



3 May 2024

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

Trainline plc
Results for the twelve months ended 29 February 2024

Strong growth from Europe's most downloaded rail app

FY2024 financial summary:

£m unless otherwise stated:	FY2024	FY2023	% YoY
Net ticket sales ¹	5,295	4,323	+22%
Revenue	397	327	+21%
Adjusted EBITDA ²	122	86	+42%
Operating profit	56	28	+101%
Adjusted basic earnings per share (pence) ³	12.3p	7.7p	+59%
Basic earnings per share (pence) ³	7.3p	4.5p	+61%
Operating free cash flow	91	8	<i>n.m.</i>

Financial highlights:

- Net ticket sales up 22% year on year (YoY) to £5.3 billion at top end of previous guidance range, driving growth in revenue of 21% to £397 million, above previous guidance range
- Adjusted EBITDA up 42% to £122 million, 2.3% of net ticket sales; operating profit up 101% to £56 million, driven by volume growth and operating leverage
- Basic earnings per share of 7.3p up 61%; adjusted basic earnings per share of 12.3p, up 59%
- Operating free cashflow up from £8 million to £91 million; leverage ratio down from 1.2x to 0.5x adj. EBITDA

Strategic highlights:

- Strong growth in mobile app downloads, now Europe's most downloaded rail app⁴
- Helping shift the UK rail market to digital tickets:
 - Eticket penetration of industry ticket sales increased to 47% from 43% in FY2023⁵
 - Grown on-the-day bookings to 66% of UK Consumer transactions, while Trainline's share of commuter travel segment increasing to 23% from 10% pre-COVID
- International Consumer net ticket sales surpassed £1 billion, driven by European markets with most widespread carrier competition:
 - Combined growth across Spain and Italy of 43%⁶
 - Domestic ticket sales in Spain more than doubled for two consecutive years⁷
 - Consumer awareness in Spain and Italy has more than doubled since brand campaigns launched in both markets 18 and 24 months ago respectively⁸

- Enhancing customer engagement through our Mobile App – International Consumer app share of transactions now 62%, including Italy now at 73%

Group guidance for FY2025:

- Net ticket sales YoY growth of between +8% and +12%
- Revenue YoY growth of between +7% and +11%
- Adjusted EBITDA of between 2.4% and 2.5% of net ticket sales

New share buyback programme announced:

- In line with Trainline's stated capital allocation framework, we have announced a new £75 million buyback programme to commence upon completion of existing programme
- £38 million of shares repurchased under existing £50 million programme as at the end of April 2024

Jody Ford, CEO of Trainline said:

"New entrant carrier competition is revolutionising rail in Europe as more customers benefit from greater choice, lower prices and the opportunity to choose greener travel. We are becoming the aggregator of choice in the UK and internationally and are delivering strong growth, particularly in those markets liberalising fastest such as Spain.

"With four carrier brands competing across its high-speed rail network, we have doubled domestic ticket sales in Spain for the second year running and significantly grown our market share on the top routes. With new entrant carrier competition set to ramp up in Italy, France and the UK in the coming years, the opportunity grows to create a golden age of rail travel."

Presentation of results

There will be a live webcast presentation of the results to analysts and investors at 09:00am BST today (3 May 2024). Please register to participate at the Company's investor website:

<https://www.trainlinegroup.com/investors/results-reports-presentations/full-year-webcast-fy2024/>

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Footnotes:

1. Please refer to the Alternative Performance Measures note for definition of net ticket sales. Net ticket sales in FY2024 included an extra day of trading given 2024 was a leap year.
2. Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) excludes share-based payment charges and exceptional items.
3. Please refer to Note 6 for definitions of adjusted basic earnings per share, basic earnings per share and diluted earnings per share.
4. Based on number of app downloads in Europe, as of Feb 2024.
5. Eticket penetration is % of UK industry net ticket sales fulfilled using a barcode read eticket and is a subset of online penetration.
6. Geographical split of growth in net ticket sales within International Consumer based upon carrier location.
7. Spanish domestic sales reflects sales to customers with a Spanish IP address.
8. Prompted brand awareness measured by YouGov via a monthly national representative survey of two thousand respondents in each market.

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.

FY2024 PERFORMANCE REVIEW

Group Overview

Group net ticket sales increased to £5.3 billion, 22% higher YoY, at the top end of our previously stated guidance range of 17 to 22%. The drivers of net ticket sales growth are provided for each business unit below.

Increased net ticket sales helped Group revenue grow 21% to £397 million, above Trainline's previously guided range of between 15% to 20%. Gross profit also grew by 21% to £305 million.

FY2024 Segmental performance

	FY2024	FY2023	% YoY
Net ticket sales (£m)			
UK Consumer	3,469	2,811	+23%
International Consumer	1,041	915	+14%
Trainline Solutions	785	597	+31%
Total Group	5,295	4,323	+22%
Revenue (£m)			
UK Consumer	209	172	+21%
International Consumer	53	45	+17%
Trainline Solutions	135	110	+23%
Total Group	397	327	+21%
Gross profit (£m)			
UK Consumer	145	122	+19%
International Consumer	36	30	+19%
Trainline Solutions	124	100	+24%
Total Group	305	252	+21%
Adjusted EBITDA (£m)			
	FY2024	FY2023	YoY
UK Consumer	86	71	14
International Consumer	(17)	(22)	5
Trainline Solutions	53	37	16
Total Group	122	86	36

Adjusted EBITDA increased £36 million or 42% YoY to £122 million, outpacing net ticket sales and revenue growth, given the benefit of operating leverage in both marketing and people related costs. Adjusted EBITDA was 2.31% of net ticket sales, exceeding our previously stated guidance range of 2.15% to 2.25%, which primarily reflected better than expected revenue growth and cost discipline.

Marketing costs of £67 million grew 4% as we acquired more customers and continued to invest in our brand. This was partly offset by our decision announced in May 2023 to pause brand marketing in France until carrier competition becomes more widespread.

People-related and other administrative costs increased 14% to £116 million. This included the full year impact from increasing our headcount in FY2023, as well as higher systems costs associated with processing more transactions, partly offset by AWS and other platform efficiency cost savings.

UK Consumer

Net ticket sales were £3.5 billion, 23% higher YoY. This reflected continued rail market recovery, as well as the industry experiencing fewer strikes than in the prior year (25 strike days⁹ in FY2024 vs 30 in FY2023), which were also less severe in their impact (estimated gross ticket sales¹⁰ impact per strike day of c.£4 million in FY2024 vs £5-6 million in FY2023).

Net ticket sales growth also reflected more people switching to digital tickets - with industry eticket penetration at 47% of ticket sales in FY2024, up from 43% in FY2023⁵ - while long-distance and leisure travel remained strong.

Revenue grew 21% YoY to £209 million. This was slightly slower than net ticket sales given faster growth in commuter and on-the-day travel, which generate relatively lower rates of revenue than longer-distance travel, partly offset by our increased focus on non-commission revenue generation.

Gross profit grew 19% to £145 million. Adjusted EBITDA of £86 million was £14 million higher.

