

Trainline.com Limited

Annual Report and Financial Statements as of and for the year ended

28 February 2022

Registered number: 03846791



Annual Report and Financial Statements

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Strategic Report

The Directors present their Strategic Report for the year ended 28 February 2022.

Principal activities

The Company's principal activities during the year were that of rail and coach ticket retail, fulfilment, distribution and information service provision on behalf of Train Operating Companies (TOCs) and rail and coach customers with ancillary services being offered in conjunction with the core rail journey.

Review of the business

Key Performance Indicators

Net ticket sales of £2,170 million were 285% of FY2021 net ticket sales of £563 million, and 67% of FY2020 net ticket sales of £3,246 million. Company revenue of £172.9 million was 199% of FY2021 revenue of £57.9 million, and 73% of FY2020 revenue of £238.2 million.

Adjusted EBITDA (earnings before tax, net finance income, depreciation and amortisation, exceptional items and share-based payment charges) was £44.0 million (FY2021: loss of £19.6 million).

Operating profit of £1.9 million in the current year, up £61.2 million on the prior year.

UK industry eticket penetration (an internally calculated value of eticket sales as a percentage of total rail ticket sales value for the UK rail industry) increased to 40% in the current year (FY2021: 30%).

The retained profit for the year of £3.4 million (FY2021: loss of £42.6 million) has been taken to reserves.

Review of the business

Over the last year Trainline has played a leading role in the rail industry's recovery from the significant disruption of COVID-19. Having continued to invest in product and technology through the pandemic, the business was in a strong position to encourage people back to train travel and accelerate the market shift to online and mobile.

The unwavering focus of the business reflects a team and organisational culture centred around a core purpose – to increase greener travel. Looking forward, the business is in a strong position to grow and further support the rail industry recovery.

The Directors are focused on the Company's financial and strategic performance. We were pleased with the financial recovery in FY2022, with net ticket sales recovering well and the business returning to profitability despite the ongoing impact of COVID-19.

The Company made further good progress against its strategic priorities, enhancing the customer experience, building demand, increasing customer lifetime value and growing Trainline Partner Solutions. We invested behind an enhanced 'new commuter' proposition in the UK and stepped up our investment in our International business as the rail market in Europe increasingly liberalises.

Strategic Report (continued)

Principal risks and uncertainties

Risk	Mitigation
<p>Market shock/economic disruption Exposure to market risks including foreign currency rates, general market sentiment and the risk of global market shocks, including a recession.</p> <p>Significant market events could damage Trainline’s competitiveness, creditworthiness and the spending power of our clients and customers, ultimately impacting our financial results and the success of our product offering.</p>	<p>As part of our operations, we conduct detailed and careful analysis and modelling of cash balances and debt levels to ensure Trainline’s liquidity, access to financial facilities and sustainable business operations, all support our long-term growth. Through this analysis, we create forecasts and projections, including contingencies that help us cater for any negative impacts on our business – operationally or financially.</p> <p>Trainline has a large and diverse portfolio of investors, banks and advisors, allowing us to maintain access to global capital markets and funding.</p>
<p>Prolonged COVID-19 Increases in COVID-19 case numbers, emerging variants, and any future government travel restrictions may impact domestic leisure, corporate and commuter travel, as well as cross border travel into and around Europe and International inbound travel into the UK and Europe from overseas.</p>	<p>Throughout COVID-19 Trainline’s priorities have remained the safety and wellbeing of our people, supporting our customers and engaging with industry and governments to plan and support recovery in rail travel. Protecting our shareholders against the economic impact of COVID-19 has also been a priority for us, and we’ve taken several actions to manage and mitigate the Group’s financial position. We continue to monitor developments closely across all our markets and adapt our responses accordingly.</p> <p>Trainline carefully manages its operations to sustain a profitable and stable business in the long term. Should there be a significant resurgence in COVID-19 we can take the following actions, amongst others, to mitigate the impact on our business:</p> <ul style="list-style-type: none"> • Evaluate and reduce operating costs and cash outflows • Reduce marketing and other discretionary spend • Effective management of our working capital • Secure debt covenant waivers from Lenders <p>We have maintained well-being activities for all team members including online fitness sessions and activities including regular and frequent all-company meetings; virtual wellbeing sessions; meditation and yoga; 24-hour, free, confidential, one-on-one counselling.</p> <p>We continue to monitor employee engagement through our annual “Have your Say” surveys. Whilst we remain vigilant around the potential resurgence of COVID-19 and other virus variants and remain committed to implementing the required remediation measures, if necessary, we believe the potential impact of this risk on our overall business has become more moderate.</p>

Strategic Report (continued)

Principal risks and uncertainties (continued)

Risk	Mitigation
<p>IT security and cybercrime By selling rail and coach tickets to customers through our digital offering, Trainline is a processor of large amounts of customer data.</p>	<p>The Group's cross-functional Security Steering Committee regularly reviews and monitors existing and emerging threats as well as our current mitigation strategies and privacy matters to validate that we continue to adhere to data privacy regulations across our markets. Trainline is certified PCI Level 1 compliant.</p> <p>We perform detailed access management reviews and have prioritised mitigating activities in place around our information processing systems. We remain focused on our business continuity activities around critical systems to ensure that in case of disruptions, recovery is managed with the highest priority.</p> <p>All new Trainline employees are required to complete a cyber security and privacy related training course as part of their on-boarding. The Chief Information Security Officer (CISO), Security and Privacy team provide additional periodic and if required targeted training to Trainline employees to up-skill and ensure good practices are followed.</p> <p>We have policies and procedures in place to monitor systems access and remote working practices are continuously reviewed and reinforced to help us monitor potential cyber and data security risks.</p>
<p>People Trainline's business depends on hiring and retaining first-class talent in the highly competitive tech industry.</p> <p>Inability to attract and retain critical skills and capabilities could hinder our ability to deliver on our strategic objectives.</p>	<p>We work hard to develop and sustain our highly collaborative, agile and innovative culture, which incorporates the wellbeing and professional development of team members across each site.</p> <p>We continue to build capabilities and grow our teams, in particular focussing on Engineering, Data, Industry and Government Relations. New joiners are recruited and carefully screened by our in-house talent team.</p> <p>Organisational reviews are undertaken on a regular basis to ensure that teams are built to succeed and that we remain competitive to retain and attract talent. We continue to place a high priority on the mental health and wellbeing of our people, through our well-developed and continuously improving wellbeing initiatives.</p> <p>To help us deliver our strategic goals and ambitious growth plans we have made a number of key hires to our Senior Management Team with the addition of a Chief Technology Officer, Chief Data Officer and Chief Corporate Affairs Officer.</p> <p>Highlighting the strength of our succession planning process, we have also promoted internal talent to senior leadership roles.</p>

