trainline

3 November 2021

Trainline plc
Results for the six months ended 31 August 2021

Trainline recovering strongly as passengers return to rail and shift to digital ticketing

H1 FY2022 summary financial highlights:

£m unless otherwise stated:	H1 FY2022	H1 FY2021	Variance
Net ticket sales[1]	1,000	358	+179%
Revenue	78	31	+151%
Adjusted EBITDA[2]	15	(16)	+31
Operating loss	(9)	(43)	+34
Adjusted basic loss per share (pence)[3]	(1.1)p	(6.2)p	+5.1p
Basic loss per share (pence)[3]	(1.8)p	(8.1)p	+6.3p
Operating free cash flow[4]	72	(80)	+152
Net debt[4]	169	166	+3

Results summary for the half:

- Group net ticket sales of £1.0 billion, up 179%, and revenue of £78 million, up 151%
- Particularly strong recovery in Q2 - Group net ticket sales recovered to 71% of same period in FY2020, the highest level since the COVID pandemic started:
  - Top four domestic markets in International (France, Italy, Germany, Spain) returned to growth, up 5% overall versus same period two years ago
  - UK Consumer recovered to 95% versus the same period two years ago and returned to growth in August
- Adjusted EBITDA of £15 million, returning to profitability vs. £16 million loss in H1 last year; Basic loss per share of 1.8p vs. 8.1p loss in H1 last year
- Operating free cash flow increased to £72 million reflecting return to profitability and working capital inflows as the business recovered, as well as industry settlement payment timing
- Net debt of £169 million, down from £241 million six months ago given recovery in trading
- Strong progress against strategic growth priorities:
  - Accelerated shift to online and digital tickets; UK industry online penetration increased to 50% and eticket penetration to 40%, with significant runway ahead
  - Launched features for the 'new commuter' in UK, including 2-click rebooking and flexi tickets, converting 26% more time-checkers[5] to customers
  - Increasing transaction frequency: 29% increase in customers that transact two or more times a month in UK
  - Scaling marketing investment as COVID restrictions ease; highest ever new app customer acquisition and unique monthly active users returning to 30 million
  - Integrated Trainline into Google Maps for Android users in UK in September
  - Scaling digital railcards with >250,000 sold in UK in H1; now launched in France

Accelerating growth in International:

- Significant headroom for growth in Europe and strong momentum where carrier competition exists:
  - Italy: +95% growth in net ticket sales in Q2 vs. same period two years ago
  - Spain: tripled transactions on Madrid-Barcelona route in Q2 vs. same period two years ago following launch of new entrant carriers Ouigo and Avlo
- Stepping up investment in headcount and marketing from H2 FY2022 onwards

Guidance for FY2022:

- As announced in our trading update on 14 September, assuming the market recovery continues, Trainline expects to generate for the full year:
  - Net ticket sales in range of £2.4-£2.8 billion
  - Adj. EBITDA in the range of £35-40 million, factoring in the planned increase in investment for International business from H2 FY2022 onwards

Jody Ford, CEO of Trainline said:

"Our consumer business returned to growth in August versus pre-COVID levels, with train travelers increasingly opting for digital tickets. Encouragingly our customers are now using Trainline even more frequently, drawn to new features such as our new 2-click commuter experience and digital railcards.

"Beyond the UK, we see significant growth opportunity in Europe. With new entrant train companies driving more journey options and lower prices in our key markets, customers are increasingly turning to Trainline to help them easily find the best fares and support them as they travel. This was particularly evident in Italy in H1, where our Q2 net ticket sales doubled compared to pre-COVID times."

Notes:

1. Please refer to Note 1e 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 Note 1e 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 (3 November 2021). Please register to participate at the Company's investor website: https://edge.media-server.com/mmc/p/u7thgai2

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Forward looking statements and other important information

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

H1 FY2022 PERFORMANCE REVIEW

Group Overview

Group net ticket sales recovered to £1.0 billion in H1, 179% higher YoY, and 54% of the same period in FY2020. Net ticket sales improved over the course of the half as COVID restrictions eased, with Q2 at 71% of FY2020 sales, reaching their highest level in August since the onset of COVID.

As a result of the rebound in net ticket sales, Group revenue recovered to £78 million, 151% higher than the prior half year. Gross profit for the year increased by 181% to £61 million and adjusted EBITDA was £15 million versus a loss in H1 last year of £16 million.

H1 FY2022 Segmental performance

	H1 FY2022	H1 FY2021	% YoY	H1 FY2020	% of H1 FY2020
Net ticket sales (£m)					
UK Consumer	716	218	*+229%*	*986*	*73%*
Trainline Partner Solutions	101	23	*+332%*	*599*	*17%*
Total UK	**816**	**241**	***+239%***	***1,585***	***52%***
International	183	117	*+56%*	*259*	*71%*
Total Group	**1,000**	**358**	***+179%***	***1,844***	***54%***
Revenue (£m)					
UK Consumer	62	19	*+229%*	*86*	*73%*
Trainline Partner Solutions	7	6	*+2%*	*30*	*22%*
Total UK	**69**	**25**	***+172%***	***115***	***60%***
International	9	6	*+57%*	*14*	*65%*
Total Group	**78**	**31**	***+151%***	***129***	***60%***
Gross profit (£m)					
UK Consumer	52	14	*+280%*	69	*76%*
Trainline Partner Solutions	4	5	*(20)%*	21	*18%*
Total UK	**56**	**18**	***+203%***	**90**	***62%***
International	6	3	*+64%*	9	*62%*
Total Group	**61**	**22**	***+181%***	**99**	***62%***

	H1 FY2022	H1 FY2021	YoY	H1 FY2020	Yo2Y*
UK contribution	41	7	*+34*	70	*(30)*
International contribution	(1)	(2)	*+1*	(8)	*+6*
Central admin expenses	(25)	(21)	*(3)*	(21)	*(4)*
Adjusted EBITDA (£m)	**15**	**(16)**	***+31***	**42**	***(27)***

* Absolute year-on-two-year variances (i.e. H1 FY2022 vs. H1 FY2020)

UK Consumer

Net ticket sales for UK Consumer were £716 million in H1, 229% higher YoY, and 73% of the same period in FY2020. Net ticket sales improved every month throughout the first half, in Q2 recovering to 95% of the same period in FY2020 and in August returning to year-on-two-year (Yo2Y) growth, up 12%.

