

5 May 2022

Trainline plc
Audited results for the twelve months ended 28 February 2022

Strong performance with sales outlook for the next year above pre-COVID levels

FY2022 summary financial highlights:

£m unless otherwise stated:	FY2022	FY2021	Variance
Net ticket sales ¹	2,520	783	+222%
Revenue	189	67	+181%
Adjusted EBITDA ²	39	(25)	+64
Operating loss	(10)	(100)	+89
Adjusted basic loss per share (pence) ³	(0.8)p	(10.8)p	+10.0p
Basic loss per share (pence) ³	(2.5)p	(19.1)p	+16.6p
Operating free cash flow ⁴	166	(146)	+312
Net debt ⁴	90	241	(151)

Results summary:

- Group net ticket sales of £2.5 billion, up 222%, and revenue of £189 million, up 181%
- Group net ticket sales in Q3 (prior to impact of Omicron) recovered to 86% of same period in FY2020, its highest level since the start of pandemic
- Adjusted EBITDA of £39 million vs. £25 million loss last year; Basic loss per share of 2.5p vs. 19.1p loss last year
- Operating free cash flow of £166 million reflected adjusted EBITDA generation and working capital inflows as net ticket sales recovered
- Net debt of £90 million, down from £241 million twelve months ago given the recovery in trading
- Strong progress against strategic growth priorities:
 - o Digitalising commuter experience in UK - launched flexi tickets and piloting digital season tickets; converted 27% more time-checkers⁵ to customers vs. pre-COVID
 - o Growing customer lifetime value - 39% increase in customers that transact 2+ times a month vs. pre-COVID and selling >1 million railcards in FY2022 in UK
 - o Becoming the marketplace of choice in Europe as high speed routes liberalise – most recently Paris-Lyon, with tickets sold doubling since new entrant Trenitalia’s launch
 - o Scaling marketing investment in International - delivering record new app customer acquisition and launching our first brand campaign in Italy
 - o Positioning Trainline Partner Solutions for growth - signed white label deal with Italian carrier NTV Italo for regional transportation and added Travelport to our Global API

Guidance for FY2023:

- Assuming no significant disruption to rail travel, Trainline expects strong growth in FY2023, generating:
 - o Net ticket sales in range of £3.8-£4.2 billion, with the bottom of the range above FY2020 (the last year before COVID)
 - o Revenue in range of £280-310 million, also above FY2020
 - o Adj. EBITDA in the range of £70-75 million, with higher investment for growth in our International business

Jody Ford, CEO of Trainline said:

“Our strong performance and positive outlook for next year reflects our relentless focus on supporting the rail industry’s recovery, making greener rail travel easier and better value for customers.

“In the UK, we are constantly innovating our app experience for commuters, including personalised journeys and easy rebooking, while also scaling digital railcards.

“In Europe we are investing to become the rail app of choice. Customers are increasingly looking to Trainline to find value as choice spreads across markets with the entry of new rail operators.”

Notes:

- 1 Please refer to page 43 for definition of net ticket sales
- 2 Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) excludes share-based payment charges and exceptional items
- 3 Please refer to Note 6 for definitions of adjusted basic loss per share and basic loss per share
- 4 Please refer to page 45 for definitions of operating free cash flow and net debt
- 5 Time-checkers are mobile app users who check their top journey at least once a week (proxy for commuters)

Presentation of results

There will be a live webcast presentation of the results to analysts and investors at 9:00am GMT today (5 May 2022). Please register to participate at the Company’s investor website:

<https://edge.media-server.com/mmc/p/oeuf6psd>

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Forward looking statements and other important information

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

FY2022 PERFORMANCE REVIEW

Group Overview

Group net ticket sales recovered to £2.5 billion, within our guided range set out in the Group's half year trading update (published 14 September 2021), despite the impact of Omicron in Q4. Net ticket sales were 222% higher year-on-year (YoY), and 68% of FY2020 sales. Net ticket sales improved during the year as COVID restrictions eased, with Q3 at 86% of the same period in FY2020, before moderating to 75% in Q4 given the impact of Omicron.

The recovery in net ticket sales over the year helped Group revenue recover to £189 million, 181% higher than the prior year. Gross profit for the year increased by 214% to £153 million, and adjusted EBITDA was £39 million versus a loss last year of £25 million.

FY2022 Segmental performance

	FY2022	FY2021	% YoY	FY2020	% of FY2020
Net ticket sales (£m)					
UK Consumer	1,812	473	+283%	2,046	89%
Trainline Partner Solutions	290	75	+284%	1,191	24%
Total UK	2,102	548	+283%	3,237	65%
International	418	235	+78%	490	85%
Total Group	2,520	783	+222%	3,727	68%
Revenue (£m)					
UK Consumer	153	44	+248%	178	86%
Trainline Partner Solutions	15	12	+26%	57	27%
Total UK	168	56	+200%	235	71%
International	21	11	+85%	26	80%
Total Group	189	67	+181%	261	72%
Gross profit (£m)					
UK Consumer	129	34	+279%	144	90%
Trainline Partner Solutions	11	8	+31%	40	27%
Total UK	139	42	+231%	184	76%
International	13	7	+105%	17	77%
Total Group	153	49	+214%	201	76%
	FY2022	FY2021	YoY	FY2020	Yo2Y*
UK contribution	98	21	+78	144	(45)
International contribution	(9)	(4)	(4)	(14)	+5
Central admin expenses	(51)	(41)	(10)	(45)	(6)
Adjusted EBITDA (£m)	39	(25)	+64	85	(46)

* Absolute year-on-two-year variances (i.e. FY2022 vs. FY2020)

UK Consumer

Net ticket sales for UK Consumer were £1.8 billion, 283% higher YoY, and 89% of FY2020 sales. Prior to Omicron, net ticket sales had improved through the year, reaching 14% year-on-two-year (Yo2Y) growth in Q3.

UK Consumer revenue recovered to £153 million, 248% higher than the prior year given the increase in net ticket sales. Gross profit increased to £129 million, a 279% increase on the prior year.

Trainline Partner Solutions (TPS)

TPS provides retailing capabilities for rail carriers, businesses and travel sellers. Net ticket sales for TPS were £290 million, 284% higher than prior year and 24% of FY2020 sales. While business travel remained subdued, net ticket sales stepped up 88% in H2 versus H1, and in Q3 reached 35% of the same period in FY2020.

TPS revenue grew 26% year-on-year to £15 million while gross profit was 31% higher at £11 million, with increased net ticket sales partly offset by lower project revenue from white label clients.