International Consumer

Net ticket sales were £1.0 billion, 14% higher YoY. Growth was led by Spain and Italy - markets where carrier competition is most widespread – with combined net ticket sales⁶ up 43% YoY as Trainline positions itself as the aggregator of choice. Combined net ticket sales across France and Germany grew 3% YoY, reflecting Trainline's decision to pause brand marketing in France until the arrival of more widespread carrier competition. Germany remains a small part of the portfolio today and unattractive from an investment perspective until we see improved commercial terms and the arrival of carrier competition.

Growth was led by Trainline's mobile App, which now makes up 62% of transactions in International Consumer (FY2023: 54%), while Web sales growth was tempered by changes to the presentation of search engine results, as outlined in Trainline's Half Year results in November.

Revenue was £53 million, growing 17% YoY. Revenue growth outpaced net ticket sales, driven by higher non-commission revenues and further growth in foreign travel sales. Foreign travel sales generate higher revenue as a percentage of net ticket sales than domestic travel.

Gross profit increased 19% to £36 million. Adjusted EBITDA loss reduced to -£17 million (vs -£22 million last year). Adjusted EBITDA on a pre-internal transaction fee basis¹¹ was -£1 million (vs -£9 million last year), in line with previously stated guidance that it would approach breakeven in FY2024.

Trainline Solutions

Net ticket sales were £785 million, 31% higher than prior year, with a strong performance from IT Carrier Solutions and business travel in the UK industry continuing to recover from a lower base.

Revenue increased by 23% YoY to £135 million. Most of the revenue related to an internal transaction fee paid by UK Consumer and International Consumer¹¹.

Gross profit was £124 million, 24% higher YoY. Adjusted EBITDA was £53 million, £16 million higher YoY.

Operating profit

The Group reported operating profit of £56 million, up £28 million or 101%. Operating profit included:

- Depreciation and amortisation charges of £42 million, in line with prior year (FY2023: £41 million)
- Share-based payment charges of £23 million, reflecting the costs of our all-employee share incentive plan (FY2023: £17 million)
- Exceptional items of £2 million in relation to business restructuring costs (no exceptional items in FY2023)

Profit after tax

Profit after tax was £34 million, up £13 million or 60% YoY. Profit after tax reflected operating profit of £56 million, net finance charges of £7 million, and a tax charge of £14 million. The effective tax rate of 29% was above the UK corporation tax rate primarily due to losses in overseas entities that are not recognised for deferred tax.

Earnings per share (EPS)

Adjusted basic earnings per share was 12.3 pence vs 7.7 pence in FY2023. Adjusted basic earnings per share adjusts for exceptional one-off items in the period, any gains on the repurchase of convertible bonds, amortisation of acquired intangibles, and share-based payment charges, together with the tax impact of these items.

Basic earnings per share was 7.3 pence vs 4.5 pence in FY2023.

Operating free cash flow and net debt

Operating free cash flow was £91 million, up £83 million YoY. Operating free cashflow included adjusted EBITDA of £122 million and a working capital inflow of £10 million, reflecting Trainline's negative working capital cycle. This was partly offset by capital expenditure of £41 million, reflecting ongoing investment in product and technology.

Net debt was £64 million at the end of February 2024, down from £100 million in February 2023. The Group's leverage ratio was 0.5x adj. EBITDA (Feb-23: 1.2x; Feb-22: 2.3x). The reduction in net debt primarily reflected the generation of positive operating free cash flow in FY2024, partly offset by £28 million of share repurchases as at the end of February 2024.

Capital allocation framework and share buyback programme

This year, we communicated our capital allocation framework, which is as follows:

- Trainline's primary use of capital is to invest behind its strategic priorities – including enhancing the customer experience and building demand for rail travel - to drive organic growth and deliver attractive and sustainable rates of return.
- The Group may supplement that with inorganic investment, should it help accelerate delivery of the Group's strategic growth priorities.
- Trainline will also continue to manage debt leverage, including retaining a prudent and appropriate level of liquidity headroom should unforeseen circumstances arise.
- Any surplus capital thereafter may be returned to shareholders, including through the repurchase of Trainline's shares.

At the same time as communicating the above framework, Trainline announced the launch of a share buyback programme of up to £50 million, to be conducted over the subsequent 12 months. As at the end of April 2024, the Company had bought back £38 million of its own shares under the programme.

Trainline has today announced a new share buyback programme of up to £75 million. The new programme will commence upon completion of the existing programme and is to run over the subsequent 12 month period.

Trainline attained shareholder approval during FY2024 for a capital reduction of the Company's share premium account. This provided the Company with additional distributable reserves to make further distributions, as and when considered appropriate by the Board.

Outlook and market guidance

We continue to enjoy significant growth opportunities, including increasing eticket penetration in the UK and new entrant carrier competition increasing the need for a market aggregator for European rail.

Following a positive start to the year, in FY2025 Trainline expects to generate:

- Net ticket sales YoY growth of between +8% and +12%
- Revenue YoY growth of between +7% and +11%
- Adjusted EBITDA of between 2.4% and 2.5% of net ticket sales

Our growth expectations are despite headwinds from ongoing industrial action in the UK, as well as Transport for London (TFL's) planned expansion of their contactless travel zone to a further 53 stations in FY2025.

FY2024 PROGRESS AGAINST OUR STRATEGIC PRIORITIES

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 FY2024, we continued to make good progress against these long-term strategic growth priorities.

UK Consumer

Enhancing the customer experience

The UK rail market recovered to an estimated £10.6 billion in passenger revenues in FY2024, up from £8.9bn in the prior year. We aim to continue growing the market by unlocking value and removing friction for customers through our 4.9* rated mobile App¹². We have launched an improved price prediction feature, leveraging predictive analytics to communicate to customers when advance fare rises will happen and how many tickets are likely to be left at the prevailing price. We improved our Ticket Alerts functionality, which flags to customers when tickets become available for their chosen route at the cheapest price. Our SplitSave proposition is now better than ever and the number of routes where SplitSave is available is now above 80%, with an advertised average saving of £13 per trip. Finally, with growing carrier competition to incumbent carriers from open access operators like Lumo, we have enhanced our fare presentation so customers can easily compare times and fares.

Our investment in customer experience is helping shift more people to digital channels. Industry sales through online channels grew to 55%, up from 53% in the prior year. Within that, industry eticket sales increased to 47% in FY2024, up from 43% in FY2023⁵. However, there remains considerable headroom for growth. Tickets bought offline represented around £3 billion of total ticket sales in FY2024, most of which are estimated to be short-distance and commute journeys. Trainline has therefore continued to prime its mobile App to better serve those customers, including the recent launch of Best Price Guarantee, refunding the difference if a customer finds the same on-the-day ticket cheaper elsewhere. We also continued to scale digital season tickets, with our digital season customers exhibiting more than double the retention levels of our overall customer base in the UK. This has helped Trainline to grow its share of commuter segment to 23%, from 10% pre-COVID.

Building demand

We continued to build demand for our products and services, helping drive up active customers by 13% YoY. Under our “great journeys start with Trainline” brand campaign, we continue to tell customers how they can save 35% on average when booking a journey through Trainline. This included a new “Spliticus” campaign, highlighting to customers how they can save £13 per trip through SplitSave. The messaging also highlighted the convenience of digital ticketing, including digital season tickets, focusing on regions where digital season tickets have been enabled.

