FY2022	% YoY	H1 FY2020	% Yo3Y[1]
Net ticket sales (£m)					
UK Consumer	1,433	716	*100%*	*986*	*45%*
International Consumer	452	179	*152%*	*250*	*81%*
Trainline Solutions	274	104	162%	609	(55%)
Total Group	**2,159**	**1,000**	***116%***	***1,844***	***17%***
Revenue (£m)					
UK Consumer	88	46	*93%*	68	*30%*
International Consumer	24	6	*305%*	11	*118%*
Trainline Solutions	53	26	*103%*	50	*6%*
Total Group	**165**	**78**	***112%***	**129**	***28%***
Gross profit (£m)					
UK Consumer	63	32	*101%*	49	*29%*
International Consumer	16	3	*496%*	7	*151%*
Trainline Solutions	49	23	*112%*	41	*19%*
Total Group	**129**	**57**	***124%***	**97**	***33%***

	H1 FY2023	H1 FY2022	YoY	H1 FY2020	Yo3Y[1]
UK Consumer	38	16	*21*	28	*10*
International Consumer	(10)	(3)	*(7)*	(8)	*(2)*
Trainline Solutions	17	2	*16*	22	*(5)*
Adjusted EBITDA (£m)	**45**	**15**	***30***	**42**	***3***

1. Variance between H1 FY2023 and H1 FY2020

UK Consumer

Net ticket sales for UK Consumer were £1.4 billion, 100% higher YoY. This reflected the continued recovery in passenger volume, with UK industry passenger volume recovering to c.85% of pre-COVID levels in August (peaking at 96%), and a higher adoption of etickets.

UK Consumer revenue increased to £88 million, 93% YoY. Gross profit of £63 million was 101% higher YoY.

Adjusted EBITDA of £38 million was £21 million higher YoY and included £11 million of marketing investment (£5 million in H1 FY 2022) to attract new customers and support the rail industry recovery.

International Consumer

Net ticket sales were £452 million, 152% higher YoY. Net ticket sales improved as we continued to position the business as the aggregator of choice on high speed routes as new carrier competition emerged. In addition, it benefited from the strong return of global inbound customers, particularly from the US.

International Consumer revenue of £24 million was up 305% YoY. Gross profit increased to £16 million, £14 million higher YoY.

Investment in the International Consumer business was £10 million (£3 million in H1 last year). We increased our investment in marketing, notably in brand campaigns to drive greater awareness, and grew the size of our team to accelerate product innovation.

Trainline Solutions

Net ticket sales were £274 million, 162% higher than prior year, and revenues were £53 million, up 103% YoY. Gross profit was 112% higher than prior year at £49 million, and adjusted EBITDA was £16 million higher YoY at £17 million.

Operating profit

The Group reported operating profit of £17 million versus a £9 million loss in H1 last year. Operating profit included non-cash charges of:

- Depreciation and amortisation charges of £20 million, broadly in line with prior year and reflecting our continued investment in product and technology throughout the pandemic (H1 FY2022: £21 million)
- Share-based payment charges of £8 million, reflecting the costs of our all-employee share incentive plan (FY2021: £3 million)

Profit after tax

Profit after tax was £12 million versus a £8 million loss after tax in the prior year. Profit after tax reflected operating profit of £17 million, net finance charges of £3 million (which included a £3 million gain on the repurchase of convertible bonds in the first half), and a tax charge of £1 million.

Earnings per share (EPS)

Adjusted basic earnings per share was 3.9 pence versus a loss of 1.1 pence in H1 FY2022. Adjusted basic earnings per share adjusts for exceptional one-off items in the period (of which there were none), the gain on the repurchase of convertible bonds, amortisation of acquired intangibles, and share-based payment charges, together with the tax impact of these items.

Basic earnings per share was 2.6 pence versus a loss per share of 1.8 pence in H1 FY2022.

Operating free cash flow and net debt

Operating free cash flow was £29 million versus £72 million in H1 FY2022. The prior year benefited from significant working capital inflows as the business recovered and, in H2, returned to standard industry settlement terms. This more than offset the step up in adjusted EBITDA this year. Capital expenditure in the period of £16 million was in line with the prior year (H1 FY2022: £16 million), with planned investment in product and technology slightly more weighted to the second half of the year.

Net debt reduced to £70 million at the end of August 2022 from £169 million a year before, primarily reflecting the generation of positive operating free cash flow in the first half of FY2023 and the continued working capital recovery in the second half of FY2022.

During the first half the Group refinanced its Revolving Credit Facility. The new £325 million facility was signed in July.

Outlook and market guidance

Following the significant impact of COVID-19 on rail travel, industry passenger volumes have made a strong recovery across our core markets, albeit with some volatility given recent industrial action.

The cost of living crisis is expected to impact consumer-facing businesses across Europe, with pressure on discretionary spend. However, our research suggests that transport could perform better than other sectors and that rail could prove more resilient than other modes of travel, in part given it is experiencing lower rates of inflation. Additionally, we will continue to promote our value proposition, including features such as SplitSave and digital railcards, helping customers save money.

Underlying demand remains strong, including since the half year. While we acknowledge the headwinds above, we reaffirm the improved guidance we set out in July 2022. Assuming no major disruption to rail travel in H2, for FY2023 we continue to expect the business to generate:

- Net ticket sales Yo3Y growth of between +18% and +27%
- Revenue Yo3Y growth of between +22% and +31%
- Adjusted EBITDA as a percentage of net ticket sales of between 1.9% and 2.1%

PROGRESS AGAINST OUR STRATEGIC PRIORITIES IN H1 FY2023

To achieve our mission to make rail and coach travel easier for customers in all our markets, we invest behind four strategic priorities for long-term growth: enhancing the customer experience, building demand, increasing customer lifetime value, and growing Trainline Solutions. In H1 FY2023 we continued to make good progress against these long-term strategic growth priorities.

Enhancing the customer experience

We continued to invest in the customer experience in the first half, further supporting the rail industry's recovery and the continued shift to online and digital channels, with a greater prevalence of people buying train tickets through our 4.9-star app.