UK Consumer revenue recovered to £62 million, 229% higher than the prior half year given the increase in net ticket sales. Gross profit increased to £52 million, a 280% increase on the prior year.

Trainline Partner Solutions (TPS)

Net ticket sales for TPS were £101 million in H1, 332% higher than prior year but only 17% of the same period in FY2020. While demand for business travel remained subdued, net ticket sales in Q2 reached 23% of the same period in FY2020, up from 11% in the first quarter.

TPS revenue grew 2% year on year to £7 million while gross profit was £1 million lower at £4 million, given the impact of relatively lower project revenue.

International

International net ticket sales were £183 million in H1, 56% higher YoY, and 71% of the same period in FY2020. In Q2 net ticket sales reached 84% of the same period in FY2020. This included a return to growth in Trainline's top four domestic markets (France, Italy, Germany, Spain) - up 5% overall, including Italy up 95% - while demand is slower to return from inbound customers to Europe.

International revenue grew 57% YoY to £9 million given the increase in net ticket sales. Gross profit increased to £6 million, 64% higher than the prior year.

Adjusted EBITDA

Group adjusted EBITDA in H1 was £15 million, returning to profitability at the top of the £13-15 million guided range set out in the Group's trading update (published 14 September 2021). This compared to an adjusted EBITDA loss of £16 million in H1 FY2021.

The UK business contributed £41 million in the half, £34 million higher than the prior half year driven by the recovery in the UK Consumer business. The net investment in the International business was reduced to £1 million (£2 million in H1 last year) as the business continues to scale. Investment steps up in the second half to further accelerate growth in France, Italy and Spain with additional marketing spend and investment in customer experience.

Central administrative costs were £25 million, up from £21 million in H1 FY2021, with our cost base normalising as trading conditions recovered.

Operating loss

The Group reported an operating loss of £9 million versus a £43 million loss in H1 last year. The operating loss included:

- Depreciation and amortisation charges of £21 million, broadly in line with last year (H1 FY2021: £20 million)
- Share-based payment charges of £3 million, down from £6 million in prior year

Loss after tax

Loss after tax was £8 million, reflecting the £9 million operating loss and a net finance charge of £2 million (which benefited from a £3 million gain on our repurchase of convertible bonds in the first half), partly offset by a tax credit of £2 million arising from the operating loss. This compares to a £39 million loss last year reflecting the recovery of the business.

Earnings per share (EPS)

Adjusted basic loss per share was 1.1 pence, a 5.1 pence increase on H1 FY2021. Adjusted basic earnings per share adjusts for exceptional one-off costs 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 1.8 pence, an increase of 6.3 pence versus H1 FY2021.

Operating free cash flow and net debt

Operating free cash flow was £72 million in the first half, a £152 million improvement year on year. This reflected our return to profitability and working capital inflows as the business recovered, as well as the timing of industry settlement payments. Capital expenditure in the period was £16 million, broadly in line with the prior period (H1 FY2021: £15 million), reflecting our decision to maintain investment in product and technology through the pandemic to drive long-term growth.

Net debt reduced to £169 million at the end of August 2021 from £241 million at the end of February 2021, primarily as a result of the positive operating free cash flow.

PROGRESS AGAINST OUR STRATEGIC PRIORITIES IN H1 FY2022

To achieve our mission to make rail and coach travel easier for customers worldwide, 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 the first half of FY2022 we continued to make good progress against our 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 penetration for the UK rail industry increased to 50% by the end of August, up from 39% pre-COVID. Within this, eticket penetration almost doubled to 40% in just 18 months, reflecting a greater prevalence of people buying train tickets through our 4.9-star app.

There is still significant headroom for eticket penetration to grow, with etickets becoming increasingly available to use on rail journeys. c.80% of journeys were eticket-enabled at the end of H1 FY2022, up from c.75% in February 2021. As availability and consumer awareness continue to grow, we expect adoption to increase accordingly.

With COVID changing the way we work and travel, we invested behind an enhanced 'new commuter' proposition in the UK to serve the c.£4 billion commuter market (pre-COVID), which in the past has been relatively underserved with digital ticket options. Our new offering includes features such as Save Your Commute - allowing customers to personalise their journey and rebook tickets in just two clicks, Commuter Calculator - determining the cheapest way to travel by train, and real-time push notifications - alerting customers if their commute is disrupted. We also launched flexi tickets on our app and have plans to roll-out a digital season ticket product in the next few months. Our investment is already driving positive customer behaviours, with Trainline converting 26% more time-checkers to customers in September than pre-COVID.

Building demand

As COVID-related restrictions eased we scaled marketing back up. Taking advantage of increased online demand, we increased our performance marketing and we ran brand-led leisure campaigns, tapping into the 'staycation bump' and other domestic leisure travel over the summer.

Our marketing activity generated a sharp rebound in new customers - with new app customer acquisition in the UK recovering to its highest ever level. Likewise, customer engagement fully recovered, with unique monthly active users (MAUs) reaching 30 million in August, in line with its pre-COVID level. It also helped stimulate the wider sector recovery, with every £1 of our advertising spend estimated to yield £11 of incremental earnings for the UK rail industry[1].

We also increased our reach, integrating Trainline into the Google Maps app for Android in the UK in September. This provides another easy and intuitive way for people to search for trains, and book by clicking through Google Maps directly to our mobile app. We expect this will drive increased traffic from Android users, particularly as we have now integrated Google Pay and Google Pass into our mobile app, allowing customers to seamlessly buy and store their train tickets.

Increasing customer lifetime value

While increasing new customer acquisition, we are also deepening our relationship with customers, growing our relevance for more usage occasions. This has driven increased use of Trainline in the UK for short distance (<1 hour) travel and, more recently, commuter travel. Likewise, gross sales for regional travel in Italy and France also stepped up considerably (up 160% and 56% respectively in August vs. the same month two years ago).

As a result, transaction frequency (the number of tickets purchased by existing customers) improved in H1, particularly in the UK where the number of customers buying two or more tickets each month increased 29%. This contributed to our UK Consumer and International businesses reaching record transaction numbers during the second quarter.

