

6 May 2021

Trainline plc
Results for the twelve months ended 28 February 2021

Trainline in strong position for recovery as restrictions ease and rail passengers return

FY2021 summary financial highlights:

£m unless otherwise stated:	FY2021	FY2020	Variance
Net ticket sales	783	3,727	(79)%
Revenue	67	261	(74)%
Adjusted EBITDA ¹	(25)	85	(110)
Operating (loss)/profit	(100)	2	(102)
Adjusted basic (loss)/earnings per share (pence)	(10.8)p	8.1p	(18.9)p
Basic loss per share (pence)	(19.1)p	(17.7)p	(1.4)p
Operating free cash flow	(146)	59	(205)
Liquidity headroom ³	260	181	+78

Results summary:

- COVID-19 and associated lockdowns and social distancing measures led to a significant reduction in passenger volume in FY2021, with a related reduction in revenue and profitability
 - o Net ticket sales of £783 million was 21% of prior year
 - o Revenue of £67 million was 26% of prior year
- Quick and decisive steps taken to mitigate impact of COVID-19
 - o Scaled back monthly cash burn to c.£5 million² to mitigate impact on Group adj. EBITDA¹, reporting a loss of £25 million
 - o Increased available liquidity to £260 million³ following £150 million convertible bond issuance
- Maintained investment in product and technology throughout pandemic, making good progress against strategic priorities and positioning Trainline for recovery
 - o UK industry eticket penetration increased from 21% to 30% - c.70% of all etickets sold by Trainline
 - o Personalised new features including in-app digital railcards, automated change of journey, and Find My Train, a feature that provides on board travel info by geolocating to the customer's train during their journey
 - o Enhancing new commuter product experience with on-the-day messaging and predictive travel info, and investing in secure barcode technology to lay foundations for Flexi tickets
 - o Positioning International as marketplace of choice as carrier competition grows in Europe, integrating new carriers Avlo and Ouigo in Spain
 - o Scaling marketing back up to drive rail recovery as lockdowns ease
 - o Growing newly branded Trainline Partner Solutions (formerly UK T4B), scaling our Europe-wide Global API rail distribution platform - 19 B2B customers signed to date
- Basic loss per share of 19.1p primarily reflected impact of COVID-19, including an exceptional, non-cash goodwill impairment charge of £25 million relating to the International business

Outlook:

- Positive signs of recovery with UK Consumer net ticket sales stepping up in Q1 FY2022
- Trainline well placed to lead shift to online and digital ticketing as conditions improve, as demonstrated by quick recovery seen in Q2 FY2021 and given continued investment in customer-focused innovation
- Long term structural growth tailwinds for the business continue - Rail is a large and growing market with strong environmental credentials, significant runway to migrate ticketing online, particularly to mobile, and growing rail carrier competition in Europe

Jody Ford, CEO of Trainline said:

"Last year was clearly very challenging for the industry. However, as we enter FY2022 we are seeing the first signs of recovery, with net ticket sales increasing as lockdowns ease and as non-essential travel returns, particularly in the UK.

"Our continued investment in product and tech through COVID-19 means, despite the ongoing COVID-19 uncertainty, we are well positioned to support the wider industry recovery and continue driving the market shift to online and mobile tickets. We are keeping our foot on the accelerator, improving the customer experience and launching new products across our markets. Our focus includes developing innovative, bespoke features to serve the needs of the new commuter in the UK, and harnessing growing competition amongst rail operators in Europe by combining all carriers into one app to position Trainline as the marketplace of choice.

"Looking ahead I feel very confident about Trainline's prospects for the future. We remain committed to championing rail as a greener mode of travel for millions of customers around Europe, and to driving the significant long-term growth opportunity for this business."

Notes:

- 1 Adjusted EBITDA excludes share-based payment charges and exceptional items
- 2 Cash burn is adjusted EBITDA less tangible and intangible asset additions, less interest paid and less lease liabilities paid, averaged over Mar 2020 - Feb 2021
- 3 Liquidity headroom is cash and cash equivalents plus the undrawn, unencumbered balance on the Group's Revolving Credit Facility

Presentation of results

There will be a live webcast presentation and conference call of the results to analysts and investors at 9:00 AM BST today (6th May 2021). Please register to participate at the Company's investor website: <https://edge.media-server.com/mmc/p/b55y3q7g>

If participants want to ask a question over the phone or are unable to connect via the web, they can dial into the telephone conference call using the details below.

1. Call the appropriate participant dial-in number listed below.
2. Enter the Event Plus Passcode stated below and leave any information requested after the tone. You will be joined automatically to the conference.

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Location	Purpose	Phone Type	Phone Number
United Kingdom, London	Participant	Local	+44 (0) 2071 928338
United States, New York	Participant	Local	+16467413167

Enquiries

For investor enquiries, Andrew Gillian investors@trainline.com

For media enquiries, Victoria Biggs press@trainline.com / +44 7850 205490

Brunswick Group

Simone Selzer trainline@brunswickgroup.com / +44 207 404 5959

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

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MITIGATING THE IMPACT OF COVID-19 IN FY2021

The COVID-19 pandemic had a considerable impact on rail and coach passenger numbers globally in FY2021. All our markets saw a significant slowdown for most of the year given the effects of lockdowns, social distancing and other containment measures to curb the spread of COVID-19, as well as the reduction in rail service timetables. At the height of the pandemic, during the first quarter of our financial year, UK industry passenger volumes fell to around 5% of the equivalent prior year period, with similar declines observed across our international markets.

In response, we took quick and decisive measures to reduce operating costs and cash outflows. We paused marketing and other discretionary spend, implemented a recruitment freeze, deferred bonus payments and temporarily reduced salaries for the executive team and the board, paused annual pay reviews and realised other efficiency savings.

We also furloughed certain teams most directly impacted by the reduction in demand, utilising governmental furlough schemes. All furloughed teams are now back at work and we have repaid the UK Government furlough funding.

As a result, our average cash burn reduced to c.£5 million per month, outperforming our original guidance of c.£8-9 million. However, we maintained our investment in our product and tech, developing innovative new products and features to drive the Group's strategic priorities, enable long term growth and create value for our customers and shareholders.

As well as reducing cash outflows, we significantly improved our liquidity position. The Group issued £150 million of senior unsecured convertible bonds in January 2021, protecting the business while giving greater flexibility to invest in future growth opportunities. The Group's liquidity headroom at the end of February 2021 stood at £260 million.