Separately, our viral “Trainline Wrapped” campaign gave every customer a personalised view of their sustainability journey, along with a clear and measurable understanding of the impact of their travel choices on the environment. This served to highlight the environmental benefits of rail travel, reflecting our core purpose to encourage greener travel choices.

Increasing customer lifetime value

As we continue growing our customer base, we are also increasing the frequency with which those customers transact with us. Monthly active customer transaction frequency has increased to 2.8x a month, from 2.4x in FY2022 and 2.6x in FY2023. This reflects our focus on commute and short-distance travel, with on-the-day bookings now making up 66% of all of UK Consumer’s transactions (58% in FY2022; 62% in FY2023). In addition, our 4.9* rated Mobile App¹² now represents 91% of our overall transactions in the UK, with new App customers transacting c.1.5 times more often than Web customers.

Having significantly scaled net ticket sales over the past few years, we are nurturing ancillary revenue streams to drive faster revenue growth. We are leveraging partnerships with the likes of Booking.com (hotels), Just Park (parking), and Karhoo (taxis). In addition, we launched a new Flexcover insurance product that allows customers to cancel plans for any reason and get fully refunded. Finally, we are beginning to enhance native advert placements within our sales channels to optimise advertising revenues.

Growing Trainline Solutions

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

For B2B travel, we recently integrated our business booking tool within the Consumer App, which will allow customers to book business travel in the same seamless way they already do for leisure and commuter travel. The integrated tool allows customers to easily switch between their personal and business accounts, while keeping their bookings separate.

We are actively engaging in several new tender processes from carriers for online retailing solutions. This follows the UK Government's cancellation of plans in December 2023 to create its own centralised retail app and website, originally intended to replace the rail carriers' online retailing channels. In addition, we recently added more customer experience features for white label carrier partners, including push notifications and bike reservations.

Within Platform One, we are harnessing advanced machine learning within the platform to deliver data-driven features and enhanced personalisation. This year, we set up an internal AI Labs team to develop our own proprietary AI Models. Building on Trainline's unique data opportunity, the aim is to use generative AI to solve more complex problems, in turn creating smarter and more personalised experiences across the whole user journey. We are taking a privacy-first approach, experimenting with in-production large language models (LLMs) within our own domain, rather than feeding our proprietary data into external LLMs.

International Consumer

The c.€55 billion UK and European rail market provides significant headroom for Trainline's future growth. While we operate across more than 40 countries (including the UK), we have refined our international 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 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).

We are making strong progress in our priority markets, which now make up three of our top 10 routes globally (Barcelona-Madrid, London-Paris, Rome-Milan). This reflects the strong progress we are making in positioning ourselves as the aggregator of choice.

Enhancing the customer experience

We have continued to launch new features to remove friction and unlock value for customers when booking rail travel. We recently overhauled our fare presentation within our mobile App, providing clear and simple information about each carrier and carriage class respectively. This helps customers compare choices, particularly on routes with more than one carrier. We also launched best price guarantee in Italy, Spain and France, where we promise to refund the difference if a customer finds the same ticket cheaper elsewhere. In Italy, we now find and automatically apply carrier promo codes for customers. We have also made it easier for foreign travel customers to upgrade to first class within the booking flow.

Building demand

We made strong headway growing consumer awareness in Italy and Spain, with consumer awareness more than doubling since we launched brand campaigns in both respective markets⁶. In Italy, prompted brand awareness has increased from 19% to 40% in 24 months, following the launch of our first nationwide brand campaign in spring 2022. In Spain, prompted brand awareness has increased from 8% to 21% in 18 months, following the launch of our Spanish brand campaign in summer 2022. This has helped drive strong growth in app downloads in Europe, and in Italy we became the second most downloaded travel app after Booking.com.

Web sales growth slowed during the year, with the impact most pronounced in foreign travel. There was more competition from carriers within keyword auctions following a relatively benign period last year. In addition, there were changes in the presentation of search engine results, with Google now including trains within its travel module, as discussed at our Half Year results. We have somewhat mitigated this impact over the last six months by scaling our presence in the travel module to more than 3,000 routes across our core markets in Europe.

Increasing customer lifetime value

As we strengthen our position as aggregator of choice in markets with carrier competition, we are deepening our relationship with our customers. A key example has been our success in encouraging more customers to download and use our mobile App, given its superior user experience and transaction frequency benefits. 62% of all customer transactions within International Consumer came through our App in FY2024.

This is particularly the case in Italy. Our App share of overall transactions increased to 73%, up from 62% a year ago and 51% two years ago. Given App customers transact almost three times more often

than Web customers in Italy, this has helped increase overall transaction frequency. On average, our monthly active customers now transact 2.2 times per month (FY2023 2.1x, FY2022: 1.9x).

While positioning ourselves as the aggregator, we are placing greater focus on monetisation. This includes growing foreign travel sales, which generate a double-digit revenue take rate, and introducing ancillary products into the booking flow, including hotels in partnership with Booking.com. This has helped grow the underlying revenue we generate from ticket sales from 6.4% to 6.6%.

Spain case study

We increasingly believe we occupy a unique position that we can leverage to become the aggregator of choice in Europe, given our:

- Clear remit to aggregate carriers across multiple geographies
- Scale and expertise to invest in new markets
- Scalable tech platform optimised for rail travel

Spain has quickly become the most competitive high speed carrier market in Europe. Given the transformation of its rail market, it serves as a useful template for what increased carrier competition might look like in other European markets, such as Italy and France. Honing our aggregation playbook in Spain is giving us a head start for when other rail markets liberalise.

Since 2021, Spain has gone from having one long-distance carrier, the national incumbent Renfe, to four carrier brands nationwide. Carrier competition in Spain is benefiting customers, who now enjoy significantly more choice and lower prices. Renfe Avlo and Iryo both operate on six high speed routes, while Ouigo operates on three¹³. On the three high speed routes where all four carrier brands compete (Madrid-Barcelona, Madrid-Valencia, Madrid-Alicante), average fares have reduced by 50% vs 2019, precipitating a 70% increase in passenger numbers.

However, greater market fragmentation also means greater complexity for customers, particularly as the different carriers do not provide competitor inventory on their respective retailing channels. This therefore strengthens the need for a market aggregator, where customers can book the best value and most convenient rail ticket for their specific journey.

Trainline has quickly positioned itself as the market aggregator for high-speed rail, both in terms of marketing - more than doubling brand awareness in 18 months⁶ - and product innovation, deeply integrating with the different carrier APIs while localising features within the App for the Spanish market. In addition, we have launched TopCombo, a new product proposition that allows customers to seamlessly stitch together different carriers for multi-leg and return journeys. This helps customers optimise the booking for price and convenience, while also increasing the opportunity for new entrant carriers to grow market share.

By positioning ourselves as the market aggregator, Trainline has grown significantly on liberalised routes, taking material share. By the end of 2023, Trainline's share of the top five high speed routes had increased to 8-13%, compared to c1% share across Spain in 2019.