The UK has seen a significant step up in eticket penetration from 21% in FY2020 to 43% in H1 FY2023, driving up online penetration from 39% to 53%[1]. However, there remains significant headroom for eticket penetration to grow further, particularly as etickets become increasingly available to use on all rail journeys:

- Southeastern has now commenced the roll out of etickets across its network. The last major train operating company (TOC) to enable eticket usage on their network, Southeastern are due to complete their roll out by next year, which will take eticket availability above 90%.
- Having trialled digital season tickets last year, we are now selling them on behalf of 10 TOCs in the UK. The UK season ticket market is currently estimated to be around c.£0.8 billion but until now there has been no mass-market, barcode-read season ticket available. As a superior product experience, we see opportunity to drive adoption of digital season tickets.

Rolling out digital season tickets is part of a broader drive to prime our mobile app to better serve the commuter market, including Favourites. This allows customers to personalise their journey and in H1 there were over a million set ups. Similarly, we have seen a 58% growth in time-checkers, a cohort of Trainline app users who check their top journey at least once a week, and so serve as a proxy for commuters. Over the same period, the number of time-checkers that purchase tickets through Trainline has stepped up 63%.

In the UK we continued to enhance SplitSave to unlock further savings for customers. We expanded the number of SplitSave tickets offered to customers through data-led optimisation. SplitSave is now available on 76% of journeys, up from 64% at launch in FY2020. In addition, we recently launched SplitSave for web customers.

In International Consumer, we continue to progress in becoming the aggregator for newly liberalised routes, making it easy for customers to compare carriers, fares and journey options through one highly rated mobile app. This is driving strong growth, particularly on the two routes that have most recently liberalised. Tickets sold on Madrid-Barcelona are up seven-fold versus pre-COVID. Likewise, tickets sold on Paris-Lyon during the first six weeks of H2 were three times as high as they were prior to Trenitalia's entry into the market in December.

We recently integrated a fourth new carrier brand Iryo, ahead of its launch into the Spanish market in the coming weeks. Likewise Ouigo expanded onto the Madrid-Valencia route in October, following its market entrance last year. Both carriers plan to launch more high speed routes in Spain next year, with those routes in total set to represent an aggregation opportunity of c.€1.3 billion.

We continue to enhance our proposition in each of our core European markets. To make our experience friction-free, we recently launched delay and cancellation notifications in France and airline style seat maps in Spain. To offer our customers unrivalled value, we launched a weekly price calendar in France, making it easier for customers to compare prices, as well as the ability to use discount codes for Trenitalia trains in Italy.

Building demand

In the first half we increased marketing investment to drive up customer demand and grow brand awareness of our value proposition.

In the UK, we recently launched a brand campaign focused on value for money to illustrate cost savings available for customers who book through Trainline.

In Europe we made good headway in growing brand awareness. In Italy, where we launched our first major nationwide brand campaign last year, customer awareness has increased significantly and new app customers has tripled YoY.

Global inbound customers made a strong return in H1, led primarily by US tourists. International Consumer net ticket sales to global inbound customers increased 66%, with sales to customers from the US up 89%. This growth was all performance marketing driven, requiring no incremental brand spend.

Increasing customer lifetime value

While growing customers, we deepened our relationship with them, enhancing our relevance for more of their travel needs. This was reflected in the strong step up in transaction frequency. In H1, twice as many customers were purchasing 2+ tickets a month in the UK and France vs. pre-COVID, while in Italy it was four times as many.

We made strong progress scaling digital railcards in the UK, an important way to bring lower prices to many customers, with 1.7 million active customers at the end of H1 FY2023. In addition, we have launched an easy new renewals process, with customers able to renew their digital railcard in just a few clicks.

Growing Trainline Solutions (TS)

In H1, we took further steps to support our travel partners, leveraging the strength of our platform.

For Carrier IT Solutions, in the UK we signed a contract extension with ScotRail, giving them continued access to our industry-leading core platform functionality and upgraded customer experience features. In Europe, regional sales for our first Carrier IT Solutions partner NTV Italo went live in July, having signed a multi-year deal in earlier in the year.

Within Global Distribution and Business Solutions, we continued to position the Global API platform for growth, giving B2B partners the ability to offer European rail options to their customers through one simple, seamless connection. We have signed up more B2B customers in H1, including CWT, Agiito and Havas. We also added new inventory to the Global API, with bookings now available in Spain and an expanded content offering in Italy.

ENVIRONMENTAL SUSTAINABILITY

Our purpose at Trainline is to empower a greener way to travel. Transport is now the largest GHG emitting sector in the UK, with the energy sector having reduced its emissions over recent years. Rail offers travellers a greener alternative to flying or driving, generating c.1/7 the CO_2 emissions of air travel and approximately 70% less CO_2 emissions than car travel, per passenger[2]. Therefore, a key way individuals can cut their carbon emissions is to choose rail ahead of driving and take at least one less flight per year.

We plan to lead the industry agenda on driving modal shift to rail. We recently launched 'I Came By Train', a new brand platform to grow the public's awareness of the relative benefits of train travel, and inspire pride in those that take positive action. The campaign gives participants the opportunity to pledge to swap a journey by car or plane to rail. The platform is gaining strong early momentum. We launched a consumer brand campaign a few weeks ago, running alongside PR and social media campaigns, and on 24 October, music artist Craig David released a brand-new track titled 'Better Days (I Came By Train)'.

At the same time, we continue to launch new features on our mobile app to encourage modal shift. This includes carbon comparison tools, informing and educating customers on emission savings vs. other forms of transport.

WILLIAMS SHAPPS PLAN FOR RAIL IN THE UK

On 20 May 2021, the UK Government's Department for Transport (DfT) published the Williams Shapps Plan for Rail white paper. The white paper outlined the Government's vision for UK rail, laying out proposals to reform the industry. This includes the creation of Great British Railways (GBR) as a central governing body and the creation of a new central ticket retailer (discussed below). At time of writing, both items are delayed with no firm visibility on future timings.

