trainline

2 November 2023

Trainline plc
Results for the six months ended 31 August 2023

Strong growth in the first half of the year

H1 FY2024 summary financial highlights:

£m unless otherwise stated:	H1 FY2024	H1 FY2023	% YoY
Net ticket sales[1]	2,649	2,159	*+23%*
Revenue	197	165	*+19%*
Adjusted EBITDA[2]	57	45	*+26%*
Operating profit	23	17	*+36%*
Adjusted basic earnings per share (pence)[3]	5.5p	3.9p	*+41%*
Basic earnings per share (pence)[3]	2.9p	2.6p	*+12%*
Operating free cash flow	77	29	*+166%*

Financial highlights:

- Group net ticket sales grew 23% year on year (YoY) to £2.6 billion, driving growth in Group revenue of 19% to £197 million
- Volume growth and operating leverage resulted in higher profitability: adjusted EBITDA up 26% to £57 million; operating profit up 36% to £23 million
- Basic earnings per share of 2.9p up 12%; adjusted basic earnings per share of 5.5p, up 41%
- Operating free cashflow up 166% to £77 million; leverage down from 1.6x to 0.7x adj. EBITDA

Strategic highlights:

- Europe's #1 most downloaded rail travel app
- Driving shift to etickets, with industry penetration in UK increasing to 46% (43% in FY2023)[4]
- Digitising the commute in UK, growing share of commuter market segment from 20% to 22%
- Strong growth in liberalised European markets: combined net ticket sales up 50% across Spain and Italy, with share on top two Spanish high-speed routes increasing to 11%
- Consumer awareness in Spain and Italy almost doubled since brand campaigns launched 12-18 months ago[5]
- Responding to slower Web sales growth while increasing Mobile App adoption, with app share of transactions for International Consumer now above 60%, including Italy above 70%

Tightening Group guidance towards upper end of range for FY2024:

- Net ticket sales YoY growth of between +17% and +22% (previously 13% to 22%)
- Revenue YoY growth of between +15% and +20% (previously 13% to 22%)
- Adjusted EBITDA of between 2.15% and 2.25% of net ticket sales (no change)

Jody Ford, CEO of Trainline said:

"Our growth over the last six months reflects our focus on continually innovating and improving the customer experience of purchasing digital rail tickets. The value, ease, and convenience we provide are just some of the reasons we are Europe's #1 most downloaded rail travel app.

"In recent weeks we have seen several exciting announcements around the arrival and growth of new rail carriers, which could mean more customers in the UK, in Europe and those crossing the Channel reap the benefits of increased carrier competition. These include improved value and choice, encouraging more people to make the greener choice of rail travel. Our customers in Spain and Italy already enjoy these benefits, and we believe more should have the opportunity to do so."

Presentation of results

There will be a live webcast presentation of the results to analysts and investors at 08:30am GMT today (2 November 2023). Please register to participate at the Company's investor website: https://webcast.openbriefing.com/tlhy24/

If participants wish to ask a question, they can register to dial into the telephone conference call using the details below:

United Kingdom (Local): +44 20 4587 0498
United Kingdom (Toll-Free): +44 800 358 1035
Global Dial-In Numbers
Access Code: 532469

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Unaudited figures:

All figures in this document are unaudited.

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 FY2024 PERFORMANCE REVIEW

Group Overview

Group net ticket sales increased to £2.6 billion, 23% higher YoY. The drivers of net ticket sales growth are provided for each division below.

The growth in net ticket sales helped Group revenue grow to £197 million, 19% higher YoY. Revenue growth was slower than net ticket sales given the mix effect of relatively faster year on year growth in International Consumer and Trainline Solutions, which generate lower rates of revenue per ticket sold than UK Consumer (on a pre-internal transaction fee basis[6]). Likewise, within UK Consumer we grew relatively faster in commuter and short distance travel, which typically generates less revenue per ticket sold than longer distance travel.

Gross profit increased by 17% to £151 million. This was slower than net ticket sales, partly reflecting industrial action in the UK, which resulted in Trainline incurring higher customer service costs.

H1 FY2024 Segmental performance

	H1 FY2024	H1 FY2023	% YoY
Net ticket sales (£m)			
UK Consumer	1,712	1,433	*+19%*
International Consumer	558	452	*+24%*
Trainline Solutions	378	274	*+38%*
Total Group	**2,649**	**2,159**	***+23%***
Revenue (£m)			
UK Consumer	102	88	*+16%*
International Consumer	30	24	*+26%*
Trainline Solutions	65	53	*+23%*
Total Group	**197**	**165**	***+19%***
Gross profit (£m)			
UK Consumer	71	63	*+12%*
International Consumer	20	16	*+22%*
Trainline Solutions	60	49	*+23%*
Total Group	**151**	**129**	***+17%***

	H1 FY2024	H1 FY2023	YoY
Adjusted EBITDA (£m)			
UK Consumer	40	38	*3*
International Consumer	(9)	(10)	*1*
Trainline Solutions	26	17	*9*
Total Group	**57**	**45**	***12***

Adjusted EBITDA was £57 million, 26% or £12 million higher than last year, outpacing net ticket sales and revenue growth given the benefit of operating leverage.

Marketing costs of £37 million grew 15% as we acquired more customers and continued to invest in our brand. Growth in net ticket sales and revenue outpaced marketing costs, in part driven by our decision announced in May to pause brand spend in France.

Other administrative costs increased 11% to £57 million. This included higher systems costs associated with processing more sales transactions. It also included costs from increasing the size of our headcount in order to scale the business, the hiring for which we completed in FY2023.

UK Consumer

Net ticket sales were £1.7 billion, 19% higher YoY. Growth was particularly evident with commuters and people booking on the day of travel, who benefit from Trainline's innovative set of features, like Buy Again and SplitSave.

Our growth also reflected continued rail industry recovery and more people switching to digital ticketing, with industry eticket penetration at 46% in H1 FY2024, up from 43% in FY2023[4]. This was partly offset by the impact of ongoing industrial action in the UK, with 11 strike days in the first half (estimated gross ticket sales impact of £5-6 million per strike day[9]).

Revenue increased 16% YoY to £102 million. Gross profit grew 12% to £71 million. Adjusted EBITDA of £40 million was £3 million higher.

International Consumer

Net ticket sales were £558 million, 24% higher YoY. Growth was led by the markets with most carrier competition as Trainline positions itself as the aggregator of choice in Europe. Combined net ticket sales across Spain and Italy grew 50%, with particularly strong growth on newly liberalised high-speed routes in Spain. However, growth slowed in France following our conscious decision to pause brand marketing ahead of more widespread liberalisation of the French rail market.

Growth in Mobile App sales remained strong. This reflected Trainline's longer-term investment in its brand and App experience to reduce dependency on Web acquisition and grow habitual App use for regular journeys. Over 60% of transactions were through the Mobile App, with more than 70% through the App in Italy. Web sales growth slowed during the half given a normalising of demand YoY and increased competition in keyword auctions, which was relatively more benign last year coming out of COVID, plus some impact from changes to the presentation of search engine results.