Strategic Report (continued)

Principal risks and uncertainties (continued)

Risk	Mitigation
<p>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. Ensuring that Trainline meets the needs of its consumers, both B2C and Trainline Partner Solutions customers, is of paramount importance in building, growing and sustaining a healthy business.</p> <p>Failure to ensure our technology and user experience meets those needs and that Trainline’s offering remains ahead of competitor products could have an adverse impact on our future results.</p>	<p>At Trainline, we recognise the importance of building and sustaining both a strong team and strong relationships. Our leadership, exceptional team, strong industry networks and agile way of working help to ensure that we stay ahead of our competitors, up-to-date and innovative.</p> <p>We continue to make targeted product investments and proactively monitor our brand health. With over 360 tech specialists, we use our skills and experience across our Product and Tech teams, to innovate for, engage with and listen to our customers.</p> <p>We work closely with industry groups and leaders to understand key trends to proactively respond to emerging changes and requirements.</p> <p>We also undertake regular market and competitor analysis to understand potential competitive threats and opportunities for partnerships and growth. We have created a strategic partnership with Google as part of which we are now able to integrate our product offering with Google Maps on the Android platform.</p>
<p>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.</p> <p>Should Trainline not comply with licences, legislation, regulatory requirements or other such frameworks, this could affect the reputation of the Group and the Group’s ability to conduct business operations. Non-compliance could also result in legal or financial penalties, the inability to retail rail and coach tickets and the loss of revenue.</p>	<p>At Trainline, we take a comprehensive and robust approach to compliance, which is overseen by the Audit and Risk Committee, our Board and by our Management, Legal, Finance, Technology and Security teams on an operational basis.</p> <p>We have dedicated resources and training, to ensure that each member of our team is appropriately trained on compliance topics. Security, privacy and data, as well as corporate hospitality, bribery, gifting and political and charitable donation compliance training are mandatory for all at Trainline. We also ensure that extra training is given to team members, relative to their roles at Trainline.</p> <p>We operate a whistleblowing policy, whereby any member of our team is able to quickly and confidentially raise concerns and feedback through an appropriate, procedural channel.</p> <p>We employ dedicated staff members and teams, where appropriate locally in countries where we operate, who help to track and monitor legal, contractual and regulatory compliance requirements in each of the major markets in which we operate.</p> <p>Where required, annual assessments are performed and reported to the relevant party on compliance. Under some contracts and regulations, Trainline is subject to third-party review on either a regular or ad hoc basis to assess its compliance with the underlying requirements and the results of such reviews are reported to the relevant third party.</p>

Strategic Report (continued)

Principal risks and uncertainties (continued)

Risk	Mitigation
<p>Supply and Partnerships Trainline retails rail and coach tickets across many countries and to customers across the world. We therefore rely on secure and reliable connections from all rail and coach operators.</p> <p>A unilateral termination or variation by a rail or coach carrier of its licence terms with Trainline, including a significant reduction in the levels of commissions which Trainline receives, or a significant or prolonged disruption to traveller services or systems would have an adverse impact on Trainline's results.</p> <p>In order to ensure a superior customer experience for our customers, we also rely on accurate and relevant information and data from carrier partners. Lack of or incomplete information would also impede Trainline's ability to offer a useful product to meet the needs of customers.</p>	<p>By working closely with our carrier partners and by remaining actively engaged with the industry across all geographies in which we have supply, we ensure we remain up to date on any industry or service issues. We also believe relevant competition laws may limit the scope of carriers' abilities to amend or otherwise treat Trainline unfairly.</p> <p>As our presence in Europe continues to grow and our relationships with train operators continue to expand, we have a dedicated team of commercial, legal, and technology resources.</p> <p>Though our business-to-business and corporate travel services were significantly impacted by the COVID-19 related lockdowns, we have continued to reinforce our sales and account executive teams.</p>
<p>Regulatory and political environment Trainline's operations could be affected by changes to policy or regulation by government, regulators, and industry.</p> <p>Changes to state-owned carriers, which operate in most geographies in continental Europe, as a result of government activity in their respective jurisdictions could also affect Trainline's operation and/or financial prospects, in the short to medium term.</p>	<p>Trainline recognises the importance of developing strong and effective relationships with governments and rail industry partners. The Corporate Affairs team proactively engages with UK and EU national governments, institutions, and carrier partners as part of a structured programme of stakeholder engagement.</p> <p>We work to ensure our voice is heard in key debates. In the last 12 months this has included the Williams Shapps plan for Rail, the RDG Retail Review and Europe-wide liberalisation initiatives such as the EU Plan for Rail.</p> <p>This engagement is joined with our overall communication and brand positioning, to present a coherent message to all our audiences. A range of tactical work including attendance at industry and political events, thought leadership and media and social media interventions amplifies this voice. Through doing this, we ensure that Trainline's external operating environment remains as supportive as possible to our growth ambitions.</p>

Strategic Report (continued)**Section 172(1) Statement**

Section 172 of the Companies Act 2006 requires a Director of a Company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing this section 172 requires a Director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the Company.