International

Net ticket sales were £418 million, 78% higher YoY, and 85% of FY2020 sales. Net ticket sales improved throughout the year and in Q3 were at 99% of the same period two years ago, despite travel restrictions continuing to impede the return of inbound customers to Europe. In Q4, International net ticket sales reached 106% of FY2020 levels, although this was lapping a quarter of French rail strikes and the onset of COVID-19 in Europe.

International revenue grew 85% YoY to £21 million given the increase in net ticket sales. Gross profit increased to £13 million, 105% higher than the prior year.

Adjusted EBITDA

Group adjusted EBITDA improved to £39 million, versus adjusted EBITDA loss of £25 million in FY2021. Adjusted EBITDA was at the top of the £35-40 million guided range set out in the Group's half year trading update last September.

The UK business contributed £98 million, £78 million higher than the prior year driven by the recovery in the UK Consumer business. The net investment in the International business was £9 million (£4 million last year) as we stepped up investment in marketing and customer experience from the second half of this year.

Central administrative costs were £51 million, up from £41 million in FY2021 and £45 million in FY2020, reflecting a normalisation of our costs as trading conditions recovered and as we make progress against our International growth investment plans.

Operating loss

The Group reported an operating loss of £10 million versus a £100 million loss last year. The operating loss included:

- Depreciation and amortisation charges of £43 million, slightly higher than last year given our continued investment in product and technology throughout the pandemic (FY2021: £41 million)
- Share-based payment charges of £7 million, in line with prior year (FY2021: £7 million)

Loss after tax

Loss after tax was £12 million, reflecting the £10 million operating loss and a net finance charge of £5 million (which benefited from a £4 million gain on our repurchase of convertible bonds in the year), partly offset by a tax credit of £4 million arising from the operating loss. This compares to a £91 million loss last year, which included a one-off £25 million impairment charge on goodwill in relation to the International business.

Earnings per share (EPS)

Adjusted basic loss per share was 0.8 pence versus a loss of 10.8 pence in FY2021. Adjusted basic earnings per share adjusts for exceptional one-off items in the period (of which there were none), gain on repurchase of convertible bonds, amortisation of acquired intangibles and share-based payment charges, together with the tax impact of these items.

Basic loss per share was 2.5 pence versus a loss of 19.1 pence versus FY2021.

Operating free cash flow and net debt

Operating free cash flow was £166 million, a £312 million improvement year-on-year. This reflected our adjusted EBITDA generation and working capital inflows as the business recovered, as well as a return to standard industry settlement terms. This was partly offset by capital expenditure in the period of £29 million, slightly higher than the prior year (FY2021: £27 million) as we step up investment in product and technology for our International business.

Net debt reduced to £90 million at the end of February 2022 from £241 million a year before, primarily as a result of the positive operating free cash flow.

PROGRESS AGAINST OUR STRATEGIC PRIORITIES IN FY2022

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 Partner Solutions (TPS). In FY2022 we continued to make good progress against these long-term strategic growth priorities.

Enhancing the customer experience

Our continued investment in the customer experience has allowed the business to take a leading role in the rail industry's recovery and accelerate the market shift to online and digital channels.

Online bookings in the UK increased to 52% of total rail industry sales by February 2022, up from 39% pre-COVID. This was primarily driven by significant growth in etickets, which doubled to 42% of total industry sales in Q4 (21% in FY2020), reflecting a greater prevalence of people buying train tickets through our 4.9-star app.

Significant headroom remains for eticket penetration to grow further, particularly as etickets become increasingly available to use on all rail journeys. Over 80% of journeys in the UK are now eticket-enabled, up from c.75% at the end of 2021, following Scotrail's roll out across its network. Within the next year, etickets are expected to be available on more than 90% of the UK, with Southeastern having commenced their roll-out from April 2022.

With COVID changing the way we work and travel, we have primed our mobile app proposition in the UK to serve the commuter market, which in the past has been relatively underserved with digital ticket options. Our new offering includes products and features such as Save Your Commute - allowing customers to personalise their journeys and easily rebook tickets - real-time push notifications to alert customers if their commute is disrupted, and digital flexi tickets. Our investment is already driving positive customer behaviour, with the proportion of time-checkers that purchase tickets through Trainline stepping up from 39% in February 2020 to 49% in February 2022, a 27% increase. Time-checkers are a cohort of Trainline app users who check their top journey at least once a week, and so serve as a proxy for commuters. Looking ahead, we recently ran a successful pilot of our digital season ticket product on Thameslink route, with plans to roll it out more widely over the coming year.

In International, we are gaining ground as the aggregator for newly liberalised routes, giving customers an easy way to compare carriers, fares and journey options all in one great app. In June we integrated new entrant carrier Ouigo on Spain's busiest long-distance route, Madrid-Barcelona. By early April, Trainline's sales transactions on this route were five times higher than pre-COVID, with a quarter of all new app customers in Spain acquired on this route. In December we integrated new entrant Trenitalia France on the busiest long-distance route in France, Paris-Lyon. By early April, Trainline's sales transactions on this route were double where they were prior to Trenitalia's launch, and we generated more than one in five of the tickets sold by Trenitalia France.

We continue enhance our offering, and recently built new search capability, a virtual departure board, and a Global live tracker, keeping customers up to speed while they are on the go. In France, we recently upgraded our Récup' Retard (delay-repay) product feature, making it much easier for customers in France to submit a compensation claim for a delayed train.

Building demand

As COVID-related travel restrictions eased we scaled marketing back up. Taking advantage of increased online demand, we increased our performance marketing and ran successive brand-led campaigns.

Our marketing activity generated a sharp rebound in new customers, delivering record levels of new app customer acquisition in UK Consumer and International. Likewise, customer engagement recovered well, with unique monthly active users (MAUs) reaching its pre-COVID peak of around 30 million during the year.

In the UK, we have taken a more targeted approach to attracting new customers, particularly under-30 year olds who are four times more likely than the rest of the population to take the train at least once a week. We also increased our reach, integrating Trainline into the Google Maps app for Android users.

In Italy, we launched our first major brand campaign, including full station take-overs in Milan and Rome, as we begin to grow consumer awareness in Europe.

Increasing customer lifetime value

We deepened our relationship with customers, growing our relevance for more of their travel needs. This was reflected in a significant step up in our transaction frequency (the number of tickets purchased by existing customers), particularly in the UK where customers purchasing more than 2+ tickets per month grew 39% In Q3 FY2022 versus the same period two years ago.

We also made strong progress scaling digital railcards, an important way to bring lower prices to many customers, selling over 1 million in FY2022. This is a significant performance considering there were an estimated 6 million railcards in the UK at launch. Digital railcards are particularly helpful in attracting the next generation of rail users, with under-30s representing 57% of our railcard sales. They also help to increase transaction frequency, with digital railcard customers 58% more likely to transact 3+ times a year.