International Consumer revenue was £30 million, up 26% YoY. Gross profit increased 22% to £20 million. Adjusted EBITDA investment was -£9 million (-£10 million in H1 last year). On a pre-internal transaction fee basis, adjusted EBITDA loss was -£1 million in the first half, vs a -£4 million loss in H1 last year[6].

Trainline Solutions

Net ticket sales were £378 million, up 38%, albeit from a lower base, with a strong performance from IT Carrier Solutions and business travel in the UK continuing to recover.

Revenue increased by 23% YoY to £65 million, of which the majority related to an internal transaction fee paid by UK Consumer and International Consumer[6]. Gross profit was £60 million, 23% higher YoY, and adjusted EBITDA was £26 million, £9 million higher YoY.

Operating profit

The Group reported operating profit of £23 million, up £6 million or 36%. Operating profit included charges of:

- Depreciation and amortisation charges of £21 million, broadly in line with prior year (H1 FY2023: £20 million)

- Share-based payment charges of £11 million, reflecting the costs of our all-employee share incentive plan (H1 FY2023: £8 million)

- Exceptional items of £2 million in relation to business restructuring costs (no exceptional items in H1 FY2023)

Profit after tax

Profit after tax was £14 million, up £1.4 million or 12% year on year. Profit after tax reflected operating profit of £23 million, net finance charges of £5 million, and a tax charge of £4 million.

Earnings per share (EPS)

Adjusted basic earnings per share was 5.5 pence vs. 3.9 pence in H1 FY2023. Adjusted basic earnings per share adjusts for exceptional one-off items in the period, the gain on the repurchase of convertible bonds, amortisation of acquired intangibles, and share-based payment charges, together with the tax impact of these items.

Basic earnings per share was 2.9 pence versus 2.6 pence in H1 FY2023.

Operating free cash flow and net debt

Operating free cash flow was £77 million, up £48 million year on year. Operating free cashflow included adjusted EBITDA of £57 million and a working capital inflow of £42 million, which partly benefited from timing effects in H1, offset by capital expenditure of £21 million, reflecting our ongoing investment in product and technology.

Net debt was £37 million at the end of August 2023, (leverage ratio 0.7x Adj. EBITDA). This was a reduction from £100 million in February 2023 and £70 million in August 2022. The Group's leverage ratio was 0.7x LTM adj. EBITDA (Feb-23: 1.2x; Aug-22: 1.6x). The reduction in net debt primarily reflected the generation of positive operating free cash flow in the first half of FY2024.

New capital allocation framework and share buyback programme

Below we reiterate Trainline's new capital allocation framework, as previously communicated in our H1 FY2024 trading update on 14th September 2023:

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

At the same time as communicating the above framework, Trainline announced the launch of a share buyback programme of up to £50 million, to be conducted over the subsequent 12 months.

Trainline also plans to convene a general meeting to seek shareholder approval for a proposed capital reduction of the Company's share premium account. If approved, this will provide the Company with additional distributable reserves to make further distributions, as and when considered appropriate by the Board.

Outlook and market guidance

Rail industry passenger numbers have almost fully recovered following COVID-19 across our core markets. Whilst this was not without some headwinds, including industrial action in the UK and broader macroeconomic uncertainty, we expect Trainline to continue growing strongly into the second half of the year.

As a result, we are tightening Group guidance, originally set in May 2023, towards the upper end of the range. In FY2024, we now expect the business to generate:

- Net ticket sales YoY growth of between +17% and +22% (previously 13% to 22%)
- Revenue YoY growth of between +15% and +20% (previously 13% to 22%)
- Adjusted EBITDA of between 2.15% and 2.25% of net ticket sales (no change)

As previously communicated in May 2023, the Group also expects International Consumer adjusted EBITDA contribution to approach breakeven in FY2024, if excluding the internal transaction fee payable to Trainline Solutions[6].

PROGRESS AGAINST OUR STRATEGIC PRIORITIES IN H1 FY2024

To achieve our mission to make rail and coach travel easier for customers in all our markets, we invest behind four strategic priorities for long-term growth: enhancing the customer experience, building demand, increasing customer lifetime value, and growing Trainline Solutions. In H1 FY2024 we continued to make good progress against these long-term strategic growth priorities.

UK Consumer

Enhancing the customer experience

Our investment in customer experience is not only helping Trainline grow, with more rail travellers buying train tickets through our 4.9-star app, it is shifting more people to digital channels[7]. Industry eticket penetration has increased to 46% in H1 FY2024, up from 43% in FY2023[4].

We continued to prime our mobile app to better serve commuters, driving up our share of the commuter market segment to 22%, up from 20% twelve months ago and more than double its pre-COVID level. This included the continued roll out of digital season tickets. Until recently there has been no mass-market, barcode-enabled season ticket available. Today, we estimate that almost a third of the UK rail network is fully digital season ticket enabled, and on those routes we are seeing growing demand. Our share of season ticket sales recently reached c20% on journeys where digital season tickets are enabled. In addition, customers buying digital season tickets are exhibiting double the retention rate of our overall customer base.

We continued to unlock value and remove friction for customers. This included the launch of a new weekly price calendar, displaying to customers the cheapest days to travel. We also launched our Strike Safe feature, informing customers whether the journey they are searching is likely to be affected by rail strikes, letting them book with greater confidence.

Building demand

Under our "great journeys start with Trainline" brand campaign, we focused in H1 on telling customers how they can save 35% on average when booking a journey through Trainline. While relevant given the ongoing cost of living crisis, the campaigns also point to the environmental benefits of rail travel, reflecting our core purpose to encourage greener travel choices.

In H2, the messaging in our campaigns will highlight the convenience of digital ticketing, including digital season tickets, complementing our efforts to prime our mobile app for commuters.

Increasing customer lifetime value

We are increasing customer lifetime value by encouraging more customers to use our 4.9*-rated Mobile App[7]. The App now makes up 89% of our transactions in the UK (87% in H1 FY2023; 74% in H1 FY2020). This is helping to drive greater transaction frequency, given Mobile App customers transact 1.5 times more often than Web customers.

Having significantly scaled net ticket sales over the past few years, we are increasing our focus on enhancing monetisation to drive faster revenue growth. This includes ancillary products, leveraging our partnerships with Just Park (parking), Booking.com (hotels), and Karhoo (taxis). In addition, we plan to launch a new Flexcover insurance product that allows customers to cancel plans for any reason and get fully refunded. This type of insurance product is not offered elsewhere in rail. Finally, we are beginning to enhance native advert placements within our sales channels to optimise advertising revenues.

International Consumer

Prioritising markets where we have strongest customer proposition

At our FY2023 results in May we outlined how we are refining our investment plan to accelerate growth in the rail markets where we have the strongest customer proposition today:

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

Approximately 60% of International Consumer net ticket sales in the last 12 months came from the priority markets above. The remainder was mostly generated in France and Germany, markets which remain future growth opportunities for Trainline. As we outlined in May, we are reducing the priority of these markets as they are less mature from the perspective of carrier competition, and so currently do not offer a sufficient market aggregation opportunity. In line with that approach, we also said we would manage brand investment in France to coincide with the future arrival of carrier competition. When carrier competition does arrive, we plan to position ourselves as the aggregator in these markets too, in turn giving Trainline a long runway of sustainable growth.