Creation of GBR as a ticket retailer

The Williams Shapps Plan included proposals to replace many of the sub-scale train operating company websites and apps with a GBR-branded app and website. At this stage, neither the UK Government nor the GBR Transition Team (GBRTT) have confirmed how they plan to develop and operate an online retailing platform for GBR, beyond Rail Delivery Group (RDG) taking preliminary steps ahead of a formal exercise to procure a Consolidated Online Retailing Solution (CORS) for the sale of rail tickets, with an expectation the contract would novate to GBR at some future stage. The estimated contract notice (effectively the official process start date) was 1 April 2022, however no formal procurement exercise has yet started at time of writing.

We remain engaged with RDG, GBRTT and DfT and are ready to actively support a procurement process should one go ahead.

MOU to amend third party retailing licence

Trainline was invited by RDG in Autumn last year to take part in a review process of the broader retailing landscape and the commercial framework. As an output of the review, on 31 March 2022 we reached agreement with RDG on a memorandum of understanding (MOU) to amend its third-party retail licence. Trainline and other third-party retailers have since entered into a collaborative phase of engagement with RDG to mutually agree new contractual licence terms. Negotiations are ongoing.

In the event new contractual terms cannot be mutually agreed, under the provisions of the MOU, RDG has the right to implement a legally binding minimum set of commercial terms. This would result in a c.0.25% net reduction in commission rate for Trainline (reduction in headline commission, partly offset by central industry cost forgiveness) effective April 2025.

Notes:

1 Online penetration is % of UK industry net ticket sales purchased online or through an app. Eticket penetration is % of UK industry net ticket sales fulfilled using a barcode read eticket, and is a subset of online penetration.

2 Emissions per passenger/km as per https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021

Statement of Directors' responsibilities in respect of the results for half year FY2023

The Directors confirm that these condensed consolidated Interim Financial Statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The Directors of Trainline plc are listed in the Trainline plc Annual Report for 28 February 2022 with the exception of the following changes in the period: Shaun McCabe resigned on 15 September 2022. A list of current directors is maintained on the Trainline plc website: https://www.trainlinegroup.com/

By order of the Board:

Jody Ford
Chief Executive Officer
3 November 2022

Condensed consolidated income statement

	Note	Six months ended 31 August 2022 *Unaudited* £'000	Six months ended 31 August 2021 *Unaudited* £'000	Year ended 28 February 2022 *Audited* £'000
Continuing operations				
Net ticket sales[1]	*1d*	2,159,176	999,522	2,520,272
Revenue	*2*	**165,008**	**77,724**	**188,513**
Cost of sales	*2*	(36,505)	(20,358)	(44,626)
Gross profit	*2*	**128,503**	**57,366**	**143,887**
Administrative expenses		(111,869)	(66,184)	(154,200)
Adjusted EBITDA[1]	*1d*	**44,952**	**14,740**	**39,046**
Depreciation and amortisation		(20,276)	(20,794)	(42,576)
Share-based payment charges		(8,042)	(2,764)	(6,783)
Operating profit / (loss)		**16,634**	**(8,818)**	**(10,313)**
Finance income	*3*	3,717	2,947	3,950
Finance costs	*3*	(6,792)	(4,454)	(9,179)
Net finance costs	*3*	**(3,075)**	**(1,507)**	**(5,229)**
Profit / (loss) before tax		**13,559**	**(10,325)**	**(15,542)**
Income tax (expense) / credit	*4*	(1,368)	1,908	3,637
Profit / (loss) after tax		**12,191**	**(8,417)**	**(11,905)**
Earnings per share (pence)				
Basic	*5*	2.60p	(1.76)p	(2.49)p
Diluted[2]	*5*	2.41p	(1.76)p	(2.49)p

[1] Non-GAAP measures – see note 1d

[2] As the Group incurred a loss in H1 FY2022 and FY2022 the impact of its potential dilutive ordinary shares for these periods have been excluded as they would be anti-dilutive

The notes on pages 16 to 31 form part of the Interim Financial Statements

Condensed consolidated statement of other comprehensive income

	Six months ended 31 August 2022 *Unaudited*	Six months ended 31 August 2021 *Unaudited*	Year ended 28 February 2022 *Audited*
	£'000	**£'000**	**£'000**
Profit / (loss) after tax	**12,191**	**(8,417)**	**(11,905)**
Items that may be reclassified to the income statement:			
Re-measurements of defined benefit liability	-	-	10
Foreign exchange movement	449	(963)	(1,393)
Other comprehensive income, net of tax	**449**	**(963)**	**(1,383)**
Total comprehensive income / (loss)	**12,640**	**(9,380)**	**(13,288)**

The notes on pages 16 to 31 form part of the Interim Financial Statements

Condensed consolidated balance sheet

	Note	At 31 August 2022 *Unaudited*	At 31 August 2021 *Unaudited*	At 28 February 2022 *Audited*
		£'000	**£'000**	**£'000**
Non-current assets				
Intangible assets	*6*	67,486	75,317	69,794
Goodwill	*6*	418,407	418,458	417,360
Property, plant and equipment		22,854	26,725	24,877
Deferred tax asset	*4*	15,070	6,988	12,565
		523,817	**527,488**	**524,596**
Current assets				
Cash and cash equivalents		74,923	59,387	68,496
Trade and other receivables		49,519	33,873	48,314
Current tax receivable	*4*	-	3,104	1,599
		124,442	**96,364**	**118,409**
Current liabilities				
Trade and other payables		(230,569)	(127,730)	(227,729)
Loans and borrowings	*7*	(5,668)	(4,374)	(4,914)
Current tax payable	*4*	(4,002)	-	-
		(240,239)	**(132,104)**	**(232,643)**
Net current liabilities		**(115,797)**	**(35,740)**	**(114,234)**
Total assets less current liabilities		**408,020**	**491,748**	**410,362**
Non-current liabilities				
Loans and borrowings	*7*	(135,803)	(219,405)	(149,996)
Provisions		(925)	(874)	(873)
		(136,728)	**(220,279)**	**(150,869)**
Net assets		**271,292**	**271,469**	**259,493**
Equity				
Share capital	*8*	4,807	4,807	4,807
Share premium	*8*	1,198,703	1,198,703	1,198,703
Foreign exchange reserve	*8*	1,904	1,885	1,455
Other reserves	*8*	(1,137,653)	(1,128,000)	(1,136,661)
Retained earnings	*8*	203,531	194,074	191,189
Total equity		**271,292**	**271,469**	**259,493**