In Europe, while growing strongly on high-speed routes where we aggregate carrier competition, we delivered a meaningful step up in regional travel, despite there being no competition on such routes. In H2 FY2022, our regional travel sales increased 125% in Italy and 106% in France versus the same period two years ago.

Growing Trainline Partner Solutions (TPS)

Demand for business travel remained somewhat subdued, but TPS saw some signs of recovery as COVID restrictions eased - with TPS net ticket sales increasing 88% between H1 and H2.

Within our Carrier IT Solutions segment, we are expanding into Europe and recently signed a multi-year deal in Italy with challenger brand NTV Italo, enabling them to sell regional transport connections to their customers. In the UK, we renewed contracts for all our white label train carrier clients, giving them access to our industry-leading core platform functionality and upgraded customer experience features.

Within our Global Distribution and Business Solutions segment, we continued to scale the Global API platform, giving B2B partners the ability to offer European rail options to their customers through one simple, seamless connection. We have continued to sign B2B customers, including the recent addition of Travelport, one of the top three Global Distribution Systems (GDS).

ACCELERATING GROWTH IN INTERNATIONAL

At our half year results in November 2021, we announced plans to step up our investment in our International business to accelerate its growth. This reflects our considerable opportunity in Europe, which benefits from significant tailwinds for growth:

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

Domestic competition between rail carriers in Europe is stepping up meaningfully. Following the recent launch of new entrants Ouigo in Spain and Trenitalia in France, carrier competition now exists on 6 of the top 10 high speed routes in Europe.

As already evidenced in markets like Italy, greater competition in rail increases value and choice for customers in rail and enhances the role of Trainline as a third-party aggregator. By positioning Trainline as the marketplace of choice for European rail travel, we are well placed to significantly scale our international business in France, Italy and Spain over the medium term.

To accelerate our pace of growth, we are investing more in the customer experience – hiring c.150 more people, predominantly tech engineers, and data scientists – while expanding our performance marketing capability and launching new, above-the-line brand marketing campaigns.

WILLIAMS SHAPPS PLAN FOR RAIL IN THE UK

On 20 May 2021, the UK Government's Department for Transport (DfT) published the Williams Shapps Plan for Rail. It outlined the Government's vision for UK rail, laying out proposals to reform the industry, including the creation of Great British Railways (GBR) as a central governing body, alongside the creation of a new central ticket retailer. The proposals, which will be developed and subsequently implemented over the next several years, should improve the travel experience for rail passengers and drive efficiencies for the wider industry.

Since the publication of the Williams Shapps Plan, we have continued to engage with the UK Government and the wider rail industry to help formulate the detail of its proposals and support their delivery.

MOU to amend third party retailing licence

Trainline was invited by Rail Delivery Group (RDG) to take part in a review process of the broader retailing landscape and the commercial framework, including industry commission rates. As an output of the review, we have reached agreement with RDG on a memorandum of understanding (MOU) to amend its third-party retail licence. Trainline and other third-party retailers will now enter into a collaborative phase of engagement with RDG to mutually agree new contractual licence terms.

In the event new contractual terms cannot be mutually agreed, under the provisions of the MOU, RDG has the right to implement a legally binding minimum set of commercial terms. This would result in a c.0.25% net reduction in commission rate for Trainline, effective 1 April 2025. The minimum terms applicable to Trainline include:

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

Creation of GBR as a ticket retailer

The Williams Shapps Plan included proposals to replace many of the sub-scale train operating company websites and apps with a GBR-branded app and website. At this stage, neither the UK Government nor the GBR Transition Team have confirmed how they plan to develop and operate an online retailing platform for GBR.

However, RDG has taken preliminary steps ahead of a formal procurement exercise under which it may look to procure a Consolidated Online Retailing Solution (CORS) for the sale and purchase of Great British Rail tickets. Provisional documentation outlines the proposed scope for a 'cost effective, market leading, online ecommerce service'. The proposed contract length is four years, with the potential opportunity to extend for a further four years. It is expected that the contract would be entered into by RDG and novated to GBR at some future stage. The estimated contract notice (effectively the official process start date) was 1st April 2022, but no formal procurement exercise has yet started at time of writing.

We have engaged with the preliminary stages of the CORS procurement exercise and are ready to engage more fully once the official process begins.

ENVIRONMENTAL SUSTAINABILITY

Our purpose at Trainline is to empower a greener way to travel. Rail offers travellers a greener alternative to flying or driving, generating less than 1/20 of the CO2 emissions of air travel and approximately 1/7 of the CO2 emissions compared with car travel, per passenger. We believe we have a key role to play in supporting the rail industry, businesses and governments in meeting their emissions targets by promoting modal shift and encouraging greater use of rail.

Over the last year we established our own five-year climate strategy. This includes plans to create a dedicated cross-functional team that will work across all areas of the business to drive modal shift to rail while reducing the carbon impact of our own operations. We were also proud to serve as Provider of rail travel to COP26 in November.

Consolidated income statement

For the year ended 28 February 2022

	<i>Notes</i>	2022 £'000	2021 £'000
Continuing operations			
Net ticket sales¹		2,520,272	783,084
Revenue		188,513	67,084
Cost of sales		(35,717)	(18,408)
Gross profit		152,796	48,676
Administrative expenses		(163,109)	(148,380)
Adjusted EBITDA¹		39,046	(24,904)
Depreciation and amortisation	<i>7,8</i>	(42,576)	(41,199)
Share-based payment charges		(6,783)	(7,093)
Exceptional items	<i>3</i>	-	(26,508)
Operating loss		(10,313)	(99,704)
Finance income	<i>4</i>	3,950	578
Finance costs	<i>4</i>	(9,179)	(7,636)
Net finance costs	<i>4</i>	(5,229)	(7,058)
Loss before tax		(15,542)	(106,762)
Income tax credit	<i>5</i>	3,637	15,458
Loss after tax		(11,905)	(91,304)
Earnings per share (pence)			
Basic and Diluted²	<i>6</i>	(2.49)p	(19.10)p

¹ Non-GAAP measure - see alternative performance measures section on page 43

² As the Group has incurred a loss in FY2022 and FY2021 the impact of its potential dilutive ordinary shares have been excluded as they would be anti-dilutive

Consolidated statement of other comprehensive income
For the year ended 28 February 2022

	2022 £'000	2021 £'000
Loss after tax	<u>(11,905)</u>	<u>(91,304)</u>
Items that may be reclassified to the income statement:		
Re-measurements of defined benefit liability	10	27
Foreign exchange movement	(1,393)	876
Other comprehensive (loss)/income, net of tax	<u>(1,383)</u>	<u>903</u>
Total comprehensive loss	<u><u>(13,288)</u></u>	<u><u>(90,401)</u></u>