OUTLOOK

While COVID-19 continues to impact near-term trading, vaccination rollouts and the easing of lockdowns are creating the conditions necessary for the rail industry to recover. We are already seeing signs of recovery in the UK, with UK Consumer net ticket sales stepping up in Q1 FY2022.

We are well placed to recover quickly as lockdown restrictions ease across our markets, as the business already demonstrated in the second quarter of FY2021 (June - August 2020). During that period, passenger volumes recovered relatively quickly across Trainline's key European markets, with our top three markets returning to sales growth in the summer months, while Trainline's UK Consumer net ticket sales recovered faster than the rest of the UK market. This reflected an acceleration in the shift to online and digital channels, in part driven by a greater reluctance from customers to use ticket machines or queue at stations, government guidance to book in advance, and an increased need for clear and accurate, on-the-go travel information to reassure customers they can travel safely.

Long term we see no change to our structural tailwinds:

- Rail is a large and growing market, with significant investment in high speed rail planned over the next decade;
- Growing environmental awareness of the benefits of rail vs. air and car;
- Online and digital migration remains under-penetrated with c.60% of tickets purchased at the station pre-COVID;
- Liberalisation and fragmentation of European rail markets as a result of the EU's Fourth Railway Directive, with new entrant rail carriers such as Avlo and Ouigo in Spain creating a greater market fit for an online marketplace like Trainline.

PROGRESS AGAINST OUR STRATEGIC PRIORITIES IN FY2021

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, optimising revenues, and growing Trainline Partner Solutions (TPS). Despite the impact of COVID-19 in FY2021, we continued to make good progress against our long-term strategic growth priorities.

Enhancing the customer experience

While significantly reducing operating expenditure through the pandemic, Trainline maintained its product roadmap investment, enhancing the experience for customers and driving long term growth for shareholders. In doing so, Trainline is well placed to lead the shift to online and digital, and to support the rail industry recovery.

Trainline continued to optimise etickets. Together with heightened consumer preference for online and mobile due to COVID-19, this helped industry eticket penetration materially increase in FY2021 from 21% to 30% of all tickets, with c.70% of all etickets sold by Trainline's UK Consumer business. We continue to see significant runway for eticket penetration to grow further, particularly as etickets become available to

use on more UK rail journeys. C.75% of journeys were eticket-enabled at end of 2021 (up from 71% in February 2020) with further availability being added in the months ahead.

Alongside etickets, we continued to improve the broader mobile app experience. We added innovative new features like in-app railcards, making it easier and more convenient for customers to save up to a third on rail travel. Our in-app railcards are already proving popular, with more than 70,000 sold since they launched in September. We continued to remove points of friction for the customer, increasing app speeds, improving web booking flow and delivering a host of new self-serve capabilities. We also took steps to make the app increasingly personalised with the launch of 'Find my Train', which geo-locates the customer's train while they are on board, providing them with real-time travel information on-the-go.

COVID-19 has changed the way we work and travel, so we are investing in an enhanced 'new commuter' experience in the UK. This will be powered by our proprietary data and AI, providing improved on-the-day messaging and predictive travel information (e.g. Crowd Alerts, and information on delays and disruption), and an investment in in-app secure barcode technology, laying the foundations for the roll-out of new Flexi tickets.

As the domestic rail markets in the EU liberalise and become increasingly fragmented, we are taking steps to position our International business as the marketplace of choice. We have already integrated both new entrant rail carriers in Spain - Avlo and Ouigo Spain - and continue to leverage our Single Global Platform to improve at speed the app and web experience, including improved access to real-time timetable and delay information. At the same time, we are adapting our product roadmap to meet specific local market needs. We launched Récup' Retard (Delay Repay) in France, significantly improving our customers' delay compensation experience, and are launching customer seat map selection in Italy soon.

Building demand

We significantly scaled back marketing activity in FY2021 given the impact on demand from COVID-19 and the governments' advice on travel. However, in the second quarter, when lockdowns were temporarily eased, we took advantage of opportunities to acquire new customers, benefiting from the reduction in bidding competition for paid marketing channels. We drove a strong rebound in new customers - with new app customers in the UK recovering to >80% of pre-COVID levels and International surpassing pre-COVID levels. Likewise, customer engagement recovered well, with monthly active users surpassing 20 million, reaching around three-quarters of pre-COVID levels.

Looking ahead, we are well-positioned to again capture returning demand as lockdowns ease. We have already begun scaling investment in customer acquisition, with new app customers notably stepping up in Q1 FY2022. This marketing activity will help stimulate wider sector recovery, with every £1 of our advertising spend estimated to yield £11 of incremental earnings for the UK rail industry.

We are also ramping up customer engagement as lockdowns ease, in a way that is highly responsive to the prevailing environment. For example, with rail timetables and booking horizons gradually improving in the UK, we have launched a 'Ticket Alerts' service, notifying customers as and when tickets for future travel become available. We have also launched our new promo code capability and are trialing targeted discounts for key customer cohorts to drive reengagement with Trainline and with rail more broadly.

We are also continuing to shift more of our customers to our mobile app, making the most of our best-in-class customer experience while reducing customer reacquisition costs. App share of transactions in the UK was 83% at the end of FY2021, up 7 percentage points year-on-year.

Growing Trainline Partner Solutions

We have rebranded UK Trainline For Business (UK T4B) to Trainline Partner Solutions (TPS) as we make the full breadth of our B2B solutions available to a global audience.

Whilst demand for business travel remained low, our Global Distribution and Business Solutions division made good progress scaling 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. 19 B2B customers have now signed up - an increase of 16 since February last year - and we have a strong pipeline of potential new clients in place. The Global API also serves as a platform to enter new markets, and we recently added Norway as a new territory.

Our Carrier IT Solutions division continued to deliver innovation configured to the needs of our train company clients, helping them prepare for recovery post-COVID with digital flexible ticketing solutions and enhanced automated change and refund functionality.

FY2021 PERFORMANCE REVIEW

Group Overview:

COVID-19 and the government measures to curb its spread led to a significant reduction of passenger volume in FY 2021. With national and regional lockdowns, and social distancing restrictions in place for much of the year, Group net ticket sales decreased to £783 million, equivalent to 21% of the prior year.

The decline in Group net ticket sales resulted in Group revenue decreasing to £67 million, 26% of revenue in the prior year. Gross profit for the year decreased from £201 million to £49 million and we reported an adjusted EBITDA loss of £25 million, against an adjusted EBITDA profit last year of £85 million.