Enhancing the customer experience

In International Consumer, we invest to provide a great user experience and to integrate all key journeys and prices. We integrated Renfe's new cross border service between Spain and France, and are already taking a mid-teens percentage share of sales on this service. In addition, we are adding Spanish regional Cercanias trains, which ultimately should drive greater transaction frequency and retention in that market.

We also enhanced our customer experience by further localising our mobile app. For example, in Spain we embedded Iryo exchange into the App, allowing customers to exchange their ticket for another train on a different date or time. In Italy we have added Satispay, an increasingly popular new payment in that market.

As the Spanish rail market rapidly liberalises, we are making aggregation the key differentiator for our user experience. This means making it easy for customers to compare all the carriers, fares and journey options in one highly rated mobile app. The top five Spanish high-speed routes have now opened to carrier competition, with new entrant carriers making strong market share gains. This is bringing a broad range of benefits on these routes, with service quality improving, fares roughly halving and rail ridership significantly increasing. Taking for example the first two routes to liberalise - Madrid to Barcelona and Madrid to Valencia - passenger volume has increased 36% and 86% respectively in the last year alone. This is providing ideal conditions to position our Mobile App as the aggregator of choice, with our share on both routes growing to 11%, driving up share across Spain from <1% pre-COVID to 6%.

Building demand

We made further headway growing consumer awareness in Europe, with prompted brand awareness almost doubling in Italy and Spain since we launched brand campaigns in both respective markets. In Italy, prompted brand awareness has increased from 19% to 34% in 18 months, following the launch of our first nationwide brand campaign in spring 2022. In Spain, prompted brand awareness has increased from 8% to 15% in 12 months, following the launch of our Spanish brand campaign in summer 2022.

We have sought to build on the strong recovery in foreign travel demand seen last year, particularly from the US. We used targeted advertising, including housing native digital content on travel sites, while using out of home adverts at prominent international airports. In addition, we leveraged popular sporting events like the Rugby World Cup in France, ran promotional offers and PR campaigns, and worked with influencers like Tan France.

Web sales growth slowed during H1, with underlying demand normalising, particularly for foreign travel, and more competition from carriers within keyword auctions following a relatively benign period last year. In addition, there were changes in the presentation of search engine results, with Google now including trains within its travel module. In response, we have integrated Trainline into Google's travel module on key routes in Spain and Italy, and intend to integrate on more than 1,000 routes over the coming months. The impact of slower Web sales has had a more pronounced impact on foreign travel, where a higher proportion of sales comes through Web search channels rather than our Mobile App.

Increasing customer lifetime value

As we position our Mobile App as the aggregator in markets with carrier competition, we are deepening our relationship with our customers. A key example has been our success in encouraging more customers to download and use our mobile App, given its superior UX and transaction frequency benefits. This is particularly the case in Italy, the most mature market from a liberalisation perspective, where App share of overall transactions increased to 71%, from 60% in H1 FY2023. In aggregate across International Consumer, >60% of all customer transactions came through our Mobile App in H1.

As customers download and use the App it strengthens our relationship with them. For example, transaction frequency in Italy is three times higher than Web customers. This includes a greater propensity to book regional journeys. In Italy, regional tickets sales grew 42% year on year, and were five times their pre-COVID level.

In addition, we are seeking to enhance monetisation in International Consumer, and in H1 introduced hotels within the booking flow, in partnership with Booking.com.

Growing Trainline Solutions

In H1, we took further steps to support our travel partners, leveraging the strength of our platform.

We increasingly harness advanced machine learning to deliver data-driven features and enhanced personalisation. Examples include SplitSave, price prediction, and Recommended For You, a feature that makes personalised trip suggestions to customers based on their purchase and search history.

In addition, we recently set up an internal AI Labs team, which aims to develop our own proprietary AI Models that will help us solve more complex problems, in turn creating smarter and more personalised experiences across the whole user journey. Our first experiment is already live: a new guidebook feature. This generates recommendations of what customers might like to do at their intended destination within the booking flow, sparking inspiration for their journey.

For Carrier IT Solutions, in the UK we extended five white label contracts, giving them continued access to our industry-leading core platform functionality and customer experience features. This included in H1 providing a new train loading feature within Greater Anglia's mobile App, allowing them to display the busiest train carriages to their customers. We also took further steps to enhance the loyalty programme features offered within Italo's online sales channel, allowing their customers to earn rewards and save money.

ENVIRONMENTAL SUSTAINABILITY

Our purpose at Trainline is to empower a greener way to travel. Transport is the largest GHG emitting sector in the UK, with the energy sector having reduced its emissions over recent years. Rail offers travellers a greener alternative, generating 7x less CO2 emissions per passenger/KM than flying and 3x less than driving[8]. Governments are introducing legislation to meet emission reduction targets, including France's ban on short-haul domestic flights, which came into force May 2023, and recent proposals in Spain for a similar ban.

Last year we launched the 'I Came By Train' campaign, which aims to grow the public's awareness of the relative benefits of train travel and inspire pride in those that take positive action. Having gained strong early momentum with industry and government stakeholders, this year we followed up with a new consumer campaign that celebrates all the heroes who travel by train. We also launched new features on our Mobile App and on Web to encourage modal shift, including "Your sustainability story", which informs and educates customers on their emission savings vs. other forms of transport.

LEGAL & REGULATORY DEVELOPMENTS

We continue to see encouraging momentum with legal and regulatory developments in Europe, with particularly strong emphasis on creating and sustaining level playing field conditions for independent retailers. This included the Federal Cartel Office finding Deutsche Bahn in violation of competition law in respect to its engagement with mobility platforms, as well as Renfe proposing measures to enhance competition in online rail retailing.

German Federal Cartel Office investigation into Deutsche Bahn

In June 2023, the German Federal Cartel Office (FCO) published its decision that Deutsche Bahn (DB) is in violation of competition law due to the abusing of its market dominance in relation to mobility platforms. The FCO stated that DB must change certain practices and contractual clauses, including sharing of real-time data; lifting of marketing restrictions; and enabling equal discounting of tickets. In addition, the FCO included a long run average incremental cost (LRAIC) principle as a critical standard to establishing the calculation methodology for commissions payable to independent retailers, which they see as necessary to ensuring a level playing field regarding remuneration. DB are appealing against the decision.

Until these principles are reflected in practice in the underlying contractual arrangements or otherwise codified by legislation in a way that allows for independent platforms to operate on a level playing field and with appropriate remuneration, Trainline will remain unable to sufficiently invest to serve the German domestic market and offer passengers its broad set of products and innovations.

EU Commission (DG Comp) formal procedure against Renfe

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

In June 2023, Renfe proposed measures to enhance competition in online ticket sales through a commitment to content, feature and data parity between its own retail channels and those of third party ticketing platforms such as Trainline. Renfe's proposed measures are currently subject to market test by DG Comp and are expected to be finalised in the coming months.