Given our focus on aggregated routes, Spanish domestic net ticket sales have doubled for two consecutive years⁷. It has also driven a more engaged customer base, with repeat customers making up 44% of domestic sales, up from 34% last year.

Today, Spain is the only market in Europe where four carrier brands compete on the same long-distance routes. However, that is set to change, first in Italy and thereafter in France.

Two long-distance carriers currently compete in the c.€4 billion domestic Italian market. However, this is due to increase to four over the next couple of years. New entrant carrier Longitude Arenaways is set to arrive in late-2025, with plans already submitted to run one international and six domestic intercity routes. SNCF's low cost carrier brand Ouigo is set to follow from 2026.

In the c.€9 billion domestic French market, carrier competition is expected to build over time. Today carrier competition is limited, but on routes where there are new entrants, we see strong demand for market aggregation. Paris-Lyon is the most notable example, where SNCF, Ouigo and Trenitalia have competed since late 2021. Trainline's net ticket sales grew 42% this year on the route, similar to the combined growth rate of Spain and Italy. Renfe are due to launch a service between Paris-Lyon in H2 FY2025, increasing the number of carrier brands on that route to four.

Carrier competition is set to arrive on London-Paris, potentially as early as 2025, with Evolyn announcing plans to launch a competitor service to Eurostar. Similarly, Virgin Trains and other operators are reported to be planning to launch their own service too. Thereafter, new entrant carriers Le Train and Kevin Speed are planning to launch services across France from 2026 and 2028 respectively.

As has been the case in Spain, increasing the number of carrier brands running services across Italy and France should significantly increase the competitive dynamic of their rail markets, in turn catalysing the need for a market aggregator like Trainline.

ENVIRONMENTAL SUSTAINABILITY

Our purpose at Trainline is to empower a greener way to travel. Transport is 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, generating 87% less CO2 emissions per passenger/KM than flying and 67% less than driving¹⁴.

We launched new features on our Mobile App and on Web to encourage modal shift, including “Your sustainability story”, which informs and educates customers on their emission savings vs other forms of transport. At the end of the year, “Your Year on Trains” gave every customer a personalised view of their sustainability journey, along with a clear and measurable understanding of the impact of their travel choices on the environment.

Last year, we launched the ‘I Came By Train’ campaign, which aims to grow the public’s awareness of the relative benefits of train travel and inspire pride in those that take positive action. Having gained strong early momentum with industry and government stakeholders, this year we followed up with a new consumer campaign that celebrates all the heroes who travel by train. The campaign also analysed 250,000 UK rail routes to create the ‘Reasonable by Rail’ database, which shows when trains beat planes or cars for speed and savings. This data has been made available to government and industry stakeholders and is also used to power Trainline’s Super Routes feature.

Trainline became one of the first 100 UK-based companies to have our net zero targets officially verified by the Science Based Targets initiative (SBTi), the global body enabling businesses to set ambitious emissions reduction targets in line with climate science. The Company’s verified target commitments can be found on Trainline’s Group website.

LEGAL, REGULATORY & POLICY DEVELOPMENTS

We have seen encouraging legal, regulatory and policy developments in the UK and Europe recently.

In December 2023, the UK Government Department for Transport (DfT) withdrew proposals to create a new Great British Railways ticket retailing website and app. The proposals were originally outlined by the DfT in May 2021, as part of the Williams-Shapps Plan for UK Rail white paper. The UK Government’s broader plans for rail set out in the draft Rail Reform Bill of February 2024 are undergoing parliamentary scrutiny, however they are unlikely to become legislation before the upcoming General Election. In April 2024, the Labour party launched their rail policy at an event held at Trainline’s London offices. Labour outlined plans to bring private rail operators back under public ownership over time and create a centralised body, Great British Railways. However, they have confirmed to Trainline that they have no plans to revive the current Government’s previous proposal for a national retailing website and app. They also announced plans to accelerate the roll out of key customer innovations, including automated Delay Repay and digital season tickets.

In January 2024, the European Commission formally accepted commitments from Renfe to enhance competition in online ticket sales by agreeing to provide content, feature and fare parity to third party retailers with its own online retail channels. The Commitments follow a decision by the European Commission last year to launch a formal investigation into whether the carrier had abused its market dominant position.

In March 2024, the European Commission opened proceedings against Alphabet to assess compliance under the new Digital Markets Act, specifically investigating whether its display of Google services within search results may lead to self-preferencing. The Commission stated it is concerned that Alphabet’s current compliance measures may not ensure that third-party services featuring on Google’s search results page are treated in a fair and non-discriminatory manner in

comparison with Google's own services. This is an important step to ensure accountability for large companies like Google and secure long term market stability and contestability across Europe.

Footnotes:

9. Strike days include planned strike days that were cancelled only shortly beforehand, therefore still resulted in significant industry disruption.
10. Gross ticket sales are gross value of ticket sales to customers. Please refer to the Alternative Performance Measures note for definition of net ticket sales.
11. 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.
12. iOS rating as at 22/04/24.
13. Carriers that have launched services on Spanish high-speed rail routes as at 29th February 2024.
14. Emissions per passenger/km as per <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021>

Consolidated income statement
For the year ended 29 February 2024

	<i>Notes</i>	2024 £'000	2023 £'000
Continuing operations			
Net ticket sales ¹		5,295,072	4,323,298
Revenue		396,718	327,147
Cost of sales		(91,433)	(74,923)
Gross profit		305,285	252,224
Administrative expenses		(249,706)	(224,585)
Adjusted EBITDA¹		122,133	86,098
Depreciation and amortisation	<i>7,8</i>	(41,662)	(41,167)
Share-based payment charges		(22,629)	(17,292)
Exceptional items	<i>3</i>	(2,263)	-
Operating profit		55,579	27,639
Finance income	<i>4</i>	2,745	4,721
Finance costs	<i>4</i>	(10,209)	(10,270)
Net finance costs	<i>4</i>	(7,464)	(5,549)
Profit before tax		48,115	22,090
Income tax expense	<i>5</i>	(14,129)	(873)
Profit after tax		33,986	21,217
Earnings per share (pence)			
Basic earnings per ordinary share	<i>6</i>	7.28p	4.53p
Diluted earnings per ordinary share	<i>6</i>	7.09p	4.48p

¹ Non-GAAP measure - see alternative performance measures section on page 45.

