4 May 2023

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

Trainline plc

Audited results for the twelve months ended 28 February 2023

Record operating performance with further strong growth expected next year

FY2023 financial summary:

£m unless otherwise stated:	FY2023	FY2022	Variance	FY2020	Variance
Net ticket sales[1]	4,323	2,520	+72%	3,727	+16%
Revenue	327	189	+74%	261	+25%
Adjusted (Adj.) EBITDA[2]	86	39	+121%	85	+1%
Operating profit/(loss)	28	(10)	n/m	2	n/m
Adj. basic profit/(loss) per share (pence)[3]	7.7p	(0.8)p	+8.5p	8.1p	(0.3)p
Basic earnings/(loss) per share (pence)[3]	4.5p	(2.5)p	+7.0p	(17.7)p	+22.2p

Financial highlights:

- Net ticket sales of £4.3 billion, up 72% year on year ("YoY") and 16% higher than pre-COVID[4] (FY2020 or "Yo3Y")
- Revenue of £327 million, up 74% YoY and up 25% Yo3Y[4], primarily driven by UK Consumer and International Consumer net ticket sales
- Adjusted EBITDA of £86 million, up £47 million vs prior year, and up £1 million vs FY2020
- Operating profit of £28 million, up from a £10 million operating loss in prior year
- Adjusted earnings per share of 7.7p, vs. 0.8p loss last year; Basic earnings per share of 4.5p vs. 2.5p loss last year;

Strategic highlights:

- Strong progress positioning Trainline as the aggregator of choice in Europe:
    - Strong growth in Spain as routes liberalise, with four-fold increase in net tickets sales Yo3Y[4]
    - Growing brand awareness and new app customer acquisition in Italy, helping triple net ticket sales Yo3Y[4]
    - Almost doubled foreign travel sales Yo3Y[4], with particularly strong growth to US-inbound customers
- Doubled UK commuter segment share Yo3Y, including 4 million customer set ups of 'Favourites' journey personalisation feature, plus good early demand for digital season tickets
- Focus on commuters and digital railcard in UK helping drive up customer transaction frequency; half of active monthly customers transacting 2+ times per month
- Signed carrier IT solutions contract extensions with Scotrail and Cross country, and signed up 3rd party retailer Trainhugger as a new client
- Accelerated delivery of product innovation, launching Prix Futés (Splitsave) in France, Trenitalia discount codes in Italy, and Quick Buy repeat ticket purchasing in the UK

- 'I Came by Train' sustainability campaign becoming a galvanizing force within UK rail; Trainline partnering with UK Government and rail industry to make environmental case for rail

Guidance for FY2024:

- Following strong growth in FY2023 and a positive start to the current fiscal year, Trainline expects to generate in FY2024:
    - Net ticket sales growth in range of +13% to +22%
    - Revenue growth in range of +13% to +22%
    - Adj. EBITDA as a % of net ticket sales in the range of 2.15% to 2.25%
    - International Consumer Adj. EBITDA contribution approaching breakeven on pre-internal transaction fee basis[5]

Jody Ford, CEO of Trainline said:

"Trainline is building great momentum, delivering a record operating performance this year, selling c200 million train tickets across Europe, and expecting further strong growth in the year ahead.

"With the arrival of carrier competition in Europe, we are positioning ourselves as the aggregator of choice and this has helped International Consumer become a €1 billion net ticket sales business. Our footprint expansion is particularly evident in Spain, where our sales are now four times higher than before market liberalisation.

"We remain focused on our purpose, encouraging people to make greener travel choices. With trains emitting at least 70% less CO2 than cars and planes, sustainability is rail's superpower to attract new customers and create long-term industry growth."

Footnotes:

1 Please refer to page 44 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 and basic earnings per share.
4 FY2020 comparisons provided for net ticket sales and revenue given the Group's market guidance for FY2023 was based on Yo3Y growth rates.
5 In September 2022, Trainline announced revisions to its segmentation reporting. This included the introduction of an internal fee per transaction payable by UK Consumer and International Consumer businesses to Trainline Solutions in order to access Platform One. The transaction fee is reflected as contra revenue to UK Consumer and International Consumer within segmental reporting. This charge is eliminated on consolidation of the Group's results and does not form part of total Group revenues.

Presentation of results

There will be a live webcast presentation of the results to analysts and investors at 9:00am GMT today, 4 May 2023. Please register to participate at the Company's investor website: https://webcast.openbriefing.com/trainline-fy23/

The person responsible for arranging the release of this announcement on behalf of Trainline is Martin McIntyre, Company Secretary.

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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.

FY2023 PERFORMANCE REVIEW

Group Overview

Group net ticket sales grew to £4.3 billion in FY2023, 72% higher YoY and 16% higher Yo3Y, reflecting strong growth in the UK and International Consumer businesses, despite the impact of rail strikes.

Group Revenue grew 74% YoY to £327 million, 25% higher Yo3Y. This was primarily driven by strong net ticket sales growth, particularly in UK Consumer and International Consumer, which generate a higher rate of revenue as a percentage of net ticket sales than Trainline Solutions (on a pre-internal transaction fee basis[1]).

Gross profit increased to £252 million, up 75% YoY and up 29% Yo3Y. Adjusted EBITDA was £86 million, £47 million higher than last year and £1 million higher than FY2020.

FY2023 Segmental performance

	FY2023	FY2022	Variance	FY2020	Variance
Net ticket sales (£m)					
UK Consumer	2,811	1,812	*55%*	*2,046*	*37%*
International Consumer	915	407	*125%*	*470*	*95%*
Trainline Solutions	597	302	98%	1,211	(51%)
Total Group	4,323	2,520	***72%***	*3,727*	***16%***
Revenue (£m)					
UK Consumer	172	109	*58%*	139	*24%*
International Consumer	45	14	*228%*	20	*121%*
Trainline Solutions	110	66	*66%*	102	*8%*
Total Group	**327**	**189**	***74%***	**261**	***25%***
Gross profit (£m)					
UK Consumer	122	77	*59%*	100	*21%*
International Consumer	30	7	*353%*	12	*152%*
Trainline Solutions	100	61	*65%*	84	*20%*
Total Group	**252**	**144**	***75%***	**196**	***29%***

	FY2023	FY2022	Variance	FY2020	Variance
Adjusted EBITDA (£m)					
UK Consumer	71	37	*34*	56	*15*
International Consumer	(22)	(13)	*(9)*	(15)	*(7)*
Trainline Solutions	37	14	*22*	44	*(7)*
Total Group	86	39	*47*	85	*1*

UK Consumer

UK Consumer net ticket sales of £2,811 million was up 55% YoY and 37% Yo3Y. This reflected continued recovery in underlying passenger volume and a significant step up in industry eticket usage (43% of industry sales in FY2023 vs 21% in FY2020), with our growth particularly strong in shorter distance and commuter travel. However, the business faced temporary headwinds, primarily ongoing rail strikes in the UK, with an average gross sales impact per strike day of £5-6 million.

UK Consumer revenue of £172 million was up 58% YoY and 24% Yo3Y, driven by growth in net ticket sales. UK Consumer gross profit increased to £122 million, a 59% increase YoY and a 21% increase Yo3Y.

Adjusted EBITDA contribution grew to £71 million, £34 million higher YoY and £15 million higher Yo3Y. This growth was despite the impact of rail strikes, as well as marketing investment increasing to £22 million (FY2022: £15 million; FY2020: £18 million) as we sought to attract new customers and support the rail industry recovery.

International Consumer

International Consumer net ticket sales of £915 million was up 125% YoY and 95% Yo3Y, driven by strong growth on routes where new carrier competition has emerged, as well as from foreign travel.

Revenue grew 228% YoY and 121% Yo3Y to £45 million. This reflected net ticket sales growth, including the step up in foreign travel customers, which as a cohort typically generate higher revenue as a percentage of net ticket sales. Gross profit of £30 million was up 353% YoY and 152% Yo3Y.

While driving significant growth, our investment in the International Consumer business resulted in a negative EBITDA contribution of -£22 million (-£13 million in FY2022; -£15 million in FY2020). Marketing investment increased £21 million Yo3Y to £43 million, helping to drive strong growth in customer acquisition and net ticket sales, and we grew the size of our team to accelerate product innovation.

Trainline Solutions

Trainline Solutions net ticket sales grew 98% YoY to £597 million, though was 51% lower than FY2020 as business travel recovers more slowly.