EU Rail Passenger Rights Regulation (RPRR)

Effective from 7 June 2023, RPRR introduced obligations aimed to enhance the passenger experience, including by regulating the provision of accurate and timely journey information, as well as remediation options in the events of delays or cancellations.

RPRR alone is not enough to create a level playing field, as it is not comprehensive on scope and access conditions and still relies on a high degree of cooperation from carriers to achieve its full potential.

However, the regulation represents an important step forward for passenger rights as well as third party ticket distributors, who now have a regulatory right to receive access to critical travel content such as real time data and fares from carriers. This access will enable third parties to offer an improved product to rail passengers throughout the EU, which should help drive innovation.

Footnotes:

1 Please refer to Note 1d 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 earnings per share, basic earnings per share and diluted earnings per share
4 Eticket penetration is % of UK industry net ticket sales fulfilled using a barcode read eticket, and is a subset of online penetration.
5 Prompted brand awareness measured by YouGov via a monthly national representative survey of two thousand respondents in each market.
6 In September 2022, Trainline announced revisions to its segmentation reporting. This included the introduction of an internal fee per transaction payable by UK Consumer and International Consumer businesses to Trainline Solutions in order to access Platform One. The transaction fee is reflected as contra revenue to UK Consumer and International Consumer within segmental reporting. This charge is eliminated on consolidation of the Group's results and does not form part of total Group revenues.
7 iOS rating as at 16/10/2023
8 Emissions per passenger/km as per https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021
9 Gross ticket sales are gross value of ticket sales to customers. Please refer to Note 1d for definition of net ticket sales.

Statement of Directors' responsibilities in respect of the results for half year FY2024

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.

The Directors of Trainline plc are listed in the Trainline plc Annual Report for 28 February 2023. A list of current directors is maintained on the Trainline plc website: https://www.trainlinegroup.com/

By order of the Board:

Peter Wood
Chief Financial Officer
2 November 2023

Condensed consolidated income statement

	Note	Six months ended 31 August 2023 *Unaudited* £'000	Six months ended 31 August 2022 *Unaudited* £'000	Year ended 28 February 2023 *Audited* £'000
Continuing operations				
Net ticket sales[1]	*1d*	2,648,665	2,159,176	4,323,298
Revenue	*2*	**196,932**	**165,008**	**327,147**
Cost of sales	*2*	(46,037)	(36,505)	(74,923)
Gross profit	*2*	**150,895**	**128,503**	**252,224**
Administrative expenses		(128,258)	(111,869)	(224,585)
Adjusted EBITDA[1]	*1d*	**56,788**	**44,952**	**86,098**
Depreciation and amortisation		(21,490)	(20,276)	(41,167)
Share-based payment charges		(11,060)	(8,042)	(17,292)
Exceptional Items	*3*	(1,601)	-	-
Operating profit		**22,637**	**16,634**	**27,639**
Finance income	*4*	764	3,717	4,721
Finance costs	*4*	(5,266)	(6,792)	(10,270)
Net finance costs	*4*	**(4,502)**	**(3,075)**	**(5,549)**
Profit before tax		**18,135**	**13,559**	**22,090**
Income tax expense	*5*	(4,491)	(1,368)	(873)
Profit after tax		**13,644**	**12,191**	**21,217**

Earnings per share (pence)				
Basic	*6*	2.90p	2.60p	4.53p
Diluted	*6*	2.87p	2.57p	4.48p

[1] Non-GAAP measures – see note 1d

The notes on pages 20 to 38 form part of the condensed consolidated interim Financial Statements.

Condensed consolidated statement of other comprehensive income

	Six months ended 31 August 2023 *Unaudited*	Six months ended 31 August 2022 *Unaudited*	Year ended 28 February 2023 *Audited*
	£'000	**£'000**	**£'000**
Profit after tax	**13,644**	**12,191**	**21,217**
Items that may be reclassified to the income statement:			
Re-measurements of defined benefit obligations	-	-	16
Exchange differences on translation of foreign operations	(1,056)	449	1,873
Other comprehensive (loss)/ income, net of tax	**(1,056)**	**449**	**1,889**
Total comprehensive income	**12,588**	**12,640**	**23,106**

The notes on pages 20 to 38 form part of the condensed consolidated interim Financial Statements.

Condensed consolidated balance sheet

	Note	At 31 August 2023 *Unaudited* £'000	At 31 August 2022 *Unaudited* £'000	At 28 February 2023 *Audited* £'000
Non-current assets				
Intangible assets	*7*	69,155	67,486	66,827
Goodwill	*7*	418,704	418,407	420,710
Property, plant and equipment		18,575	22,854	21,189
Deferred tax asset	*5*	26,083	15,070	26,950
		532,517	**523,817**	**535,676**
Current assets				
Cash and cash equivalents		119,331	74,923	57,337
Trade and other receivables		53,828	49,519	60,158
		173,159	**124,442**	**117,495**
Current liabilities				
Trade and other payables		(237,017)	(230,569)	(200,202)
Loans and borrowings	*8*	(5,114)	(5,668)	(4,891)
Current tax payable	*5*	(1,279)	(4,002)	(7,642)
		(243,410)	**(240,239)**	**(212,735)**
Net current liabilities		**(70,251)**	**(115,797)**	**(95,240)**
Total assets less current liabilities		**462,266**	**408,020**	**440,436**
Non-current liabilities				
Loans and borrowings	*8*	(148,453)	(135,803)	(149,014)
Provisions	*9*	(808)	(925)	(778)
		(149,261)	**(136,728)**	**(149,792)**
Net assets		**313,005**	**271,292**	**290,644**
Equity				
Share capital	*10*	4,807	4,807	4,807
Share premium	*10*	1,198,703	1,198,703	1,198,703
Foreign exchange reserve	*10*	2,272	1,904	3,328
Other reserves	*10*	(1,119,208)	(1,137,653)	(1,128,978)
Retained earnings	*10*	226,431	203,531	212,784
Total equity		**313,005**	**271,292**	**290,644**

The notes on pages 20 to 38 form part of the condensed consolidated interim Financial Statements.