The notes on pages 16 to 31 form part of the Interim Financial Statements

Condensed consolidated statement of changes in equity

For the six months ended 31 August 2022:

	Share Capital	Share Premium	Other reserves	Foreign exchange reserve	Retained earnings	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 March 2022 *Audited*	4,807	1,198,703	(1,136,661)	1,455	191,189	259,493
Profit after tax	-	-	-	-	12,191	12,191
Other comprehensive income	-	-	-	449	-	449
Acquisition of treasury shares	-	-	(7,900)	-	-	(7,900)
Share-based payments	-	-	7,059	-	-	7,059
Transfer between reserves	-	-	(151)	-	151	-
At 31 August 2022 ***Unaudited***	**4,807**	**1,198,703**	**(1,137,653)**	**1,904**	**203,531**	**271,292**

For the six months ended 31 August 2021 and year ended 28 February 2022:

	Share Capital	Share Premium	Other reserves	Foreign exchange reserve	Retained earnings	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 March 2021 *Audited*	4,807	1,198,703	(1,124,992)	2,848	202,139	283,505
Loss after tax	-	-	-	-	(8,417)	(8,417)
Other comprehensive income	-	-	-	(963)	-	(963)
Acquisition of treasury shares	-	-	(5,000)	-	-	(5,000)
Share-based payments	-	-	2,344	-	-	2,344
Transfer between reserves	-	-	(352)	-	352	-
At 31 August 2021 ***Unaudited***	**4,807**	**1,198,703**	**(1,128,000)**	**1,885**	**194,074**	**271,469**
Loss after tax	-	-	-	-	(3,488)	(3,488)
Other comprehensive income	-	-	-	(430)	10	(420)
Acquisition of treasury shares	-	-	(11,600)	-	-	(11,600)
Share-based payments	-	-	3,532	-	-	3,532
Transfer between reserves	-	-	(593)	-	593	-
At 28 February 2022 ***Audited***	**4,807**	**1,198,703**	**(1,136,661)**	**1,455**	**191,189**	**259,493**

The notes on pages 16 to 31 form part of the Interim Financial Statements

Condensed consolidated cash flow statement

	Note	Six months ended 31 August 2022 *Unaudited*	Six months ended 31 August 2021 *Unaudited*	Year ended 28 February 2022 *Audited*
		£'000	**£'000**	**£'000**
Cash flows from operating activities				
Profit / (loss) before tax		**13,559**	**(10,325)**	**(15,542)**
Adjustments for:				
Depreciation and amortisation		20,276	20,794	42,576
Net finance costs*	*3, 7*	3,075	1,507	5,229
Share-based payment charges		8,042	2,764	6,783
		44,952	14,740	39,046
Changes in working capital:				
Trade and other receivables		(3,221)	(16,491)	(33,562)
Trade and other payables		3,579	89,697	189,683
Cash generated from operating activities		**45,310**	**87,946**	**195,167**
Taxes refunded		1,715	4,440	4,439
Net cash generated from operating activities		**47,025**	**92,386**	**199,606**
Cash flows from investing activities				
Purchase of intangible assets		(15,127)	(11,512)	(24,787)
Purchase of property, plant and equipment		(1,097)	(4,066)	(4,557)
Net cash flows from investing activities		**(16,224)**	**(15,578)**	**(29,344)**
Cash flows from financing activities				
Purchase of treasury shares		(7,900)	(5,000)	(16,600)
Proceeds from Revolving Credit Facility		40,000	17,000	97,000
Repayment of Revolving Credit Facility and other borrowings		(25,000)	(35,088)	(177,116)
Issue costs and fees		(3,242)	(60)	(110)
Buyback of convertible bonds		(23,458)	(25,704)	(31,307)
Payments of lease liabilities		(2,094)	(1,333)	(3,794)
Payment of interest on lease liabilities		(243)	(278)	(477)
Interest paid		(2,940)	(3,371)	(5,103)
Net cash flows from financing activities		**(24,877)**	**(53,834)**	**(137,507)**
Net increase in cash and cash equivalents		**5,924**	**22,974**	**32,755**
Cash and cash equivalents at beginning of the period		68,496	36,575	36,575
Effect of exchange rate changes on cash		503	(162)	(834)
Closing cash and cash equivalents		**74,923**	**59,387**	**68,496**

*Including gain on convertible bond buyback as disclosed in notes 3 and 7

The notes on pages 16 to 31 form part of the Interim Financial Statements.

Notes

(Forming part of the Interim Financial Statements)

1. General information

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

These Interim Financial Statements for the six months ended 31 August 2022 were approved by the Directors on 3 November 2022. The Interim Financial Statements have been reviewed, not audited. The auditor's review report is on page 32.

a) Basis of preparation

The Interim Financial Statements have been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

These Interim Financial Statements do not include all of the notes of the type normally included in an Annual Report. Accordingly, these Interim Financial Statements are to be read in conjunction with the Annual Report and Group Financial Statements for the year ended 28 February 2022, which have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006, and any public announcements made by Trainline plc during the interim reporting period. Audited annual accounts for the year ended 28 February 2022 were approved by the Board of Directors on 5 May 2022 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. These Interim Financial Statements have been reviewed, not audited.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

<u>Change in presentation of UK rail industry system costs</u>

The Group has changed its accounting presentation on the allocation of UK rail industry systems costs payable to the Rail Delivery Group which were historically presented within administrative expenses on the basis that these costs reflect the Group's share of total industry system costs. Since these costs are also incurred on the sale of UK rail tickets on a per reservation basis, the Group has changed its accounting presentation to present these amounts in cost of sales to provide more reliable and relevant information about the effects of the costs on the Group's financial performance. This change in accounting presentation was effective as at 1 March 2022 with retrospective application made to prior periods and disclosed in these Interim Financial Statements.

In H1 FY2023, £3.6 million in UK rail industry systems costs payable to the Rail Delivery Group have been presented in cost of sales. UK rail industry systems costs payable to the Rail Delivery Group incurred in prior periods have been reallocated from administrative expenses to cost of sales on the face of the condensed consolidated income statement (FY2022: £8.9 million, H1 FY2022: £4.1 million).