We also made progress scaling digital railcards. There are around 6 million railcards in use in the UK today and they are applied on more than 40% of Trainline's transactions. Digital railcards saved in the app make it far easier for customers to use their railcard and access the savings they are due. Having launched digital railcards in the UK last year, we sold >250,000 in the first half. We have since launched digital railcards in France, available in multiple languages and multiple currencies.

Growing Trainline Partner Solutions (TPS)

Demand for business travel remains subdued, but TPS is beginning to see the first signs of recovery, with net ticket sales doubling in Q2 versus Q1. Despite the slower recovery we continue to invest in our TPS business to ensure it is in the strongest position when demand returns.

Within our Global Distribution and Business Solutions division we continued to scale the Global API platform, which offers our B2B partners the ability to offer European rail options to their customers through our one simple, seamless connection. 22 B2B customers have now signed up, including the recent addition of Flight Centre.

Within our Carrier IT Solutions segment, we renewed contracts for five of our white label train company clients, who will benefit from access to industry leading core platform functionality and upgraded customer experience suite features, including payment support and improved fraud management.

Notes:

1 Estimate calculated by a third-party consultancy within research commissioned by Trainline

ACCELERATING GROWTH IN INTERNATIONAL

Looking ahead, our opportunity in Europe is considerable and benefits from significant tailwinds:

- A large European rail market; c.€50 billion pre-COVID or approximately five times the size of the UK market
- Significant targets to promote modal shift to high speed rail over the next decade from more polluting forms of transport - the EU has set a target of doubling passenger volume on high speed rail by 2030 and tripling it by 2050
- Liberalisation and fragmentation of European rail markets as a result of the EU's Fourth Railway Package, which from December 2020 opened domestic commercial passenger services to competition. As a result, increasing competition from new entrant carriers is creating opportunity for Trainline.

By positioning Trainline as the marketplace of choice for European rail travel, we are well placed to grow our share significantly. We see very positive evidence from the markets where liberalisation is already well progressed; Italy and more recently Spain.

Italy has experienced carrier competition for the last several years, following the launch of challenger brand NTV Italo in 2012. Italo has since grown to take a c.30% market share of the Italian long-distance rail market, competing fiercely with incumbent carrier Trenitalia. One notable manifestation of this competition is that neither carrier provides the other's inventory on their respective websites or mobile apps. This provides Trainline with a significant opportunity to aggregate both and become the marketplace for rail tickets in Italy.

As COVID restrictions ease, the competitive backdrop between Italo and Trenitalia has seen Trainline grow at pace, with net ticket sales up 95% in Q2 FY2022 versus Q2 FY2020 (pre-COVID), and new app customer acquisition reaching record levels. Looking forward, Italy may see more new entrant carriers, with SNCF recently discussing a possible market entry.

In Spain, new competition on the Madrid to Barcelona route arrived this quarter in the form of two new entrants Ouigo and Avlo, low cost brands from SNCF and Renfe respectively. Competition between carriers is already fierce. Similar to the situation in Italy, Ouigo do not offer Renfe and Avlo's inventory and vice versa, providing a similar aggregation opportunity for Trainline.

Following our integration of both carriers onto our platform, we took a disproportionate share of tickets sold. Our transactions tripled on this route in the second quarter versus the same period two years ago. 20% of our transactions were journeys involving combinations of carriers that were not available as a single booking elsewhere. From next year, competition will expand in Spain, with Ouigo and Avlo planning to launch more routes and Trenitalia's Ilsa brand due to enter the market.

In France, Trenitalia is due to launch in the coming weeks, running a new service between Paris and Lyon. Railcoop are also due to enter the French market by the end of next year, operating a service between Bordeaux and Lyon, followed by Spanish carrier Renfe in 2024.

We have the opportunity and ambition to significantly scale our international business in France, Italy and Spain over the medium term as these markets liberalise. Providing trading conditions remain favourable, we plan to increase investment from the second half of FY2022.

This additional investment will increase the pace at which we can:

- Enhance the customer experience - hiring c.150 more people, predominantly software developers and data scientists, to accelerate innovation and the integration of new entrant carriers onto our platform, while meeting specific local market needs and filling any remaining product gaps. For example, we recently launched airline-style seatmap selection in our mobile app in France and Italy, meaning customers can now choose a specific seat to enjoy for their journey.
- Build demand - expanding our performance marketing capability and launching new, above-the-line brand marketing campaigns to significantly improve awareness of Trainline.

WILLIAMS SHAPPS PLAN FOR RAIL

On 20 May 2021 the UK Government's Department for Transport (DfT) published the Williams Shapps Plan for Rail white paper. It outlined the Government's vision for UK rail, laying out proposals to reform the industry. 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. While the lack of clarity on these proposals and their potential implications for Trainline creates uncertainty, we believe they will provide us with new opportunities to innovate for the benefit of customers, support the industry, and further grow our business.

Since the white paper's publication, Trainline has continued to engage with the UK Government and the wider rail industry on how it can help formulate the detail around its proposals and support their delivery.

The proposals most relevant for Trainline are the creation of Great British Railways (GBR) as a governing body for rail; the creation of GBR as a ticket retailer; the commitment to digital ticketing; and the further roll-out of a 'pay as you go' retail model.

Creation of GBR as the governing body for rail

The white paper proposes that GBR will become the governing body for the rail industry, subsuming several pre-existing governing bodies. This will include Network Rail, parts of the Rail Delivery Group (RDG), and parts of the DfT, thus bringing back together the management of infrastructure and train service delivery in one place. As a result, GBR will become the key counterparty for train operating companies as well as third party retailers like Trainline, replacing the RDG.

For GBR to become the governing body for the industry will require an Act of UK Parliament. GBR is not expected to be incorporated until 2024 at the earliest. In the meantime, the GBR Transition Team will serve as an interim body, becoming increasingly responsible for creating the implementation plan for the proposals outlined in the white paper.

Creation of GBR as a ticket retailer

The white paper proposes replacing 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 can confirm how they plan to develop and operate an online retailing platform for GBR, and there is no firm timetable. We expect it will take some years to roll out.

If the GBR app and website eventually replaces train operating company apps and websites, it will likely have a significant impact upon our Carrier IT Solutions business (within TPS) as we have contracts to provide white label platform and tech services to several train operators. However, should the UK Government decide to use a tech partner to host their online retailing platform, we are well placed to meet their requirements, given we are a leading provider of retail tech solutions to the UK rail industry.