Trainline Solutions revenue of £110 million was up 66% YoY and 8% Yo3Y, partly driven by recovering net ticket sales, but primarily driven by higher internal transaction fees[3] paid from UK Consumer and International Consumer, with both businesses significantly increasing net transactions. Gross profit of £100 million was up 65% YoY and 20% Yo3Y.

Adjusted EBITDA contribution stepped up to £37 million from £14 million in the prior year (FY2020: EBITDA of £44 million), primarily driven by the receipt of the internal transaction fee.

Operating profit

The Group reported an operating profit of £28 million versus a £10 million loss in the prior year, primarily reflecting:

- Adjusted EBITDA of £86 million in FY2023, vs £39 million in the prior year (see above).
- Depreciation and amortisation charges of £41 million, reflecting continued investment in product and technology. This was slightly lower than prior year (FY2022: £43 million) given a reduction in amortisation of acquired intangible assets.
- Share-based payment charges of £17 million vs £7 million in FY2022, reflecting the strengthening performance and increased size of the business, alongside a new all-employee share incentive scheme.

Profit after tax

Profit after tax was £21 million, versus a £12 million loss after tax in the prior year. Profit after tax reflected operating profit of £28 million, net finance charges of £6 million and a tax charge of £1 million.

Earnings per share (EPS)

Adjusted basic earnings per share was 7.7 pence versus a loss per share of -0.8 pence in the prior year. Adjusted basic earnings per share adjusts for exceptional one-off costs in the period (of which there were none), a gain on 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 4.5 pence, versus a -2.5 pence loss in FY2022. Diluted earnings per share was 4.5 pence, versus a -2.5 pence loss in FY2022.

Operating free cash flow and net debt

Operating free cash flow was £8 million versus £166 million in FY2022. The year on year reduction reflected

- Adjusted EBITDA of £86 million, versus £39 million in the prior year (see above).
- Working capital outflow of -£43 million vs £156 million inflow in prior year, with our underlying negative working capital cycle undermined by rail strikes in the UK, and by the prior year benefiting from a post-COVID recovery in trading and a return to standard industry settlement terms.
- Capital expenditure of £35 million, versus £29 million in the prior year, reflecting an increased investment in the international opportunity.

Net debt increased to £100 million at the end of February 2023 (1.2x Adj. EBITDA), from £90 million a year before, primarily due to working capital timing swings. During the first half of the year the Group refinanced its Revolving Credit Facility. The new £325 million facility was signed in July.

Outlook for FY2024

Following the significant impact of COVID-19 on rail travel, industry passenger volumes made a strong recovery across our core markets.

However, this was not without some headwinds, including industrial action in the UK and France in FY2023 and some macroeconomic uncertainty, which has continued into FY2024. Despite these effects, Trainline still expects continued strong growth in FY2024, following a positive start to the year:

- Net ticket sales growth YoY in range of +13% to +22%
- Revenue growth YoY in range of +13% to +22%
- Adj. EBITDA as a % of net ticket sales in the range of 2.15% to 2.25%

The Group's primary focus for International Consumer is to invest to grow net ticket sales and revenue. However, as the business unit grows, it should benefit from improved operating leverage.

International Consumer's operating leverage should become more apparent in FY2024, with its adjusted EBITDA contribution to approach breakeven if excluding the internal transaction fee payable to Trainline Solutions[3] (FY2023: £9 million adj. EBITDA loss excluding transaction fee).

INTERNATIONAL GROWTH PLAN

In November 2021, Trainline announced plans to step up investment in the International Consumer business to accelerate its growth. This reflected our considerable opportunity in Europe, which benefits from significant tailwinds for growth:

- A large rail market; c.€50 billion pre-COVID (c.5 times the size of the UK market)
- Significant opportunity to promote modal shift to high speed rail, with EU targets to double passenger volume by 2030 and triple volume by 2050
- Liberalisation and fragmentation of European rail markets following the EU's Fourth Railway Package, which from December 2020 opened domestic rail passenger services to competition, increasing the need for a market aggregator

We have increased our investment in the customer experience, opened a new office in Milan and a tech hub in Barcelona, expanded our performance marketing capability and launched new, above-the-line brand marketing campaigns.

In FY2023 the International Consumer business surpassed €1 billion of net ticket sales, a milestone of the progress we are making in growing the international business.

Prioritising markets where have the strongest customer proposition today

Looking ahead, we are refining our investment plan to accelerate growth in the rail markets where we have the strongest customer proposition today:

- Domestic markets with more widespread carrier competition, primarily Spain and Italy. These rail markets together are worth c.€6 billion. Carrier competition significantly increases value and choice for customers; by positioning Trainline as the aggregator of choice, we are well placed to significantly scale our international business over the medium term.
- Foreign travel, representing global customers from the US, UK and the rest of the world, as well as some intra-EU cross border travel. It is worth over €4 billion, and is typically higher margin business for Trainline, generating a double-digit percentage revenue take-rate (revenue generated as a percentage of net ticket sales).

Around two-thirds of International Consumer revenues in FY2023 came from the priority markets above. The remaining third was mostly generated in France, a market which remains less mature from a perspective of carrier competition, with Paris-Lyon the only competitive route. As a result, France currently offers less of a market aggregation opportunity and so a relatively slower growth profile. In addition, the effect of ongoing strike action in France will likely slow growth further. We will continue to invest in enhancing the user experience and in performance marketing in order to serve and grow our French customer base. However, we will manage our brand investment to coincide with the future arrival of widespread carrier competition.

PROGRESS AGAINST OUR STRATEGIC PRIORITIES IN 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 FY2023 we continued to make good progress against these long-term strategic growth priorities.

Enhancing the customer experience – UK Consumer

In UK Consumer, Trainline continues to enhance its customer experience, supporting rail industry recovery and accelerating the market shift towards online and digital retail channels, with a greater prevalence of people buying train tickets through our 4.9-star app.

In the UK, 43% of industry sales were etickets in FY2023, up from 21% in FY2020, which has driven up online penetration to 53%[2]. However, there remains significant headroom for further growth, particularly as etickets become increasingly available on rail journeys. Southeastern – the last major train operating company (TOC) to enable eticket usage on their network – is due complete their roll out this year and this will take eticket availability above 90% of journeys.

The commuter segment represents a significant growth opportunity for digital ticketing, given historically commuters lacked digital ticket options. We are therefore priming our mobile app to better serve commuters and so far have had good traction. Trainline doubled its share of the c.£3 billion commuter segment in three years. Similarly, our Favourites feature, which allows customers to personalise their commute information within the app, has had c4 million customer set ups since launch.

We have rolled out digital season tickets to 12 TOCs so far, with positive early demand. Northern Rail was one of the first TOCs on which we rolled out digital season tickets and its driven an 11-fold increase in season ticket transactions vs. pre-COVID levels. For the business as whole, over 70% of season ticket customers repurchased a season ticket within 60 days, the highest retention rate for any of our products.

More broadly, we are achieving an accelerated delivery of product innovation in the UK, including 'Quick buy', a new feature that allows customers to purchase repeat tickets in just three clicks, and 'Next Best Actions' features, which helps customers manage delays, disruptions and cancellations. We also used data-led optimisation to expand Splitsave ticket availability to 80% of all UK journeys, up from 64% at launch.

Enhancing the customer experience – International Consumer

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.

Liberalisation is happening most quickly in Spain, where the number of carrier brands operating high-speed rail services grew from one to four in less than 18 months. We integrated new carrier brand Iryo ahead of their launch on the Madrid-Barcelona and Madrid-Valencia routes in late 2022, and on Madrid-Seville/Malaga in March 2023. Likewise, we added SNCF Ouigo's new Madrid-Valencia route in late 2022, following its launch on Madrid-Barcelona in May 2021. Alongside Avlo, Renfe's new low cost carrier brand, the new entrant carrier brands plan to launch more high speed routes across Spain in the coming years. The total high-speed routes are set to represent an aggregation opportunity of c.€1.3 billion, out of a total market worth c.€2 billion.

Our aggregation proposition is helping Trainline grow in Spain and take market share, with net ticket sales four times higher than FY2020 (pre-COVID and before the arrival of carrier competition). On the Madrid-Barcelona route, while overall passenger volume increased 1.4x YoY in Q4 CY2022, our sales transactions doubled YoY and were 9x higher Yo3Y. At the same time, we are also helping new entrant carriers access customers, making up 20% of Iryo's sales on Madrid-Barcelona during their first quarter of trading (Q4 CY2022).