FY2021 Segmental performance:

	FY2021	FY2020	% of PY
Net ticket sales (£m)			
UK Consumer	473	2,046	23%
UK T4B	75	1,191	6%
Total UK	548	3,237	17%
International	235	490	48%
Total Group	783	3,727	21%
Revenue (£m)			
UK Consumer	44	178	25%
UK T4B	12	57	21%
Total UK	56	235	24%
International	11	26	43%
Total Group	67	261	26%
Gross profit (£m)			
UK Consumer	34	144	24%
UK T4B	8	40	21%
Total UK	42	184	23%
International	7	17	38%
Total Group	49	201	24%
UK contribution	21	144	14%
International contribution	(4)	(14)	32%
Central admin expenses	(41)	(45)	92%
Adjusted EBIT DA (£m)	(25)	85	n/a

UK Consumer

Net ticket sales for UK Consumer decreased to £473 million, 23% of the prior year, reflecting the effects of COVID-related lockdowns over the course of the year. Net ticket sales peaked in August (between the first and second lockdowns) at 46% of prior year vs the wider industry passenger volumes at 34%¹.

UK Consumer revenue declined to £44 million, 25% of the prior year, driven by the material decline in net ticket sales. Revenue take-rate (the rate of revenue generated from net ticket sales) was distorted upwards by a significantly higher number of refunds in the period, partly offset by a lower mix of customers from overseas, who tend to generate higher revenue per transaction.

Cost of sales reduced to £10 million, 29% of the prior year, given reduced transaction volumes partly offset by an investment in customer service to process the unprecedented level of refunds arising due to government lockdown measures. Gross profit decreased to £34 million, 24% of the prior year.

Trainline Partner Solutions

Net ticket sales for Trainline Partner Solutions (TPS) declined to £75 million, 6% of the prior year, with demand remaining subdued, particularly for business travel, while the Carrier IT Solutions business was also impacted by season ticket refunds.

Revenue declined to £12 million, 21% of the prior year, given materially lower net ticket sales. TPS's revenue take-rate was distorted by a higher proportion of fixed fee income for our Carrier IT Solutions business as well as a significantly higher volume of refunds processed.

Cost of sales was £4 million, 23% of the prior year given lower transaction volumes. Gross profit declined to £8 million, 21% of the prior year.

International

International net ticket sales were £235 million, or 48% of the same period in the prior year. This was better than the UK segments given an earlier and more prolonged relaxation of restrictions in our key European markets in Q2, within which Trainline's top three domestic markets in Europe (France, Italy, Germany) returned to year-on-year growth. With further COVID-19 related lockdowns in the second half, demand fell back across all our markets. While timing of recovery remains uncertain for our International business, we continue to invest in our Product roadmap to be ready for recovery when it comes.

Revenue decreased to £11 million, 43% of the prior year, given the reduction in net ticket sales. As with the UK, International take-rate was impacted by a lower mix of customers from overseas, who typically generate higher revenues per transaction.

Cost of sales decreased to £5 million, 54% of the prior year, given reduced transaction volumes. Gross profit reduced to £7 million, 38% of the prior year.

Adjusted EBITDA

The Group reported an adjusted EBITDA loss of £25 million, within the guided range of a £24-27 million loss as set out in the Group's trading update published on 11th March 2021. This compared to an adjusted EBITDA of £85 million in FY2020, with the reduction driven by the significant impact on trading from COVID-19, partly offset by a reduction in operating costs.

Notes

- 1 Industry passenger numbers, as reported by the UK Government Department for Transport (simple daily average)

Operating loss

The Group reported an operating loss of £100 million compared to an operating profit of £2 million last year. In addition to the impact of trading losses from COVID-19, the operating loss included:

- Depreciation and amortization charge of £41 million, £10 million lower than last year, driven by a reduction in the amortisation of acquired intangibles, partly offset by a higher amortisation charge relating to capital investment in our product pipeline.
- Exceptional goodwill impairment charge of £25 million relating to the International business. This was one-off, non-cash charge. There is no significant change in the Group's expectations in relation to the long-term trading and profitability outlook for the International business, though COVID-19 continues to have a significant short-term adverse impact on business performance. Ongoing uncertainty within the travel sector and the subsequent challenges in long term forecasting have been reflected within the FY2021 impairment calculation by increasing the discount rate and reducing the long-term growth rate applied within the impairment calculation. For more information see pages 32 - 34.
- Share-based payment charge of £7 million, down from £11 million in prior year given a one-off credit from the departure of our outgoing CEO, and due to the prior year including charges relating to pre-IPO schemes.

Loss after tax

Loss after tax was £91 million, reflecting the operating loss from COVID-19 (see above), offset in part by a £15 million tax credit primarily arising from that loss. This compares to an £81 million loss after tax in the prior year, which reflected significant exceptional costs incurred by the Group in relation to its IPO.

Earnings per share (EPS)

Adjusted basic loss per share was 10.8 pence, an 18.9 pence decrease on last year. Adjusted basic earnings per share adjusts for the exceptional one-off costs in the period, amortisation of acquired intangibles and share-based payment charges, together with the tax impact of these items.

Basic loss per share was 19.1 pence, a reduction of 1.4 pence versus FY2020.

Operating free cash flow, net debt and liquidity headroom

Operating free cash flow (FCF) was negative £146 million, primarily driven by the impact of COVID-19 on trading and net working capital, which reduced £95 million, as well as our decision to maintain investment in Product and Technology through the pandemic to drive long-term growth. Capital expenditure in the period was £26 million, broadly in line with the prior year (FY2020: £27 million).

Net debt increased to £241 million at the end of February 2021, from £71 million at the end of February 2020, primarily as a result of the negative operating free cash flow. As the business recovers, the working capital outflow will reverse and reduce the net debt position. As announced in January 2021, Trainline's financial covenant on its Revolving Credit Facility has been waived until August 2022. The financial covenant, tested semi-annually, requires that net debt not surpass 3.75x adjusted EBITDA for the trailing twelve months.

The Group's liquidity position was significantly bolstered by the issuance of £150 million of convertible bonds in January 2021, protecting the business against an extended COVID-19 downturn scenario while giving greater flexibility to invest in potential future growth opportunities. The Group's liquidity headroom at the end of February 2021 was £260 million.