Condensed consolidated statement of changes in equity

For the six months ended 31 August 2023:

	Share Capital	Share Premium	Other reserves	Foreign exchange reserve	Retained earnings	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 March 2023 *Audited*	4,807	1,198,703	(1,128,978)	3,328	212,784	290,644
Profit after tax	-	-	-	-	13,644	13,644
Other comprehensive loss	-	-	-	(1,056)	-	(1,056)
Share-based payments	-	-	9,773	-	-	9,773
Transfer between reserves	-	-	(3)	-	3	-
At 31 August 2023 ***Unaudited***	**4,807**	**1,198,703**	**(1,119,208)**	**2,272**	**226,431**	**313,005**

For the six months ended 31 August 2022 and year ended 28 February 2023:

	Share Capital	Share Premium	Other reserves	Foreign exchange reserve	Retained earnings	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 March 2022 *Audited*	4,807	1,198,703	(1,136,661)	1,455	191,189	259,493
Profit after tax	-	-	-	-	12,191	12,191
Other comprehensive income	-	-	-	449	-	449
Acquisition of treasury shares	-	-	(7,900)	-	-	(7,900)
Share-based payments	-	-	7,059	-	-	7,059
Transfer between reserves	-	-	(151)	-	151	-
At 31 August 2022 ***Unaudited***	**4,807**	**1,198,703**	**(1,137,653)**	**1,904**	**203,531**	**271,292**
Profit after tax	-	-	-	-	9,026	9,026
Other comprehensive income	-	-	-	1,424	16	1,440
Acquisition of treasury shares	-	-	(47)	-	-	(47)
Share-based payments	-	-	8,933	-	-	8,933
Transfer between reserves	-	-	(211)	-	211	-
At 28 February 2023 ***Audited***	**4,807**	**1,198,703**	**(1,128,978)**	**3,328**	**212,784**	**290,644**

The notes on pages 20 to 38 form part of the condensed consolidated interim Financial Statements.

Condensed consolidated cash flow statement

	Note	Six months ended 31 August 2023 *Unaudited*	Six months ended 31 August 2022 *Unaudited*	Year ended 28 February 2023 *Audited*
		£'000	**£'000**	**£'000**
Cash flows from operating activities				
Profit before tax		**18,135**	**13,559**	**22,090**
Adjustments for:				
Depreciation and amortisation		21,490	20,276	41,167
Net finance costs*	*4, 8*	4,502	3,075	5,549
Share-based payment charges		11,060	8,042	17,292
		55,187	44,952	86,098
Changes in working capital:				
Trade and other receivables		7,805	(3,221)	(13,986)
Trade and other payables		34,615	3,579	(29,097)
Cash generated from operating activities		**97,607**	**45,310**	**43,015**
Taxes (paid)/ refunded		(9,989)	1,715	(4,135)
Interest received **		714	258	726
Net cash generated from operating activities		**88,332**	**47,283**	**39,606**
Cash flows from investing activities				
Payments for intangible assets		(19,916)	(15,127)	(32,811)
Payments for acquisition of subsidiary entities, net of cash acquired	*12*	(519)	-	-
Payments for property, plant and equipment		(339)	(1,097)	(2,408)
Net cash flows from investing activities		**(20,774)**	**(16,224)**	**(35,219)**
Cash flows from financing activities				
Purchase of treasury shares		-	(7,900)	(7,947)
Proceeds from Revolving Credit Facility		70,000	40,000	105,000
Repayment of Revolving Credit Facility and other borrowings		(70,000)	(25,000)	(70,000)
Issue costs and fees		(50)	(3,242)	(3,251)
Buyback of convertible bonds		-	(23,458)	(28,189)
Payments of lease liabilities		(1,524)	(2,094)	(4,501)
Payment of interest on lease liabilities		(215)	(243)	(440)
Interest paid		(2,817)	(3,198)	(6,410)
Net cash flows from financing activities		**(4,606)**	**(25,135)**	**(15,738)**
Net increase/(decrease) in cash and cash equivalents		**62,952**	**5,924**	**(11,351)**
Cash and cash equivalents at beginning of the period		57,337	68,496	68,496
Effect of exchange rate changes on cash		(958)	503	192
Closing cash and cash equivalents		**119,331**	**74,923**	**57,337**

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

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

The notes on pages 20 to 38 form part of the condensed consolidated 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 the United Kingdom. The Company's registered address is 120 Holborn, London EC1N 2TD.

These Interim Financial Statements for the six months ended 31 August 2023 were approved by the Directors on 2 November 2023. The Interim Financial Statements have been reviewed, not audited. The auditor's review report is on page 39.

These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 28 February 2023 were approved by the board on 4 May 2023 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

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.

These Interim Financial Statements do not include all of the notes of the type normally included in an Annual Report. Accordingly, these Interim Financial Statements are to be read in conjunction with the Annual Report and Group Financial Statements for the year ended 28 February 2023, which have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006, and any public announcements made by Trainline plc during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

The Interim Financial Statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as they fall due over at least the next twelve months from the date of the approval of these Financial Statements (the "going concern assessment period").

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.

Notes *(continued)*

1. General information *(continued)*

During H1 FY2024 the Group has delivered positive adjusted EBITDA, reduced its net debt, and generated positive cash flows. Positive adjusted EBITDA of £57 million was earned in the period (FY2023: positive adjusted EBITDA of £86 million, H1 FY2023: positive adjusted EBITDA of £45 million) and net debt at 31 August 2023 was £37 million (FY2023: £100 million, H1 FY2023: £70 million).

As at 31 August 2023 the Group was in a net current liability position of £70 million driven by the negative working capital cycle (FY2023: £95 million net current liability position, H1 FY2023: £116 million net current liability position). Group had in place bank guarantees that could be utilised to settle trade creditor balances of £151 million (FY2023: £72 million, H1 FY2023: £177 million). Bank guarantees are issued by lenders under the Group's revolving credit facility and therefore reduce the Group's remaining available facility. The remaining available facility at 31 August 2023 was £114 million (FY2023: £193 million, H1 2023: £108 million).

The Directors performed a detailed going concern assessment using the most recent 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. Two severe but plausible downside scenarios were modelled: (1) a 15% reduction in forecast Group adjusted EBITDA caused by a circa 8% reduction in UK revenue, or a circa 13% increase in Group marketing and other administrative expenses; and (2) a 1% increase above the forecast SONIA interest rate benchmark.

In the base case and both severe but plausible downside scenarios the Group is able to continue in operation and meet its liabilities as they fall due. This includes complying with both the net debt to adjusted EBITDA and the interest coverage covenant requirements at the 29 February 2024 and 31 August 2024 test dates.

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

b) Basis of measurement

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

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

Notes *(continued)*

1. General information *(continued)*

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.

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

- Goodwill impairment test: key assumptions underlying recoverable amounts;

  The Group tests goodwill for impairment annually by comparing the carrying amount against the recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and value in use. There is significant estimation uncertainty in estimating the future cash flows and the time period over which they will occur. There is also estimation uncertainty in arriving at an appropriate discount rate to apply to the cashflows as well as an appropriate terminal growth rate. Each of these assumptions have an impact on the overall value of cashflows expected and therefore the headroom between the cashflows and carrying values of the cash generating units. As such, each of these constitute estimates in the assessment of the recoverable amount of goodwill in respect of both the UK consumer and International consumer cash-generating units ('CGUs').

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

- Capitalisation of internal software development costs;

  The Group capitalises internal costs directly attributable to the development of intangible assets. We consider this a critical judgement given the application of IAS 38 involves the assessment of several different criteria that can be subjective and/or complex in determining whether the costs meet the threshold for capitalisation. During the period, the Group has capitalised internal development costs amounting to £18.6 million (FY2023: £32.2 million, H1 2023: £15.2 million). While the Group makes judgements in determining the basis for recognition of these internally developed assets, these judgements are formed in the context of robust systems and controls.

d) 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.