Consolidated balance sheet
At 28 February 2022

	<i>Notes</i>	2022 £'000	2021 £'000
Non-current assets			
Intangible assets	<i>7</i>	69,794	81,379
Goodwill	<i>7</i>	417,360	419,457
Property, plant and equipment	<i>8</i>	24,877	25,871
Deferred tax asset	<i>5</i>	12,565	5,083
		524,596	531,790
Current assets			
Cash and cash equivalents		68,496	36,575
Trade and other receivables		48,314	16,994
Current tax receivable		1,599	7,522
		118,409	61,091
Current liabilities			
Trade and other payables		(227,729)	(37,990)
Loan and borrowings	<i>9</i>	(4,914)	(4,167)
		(232,643)	(42,157)
Net current (liabilities)/assets		(114,234)	18,934
Total assets less current liabilities		410,362	550,724
Non-current liabilities			
Loan and borrowings	<i>9</i>	(149,996)	(266,369)
Provisions		(873)	(850)
		(150,869)	(267,219)
Net assets		259,493	283,505
Equity			
Share capital	<i>10</i>	4,807	4,807
Share premium	<i>10</i>	1,198,703	1,198,703
Foreign exchange reserve	<i>10</i>	1,455	2,848
Other reserves	<i>10</i>	(1,136,661)	(1,124,992)
Retained earnings		191,189	202,139
Total equity		259,493	283,505

Consolidated statement of changes in equity

For the year ended 28 February 2022

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

For the year ended 28 February 2021

	Share capital	Share premium	Preference shares	Other reserves	Foreign exchange reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 March 2020	4,807	1,198,703	50	(1,125,755)	1,972	293,136	372,913
Loss after tax	-	-	-	-	-	(91,304)	(91,304)
Other comprehensive income	-	-	-	-	876	27	903
Preference share redemption	-	-	(50)	-	-	-	(50)
Acquisition of Treasury Shares	-	-	-	(4,123)	-	-	(4,123)
Share-based payments	-	-	-	5,166	-	-	5,166
Transfer between reserves	-	-	-	(280)	-	280	-
Balance as at 28 February 2021	4,807	1,198,703	-	(1,124,992)	2,848	202,139	283,505

Consolidated statement of cash flow

For the year ended 28 February 2022

	<i>Notes</i>	2022 £'000	2021 £'000
Cash flows from operating activities			
Loss before tax		(15,542)	(106,762)
Adjustment for non-cash items:			
Depreciation and amortisation	<i>7,8</i>	42,576	41,199
Goodwill impairment	<i>7</i>	-	25,195
Net finance costs*	<i>4</i>	5,229	7,058
Share-based payment charges		6,783	7,093
		<u>39,046</u>	<u>(26,217)</u>
Changes in working capital			
Trade and other receivables		(33,562)	33,021
Trade and other payables		189,683	(128,058)
Cash generated from operating activities		195,167	(121,254)
Taxes refunded		4,439	159
Net cash generated from operating activities		199,606	(121,095)
Cash flows from investing activities			
Purchase of intangible assets		(24,787)	(25,096)
Purchase of property, plant and equipment		(4,557)	(1,239)
Net cash flow from investing activities		(29,344)	(26,335)
Cash flows from financing activities			
Purchase of treasury shares		(16,600)	(4,123)
Proceeds from Revolving Credit Facility		97,000	95,000
Repayment of Revolving Credit Facility and other borrowings		(177,116)	(137,184)
Proceeds from issuance of convertible bonds		-	150,000
Issue costs and fees		(110)	(2,690)
Buyback of convertible bonds		(31,307)	-
Payments of lease liabilities		(3,794)	(2,676)
Payment of interest on lease liabilities		(477)	(536)
Interest paid		(5,103)	(4,940)
Net cash flows from financing activities		(137,507)	92,851
Net increase/(decrease) in cash and cash equivalents		32,755	(54,579)
Cash and cash equivalents at beginning of the year		36,575	92,120
Effect of exchange rate changes		(834)	(966)
Closing cash and cash equivalents		68,496	36,575

*Including gain on convertible bond buyback as disclosed in Notes 4 and 9

Notes

1. Significant accounting policies

a) General information

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

The Group Financial Statements for the year ended 28 February 2022 were approved by the Directors on 5 May 2022.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Trainline plc transitioned to UK-adopted International Accounting Standards in its Group Financial Statements on 1 March 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

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.

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 2021 to 28 February 2022.

(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.

Notes - significant accounting policies (continued)

c) Basis of measurement

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

- Non-current assets are stated at the lower of the carrying value and the recoverable amount
- Derivative financial instruments are measured at fair value
- Financial instruments at fair value through the income statement are measured at fair value

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

d) Functional and presentation currency

The Financial Statements are presented in sterling, 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 twelve 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 2022 and 28 February 2023, 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, key uncertainties and sensitivities, including the prolonged impact of COVID-19 on the future performance of the Group, borrowing facilities and covenant requirements.

Following strong recovery as COVID travel restrictions were lifted, there have been material improvements in Trainline’s net ticket sales and profitability during FY2022. Performance has improved as restrictions lifted and public confidence in travel returned towards pre-pandemic demand levels.

Although profitability continued to be impacted by COVID in FY2022, the Group has returned to positive adjusted EBITDA, reduced its net debt, and generated positive cash flows. Positive adjusted EBITDA of £39 million was earned in the period (FY2021: £25 million EBITDA loss) and net debt at 28 February 2022 was £90 million (FY2021: £241 million). For the duration of FY2022 the Group had in place a covenant waiver with a minimum liquidity requirement which was obtained during FY2021. The covenant waiver period ended on 28 February 2022, and the Group is no longer subject to the £75 million minimum liquidity requirement for the duration of the going concern assessment period. The Group is next subject to its net debt to adjusted EBITDA covenant test on 31 August 2022.

As at 28 February 2022 the Group was in a net current liability position of £114 million driven by the negative working capital cycle (FY2021: £19 million net current asset position). Despite the net current liability position, the Group has access to £274 million additional funds under its revolving credit facility. As such the Group has sufficient liquidity to easily cover the net current liability position.

Notes - significant accounting policies *(continued)*

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, without any mitigations, and their potential impact on the Group’s forecast, specifically considering varying degrees of prolonged impact from COVID-19. Two severe but plausible downside scenarios were modelled: (1) permanent reduction in the size of the rail market, primarily manifesting as a 25-30% reduction in the size of the UK rail segment versus FY2020; and (2) ongoing winter restrictions in December 2022 and January 2023, based on actual performance from December 2021 and January 2022 which were impacted by the UK Government’s “Plan B” restrictions (including asking people to work from home if they were able to) and similar restrictions across Europe.