Third-party retailing licenses will continue, allowing Trainline to carry on retailing tickets directly to customers on behalf of the rail industry and competing with the GBR app and website. In his address to Parliament on 20 May, the Secretary of State for Transport, Grant Shapps said he would "welcome independent retailers continuing to compete in the retail ticket market, particularly where they can grow new markets, recognising the value of private sector innovation."

The RDG recently invited third-party retailers to take part in a review process of the broader retailing landscape and the commercial framework, which will include industry commission rates. The review will also include opportunities and objectives for reform, driving industry cost and revenue recovery, customer experience improvements and innovation. This consultation provides Trainline with an opportunity to help shape the future evolution of rail retailing in the UK, in line with the Government's aim of an innovative, competitive retail market. The resulting recommendations are to be submitted to the UK Government early next year.

Commitment to digital ticketing

The white paper makes a clear commitment to digital ticketing, stating the government will work with train operators to continue the roll-out of digital ticketing. Eticket availability is now at c.80%, up from c.75% following ScotRail's roll-out across their network during the summer. The DfT also committed to launching carnet-style, digital-only flexi tickets (which have since gone live) and making season tickets available in a digital format across the network for the first time.

Trainline has championed etickets since their inception several years ago and they form a core part of our 4.9 star rated mobile app experience. This has helped drive industry growth of etickets to 40% of all ticket sales in the UK, and the Government's commitment should support their further growth.

Development of 'pay as you go' retail model outside of London

The white paper outlines a proposal to expand the 'pay as you go' (PAYG) contactless retail model outside of London. This could impact Trainline's addressable market in the UK, although it will also provide a medium-term opportunity to configure our mobile app to serve PAYG journeys.

ENVIRONMENTAL SUSTAINABILITY

With our technology, data, marketing and product innovation, we are committed to making rail travel easier and encouraging more people to make travel choices that are better for the environment.

Rail travel has a significantly lower carbon footprint than either road or air and this supports governments in all markets to achieve their transport emission reduction commitments. We are committed to supporting that modal shift, as reflected in our role as Provider of Rail Travel to COP26 in Glasgow.

As well as inspiring modal shift from more polluting forms of transport, we have begun our journey to carbon net zero and are committed to making meaningful progress. We have pledged to set ambitious carbon emissions reduction targets by signing up to the Business Ambition for 1.5°C Call to Action.

We are currently establishing a comprehensive view of our emissions, which will inform our strategies to reach carbon net zero and determine our net zero goal, with clear interim targets to measure our progress.

Statement of Directors' responsibilities in respect of the half-yearly financial report

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

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

By order of the Board:

Shaun McCabe
Chief Financial Officer
3 November 2021

Consolidated income statement

	Note	Six months ended 31 August 2021 £'000	Six months ended 31 August 2020 £'000	Year ended 28 February 2021 £'000
Continuing operations				
Net ticket sales[1]	*1e*	999,522	358,134	783,084
Revenue	*2*	**77,724**	**30,951**	**67,084**
Cost of sales	*2*	(16,228)	(9,040)	(18,408)
Gross profit	*2*	**61,496**	**21,911**	**48,676**
Administrative expenses		(70,314)	(64,443)	(148,380)
Adjusted EBITDA[1]	*1e*	**14,740**	**(16,304)**	**(24,904)**
Depreciation and amortisation		(20,794)	(20,274)	(41,199)
Share-based payment charges		(2,764)	(5,517)	(7,093)
Exceptional items	*3*	-	(437)	(26,508)
Operating loss		**(8,818)**	**(42,532)**	**(99,704)**
Finance income	*4*	2,947	1,492	578
Finance costs	*4*	(4,454)	(3,614)	(7,636)
Net finance costs	*4*	(1,507)	(2,122)	(7,058)
Loss before tax		**(10,325)**	**(44,654)**	**(106,762)**
Income tax credit	*5*	1,908	6,008	15,458
Loss after tax		**(8,417)**	**(38,646)**	**(91,304)**
Earnings per share (pence)				
Basic and Diluted[2]	*6*	(1.76)p	(8.09)p	(19.10)p

[1] Non-GAAP measure – see note 1e

[2] As the Group has incurred a loss in H1 FY2021 and FY2021 the impact of its potential dilutive ordinary shares have been excluded as they would be anti-dilutive.

The notes on pages 17 to 33 form part of the Interim Financial Statements.

Consolidated statement of other comprehensive income

	Six months ended 31 August 2021 £'000	Six months ended 31 August 2020 £'000	Year ended 28 February 2021 £'000
Loss after tax	**(8,417)**	**(38,646)**	**(91,304)**
Items that may be reclassified to the income statement:			
Re-measurements of defined benefit liability	-	-	27
Foreign exchange movement	(963)	2,635	876
Other comprehensive income, net of tax	(963)	2,635	903
Total comprehensive loss	**(9,380)**	**(36,011)**	**(90,401)**

The notes on pages 17 to 33 form part of the Interim Financial Statements.

Consolidated balance sheet

	Note	At 31 August 2021 £'000	At 31 August 2020 £'000	At 28 February 2021 £'000
Non-current assets				
Intangible assets		75,317	88,651	81,379
Goodwill	*7*	418,458	447,320	419,457
Property, plant and equipment		26,725	25,868	25,871
Deferred tax asset		6,988	1,219	5,083
		527,488	**563,058**	**531,790**
Current assets				
Cash and cash equivalents		59,387	88,715	36,575
Trade and other receivables		36,977	29,442	24,516
Inventories		-	44	-
		96,364	**118,201**	**61,091**
Current liabilities				
Trade and other payables		(127,730)	(94,584)	(37,990)
Loans and borrowings	*8*	(4,374)	(3,655)	(4,167)
		(132,104)	**(98,239)**	**(42,157)**
Net current (liabilities) / assets		**(35,740)**	**19,962**	**18,934**
Total assets less current liabilities		**491,748**	**583,020**	**550,724**
Non-current liabilities				
Loans and borrowings	*8*	(219,405)	(245,773)	(266,369)
Provisions		(874)	(696)	(850)
		(220,279)	**(246,469)**	**(267,219)**
Net assets		**271,469**	**336,551**	**283,505**
Equity				
Share capital	*9*	4,807	4,807	4,807
Share premium	*9*	1,198,703	1,198,703	1,198,703
Foreign exchange reserve	*9*	1,885	4,607	2,848
Other reserves	*9*	(1,128,000)	(1,126,056)	(1,124,992)
Retained earnings	*9*	194,074	254,490	202,139
		271,469	**336,551**	**283,505**

The notes on pages 17 to 33 form part of the Interim Financial Statements.