Notes *(continued)*

1. General information *(continued)*

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

(i) Net Ticket Sales [1]

Net ticket sales represent the gross value of ticket sales to customers, less the value of refunds issued, during the accounting period via B2C or Trainline Solutions channels. The Group acts as an agent or technology provider in these transactions. Net ticket sales do not represent the Group's revenue.

Management believes net ticket sales are a meaningful measure of the Group's operating performance and size of operations as this reflects the value of transactions powered by the Group's platform. The rate of growth in net ticket sales may differ to the rate of growth in revenue due to the mix of commission rates and service fees.

[1] Net ticket sales is not subject to external review by auditors or audit as it is a non-statutory measure.

(ii) Adjusted EBITDA

The Group believes that adjusted EBITDA is a meaningful measure of the Group's operating performance and debt servicing ability without regard to amortisation and depreciation methods or share-based payment charges which can differ significantly.

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 believes 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 period-on-period.

(iii) 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 items.

Adjusted earnings is calculated as profit/(loss) after tax with share-based payments charged in administrative expenses, exceptional items, 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 believes 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 period-on-period and are a non-cash charge to the business. Amortisation of acquired intangibles is a non-cash accounting adjustment relating to previous acquisitions and is not linked to the ongoing trade of the Group. Similarly, gains on repurchase of convertible bonds are added back as they are one-off in nature and don't relate to the underlying trade.

Notes *(continued)*

1. General information *(continued)*

(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 represents aggregate amount of loans and borrowings as disclosed in Note 8 (excluding accrued interest on secured bank loans) and associated directly attributable transaction costs after taking into account cash held by the Group.

(v) Operating free cash flow

The Group uses 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 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, being the Group's chief operating decision maker ("CODM").

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

- UK Consumer – Travel apps and websites for individual travellers for journeys within the UK;
- International Consumer – Travel apps and websites for individual travellers for journeys outside the UK; and
- Trainline Solutions[1] – Travel portal platforms for Trainline's own branded business units, in addition to external corporates, travel management companies and white label ecommerce platforms for Train Operating Companies.

[1] The Group's technology platform, UK Trainline Partner Solutions and International Trainline Partner Solutions are collectively referred to as 'Trainline Solutions'

As of H1 FY2024, the CODM reviews discrete information by segment disaggregated to adjusted EBITDA to better assess performance and to assist in resource-allocation decisions. The CODM monitors:

- the three operating segments results at the level of net ticket sales, revenue and gross profit and adjusted EBITDA (as shown in this disclosure); and
- no results at a profit before/after tax level or in relation to the statement of financial position are reported to the CODM at a lower level than the consolidated Group.

Notes *(continued)*

2. Operating Segments *(continued)*

Segmental analysis for the six months ended 31 August 2023:

	UK Consumer £'000	International Consumer £'000	Trainline Solutions £'000	Total Group £'000
Net ticket sales[1]	**1,712,486**	**558,245**	**377,934**	**2,648,665**
Revenue	**101,941**	**30,036**	**64,955**	**196,932**
Cost of sales	(31,084)	(10,055)	(4,898)	(46,037)
Gross profit	**70,857**	**19,981**	**60,057**	**150,895**
Marketing costs	(13,798)	(23,245)	(389)	(37,432)
Other administrative expenses	(16,632)	(6,212)	(33,831)	(56,675)
Adjusted EBITDA	**40,427**	**(9,476)**	**25,837**	**56,788**
Depreciation and amortisation				(21,490)
Share-based payment charges				(11,060)
Exceptional items				(1,601)
Operating profit				**22,637**
Net finance costs				(4,502)
Profit before tax				**18,135**
Income tax expense				(4,491)
Profit after tax				**13,644**

[1] Non – GAAP measures – see note 1d

Segmental analysis for the six months ended 31 August 2022[2]:

	UK Consumer £'000	International Consumer £'000	Trainline Solutions £'000	Total Group £'000
Net ticket sales[1]	**1,433,461**	**451,787**	**273,928**	**2,159,176**
Revenue	**88,126**	**23,889**	**52,993**	**165,008**
Cost of sales	(24,633)	(7,537)	(4,335)	(36,505)
Gross profit	**63,493**	**16,352**	**48,658**	**128,503**
Marketing costs	(10,830)	(21,687)	(146)	(32,663)
Other administrative expenses	(14,966)	(4,646)	(31,276)	(50,888)
Adjusted EBITDA	**37,697**	**(9,981)**	**17,236**	**44,952**
Depreciation and amortisation				(20,276)
Share-based payment charges				(8,042)
Operating profit				**16,634**
Net finance costs				(3,075)
Profit before tax				**13,559**
Income tax expense				(1,368)
Profit after tax				**12,191**

[1] Non – GAAP measures – see note 1d

[2] Prior half year comparatives have been recategorized to reflect final change in group reportable segments in the prior year.

Notes *(continued)*

2. Operating Segments *(continued)*

Segmental analysis for the year ended 28 February 2023:

	UK Consumer £'000	International Consumer £'000	Trainline Solutions £'000	Total Group £'000
Net ticket sales[1]	**2,811,299**	**914,506**	**597,493**	**4,323,298**
Revenue	**172,066**	**45,387**	**109,694**	**327,147**
Cost of sales	(50,211)	(15,318)	(9,394)	(74,923)
Gross profit	**121,855**	**30,069**	**100,300**	**252,224**
Marketing costs	(21,871)	(42,517)	(459)	(64,847)
Other administrative expenses	(28,729)	(9,415)	(63,135)	(101,279)
Adjusted EBITDA	**71,255**	**(21,863)**	**36,706**	**86,098**
Depreciation and amortisation				(41,167)
Share-based payment charges				(17,292)
Operating profit				**27,639**
Net finance costs				(5,549)
Profit before tax				**22,090**
Income tax expense				(873)
Profit after tax				**21,217**

[1] Non – GAAP measures – see note 1d

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 trading performance.

	Six months ended 31 August 2023 £'000	Six months ended 31 August 2022 £'000	Year ended 28 February 2023 £'000
Restructuring Costs	1,601	-	-
Exceptional items	**1,601**	**-**	**-**

Restructuring Costs

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

4. Net finance costs

Net finance costs comprise bank interest income and interest expense on borrowings and lease liabilities, as well as foreign exchange gains/losses and gains/losses on the repurchase of convertible bonds. During the six months ended 31 August 2023, the Group bought back and cancelled £Nil (face value) (FY2023: £32.1 million, H1 FY2023: £26.7 million) of its own convertible bonds for £Nil (FY2023: £28.1 million, H1 FY2023: £23.4 million), resulting in a gain of £Nil (FY2023: £4.0 million, H1 FY2023: £3.3 million).