Consolidated income statement

Notes	2021	2020
	£'000	£'000

Continuing operations

Net ticket sales¹		783,084	3,726,780
Revenue		67,084	260,753
Cost of sales		(18,408)	(59,602)
Gross profit		48,676	201,151
Administrative expenses		(148,380)	(198,890)
Adjusted EBIT DA¹		(24,904)	85,201
Depreciation and amortisation	7,8	(41,199)	(50,907)
Share-based payment charges		(7,093)	(10,631)
Exceptional items	3	(26,508)	(21,402)
Operating (loss)/profit		(99,704)	2,261
Finance income	4	578	692
Finance costs	4	(7,636)	(83,184)
Net finance costs	4	(7,058)	(82,492)
Loss before tax		(106,762)	(80,231)
Income tax income/(expense)	5	15,458	(707)
Loss after tax		(91,304)	(80,938)
Earnings per share (pence)			
Basic	6	(19.10)p	(17.67)p
Diluted²	6	(19.10)p	(17.67)p

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

² As the Group has incurred a loss in FY 2021 and FY 2020 the impact of its potential dilutive ordinary shares have been excluded as they would be anti-dilutive.

Consolidated statement of other comprehensive income

	2021	2020
	£'000	£'000
Loss after tax	(91,304)	(80,938)
Other comprehensive income:		
Re-measurements of defined benefit liability	27	18
Foreign exchange movement ¹	876	(214)
Other comprehensive income/(loss), net of tax	903	(196)
Total comprehensive loss	(90,401)	(81,134)

¹ May subsequently be reclassified to the income statement in a future period.

Consolidated statement of financial position

	Notes	2021 £'000	2020 £'000
Non-current assets			
Intangible assets	7	81,379	93,555
Goodwill	7	419,457	443,357
Property, plant and equipment	8	25,871	20,184
Derivative assets		-	6
Deferred tax asset	5	5,083	-
		531,790	557,102
Current assets			
Inventories		-	26
Trade and other receivables		24,516	52,078
Cash and cash equivalents		36,575	92,120
		61,091	144,224
Current liabilities			
Trade and other payables		(37,990)	(165,735)
Current tax payable		-	(552)
Loan and borrowings	9	(4,167)	(2,698)
		(42,157)	(168,985)
Net current assets/(liabilities)		18,934	(24,761)
Total assets less current liabilities		550,724	532,341
Non-current liabilities			
Loan and borrowings	9	(266,369)	(154,402)
Provisions		(850)	(681)
Deferred tax liability	5	-	(4,345)
		(267,219)	(159,428)
Net assets		283,505	372,913
Equity			
Share capital	10	4,807	4,807
Share premium	10	1,198,703	1,198,703
Preference shares	10	-	50
Foreign exchange reserve	10	2,848	1,972
Other reserves	10	(1,124,992)	(1,125,755)
Retained earnings		202,139	293,136
Total equity		283,505	372,913

Consolidated statement of changes in equity

For the year ended 28 February 2021:

	Share capital £'000	Share premium £'000	Preference shares £'000	Other reserves £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 29	4,807	1,198,703	50	(1,125,755)	1,972	293,136	372,913

February 2020

Loss after tax				-	(91,304)	(91,304)
OCI ¹	-	-	-	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

For the year ended 29 February 2020:

	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 28 February 2019	422,555	1,055,683	50	(1,144,010)	2,186	(99,875)	236,589
IFRS 16 adjustment	-	-	-	-	-	1,223	1,223
Adjusted 1 March 2019	422,555	1,055,683	50	(1,144,010)	2,186	(98,652)	237,812
Loss after tax	-	-	-	-	-	(80,938)	(80,938)
OCI ¹	-	-	-	-	(214)	18	(196)
Interest on CPECs	-	-	-	-	-	(3,166)	(3,166)
Shares issued on listing net of fees	31,526	75,817	-	-	-	-	107,343
Issue of shares	59	148	-	-	-	-	207
Share issue to extinguish liabilities	26,541	67,055	-	-	-	-	93,596
Disposal of treasury shares	-	-	-	10,895	-	-	10,895
Share capital reduction	(475,874)	-	-	-	-	475,874	-
Share-based payments	-	-	-	7,360	-	-	7,360
Balance as at 29 February 2020	4,807	1,198,703	50	(1,125,755)	1,972	293,136	372,913

¹ Other comprehensive income**Consolidated statement of cash flow**

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Loss before tax		(106,762)	(80,231)
Adjustment for non-cash items:			
Depreciation and amortisation	7,8	41,199	50,907
Goodwill impairment	7	25,195	-
Net finance costs	4	7,058	82,492
Share-based payment charges		7,093	10,631

	(26,217)	63,799
<i>Changes in working capital</i>		
Inventories	-	(1)
Trade and other receivables	33,021	(7,805)
Trade and other payables	(128,058)	9,372
Cash generated from operating activities	(121,254)	65,365
Taxes refund/(paid)	159	(5,198)
Net cash from operating activities	(121,095)	60,167
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(26,335)	(28,358)
Net cash flow used in investing activities	(26,335)	(28,358)
Cash flows from financing activities		
Proceeds from IPO share issue	-	107,343
Sale of treasury shares	-	30,724
Purchase of treasury shares	(4,123)	(20,210)
Issue of shares	-	207
Repayment of pre IPO borrowings	-	(276,763)
Proceeds from Revolving Credit Facility	95,000	206,941
Repayment of Revolving Credit Facility and other borrowings	(137,184)	(60,223)
Proceeds from issuance of convertible bonds	150,000	-
Issue costs relating to convertible bonds	(2,690)	-
Issue costs relating to loans and borrowings	-	(6,832)
Payments of lease liabilities	(2,676)	(2,247)
Payment of interest on lease liabilities	(536)	(828)
Interest paid	(4,940)	(9,711)
Interest on CPEC	-	(3,166)
Net cash flows used in financing activities	92,851	(34,765)
Net decrease in cash and cash equivalents	(54,579)	(2,956)
Cash and cash equivalents at beginning of the year	92,120	94,477
Effect of foreign exchange on cash	(966)	599
Closing cash and cash equivalents	36,575	92,120

Notes

1. Significant accounting policies

a) General information

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

The Financial Statements for the year ended 28 February 2021 were approved by the Directors on 6 May 2021.

The Group Financial Statements were prepared in accordance with International Accounting Standards

in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 28 February 2021 or 29 February 2020 but is derived from those accounts. Statutory accounts for 2020 have been delivered to the registrar of companies, and those for 2021 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

b) Basis of consolidation

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

The Financial Statements presented herein is for the year from 1 March 2020 to 28 February 2021.