To embed our position as the leading aggregator in Spain, we are improving the way we provide relevant travel options and helping customers identify where a combination of carriers better suits their journey. For example, over 50% of our sales for SNCF Ouigo's service between Madrid-Barcelona involved at least one other carrier brand.

We launched innovative features to help customers save money when booking tickets, including Prix Futés (Splitsave) in France and Trenitalia discount codes in Italy. We are also making it easier for customers to book tickets on the go in Italy, significantly reducing the minimum booking time ahead of departure on Trenitalia and Italo.

Building demand

In FY2023 we increased our marketing investment to drive up customer demand and grow brand awareness of our value proposition.

In the UK, we have increased active customers by 58% since FY2020. We launched brand campaigns focused on value for money to illustrate how customers who book through Trainline save on average 35% versus the walk-up price at the station. This is also reflected in improvements in value perception, which increased 5% points in our target under 30 audience.

In Europe, we made good headway building demand in FY2023, having ramped up marketing investment. We continued to refine our digital marketing strategy, attracting new customers in a fast yet disciplined way. Likewise, we made strong progress growing brand awareness. We launched our first major nationwide brand campaign in Italy last year, focussed in and around train stations in key cities with aggregated routes, as well as a national TV campaign. Customer awareness has increased significantly, and our app was downloaded 13% more than incumbent Trenitalia this year.

Foreign travel net ticket sales increased 87% Yo3Y in FY2023, with sales to US-inbound customers particularly strong. This was driven by Trainline's comprehensive one-stop experience for all travel in Europe and unlocked through performance marketing - Trainline ranks first or second on Google search for the most popular rail journeys in Europe for US customers. We plan to build on our success in FY2024, including running a PR campaign to find 'Trainline's Chief Conductor', a contest where the winner experiences rail adventures across Europe, as recommended by David Hasselhoff. In addition, we are launching journey guides and information, specifically designed to help US inbound customers feel safe and reassured when travelling by train across Europe.

Increasing customer lifetime value

In the UK, we are increasing our relevance for more of our customers journeys. While growing active customers, we also increased the frequency in which they transact. 49% of monthly active customers transacted 2+ times a month in FY2023, up from 42% in FY2020. This reflects an increase in customers using Trainline to book commuter and shorter distance travel. It also reflects our strong progress scaling digital railcards. Trainline had 1.8 million active digital railcard customers at the end of FY2023, who on average purchase 3.5 times more journeys than non-railcard users.

In Europe, as we position ourselves as the aggregator in markets with carrier competition, we are seeking to deepen our relationship with our customers. This includes increasing app usage, with app customers typically transacting more frequently, and growing customer sales on regional routes, despite there being no carrier competition. Italy is the prime example, given its maturity as a liberalised market. While we tripled net ticket sales Yo3Y, we grew four-fold on regional routes, with 10 million tickets sold in the year overall.

Growing Trainline Solutions (TS)

We have taken further steps to support our travel partners, leveraging the strength of Platform One, our single global platform.

For Carrier IT Solutions, in the UK we have signed contract extensions with ScotRail and Cross Country, and signed up new client Trainhugger, a sustainability-focused third-party retailer. We continued to improve core functionality and customer features available to our partners. Most recently, we enabled digital season tickets to be sold natively on their apps and rolled out new digital payment methods: Apple Pay, GooglePay and Paypal.

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 2022.

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 signed up more B2B customers, notably Agiito, CWT, and Havas Voyages, with the latter two having already gone live.

POLITICAL AND REGULATORY DEVELOPMENTS

There have been some encouraging recent political and regulatory developments in the UK and Europe.

Bradshaw Address

The new Secretary of State for Transport, Mark Harper provided more direction on Great British Railways (GBR) in his speech at the annual George Bradshaw Address on 7th February. He stated GBR would be established as an arm's length body to develop guiding strategy for rail, to be published by the GBR Transition Team (GBRTT) later in 2023. He placed far greater emphasis on the role of the private sector in the running of the railways, highlighting new passenger service contracts for rail carriers with commercially driven targets and supporting more direct carrier competition in the form of new open access operators. In retail, he underlined his commitment to a competitive retail market to drive innovation and value for customers. In addition, he confirmed that the extension of pay-as-you-go ticketing to 52 stations in the South East of England would be completed this year, in line with pre-existing 'Project Oval' industry plans.

Creation of GBR as a ticket retailer

The Williams Shapps Plan for Rail (published May 2021) included proposals to replace many of the sub-scale train operating company websites and apps with a GBR-branded app and website. In December 2021, Rail Delivery Group (RDG) took 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. In February 2023, train operator Govia Thameslink Railway Ltd (GTR) launched its own tender process to white label its online retailing channels, reflecting the rail industry's continuing uncertainty around whether the CORS tender process will happen.

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

Confirmation of commercial terms with RDG

On 31 March 2022, Trainline announced it had reached agreement with Rail Delivery Group (RDG) on a memorandum of understanding (MOU) to amend its third-party retail licence. The MOU was an output from RDG's review of rail retailing in the UK. Following last year's announcement, Trainline and other third-party retailers entered into a collaborative phase of engagement with RDG on new contractual licence terms.

On 2 May 2023, we confirmed that this phase of engagement with RDG has now concluded with the implementation of the legally binding minimum set of terms, as disclosed in our previous communications. As previously communicated, Trainline estimates a resulting c.0.25% net reduction in commission rate, effective 1 April 2025. The terms applicable to Trainline will include:

- A 0.5% reduction in the base B2C online sales commission rate, from 5% to 4.5%
- An offsetting removal of central industry costs. Trainline estimates this to be c.0.25%.

German Federal Cartel Office investigation into Deutsche Bahn

In April 2022, the German Federal Cartel Office (FCO) published preliminary findings of its review into Deutsche Bahn (DB). It found that certain practices used by DB constitute an abuse of market power in relation to third party mobility platforms like Trainline. The FCO's preliminary findings included that DB offered insufficient contractual terms, did not make real-time data available, and contractually imposed advertising bans, together with possible discrimination against mobility platforms with regard to the commission rate paid for ticket sales. It has been reported that DB are seeking to reach a settlement with the FCO.

Unless market conditions are set that allow for independent platforms to operate on a level playing field and with appropriate remuneration, Trainline will remain unable to sufficiently invest to serve the German domestic market and offer passengers its broad set of products and innovations.

EU Commission formal procedure against Renfe

In April 2023, the European Commission announced it had launched a formal investigation into the Spanish incumbent carrier Renfe. It is investigating whether Renfe abused its market-dominant position by refusing to provide third-party retail platforms like Trainline its full range of tickets, discounts and features, as well as its real-time data.

EU working towards green mobility

The Commission's European Green Deal established a goal of becoming climate-neutral by 2050 and included a commitment to a rethink of EU policies for clean energy in the transport sector.

In late 2021 the European Commission presented its "Action Plan on boosting long-distance and cross-border passenger rail" as part of a package of initiatives to foster green mobility. Objectives of the Action Plan include the promotion of more user-friendly ticketing, including allowing passengers to find the best tickets at the most attractive price and better support when faced with disruption. Third-party ticket vendors (e.g. Trainline) have been identified as having a key role to play in the delivery of this plan.

In June 2023, the latest revision of the EU Rail Passenger Rights Regulation (RPRR) will be implemented. Under the RPRR, rail carriers across the EU will be required to share more content and data, including real-time data, with independent platforms like Trainline.

A review is underway by the European Commission to release the multimodal digital mobility services (MDMS) initiative. This aims to integrate public transport and rail services to make it easier to book a journey across Europe using different transport modes.

At the start of 2023, the European Commission announced it will support 10 pilot projects to establish new rail services or improve existing ones. This will improve cross-border connections across the EU, making them faster, more frequent and more affordable.

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, emitting 70-86% less CO2[3]. 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 and recognition from industry and government, and recently made the shortlist for two sustainability awards. In H1, we launched a consumer brand campaign, running alongside PR and social media campaigns, including music artist Craig David releasing a track titled 'Better Days (I Came By Train)'. In H2, we published a white paper titled "How collective action can build pride in rail and boost sustainable travel". The white paper explored what it will take to change consumer understanding and habits to encourage more people to choose rail in the UK and beyond and can be downloaded here: I came by Train white paper. This was launched at an event in London on 21st February, with guest speakers including Huw Merriman, UK Minister for Rail, Suzanne Donnelly, Programme Director for GBR Transition Team, and Trainline CEO Jody Ford.