	Six months ended 31 August 2023 £'000	Six months ended 31 August 2022 £'000	Year ended 28 February 2023 £'000
Bank interest income	764	257	730
Gain on convertible bond buyback	-	3,307	3,987
Foreign exchange gain	-	153	4
Finance income	**764**	**3,717**	**4,721**
Interest and fees on bank loans	(3,407)	(6,045)	(8,856)
Foreign exchange loss	(1,226)	-	-
Interest and fees on convertible bonds	(417)	(473)	(886)
Interest on lease liability	(216)	(274)	(528)
Finance costs	**(5,266)**	**(6,792)**	**(10,270)**
Net finance costs	**(4,502)**	**(3,075)**	**(5,549)**

Notes *(continued)*

5. Taxation

	Six months ended 31 August 2023 £'000	Six months ended 31 August 2022 £'000	Year Ended 28 February 2023 £'000
Current tax charge	3,624	3,869	14,513
Deferred tax charge/(credit)	867	(2,501)	(13,640)
Tax charge	**4,491**	**1,368**	**873**
Effective tax rate %	25%	20%	4%
Deferred tax asset	**26,083**	**15,070**	**26,950**
Current tax payable	**(1,279)**	**(4,002)**	**(7,642)**

UK corporation tax was calculated at 25% (FY2023: 19%, H1 FY2023: 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 corporate tax rate increased to 25% from 19% on 1 April 2023. The income tax expense was recognised based on management's best estimate of the annual income tax rate expected for each jurisdiction for the full financial year applied to profit before tax for the interim period.

The total tax charge of £4.5 million (FY2023: £0.9 million charge, H1 FY2023: £1.4 million charge) consists a current corporation tax charge of £3.6 million (FY2023: £14.5 million charge, H1 FY2023: £3.9 million charge) arising in the UK, and a deferred tax charge of £0.9 million (FY2023: £13.6 million credit, H1 FY2023: £2.5 million credit).

Deferred tax has been recognised at the tax rates that are expected to be applied to temporary differences when they are realised or unwound, based on the tax rates enacted or substantively enacted at the reporting date. The deferred tax charge in H1 FY2024 relates to the unwinding of the deferred tax liabilities arising on acquired intangibles and 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.

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 Earnings Per Share. Four types of earnings per share are reported:

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(iii) Adjusted basic earnings per share

Earnings attributable to ordinary equity holders of the Group for the period, adjusted to remove the impact of exceptional items, gain on 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, adjusted for treasury shares held.

(iv) Adjusted diluted earnings per share

Earnings attributable to ordinary equity holders of the Group for the period, adjusted to remove the impact of exceptional items, gain on 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 2023	**At 31 August 2022**	**At 28 February 2023**
Weighted average number of ordinary shares:			
Ordinary shares	480,680,508	480,680,508	480,680,508
Treasury shares	(10,851,145)	(11,953,405)	(11,834,556)
Weighted number of ordinary shares	**469,829,363**	**468,727,103**	**468,845,952**
Dilutive impact of share options outstanding	5,126,308	5,102,356	4,216,223
Weighted number of dilutive shares	**474,955,671**	**473,829,459**	**473,062,175**

Notes *(continued)*

6. Earnings per share *(continued)*

	Six months ended 31 August 2023 £'000	Six months ended 31 August 2022 £'000	Year ended 28 February 2023 £'000
Profit after tax	13,644	12,191	21,217
Earnings attributable to equity holders	**13,644**	**12,191**	**21,217**
Gain on convertible bond buyback	-	(3,307)	(3,987)
Exceptional items	1,601	-	-
Amortisation of acquired intangibles	3,269	2,665	5,277
Share-based payment charges	11,060	8,042	17,292
Tax impact of the above adjustments	(3,816)	(1,413)	(3,528)
Adjusted earnings	**25,758**	**18,178**	**36,271**
Earnings per share (pence)			
Basic	2.90p	2.60p	4.53p
Diluted	2.87p	2.57p	4.48p
Adjusted earnings per share (pence)			
Basic	5.48p	3.88p	7.74p
Diluted	5.42p	3.84p	7.67p

7. Intangible assets and goodwill

Intangible assets

There were total additions to intangible assets of £20.1 million during the six months ended 31 August 2023 (FY2023: £32.2 million, H1 FY2023: £15.2 million). Total additions during the six months ended 31 August 2023 included £18.6 million of internally developed intangible assets (FY2023: £32.2 million, H1 FY2023: £15.2 million).

Goodwill

The carrying amount of goodwill as at 31 August 2023 amounted to £418.7 million (FY2023: £420.7 million, H1 FY2023: £418.4 million). No impairment loss was recognised during the six months ended 31 August 2023 (FY2023: £Nil, H1 FY2023: £Nil).

Notes *(continued)*

7. Intangible assets and goodwill *(continued)*

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 2023, 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 2023.

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.

8. Loans and borrowings

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

Accounting policy

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

	At 31 August 2023 £'000	**At 31 August 2022 £'000**	**At 28 February 2023 £'000**
Non-current liabilities			
Revolving credit facility[1]	57,806	36,913	57,385
Convertible bonds[2]	81,384	86,239	81,105
Lease liabilities	9,263	12,651	10,524
	148,453	**135,803**	**149,014**
Current liabilities			
Accrued interest on secured bank loans	623	1,160	368
Lease liabilities	4,491	4,508	4,523
	5,114	**5,668**	**4,891**

1 Included within the revolving credit facility is the principal amount of £60.0 million (FY2023: £60.0 million, H1 FY2023: £40.0 million) and directly attributable transaction costs of £2.2 million (FY2023: £2.6 million, H1 FY2023: £3.1 million).

2 Included within the convertible bonds at 31 August 2023 is the principal amount of £82.7 million (FY2023: £82.7 million, H1 FY2023: £88.1 million) and directly attributable transaction costs of £1.3 million (FY2023: £1.6 million, H1 FY2023: £1.9 million). The fair value of this convertible bond, as determined by the price on the Frankfurt Stock Exchange at 31 August 2023 is £70.1 million. The carrying value is £81.4 million. During the six months ended 31 August 2023, the Group bought back and cancelled £Nil (face value) (FY2023: £32.1 million, H1 FY2023: £26.7 million) of its own convertible bonds for £Nil (FY2023: £28.1 million, H1 FY2023: £23.4 million), resulting in a gain of £Nil (FY2023: £4.0 million, H1 FY2023: £3.3 million).

Notes *(continued)*

8. Loans and borrowings *(continued)*

The revolving credit facility became effective on 26 July 2022, the total facility amount is £325.0 million. The facility allows draw downs in cash or non-cash to cover bank guarantees. At 31 August 2023 the cash drawn amount is £60.0 million (FY2023: £60.0 million, H1 FY2023: £40.0 million), the non-cash bank guarantee drawn amount is £151.3 million (FY2023: £72.2 million, H1 FY2023: £177.4 million) and the undrawn amount on the facility is £113.7 million (FY2023: £192.8 million, H1 FY2023: £107.6 million).

The Group's revolving credit facility is secured by a fixed and floating charge over certain assets of the Group. Interest payable on the £325.0 million facility was at a margin of 1.25% to 2.50% above SONIA.