Consolidated statement of comprehensive income
For the year ended 29 February 2024

	<i>Notes</i>	2024 £'000	2023 £'000
Profit after tax		<u>33,986</u>	<u>21,217</u>
Items that may be reclassified to the income statement:			
Re-measurements of defined benefit liability		17	16
Foreign exchange movement		(1,096)	1,873
Other comprehensive (loss)/income, net of tax		<u>(1,079)</u>	<u>1,889</u>
Total comprehensive income		<u><u>32,907</u></u>	<u><u>23,106</u></u>

Consolidated balance sheet
At 29 February 2024

	<i>Notes</i>	2024 £'000	2023 £'000
Non-current assets			
Intangible assets	<i>7</i>	70,350	66,827
Goodwill	<i>7</i>	418,527	420,710
Property, plant and equipment	<i>8</i>	17,948	21,189
Deferred tax asset	<i>5</i>	24,853	26,950
		<u>531,678</u>	<u>535,676</u>
Current assets			
Cash and cash equivalents		91,085	57,337
Trade and other receivables		59,170	60,158
		<u>150,255</u>	<u>117,495</u>
Current liabilities			
Trade and other payables		(212,766)	(200,202)
Loan and borrowings	<i>9</i>	(5,833)	(4,891)
Current tax payable	<i>5</i>	(3,201)	(7,642)
		<u>(221,800)</u>	<u>(212,735)</u>
Net current liabilities		<u>(71,545)</u>	<u>(95,240)</u>
Total assets less current liabilities		<u>460,133</u>	<u>440,436</u>
Non-current liabilities			
Loan and borrowings	<i>9</i>	(147,280)	(149,014)
Provisions		(837)	(778)
		<u>(148,117)</u>	<u>(149,792)</u>
Net assets		<u>312,016</u>	<u>290,644</u>
Equity			
Share capital	<i>10</i>	4,710	4,807
Share premium	<i>10</i>	-	1,198,703
Foreign exchange reserve	<i>10</i>	2,232	3,328
Other reserves	<i>10</i>	(1,112,724)	(1,128,978)
Retained earnings	<i>10</i>	1,417,798	212,784
Total equity		<u>312,016</u>	<u>290,644</u>

Consolidated statement of changes in equity

For the year ended 29 February 2024

	<i>Notes</i>	Share capital	Share premium	Other reserves	Foreign exchange reserve	Retained earnings	Total equity
		£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 March 2023		4,807	1,198,703	(1,128,978)	3,328	212,784	290,644
Profit after tax		-	-	-	-	33,986	33,986
Other comprehensive (loss)/income		-	-	-	(1,096)	17	(1,079)
Acquisition of Treasury Shares		-	-	(7,500)	-	-	(7,500)
Share-based payment charges ¹		-	-	23,823	-	-	23,823
Purchase of own shares for cancellation	10	(97)	-	97	-	(27,858)	(27,858)
Capital Reduction	10	-	(1,198,703)	-	-	1,198,703	-
Transfer between reserves ¹	10	-	-	(166)	-	166	-
Balance as at 29 February 2024		4,710	-	(1,112,724)	2,232	1,417,798	312,016

For the year ended 28 February 2023

	<i>Notes</i>	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	10	-	-	(362)	-	362	-
Balance as at 28 February 2023		4,807	1,198,703	(1,128,978)	3,328	212,784	290,644

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 29 February 2024

	<i>Notes</i>	2024 £'000	2023 £'000
Cash flows from operating activities			
Profit before tax		48,115	22,090
Adjustments for:			
Depreciation and amortisation	<i>7, 8</i>	41,662	41,167
Net finance costs ¹	<i>4</i>	7,464	5,549
Share-based payment charges		22,629	17,292
		<u>119,870</u>	<u>86,098</u>
Changes in working capital:			
Trade and other receivables		970	(13,986)
Trade and other payables		8,945	(29,097)
Cash generated from operating activities		129,785	43,015
Taxes paid		(10,677)	(4,135)
Interest received ²		2,621	726
Net cash generated from operating activities		121,729	39,606
Cash flows from investing activities			
Payments for intangible assets		(37,030)	(32,811)
Payments for acquisition of subsidiary entities, net of cash acquired		(866)	-
Payments for property, plant and equipment		(2,853)	(2,408)
Net cash flow from investing activities		(40,749)	(35,219)
Cash flows from financing activities			
Purchase of treasury shares		(7,500)	(7,947)
Purchase of own shares for cancellation		(27,858)	-
Proceeds from revolving credit facility		90,000	105,000
Repayment of revolving credit facility and other borrowings		(90,000)	(70,000)
Issue costs and fees		(58)	(3,251)
Buyback of convertible bonds		-	(28,189)
Payments of lease liabilities		(4,013)	(4,501)
Payment of interest on lease liabilities		(215)	(440)
Interest paid		(5,925)	(6,410)
Net cash flow from financing activities		(45,569)	(15,738)
Net increase/(decrease) in cash and cash equivalents		35,411	(11,351)
Cash and cash equivalents at beginning of the year		57,337	68,496
Effect of exchange rate changes on cash		(1,663)	192
Closing cash and cash equivalents		91,085	57,337

¹Including gain on convertible bond buyback as disclosed in Notes 4 and 9 for FY2023.

²In the comparative period presented in the statement of cash flows we have reclassified the interest received amounts from Financing to Operating which more appropriately reflects their nature. The amounts were immaterial in all periods presented.

Notes

(Forming part of the Financial Statements)

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 29 February 2024 were approved by the Directors on 3 May 2024.

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.

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 2023 to 29 February 2024.

(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:

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

Notes (continued)

1. Significant accounting policies (continued)

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 2024 and 28 February 2025, 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 £122.1 million was earned in the period (FY2023: £86.1 million) and net debt at 29 February 2024 was £63.9 million (FY2023: £100.4 million) resulting in a reduction in Net debt/adjusted EBITDA leverage ratio from 1.17 at 28 February 2023 to 0.52 at 29 February 2024. As at 29 February 2024 the Group was in a net current liability position of £71.5 million driven by the negative working capital cycle whereby ticket sales amounts are received before amounts due are paid by carriers (FY2023: £95.2 million net current liability position). The Group has in place bank guarantees of £183.4 million (FY2023: £72.2 million) that can be utilised to settle trade creditor balances. 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 £81.6 million additional funds under its revolving credit facility (FY2023: £192.8 million). As such the Group has sufficient liquidity to cover the net current liability position. The existing revolving credit facility has an initial maturity date of November 2025 however the facility offers optionality of two 1-year extensions after the initial maturity date.

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 9% 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 2024 and 28 February 2025 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 (continued)

1. 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).

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 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.

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

Notes (continued)

1. Significant accounting policies (continued)

Key Source of Estimation Uncertainty

The following estimate is deemed significant as it has been identified by Management as one which is subject to a high degree of estimation uncertainty:

- Note 7 – 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 inherent 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 cash flows as well as an appropriate terminal growth rate. Each of these assumptions have an impact on the overall value of cash flows expected and therefore the headroom between the cash flows and carrying values of the cash generating units. An unfavourable change in any of these assumptions could result in a significant change in headroom. 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 cash flows and timing of these are evaluated in Note 7 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 7 - 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 £37.5 million (FY2023: £32.2 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 2023, 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:

- Definition of Accounting Estimates - Amendments to IAS 8 (effective date 1 January 2023);

Notes (continued)

1. Significant accounting policies (continued)

- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (effective date 1 January 2023);
- Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12 (effective date 1 January 2023);
- International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12 (effective date 1 January 2023);
- IFRS 17 Insurance Contracts (effective date 1 January 2023).

2. Operating segments

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

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

- UK Consumer – Travel apps and websites for individual travellers for journeys within the UK
- International Consumer – Travel apps and websites for individual travellers for journeys outside the UK including journeys between the UK and outside the UK, and
- Trainline Solutions¹ – 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. This segment operates Platform One Solutions and recharges a cost to the UK and International Consumer segments.