The Directors understand that how we behave matters not only to our people but also to the many stakeholders who have an interest in our business. We believe that productive business relationships with our suppliers, customers and other key stakeholders are key to the success of the Company and that the interests of relevant parties should be considered when making decisions that may impact them. Though engagement is carried out at a Trainline Group level by those most relevant to the stakeholder or issue in question, the Directors receive updates on the engagement that has been undertaken, the reoccurring questions, concerns raised and the feedback provided by the Company's key stakeholders. For details on the some of the engagement that took place with the Company's stakeholders please see pages 61 to 65 of the Trainline plc FY2022 Annual Report.

When making decisions the Directors takes the course of action that they consider best leads to the success of the Company over the long-term, and when doing so also consider the interests of the stakeholders that we interact with. The Directors acknowledge that every decision made will not necessarily result in a positive outcome for all our stakeholders but by considering the Company's purpose and values together with its strategic priorities the Directors aim to make sure its decision is consistent and predictable.

On behalf of the Board

DocuSigned by:

Shaun McCabe

AECF177EAB1D413...

Shaun McCabe

Director

120 Holborn
LONDON
EC1N 2TD
5 May 2022

Directors' Report

The Directors present their Annual Report and the audited Financial Statements of the Company for the year ended 28 February 2022.

Directors

The Directors of the Company who held office during the year and up to the date of the signing of the Financial Statements were as follows:

Shaun McCabe
Lisa Hillier
Peter Wade
Champa Magesh
Jody Ford

Results and Dividends

The profit for the financial year amounted to £3.4 million (FY2021: loss £42.6 million). Dividends paid during the year amounted to £nil (FY2021: £148 million).

Future Developments

Future developments of the Company are disclosed in the Strategic Report on page 1.

Employees

In considering applications for employment from disabled people, the Company seeks to ensure that full and fair consideration is given to the abilities and aptitudes of the applicant against the requirements of the jobs for which he or she has applied. Employees who become temporarily or permanently disabled are given individual consideration and where possible, equal opportunities for training, career development and promotions.

The Company conducts bi-annual performance appraisals to encourage employee engagement and to link performance to employee remuneration. This year the Company has introduced OKRs (Objectives and Key Results) as the goal setting methodology, to help simplify the process and better align teams to the things that matter most.

Stakeholder Engagement

The Directors recognise their duty to promote the success of the Company for the benefit of the members as a whole. The Company aims to foster excellent relationships with suppliers, customers, and other stakeholders. The Company has a dedicated customer service team and closely monitors its compliance with supplier terms. Please refer to pages 2 to 5 of the Strategic Report for further disclosure on stakeholder engagement.

Environmental Policy

The Company recognises that its day-to-day operations and other responsibilities can impact upon the environment in many ways. We are committed to promoting good environmental performance, reducing pollution, actively recycling and minimising, so far as is reasonably practicable, adverse environmental impact. We also recognise the overall positive impact on the environment made by rail travel when compared to other travel modes, resulting in less pollution. We will encourage growth in rail travel by improving our retailing and information services so as to make buying and selling rail travel easy.

To support the above policy, the Company will work with employees, customers and suppliers to identify practicable ways of reducing its environmental impact.

Directors' Report *(continued)*

Streamlined Energy and Carbon Reporting ("SECR")

The Group report for the year ended 28 February 2022 of the Company's parent undertaking, Trainline plc, contains SECR disclosures on pages 54 to 58. Copies of the Group Annual Report and Financial Statements of Trainline plc can be obtained from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ or at www.thetrainline.com.

Financial Risk Management

The Company's operations expose it to a variety of financial risks that include credit risk and liquidity risk. The Company has specific policies for the management of these risks. The Company manages these risks as follows:

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. Trade receivables are assessed for risk of default by customers on a periodic basis and terms of trade are adjusted accordingly. Trade receivables are insured on risk and cost grounds.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Trainline Group maintains a daily cash forecast in order to ensure that it has sufficient liquidity to cover all expected cash flows from the Company.

Political and Charitable Donations

The Company did not make any political donations (FY2021: £nil) or incur any political expenditure during the year (FY2021: £nil). During the year the Company made charitable donations totalling £51,588 (FY2021: £75,285) of which £50,000 was donated to UNICEF in aid of the crisis in Ukraine. Further charitable donations were made via matched funding under the reporting threshold to support the charitable fund-raising efforts of our people.

Research and Development

During the year £24.9 million (FY2021: £24.0m) of development costs were capitalised as intangible fixed assets. These costs arise from work in relation to development of the Company's website and mobile apps and relating technology platform.

Directors' Indemnity Insurance

The Group has taken out Directors' indemnity insurance on the Directors' behalf which will remain in place to the date of these Financial Statements.

Disclosure of Information to the Independent Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware. Each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' Report *(continued)*

Independent Auditor

Following a competitive tender, PwC were appointed external auditors for FY2022 and for future audits of the Company.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out within the Strategic Report.

Notwithstanding the Company's net current liabilities of £25.4 million as at 28 February 2022, these Financial Statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these Financial Statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate Parent Company, Trainline plc, to meet its liabilities as they fall due for that period.

Those forecasts for the Company are dependent on Trainline plc and its subsidiaries not seeking repayment of the amounts currently due to the Group, which at 28 February 2022 amounted to £33.0 million, and providing additional financial support during that period. Trainline plc has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these Financial Statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the Financial Statements and therefore have prepared the Financial Statements on a going concern basis.