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, as well as a seamless bike reservation feature. Likewise, we are taking action to reduce our own carbon emissions and in FY2024 will submit our near-term and long-term science-based targets for validation with the SBTi, following our commitment pledge in September 2021.

Footnotes:

1 In September 2022, Trainline announced revisions to its segmentation reporting. This included the introduction of an internal fee per transaction payable by UK Consumer and International Consumer businesses to Trainline Solutions in order to access Platform One. The transaction fee is reflected as contra revenue to UK Consumer and International Consumer within segmental reporting. This charge is eliminated on consolidation of the Group's results and does not form part of total Group revenues.

2 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.

3 Domestic CO2 emissions. Calculations based on CO2/passenger km https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021.

Consolidated income statement
For the year ended 28 February 2023

	Notes	2023 £'000	2022 £'000
Continuing operations			
Net ticket sales[1]		**4,323,298**	**2,520,272**
Revenue		**327,147**	**188,513**
Cost of sales		(74,923)	(44,626)
Gross profit		**252,224**	**143,887**
Administrative expenses		(224,585)	(154,200)
Adjusted EBITDA[1]		**86,098**	**39,046**
Depreciation and amortisation	*6,7*	(41,167)	(42,576)
Share-based payment charges		(17,292)	(6,783)
Operating profit/(loss)		**27,639**	**(10,313)**
Finance income	*3*	4,721	3,950
Finance costs	*3*	(10,270)	(9,179)
Net finance costs	*3*	**(5,549)**	**(5,229)**
Profit/(Loss) before tax		**22,090**	**(15,542)**
Income tax (expense)/credit	*4*	(873)	3,637
Profit/(Loss) after tax		**21,217**	**(11,905)**
Earnings per share (pence)			
Basic earnings/ (loss) per ordinary share	*5*	**4.53p**	**(2.49)p**
Diluted earnings/ (loss) per ordinary share [2]	*5*	**4.48p**	**(2.49)p**

[1] Non-GAAP measure - see alternative performance measures section on page 44.
[2] As the Group incurred a loss in FY2022 the impact of its potential dilutive ordinary shares have been excluded as they would be anti-dilutive.

Consolidated statement of comprehensive income
For the year ended 28 February 2023

	Notes	2023 £'000	2022 £'000
Profit/(Loss) after tax		**21,217**	**(11,905)**
Items that may be reclassified to the income statement:			
Re-measurements of defined benefit liability		16	10
Foreign exchange movement		1,873	(1,393)
Other comprehensive income/ (loss), net of tax		**1,889**	**(1,383)**
Total comprehensive income/(loss)		**23,106**	**(13,288)**

Consolidated balance sheet
At 28 February 2023

	Notes	2023 £'000	2022 £'000
Non-current assets			
Intangible assets	*6*	66,827	69,794
Goodwill	*6*	420,710	417,360
Property, plant and equipment	*7*	21,189	24,877
Deferred tax asset	*4*	26,950	12,565
		535,676	**524,596**
Current assets			
Cash and cash equivalents		57,337	68,496
Trade and other receivables		60,158	48,314
Current tax receivable	*4*	-	1,599
		117,495	**118,409**
Current liabilities			
Trade and other payables		(200,202)	(227,729)
Loan and borrowings	*8*	(4,891)	(4,914)
Current tax payable	*4*	(7,642)	-
		(212,735)	**(232,643)**
Net current liabilities		**(95,240)**	**(114,234)**
Total assets less current liabilities		**440,436**	**410,362**
Non-current liabilities			
Loan and borrowings	*8*	(149,014)	(149,996)
Provisions		(778)	(873)
		(149,792)	**(150,869)**
Net assets		**290,644**	**259,493**
Equity			
Share capital	*9*	4,807	4,807
Share premium	*9*	1,198,703	1,198,703
Foreign exchange reserve	*9*	3,328	1,455
Other reserves	*9*	(1,128,978)	(1,136,661)
Retained earnings	*9*	212,784	191,189
Total equity		**290,644**	**259,493**

Consolidated statement of changes in equity

For the year ended 28 February 2023

	Share capital	Share premium	Other reserves	Foreign exchange reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 March 2022	4,807	1,198,703	(1,136,661)	1,455	191,189	259,493
Profit after tax	-	-	-	-	21,217	21,217
Other comprehensive income	-	-	-	1,873	16	1,889
Acquisition of Treasury Shares	-	-	(7,947)	-	-	(7,947)
Share-based payment charges[1]	-	-	15,992	-	-	15,992
Transfer between reserves[1]	-	-	(362)	-	362	-
Balance as at 28 February 2023	**4,807**	**1,198,703**	**(1,128,978)**	**3,328**	**212,784**	**290,644**

For the year ended 28 February 2022

	Share capital	Share premium	Other reserves	Foreign exchange reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 March 2021	4,807	1,198,703	(1,124,992)	2,848	202,139	283,505
Loss after tax	-	-	-	-	(11,905)	(11,905)
Other comprehensive loss	-	-	-	(1,393)	10	(1,383)
Acquisition of Treasury Shares	-	-	(16,600)	-	-	(16,600)
Share-based payment charges[1]	-	-	5,876	-	-	5,876
Transfer between reserves[1]	-	-	(945)	-	945	-
Balance as at 28 February 2022	**4,807**	**1,198,703**	**(1,136,661)**	**1,455**	**191,189**	**259,493**

[1] Share based payment charges noted here are net of tax, share issues and N.I charge. Transfer between reserves 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.

Consolidated statement of cash flow

For the year ended 28 February 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Profit/ (Loss) before tax		**22,090**	**(15,542)**
Adjustments for:			
Depreciation and amortisation	*6,7*	41,167	42,576
Net finance costs[1]	*3*	5,549	5,229
Share-based payment charges		17,292	6,783
		86,098	39,046
Changes in working capital:			
Trade and other receivables		(13,986)	(33,562)
Trade and other payables		(29,097)	189,683
Cash generated from operating activities		**43,015**	**195,167**
Taxes (paid)/ refunded		(4,135)	4,439
Net cash generated from operating activities		**38,880**	**199,606**
Cash flows from investing activities			
Payments for intangible assets		(32,811)	(24,787)
Payments for property, plant and equipment		(2,408)	(4,557)
Net cash flow from investing activities		**(35,219)**	**(29,344)**
Cash flows from financing activities			
Purchase of treasury shares		(7,947)	(16,600)
Proceeds from revolving credit facility		105,000	97,000
Repayment of revolving credit facility and other borrowings		(70,000)	(177,116)
Issue costs and fees		(3,251)	(110)
Buyback of convertible bonds		(28,189)	(31,307)
Payments of lease liabilities		(4,501)	(3,794)
Payment of interest on lease liabilities		(440)	(477)
Interest received		726	-
Interest paid		(6,410)	(5,103)
Net cash flows from financing activities		**(15,012)**	**(137,507)**
Net (decrease)/increase in cash and cash equivalents		**(11,351)**	**32,755**
Cash and cash equivalents at beginning of the year		**68,496**	**36,575**
Effect of exchange rate changes on cash		192	(834)
Closing cash and cash equivalents		**57,337**	**68,496**

[1]Including gain on convertible bond buyback as disclosed in Notes 3 and 8 for FY2023 and FY2022.

Notes

1. Significant accounting policies

a) General information

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

The Group Financial Statements for the year ended 28 February 2023 were approved by the Directors on 4 May 2023. The Group Financial Statements of Trainline plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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

The financial information contained in this document does not constitute Group statutory accounts as defined in Sections 404 and 435 of the Companies Act 2006. It is based on, and is consistent with, that in the Group's statutory accounts for the year ended 28 February 2023. Those Financial Statements have not yet been delivered to the Registrar of Companies. The auditor's report on those accounts is unqualified, does not draw attention to any matters by way of emphasis and does not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

b) Basis of consolidation

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

The Financial Statements presented herein is for the year from 1 March 2022 to 28 February 2023.