In the base case and both severe but plausible downside scenarios the Group is able to continue in operation and meet its liabilities as they fall due. This includes complying with the net debt to adjusted EBITDA covenant requirement at the 31 August 2022 and 28 February 2023 test dates.

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

f) Cost of sales

Cost of sales include costs in relation to the provision of rail tickets, 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 at exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences arising on translation are generally recognised in the income statement. Non-monetary items that are measured based on historical cost in foreign currency are not re-translated.

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

Notes - significant accounting policies (continued)

h) Use of judgements and estimates

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

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

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

- Note 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 judgement in estimating the future cash flows, the time period over which they will occur, and in arriving at an appropriate discount rate to apply to the cashflows as well as an appropriate terminal growth rate. As part of the impairment review for the year ended 28 February 2022, the prolonged impacts of COVID-19 have been taken into account in the forecasting. Each of these assumptions have an impact on the overall value of cashflows expected and therefore the headroom between the cashflows and carrying values of the cash generating units.

i) New standards and interpretations adopted

A number of new standards are effective from 1 March 2021, 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:

- Amendments to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract (effective date to be confirmed);
- Amendments to References to the Conceptual Framework in IFRS 3 (effective date to be confirmed);
- Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended Use (effective date to be confirmed); and
- Annual Improvements to IFRS Standards 2018-2020 (effective date to be confirmed).

In April 2021 the IFRS Interpretations Committee finalised their agenda decision regarding configuration and customisation costs in Cloud Computing Arrangements (Software as a Service, 'SaaS') under IAS 38. The Group has assessed costs incurred associated with the implementation of SaaS noting that all material costs incurred in the past have been expensed on the basis that they were determined to be related to services provided during the relevant period. As such, the agenda decision has no material effect on the Group's Financial Statements.

Notes (continued)

2. Operating segments

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

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

- UK Consumer¹ – Travel apps and websites for individual travellers for journeys within the UK;
- UK Trainline Partner Solutions (TPS)¹ – Branded travel portal platforms for corporates and travel management companies and white label ecommerce platforms for Train Operating Companies within the UK; and
- International – Travel apps and websites for individual travellers for journeys outside the UK.

¹ UK Consumer and UK Trainline Partner Solutions are collectively referred to as the UK

The Group's global operating model means that investments in platform technology and central overheads are leveraged across the business, and are reported to the CODM at the group level, rather than being allocated to segments. No single customer accounted for 10% or more of the Group's sales.

Notes - operating segments (continued)

The CODM monitors:

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

Segmental analysis for the year ended 28 February 2022:

	UK Consumer £'000	UK TPS £'000	Total UK £'000	International £'000	Total Group £'000
Net ticket sales	1,811,715	290,082	2,101,797	418,475	2,520,272
Revenue	152,538	15,245	167,783	20,730	188,513
Cost of sales	(23,909)	(4,453)	(28,362)	(7,355)	(35,717)
Gross profit	128,629	10,792	139,421	13,375	152,796
Direct administrative expenses			(41,112)	(22,030)	(63,142)
Contribution			98,309	(8,655)	89,654
Central administrative expenses					(50,608)
Adjusted EBITDA					39,046
Depreciation and amortisation					(42,576)
Share-based payment charges					(6,783)
Exceptional items					-
Operating loss					(10,313)
Net finance costs					(5,229)
Loss before tax					(15,542)
Tax					3,637
Loss after tax					(11,905)

Notes - operating segments (continued)

Segmental analysis for the year ended 29 February 2021:

	UK Consumer £'000	UK TPS £'000	Total UK £'000	International £'000	Total Group £'000
Net ticket sales	472,808	75,476	548,284	234,800	783,084
Revenue	43,798	12,087	55,885	11,199	67,084
Cost of sales	(9,885)	(3,843)	(13,728)	(4,680)	(18,408)
Gross profit	33,913	8,244	42,157	6,519	48,676
Direct administrative expenses			(21,540)	(10,986)	(32,526)
Contribution			20,617	(4,467)	16,150
Central administrative expenses					(41,054)
Adjusted EBITDA					(24,904)
Depreciation and amortisation					(41,199)
Share-based payment charges					(7,093)
Exceptional items					(26,508)
Operating loss					(99,704)
Net finance costs					(7,058)
Loss before tax					(106,762)
Tax					15,458
Loss after tax					(91,304)

3. Exceptional items

Exceptional items are operating costs or credits that, by virtue of their nature and incidence, have been disclosed separately in order to improve a reader's understanding of the Financial Statements. Exceptional items are one-off in nature or are not considered to be part of the Group's underlying trade. There were no exceptional items in FY2022.

Restructuring costs

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

Goodwill impairment

This is the impairment charge on the goodwill on the International CGU. Refer to Note 7 for disclosure.

	2022 £'000	2021 £'000
Restructuring costs	-	1,313
Goodwill impairment charge	-	25,195
Net exceptional costs	-	26,508

Notes (continued)

4. Finance income and finance costs

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

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.

	2022 £'000	2021 £'000
Bank interest income	36	22
Gain on convertible bond buyback	3,914	-
Foreign exchange gain	-	556
Finance income	3,950	578
Interest and fees on bank loans	(5,777)	(6,729)
Foreign exchange loss	(927)	-
Loss on interest rate swap	-	(6)
Interest and fees on convertible bonds	(1,878)	(189)
Interest on lease liability	(594)	(694)
Other interest	(3)	(18)
Finance costs	(9,179)	(7,636)
Net finance costs recognised in the income statement	(5,229)	(7,058)

5. Taxation

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

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

Accounting policy

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

Notes - 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.

Notes - taxation (continued)

Amounts recognised in the income statement

	2022 £'000	2021 £'000
Current tax charge/(credit)		
Current year corporation tax	315	(3,205)
Adjustment in respect of prior years	3,444	(2,608)
Total current tax charge/(credit)	<u>3,759</u>	<u>(5,813)</u>
Deferred tax credit		
Current year	(1,364)	(11,777)
Adjustment in respect of prior years	(3,948)	1,511
Effect of change in tax rates	(2,084)	621
Total deferred tax credit	<u>(7,396)</u>	<u>(9,645)</u>
Tax credit	<u>(3,637)</u>	<u>(15,458)</u>

Corporation tax was calculated at 19% (FY2021: 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 credit of £3.6 million (FY2021: credit of £15.5 million) is made up of a current corporation tax charge of £3.8 million (FY2021: credit of £5.8 million) arising in the UK, and a deferred tax credit of £7.4 million (FY2021: £9.6 million).