Directors' Report *(continued)*

Statement of Directors' responsibilities in respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board

DocuSigned by:

A49B71E9D36948F...
Martin McIntyre
Company Secretary

120 Holborn
London
EC1N 2TD

5 May 2022

Independent auditors' report to the members of Trainline.com Limited

Report on the audit of the financial statements

Opinion

In our opinion, Trainline.com Limited's Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements as of and for the year ended 28 February 2022 (the "Annual Report"), which comprise: Balance sheet as at 28 February 2022; Income statement and the Statement of changes in equity for the year then ended; and the notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the Financial Statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of

Independent auditors' report to the members of Trainline.com Limited (continued)

Reporting on other information (continued)

this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 28 February 2022 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the Financial Statements, the Directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of the Financial Statements to overstate revenue through the posting of inappropriate journal entries, or EBITDA through manipulating expense classification or inappropriately capitalising costs to intangibles. Audit procedures performed by the engagement team included:

Independent auditors' report to the members of Trainline.com Limited (continued)

Responsibilities for the financial statements and the audit (continued)

- identifying and testing of journal entries based on our risk assessment criteria, in particular any journals with unusual account combinations which inflate revenue or EBITDA;
- evaluation of controls designed to prevent and detect irregularities;
- reviewing board minutes throughout the financial year and post year end to identify any unusual items such as suspicious activity, non-compliance, breaches of laws or potential litigation;
- review of Financial Statements disclosures for compliance with Companies Act 2006;
- assessing compliance with the tax legislation through our audit work over the payroll, VAT and corporation tax;
- performing enquiries of the Directors, management and legal counsel and inspection of regulatory and legal correspondence;
- incorporating unpredictability into our audit plan including testing over bank reconciliations throughout the year and review of the bank statements for unusual payments;
- performing testing over the intangible asset additions in the period to a higher level of assurance to ensure that there is no evidence of inappropriately capitalised costs; and
- we have tested significant accounting estimates and judgements to supporting documentation, considering alternative information where available along with considering the appropriateness of the related disclosures in the Financial Statements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Financial Statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

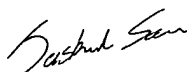
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Financial Statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Jaskamal Sarai (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
5 May 2022

Income statement

For the year ended 28 February 2022

	<i>Notes</i>	Year ended 28 February 2022 £'000	Year ended 28 February 2021 £'000
Total Net Ticket Sales*		2,170,022	563,435
Revenue	2	172,905	57,854
Cost of sales		(30,463)	(15,092)
Gross profit		142,442	42,762
Administrative expenses		(143,488)	(102,105)
Other operating income		2,937	-
Adjusted EBITDA*	1f (ii)	43,960	(19,645)
Share-based payments	16	(6,007)	(6,292)
Exceptional items	4	-	(924)
Depreciation and amortisation	9, 10	(36,062)	(32,482)
Operating profit / (loss)		1,891	(59,343)
Finance income	6	1,091	18,098
Finance costs	7	(1,617)	(13,191)
Net finance (expense) / income		(526)	4,907
Profit / (loss) before tax		1,365	(54,436)
Income tax credit	8	2,070	11,795
Profit / (loss) for financial year		3,435	(42,641)
Other comprehensive income: items to be subsequently reclassified to profit or loss		-	-
Total comprehensive income / (loss)		3,435	(42,641)

The notes on pages 17 to 36 form part of these Financial Statements

There are no further items included in other comprehensive income, therefore a separate statement of other comprehensive income has not been disclosed

* Non-GAAP measure – for further details please refer to Note 1f

Balance sheet

At 28 February 2022

	Notes	28 February 2022	28 February 2021
		£'000	£'000
Non-current assets			
Intangible assets	9	53,422	59,129
Deferred tax asset	8	12,609	6,634
Property, plant and equipment	10	22,170	22,626
Investments	12	669	669
		88,870	89,058
Current assets			
Trade and other receivables	11	152,277	294,363
Cash and cash equivalents		59,662	25,507
Current tax receivable	8	1,618	7,624
		213,557	327,494
Current liabilities			
Trade and other payables	13	(235,942)	(351,362)
Loans and borrowings	14	(3,035)	(2,891)
		(238,977)	(354,253)
Net current liabilities			
		(25,420)	(26,759)
Total assets less current liabilities			
		63,450	62,299
Non-current liabilities			
Provisions		(899)	(850)
Loans and borrowings	14	(13,435)	(15,759)
		(14,334)	(16,609)
Net assets			
		49,116	45,690
Equity			
Share capital	15	1,131	1,131
Retained earnings		47,985	44,559
		49,116	45,690

The notes on pages 17 to 36 form part of these Financial Statements

These Financial Statements on pages 14 to 36 were approved by the Board of Directors on 5 May 2022 and were signed on its behalf by:

DocuSigned by:
Shaun McCabe
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Shaun McCabe

Director

Company registration number: 03846791

Statement of changes in equity

As at 28 February 2022

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 29 February 2020	1,131	240,969	242,100
Change in accounting policy ¹	-	(5,736)	(5,736)
Restated total equity as at 1 March 2020	1,131	235,233	236,364
Dividend paid	-	(148,033)	(148,033)
Loss for the year	-	(42,641)	(42,641)
Balance as at 28 February 2021	1,131	44,559	45,690
Deferred tax on IFRS 16	-	(9)	(9)
Profit for the year	-	3,435	3,435
Balance as at 28 February 2022	1,131	47,985	49,116

¹ Restatement is due to a change in accounting policy. See Note 1i for further details

The notes on pages 17 to 36 form part of these Financial Statements

Notes (forming part of the Financial Statements)

1. General information

Trainline.com Limited ("the Company") is a Company incorporated in England and Wales.

The Financial Statements presented herein is for the period 1 March 2021 to 28 February 2022.

The Company is a private limited company incorporated and domiciled in the UK under the Companies Act 2006. The address of its registered office is 120 Holborn, London, EC1N 2TD.

a) Basis of preparation

The Financial Statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted international accounting standards), but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

The following exemptions from the requirements of IFRS have been applied in the preparation of these Financial Statements, in accordance with FRS 101:

- the requirements of IAS 7, 'Statement of cash flows' and related notes;
- paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1, (ii) paragraph 73(e) of IAS 16, 'Property, plant and equipment', and paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 'Leases';
- paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- the requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group;
- paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined); and
- the effects of new but not yet effective IFRSs.