(i) Subsidiaries

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

(ii) Transactions eliminated on consolidation

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

c) Basis of measurement

The Group and Parent Company Financial Statements are prepared on the 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

d) Functional and presentation currency

The Financial Statements are presented in pound sterling (£GBP), which is the functional currency of the Parent Company. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

e) Going concern

The Consolidated Financial Statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as they fall due over at least the next 12 months from the date of the approval of these Financial Statements (the 'going concern assessment period') including consideration of the covenants associated with the Group's Revolving Credit Facility at the next covenant test dates on 31 August 2023 and 28 February 2024, being the two relevant dates in this period.

The UK Corporate Governance Code requires the Board to assess and report on the prospects of the Group and whether the business is a going concern. The Directors have undertaken a rigorous assessment of going concern and liquidity, taking into account financial forecasts and any key uncertainties and sensitivities.

Positive adjusted EBITDA of £86.1 million was earned in the period (FY2022: £39.0 million adjusted EBITDA) and net debt at 28 February 2023 was £100.4 million (FY2022: £90.3 million) resulting in a reduction in Net debt/adjusted EBITDA leverage ratio from 2.31 at 28 February 2022 to 1.17 at 28 February 2023. As at 28 February 2023 the Group was in a net current liability position of £95.2 million driven by the negative working capital cycle whereby ticket sales amounts are received before amounts due are paid by carriers (FY2022: £114.2 million net current liability position). The Group has in place bank guarantees that can be utilised to settle trade creditors balances of £72.2 million (FY2022: £51.3 million). Bank Guarantees are issued by lenders under the Group's revolving credit facility and therefore reduce the Group's remaining available facility. Despite the net current liability position, the Group has access to £192.8 million additional funds under its revolving credit facility (FY2022: £273.7 million). As such the Group has sufficient liquidity to easily cover the net current liability position.

The Directors performed a detailed going concern review using Board approved forecasts (the 'base case') as well as considering two severe but plausible downside scenarios in isolation, without any mitigations, and their potential impact on the Group's forecast. The severe but plausible downside scenarios modelled were: (1) a 15% reduction in forecast Group adjusted EBITDA caused by a circa 8% reduction in UK revenue, or a circa 12% increase in Group marketing and other administrative expenses; 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, with significant excess liquidity. This includes complying with the net debt to adjusted EBITDA and the interest coverage covenant requirements at the 31 August 2023 and 28 February 2024 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 has therefore continued to adopt the going concern basis in preparing the Consolidated Financial Statements.

Notes - significant accounting policies *(continued)*

f) Cost of sales

Cost of sales include costs in relation to the provision of rail tickets, industry system costs, ancillary services, settlement and fulfilment costs and are recognised as incurred (at the point of sale).

<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 Group Financial Statements.

In FY2023, £8.4 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 consolidated income statement (FY2022: £8.9 million).

g) Foreign currency transactions

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

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

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

h) Use of judgements and estimates

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

Key Source of Estimation Uncertainty

Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates. Revision to estimates are 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:

- Note 6 – 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 significant estimation uncertainty in estimating the future cash flows and the time period over which they will occur. There is also estimation uncertainty 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. As such each of these constitute estimates in the assessment of the recoverable amount of goodwill in respect of both the UK consumer and International consumer cash-generating units ("CGUs"). Details of the impact of reasonably possible changes to the future cashflows and timing of these are evaluated in Note 6 to the Financial Statements.

Critical Accounting Judgements

Critical accounting judgements are those that the Group has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- Note 6: Capitalisation of internal software development costs

The Group capitalises internal costs directly attributable to the development of intangible assets. We consider this a critical judgement given the application of IAS 38 involves the assessment of several different criteria that can be subjective and/ or complex in determining whether the costs meet the threshold for capitalisation. During the year the Group has capitalised internal development costs amounting to £32.2 million (FY2022: £24.9 million). While the Group makes judgements in determining the basis for recognition of these internally developed assets, these judgements are formed in the context of robust systems and controls.

i) New standards and interpretations adopted

A number of new standards are effective from 1 March 2022, but they do not have a material effect on the Group's Financial Statements.

The following adopted IFRSs have been issued but have not been applied by the Group in these consolidated Financial Statements. Their adoption is not expected to have material effect on the Financial Statements unless otherwise indicated:

- Onerous Contracts: Cost of Fulfilling a Contract – Amendments to IAS 37 (effective date 1 January 2022);

- Reference to the Conceptual Framework – Amendments to IFRS 3 (effective date 1 January 2022);
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (effective date 1 January 2022); and
- Annual Improvements to IFRS Standards 2018-2020 (effective date 1 January 2022).

2. Operating segments

Management organises the Group around differences in services and geographical areas. Operating segments have not been aggregated. In accordance with IFRS 8 *Operating Segments*, management presents its operating segments based on internal information that is provided to the Board, who is the Group's chief operating decision maker ("CODM").

As a result, the Group has changed its presentation of information to the CODM during FY2023 to better reflect the nature of the Group's operations. As of FY2023, the Group reports its technology platform and Trainline 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 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. FY2023 segmental disclosures have been prepared to reflect this structure, with prior period comparatives restated on this basis.

- 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 Solutions and International Trainline Solutions are collectively referred to as 'Trainline Solutions'

No single customer accounted for 10% or more of the Group's sales. In general, the transfer pricing policy implemented by the Group is market-based.

As of 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, 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 - operating segments *(continued)*

Segmental analysis for the year ended 28 February 2023:

	UK Consumer £'000	International Consumer £'000	Trainline Solutions £'000	Total Group £'000
Net ticket sales	**2,811,299**	**914,506**	**597,493**	**4,323,298**
Revenue	172,066	45,387	109,694	327,147
Cost of sales	(50,211)	(15,318)	(9,394)	(74,923)
Gross profit	**121,855**	**30,069**	**100,300**	**252,224**
Marketing costs	(21,871)	(42,517)	(459)	(64,847)
Other administrative expenses	(28,729)	(9,415)	(63,135)	(101,279)
Adjusted EBITDA	**71,255**	**(21,863)**	**36,706**	**86,098**
Depreciation and amortisation				(41,167)
Share-based payment charges				(17,292)
Operating profit				**27,639**
Net finance costs				(5,549)
Profit before tax				**22,090**
Income tax expense				(873)
Profit after tax				**21,217**

Segmental analysis for the year ended 28 February 2022[1]:

	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	(14,949)	(14,697)	(380)	(30,026)
Other administrative expenses	(24,442)	(4,450)	(45,923)	(74,815)
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)**

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

3. Finance income and 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.

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 8 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 year.

Accounting policy

Interest income and expense is recognised as it accrues in the income statement, using the effective interest method. Foreign exchange gains and losses are recognised in the income statement in accordance with the policy for foreign currency transactions set out in Note 1g. Convertible bonds bought back and cancelled are derecognised from non-current liabilities as set out in Note 8, with any gains and losses arising recognised in finance income and finance costs.

	2023 £'000	2022 £'000
Bank interest income	730	36
Gain on convertible bond buyback	3,987	3,914
Net foreign exchange gain	4	-
Finance income	**4,721**	**3,950**
Interest and fees on bank loans	(8,856)	(5,777)
Net foreign exchange loss	-	(927)
Interest and fees on convertible bonds	(886)	(1,878)
Interest on lease liability	(528)	(594)
Other interest	-	(3)
Finance costs	(10,270)	(9,179)
Net finance costs recognised in the income statement	**(5,549)**	**(5,229)**

4. Taxation

This note analyses the tax income for this financial year, which includes both current and deferred tax. It also details tax accounting policies and presents a reconciliation between profit/(loss) before tax in the income statement multiplied by the rate of corporation tax and the tax credit 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/credit comprises current and deferred tax. It is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used before their expiry. 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.

Amounts will be recognised first to the extent that taxable temporary differences exist and it is considered probable that they will reverse and give rise to future taxable profits against which losses or other assets may be utilised before their expiry. Assets will then be recognised to the extent that forecasts or other evidence support the availability of future profits against which assets may be realised.

Notes - taxation *(continued)*

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

Amounts recognised in the income statement

	2023 £'000	2022 £'000
Current tax charge		
Current year corporation tax	13,843	315
Adjustment in respect of prior years	670	3,444
Total current tax charge	14,513	3,759
Deferred tax credit		
Current year	(9,302)	(1,364)
Adjustment in respect of prior years	(1,709)	(3,948)
Effect of tax rate change on deferred tax	(2,629)	(2,084)
Total deferred tax credit	(13,640)	(7,396)
Tax charge/(credit)	**873**	**(3,637)**

UK corporation tax was calculated at 19% (FY2022: 19%) of the taxable profit for the year. Taxation for territories outside of the UK was calculated at the rates prevailing in the respective jurisdictions. The total tax charge of £0.9 million (FY2022: credit of £3.6 million) is made up of a current corporation tax charge of £14.5 million (FY2022: credit of £3.8 million) arising in the UK, and a deferred tax credit of £13.6 million (FY2022: £7.4 million).