A current tax prior period adjustment has been recognised to adjust the Group's tax receivable, as the Group's Financial Statements in FY2021 included an expected tax repayment for a loss carry back claim to taxable profits in FY2020 which was not claimed on submission of the UK tax returns, instead carrying these losses forward to utilise against expected future profits. A corresponding deferred tax prior period adjustment has also been recognised in respect of those losses which were not carried back.

The Group has continued to recognise a deferred tax asset on unutilised losses carried forward. This is on the basis that it is probable that future taxable profit will be available against which the unutilised tax losses and credits can be set against. This is supported by the Group's latest profit and cash flow forecasts approved by the Board, which show improved trading performance following market recovery from the impact of COVID-19. The deferred tax credit in FY2022 also includes the unwind of deferred tax liabilities arising on acquired intangibles and deferred tax on equity-settled share-based payment charges issued during the period, where tax relief is obtained in the year the shares vest. The release of these deferred tax assets and liabilities are accounting adjustments and do not impact the corporation tax payable or receivable by the Group.

The Group has remeasured its deferred tax asset to take into account the future change in the rate of UK corporation tax from 19% to 25%, as substantively enacted in May 2021. This has given rise to a one-off deferred tax credit in FY2022.

Notes - taxation (continued)

	2022	2021
	£'000	£'000
Loss before tax	<u>(15,542)</u>	<u>(106,762)</u>
Tax on loss at standard UK rate of 19% (FY 2021: 19%)	(2,971)	(20,285)
<i>Effect of:</i>		
Expenses not deductible/income not deductible	1,147	4,849
Amounts not recognised ¹	1,148	924
Effect of changes in tax rates	(2,626)	621
Adjustment in respect of prior years	(504)	(1,097)
Difference in overseas tax rates	2	19
Deferred tax credited to equity	85	-
Losses utilised	-	(489)
Other	82	-
Total tax credit	<u>(3,637)</u>	<u>(15,458)</u>
Effective tax rate	<u>23%</u>	<u>14%</u>

¹ Primarily relates to unrecognised losses which are not expected to be recoverable and therefore not recognised as deferred tax assets.

The effective tax rate is higher than the UK corporation tax rate of 19% (FY2021: lower) which primarily reflects the remeasurement of deferred tax balances for the increase in the UK corporation tax rate to 25%.

Tax debtor per the consolidated balance sheet:

	2022	2021
	£'000	£'000
Current tax receivable¹	<u>1,599</u>	<u>7,522</u>

¹ Reflects the current tax charge/credit for the year, less any corporation tax payments on account made during the year, less the Research and Development expenditure credit ("RDEC"). The FY2022 current tax receivable balance reflects a £1.6 million RDEC. No corporation tax was payable by the Group in FY2022. (FY2021: Current tax receivable of £7.5 million made up of £2.0 million RDEC plus £5.5 million of current tax credit.)

Notes - taxation (continued)

Deferred tax asset as at 28 February 2022:

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

Deferred tax asset/(liability) as at 28 February 2021:

	Acquired intangible assets £'000	Tangible assets and other £'000	Share- based payments £'000	Losses carried forward £'000	Total £'000
At 1 March 2020	(5,298)	(508)	1,461	-	(4,345)
Adjustments posted through equity	-	37	(254)	-	(217)
Credit/(charge) to consolidated income statement	933	(1,089)	20	9,781	9,645
At 28 February 2021	(4,365)	(1,560)	1,227	9,781	5,083

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*.

Notes - earnings per share (continued)

Four types of earnings per share are reported:

(i) *Basic earnings per share*

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

(ii) *Diluted earnings per share*

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

(iii) *Adjusted basic earnings per share*

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

(iv) *Adjusted diluted earnings per share*

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

	2022	2021
	No. shares	No. shares
Weighted average number of ordinary shares:		
Weighted average number of ordinary shares	480,680,508	462,099,526
Weighted average number of treasury shares	(3,096,733)	(2,678,111)
Weighted number of ordinary shares¹	477,583,775	478,002,397

¹ As the Group has incurred a loss in FY2022 and FY2021, the impact of its potential dilutive ordinary shares has been excluded as they would be anti-dilutive.

Notes - earnings per share (continued)

	2022 £'000	2021 £'000
Loss after tax	(11,905)	(91,304)
Earnings attributable to equity holders	(11,905)	(91,304)
Adjusted earnings¹	(3,844)	(51,678)
	2022 pence	2021 pence
Loss per share		
Basic	(2.49)p	(19.10)p
Diluted ²	(2.49)p	(19.10)p
Adjusted loss per share		
Basic	(0.80)p	(10.81)p
Diluted ²	(0.80)p	(10.81)p

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

² As the Group has incurred a loss in FY2022 and FY2021, the impact of its potential dilutive ordinary shares has been excluded as they would be anti-dilutive.

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 (see Note 1h).

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

(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.

Notes - intangible assets and goodwill (continued)

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

(ii) *Software development costs*

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

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

(iii) *Brand and customer lists*

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

(iv) *Subsequent expenditure*

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

(v) *Amortisation*

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in 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 - intangible assets and goodwill (continued)

Intangible assets and goodwill as at 28 February 2022:

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

¹Total additions include £24.2 million of internally developed intangible assets

²Effects of foreign exchange rate changes

³At FY2022, the remaining useful economic life was 3 years for brand valuation assets and 5 years for customer lists

Intangible assets and goodwill as at 28 February 2021:

	Software development £'000	Brand valuation ³ £'000	Customer lists ³ £'000	Goodwill £'000	Total £'000
Cost:					
At 1 March 2020	108,621	51,738	92,690	443,357	696,406
Additions ¹	24,134	-	-	-	24,134
FX ²	-	-	-	1,295	1,295
At 28 February 2021	132,755	51,738	92,690	444,652	721,835
Accumulated amortisation and impairment:					
At 1 March 2020	(46,181)	(25,633)	(87,680)	-	(159,494)
Amortisation	(28,147)	(5,167)	(2,996)	-	(36,310)
Impairment charge	-	-	-	(25,195)	(25,195)
At 28 February 2021	(74,328)	(30,800)	(90,676)	(25,195)	(220,999)
Carrying amounts:					
At 28 February 2021	58,427	20,938	2,014	419,457	500,836

¹Total additions of £24.1 million all relate to internally developed intangible assets

²Effects of foreign exchange rate changes

³At FY2021, the remaining useful economic life was 4 years for brand valuation assets and 6 years for customer lists

Notes - intangible assets and goodwill (continued)

Of the amortisation charge for the year £7.1 million (FY2021: £8.2 million) related to the amortisation of intangible assets which were recognised on the Group's acquisition of Trainline.com Limited and Trainline SAS, while £29.6 million (FY2021: £28.1 million) related to internally developed and purchased intangible assets recognised at historical cost.