Consolidated statement of changes in equity

For the six months ended 31 August 2021:

	Share Capital	Share Premium	Preference shares	Foreign exchange reserve	Other reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 March 2021	**4,807**	**1,198,703**	**-**	**2,848**	**(1,124,992)**	**202,139**	**283,505**
Loss after tax	-	-	-	-	-	(8,417)	(8,417)
Other comprehensive income	-	-	-	(963)	-	-	(963)
Acquisition of treasury shares	-	-	-	-	(5,000)	-	(5,000)
Share-based payments	-	-	-	-	2,344	-	2,344
Transfer between reserves	-	-	-	-	(352)	352	-
At 31 August 2021	**4,807**	**1,198,703**	**-**	**1,885**	**(1,128,000)**	**194,074**	**271,469**

For the six months ended 31 August 2020 and year ended 28 February 2021:

	Share Capital	Share Premium	Preference shares	Foreign exchange reserve	Other reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 March 2020	**4,807**	**1,198,703**	**50**	**1,972**	**(1,125,755)**	**293,136**	**372,913**
Loss after tax	-	-	-	-	-	(38,646)	(38,646)
Other comprehensive income	-	-	-	2,635	-	-	2,635
Preference share redemption	-	-	(50)	-	-	-	(50)
Acquisition of treasury shares	-	-	-	-	(4,123)	-	(4,123)
Share-based payments	-	-	-	-	3,822	-	3,822
At 31 August 2020	**4,807**	**1,198,703**	**-**	**4,607**	**(1,126,056)**	**254,490**	**336,551**
Loss after tax	-	-	-	-	-	(52,658)	(52,658)
Other comprehensive income	-	-	-	(1,759)	-	27	(1,732)
Share-based payments	-	-	-	-	1,344	-	1,344
Transfer between reserves	-	-	-	-	(280)	280	-
At 28 February 2021	**4,807**	**1,198,703**	**-**	**2,848**	**(1,124,992)**	**202,139**	**283,505**

The notes on pages 17 to 33 form part of the Interim Financial Statements.

Consolidated cash flow statement

	Note	Six months ended 31 August 2021 £'000	Six months ended 31 August 2020 £'000	Year ended 28 February 2021 £'000
Cash flows from operating activities				
Loss before tax		**(10,325)**	**(44,654)**	**(106,762)**
Adjustment for non-cash items:				
Depreciation and amortisation		20,794	20,274	41,199
Goodwill impairment	*7*	-	-	25,195
Net finance costs*	*4, 8*	1,507	2,122	7,058
Share-based payment charges		2,764	5,517	7,093
		14,740	(16,741)	(26,217)
Changes in:				
Inventories		-	(18)	-
Trade and other receivables		(16,491)	22,746	33,021
Trade and other payables		89,697	(71,663)	(128,058)
Cash generated from operating activities		**87,946**	**(65,676)**	**(121,254)**
Taxes refunded		4,440	23	159
Net cash generated from operating activities		**92,386**	**(65,653)**	**(121,095)**
Cash flows from investing activities				
Purchase of intangible assets		(11,512)	(14,134)	(25,096)
Purchase of property, plant and equipment		(4,066)	(503)	(1,239)
Net cash flows from investing activities		**(15,578)**	**(14,637)**	**(26,335)**
Cash flows from financing activities				
Purchase of treasury shares		(5,000)	(4,123)	(4,123)
Proceeds from Revolving Credit Facility ("RCF")		17,000	85,000	95,000
Repayment of RCF and other borrowings		(35,088)	-	(137,184)
Proceeds from issuance of convertible bonds		-	-	150,000
Issue costs relating to convertible bonds		(60)	-	(2,690)
Buyback of convertible bonds		(25,704)	-	-
Payments of lease liabilities		(1,333)	(1,129)	(2,676)
Payment of interest on lease liabilities		(278)	(388)	(536)
Interest paid		(3,371)	(2,238)	(4,940)
Net cash flows from financing activities		**(53,834)**	**77,122**	**92,851**
Net increase / (decrease) in cash and cash equivalents		**22,974**	**(3,168)**	**(54,579)**
Cash and cash equivalents at beginning of the period		36,575	92,120	92,120
Effect of exchange rate changes on cash		(162)	(237)	(966)
Closing cash and cash equivalents		**59,387**	**88,715**	**36,575**

*Including gain on convertible bond buyback as disclosed in notes 4 and 8

The notes on pages 17 to 33 form part of the Interim Financial Statements.

Notes

(Forming part of the Interim Financial Statements)

1. General information

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

The Interim Financial Statements for the six months ended 31 August 2021 were approved by the Directors on 3 November 2021. The Interim Financial Statements have been reviewed, not audited. The auditor's review report is on page 34.

a) Basis of preparation

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

The annual financial statements of the Group were prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. 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 Interim Financial Statements have been prepared on a going concern basis. In adopting this basis of preparation, the Directors have considered the Group's forecast cash flows, liquidity, borrowing facilities and covenant requirements for 18 months from the date of signing of these Interim Financial Statements. These have been considered in light of the expected operational activities and principal risks and uncertainties of the Group.

Following strong recovery as COVID travel restrictions were lifted, there were material improvements in Trainline's net ticket sales and profitability during the first six months of FY2022. Performance improved across the half as restrictions lifted and public confidence in travel returned towards pre-pandemic demand levels.

Although profitability continued to be impacted by COVID in H1 FY2022, the Group has returned to positive adjusted EBITDA, reduced its net debt, and generated positive cash flows during H1 FY2022. Positive EBTIDA of £15 million was earned in the period (H1 FY 2021: £16m EBITDA loss) and net debt at 31 August 2021 was £169 million (H1 FY2021: £166 million). The Group has a covenant waiver in place which was obtained during FY2021. Under this waiver the next adjusted EBITDA covenant test date is 31 August 2022 and a minimum liquidity requirement of £75 million has been put in place until 28 February 2022.