The Group was subject to bank covenants, all of which have been met during the period. In relation to the £325.0 million facility entered into on 26 July 2022: (1) net debt to adjusted EBITDA must be no more than 3.00:1; and (2) adjusted EBITDA to net finance charges must be no less than 4:00:1.

9. Provisions

The Group holds provisions in relation to dilapidations.

Accounting policy

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

The Group provides for the cost of dilapidations in relation to the offices over the minimum term of the leases. It is expected that the cash flows in relation to provisions will occur at the end of the lease terms between 2026 - 2030.

Provisions at 31 August 2023

	£'000
At 1 March 2022	**873**
Unwinding of discount	26
Addition	26
At 31 August 2022	**925**
Unwinding of discount	28
Utilised	(175)
At 28 February 2023	**778**
Unwinding of discount	30
At 31 August 2023	**808**

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 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 2023, 31 August 2022 and 28 February 2023

	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)*

10. Capital and reserves *(continued)*

Other reserves

	Merger reserve	Treasury reserve	Share-based payment reserve	Total other reserves
	£'000	£'000	£'000	£'000
At 1 March 2022	**(1,122,218)**	**(21,731)**	**7,288**	**(1,136,661)**
Addition of treasury shares	-	(7,900)	-	(7,900)
Allocation of treasury shares to fulfil share-based payment	-	42	(132)	(90)
Share-based payment charge	-	-	7,059	7,059
Deferred tax on share-based payment	-	-	90	90
Transfer to retained earnings[1]	-	-	(151)	(151)
At 31 August 2022	**(1,122,218)**	**(29,589)**	**14,154**	**(1,137,653)**
Addition of treasury shares	-	(47)	-	(47)
Allocation of treasury shares to fulfil share-based payment	-	2,908	(2,770)	138
Share-based payment charge	-	-	8,106	8,106
Deferred tax on share-based payment	-	-	689	689
Transfer to retained earnings[1]	-	-	(211)	(211)
At 28 February 2023	**(1,122,218)**	**(26,728)**	**19,968**	**(1,128,978)**
Allocation of treasury shares to fulfil share-based payment	-	249	(257)	(8)
Share-based payment charge	-	-	9,779	9,779
Deferred tax on share-based payment	-	-	2	2
Transfer to retained earnings[1]	-	-	(3)	(3)
At 31 August 2023	**(1,122,218)**	**(26,479)**	**29,489**	**(1,119,208)**

[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 2023 the Group's EBT held 10.8 million shares (FY2023: 10.9 million, H1 FY2023: 12.1 million) which have a historical cost of £26.5 million (FY2023: £26.7 million, H1 FY2023: £29.6 million).

Notes *(continued)*

10. Capital and reserves *(continued)*

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.

11. 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, £3,018,968 (FY2023: £4,660,560, H1 FY2023: £1,837,033).

At 31 August 2023, Key Management Personnel held 436,832 shares (FY2023: 361,413, H1 FY2023: 2,354,292) in Trainline plc.

12. Business Combination

On 11 July 2023, Trainline.com Limited acquired 100% of the issued shares in Signal Box Technologies Limited, a company which holds assets with geolocation technology capability, for consideration of £1,449,106.

Details of the purchase consideration and net assets acquired are as follows:

	At 31 August 2023
	£'000
Paid consideration	
Cash paid	519
Contingent consideration	930
Total purchase consideration	**1,449**

The assets and liabilities recognised as a result of the acquisition are as follows:

	At 31 August 2023
	£'000
Cash and cash equivalents	54
Tangible assets	1,415
Other current assets	14
Current liabilities	(34)
Net identifiable assets acquired	**1,449**

Notes *(continued)*

12. Business Combination *(continued)*

Acquisition related costs

Acquisition related costs of £6,500 are included in administrative expenses in profit or loss.

Contingent consideration

The contingent consideration is comprised of the Deferred Consideration (£280,000) and Earnout Consideration (£650,000). The deferred consideration imposes some service requirements and the earnout consideration is based on four specific criterion which will become payable upon satisfaction of those criterion.

13. 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:

- **Regulatory and political environment:** Trainline's operations could be affected by policy and legislative changes enacted by governments and regulators. Our results and performance may be negatively impacted if unfavourable measures are implemented in our key markets.
- **Market shock and economic disruption:** Though Trainline is not significantly exposed to inflation and interest spikes directly, adverse economic conditions may impact the spending power of our customers and may therefore affect our financial results. Significant geopolitical events or disruptions in our markets (e.g., rail strikes) could damage our operational results and profitability.
- **Technology Operations and Security:** As an online retailing platform, our operations depend on the uptime, availability and security of our technology infrastructure and systems. Significant disruptions to our products and services, including potential security incidents, could significantly impact our financial results and reputation. As we work closely with key third-party technology service providers, a potential failure or outage at these providers may reverberate across our systems infrastructure and product portfolio. Any potential loss or compromise of our critical customer data may also lead to significant financial penalties, and a loss of employee and customer confidence.
- **Competitive landscape:** As we operate in the fast-moving technology sector, we are faced with new and emerging technologies as well as new entrants in our markets. As part of our international expansion in Europe, we undertake targeted branding and marketing activities. If these campaigns were to be unsuccessful, our long-term expansion and growth strategy may be at risk. Failure to ensure that our technology and user experience meet the needs of our customers and that Trainline's offering remains ahead of competitor products could have an adverse impact on our results.
- **People:** Our business depends on hiring and retaining first class talent in the competitive tech industry. Inability to attract and retain critical skills and capabilities could hinder our ability to deliver on our strategic objectives.
- **Compliance:** The Group works within various licence terms and with licensing bodies and regulatory structures in order that it may retail rail and coach tickets to customers across the world. Should Trainline not comply with licences, legislation, regulatory requirements, or other such frameworks, this could affect the Group's ability to conduct business operations and its reputation with customers.

Notes *(continued)*

13. Principal risks and uncertainties *(continued)*

- **Supply and partnership:** Trainline retails rail and coach tickets across many countries and to customers across the world. We therefore rely on secure, reliable, and timely data from our rail and coach carrier partners. A unilateral termination or amendment by a rail or coach carrier of the contractual and licence terms, including a significant reduction in our commissions or the availability of timely carrier data, would have a material impact on our operations and financial results.

14. Post balance sheet events

In order to optimise capital allocation to create greater value for its shareholders, on 14 September 2023 Trainline plc formally announced the commencement of a share buyback programme for up to a maximum consideration of £50 million.

There were no other 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 Results for half year FY2024 of Trainline plc for the 6 month period ended 31 August 2023 (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.

The interim financial statements comprise:

- the Condensed consolidated balance sheet as at 31 August 2023;
- the Condensed consolidated income statement and Condensed consolidated statement of other comprehensive income for the period then ended;
- the Condensed consolidated cash flow statement for the period then ended;
- the Condensed 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 Results for half year FY2024 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.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). 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 Results for half year FY2024 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Results for half year FY2024, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Results for half year FY2024 in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Results for half year FY2024, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Results for half year FY2024 based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. 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.

PricewaterhouseCoopers LLP

Chartered Accountants

Reading

2 November 2023