Disposals in the year of £10.4 million (FY2021: £nil) fully amortised internally developed software assets and £2.8 million of fully amortised software development assets.

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. Management monitors goodwill no lower than the geographical operating segments, hence, CGUs are the same as the geographical operating segments.

The Group has gross goodwill balances totalling £442.6 million (FY2021: £444.7 million) which comprise:

- i. £336.4 million (FY2021: £336.4 million) from the FY 2016 acquisition of Trainline.com
- ii. £106.2 million (FY2021: £108.3 million) from the FY 2017 acquisition of Trainline SAS (formerly Capitaine Train SAS)

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

CGU	2022	2021
	£'000	£'000
UK Consumer	351,271	351,271
UK Trainline Partner Solutions	-	-
International	66,089	68,186
Total goodwill	417,360	419,457

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

Notes - intangible assets and goodwill (continued)

Assumptions

The key value in use assumptions were:

	2022 UK Consumer	2021 UK Consumer	2022 International	2021 International
Pre-tax discount rate ¹	9.7%	11.6%	12.0%	18.6%
Terminal growth rate ²	2.5%	1.5%	2.5%	1.0%
Number of years forecasted before terminal growth rate applied	5	5	5	5

1 The pre-tax discount rate is based upon the weighted average cost of capital reflecting specific principal risks and uncertainties. The discount rate takes into account the risk-free rate of return, the market risk premium and beta factor.

2 The terminal growth rate reflects the expected growth into perpetuity of the business, taking into account the current market and sector risks.

There has been no impairment charge for any CGU during the year (FY2021: UK Consumer CGU £nil, International CGU £25.2 million).

The Group prepares cash flow forecasts using five-year projections which are extrapolated from the Board approved three-year plan. The forecasts have been used in the VIU calculation along with risk-adjusted discount rates. Cash flows beyond the five-year period are extrapolated using a terminal growth rate. The forecasts reflect management's expectations and best estimates for each CGU. 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.

Forecasts used for the purposes of the impairment review as at 28 February 2022 remain impacted by the long-term effects of COVID-19. Trading assumptions are based on estimates of market size, estimates of market share and long-term economic forecasts.

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

Notes - intangible assets and goodwill *(continued)*

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.

	2022	2021	2022	2021
	UK Consumer	UK Consumer	International	International
Increase in discount rate	1pt	1pt	1pt	1pt
Reduction in long-term growth rate applied in terminal year	0.5pt	0.5pt	0.5pt	0.5pt
Decrease in Adjusted EBITDA forecast in each year	15%	15%	20%	20%

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

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 (FY2021: no indicators).

Property, plant and equipment as at 28 February 2022:

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

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

Property, plant and equipment as at 29 February 2021:

	Plant and equipment £'000	Leasehold improvements £'000	Right-of- use assets £'000	Total £'000
Cost:				
At 1 March 2020	8,278	4,448	17,692	30,418
Additions	1,411	-	4,948	6,359
Disposals	(18)	-	-	(18)
Lease extensions ¹	-	-	4,221	4,221
At 28 February 2021	9,671	4,448	26,861	40,980
Accumulated depreciation and impairment:				
At 1 March 2020	(6,075)	(1,445)	(2,714)	(10,234)
Depreciation	(1,301)	(445)	(3,143)	(4,889)
Disposals	14	-	-	14
At 28 February 2021	(7,362)	(1,890)	(5,857)	(15,109)
Carrying amounts:				
At 28 February 2021	2,309	2,558	21,004	25,871

¹ Relates to lease extensions which do not constitute a new lease addition pursuant to IFRS 16.

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 an exceptional finance cost.

Notes - loans and borrowings (continued)

	2022 £'000	2021 £'000
Non-current liabilities		
Revolving Credit Facility ¹	21,800	100,417
Convertible bonds ²	112,663	147,378
Other term debt	37	216
Lease liabilities	15,496	18,358
Total non-current liabilities	149,996	266,369
Current liabilities		
Accrued interest	1,425	831
Lease liabilities	3,489	3,336
Total current liabilities	4,914	4,167

1 Included within the Revolving Credit Facility is the principal amount of £25.0 million (FY2021: £104.9 million) and directly attributable transaction costs of £3.2 million (FY2021: £4.5 million).

2 Included within the Convertible bonds is the principal amount of £114.8 million (FY2021: £150.0 million) and directly attributable transaction costs of £2.1 million (FY2021: £2.6 million). During FY2022 the Group bought back and cancelled £35.2 million (face value) of its own convertible bonds for £31.3 million, resulting in a gain of £3.9 million presented on the income statement within finance income.

Terms and repayment schedule

Agreement	Interest rate	Year of maturity	Face value £'000	Carrying amount £'000
Revolving Credit Facility	LIBOR/SONIA ¹ + 1-2%	2024	25,000	21,800
Convertible bonds	1.00%	2026	114,800	112,663
Lease liabilities	Various ²	Various	20,281	18,985
Other term debt	0.0%	2022	37	37
Total borrowings			160,118	153,485

¹ The interest rate applicable to the Revolving Credit Facility was LIBOR plus 2% until 31 December 2021. Following the cessation of LIBOR, the interest rate applicable to the Revolving Credit Facility was SONIA plus credit adjustment spread plus 1-2% from 1 January 2022.

² The average interest rate of lease liabilities is 4.0%

Notes - loans and borrowings (continued)

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

	Total contractual cash flows	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000	£'000
Revolving Credit Facility	26,456	510	625	25,321	-
Convertible bonds	119,213	1,148	1,148	116,917	-
Lease liabilities	20,281	3,940	9,323	6,081	937
Other term debt	37	37	-	-	-
Total cash flows	165,987	5,635	11,096	148,319	937

Revolving Credit Facility

The Revolving Credit Facility became effective on 26 June 2019, the total facility amount is £350.0 million. The facility allows draw downs in cash or non-cash to cover bank guarantees. At 28 February 2022 the cash drawn amount is £25.0 million (FY2021: £104.9million), the non-cash bank guarantee drawn amount is £51.3 million (FY2021: £21.9 million) and the undrawn amount on the facility is £273.7 million (FY2021: £223.2 million).

The Group's Revolving Credit Facility is secured by a fixed and floating charge over certain assets of the Group. Interest is payable on a margin of 1.0% to 2.0% above LIBOR until 31 December 2021, and on a margin of 1.0% to 2.0% above SONIA plus credit adjustment spread from 1 January 2022.