Included in the deferred tax credit is predominantly the credit arising from a remeasurement of the tax losses at the tax rate of 25%, where the group have opted not to utilise losses during FY2022 and FY2023 at the prevailing tax rate of 19%, and will carry the losses forward to utilise against profits in a future period (subject to tax at 25%).

The deferred tax credit in FY2023 also includes the unwind of deferred tax liabilities arising on acquired intangibles and deferred tax on equity-settled share-based payment charges issued during the period, where tax relief is obtained in the year the shares vest. The release of these deferred tax assets and liabilities are accounting adjustments and do not impact the corporation tax payable or receivable by the Group.

Notes - taxation *(continued)*

	2023 £'000	2022 £'000
Profit/(Loss) before tax	22,090	(15,542)
Tax on profit/(loss) at standard UK rate of 19% (FY2022: 19%)	4,197	(2,971)
Effect of:		
Expenses not deductible/income not deductible	(251)	1,147
Amounts not recognised[1]	482	1,148
Effect of changes in tax rates	(2,629)	(2,626)
Adjustment in respect of prior years	(1,039)	(504)
Difference in overseas tax rates	-	2
Deferred tax credited to equity	-	85
Losses utilised	-	-
Other	113	82
Total tax charge/(credit)	**873**	**(3,637)**
Effective tax rate	**4%**	**23%**

[1] Primarily relates to unrecognised losses which are either not expected to be recoverable or utilised in the short-term and therefore not recognised as deferred tax assets.

The consolidated effective tax rate for FY2023 was 4% which is below the UK corporation tax rate of 19% (FY2022: higher). The reduction in the effective tax rate primarily reflects the remeasurement of deferred tax balances for the increase in the UK corporation tax rate to 25%, and a prior period adjustment to recognise the French R&D Tax Credit receivable relating to credits unused after three years which are repayable to Trainline SAS.

Tax (creditor)/debtor per the consolidated balance sheet:

	2023 £'000	2022 £'000
Current tax receivable	-	1,599
Current tax payable	(7,642)	-

Notes - taxation *(continued)*

Deferred tax asset/(liability) as at 28 February 2023:

	Acquired intangible assets £'000	Tangible assets and other £'000	Share-based payments £'000	Losses carried forward £'000	Total £'000
At 1 March 2022	(3,655)	(3,378)	1,237	18,361	12,565
Adjustment in respect of prior years	-	(2,190)	-	6,528	4,338
Adjustments posted through equity	-	(34)	779	-	745
Credit/(charge) to consolidated income statement	982	1,628	3,259	3,433	9,302
At 28 February 2023	**(2,673)**	**(3,974)**	**5,275**	**28,322**	**26,950**

Deferred tax asset/(liability) as at 28 February 2022:

	Acquired intangible assets £'000	Tangible assets and other £'000	Share-based payments £'000	Losses carried forward £'000	Total £'000
At 1 March 2021	(4,365)	(1,560)	1,227	9,781	5,083
Effect of increased tax rate on opening balance	(636)	(441)	174	2,987	2,084
Adjustment in respect of prior years	-	(1,600)	-	5,548	3,948
Adjustments posted through equity	-	(9)	94	-	85
Credit/(charge) to consolidated income statement	1,346	232	(258)	45	1,365
At 28 February 2022	**(3,655)**	**(3,378)**	**1,237**	**18,361**	**12,565**

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.

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

Four types of earnings per share are reported:

(i) Basic earnings per share

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

(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 purchase 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'.

	2023 No. shares
Weighted average number of ordinary shares	480,680,508
Weighted average number of treasury shares	(11,834,556)
Weighted average number of ordinary shares	**468,845,952**
Dilutive impact of share options outstanding	4,216,223
Weighted average number of dilutive shares	**473,062,175**

Notes - earnings per share *(continued)*

	2022 No. shares
Weighted average number of ordinary shares	480,680,508
Weighted average number of treasury shares	(3,096,733)
Weighted average number of ordinary shares[1]	**477,583,775**

[1] As the Group incurred a loss in FY2022, the impact of its potential dilutive ordinary shares has been excluded in the FY2022 calculation as they would be anti-dilutive.

	2023 £'000	2022 £'000
Profit/(Loss) after tax	21,217	(11,905)
Earnings attributable to equity holders	**21,217**	**(11,905)**
Adjusted earnings[1]	**36,271**	**(3,844)**

	2023 pence	2022 pence
Profit/(Loss) per share		
Basic	4.53p	(2.49)p
Diluted[2]	4.48p	(2.49)p
Adjusted profit/(loss) per share		
Basic	7.74p	(0.80)p
Diluted[2]	7.67p	(0.80)p

[1] Refer to the alternative performance measures section for the calculation of adjusted earnings.
[2] As the Group has incurred a loss in FY2022, the impact of its potential dilutive ordinary shares was excluded as they would be anti-dilutive.

6. 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 an annual impairment review. Impairment reviews of goodwill make use of estimates (see Note 1h).

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

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 reassesses 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 reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the income statement.

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

(ii) Software development costs

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

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

(iii) Brand and customer lists

Brand and customer lists 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 administrative expenses on 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	Fully amortised

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

Notes - intangible assets and goodwill *(continued)*

Intangible assets and goodwill as at 28 February 2023:

	Software development[1] £'000	Brand valuation[3] £'000	Customer lists £'000	Goodwill £'000	Total £'000
Cost:					
At 1 March 2022	147,410	51,738	92,690	442,555	734,393
Additions	32,174	-	11	-	32,185
Disposals	(18,056)	-	-	-	(18,056)
Exchange differences[2]	-	-	-	3,350	3,350
At 28 February 2023	**161,528**	**51,738**	**92,701**	**445,905**	**751,872**
Accumulated amortisation and impairment:					
At 1 March 2022	(93,488)	(35,967)	(92,589)	(25,195)	(247,239)
Amortisation	(29,840)	(5,167)	(110)	-	(35,117)
Disposals	18,021	-	-	-	18,021
At 28 February 2023	**(105,307)**	**(41,134)**	**(92,699)**	**(25,195)**	**(264,335)**
Carrying amounts:					
At 28 February 2023	**56,221**	**10,604**	**2**	**420,710**	**487,537**

[1] Total software development includes £11.1m of assets which represent work in progress and which are not yet depreciating (FY2022: £13.9m).
[2] Effects of foreign exchange rate changes.
[3] At FY2023, the remaining useful economic life was two years for brand valuation assets.

Intangible assets and goodwill as at 28 February 2022:

	Software development £'000	Brand valuation[3] £'000	Customer lists £'000	Goodwill £'000	Total £'000
Cost:					
At 1 March 2021	132,755	51,738	92,690	444,652	721,835
Additions[1]	25,090	-	-	-	25,090
Disposals	(10,435)	-	-	-	(10,435)
Exchange differences[2]	-	-	-	(2,097)	(2,097)
At 28 February 2022	**147,410**	**51,738**	**92,690**	**442,555**	**734,393**
Accumulated amortisation and impairment:					
At 1 March 2021	(74,328)	(30,800)	(90,676)	(25,195)	(220,999)
Amortisation	(29,595)	(5,167)	(1,913)	-	(36,675)
Disposals	10,435	-	-	-	10,435
At 28 February 2022	**(93,488)**	**(35,967)**	**(92,589)**	**(25,195)**	**(247,239)**
Carrying amounts:					
At 28 February 2022	**53,922**	**15,771**	**101**	**417,360**	**487,154**

[1] Total additions include £24.9 million of internally developed intangible assets.
[2] Effects of foreign exchange rate changes.
[3] At FY2022, the remaining useful economic life was three years for brand valuation assets.

Notes - intangible assets and goodwill *(continued)*

Of the amortisation charge for the year, £5.3 million (FY2022: £7.1 million) related to the amortisation of intangible assets which were recognised on the Group's acquisition of Trainline.com Limited and Trainline SAS, while £29.1 million (FY2022: £29.6 million) related to internally developed and purchased intangible assets recognised at historical cost.