Accounting policies have been applied consistently to all periods presented.

b) Basis of measurement

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

- non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell and;
- financial instruments at fair value through the income statement are measured at fair value.

The principal accounting policies applied in the preparation of these Financial Statements are set out below have', unless otherwise stated, been applied consistently to all periods presented within the Financial Statements.

Notes (continued)

General information (continued)

c) Functional and presentation currency

These Financial Statements are presented in pounds sterling. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

d) Going concern

Notwithstanding the Company's net current liabilities of £25.4 million as at 28 February 2022, these Financial Statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these Financial Statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate Parent Company, Trainline plc, to meet its liabilities as they fall due for that period.

Those forecasts for the Company are dependent on Trainline plc and its subsidiaries not seeking repayment of the amounts currently due to the Group, which at 28 February 2022 amounted to £33.0 million, and providing additional financial support during that period. Trainline plc has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these Financial Statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the Financial Statements and therefore have prepared the Financial Statements on a going concern basis.

e) Cost of sales

Costs 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).

f) Non-GAAP measures

When discussing and assessing performance of the Company Management use certain measures which are not defined under IFRS, referred to as 'Non-GAAP measures'. These measures are used as they are considered to be indicators of the underlying performance and success of the Company. Non-GAAP Measures should be considered in addition to, not as a substitute for, or as superior to, measures reported in accordance with IFRS.

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

(i) Net Ticket Sales

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

Management believe Net Ticket Sales are a meaningful measure of the Company's operating performance and size of operations.

Notes (continued)

General information (continued)

f) Non-GAAP measures (continued)

(ii) Adjusted EBITDA

Management believe that adjusted EBITDA is a meaningful measure of the Company's operating performance 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 Company's underlying earnings. This is because they are often one-off in nature and, not related to underlying trade and amounts can be material. Share-based payment charges are also excluded as they can fluctuate significantly year on year.

(iii) Group Liquidity

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

g) Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

h) Use of judgements and estimates

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

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

In preparing these Financial Statements, the Directors have had to make no judgements or estimates which, had they come to a different conclusion, could have resulted in a material change to the reported results or net assets of the Company.

Notes (continued)

General information (continued)

i) Change in accounting policy

During FY2021 the Company changed its accounting policy in respect to the recharge of share-based payment ("SBP") charges from Trainline plc to the Company, the Company's ultimate parent undertaking. This recharge relates to shares in Trainline plc which the Company's employees will become entitled to as part of SBP arrangements. The Company previously recognised the recharge as a capital contribution. On 1 March 2020, the Company elected to change its accounting policy in relation to the recharge to now treat the charge as an amount owed to Group undertakings instead of a capital contribution. This policy is considered by the Directors to better reflect the operational nature of the costs incurred and the expectation that the recharge will be repaid to Trainline plc in the future. In the FY2020 Financial Statements, the SBP recharge of £5.7 million was shown as a capital contribution. In the FY2021 and FY2022 Financial Statements, the comparative information has been restated to show the FY2020 SBP recharge of £5.7 million as amounts owed to Group undertakings. The FY2020 retained earnings have accordingly decreased by £5.7 million and trade and other payables increased by £5.7 million. There is no impact on the net assets prior to FY2020 as the reallocation of SBP charges only commenced in FY2020, being Trainline plc's first year of incorporation. The change in accounting policy has no impact on the profit and loss account and is a non-cash adjustment.

j) New standards and interpretations adopted

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

2. Revenue

All revenue of the Company relates to the rail industry, and as such revenue has not been disaggregated into categories. Revenue is accounted for as follows:

Consumer

Commission revenue earned from carriers on net ticket sales and service charges billed to customers. Each sale or refund transaction represents a separate performance obligation and the related revenue is recognised at the time of the sale or refund. The Company acts as an agent in these transactions, as it does not control the services prior to transferring them to its customers.

Trainline Partner Solutions

Revenue earned from branded travel portal platforms is recognised in three key elements represented by bespoke feature builds, monthly maintenance, and commission and service fees earned per transaction processed. Each of these elements represent a separate performance obligation. Revenue is recognised over time for bespoke feature builds, and at point in time for maintenance and commission and service fees earned per transaction processed.

Notes (continued)

Revenue (continued)

Revenue is derived from contracts with customers and disaggregated by the timing of revenue recognition.

	Year Ended 28 February 2022 £'000	Year Ended 28 February 2021 £'000
Timing of revenue recognition		
At point in time	171,558	55,286
Over time	1,347	2,568
	<u>172,905</u>	<u>57,854</u>

Contract balances

Contract balances consist of trade receivables, contract assets and contract liabilities. Trade receivables are disclosed in Note 11.

The contract assets primarily relate to the Company's rights to consideration for services provided but not invoiced at the reporting date, recorded as accrued income. The contract assets are transferred to receivables when invoiced. The Company's contract assets amounted to £1.2 million (FY2021: £0.3 million) which are included in Note 11.

The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised when the services are deemed to be provided. The contract liabilities amounted to £0.2 million (FY2021: £0.2 million) which are included within deferred revenue in Note 13.

3. Auditor's remuneration

	Year Ended 28 February 2022 £'000	Year Ended 28 February 2021 £'000
Audit of Financial Statements	23	20
	<u>23</u>	<u>20</u>

There were no non-audit fees payable to the auditor in FY2022 (FY2021: none).

Notes (continued)

4. 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 and are not considered to be part of the Company's ongoing operating activities.

	Year ended 28 February 2022 £'000	Year ended 28 February 2021 £'000
Strategic restructuring costs	-	924
	<u>-</u>	<u>924</u>

Strategic restructuring costs

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

5. Employee benefit expenses

This note details the number of employees across the Company.