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.

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 (continued)

2. Operating segments (continued)

Segmental analysis for the year ended 29 February 2024:

	UK Consumer £'000	International Consumer £'000	Trainline Solutions £'000	Total Group £'000
Net ticket sales	3,469,170	1,040,500	785,402	5,295,072
Revenue	208,802	53,156	134,760	396,718
Cost of sales	(63,472)	(17,364)	(10,597)	(91,433)
Gross profit	145,330	35,792	124,163	305,285
Marketing costs	(26,237)	(40,574)	(621)	(67,432)
Other administrative expenses	(33,477)	(11,901)	(70,342)	(115,720)
Adjusted EBITDA	85,616	(16,683)	53,200	122,133
Depreciation and amortisation				(41,662)
Exceptional Items				(2,263)
Share-based payment charges				(22,629)
Operating profit				55,579
Net finance costs				(7,464)
Profit before tax				48,115
Income tax expense				(14,129)
Profit after tax				33,986

Notes (continued)

2. 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

3. Exceptional Items

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

	2024	2023
	£'000	£'000
Restructuring Costs	2,263	-
Exceptional items	2,263	-

Restructuring Costs

Restructuring costs related to projects being undertaken to improve operating efficiency. The projects were completed by the end of FY2024. These costs relate to consultancy fees and people costs in relation to the project and are non-recurring and incremental in nature.

Notes (continued)

4. Net finance costs

Net finance costs comprise bank interest income and interest expense on borrowings and lease liabilities, as well as foreign exchange gains/(losses) and gains/(losses) on the buyback of convertible bonds.

On 26 July 2022, the Group entered into a £325.0 million revolving credit facility (refer to Note 9 for further disclosure).

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 9, with any gains and losses arising recognised in finance income and finance costs.

	2024 £'000	2023 £'000
Bank interest income	2,745	730
Gain on convertible bond buyback	-	3,987
Net foreign exchange gain	-	4
Finance income	<u>2,745</u>	<u>4,721</u>
Interest and fees on bank loans	(7,080)	(8,856)
Net foreign exchange loss	(1,839)	-
Interest and fees on convertible bonds	(830)	(886)
Interest on lease liability	(429)	(528)
Other interest	(31)	-
Finance costs	<u>(10,209)</u>	<u>(10,270)</u>
Net finance costs recognised in the income statement	<u><u>(7,464)</u></u>	<u><u>(5,549)</u></u>

5. Taxation

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

Notes (continued)

5. Taxation (continued)

(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.

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.

The IASB amended the scope of IAS 12 to clarify that the standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top up taxes described in those rules. The Group is not currently in scope of the Pillar Two model rules. Notably, if the Group were in scope, the Parent Company would not be expected to be required to pay a top-up tax where profits from subsidiaries are taxed at an effective tax rate greater than 15%.

Notes (continued)

5. Taxation (continued)

Amounts recognised in the income statement

	2024 £'000	2023 £'000
Current tax charge		
Current year corporation tax	10,855	13,843
Adjustment in respect of prior years	(2,749)	670
Total current tax charge	<u>8,106</u>	<u>14,513</u>
Deferred tax charge/(credit)		
Current year	2,734	(9,302)
Adjustment in respect of prior years	3,199	(1,709)
Effect of tax rate change on deferred tax	90	(2,629)
Total deferred tax charge/(credit)	<u>6,023</u>	<u>(13,640)</u>
Tax charge	<u>14,129</u>	<u>873</u>

UK corporation tax was calculated at 24.5% (FY2023: 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 £14.1 million (FY2023: charge of £0.9 million) is made up of a current corporation tax charge of £8.1 million (FY2023: charge of £14.5 million) arising in the UK, and a deferred tax charge of £6.0 million (FY2023: credit of £13.6 million).

The Group made claims under the Super Deduction Capital Allowances regime giving rise to a prior period current and deferred tax adjustment. Also included in the adjustments in respect of prior period is a release of deferred tax asset relating to share based employee incentives that have vested or did not settle and are no longer carried forward as an asset.

Included in the current year deferred tax charge is predominantly the unwind of the deferred tax credit following the utilisation of UK tax losses.

	2024 £'000	2023 £'000
Profit before tax	<u>48,115</u>	<u>22,090</u>
Tax on profit at standard UK rate of 24.5% (FY2023: 19%)	11,788	4,197
<i>Effect of:</i>		
Expenses not deductible/income not deductible	527	(251)
Amounts not recognised ¹	1,033	482
Effect of changes in tax rates	89	(2,629)
Adjustment in respect of prior years	449	(1,039)
Share Options	410	-
Other	(167)	113
Total tax charge	<u>14,129</u>	<u>873</u>
Effective tax rate	<u>29%</u>	<u>4%</u>

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.

Notes (continued)

5. Taxation (continued)

The consolidated tax rate for FY2024 was 24.5% which is in line with the UK corporation tax rate of 25% (FY2023: 19%).

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

	2024 £'000	2023 £'000
Current tax payable	<u>(3,201)</u>	<u>(7,642)</u>

Deferred tax asset/(liability) as at 29 February 2024:

	Acquired intangible assets £'000	Tangible assets and other £'000	Share- based payments £'000	Losses carried forward £'000	Total £'000
At 1 March 2023	(2,673)	(3,974)	5,275	28,322	26,950
Adjustment in respect of prior years	21	(3,723)	503	-	(3,199)
Adjustments posted through equity	-	34	3,892	-	3,926
Credit/(charge) to consolidated income statement	1,497	3,752	2,834	(10,907)	(2,824)
At 29 February 2024	<u>(1,155)</u>	<u>(3,911)</u>	<u>12,504</u>	<u>17,415</u>	<u>24,853</u>

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	<u>(2,673)</u>	<u>(3,974)</u>	<u>5,275</u>	<u>28,322</u>	<u>26,950</u>

Notes (continued)

6. Earnings per share

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

Accounting policy

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

Four types of earnings per share are reported:

(i) Basic earnings per share

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

(ii) Diluted earnings per share

Earnings attributable to ordinary equity holders of the Group for the period, 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 convertible bonds buyback, 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, adjusted for treasury shares held.

(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 convertible bond buyback, share-based payment charges, amortisation of intangibles and the tax impact of these items; divided by the weighted average number of shares outstanding used in the basic earnings per share calculation adjusted for the effects of all dilutive ‘potential ordinary shares’.

	At 29 February 2024	At 28 February 2023
Weighted average number of ordinary shares:		
Ordinary shares	477,817,773	480,680,508
Treasury shares	(10,697,997)	(11,834,556)
Weighted number of ordinary shares	467,119,776	468,845,952
Dilutive impact of share options outstanding	12,034,501	4,216,223
Weighted number of dilutive shares	479,154,277	473,062,175

Notes (continued)

6. Earnings per share (continued)

	2024 £'000	2023 £'000
Profit after tax	33,986	21,217
Earnings attributable to equity holders	33,986	21,217
Adjusted earnings¹	57,311	36,271
	2024 pence	2023 pence
Profit per share		
Basic	7.28p	4.53p
Diluted	7.09p	4.48p
Adjusted profit per share		
Basic	12.27p	7.74p
Diluted	11.96p	7.67p

¹ Refer to the alternative performance measures section for the calculation of adjusted earnings.