The Group is subject to certain bank covenants under this facility, however, those financial covenants were waived by the Group's loan syndicate until and including February 2022, to support the business through the COVID-19 pandemic and the related impact on trading. The Group was in compliance with bank covenants on 28 February 2022, albeit with the covenant waiver remaining in place on this date. As part of the waiver, the Group was required to maintain a minimum liquidity headroom of £50 million on a monthly basis from April 2020 to December 2020. This requirement was increased to £75 million on a monthly basis subsequent to the issuance of the convertible bonds in January 2021 and until February 2022. The Group was in compliance with the liquidity requirement throughout all applicable periods.

Convertible bonds

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

The total bond offering of £150.0 million covers a five-year term beginning on 14 January 2021 with a 1% per annum coupon payable semi-annually in arrears in equal instalments. The initial conversion price was set at £6.6670 representing a premium of 50% above share price on 7 January 2021 (£4.4447).

Notes - loans and borrowings (continued)

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

During FY2022, the Group bought back and cancelled £35.2 million (face value) of its own convertible bonds for £31.3 million, resulting in a gain of £3.9 million presented on the income statement within finance income. As at FY2022, the Group had convertible bonds with a principal amount of £114.8 million in issuance (FY2021: £150.0 million).

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 28 February 2022 and 28 February 2021

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

Share premium

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

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

Retained earnings

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

Foreign exchange

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

Notes - capital and reserves (continued)

Other reserves

	Merger reserve	Treasury reserve	Share-based payment reserve	Total other reserves
	£'000	£'000	£'000	£'000
At 1 March 2020	(1,122,218)	(10,897)	7,360	(1,125,755)
Addition of treasury shares	-	(4,123)	-	(4,123)
Share-based payment charge	-	-	5,420	5,420
Allocation of treasury shares to fulfil share-based payment	-	7,268	(7,268)	-
Deferred tax on share-based payment	-	-	(254)	(254)
Transfer to retained earnings ¹	-	-	(280)	(280)
At 28 February 2021	(1,122,218)	(7,752)	4,978	(1,124,992)
Addition of treasury shares	-	(16,600)	-	(16,600)
Share-based payment charge	-	-	5,984	5,984
Allocation of treasury shares to fulfil share-based payment	-	2,621	(2,823)	(202)
Deferred tax on share-based payment	-	-	94	94
Transfer to retained earnings ¹	-	-	(945)	(945)
At 28 February 2022	(1,122,218)	(21,731)	7,288	(1,136,661)

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

Merger reserve

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

Treasury reserve

Treasury shares reflect the value of shares held by the Group’s Employee Benefit Trusts (“EBT”). At 28 February 2022 the Group’s EBT held 8.0 million shares (FY2021: 2.1 million) which have a historical cost of £21.7 million (FY2021: £7.8 million).

Share-based payment reserve

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

Notes (continued)

11. Related parties

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

Transactions with key management personnel of the Group

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

During the period key management personnel have received the following compensation: short-term employee benefits £2,499,799 (FY2021: £1,545,336); post-employment benefits £73,625 (FY2021: £136,795); and ongoing share-based payment schemes £889,234 (FY2021: £419,856). No other long-term benefits or termination benefits were paid (FY2021: £nil). The highest paid director received: short term employee benefits £1,152,611 (FY2021: £380,090); post-employment benefits £31,625 (FY2021: £40,647); and ongoing share-based payment schemes £586,982 (FY2021: £202,676). There were two directors to whom retirement benefits are accruing under defined contribution schemes (FY2021: two).

Information on the emoluments of the Directors who served during the year, together with information regarding the beneficial interest of the Directors in the ordinary shares of the Company is included in the Directors' Remuneration Report on pages 96 to 103.

At 28 February 2022 key management personnel held 2,340,720 shares in Trainline plc (FY2021: 9,947,734 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 statement of financial position.

The Group's capital commitments at 28 February 2022 are £nil (FY2021: £2.4 million).

13. Post balance sheet events

There have been no material post balance sheet events between 28 February 2022 and the date of the approval of these Financial Statements.

Alternative performance measures

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

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

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

Net ticket sales

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

Management believe net ticket sales are a meaningful measure of the Group’s operating performance and size of operations as this reflects the value of transactions processed on 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 which can differ significantly.

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

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

Alternative performance measures – adjusted EBITDA *(continued)*

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

	<i>Notes</i>	2022	2021
		£'000	£'000
Operating loss		(10,313)	(99,704)
Adjusting items:			
Depreciation and amortisation	<i>7,8</i>	42,576	41,199
Share-based payment charges		6,783	7,093
Exceptional items	<i>3</i>	-	26,508
Adjusted EBITDA		<u>39,046</u>	<u>(24,904)</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 loss after tax with share-based payment charged in administrative expenses and finance costs, exceptional costs, gain on repurchase of convertible bonds and amortisation of acquired intangibles added back, together with the tax impact of these adjustments also added back.

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

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

	<i>Notes</i>	2022	2021
		£'000	£'000
Loss after tax		<u>(11,905)</u>	<u>(91,304)</u>
Earnings attributable to equity holders		<u>(11,905)</u>	<u>(91,304)</u>
Adjusting items:			
Exceptional items	<i>3</i>	-	26,508
Exceptional finance costs	<i>4</i>	(3,914)	-
Amortisation of acquired intangibles ¹	<i>7</i>	7,083	8,563
Share-based payment charges		6,783	7,093
Tax impact of the above adjustments		<u>(1,891)</u>	<u>(2,538)</u>
Adjusted earnings		<u>(3,844)</u>	<u>(51,678)</u>

¹ This consists of the amortisation of brand valuation of £5.2 million (FY2021: £5.2 million), customer valuation of £1.9 million (FY2021: £3.0 million) and software development of £nil (FY2021: £0.4 million)

Alternative performance measures *(continued)*

Net debt

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

The calculation of net debt is as follows:

	<i>Notes</i>	2022 £'000	2021 £'000
Loan and borrowings ¹	<i>9</i>	(158,821)	(277,681)
Cash and cash equivalents		68,496	36,575
Net debt		(90,325)	(241,106)

¹ This amount is the aggregate amount of loans and borrowings as disclosed in Note 9 amounting to £153.5 million (FY2021: £270.5million) and the capitalised finance charges amounting to £5.3 million (FY2021: £7.1 million).

Operating free cash flow

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

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

The calculation of operating free cash flow is as follows:

	2022 £'000	2021 £'000
Cash (used in)/generated from operating activities	195,167	(121,254)
Cash exceptional items	-	1,313
Purchase of property, plant and equipment and intangible assets	(29,344)	(26,335)
Operating free cash flow	165,823	(146,276)

Alternative performance measures *(continued)*

Liquidity

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

	2022	2021
	£'000	£'000
Cash and cash equivalents	68,496	36,575
Undrawn balance on the Revolving Credit Facility	<u>273,676</u>	<u>223,152</u>
Liquidity headroom	<u>342,172</u>	<u>259,727</u>