The average number of full-time equivalent employees of the Company during the year analysed by category was as follows:

	Year ended 28 February 2022	Year ended 28 February 2021
Sales and marketing	83	90
Operations	130	116
Technology and product	316	290
Management and administration	95	97
	<u>624</u>	<u>593</u>

The table below presents the staff costs of these persons recognised in the income statement. The emoluments paid to the Directors are borne by Trainline plc and no recharges have been made as an accurate apportionment is not possible.

	Year ended 28 February 2022 £'000	Year ended 28 February 2021 £'000
Wages and salaries	48,000	38,218
Social security costs	4,960	5,065
Pension costs	1,864	1,684
Share-based payments	6,007	6,292
	<u>60,831</u>	<u>51,259</u>

Notes (continued)

Employee benefit expenses (continued)

Staff costs presented in this note reflect the total wage, tax, pension and share-based payment expense relating to employees of the Company. These costs are allocated between administrative expenses or capitalised where appropriate as part of Software Development intangible assets. The allocation between these areas is dependent on the area of business the employee works in and the activities they have undertaken.

The majority of the Company's employees are members of a defined contribution pension scheme. The Company pays contributions into separate funds on behalf of the employee and has no further obligations to employees. The risks associated with this type of plan are assumed by the member.

6. Finance income

	Year ended 28 February 2022 £'000	Year ended 28 February 2021 £'000
Bank interest	37	14
Receivable from other group companies	1,054	17,950
Foreign exchange gain	-	134
Finance income	1,091	18,098

7. Finance costs

	Year ended 28 February 2022 £'000	Year ended 28 February 2021 £'000
Payable to other group companies	1,144	12,660
Other interest expense	45	46
Foreign exchange loss	24	-
Interest on lease liability	404	485
Finance costs	1,617	13,191

Notes (continued)

8. Taxation

This note analyses the tax expense for this financial year, which includes both current and deferred tax. It also details tax accounting policies and presents a reconciliation between profit/(loss) before tax in the income statement multiplied by the UK 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 by the Company.

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 in the income statement;
- temporary differences related to investments in subsidiaries, to the extent that the Company is able to 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. 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 (continued)

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 Company 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

	Year ended 28 February 2022 £'000	Year ended 28 February 2021 £'000
Current tax expense/(credit)		
Current year	374	(3,286)
Adjustment for prior years	3,444	(2,608)
Total current tax charge/(credit)	<u>3,818</u>	<u>(5,894)</u>
Deferred tax		
Current year	(809)	(7,413)
Adjustment in respect of prior years	(3,416)	1,512
Effect of changes in tax rates	(1,663)	-
Total deferred tax credit	<u>(5,888)</u>	<u>(5,901)</u>
Tax credit	<u>(2,070)</u>	<u>(11,795)</u>

Corporation tax was calculated at 19% (FY2021: 19%) of the taxable profit for the year. The total tax credit of £2.1 million (FY2021: credit of £11.8 million) is made up of a current corporation tax charge of £3.8 million (FY2021: credit £5.9 million) arising in the UK, and a deferred tax credit of £5.9 million (FY2021: credit of £5.9 million).

The current corporation tax charge relates primarily to a prior period adjustment to adjust the Company's tax receivable, as the Company's Financial Statements in FY2021 included an expected tax repayment for a loss carry back claim to profits in FY2020 which were not claimed on submission of the tax return as the Company instead carried these losses forward to utilise against expected future profits. A corresponding deferred tax prior period adjustment has been recognised in respect of those losses which were not carried back.

The deferred tax credit in FY2022 also includes deferred tax on equity-settled share-based payment charges issued during the period, where tax relief is obtained in the year the shares vest, and intangible assets that qualified for Research and Development expenditure credit ("RDEC") relief. The timing of the tax deductions

Notes (continued)

Taxation (continued)

in respect of expenditure incurred on these assets differs from the amortisation profile of the assets giving rise to deferred tax liabilities.

The deferred tax credit in FY2022 is also driven by the impact of the future increase in the rate of corporation tax from 19% to 25%. This rate change was substantively enacted in May 2021, as such the deferred tax assets and liabilities have been remeasured for the change in tax rate, giving rise to a one-off deferred tax credit in FY2022, primarily in respect of the losses incurred in FY2021.

The tax on the company profit/(loss) before tax differs from (FY2021: differ from) the theoretical amount that would arise using the effective tax rate applicable to profits of the Group as follows:

Reconciliation of effective tax rate

	Year ended 28 February 2022 £'000	Year ended 28 February 2021 £'000
Profit / (loss) before tax	1,365	(54,436)
Profit / (loss) before tax multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	259	(10,343)
Non-deductible expenses	1,071	3
Amounts not recognised	9	-
Effect of changes in tax rates	(2,425)	-
Adjustments in respect of prior year	28	(1,095)
Deferred tax credited to equity	87	-
Group relief claimed	(1,081)	-
Other	(18)	(360)
Total tax credit	(2,070)	(11,795)
Effective tax rate	(152)%	22%

Deferred tax asset

	Total £'000
At 1 March 2021	6,634
Effect of increased tax rate on opening balance	1,663
Adjustment in respect of prior years	3,416
Adjustments posted through equity	87
Credit to income statement	809
At 28 February 2022	12,609

Notes (continued)

Taxation (continued)

Tax debtor

Tax debtor per the balance sheet at each year end was as follows:

	28 February 2022 £'000	28 February 2021 £'000
<i>Current tax receivable</i>	1,618	7,624

Current tax receivable at the end of the year reflects the current tax charge/credit for the year, less any corporation tax payments on account made during the year, less the Research and Development expenditure credit ("RDEC"). The FY2022 current tax receivable balance reflects a £1.6 million RDEC. No corporation tax was payable by the Company in FY2022. (FY2021: Current tax receivable of £7.6 million made up of £2.0 million RDEC plus £5.6 million of current tax credit.)