7. 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.

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.

Notes (continued)

7. Intangible assets and goodwill (continued)

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 in the income statement. Goodwill is not amortised.

The estimated useful lives are as follows:

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

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

Notes (continued)

7. Intangible assets and goodwill (continued)

Intangible assets and goodwill as at 29 February 2024:

	Software development ¹ £'000	Brand valuation ³ £'000	Customer Lists £'000	Goodwill £'000	Total £'000
Cost:					
At 1 March 2023	161,528	51,738	92,701	445,905	751,872
Additions	37,532	-	1,309	-	38,841
Disposals	(11,689)	-	-	-	(11,689)
Exchange differences ²	-	-	-	(2,183)	(2,183)
At 29 February 2024	187,371	51,738	94,010	443,722	776,841
Accumulated amortisation and impairment:					
At 1 March 2023	(105,307)	(41,134)	(92,699)	(25,195)	(264,335)
Amortisation	(29,330)	(5,167)	(821)	-	(35,318)
Disposals	11,689	-	-	-	11,689
At 29 February 2024	(122,948)	(46,301)	(93,520)	(25,195)	(287,964)
Carrying amounts:					
At 29 February 2024	64,423	5,437	490	418,527	488,877

¹ Total software development includes £13.3 million of assets which represent work in progress and which are not yet depreciating (FY2023: £11.1 million).

² Revaluation at the balance sheet date.

³ At FY2024, the remaining useful economic life was one year for brand valuation assets.

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

Notes (continued)

7. Intangible assets and goodwill (continued)

¹ Total software development includes £11.1m of assets which represent work in progress and which are not yet depreciating.

² Revaluation at the balance sheet date.

³ At FY2023, the remaining useful economic life was two years for brand valuation assets.

Of the amortisation charge for the year, £6.0 million (FY2023: £5.3 million) related to the amortisation of intangible assets which were recognised on the Group's acquisition of Trainline.com Limited and Trainline SAS, while £29.3 million (FY2023: £29.8 million) related to internally developed and purchased intangible assets recognised at historical cost.

Disposals in the year of £11.7 million (FY2023: £18.1 million) include £11.7 million (FY2023: £18.1 million) 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 £418.5 million (FY2023: £420.7 million) which were initially recognised upon acquisition of the following of Trainline.com Limited and Trainline SAS (formerly Capitaine Train SAS).

CGU's are allocated on a more granular level than the operating segments. Impairment reviews were conducted on these revised CGUs as summarised below:

CGUs	2024 £'000	2023 £'000
UK Consumer	351,271	351,271
International Consumer	67,256	69,439
UK Trainline Partner Solutions	-	-
International Trainline Partner Solutions	-	-
Total goodwill	418,527	420,710

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

Notes (continued)

7. Intangible assets and goodwill (continued)

Assumptions

The key value in use assumptions for the goodwill impairment assessment were:

	2024 UK Consumer	2023 UK Consumer	2024 International Consumer	2023 International Consumer
Pre-tax discount rate ¹	12.3%	10.9%	12.1%	13.2%
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

¹The 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.

²The terminal growth rate reflects the expected natural price and inflation 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 (FY2023: 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 has been utilised to reflect the long-term natural price growth and inflation.

For the purpose of the goodwill impairment work, 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, for the purpose of goodwill impairment testing. 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 than 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.

Notes (continued)

7. Intangible assets and goodwill (continued)

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.

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.

	2024 UK Consumer	2023 UK Consumer	2024 International Consumer	2023 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%	15% ¹	20%

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

¹ In FY2024 the sensitivity of 15% was considered more appropriate than 20%. If the sensitivity was 20% in line with prior year, this would not result in an impairment charge to any of the CGUs.

Notes (continued)

8. Property, plant and equipment

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

Accounting policy

Items of property, plant and equipment (“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 7). There were no additional indicators of specific impairment identified during the year relating to PPE (FY2023: no indicators).

Property, plant and equipment as at 29 February 2024:

	Plant and equipment £'000	Leasehold improvements £'000	Right-of- use assets £'000	Total £'000
Cost:				
At 1 March 2023	7,729	6,835	27,875	42,439
Additions	1,866	-	1,255	3,121
Disposals	(364)	(1)	(297)	(662)
At 29 February 2024	9,231	6,834	28,833	44,898
Accumulated depreciation and impairment:				
At 1 March 2023	(4,443)	(3,358)	(13,449)	(21,250)
Depreciation	(1,421)	(835)	(4,088)	(6,344)
Disposals	364	-	280	644
At 29 February 2024	(5,500)	(4,193)	(17,257)	(26,950)
Carrying amounts:				
At 29 February 2024	3,731	2,641	11,576	17,948

Notes (continued)

8. Property, plant and equipment (continued)

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

9. Loans and borrowings

This note details a breakdown of the various loans and borrowings of the Group. It also provides the terms and repayment dates of each of these.

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.

	2024 £'000	2023 £'000
Non-current liabilities		
Revolving credit facility ¹	58,292	57,385
Convertible bonds ²	81,652	81,105
Lease liabilities	7,336	10,524
Total non-current liabilities	147,280	149,014
Current liabilities		
Accrued interest on secured bank loans	841	368
Lease liabilities	4,992	4,523
Total current liabilities	5,833	4,891

Notes (continued)

9. Loans and borrowings (continued)

¹Included within the revolving credit facility is the principal amount of £60.0 million (FY2023: £60.0 million) and directly attributable transaction costs of £1.7 million (FY2023: £2.6 million).

²Included within the convertible bonds is the principal amount of £82.7 million (FY2023: £82.7 million) and directly attributable transaction costs of £1.0 million (FY2023: £1.6 million). The fair value of this convertible bond, as determined by the price on the Frankfurt Stock Exchange at 29 February 2024 is £74.7 million (FY2023: £68.7 million). The carrying value is £81.7 million. During FY2023 the Group bought back and cancelled £32.1 million (face value) of its own convertible bonds for £28.1 million, resulting in a gain of £4.0 million presented on the income statement within finance income.

Terms and repayment schedule as at 29 February 2024

Agreement	Interest rate	Year of maturity	Face value £'000	Carrying amount £'000
Revolving credit facility	SONIA + 1.25%-2.5%	2025 ²	60,000	58,292
Convertible bonds	1.00%	2026	82,700	81,652
Lease liabilities	Various ¹	Various	12,328	12,328
Total borrowings			155,028	152,272

¹ The average interest rate of lease liabilities is 4.16%

² Not including two 1-year extension clause

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

	Total contractual cash flows £'000	Less than 1 year £'000	Between 1 and 2 years ¹ £'000	Between 2 and 5 years £'000	Over 5 years £'000
Revolving credit facility	65,874	3,579	62,295	-	-
Convertible bonds	84,250	827	83,423	-	-
Lease liabilities	12,836	5,278	4,479	2,608	471
Total cash flows	162,960	9,684	150,197	2,608	471

¹ Not including two 1-year extension clause per the revolving credit facility

Revolving credit facility

On 26 July 2022, the Group entered into a £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.