(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 pounds sterling. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

e) Going concern

The Consolidated Financial Statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as they fall due over at least the next 12 months from the date of the approval of the Financial Statements including consideration of the covenants associated with the Group's Revolving Credit Facility at the next covenant test date on 31 August 2022 (the "going concern assessment 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 potential impact of COVID-19 on the future performance of the Group, borrowing facilities and the relating covenant requirements.

The spread of COVID-19 has had a profound impact on the demand for rail and coach travel across all markets Trainline operates in. Though steps have been taken to reduce cost and protect the business and a partial recovery has been seen since the initial lockdown restrictions across the UK and Europe, trade remains heavily impacted by national lockdowns, localised travel restrictions and a temporarily reduced public demand for travel.

This has had a significant impact on profitability which is evident in the results presented for the year ended 28 February 2021.

Despite the impact on profitability the Group reinforces and maintains the strong liquidity position that it reported at the year ended 29 February 2020. Liquidity, being cash plus undrawn available facilities, as at 28 February 2021 was £260 million and as at 30 April 2021 was £243 million. Liquidity has been strengthened in the period following the £150 million senior unsecured convertible bonds issued in January 2021 and due in 2026. As part of the convertible bond raise a further extension to the covenant waiver was also issued, meaning the next adjusted EBITDA covenant test date is 31 August 2022. As part of this waiver a minimum liquidity requirement of £75 million was put in place until 28 February 2022 by the lending syndicate.

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 impact and duration of COVID-19 restrictions. Two severe but plausible downside scenarios were modelled: (1) UK nationwide lockdown and ongoing EU COVID-19 restrictions from March to May 2021 and two further one-month lockdowns, in November 2021 and January 2022; and (2) UK nationwide lockdown and ongoing EU COVID-19 restrictions from March to May 2021

Notes - significant accounting policies *(continued)*

and two further one-month lockdowns, in November 2021 and in January 2022, and assuming only half of the forecast EBITDA is reached in the month following the one-month lockdowns. A further severe downside scenario was modelled, which though considered implausible, highlights the strength of the Group's liquidity position. This scenario assumed a UK nationwide lockdown and ongoing EU COVID-19 restrictions for the period March 2021 to May 2022 and a return to the base case forecast thereafter.

In the base case, the two severe but plausible scenarios and the additional severe downside scenario, the Group has sufficient liquidity, including complying with the banking syndicates' £75 million minimum liquidity, to continue in operation and meet its liabilities until the adjusted EBITDA covenant is re-introduced on 31 August 2022.

In a prolonged COVID-19 scenario, should either of the two severe but plausible downside scenarios described above materialise, the forecast indicates a breach of covenant at 31 August 2022. These downside scenarios do not include any mitigating actions. In the event that a breach of covenant became likely the Directors would be able to implement mitigating actions such as a reduction in discretionary spend, specifically marketing, to prevent a breach. Additionally, the Directors would approach the Group's lending syndicate for a further covenant waiver, which would be subject to approval by the syndicate. The Directors do not consider this to be a likely outcome given current information available around COVID-19 and the impact on the Group but do consider this to be a severe but plausible downside scenario.

Following the assessment described above, the Directors are confident that the Group and the Company have adequate resources to continue to meet their liabilities as they fall due and 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 the Financial Statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

- Note 7 - Goodwill impairment test: key assumptions underlying recoverable amounts;

An impairment review is performed annually 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 cashflows as well as an appropriate long-term growth rate. As part of the impairment review for the year ended 28 February 2021 the expected outcome of COVID-19 has 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.

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:

- Note 7 - 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 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.

Notes - significant accounting policies (continued)

i) New standards and interpretations adopted

A number of new standards are effective from 1 March 2020, 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 IFRS 9, IAS 39, IFRS 7 and IFRS 16: Interest Rate Benchmark Reform - Phase 2 (effective for periods beginning on or after 1 January 2021). The Interest Rate Benchmark Reform is expected to have an impact on the Group but the quantum has not yet been assessed;
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current (effective date to be confirmed);
- 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).

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 Solutions¹ (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 percent 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 profit 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 2021:

	UK Consumer £'000	UK Trainline Partner Solutions ¹ £'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
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)
Tax					15,458
Loss after tax					(91,304)

¹ formerly T4B, Trainline for Business

Notes - operating segments (continued)

Segmental analysis for the year ended 29 February 2020:

	UK Consumer	UK Trainline Partner	Total UK	International	Total Group
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	£'000	Solutions ¹ £'000	£'000	£'000	£'000
Net ticket sales	2,046,178	1,190,549	3,236,727	490,053	3,726,780
Revenue	177,993	56,790	234,783	25,970	260,753
Cost of sales	(34,306)	(16,629)	(50,935)	(8,667)	(59,602)
Gross profit	143,687	40,161	183,848	17,303	201,151
Directly allocable administrative expenses			(40,039)	(31,185)	(71,224)
Contribution			143,809	(13,882)	129,927
Central administrative expenses					(44,726)
Adjusted EBITDA					85,201
Depreciation and amortisation					(50,907)
Share-based payment charges					(10,631)
Exceptional items					(21,402)
Operating profit					2,261
Net finance costs					(82,492)
Loss before tax					(80,231)
Tax					(707)
Loss after tax					(80,938)

¹ formerly T4B, Trainline for Business

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.

IPO transaction costs

Fees and costs, including one off bonuses, in relation to the IPO process.

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.

	2021 £'000	2020 £'000
IPO transaction costs	-	21,402
Restructuring costs	1,313	-
Goodwill impairment charge	25,195	-
Net exceptional costs	26,508	21,402

Notes (continued)

4. Finance income and finance costs

Net financing costs comprise bank interest income, interest expense on borrowings and lease liabilities, as well as foreign exchange gains/losses, fair value movements on the Group's interest rate cap and fair value remeasurements in relation to share-based payments and put/call option liabilities.

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. The interest rate cap held by the Group is a derivative asset and is revalued to fair value at each period end, any fair value movement is booked through net finance costs.