As at 31 August 2021 the Group was in a net current liability position of £36 million driven by the negative working capital cycle (H1 FY2021: £20 million net current asset position). Despite the net current liability position, the Group has access to £158 million additional funds under its revolving credit facility. As such the Group has sufficient liquidity to easily cover the net liability position.

In considering the going concern basis of preparation, the Directors have considered the current financial forecasts for the business as well as two severe but plausible downside scenarios, without any mitigations, and their potential impact on the Group's forecast, specifically considering varying degrees of prolonged COVID restrictions. The base case reflects the Directors' current best estimate for the business and assumes no ongoing COVID travel restrictions or lockdowns. Although the Directors' expectation is that there will be no further COVID restrictions, there remains uncertainty as vaccine roll-outs and effectiveness continue to be monitored. Therefore, the downside scenarios are focussed on the impact of further COVID restrictions. The two severe but plausible downside scenarios which were modelled were: (1) UK nationwide lockdowns for one month in each financial year, in November 2021 and November 2022, and ongoing EU COVID restrictions; and (2) UK nationwide lockdowns for two months in each financial year, in November 2021, January 2022, November 2022 and January 2023, and ongoing EU COVID-19 restrictions.

The Group has performed an assessment covering the 18-month period following the approval of these Interim Financial Statements. Under the base case and both severe but plausible downside scenarios set out above, the Group is forecast to comply with the banking syndicates' £75 million minimum liquidity requirement, as well as the adjusted EBITDA covenant when it is reintroduced on 31 August 2022 and continues to be applied on 28 February 2023.

After reviewing the forecast and the expected cash, liquidity and profitability the Directors concluded they have an expectation that the Group has sufficient resources to continue for the foreseeable future and at least 12 months from the signing of these Interim Financial Statements.

Based on the above, the Directors believe it remains appropriate to prepare the Interim Financial Statements on a going concern basis.

b) Basis of measurement

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

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

c) Use of judgements and estimates

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

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

- Carrying value of goodwill

  An impairment review is performed at least annually (or when an indicator of impairment is identified) of goodwill balances held by the Group on a 'value in use' basis, which requires judgement in estimating the future cash flows, the time period over which they will occur, and in arriving at an appropriate discount rate to apply to the cash flows as well as an appropriate long term growth rate.

The following estimate has been identified by management as involving estimation uncertainty but not deemed significant as it is not considered likely to result in a material adjustment in the next financial year:

- Useful life of intangible assets, including related deferred tax liabilities

  Intangible assets that are developed or acquired by the Group have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses. The estimated useful lives which are used to calculate amortisation are based on the length of time these assets are expected to generate income and be of benefit to the Group. Judgement is required when estimating the length of the useful life of assets, particularly in relation to software assets which can often have varying expected useful lives dependent on the type of asset and speed of technological development.

d) New standards and interpretations adopted

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.

e) Non-GAAP Measures

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

The Non-GAAP measures used within these Interim Financial Statements are:

(i) Net Ticket Sales

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

Management believe net ticket sales are a meaningful measure of the Group's operating performance and size of operations.

(ii) Adjusted EBITDA

Management believe that adjusted EBITDA is a meaningful measure of the Group's operating performance and debt servicing ability without regard to amortisation and depreciation methods which can differ significantly and are non-cash in nature.

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

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

(iii) Adjusted earnings

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

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

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

(iv) Net Debt

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

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

(v) Liquidity

Management use liquidity as a measure and to monitor its compliance with the liquidity requirement on the Revolving Credit Facility (RCF). The liquidity headroom is cash and cash equivalents plus the undrawn, unencumbered balance on the Group's RCF. The Group is required to maintain a liquidity headroom of £75 million on a monthly basis until 28 February 2022 under the terms of the current covenant waiver.

(vi) Operating free cash flow

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

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

Notes *(continued)*

2. Operating segments

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

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

- UK Consumer[1] – Travel apps and websites for individual travellers for journeys within the UK
- UK Trainline Partner Solutions (TPS)[1] (formerly T4B, Trainline for Business) – Branded travel portal platforms for corporates and travel management companies and white label ecommerce platforms for Train Operating Companies within the UK; 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.

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 profit before/after tax level or in relation to the statement of financial position are reported to the CODM at a lower level than the consolidated Group.

Notes *(continued)*

Operating Segments *(continued)*

Segmental Analysis for the six months ended 31 August 2021:

	UK Consumer £'000	UK TPS £'000	Total UK £'000	International £'000	Total Group £'000
Net ticket sales	**715,623**	**100,591**	**816,214**	**183,308**	**999,522**
Revenue	**62,313**	**6,541**	**68,854**	**8,870**	**77,724**
Cost of sales	(10,327)	(2,715)	(13,042)	(3,186)	(16,228)
Gross margin	**51,986**	**3,826**	**55,812**	**5,684**	**61,496**
Directly allocable administrative expenses			(14,957)	(7,041)	(21,998)
Contribution			**40,855**	**(1,357)**	**39,498**
Central administrative expenses					(24,758)
Adjusted EBITDA					**14,740**
Depreciation and amortisation					(20,794)
Share-based payment charges					(2,764)
Exceptional items					-
Operating loss					**(8,818)**
Net finance costs					(1,507)
Loss before tax					**(10,325)**
Income tax credit					1,908
Loss after tax					**(8,417)**

Segmental Analysis for the six months ended 31 August 2020:

	UK Consumer £'000	UK TPS £'000	Total UK £'000	International £'000	Total Group £'000
Net ticket sales	**217,571**	**23,263**	**240,834**	**117,300**	**358,134**
Revenue	**18,916**	**6,394**	**25,310**	**5,641**	**30,951**
Cost of sales	(5,247)	(1,622)	(6,869)	(2,171)	(9,040)
Gross margin	**13,669**	**4,772**	**18,441**	**3,470**	**21,911**
Directly allocable administrative expenses			(11,237)	(5,625)	(16,862)
Contribution			**7,204**	**(2,155)**	**5,049**
Central administrative expenses					(21,353)
Adjusted EBITDA					**(16,304)**
Depreciation and amortisation					(20,274)
Share-based payment charges					(5,517)
Exceptional items					(437)
Operating loss					**(42,532)**
Net finance costs					(2,122)
Loss before tax					**(44,654)**
Income tax credit					6,008
Loss after tax					**(38,646)**

Notes *(continued)*

Operating Segments *(continued)*

Segmental Analysis for the year ended 28 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 margin	**33,913**	**8,244**	**42,157**	**6,519**	**48,676**
Directly allocable 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)**
Income tax credit					15,458
Loss after tax					**(91,304)**

Notes *(continued)*

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 trade. There were no exceptional items in the six months ended 31 August 2021.