9. Intangible assets

Intangible assets predominantly arise on software development. These intangible assets are amortised and tested for impairment when an indicator of impairment exists.

Accounting Policy

(i) 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 Company 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.

(ii) Other intangible assets

Other intangible assets that are acquired by the Company have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses.

(iii) 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 (continued)

Intangible Assets (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.

The estimated useful lives are as follows:

Software development	3 – 5 years
Other intangibles	5 – 10 years

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

	Software development £'000	Other intangibles £'000	Total £'000
Cost:			
At 1 March 2021	124,372	1,484	125,856
Additions	24,922	85	25,007
Disposals	(6,787)	-	(6,787)
At 28 February 2022	142,507	1,569	144,076
Accumulated amortisation and impairment:			
At 1 March 2021	(65,877)	(850)	(66,727)
Amortisation	(30,607)	(107)	(30,714)
Disposals	6,787	-	6,787
At 28 February 2022	(89,697)	(957)	(90,654)
Carrying amounts:			
At 28 February 2022	52,810	612	53,422
At 28 February 2021	58,495	634	59,129

Amortisation

The amortisation of intellectual property and software development is included in the depreciation and amortisation charge.

Other intangibles are related to domain name acquisitions and associated brand trademark.

Notes (continued)

10. Tangible fixed assets

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

Accounting Policy

Items of property, plant and equipment 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. The Company tests the carrying value of assets including right-of-use ("ROU") assets for impairment if there is an indicator of impairment.

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	Leasehold improvements	Right-of-use assets	
		3-7 years	3-10 years/remaining lease life if shorter	
		Lease length		
	Plant and equipment	Leasehold improvements	Right-of-use-assets	Total
	£'000	£'000	£'000	£'000
Cost:				
At 1 March 2021	8,852	4,448	22,960	36,260
Additions	1,612	2,536	744	4,892
Disposals	(4,063)	-	-	(4,063)
At 28 February 2022	6,401	6,984	23,704	37,089
Accumulated depreciation and impairment:				
At 1 March 2021	(6,852)	(1,890)	(4,892)	(13,634)
Depreciation	(1,392)	(625)	(3,331)	(5,348)
Disposals	4,063	-	-	4,063
At 28 February 2022	(4,181)	(2,515)	(8,223)	(14,919)
Carrying amounts:				
At 28 February 2022	2,220	4,469	15,481	22,170
At 28 February 2021	2,000	2,558	18,068	22,626

Notes (continued)

11. Trade and other receivables

Trade and other receivables include amounts due from credit card companies for consumer ticket sales, amounts due from business customers and Train Operating Companies on account, and intercompany balances. Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Receivables are held with the objective to collect the contractual cash flows and are therefore recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for the expected loss on trade receivables is established at inception. This is modified when there is a change in the credit risk. The amount of the expected loss is considered immaterial for the Company.

	28 February 2022 £'000	28 February 2021 £'000
Trade receivables	37,205	7,037
Other receivables	3,006	564
Prepayments	4,037	4,436
Contract assets	1,179	1,202
Amounts owed by Group undertakings	106,850	281,124
	<u>152,277</u>	<u>294,363</u>

12. Investments

	28 February 2022 £'000	28 February 2021 £'000
Investments	<u>669</u>	<u>669</u>

On 15 August 2019, the Company purchased 100% of the shares in Railguard Limited. The address of the registered office of Railguard Limited is 120 Holborn, London, England, EC1N 2TD. The nature of this Company is a trading entity.

Notes (continued)

13. Trade and other payables

Trade and other payables principally include liabilities for ticket sale monies to be passed on to carriers, as well as accounts payable and accruals for general business expenditure and deferred revenue. Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

	28 February 2022 £'000	28 February 2021 £'000
Amounts owed to Group undertakings	33,019	323,932
Trade and other payables	171,938	13,723
Accruals	30,760	13,373
Deferred revenue	225	334
	<u>235,942</u>	<u>351,362</u>

14. Loans and borrowings

The Company has loans and borrowings in relation to the right-of-use liability recognised under IFRS 16.

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.

	28 February 2022 £'000	28 February 2021 £'000
Current liabilities		
Lease liabilities	<u>3,035</u>	<u>2,891</u>
Non-current liabilities		
Lease liabilities	<u>13,435</u>	<u>15,759</u>

15. Capital and reserves

Share Capital

	28 February 2022		28 February 2021	
	Number	£'000	Number	£'000
Allotted, called up and fully paid:				
Ordinary shares of £1 each	1,130,864	1,131	1,130,864	1,131
	<u>1,130,864</u>	<u>1,131</u>	<u>1,130,864</u>	<u>1,131</u>

Notes (continued)

Capital and reserves (continued)

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.

Dividends

During the year, the Company made dividend payments of £nil. In FY2021 the Company made a distribution of £148,033,159 in specie of an intercompany receivable from Victoria Investments Finco Limited to Trainline Holdco Limited. The receivable distributed to New Holdco Limited has been offset against New Holdco's payable to Finco, which as a result is treated as paid. Prior to making this dividend there were sufficient positive distributable reserves.

16. Share-based payments

Accounting policy

The Trainline Group operates a number of equity-settled share-based payment schemes. The awards are granted by the Company's parent undertaking, Trainline plc, and the Company has no obligation to settle the awards. Equity-settled share-based payments to employees are initially measured at fair value at the grant date and recognised as a charge in the income statement over the vesting period based on the Group's estimate of the share that will eventually vest and adjusted for the effect of non-market vesting conditions. A corresponding increase in reserves is recognised in the equity of Trainline plc.

Share-based payment charges to 28 February 2022

	Year ended 28 February 2022 £'000	Year ended 28 February 2021 £'000
Income statement		
Share-based payment schemes	6,007	6,292
Total income statement impact	6,007	6,292

The Group operates the following equity-settled share-based payment schemes with a £nil exercise price:

Share Incentive Plan

The share incentive plan ("SIP") was offered to all UK Company staff employed at both 26 June 2019 and 31 July 2019, being the IPO date and grant date respectively. The awards will vest on 31 July 2022, all employees that have not opted out or left the business between 26 June 2019 and 31 July 2022 will be entitled to shares in Trainline plc worth £3,600 at grant date.