	2021 £'000	2020 £'000
Bank interest income	22	692

Foreign exchange gain	556	-
Finance income	578	692
Interest on bank loans	(6,729)	(10,900)
Foreign exchange loss	-	(558)
Loss on interest rate swap	(6)	(454)
Interest on convertible bonds	(189)	-
Interest on lease liability	(694)	(828)
Other interest	(18)	-
Exceptional finance costs¹		
Derecognition of previously capitalised finance costs	-	(8,466)
Fair value change on share-based payments	-	(49,705)
Fair value change on put/call option	-	(12,273)
Finance costs	(7,636)	(83,184)
Net finance costs recognised in the income statement	(7,058)	(82,492)

¹ Exceptional finance costs - these costs are one-offs which occurred at the date of IPO relating to the final fair value movement on the pre-IPO share-based payment arrangements and the write off of previously capitalised financing costs due to the IPO refinancing. The put/call option relates to non-employee share related costs. All of these expenses are non-cash charges.

Excluding exceptional finance costs the net finance cost in FY 2021 would be £7.1 million (FY 2020: £12.0 million).

Notes (continued)

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.

(i) Current tax

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

(ii) Deferred tax

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, to the extent that the Group can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used before their expiry. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

Notes - taxation (continued)

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

Amounts recognised in the income statement

	2021 £'000	2020 £'000
Current tax (credit)/charge		
Current year	(3,205)	7,178
Adjustment in respect of prior years	(2,608)	(2,978)
Total current tax (credit)/charge	(5,813)	4,200
Deferred tax (credit)/charge		
Current year	(11,777)	(5,601)
Adjustment in respect of prior years	1,511	2,108
Effect of change in tax rates	621	-
Total deferred tax (credit)/charge	(9,645)	(3,493)
Tax (credit)/charge	(15,458)	707

Corporation tax was calculated at 19% (FY 2020: 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 £15.4 million (FY 2020: charge of £0.7 million) is made up of a current corporation tax credit of £5.8 million (FY 2020: charge of £4.2 million) arising in the UK, and a deferred tax credit of £9.6 million (FY 2020: £3.5 million).

As a result of the impact of COVID-19, part of the tax loss suffered has been used to offset the taxable profit arising in FY 2020 allowing the group to recover the tax paid in FY 2020. This is reflected below as a current tax corporation tax credit. The remaining available losses has been carried forward and recognised as a deferred tax credit that can be used to offset the tax charge for the group in future periods. This is on the basis that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The deferred tax credit in FY 2021 also includes the unwind of deferred tax liabilities arising on acquired intangibles and deferred tax on equity-settled share-based payment charges. The release of deferred tax assets and liabilities is an accounting unwind and does not impact the corporation tax payable in cash by the Group.

Notes - taxation (continued)

	2021 £'000	2020 £'000
Loss before tax	(106,762)	(80,231)
Loss multiplied by standard rate of corporation tax of 19% (FY 2020: 19%)	(20,285)	(15,244)
Non-taxable expenses	4,849	15,460
Depreciation in excess of capital allowances	-	-
Amounts not recognised ¹	924	1,627
Rate difference on deferred tax	621	-
Adjustment in respect of prior years	(1,097)	(870)
Other	-	(266)
Losses utilised	(489)	-
Difference in overseas tax rates	19	-
Total tax (credit)/charge	(15,458)	707
Effective tax rate	14%	(1)%

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 lower than the UK corporation tax rate of 19% which primarily reflects a significant impairment to goodwill. This impairment does not have a cash tax impact for the Group. If the impairment is excluded, the effective rate of tax would be 19%, in line with the UK current tax rate of 19%.

The Finance Bill 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. This rate change is not included above as the Finance Bill 2021 has not been substantively enacted.

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)
Current year 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

Notes - taxation (continued)

Deferred tax asset/(liability) as at 29 February 2020:

	Acquired intangible assets £'000	Tangible assets and other £'000	Share- based payments £'000	Losses carried forward £,000	Total £'000
At 1 March 2019	(9,712)	1,830	-	-	(7,882)
Adjustment in respect of prior years	-	(2,108)	-	-	(2,108)
Adjustments posted through equity	-	(209)	253	-	44
Current year credit/(charge) to consolidated income statement	4,414	(21)	1,208	-	5,601
At 29 February 2020	(5,298)	(508)	1,461	-	(4,345)

6. Earnings per share

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

Accounting policy

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

Four types of earnings per share are reported:

(i) *Basic earnings per share*

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

(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, 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, 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'.

Notes - earnings per share (continued)

	2021	2020
	No. shares	No. shares
Weighted average number of ordinary shares:		
Ordinary shares	480,680,508	462,099,526
Treasury shares	(2,678,111)	(4,108,486)
Weighted number of ordinary shares¹	478,002,397	457,991,040

¹ As the Group has incurred a loss in FY 2021 and FY 2020, the impact of its potential dilutive ordinary shares have been excluded as they would be anti-dilutive.

	2021	2020
	£'000	£'000
Loss after tax	(91,304)	(80,938)
Earnings attributable to equity holders	(91,304)	(80,938)
Adjusted earnings¹	(51,678)	36,887

	2021	2020
	pence	pence
(Loss)/earnings per share		
Basic	(19.10)p	(17.67)p
Diluted ²	(19.10)p	(17.67)p
Adjusted (loss)/earnings per share		
Basic	(10.81)p	8.05p
Diluted ²	(10.81)p	8.05p

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

² As the Group has incurred a loss in FY 2021 and FY 2020, the impact of its potential dilutive ordinary shares have been excluded as they would be anti-dilutive.

7. Intangible assets and goodwill

The consolidated statement of financial position 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 annual impairment reviews. 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.

Notes - intangible assets and goodwill (continued)

Accounting policy

(i) *Goodwill*

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses 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 re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the income statement.

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

(ii) *Software development costs*

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

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

(iii) *Brand and customer valuation*

Brand and customer valuations 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.

Notes - intangible assets and goodwill (continued)

(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.

Intangible assets and goodwill as at 28 February 2021:

	Software development	Brand valuation	Customer valuation	Goodwill	Total
	£'000	£'000	£'000	£'000	£'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

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

² Effects of foreign exchange rate changes

Notes - intangible assets and goodwill (continued)

Intangible assets and goodwill as at 29 February 2020:

	Software development £'000	Brand valuation £'000	Customer valuation £'000	Goodwill £'000	Total £'000
Cost:					
At 1 March 2019	83,262	51,738	92,690	443,271	670,961
Additions ¹	25,359	-	-	-	25,359
FX ²	-	-	-	86	86
At 29 February 2020	108,621	51,738	92,690	443,357	696,406
Accumulated amortisation:					
At 1 March 2019	(22,545)	(20,452)	(69,923)	-	(112,920)
Amortisation	(23,636)	(5,181)	(17,757)	-	(46,574)
At 29 February 2020	(46,181)	(25,633)	(87,680)	-	(159,494)
Carrying amounts:					
At 29 February 2020	62,440	26,105	5,010	443,357	536,912

¹ Total additions of £25.4 million is split between internally developed intangible assets of £24.4 million and trade and asset acquisitions of £1.0 million.