A number of amended standards became appliable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

The Interim Financial Statements have been prepared on a going concern basis. In adopting this basis of preparation, the Directors have considered the Group's forecast cash flows, liquidity, borrowing facilities and covenant requirements for 18 months from the date of signing of these Interim Financial Statements. These have been considered in light of the expected operational activities and principal risks and uncertainties of the Group.

The Interim Financial Statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as they fall due over at least the next twelve months from the date of the approval of these Financial Statements (the "going concern assessment period").

During H1 FY2023 the Group has delivered positive adjusted EBITDA, reduced its net debt, and generated positive cash flows. Positive adjusted EBITDA of £45 million was earned in the period (FY2022: positive adjusted EBITDA of £45 million, H1 FY2022: positive adjusted EBITDA of £15 million) and net debt at 31 August 2022 was £70 million (FY2022: £90 million, H1 FY2022: £169 million).

On 26 July 2022, the Group entered into a new £325 million revolving credit facility with an initial maturity date of 30 November 2025, with the option to extend for a further two, one-year periods to 30 November 2027. This facility replaced the Group's previous £350m revolving credit facility which was due to mature on 26 June 2024. As part of the detailed going concern assessment, the Directors have considered the covenants associated with the Group's revolving credit facility at the next covenant test dates on 28 February 2023 and 31 August 2023, being the two relevant dates in this period.

As at 31 August 2022 the Group was in a net current liability position of £116 million driven by the negative working capital cycle (FY2022: £114 million net current liability position, H1 FY2022: £36 million net current liability position). The Group had in place bank guarantees that can be utilised to settle trade creditor balances of £177 million (FY2022: £51 million, H1 FY2022: £105 million). Bank guarantees are issued by lenders under the Group's revolving credit facility and therefore reduce the Group's remaining available facility. The remaining available facility at 31 August 2022 was £108 million (FY2022: £274 million, H1 2022: £158 million).

The Directors performed a detailed going concern assessment using the most recent Board-approved forecasts (the "base case") as well as considering two severe but plausible downside scenarios, without any mitigations, and their potential impact on the Group's forecast. Two severe but plausible downside scenarios were modelled: (1) a circa 10% reduction in UK revenue, or a circa 15% increase in Group marketing and other administrative expenses, manifesting as a 25% reduction in forecast Group adjusted EBITDA; and (2) a 1% increase above the forecast SONIA interest rate benchmark.

In the base case and both severe but plausible downside scenarios the Group is able to continue in operation and meet its liabilities as they fall due. This includes complying with both the net debt to adjusted EBITDA and the interest coverage covenant requirements at the 28 February 2023 and 31 August 2023 test dates.

Following the assessment described above, the Directors are confident that the Group has adequate resources to continue to meet its liabilities as they fall due and to remain in operation for the going concern assessment period. The Board have therefore continued to adopt the going concern basis in preparing the Interim Financial Statements.

b) Basis of measurement

The Interim Financial Statements have been prepared on a historical cost basis except for the following:

- Derivative financial instruments are measured at fair value
- Financial instruments at fair value through the income statement are measured at fair value

c) Use of judgements and estimates

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

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

The following estimate is deemed significant as it has been identified by Management as one which could result in a material adjustment in the next financial year:

- Goodwill impairment test: key assumptions underlying recoverable amounts;

  The Group tests goodwill for impairment annually by comparing the carrying amount against the recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and value in use. There is judgement in estimating the future cash flows, the time period over which they will occur, and in arriving at an appropriate discount rate to apply to the cashflows as well as an appropriate terminal growth rate. Each of these assumptions have an impact on the overall value of cashflows expected and therefore the headroom between the cashflows and carrying values of the cash generating units.

d) 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 these Interim Financial Statements 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.

(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 vary significantly year-on-year and are non-cash in nature.

Adjusted EBITDA is calculated as profit/(loss) 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 significantly fluctuate year-on-year and are non-cash in nature.

(iii) Adjusted earnings

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

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

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

(iv) Net Debt

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

Net debt is calculated as total gross debt less cash and cash equivalents.

(v) Liquidity

Management use liquidity as a measure of available funds. Liquidity headroom is cash and cash equivalents plus the undrawn, unencumbered balance on the Group's Revolving Credit Facility.

(vi) Operating free cash flow

Management use operating free cash flow as a supplementary indicator of liquidity.

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

Notes *(continued)*

2. Operating segments

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

The Group has changed its presentation of information to the CODM during H1 FY2023 to better reflect the nature of the Group's operations. As of H1 FY2023, the Group reports its technology platform and Trainline Partner Solutions results together within one segment (Trainline Solutions). The Group continues to report results on UK Consumer in the same manner as previously. International Consumer results are reported on a standalone basis, with International Trainline Partner Solutions now being reported within 'Trainline Solutions'.

The Group has determined that it now has three reportable segments: UK Consumer, International Consumer, and Trainline Solutions. H1 FY2023 segmental disclosures have been prepared to reflect this structure, with prior period comparatives restated on this basis.

The Group's three operating and reporting segments are summarised as follows:

- UK Consumer – Travel apps and websites for individual travellers for journeys within the UK
- International Consumer – Travel apps and websites for individual travellers for journeys outside the UK; and
- Trainline Solutions[1] – Travel portal platforms for Trainline's own branded business units, in addition to external corporates, travel management companies and white label ecommerce platforms for Train Operating Companies.

[1] The Group's technology platform, UK Trainline Partner Solutions and International Trainline Partner Solutions are collectively referred to as 'Trainline Solutions'

As of H1 FY2023, the CODM reviews discrete information by segment disaggregated to adjusted EBITDA to better assess performance and to assist in resource-allocation decisions. The CODM monitors:

- the three operating segments results at the level of net ticket sales, revenue and gross profit and adjusted EBITDA (as shown in this disclosure); and
- no results at a profit before/after tax level or in relation to the statement of financial position are reported to the CODM at a lower level than the consolidated Group.