	Six months ended 31 August 2021 £'000	Six months ended 31 August 2020 £'000	Year ended 28 February 2021 £'000
Restructuring costs	-	437	1,313
Goodwill impairment charge	-	-	25,195
Net exceptional costs	**-**	**437**	**26,508**

Restructuring costs

Restructuring costs incurred were part of a strategic reorganisation to improve operating efficiency.

Goodwill impairment

This is the impairment charge on the goodwill on the International CGU. Refer to note 7 for the Group's policy.

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 fair value remeasurements in relation to put/call option liabilities. During the six months ended 31 August 2021, the Group bought back and cancelled £28.6 million (face value) of its own convertible bonds for £25.7 million, resulting in a gain of £2.9m.

	Six months ended 31 August 2021 £'000	**Six months ended 31 August 2020 £'000**	**Year ended 28 February 2021 £'000**
Bank interest income	34	14	22
Gain on convertible bond buyback	2,913	-	-
Foreign exchange gain	-	1,478	556
Finance income	**2,947**	**1,492**	**578**
Interest on bank loans	(3,059)	(3,223)	(6,729)
Foreign exchange loss	(361)	-	-
Loss on interest rate swap	-	(6)	(6)
Interest on convertible bonds	(732)	-	(189)
Interest on lease liability	(302)	(385)	(694)
Other interest	-	-	(18)
Finance costs	**(4,454)**	**(3,614)**	**(7,636)**
Net finance costs recognised in the income statement	**(1,507)**	**(2,122)**	**(7,058)**

Notes *(continued)*

5. Taxation

	Six months ended 31 August 2021 £'000	Six months ended 31 August 2020 £'000	Year Ended 28 February 2021 £'000
Current tax credit	-	(352)	(5,813)
Deferred tax credit	(1,908)	(5,656)	(9,645)
Tax credit	**(1,908)**	**(6,008)**	**(15,458)**
Effective tax rate %	**18%**	**13%**	**14%**

UK corporation tax was calculated at 19% (FY2021: 19%, H1 FY2021: 19%) of the taxable profit for the period. Taxation for territories outside of the UK was calculated at the rates prevailing in the respective jurisdictions. The income tax credit was recognised based on the best estimate of the annual income tax rate expected for each jurisdiction for the full financial year applied to loss before tax for the interim period. As such, the effective tax rate in the Interim Financial Statements may differ from management's estimate of the effective tax rate for the annual Financial Statements.

The total tax credit of £1.9 million (FY2021: £ 15.5 million credit, H1 FY2021: £6.0 million credit) relates to deferred taxes. The deferred tax credit in H1 FY2022 primarily relates to the trading losses arising as a result of the impact of COVID, which are available to offset against future taxable profits. The deferred tax credit in H1 FY2022, as well as in H1 FY2021 and FY2021, also arises from the unwinding of deferred tax liabilities arising on acquired intangibles and deferred tax on equity settled share-based payment charges. The unwinding of these deferred tax liabilities does not impact the corporation tax payable in cash by the Group.

UK tax rate change

The Third Reading of Finance Bill 2021 took place on 24 May 2021 confirming that the UK corporation tax rate will increase from 19% to 25% as of April 2023. The impact on the deferred income tax expense for H1 FY2022 is a credit of £170k.

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.

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

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(iii) Adjusted basic earnings per share

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

(iv) Adjusted diluted earnings per share

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

	At 31 August 2021	**At 31 August 2020**	**At 28 February 2021**
Weighted average number of ordinary shares:			
Ordinary shares	480,680,508	480,680,508	480,680,508
Treasury shares	(2,248,138)	(3,241,163)	(2,678,111)
Weighted number of ordinary shares[1]	**478,432,370**	**477,439,345**	**478,002,397**

[1] As the Group has incurred a loss in H1 FY2022, H1 FY2021 and FY 2021, the impact of its potential dilutive ordinary shares has been excluded as they would be anti-dilutive.

Notes *(continued)*

Earnings per share *(continued)*

	At 31 August 2021 £'000	At 31 August 2020 £'000	At 28 February 2021 £'000
Loss after tax	(8,417)	(38,646)	(91,304)
Earnings attributable to equity holders	**(8,417)**	**(38,646)**	**(91,304)**
Exceptional items	-	437	26,508
Gain on convertible bond buyback	(2,913)	-	-
Amortisation of acquired intangibles	3,785	4,712	8,563
Share-based payment charges	2,764	5,517	7,093
Tax impact of the above adjustments	(657)	(1,602)	(2,538)
Adjusted earnings	**(5,438)**	**(29,582)**	**(51,678)**
Loss per share (pence)			
Basic	(1.76)p	(8.09)p	(19.10)p
Diluted	(1.76)p	(8.09)p	(19.10)p
Adjusted loss per share (pence)			
Basic	(1.14)p	(6.20)p	(10.81)p
Diluted	(1.14)p	(6.20)p	(10.81)p

7. Goodwill

The carrying amount of goodwill as at 31 August 2021 amounted to £418.5 million (FY2021: £419.5 million, H1 FY2021: £447.3 million). No impairment loss was recognised during the six months ended 31 August 2021 (FY2021: £25.2 million impairment loss, H1 FY2021: nil).

The Group's policy is to test non-financial assets for impairment annually, or if events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The Group has considered whether there have been any indicators of impairment during the six months ended 31 August 2021, which would require an impairment review to be performed. The Group has considered indicators of impairment with regard to a number of factors, including those outlined in IAS 36 Impairment of Assets. Based upon this review, the Group has concluded that there are no such indicators of impairment as at 31 August 2021.