² Effects of foreign exchange rate changes

Additions in the year includes £nil (FY 2020: £nil) of directly attributable borrowing costs.

Of the amortisation charge for the year £8.2 million (FY 2020: £22.9 million) related to the amortisation of intangible assets which were recognised on the Group's acquisition of Trainline.com Limited and Trainline SAS, while £28.1 million (FY 2020: £23.7 million) related to internally developed and purchased intangible assets recognised at historical cost.

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 to dispose and value-in-use. However, in line with IAS 36 *Impairment of Assets*, fair value less costs to dispose is only determined where value in use would result in an 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 monitor 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 £444.7 million (FY20: £443.4 million) which comprise:

- £336.4 million (FY 2020: £336.4 million) from the FY 2016 acquisition of Trainline.com
- £108.3 million (FY 2020: £107.0 million) from the FY 2017 acquisition of Trainline SAS (formerly Capitaine Train SAS)

Notes - intangible assets and goodwill (continued)

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

CGU	2021 £'000	2020 £'000
UK Consumer	351,271	351,271
UK Trainline Partner Solutions	-	-
International	68,186	92,086
Total goodwill	419,457	443,357

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

Assumptions

The key value in use assumptions were:

	2021 UK Consumer	2020 UK Consumer	2021 UK Trainline Partner Solutions	2020 UK Trainline Partner Solutions	2021 International	2020 International
Pre-tax discount rate ¹	11.6%	10.7%	N/A	N/A	18.6%	16.7%
Terminal growth rate ²	1.5%	2%	N/A	N/A	1%	2%
Number of years forecasted before terminal growth rate applied	5	5	N/A	N/A	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

The Group prepares cash flow forecasts based on the most recent financial budgets and 5-year projections approved by the Board. 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 long-term 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.

For the impairment review for the year ended 28 February 2021 cash flow forecasts have remained impacted by COVID-19 pandemic through FY 2022, most notably this included forecasting significantly lower sales during FY 2022.

Notes - intangible assets and goodwill (continued)

As the international CGU is currently loss making, the impairment calculation is more sensitive to a change in assumptions in the initial 5-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.

For the year ended 28 February 2021, an impairment charge of £25.2 million (FY 2020: nil) was recognised in relation to the International CGU. The impairment charge is recorded within exceptional items in the income statement to reflect its one off nature. Despite there being no material change in the Group's expectations in relation to the long-term trading and profitability outlook for the International business COVID-19 continues to have a significant short term adverse impact on business performance. Ongoing uncertainty within the travel sector and the subsequent challenges in long term forecasting have been reflected within the FY 2021 impairment calculation by increasing the discount rate and reducing the long term growth rate applied within the impairment calculation.

The UK Consumer CGU continues to have a significant headroom, and as such, no impairment was identified for this CGU.

Sensitivity analysis

The Group has conducted a sensitivity analysis 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 VIU calculations are set out in the table below. These are considered to be reasonably possible, but not likely.

	2021 UK Consumer	2020 UK Consumer	2021 UK Trainline Partner Solutions	2020 UK Trainline Partner Solutions	2021 International	2020 International
Increase in discount rate	1pt	1pt	N/A	N/A	1pt	1pt
Reduction in long-term growth rate applied in terminal year	0.5pts	0.5pts	N/A	N/A	0.5pts	0.5pts
Decrease in Adjusted EBITDA forecast in each year	15%	10%	N/A	N/A	20%	20%

As the International CGU has been impaired during the period any movement up or down of the above assumptions would result in a fluctuation in the value in use calculation for the CGU, as follows: 1 pt change in discount rate - £7 million; change in long-term growth rate of 0.5 pt - £3 million; and 20% change in adjusted EBITDA - £23 million. The UK Consumer CGU is not sensitive to a change in the above sensitivities and none of the sensitivities change the conclusion that the UK Consumer CGU is not impaired.

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. The PPE are included in the carrying value of the 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 (FY 2020: no indicators).

	Plant and equipment £'000	Leasehold improvements £'000	Right- of-use assets £'000	Total £'000
Cost:				
At 29 February 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
Property, plant and equipment as at 28 February 2021				

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

Notes - property, plant and equipment (continued)

Property, plant and equipment as at 29 February 2020:

	Plant and equipment	Leasehold improvements	Right-of-use assets	Total
	£'000	£'000	£'000	£'000
Cost:				
At 28 February 2019	6,967	4,448	-	11,415
Recognition of right-of-use asset on initial application of IFRS 16	-	-	17,692	17,692
Adjusted balance at 1 March 2019	6,967	4,448	17,692	29,107
Additions	1,365	-	-	1,365
Disposals	(54)	-	-	(54)
At 29 February 2020	8,278	4,448	17,692	30,418
Accumulated depreciation and impairment:				
At 1 March 2019	(4,952)	(1,001)	-	(5,953)
Depreciation	(1,175)	(444)	(2,714)	(4,333)
Disposals	52	-	-	52
At 29 February 2020	(6,075)	(1,445)	(2,714)	(10,234)
Carrying amounts:				
At 29 February 2020	2,203	3,003	14,978	20,184

Additions in the year includes £nil (FY 2020: £nil) of directly attributable borrowing costs.

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)

	2021	2020
	£'000	£'000
Non-current liabilities		
Revolving Credit Facility ¹	100,417	141,057
Convertible bonds ²	147,378	-
Other term debt	216	388
Lease liabilities	18,358	12,957
Total non-current liabilities	266,369	154,402

Current liabilities

Accrued interest	831	309
Lease liabilities	3,336	2,389
Total current liabilities	4,167	2,698

1 Included within the Revolving Credit Facility is the principal amount of £104.9 million (FY 2020: £146.9 million) and directly attributable transaction costs of £4.5 million (FY 2020: £5.8 million).

2 Included within the Convertible bonds is the principal amount of £150.0 million and directly attributable transaction costs of £2.7 million.