Notes *(continued)*

Operating Segments *(continued)*

Segmental analysis for the six months ended 31 August 2022:

	UK Consumer £'000	International Consumer £'000	Trainline Solutions £'000	Total Group £'000
Net ticket sales	**1,433,461**	**451,787**	**273,928**	**2,159,176**
Revenue	**88,126**	**23,889**	**52,993**	**165,008**
Cost of sales	(24,633)	(7,537)	(4,335)	(36,505)
Gross profit	**63,493**	**16,352**	**48,658**	**128,503**
Marketing costs	(11,396)	(22,174)	(146)	(33,716)
Other administrative expenses	(14,400)	(4,159)	(31,276)	(49,835)
Adjusted EBITDA	**37,697**	**(9,981)**	**17,236**	**44,952**
Depreciation and amortisation				(20,276)
Share-based payment charges				(8,042)
Operating profit				**16,634**
Net finance costs				(3,075)
Profit before tax				**13,559**
Income tax expense				(1,368)
Profit after tax				**12,191**

Segmental analysis for the six months ended 31 August 2021[2]:

	UK Consumer £'000	International Consumer £'000	Trainline Solutions £'000	Total Group £'000
Net ticket sales	**715,625**	**179,499**	**104,398**	**999,522**
Revenue	**45,696**	**5,903**	**26,125**	**77,724**
Cost of sales	(14,047)	(3,159)	(3,152)	(20,358)
Gross profit	**31,649**	**2,744**	**22,973**	**57,366**
Marketing costs	(4,674)	(4,148)	(102)	(8,924)
Other administrative expenses	(10,520)	(1,816)	(21,366)	(33,702)
Adjusted EBITDA	**16,455**	**(3,220)**	**1,505**	**14,740**
Depreciation and amortisation				(20,794)
Share-based payment charges				(2,764)
Operating loss				**(8,818)**
Net finance costs				(1,507)
Loss before tax				**(10,325)**
Income tax credit				1,908
Loss after tax				**(8,417)**

Notes *(continued)*

Operating Segments *(continued)*

Segmental analysis for the year ended 28 February 2022[2]:

	UK Consumer £'000	International Consumer £'000	Trainline Solutions £'000	Total Group £'000
Net ticket sales	**1,811,715**	**406,575**	**301,982**	**2,520,272**
Revenue	**108,583**	**13,843**	**66,087**	**188,513**
Cost of sales	(31,964)	(7,199)	(5,463)	(44,626)
Gross profit	**76,619**	**6,644**	**60,624**	**143,887**
Marketing costs	(15,364)	(15,131)	(380)	(30,875)
Other administrative expenses	(24,027)	(4,016)	(45,923)	(73,966)
Adjusted EBITDA	**37,228**	**(12,503)**	**14,321**	**39,046**
Depreciation and amortisation				(42,576)
Share-based payment charges				(6,783)
Operating loss				**(10,313)**
Net finance costs				(5,229)
Loss before tax				**(15,542)**
Income tax credit				3,637
Loss after tax				**(11,905)**

[2] Prior period comparatives have been restated to reflect the change in reportable segments during the period

Notes *(continued)*

3. Net finance costs

Net finance costs comprise bank interest income and interest expense on borrowings and lease liabilities, as well as foreign exchange gains/losses and gains/losses on the repurchase of convertible bonds. During the six months ended 31 August 2022, the Group bought back and cancelled £26.7 million (face value) of its own convertible bonds for £23.4 million, resulting in a gain of £3.3 million.

On 26 July 2022, the Group entered into a new £325.0 million revolving credit facility which replaced the Group's previous £350.0 million revolving credit facility due to mature on 26 June 2024 (refer to Note 7 for further disclosure). Transaction costs of £2.7 million incurred in relation to the Group's former £350.0 million facility and not yet amortised upon cancellation of this facility on 26 July 2022 were charged as finance costs in the period.

	Six months ended 31 August 2022 £'000	Six months ended 31 August 2021 £'000	Year ended 28 February 2022 £'000
Bank interest income	257	34	36
Gain on convertible bond buyback	3,307	2,913	3,914
Foreign exchange gain	153	-	-
Finance income	**3,717**	**2,947**	**3,950**
Interest and fees on bank loans	(6,045)	(3,059)	(5,777)
Foreign exchange loss	-	(361)	(927)
Interest and fees on convertible bonds	(473)	(732)	(1,878)
Interest on lease liability	(274)	(302)	(594)
Other interest	-	-	(3)
Finance costs	**(6,792)**	**(4,454)**	**(9,179)**
Net finance costs recognised in the income statement	**(3,075)**	**(1,507)**	**(5,229)**

Notes *(continued)*

4. Taxation

	Six months ended 31 August 2022 £'000	Six months ended 31 August 2021 £'000	Year Ended 28 February 2022 £'000
Current tax charge	3,869	-	3,759
Deferred tax charge / (credit)	(2,501)	(1,908)	(7,396)
Tax charge / (credit)	**1,368**	**(1,908)**	**(3,637)**
Effective tax rate %	20%	18%	23%
Deferred tax asset	**15,070**	**6,988**	**12,565**
Current tax (payable) / receivable	**(4,002)**	**3,104**	**1,599**

UK corporation tax was calculated at 19% (FY2022: 19%, H1 FY2022: 19%) of the taxable profit for the period. Taxation for territories outside of the UK was calculated at the rates prevailing in the respective jurisdictions. The income tax expense was recognised based on the best estimate of the annual income tax rate expected for each jurisdiction for the full financial year applied to profit before tax for the interim period. As such, the effective tax rate in the Interim Financial Statements may differ from management's estimate of the effective tax rate for the annual Financial Statements.

The total tax charge of £1.4 million (FY2022: £3.6 million credit, H1 FY2022: £1.9 million credit) is made up of a current corporation tax charge of £3.9 million (FY2022: £3.8 million charge, H1 FY2022: £nil) arising in the UK, and a deferred tax credit of £2.5 million (FY2022: £7.4 million credit, H1 FY2022: £1.9 million credit).

Deferred tax has been recognised at the tax rates that are expected to be applied to temporary differences when they are realised or unwound, based on the tax rates enacted or substantively enacted at the reporting date. The deferred tax credit in H1 FY2023 relates to the unwinding of the deferred tax liabilities arising on acquired intangibles and equity-settled share-based payment charges. The unwinding of these deferred tax liabilities does not impact the corporation tax payable in cash by the Group.