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

Notes *(continued)*

8. Loans and borrowings

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

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

	At 31 August 2021 £'000	At 31 August 2020 £'000	At 28 February 2021 £'000
Non-current liabilities			
Revolving credit facility[1]	83,103	226,743	100,417
Convertible bonds[2]	119,000	-	147,378
Other term debt	126	405	216
Lease liabilities	17,176	18,625	18,358
	219,405	**245,773**	**266,369**
Current liabilities			
Accrued interest on secured bank loans	1,101	524	831
Lease liabilities	3,273	3,131	3,336
	4,374	**3,655**	**4,167**

1 Included within the revolving credit facility is the principal amount of £86.9 million (FY2021: £104.9 million, H1 FY2021: £231.9 million) and directly attributable transaction costs of £3.8 million (FY2021: £4.5 million, H1 FY2021: £5.2 million).

2 Included within the convertible bonds at 31 August 2021 is the principal amount of £121.4 million (FY2021: £150.0 million, H1 FY2021: £nil) and directly attributable transaction costs of £2.4 million (FY2021: £2.6 million, H1 FY2021: £nil). During the six months ended 31 August 2021, the Group bought back and cancelled £28.6 million (face value) of its own convertible bonds for £25.7 million, resulting in a gain of £2.9m presented on the income statement within finance income.

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 31 August 2021 the cash drawn amount is £86.9 million (FY2021: £104.9 million, H1 FY2021: £231.9 million), the non-cash bank guarantee drawn amount is £105.1 million (FY2021: £21.9 million, H1 FY2021: £44.5 million) and the undrawn amount on the facility is £158.0 million (FY2021: £223.2 million, H1 FY2021: £73.6 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. The Group is subject to certain bank covenants under this facility, however, those financial covenants have been 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. 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. The Group was in compliance with the liquidity requirement throughout the period.

Notes *(continued)*

9. Capital and reserves

Share capital

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

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

Shareholding at 31 August 2021, 31 August 2020 and 28 February 2021

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

Share premium

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

Retained earnings

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

Foreign exchange

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

Notes *(continued)*

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)
Allocation of treasury shares to fulfil share-based payment	-	6,860	(6,860)	-
Share-based payment charge	-	-	3,822	3,822
At 31 August 2020	**(1,122,218)**	**(8,160)**	**4,322**	**(1,126,056)**
Share-based payment charge	-	-	1,598	1,598
Allocation of treasury shares to fulfil share-based payment	-	408	(408)	-
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	-	(5,000)	-	(5,000)
Allocation of treasury shares to fulfil share-based payment	-	1,107	(1,107)	-
Share-based payment charge	-	-	2,344	2,344
Transfer to retained earnings[1]	-	-	(352)	(352)
At 31 August 2021	**(1,122,218)**	**(11,645)**	**5,863**	**(1,128,000)**

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

Treasury reserve

Treasury shares reflect the value of shares held by the Group's Employee Benefit Trust ('EBT'). At 31 August 2021 the Group's EBT held 3.5 million shares (FY2021: 2.1 million, H1 FY2021: 2.1 million) which have a historical cost of £11.6 million (FY2021: £7.8 million, H1 FY2021: £8.2 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)*

10. Related parties

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

Transactions with Key Management Personnel of the Group

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

During the period, Key Management Personnel have received the following compensation, including ongoing long term share scheme incentives, £2,660,214 (FY2021: £2,101,987, H1 FY2021: £1,000,465).

At 31 August 2021, Key Management Personnel held 2,340,720 shares (FY2021: 9,947,734, H1 FY2021: 10,385,560) in Trainline plc.

11. Principal risks and uncertainties

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

- **Market shock/economic disruption:** Trainline is exposed to market risks including foreign currency rates, general market sentiment and the risk of global market shocks, such as a pandemic. Significant market events could damage Trainline's competitiveness, creditworthiness and the spending power of our customers, ultimately impacting our financial results and the success of our product proposition.
- **Prolonged COVID-19:** Trainline has been exposed to and affected by the impact of COVID-19, notably as a result of lockdown measures taken by most governments, particularly in the UK and Europe. We recognise that despite significant improvements in results and relaxation of COVID related restrictions there remains a risk of future government restrictions having an impact on Trainline's operations.
- **IT security and cybercrime:** A major breach in systems as a result of identity fraud, theft, hacking, phishing, ransomware or an information security incident could adversely impact our business operations and reputation and expose the Group to litigation or other regulatory action.
- **People:** Our business depends on hiring and retaining first class talent in the highly competitive tech industry. Inability to attract and retain critical skills and capabilities could hinder our ability to deliver on our strategic objectives.

Notes *(continued)*

Principal risks and uncertainties *(continued)*

- **Competitive landscape:** Entrance of new competitors to the market or changes made by existing competitors could result in pricing pressure, a requirement to reassess commercial strategy or result in our user experience not meeting customer needs as well as alternative options. Changes to the rail network which would reduce the size of addressable market could also have an adverse impact on Trainline.
- **Compliance:** Non-compliance by Trainline with legislation, licences and other regulatory requirements could affect Trainline's reputation and operational and financial success, and result in financial or other legal penalties, an inability to retail rail and coach tickets and loss of revenue. Examples of such legislation, regulations and licences include anti-bribery and corruption, tax legislation and licenses with our carrier partners in the UK, across Europe and beyond, and the legal and governance requirements of Trainline operating as a public limited company.
- **General supply:** Our business is dependent on performing and operationally safe rail and coach operators and systems. A significant and prolonged disruption to traveller services or systems, due to bad weather, industrial action or a pandemic such as COVID-19, for example, would have an adverse impact on our future results. We also rely on our contractual terms with carriers for our rail and coach products and relating returns, any change in these terms and conditions could impact the availability of supply or financial prospects.
- **Regulatory and political environment**: Changes to government policy or regulations, whether in the UK or across Europe, could affect the Group's operations or financial prospects. Similarly, activity by state-owned carriers, affected by government activity in their respective jurisdictions, could negatively affect Trainline's operations in the short to medium term.

12. Post balance sheet events

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

Independent review report to Trainline plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Trainline plc's condensed consolidated interim financial statements (the "interim financial statements") in the half-yearly financial report of Trainline plc for the 6 month period ended 31 August 2021 (the "period").

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

What we have reviewed

The interim financial statements comprise:

- the Consolidated balance sheet as at 31 August 2021;
- the Consolidated income statement and Consolidated statement of other comprehensive income for the period then ended;
- the Consolidated cash flow statement for the period then ended;
- the Consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half-yearly financial report, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

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

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

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Reading
3 November 2021