Disposals in the year of £18.1 million (FY2022: £10.4 million) include £18.1m of fully amortised internally developed software assets which were no longer in use.

Goodwill impairment testing

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 of disposal and value in use. However, in line with IAS 36 *Impairment of Assets*, fair value less costs of disposal is only determined where value in use would result in impairment.

Goodwill acquired in a business combination is allocated on acquisition to the cash-generating units ("CGUs") that are expected to benefit from that business combination. The Group has carrying value of goodwill totalling £420.7 million (FY2022: £417.3 million) which were initially recognised upon acquisition of the following of Trainline.com Limited and Trainline SAS (formerly Capitaine Train SAS).

CGUs have been revised in FY2023 due to the revision of operating segments as described in Note 2. This revision has resulted in two new CGU's (International Trainline Partner Solutions and International Consumer) being created. These were formerly part of the International CGU. All goodwill in the International CGU in the prior year has been allocated to the International Consumer CGU in the current year. CGU's are allocated on a more granular level than the operating segments. Impairment reviews were conducted on these revised CGUs as summarised below:

FY2023 CGUs	**2023** **£'000**
UK Consumer	351,271
International Consumer	69,439
UK Trainline Partner Solutions	-
International Trainline Partner Solutions	-
Total goodwill	**420,710**

Notes - intangible assets and goodwill *(continued)*

FY2022 CGUs	2022
	£'000
UK Consumer	351,271
International	66,089
UK Trainline Partner Solutions	-
Total goodwill	**417,360**

For all CGUs the recoverable amount was determined by measuring their value-in-use ("VIU").

Assumptions

The key value in use assumptions were:

	2023 UK Consumer	2022 UK Consumer	2023 International Consumer	2022 International Consumer
Pre-tax discount rate[1]	10.9%	9.7%	13.2%	12.0%
Terminal growth rate[2]	2.5%	2.5%	2.5%	2.5%
Number of years forecasted before terminal growth rate applied	5	5	5	5

1 The pre-tax discount rate is based upon the weighted average cost of capital reflecting specific principal risks and uncertainties. The discount rate takes into account the risk-free rate of return, the market risk premium and beta factor.
2 The terminal growth rate reflects the expected growth into perpetuity of the business, taking into account the current market and sector risks.

There has been no impairment charge for any CGU during the year (FY2022: Nil).

As noted above, the key assumptions that form part of the value in use assessment are the pre- tax discount rate, the terminal growth rate, the number of years forecasted before terminal growth rate is applied and the underlying cash forecasts. The pre-tax discount rate was determined based upon the weighted average cost of capital reflecting specific principal risks and uncertainties. The discount rate takes into account the risk-free rate of return, the market risk premium and beta factor reflecting the average beta for the Group and comparator companies which are used in deriving the cost of equity. Further to this, the terminal growth rate was determined based on the past inflation rate and is determined to reflect the long-term growth potential of the company and industry as a whole.

The Group prepares cash flow forecasts using five-year projections which are extrapolated from the Board approved three-year plan. The forecasts have been used in the VIU calculation along with risk-adjusted discount rates. Cash flows beyond the five-year period are extrapolated using a terminal growth rate. The forecasts reflect management's expectations and best estimates in determining EBITDA for each CGU. Management's expectations and best estimates are determined based on a detailed top down and bottom up forecasting process which incorporates consideration of the group's strategy, expectations in respect of market size and market share while also taking account of risks and uncertainties in the market. The core assumptions in the cash flow forecasts used in the impairment testing were: UK: continues to grow sales, driven by ongoing investment in the Trainline platform, the digitisation of ticketing and supported by modal shift tailwinds; and International: strong continued sales growth at a higher level that the group as a whole driven by investment in marketing and continued development in the user experience. Where costs or assets in the forecast are not reported to the CODM at a CGU level, as disclosed in Note 2, a reasonable and consistent allocation basis is applied for the purposes of impairment testing.

Trading assumptions are based on estimates of market size, estimates of market share and long-term economic forecasts.

As the International CGU is currently loss making, the cash flows are more sensitive to a change in assumptions in the initial five-year forecast period than the UK Consumer CGU. To reflect the higher level of uncertainty in the International forecasts, a premium is applied to the discount rate.

Sensitivity analysis

The Group has conducted sensitivity analysis for reasonably possible changes to key assumptions 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 value in use calculations are set out in the table below.

	2023 UK Consumer	2022 UK Consumer	2023 International Consumer	2022 International Consumer
Increase in discount rate	1pt	1pt	1pt	1pt
Reduction in long-term growth rate applied in terminal year	0.5pt	0.5pt	0.5pt	0.5pt
Decrease in Adjusted EBITDA forecast in each year	15%	15%	20%	20%

None of the individual reasonably possible scenarios listed above resulted in an impairment charge to any of the CGUs.

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

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

The Group tests the carrying value of assets including right-of-use ("ROU") assets for impairment if there is an indicator of impairment. PPE is included in the carrying value of the Group's CGUs and have been included in the CGU impairment assessments (see Note 6). There were no additional indicators of specific impairment identified during the year relating to PPE (FY2022: no indicators).

Property, plant and equipment as at 28 February 2023:

	Plant and equipment £'000	Leasehold improvements £'000	Right-of-use assets £'000	Total £'000
Cost:				
At 1 March 2022	7,379	6,984	27,461	41,824
Additions	2,089	-	522	2,611
Disposals	(1,739)	(149)	(108)	(1,996)
At 28 February 2023	**7,729**	**6,835**	**27,875**	**42,439**
Accumulated depreciation and impairment:				
At 1 March 2022	(4,810)	(2,515)	(9,622)	(16,947)
Depreciation	(1,301)	(843)	(3,906)	(6,050)
Disposals	1,668	-	79	1,747
At 28 February 2023	**(4,443)**	**(3,358)**	**(13,449)**	**(21,250)**
Carrying amounts:				
At 28 February 2023	**3,286**	**3,477**	**14,426**	**21,189**

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

Property, plant and equipment as at 28 February 2022:

	Plant and equipment £'000	Leasehold improvements £'000	Right-of-use assets £'000	Total £'000
Cost:				
At 1 March 2021	9,671	4,448	26,861	40,980
Additions	1,771	2,536	600	4,907
Disposals	(4,063)	-	-	(4,063)
At 28 February 2022	**7,379**	**6,984**	**27,461**	**41,824**
Accumulated depreciation and impairment:				
At 1 March 2021	(7,362)	(1,890)	(5,857)	(15,109)
Depreciation	(1,511)	(625)	(3,765)	(5,901)
Disposals	4,063	-	-	4,063
At 28 February 2022	**(4,810)**	**(2,515)**	**(9,622)**	**(16,947)**
Carrying amounts:				
At 28 February 2022	**2,569**	**4,469**	**17,839**	**24,877**

8. 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. At the date borrowings are repaid any attributable transaction costs are released as finance costs.

Notes - loans and borrowings *(continued)*

	2023 £'000	2022 £'000
Non-current liabilities		
Revolving credit facility[1]	57,385	21,800
Convertible bonds[2]	81,105	112,663
Other term debt	-	37
Lease liabilities	10,524	15,496
Total non-current liabilities	**149,014**	**149,996**
Current liabilities		
Accrued interest on secured bank loans	368	1,425
Lease liabilities	4,523	3,489
Total current liabilities	**4,891**	**4,914**

[1]Included within the revolving credit facility is the principal amount of £60.0 million (FY2022: £25.0 million) and directly attributable transaction costs of £2.6 million (FY2022: £3.2 million).

[2]Included within the convertible bonds is the principal amount of £82.7 million (FY2022: £114.8 million) and directly attributable transaction costs of £1.6 million (FY2022: £2.1 million). During FY2023 the Group bought back and cancelled £32.1 million (face value)(FY2022:£35.2 million) of its own convertible bonds for £28.1 million (FY2022:£31.3 million), resulting in a gain of £4 million (FY2022: £3.9 million) presented on the income statement within finance income.

Terms and repayment schedule

Agreement	Interest rate	Year of maturity	Face value £'000	Carrying amount £'000
Revolving credit facility	SONIA + 1.25%-2.5%	2025	60,000	57,385
Convertible bonds	1.00%	2026	82,700	81,105
Lease liabilities	Various[1]	Various	17,122	15,047
Total borrowings			**159,822**	**153,537**

[1] The average interest rate of lease liabilities is 3.99%.