Notes *(continued)*

5. Earnings per share

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

The Group calculates earnings per share in accordance with the requirements of IAS 33. Four types of earnings per share are reported:

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(iii) Adjusted basic earnings per share

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

(iv) Adjusted diluted earnings per share

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

	At 31 August 2022	**At 31 August 2021**	**At 28 February 2022**
Weighted average number of ordinary shares:			
Ordinary shares	480,680,508	480,680,508	480,680,508
Treasury shares	(11,953,405)	(2,248,138)	(3,096,733)
Weighted number of ordinary shares[1]	**468,727,103**	**478,432,370**	**477,583,775**

[1] As the Group incurred a loss in H1 FY2022 and FY2022, the impact of its potential dilutive ordinary shares for these periods have been excluded as they would be anti-dilutive

Notes *(continued)*

Earnings per share *(continued)*

	At 31 August 2022 £'000	**At 31 August 2021 £'000**	**At 28 February 2022 £'000**
Profit / (loss) after tax	12,191	(8,417)	(11,905)
Earnings attributable to equity holders	**12,191**	**(8,417)**	**(11,905)**
Gain on convertible bond buyback	(3,307)	(2,913)	(3,914)
Amortisation of acquired intangibles	2,665	3,785	7,083
Share-based payment charges	8,042	2,764	6,783
Tax impact of the above adjustments	(1,413)	(657)	(1,891)
Adjusted earnings	**18,178**	**(5,438)**	**(3,844)**
Earnings per share (pence)			
Basic	2.60p	(1.76)p	(2.49)p
Diluted[1]	2.41p	(1.76)p	(2.49)p
Adjusted earnings per share (pence)			
Basic	3.88p	(1.14)p	(0.80)p
Diluted[1]	3.69p	(1.14)p	(0.80)p

[1] As the Group incurred a loss in H1 FY2022 and FY2022, the impact of its potential dilutive ordinary shares for these periods have been excluded as they would be anti-dilutive

6. Intangible assets and goodwill

Intangible assets

There were total additions to intangible assets of £15.2 million during the six months ended 31 August 2022 (FY2022: £25.1 million, H1 FY2022: £12.0 million). Total additions during the six months ended 31 August 2022 included £15.2 million of internally developed intangible assets (FY2022: £24.2 million, H1 FY2022: £11.9 million).

Goodwill

The carrying amount of goodwill as at 31 August 2022 amounted to £418.4 million (FY2022: £417.4 million, H1 FY2022: £418.5 million). No impairment loss was recognised during the six months ended 31 August 2022 (FY2022: nil, H1 FY2022: nil).

Notes *(continued)*

Intangible assets and goodwill *(continued)*

The Group's policy is to test non-financial assets for impairment annually, or if events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The Group has considered whether there have been any indicators of impairment during the six months ended 31 August 2022, which would require an impairment review to be performed. The Group has considered indicators of impairment with regard to a number of factors, including those outlined in IAS 36 Impairment of Assets. Based upon this review, the Group has concluded that there are no such indicators of impairment as at 31 August 2022.

The Group concluded that there has been no material deterioration in any of the key assumptions made during the last annual impairment review based on current strategy and financial projections for any of the cash-generating units (CGUs) to which goodwill is allocated.

7. Loans and borrowings

This note details a breakdown of the various loans and borrowings of the Group.

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

	At 31 August 2022 £'000	At 31 August 2021 £'000	At 28 February 2022 £'000
Non-current liabilities			
Revolving credit facility[1]	36,913	83,103	21,800
Convertible bonds[2]	86,239	119,000	112,663
Other term debt	-	126	37
Lease liabilities	12,651	17,176	15,496
	135,803	**219,405**	**149,996**
Current liabilities			
Accrued interest on secured bank loans	1,160	1,101	1,425
Lease liabilities	4,508	3,273	3,489
	5,668	**4,374**	**4,914**

1 Included within the revolving credit facility is the principal amount of £40.0 million (FY2022: £25.0 million, H1 FY2022: £86.9 million) and directly attributable transaction costs of £3.1 million (FY2022: £3.2 million, H1 FY2022: £3.8 million).

2 Included within the convertible bonds at 31 August 2022 is the principal amount of £88.1 million (FY2022: £114.8 million, H1 FY2022: £121.4 million) and directly attributable transaction costs of £1.9 million (FY2022: £2.1 million, H1 FY2022: £2.4 million). During the six months ended 31 August 2022, the Group bought back and cancelled £26.7 million (face value) of its own convertible bonds for £23.4 million, resulting in a gain of £3.3 million presented on the income statement within finance income.

Loans and borrowings *(continued)*

On 26 July 2022, the Group entered into a new £325.0 million revolving credit facility with an initial maturity date of 30 November 2025, with the option to extend for a further two, one-year periods to 30 November 2027. This facility replaced the Group's previous £350.0m revolving credit facility which was extinguished on 26 July 2022.

Both facilities in place during the period allow draw downs in cash or non-cash to cover bank guarantees. At 31 August 2022 the cash drawn amount is £40.0 million (FY2022: £25.0 million, H1 FY2022: £86.9 million), the non-cash bank guarantee drawn amount is £177.4 million (FY2022: £51.3 million, H1 FY2022: £105.1 million) and the undrawn amount on the facility is £107.6 million (FY2022: £273.7 million, H1 FY2022: £158.0 million).

Both facilities in place during the period were secured by a fixed and floating charge over certain assets of the Group. Interest payable on the £350.0 million facility was at a margin of 1.00% to 2.00% above SONIA plus credit adjustment spread, and interest payable on the £325.0 million facility was at a margin of 1.25% to 2.50% above SONIA.

The Group was subject to bank covenants, all of which have been met during the period. In relation to the £350.0 million facility extinguished on 26 July 2022: (1) net debt to adjusted EBITDA must be no more than 3.75:1. In relation to the £325.0 million facility entered into on 26 July 2022: (1) net debt to adjusted EBITDA must be no more than 3.00:1; and (2) adjusted EBITDA to net finance charges must be no less than 4:00:1.

8. Capital and reserves

Share capital

Share capital represents the number of shares in issue at their nominal value.

Ordinary shares in the Group have a nominal value of £0.01 and are issued, allotted and fully paid up. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Shareholding at 31 August 2022, 31 August 2021 and 28 February 2022

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

Share premium

Share premium represents the amount over the nominal value which was received by the Group upon the sale of the ordinary shares. Upon the date of listing the nominal value of shares was £1.00 but the initial offering price was £3.50. Share premium is stated net of any direct costs relating to the issue of shares.

Notes *(continued)*

Capital and reserves *(continued)*

Retained earnings

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

Foreign exchange

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

Other reserves

	Merger reserve	Treasury reserve	Share-based payment reserve	Total other reserves
	£'000	£'000	£'000	£'000
At 1 March 2021	**(1,122,218)**	**(7,752)**	**4,978**	**(1,124,992)**
Addition of treasury shares	-	(5,000)	-	(5,000)
Allocation of treasury shares to fulfil share-based payment	-	1,107	(1,107)	-
Share-based payment charge	-	-	2,344	2,344
Transfer to retained earnings[1]	-	-	(352)	(352)
At 31 August 2021	**(1,122,218)**	**(11,645)**	**5,863**	**(1,128,000)**
Addition of treasury shares	-	(11,600)	-	(11,600)
Share-based payment charge	-	-	3,640	3,640
Allocation of treasury shares to fulfil share-based payment	-	1,514	(1,716)	(202)
Deferred tax on share-based payment	-	-	94	94
Transfer to retained earnings[1]	-	-	(593)	(593)
At 28 February 2022	**(1,122,218)**	**(21,731)**	**7,288**	**(1,136,661)**
Addition of treasury shares	-	(7,900)	-	(7,900)
Allocation of treasury shares to fulfil share-based payment	-	42	(132)	(90)
Share-based payment charge	-	-	7,059	7,059
Deferred tax on share-based payment	-	-	90	90
Transfer to retained earnings[1]	-	-	(151)	(151)
At 31 August 2022	**(1,122,218)**	**(29,589)**	**14,154**	**(1,137,653)**

[1] Transfer to retained earnings relates to the difference between the share price at grant date of the exercised shares and the actual cost of the treasury shares purchased to fulfil the share-based payment

Notes *(continued)*

Capital and reserves *(continued)*

Merger reserve

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

Treasury reserve

Treasury shares reflect the value of shares held by the Group's Employee Benefit Trust ('EBT'). At 31 August 2022 the Group's EBT held 12.1 million shares (FY2022: 8.0 million, H1 FY2022: 3.5 million) which have a historical cost of £29.4 million (FY2022: £21.7 million, H1 FY2022: £11.6 million).

Share-based payment reserve

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

9. Related parties

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

Transactions with Key Management Personnel of the Group

Key Management Personnel are defined as the Board of Directors, including Non-Executive Directors.

During the period, Key Management Personnel have received the following compensation, including ongoing long term share scheme incentives, £1,837,033 (FY2022: £3,462,658, H1 FY2022: £2,660,214).

At 31 August 2022, Key Management Personnel held 2,354,292 shares (FY2022: 2,340,720, H1 FY2022: 2,340,720) in Trainline plc.

Notes *(continued)*

10. Principal risks and uncertainties

The principal risks and uncertainties that the Group faces for the rest of the financial year are consistent with those previously reported and are summarised below:

- **Regulatory and political environment:** Changes to government policy or regulations, whether in the UK or across Europe, could affect the Group's operations or financial prospects. Similarly, activity by state-owned carriers, affected by government activity in their respective jurisdictions, could negatively affect Trainline's operations in the short to medium term.
- **IT security and cybercrime:** A major breach in systems as a result of identity fraud, theft, hacking, phishing, ransomware or an information security incident could adversely impact our business operations and reputation and expose the Group to litigation or other regulatory action.
- **Market shock and economic disruption:** Though Trainline is not significantly exposed to inflation and interest spikes directly, these may impact the spending power of our customers and could therefore affect our financial results. Any potential recurrence of COVID-19 or other variants and any corresponding government restrictions may have an adverse impact on our operations. Significant events impacting general market and customer sentiment, such as global market shocks, could damage Trainline's operational and financial performance.
- **People:** Our business depends on hiring and retaining first class talent in the competitive tech industry. Inability to attract and retain critical skills and capabilities could hinder our ability to deliver on our strategic objectives.
- **Supply and partnership:** Our business is dependent on performing and operationally safe rail and coach operators and systems. A significant and prolonged disruption to traveller services or systems, due to industrial action, extreme weather events or a pandemic such as COVID-19, for example, would have an adverse impact on our future results. We also rely on our contractual terms with carriers for our rail and coach products and relating returns, any change in these terms and conditions could impact the availability of supply or financial prospects.
- **Competitive landscape:** Entrance of new competitors in the fast-moving travel technology sector, the emergence of new technologies, or changes made by existing competitors could result in increased commercial pressure on our business. Failure to adapt our product to changing customer demands and expectations may have an adverse impact on our financial performance as well as on our reputation.
- **Compliance:** Non-compliance by Trainline with legislation, licences and other regulatory requirements in the markets in which we operate could affect our reputation, operational and financial success and may restrict us from retailing rail and coach tickets. Examples of such legislation, regulations and licences include anti-bribery and corruption, tax legislation and the legal and governance requirements of Trainline operating as a public limited company.

11. Post balance sheet events

There were no significant events identified after the balance sheet date.

Independent review report to Trainline plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Trainline plc's condensed consolidated interim financial statements (the "interim financial statements") in the Results for half year FY2023 of Trainline plc for the 6 month period ended 31 August 2022 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed consolidated balance sheet as at 31 August 2022;
- the Condensed consolidated income statement and Condensed consolidated statement of other comprehensive income for the period then ended;
- the Condensed consolidated cash flow statement for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Results for half year FY2023 of Trainline plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Results for half year FY2023 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with this ISRE. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Results for half year FY2023, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Results for half year FY2023 in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Results for half year FY2023, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Results for half year FY2023 based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
Reading
3 November 2022