Notes (continued)

9. Loans and borrowings (continued)

The facility in place during the year allows draw downs in cash or non-cash to cover bank guarantees. At 29 February 2024 the cash drawn amount is £60.0 million (FY2023: £60.0 million), the non-cash bank guarantee drawn amount is £183.4 million (FY2023: £72.2 million) and the undrawn amount on the facility is £81.6 million (FY2023: £192.8 million).

The facility in place during the year was secured by a fixed and floating charge over certain assets of the Group. Interest payable on the £325.0 million facility was at a margin of 1.20% to 1.50% above SONIA.

The Group was subject to bank covenants, all of which have been met during the year. 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 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 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) of its own convertible bonds for £28.1 million, resulting in a gain of £4.0 million presented on the income statement within finance income. There was no such transaction in FY2024. As at the balance sheet date, the Group had convertible bonds with a principal amount of £82.7 million in issuance (FY2023: £82.7 million).

Notes (continued)

10. 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 29 February 2024

	Number	£'000
Ordinary shares - £0.01	<u><u>471,032,086</u></u>	<u><u>4,710</u></u>

Shareholding at 28 February 2023

	Number	£'000
Ordinary shares - £0.01	<u><u>480,680,508</u></u>	<u><u>4,807</u></u>

In September 2023, the Company commenced a share buyback programme to purchase its own ordinary shares. The total number of shares bought back in FY2024 was 9,648,422 shares with a nominal value of £96,484 (FY2023: nil) representing 2% (FY2023: 0%) of the ordinary shares in issue (excluding shares held in treasury). All shares bought back in FY2024 were cancelled.

The shares were acquired on the open market at a total consideration (excluding costs) of £27.7 million (FY2023: £nil). The maximum and minimum prices paid were £3.36 (FY2023: £nil) and £2.32 (FY2023: £nil) per share respectively. The average price paid was £2.87 (FY2023: £nil). Costs incurred on the purchase of own shares in relation to stamp duty and broker expenses were £166,878 (FY2023: £nil).

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 (subsequently reduced to £0.01 in FY2020) but the initial offering price was £3.50.

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

On 19 December 2023, the High Court of Justice approved the cancellation of the amount standing to the credit of the Company's share premium account in full. The cancellation resulted in a corresponding increase in the Group's distributable reserves.

Retained earnings

Retained earnings represents the profit the Group makes that is not distributed as dividends. No dividends have been paid outside the Group 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 (continued)

10. Capital and reserves (continued)

Other reserves

	Merger reserve	Treasury reserve	Share-based payment reserve	Capital Redemption Reserve	Total other reserves
	£'000	£'000	£'000	£'000	£'000
At 1 March 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)
Addition of treasury shares	-	(7,500)	-	-	(7,500)
Allocation of treasury shares to fulfil share-based payment	-	4,466	(4,444)	-	22
Share-based payment charge	-	-	19,909	-	19,909
Deferred tax on share-based payment	-	-	3,892	-	3,892
Purchase of own share for cancellation	-	-	-	97	97
Transfer to retained earnings ¹	-	-	(166)	-	(166)
At 29 February 2024	(1,122,218)	(29,762)	39,159	97	(1,112,724)

¹Transfer 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 29 February 2024 the Group’s EBT held 11.5 million shares (FY2023: 10.9 million) which have a historical cost of £29.8 million (FY2023: £26.7 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.

Capital redemption reserve

The capital redemption reserve represents the nominal value of shares bought back and cancelled.

Notes (continued)

11. 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 £3,593,819 (FY2023: £2,185,741); post-employment benefits £58,111 (FY2023: £60,462); and ongoing share-based payment schemes £3,033,999 (FY2023: £2,414,357). No other long-term benefits or termination benefits were paid (FY2023: £nil). The highest paid director received: short term employee benefits £1,980,067 (FY2023: £1,207,038); post-employment benefits £35,304 (FY2023: £33,054); and ongoing share-based payment schemes £2,172,523 (FY2023: £1,713,900). There were no directors to whom retirement benefits were accruing under defined contribution schemes (FY2023: one).

At 29 February 2024 key management personnel held 449,625 shares in Trainline plc (FY2023: 361,413 shares).

12. Capital commitments

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

The Group's capital commitments at 29 February 2024 are £nil (FY2023: £nil).

13. Post balance sheet events

There have been no material post balance sheet events between 29 February 2024 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 sales¹

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

Alternative performance measures – (continued)

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

	<i>Notes</i>	2024	2023
		£'000	£'000
Operating profit		55,579	27,639
Adjusting items:			
Depreciation and amortisation	<i>7, 8</i>	41,662	41,167
Share-based payment charges		22,629	17,292
Exceptional items	<i>3</i>	2,263	-
Adjusted EBITDA		<u>122,133</u>	<u>86,098</u>

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 after tax with share-based payment charged in administrative expenses, exceptional items, gains on convertible bond buyback 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. 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. Similarly, gains on convertible bond buyback are added back as they are one-off in nature and don't relate to the underlying trade.

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

	<i>Notes</i>	2024	2023
		£'000	£'000
Profit after tax		33,986	21,217
Earnings attributable to equity holders		<u>33,986</u>	<u>21,217</u>
Adjusting items:			
Exceptional items	<i>3</i>	2,263	-
Gain on convertible bond buyback	<i>4</i>	-	(3,987)
Amortisation of acquired intangibles ¹	<i>7</i>	5,988	5,277
Share-based payment charges		22,629	17,292
Tax impact of the above adjustments		(7,555)	(3,528)
Adjusted earnings		<u>57,311</u>	<u>36,271</u>

¹ This consists of the amortisation of brand valuation of £5.2 million (FY2023: £5.2 million), customer valuation of £0.8 million (FY2023: £0.1 million) and software development of £nil (FY2023: £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. Net debt represents aggregate amount of loans and borrowings as disclosed in Note 9 (excluding accrued interest on secured bank loans) and associated directly attributable transaction costs after taking into account cash held by the Group.

The calculation of net debt is as follows:

	<i>Notes</i>	2024 £'000	2023 £'000
Loan and borrowings ¹	9	(155,028)	(157,747)
Cash and cash equivalents		91,085	57,337
Net debt		(63,943)	(100,410)

¹ This amount is the aggregate amount of loans and borrowings as disclosed in Note 9 amounting to £152.3 million (FY2023: £153.5 million) and the capitalised finance charges amounting to £2.7 million (FY2023: £4.2 million).

Operating free cash flow

The Group use operating free cash flow as a supplementary measure of liquidity. Liquidity has been removed as an APM in FY2024 because the Group is no longer subject to a minimum liquidity requirement under the revolving credit facility signed 26 July 2022.

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:

	2024 £'000	2023 £'000
Cash generated from operating activities	129,785	43,015
Cash exceptional items	2,263	-
Purchase of property, plant and equipment and intangible assets	(40,749)	(35,219)
Operating free cash flow	91,299	7,796