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.

Notes - loans and borrowings *(continued)*

	Total contractual cash flows	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000	£'000
Revolving credit facility	69,202	3,342	3,342	62,518	-
Convertible bonds	85,077	827	827	83,423	-
Lease liabilities	17,122	4,987	4,815	6,534	786
Total cash flows	**171,401**	**9,156**	**8,984**	**152,475**	**786**

Revolving credit facility

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 year allow draw downs in cash or non-cash to cover bank guarantees. At 28 February 2023 the cash drawn amount is £60.0 million (FY2022: £25.0 million), the non-cash bank guarantee drawn amount is £72.2 million (FY2022: £51.3 million) and the undrawn amount on the facility is £192.8 million (FY2022: £273.7 million).

Both facilities in place during the year 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 year. 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.

Convertible bonds

On 7 January 2021, Trainline plc announced the launch of an offering of £150.0 million of senior secured convertible bonds due in 2026. Settlement and delivery of convertible bonds took place on 14 January 2021.

The total bond offering of £150.0 million covers a five-year term beginning on 14 January 2021 with a 1% per annum coupon payable semi-annually in arrears in equal instalments. The initial conversion price was set at £6.6671 representing a premium of 50% above share price on 7 January 2021 (£4.4447).

The bonds were accounted for as a liability of £150.0 million upon issuance. Directly allocable fees were offset against the liability and will be unwound over the lifetime of the instrument. The bond was accounted for as a liability as certain terms within the terms and conditions attached to the bonds meant Trainline plc has an unavoidable obligation to settle in cash. Subsequent to this, bonds are measured at amortised cost.

During FY2023, the Group bought back and cancelled £32.1 million (face value) (FY2022:£35.2 million) of its own convertible bonds for £28.1 million (£31.3 million), resulting in a gain of £4 million (£3.9 million) presented on the income statement within finance income. As at FY2023, the Group had convertible bonds with a principal amount of £82.7 million in issuance (FY2022: £114.8 million).

9. Capital and reserves

Share capital

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

Ordinary shares in the Group 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 28 February 2023 and 28 February 2022

	Number	£'000
Ordinary shares - £0.01	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.

Retained earnings

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

Foreign exchange

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

Notes - capital and reserves *(continued)*

Other reserves

	Merger reserve	Treasury reserve	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	-	(16,600)	-	(16,600)
Share-based payment charge	-	-	5,984	5,984
Allocation of treasury shares to fulfil share-based payment	-	2,621	(2,823)	(202)
Deferred tax on share-based payment	-	-	94	94
Transfer to retained earnings[1]	-	-	(945)	(945)
At 28 February 2022	**(1,122,218)**	**(21,731)**	**7,288**	**(1,136,661)**
Addition of treasury shares	-	(7,947)	-	(7,947)
Allocation of treasury shares to fulfil share-based payment	-	2,950	(2,902)	48
Share-based payment charge	-	-	15,165	15,165
Deferred tax on share-based payment	-	-	779	779
Transfer to retained earnings[1]	-	-	(362)	(362)
At 28 February 2023	**(1,122,218)**	**(26,728)**	**19,968**	**(1,128,978)**

[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.

Merger reserve

Prior to the initial public offering ("IPO") the ordinary shares of the pre-IPO top company, Victoria Investments S.C.A., were acquired by Trainline plc. As the ultimate shareholders and their relating rights did not change as part of this transaction, this was treated as a common control transaction under IFRS. The balance of the merger reserve represents the difference between the nominal value of the reserves from 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 Trusts ("EBT"). At 28 February 2023 the Group's EBT held 10.9 million shares (FY2022: 8.0 million) which have a historical cost of £26.7 million (FY2022: £21.7 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.

10. Related parties

During the year, 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: short-term employee benefits £2,185,741 (FY2022: £2,499,799); post-employment benefits £60,462 (FY2022: £73,625); and ongoing share-based payment schemes £2,414,357 (FY2022: £889,234). No other long-term benefits or termination benefits were paid (FY2022: £nil). The highest paid director received: short term employee benefits £1,207,038 (FY2022: £1,152,611); post-employment benefits £33,054 (FY2022: £31,625); and ongoing share-based payment schemes £1,713,900 (FY2022: £586,982). There was one director to whom retirement benefits were accruing under defined contribution schemes (FY2022: two).

At 28 February 2023 key management personnel held 361,413 shares in Trainline plc (FY2022: 2,340,720 shares).

11. Capital commitments

This note details any capital commitments in contracts that the Group has entered which have not been recognised as liabilities on the balance sheet.

The Group's capital commitments at 28 February 2023 are £nil (FY2022: £nil).

12. Post balance sheet events

There have been no material post balance sheet events between 28 February 2023 and the date of the approval of these Financial Statements.

Alternative performance measures

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

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

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

Net ticket sales[1] [2]

Net ticket sales represent the gross value of ticket sales to customers, less the value of refunds issued, during the accounting period via B2C or Trainline solutions channels. The Group acts as an agent or technology provider 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 as this reflects the value of transactions powered by the Group's platform. The rate of growth in net ticket sales may differ to the rate of growth in revenue due to the mix of commission rates and service fees.

Adjusted EBITDA

The Group believe that adjusted EBITDA is a meaningful measure of the Group's operating performance and debt servicing ability without regard to amortisation and depreciation methods as well as share based payment charges 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.

[1] A minor revision to the wording of the alternative performance measure definition for net ticket sales has been made in the current year. The minor change in wording is to ensure the definition reflects Trainline's business model.

[2] Net ticket sales is not subject to audit as it is a non-statutory measure.

Alternative performance measures – adjusted EBITDA *(continued)*

A reconciliation of operating profit/(loss) to adjusted EBITDA is as follows:

	Notes	2023	2022
		£'000	£'000
Operating profit/ (loss)		**27,639**	**(10,313)**
Adjusting items:			
Depreciation and amortisation	*6,7*	41,167	42,576
Share-based payment charges		17,292	6,783
Adjusted EBITDA		**86,098**	**39,046**

Adjusted earnings

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

Adjusted earnings is calculated as profit/(loss) after tax with share-based payment charged in administrative expenses, 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 a non-cash charge to the business. Amortisation of acquired intangibles is a non-cash accounting adjustment relating to previous acquisitions and is not linked to the ongoing trade of the Group.

A reconciliation from the profit/(loss) after tax to adjusted earnings it as follows:

	Notes	2023 £'000	2022 £'000
Profit/(Loss) after tax		21,217	(11,905)
Earnings attributable to equity holders		**21,217**	**(11,905)**
Adjusting items:			
Gain on convertible bond buyback	*3*	(3,987)	(3,914)
Amortisation of acquired intangibles[1]	*6*	5,277	7,083
Share-based payment charges		17,292	6,783
Tax impact of the above adjustments		(3,528)	(1,891)
Adjusted earnings		**36,271**	**(3,844)**

[1] This consists of the amortisation of brand valuation of £5.2 million (FY2022: £5.2 million), customer valuation of £0.1 million (FY2022: £1.9 million) and software development of £nil (FY2022: £nil).

Alternative performance measures *(continued)*

Net debt

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

The calculation of net debt is as follows:

	Notes	2023 £'000	2022 £'000
Loan and borrowings[1]	*8*	(157,747)	(158,821)
Cash and cash equivalents		57,337	68,496
Net debt		**(100,410)**	**(90,325)**

[1] This amount is the aggregate amount of loans and borrowings as disclosed in Note 8 amounting to £153.5 million (FY2022: £153.5 million) and the capitalised finance charges amounting to £4.2 million (FY2022: £5.3 million).

Operating free cash flow

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

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

The calculation of operating free cash flow is as follows:

	2023 £'000	2022 £'000
Cash generated from operating activities	43,015	195,167
Purchase of property, plant and equipment and intangible assets	(35,219)	(29,344)
Operating free cash flow	**7,796**	**165,823**

Liquidity

The Group uses liquidity as a measure of available funds. Liquidity headroom is cash and cash equivalents plus the undrawn, unencumbered balance on the revolving credit facility.

	2023 £'000	2022 £'000
Cash and cash equivalents	57,337	68,496
Undrawn balance on the revolving credit facility	192,826	273,676
Liquidity headroom	**250,163**	**342,172**