Terms and repayment schedule

Agreement	Interest rate	Year of maturity	Face value £'000	Carrying amount £'000
Revolving Credit Facility	LIBOR + 1%-2%	2024	104,941	100,417
Convertible bonds	1.00%	2026	150,000	147,378
Lease liabilities	Various	Various	23,427	21,694
Other term debt	0.0%	2022	216	216
Total borrowings			278,584	269,705

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

	Total contractual cash flows £'000	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Revolving Credit Facility	104,941	-	-	104,941	-
Convertible bonds	150,000	-	-	150,000	-
Lease liabilities	23,427	3,863	3,761	12,867	2,936
Other term debt	216	178	38	-	-
Total cash flows	278,584	4,041	3,799	267,808	2,936

Notes - loans and borrowings (continued)*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 2021 the cash drawn amount is £104.9 million (FY 2020: £146.9 million), the non-cash bank guarantee drawn amount is £21.9 million (FY'20: £113.8 million) and the undrawn amount on the facility is £223.2 million (FY 2020: £89.3 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 is 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 year.

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 5-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 (£4.444698).

The bonds have been accounted for as a liability of £150.0 million. Directly allocable fees of £2.7 million have been 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.

Notes (continued)

10. Capital and reserves

Share capital

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

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

Shareholding at 28 February 2021 and 29 February 2020

	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 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.

Preference shares

Preference shares represent 50,000 redeemable preference shares of £1.00 each, redeemable at the option of the Group. These shares were redeemed on 20 August 2020.

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	SBP ¹ reserve	Total other reserves
	£'000	£'000	£'000	£'000
At 1 March 2019	(1,122,218)	(21,792)	-	(1,144,010)
Group restructure	-	10,895	-	10,895
SBP ¹ charge	-	-	7,360	7,360
At 29 February 2020	(1,122,218)	(10,897)	7,360	(1,125,755)
Addition of treasury shares	-	(4,123)	-	(4,123)
SBP ¹ charge	-	-	5,420	5,420
Allocation of treasury shares to fulfil SBP ¹	-	7,268	(7,268)	-
Deferred tax on SBP ¹	-	-	(254)	(254)
Transfer to retained earnings ²	-	-	(280)	(280)
At 28 February 2021	(1,122,218)	(7,752)	4,978	(1,124,992)

¹ SBP - Share-based payment

² 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 SBP

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 and their relating rights did not change as part of this transaction, this was treated as a common control transaction under IFRS (note 1j). 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 Trusts ('EBT'). At 28 February 2021 the Group's EBT held 2.1 million shares (FY 2020: 3.1 million) which have a historical cost of £7.8 million (FY 2020: £10.9 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 the Group's former controlling shareholder

During the year fees of £nil (FY 2020: £5.4 million) were paid to KKR and Co. Inc and its subsidiaries. None of these fees are expected to reoccur going forward. KKR and Co. Inc ceased to be controlling shareholder on 11 November 2019.

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 £1,545,336 (FY 2020: £5,192,600); post-employment benefits £136,795 (FY 2020: £127,160); and ongoing share-based payment schemes £419,856 (FY 2020: £311,811). No other long term benefits or termination benefits were paid (FY 2020: £nil). The highest paid director received: short term employee benefits £380,090 (FY 2020: £3,580,555); post-employment benefits £40,647 (FY 2020: £37,438); and ongoing share-based payment schemes £202,676 (FY 2020 £80,266). There were two directors to whom retirement benefits are accruing under defined contribution schemes (FY 2020: two).

The IPO triggered the crystallisation of previous share-based payment schemes with key management personnel. In FY 2020, £12.9 million of the exceptional finance charge related to cash-settled share-based payment schemes with key management personnel. In FY 2020, £64.6 million crystallised on equity-settled share-based payment schemes in relation to key management personnel, for which there is no cash, income statement or statement of financial position impact.

All amounts relating to equity and cash schemes were settled as a combination of cash from the IPO funds flow and shares in Trainline plc and do not represent a cash outflow from the trading business of the Group.

At 28 February 2021 key management personnel held 9,947,734 shares in Trainline plc (FY 2020: 11,185,560 shares).

Notes (continued)

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 entered into contracts in relation to office refurbishments and is committed to incurring £2.4 million as of 28 February 2021 (FY 2020: £nil). These commitments are expected to be settled in FY 2022.

13. Post balance sheet events

There have been no material post balance sheet events between 28 February 2021 and the date of the approval of the 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.

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:

	Notes	2021 £'000	2020 £'000
Operating (loss)/profit		(99,704)	2,261
Adjusting items:			
Depreciation and amortisation	7,8	41,199	50,907
Share-based payment charges		7,093	10,631
Exceptional items	3	26,508	21,402
Adjusted EBITDA		<u>(24,904)</u>	<u>85,201</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 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 is as follows:

	Notes	2021 £'000	2020 £'000
Loss after tax		(91,304)	(80,938)
Earnings attributable to equity holders		(91,304)	(80,938)
Adjusting items:			
Exceptional items	3	26,508	21,402
Exceptional finance costs	4	-	70,444
Amortisation of acquired intangibles ¹	7	8,563	23,634
Share-based payment charges		7,093	10,631
Tax impact of the above adjustments		(2,538)	(8,286)
Adjusted (loss)/earnings		(51,678)	36,887

¹ This consists of the amortisation of brand valuation of £5.2 million (FY 2020: £5.2 million), customer valuation of £3.0 million (FY 2020: £17.8 million) and software development of £0.4 million (FY 2020: £0.6 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:

	Notes	2021 £'000	2020 £'000
Loan and borrowings ¹	9	(277,681)	(162,900)
Cash and cash equivalents		36,575	92,120
Net debt		(241,106)	(70,780)

¹ This amount is the aggregate amount of loans and borrowings as disclosed in note 9 amounting to £270.5 million (FY 2020: £157.1 million) and the capitalised finance charges amounting to £7.1 million (FY 2020: £5.8 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:

	2021 £'000	2020 £'000
Cash (used in)/generated from operating activities	(121,254)	65,365
Cash exceptional items	1,313	20,928
Purchase of property, plant and equipment and intangible assets	(26,335)	(27,405)
Operating free cash flow	(146,276)	58,888

Alternative performance measures *(continued)***Liquidity**

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

	2021	2020
	£'000	£'000
Cash and cash equivalents	36,575	92,120
Undrawn balance on the Revolving Credit Facility	223,152	89,316
Liquidity headroom	259,727	181,436

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