Restricted Share Plan ("RSP")

The Restricted Share Plan ("RSP") awards Restricted Share Units ("RSUs") to certain members of the executive team and senior management. The majority of awards vest evenly in three tranches over a three-year period. All participants that have not left the business on the vesting date will be entitled to RSUs which each represent the right to receive one ordinary share in Trainline plc.

Notes (continued)

Share Based Payments (continued)

Performance Share Plan ("PSP")

The Performance Share Plan ("PSP") award is offered to certain members of the Board and executive team. Awards vest three years after the grant date and are subject to the Group meeting specified performance conditions. Only participants that have not left the business at the vesting date will be entitled to PSPs which each represent the right to receive one ordinary share in Trainline plc.

Matching Shares

From 20 April 2020, all Company employees were entitled to one free matching share for every one partnership share they purchase under the Share Incentive Plan ("SIP"), subject to remaining employees for the three-year vesting period.

The Group operated two additional equity-settled share-based payment schemes with a £nil exercise price in FY2021:

1,000 RSU IPO Award

The 1,000 restrictive stock unit ("RSU") IPO award was offered to all Company staff employed on both 26 June 2019 and 31 July 2019, being the IPO date and grant date respectively. The awards vested on 31 July 2020, all employees that had not opted out or left the business between 26 June 2019 and 31 July 2020 were entitled to 1,000 RSUs which each represented the right to receive one ordinary share in Trainline plc.

12-month RSU IPO Award

The 12-month RSU IPO award was offered to certain members of the executive team and senior management. The awards vested on 26 June 2020, all participants that had not left the business at this date were entitled to RSUs which each represented the right to receive one ordinary share in Trainline plc.

Key assumptions used in valuing the share-based payments were as follows:

	1,000 RSU IPO Award¹	Share Incentive Plan	12-month RSU IPO Award¹	Restricted Share Plan	Performance Share Plan	Matching Shares
Exit date	31-Jul-20	31-Jul-22	26-Jun-20	3 years after grant date	3 years after grant date	3 years after grant date
Attrition rate	17%	36%	23%	26% - 35%	20% - 30%	41%

¹ Scheme fully vested in FY2021. Key assumptions reflect the final assumptions used in FY2021.

Notes (continued)

Share Based Payments (continued)

The movements in share awards are summarised as follows:

Outstanding	1,000 RSU IPO Award number	Share Incentive Plan number	12-month RSU IPO Award number	Restricted Share Plan number	Performance Share Plan number	Matching Shares
At 1 March 2020	525,000	407,932	1,500,755	422,493	1,541,925	-
Granted	-	-	-	574,898	2,543,091	52,191
Lapsed	(36,000)	(84,843)	(28,823)	(154,411)	(1,487,819)	(4,136)
Exercised	(489,000)	-	(1,471,932)	(84,527)	-	(1,080)
At 28 February 2021 and 1 March 2021	-	323,089	-	758,453	2,597,197	46,975
Granted	-	-	-	1,933,629	3,533,470	74,093
Lapsed	-	(67,703)	-	(208,002)	(1,813,806)	(11,317)
Exercised	-	-	-	(865,548)	-	(2,891)
At 28 February 2022	-	255,386	-	1,618,532	4,316,861	106,860

17. Capital commitments

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

The Group's capital commitments at 28 February 2022 are £nil (FY2021: £2,375,481).

18. Leases

Accounting policy

At inception of a contract, Trainline assesses whether or not a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When a lease is recognised in a contract Trainline recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease prepayments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Notes (continued)

Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Trainline's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. If there is an extension on the lease term that is not considered a new lease, the lease liability is remeasured using revised payments and a revised discount rate at the date of the modification. A corresponding adjustment is made to the right-of-use asset.

Trainline presents right-of-use assets in property, plant and equipment and lease liabilities in loans and borrowings in the statement of financial position. Trainline has applied the recognition exemption of low value leases. For these leases, the lease payments are charged to the income statement on a straight-line basis over the term of the lease.

Trainline's leases assets including land and buildings that are held within property, plant and equipment. Information about leases for which Trainline is a lessee is presented below.

a) Right-of-use assets

Details of right-of-use assets are shown in Note 10.

b) Amounts charged in the income statement

	<i>Notes</i>	Year Ended 28 February 2022	Year Ended 28 February 2021
		£'000	£'000
Depreciation expense of right-of-use assets	9	3,331	2,740
Interest expense in lease liabilities	7	404	485
		<u>3,735</u>	<u>3,225</u>

19. Government grants

Accounting policy

Government grants are recognised when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Government grants that compensate the Company for expenses incurred are recognised in the profit or loss in the periods in which the expenses are recognised and are presented as a deduction from the related expense.

There were no government grants received in FY2022.

During FY2021, the Company participated in the UK government's Coronavirus Job Retention Scheme ("CJRS") and received a grant aggregating to £528,581. There were no unfulfilled conditions or contingencies attached to this grant. The Company voluntarily repaid all amounts claimed under the CJRS in February 2021.

Notes (continued)

20. Related parties

In accordance with FRS 101, the Company is exempt from the requirement to disclose related party transactions with Trainline plc and its subsidiary undertakings on the grounds that it is a wholly owned subsidiary of Trainline plc who prepare the consolidated Financial Statements of the Group.

21. Immediate and ultimate parent company

The Group's ultimate parent company is Trainline plc and is the smallest and largest group to consolidate these Financial Statements. The address of the registered office of Trainline plc during the year ended 28 February 2022 was 120 Holborn, London, EC1N 2TD. Copies of the Group Financial Statements of Trainline plc can be obtained from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ.