Mobico Group PLC ("Mobico" or the "Group"): results for the twelve months ended 31 December 2024

FY24 Adjusted Operating Profit in-line with guidance with continued revenue growth and disciplined cost management

Announced sale of North American School Bus an important step in reducing net debt

Full year results, twelve months ended 31 December 2024

Summary

Group

- **FY 24 Adjusted Operating Profit in line with market guidance, growth of 11.3% to £187.7m**
- **Statutory Group operating Loss after Tax of £793.8m**
  - Reflects principally non-cash adjusting items including goodwill impairment of NASB, write-off of deferred tax assets in UK and North America, and an increased onerous contract provision in German Rail; see adjusting items section below
- **Continued Group revenue growth* of 8.3%**
  - Record progress at ALSA + further growth in WeDriveU (WDU) & School Bus (NASB) + good progress in UK Bus
- **Covenant gearing reduced to 2.8x**
  - Good Free Cash Flow generation of £210.2m (£163.7m in FY23)
  - Organic debt reduction initiatives delivered targeted £25m of benefits in the year
  - Ample liquidity with no maturities for over 24 months and intention to refinance well ahead of time
- **Announced sale of North America School Bus for an enterprise value of up to $608m**
  - Expected upfront net proceeds of approximately $365 - 385 million#
  - Delivers on the Group's commitment to accelerate net debt reduction – with further deleveraging options under review
  - Enables the Group to reallocate cash flows from the capital-intensive School Bus business
  - Creates a simpler portfolio with a stronger platform to delever alongside allowing the Group to focus strategically on fully unlocking ALSA's high quality growth and return potential
- **Important Board and management appointments**
  - **Phil White** as Chair from 1 May 2025, Francisco (**Paco**) Iglesias as Group COO (ongoing ALSA CEO) to drive operational improvements, and **Kevin Gale** as UK & Germany CEO, bringing substantial transport experience

Divisions

- **ALSA**
  - Delivers another record performance in FY 24
  - 13.9% growth in revenue, driven by Regional and Long Haul
  - Continuing diversification with strong growth in International and New Markets
- **North America**
  - Revenue growth of 8.0% reflects NASB route wins prior to disposal
  - Whilst NA School Bus EBIT has grown $6.2m persistent market challenges such as driver wage inflation and increased maintenance costs has meant that FY 24 performance was below expectations and impacted future forecasts leading to a goodwill impairment.
  - Continuing organic revenue growth (18.9% vs FY 23) in newly separated and strengthened **WeDriveU**
- **UK & Germany**:
  - In **UK Bus** an improved funding agreement agreed with TfWM for 2025 as an important first step towards sustainable profitability. UK Bus benefitted from an increase in demand for services and the benefit of price rises, with commercial passenger numbers up 9.5% and a price increase from July 2024 of 6% being implemented.
  - Significant restructuring within **UK Coach** making progress, with margin upside expected in FY 25 from a range of different initiatives
  - **German Rail** performance reflects continuing industry challenges. Discussions with local PTAs are ongoing and remain constructive

Outlook

- Further to the appointment of the new chair Philip White, effective 1st May 2025 and the North America School Bus transaction, we expect provide a trading update ahead of the AGM in June 2025.
- In FY25, on a continuing business basis, the Group expects to make continued revenue and adjusted operating profit progress, with further strong performance from ALSA and ongoing growth in WeDriveU, alongside further recovery in UK & Germany
- Sale of North America School Bus expected to complete early in Q3
- Group expects Covenant Gearing to remain broadly neutral for FY25 depending on the timing of, and closing adjustments for, the disposal of North American School Bus. The Group continues to target organic reduction to 1.5-2.0x range over time

**All revenue performance numbers are expressed on an organic, constant currency basis (OCC).*
 # Net upfront proceeds for covenant deleveraging, after deduction for debt-like items including IFRS 16 leases, deferred capital expenditure,

and other items, as well as transaction fees. The net proceeds figure does not include the earn-out amount. The final amount of Net Proceeds will be subject to customary completion adjustment by virtue of the completion accounts mechanism and dependent on the timing of completion.

Ignacio Garat, Mobico Group Chief Executive, said:
"The Group achieved good revenue growth in 2024, with adjusted profits in line with guidance, at the lower end of the range. This performance was driven by another record result from ALSA, tight cost control, and targeted pricing actions, along with a mixed performance in the UK and the impact of continuing industry challenges in German rail. The sale of North America School Bus, announced on 25 April 2025, represents an important first step in strengthening our balance sheet, and we continue to explore further options to accelerate debt and leverage reduction. Looking ahead, the disposal will also enable us to reallocate capital to attractive growth opportunities across the Group, particularly in ALSA. We look forward to making progress in 2025."

	FY 24	FY 23 Restated[2]	Change (Constant FX)	Change (Reported)
Group Revenue	**£3.41bn**	£3.15bn	10.3%	8.3%
Group Adjusted EBITDA[1]	**£426.2m**	£386.0m	13.1%	10.4%
Group Adjusted[1] Operating Profit	**£187.7m**	£168.6m	14.4%	11.3%
Group Adjusted[1] Profit Before Tax	**£101.1m**	£92.9m		
Adjusted basic[1] EPS	**4.8p**	4.5p		
Dividend per share	**0.0p**	1.7p		
Return on Capital Employed	**10.2%**	7.0%		
Statutory				
Group Operating Profit/(Loss)	**£(519.9)m**	£(43.2)m		
Group Loss Before Tax	**£(609.3)m**	£(120.1)m		
Group Loss After Tax	**£(793.8)m**	£(184.2)m		
Basic EPS	**(134.2)p**	(33.7)p		
Free cash flow	**£210.2m**	£163.7m		
Covenant net debt	**£991.3m**	£987.1m		
Covenant gearing	**2.8x**	3.0x		

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A live webcast of the analyst meeting taking place today at 9:00am (BST) will be available on the investor page of the Group's website: www.mobicogroup.com.

Notes

1. To supplement IFRS reporting, we also present our results (including EBITDA) on an adjusted basis to show the performance of the business before adjusting items. These are detailed in note 5 to the Financial Statements and principally comprise intangible amortisation for acquired businesses, re-measurement of historic onerous contract provisions and impairments. In addition to performance measures directly observable in the Group financial statements (IFRS measures), alternative financial measures are presented that are used internally by management as key measures to assess performance.

2. FY 2023 has been restated in respect of a correction to the onerous contract provisions in German Rail. This has changed 2023 Group Statutory Operating Profit/Loss from £(21.4)m to £(43.2m), Group Statutory (Loss) Before Tax from £(98.3m) to £(120.1m) Group Statutory Loss After Tax from £(162.7)m to £(184.2)m and FY 2023 statutory EPS from (30.2)p to (33.7)p. Please see note 1 to the Financial Statements.

3. This announcement contains forward-looking statements with respect to the financial condition, results and business of Mobico Group. By their nature, forward-looking statements involve risk and uncertainty and there may be subsequent variations to estimates. Mobico's actual future results may differ materially from the results expressed or implied in these forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, Mobico does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise. Forward-looking statements can be made in writing but also may be made verbally by members of the management of the Group (including without limitation, during management presentations to financial analysts) in connection with this announcement.

Results overview

In FY 24, the Group has delivered another good revenue performance across most of the major business units reflecting a continuing ability to capture growth in markets with attractive long-term drivers. ALSA has delivered another record performance. Crucially the results reflect another year of continued and substantive change, principally within two of the divisions, North America and UK & Germany. Both have embarked on a plans to reposition their operations to address markets that have either faced significant structural challenges (German Rail, UK Bus & UK Coach), or where that repositioning will make them more effective and able to unlock further opportunity (NA School Bus and WeDriveU). In each case, the businesses have taken decisive action that will together have a further positive impact in FY 25. As we continue to drive these improvements, the Group's priority – debt and leverage reduction – remains; the divestment of NA School Bus, which will be completed in Q3 25, is an important first step in accelerating that process.

	Adjusted			StatutoryRestated[1]		
£m	**FY 24**	FY 23	Change	**FY 24**	FY 23	Change
Revenue						
ALSA	**1,327.6**	1,165.4	13.9%	**1,327.6**	1,165.4	13.9%
North America	**1,205.3**	1,115.6	8.0%	**1,205.3**	1,115.6	8.0%
UK and Germany	**879.5**	869.9	1.1%	**879.5**	869.9	1.1%
Group	**3,412.4**	3,150.9	8.3%	**3,412.4**	3,150.9	8.3%
Operating profit/(loss)						
ALSA	**186.1**	136.8	36.0%	**176.9**	121.0	46.2%
North America	**38.3**	27.1	41.3%	**(531.6)**	(7.1)	(7387.3)%
UK and Germany	**(2.8)**	23.7	(111.8)%	**(109.0)**	(120.6)	9.6%
Central Functions	**(33.9)**	(19.0)	(78.4)%	**(56.2)**	(36.5)	(54.0)%
Group	**187.7**	168.6	11.3%	**(519.9)**	(43.2)	(1103.5)%
Operating margin	**5.5%**	5.4%	0.1%	**(15.1)%**	(1.4)%	(13.9%)

[1]FY 23 has been restated in respect of a correction to the onerous contract provisions in German Rail. Please see note 1 to the financial statements.

Revenue grew by £261.5m (8.3%) on a reported basis, and by 10.3% on an OCC (organic constant currency) basis. This principally reflects record performances at **ALSA**, continuing passenger growth in most other businesses, and positive impact from price increases of £116.1m (equivalent to around 3.7%). Adjusted Operating Profit grew 11.3% to £187.7m (with Statutory Operating Loss of £(519.9)m).

ALSA's record performance continued to reflect growth across the business, including strong performances in Regional and Long Haul, with Adjusted Operating Profit up 36.0%, driven by revenue growth of 13.9%. Long-Haul was supported by the renewed 'Young Summer' scheme, though Long-Haul growth progressed after that programme ended in September, driven by effective revenue management and CRM. ALSA continued also to see revenue from the multi-voucher scheme which has been extended to H1 2025 under the current framework.

North America grew revenue by 8.0% on a reported basis (11.0% at on an OCC basis), reflecting progress in both **School Bus** and **WDU** (WeDriveU). WDU delivered revenue growth of 15.8%, despite the previously flagged $25m reduction in volumes from one technology customer in the period. Adjusted Operating Profit increased to £38.3m (up 41.3% vs. FY 23), with both route recovery and pricing gains contributing to the School Bus result, and with important contract wins in WDU also having an impact. However, persistent market challenges such as driver wage inflation and increased maintenance costs have impacted future forecasts leading to a goodwill impairment in School Bus.

In the **UK and Germany**, revenues increased 1.1%. With continued mixed trading in **UK Coach** and **UK Bus** with the latter's patronage improving, UK turnover grew 2.1%. However, the divisional result was also affected by a further decline in **German Rail**. Adjusted Operating profit in UK and Germany declined £(26.5)m in FY24 principally reflecting the continuing challenges faced by the Group due to the ongoing challenges in the German Rail Industry. Discussions with the local PTAs to address the ongoing challenges with the German Rail contracts are ongoing and remain constructive. The UK business benefited from a reduction in losses at NXTS due to the turnaround work undertaken. UK Coach profit decline reflects, in part, the result of fewer Rail strikes compared to FY 23. UK Bus closed the year having taken an important step forward in its changing relationship with its main customer, TfWM (Transport for West Midlands) with the announcement of a new funding agreement to December 2025, as all parties continue to evaluate franchising. The expectation is that the new agreement with UK Bus should result in improvements following the recent history of weak financial performance.

Balance Sheet

At 31 December 2024, the Group had £803.1m of cash and undrawn, committed facilities and a covenant gearing ratio of 2.8x (FY 23: 3.0x). The Group continues to benefit from strong liquidity having earlier in the year extended the vast majority of its Core RCF facility a further year to 2029. Nonetheless, our overarching priority to reduce leverage & debt remains in place, as does our longer-term ambition to maintain an Investment Grade rating.

Adjusted net interest charges for FY 24 rose to £89.8m (£75.2m in FY 23) as a consequence of higher bond coupons and interest on the RCF when drawn. 77.6% of our debt is fixed, with the majority of the floating portion due to revert to fixed in 2025.

Mobico has made clear its commitment to debt and leverage reduction and the announced sale of the North America School Bus business, which is expected to complete in Q3 25, is an important step in that process. In addition, operational controls have been tightened, particularly over-aged debt collection and capital expenditure appraisals, and there has been an increased focus on asset-light transactions. These measures will help strengthen our balance sheet and will, together with our wider business repositioning activities, drive more commercial behaviours in our operations, improved profitability and better cash flows.

Adjusting items

During FY 24, the Group incurred adjusting items after tax of £849.9m (FY 23 restated: £234.6m); principally comprising of the following three items:

- A goodwill impairment of North America School Bus of £547.7m ($695.8m). Whilst School Bus has demonstrated its recovery from the pandemic effects it continues to face significant headwinds such as driver wage inflation and rising maintenance costs. These headwinds reduced profitability below expectations and have been reflected into future cash flow forecasts. Furthermore, future improvements have only been included to the extent that they can be objectively evidenced as of the FY24 year end. Consequently, the carrying value of the business has been reduced significantly and is now more closely aligned to the expected market value.
- A £194.4m tax charge in relation to derecognition of deferred tax assets in the UK and North America. This is as a result of the length of time it would take to utilise the losses, based on the same future cash flow forecasts as described above; as well as further negative evidence as to ongoing recognition including further tax losses being made in the UK in FY 24 and the goodwill impairment in North America as described above. This write-off has no impact on the ability of the Group to utilise the losses in future years and hence no impact on future cash tax.
- An £86.4m charge for the remeasurement of the German Rail onerous contract provision relating to the RRX contracts. This was as a result of the worsening of industry-wide cost pressures compared to our previous expectations; most pertinently in relation to driver shortages, which have not recovered as quickly as we had previously anticipated. This has also had a subsequent impact on higher investments being required in driver pay, recruitment and training to attempt to improve the shortage issues.

A full breakdown of all adjusting items is shown in the CFO report.

Dividend

As the Group remains focused on reducing debt and leverage, the Board has decided that no 2024 dividend will be paid.

Outlook

In FY25, on a continuing business basis, the Group expects to make continued revenue and adjusted operating profit progress, with further strong performance from ALSA and ongoing growth in WeDriveU, alongside further recovery in UK & Germany.

Long – term guidance

Given the significance of the sale of NA School Bus, we are reviewing the Group's long-term financial targets and will update the market in due course.

Strategic Commentary

Despite another year characterised in part by significant, continuing challenges in some businesses and some consequently disappointing results, 2024 has been another year of hard work and meaningful positive change across the Group, with each of the businesses at different stages of structural improvement or growth. It is also an important characteristic of the Group that, although diverse, it has a clear, unifying purpose – improving social mobility, reducing harmful emissions from transport, and facilitating economic development across regions. The underlying momentum in demand for low emission and mass transit mobility solutions is likely to provide long-term structural support to many of our key markets.

In FY 24, the further progress delivered by both **ALSA** and the **North America** businesses has been particularly encouraging. The former has continued to capture significant volume growth with ALSA delivering another record year. The latter has reaped the rewards of important improvements made to its operations over the last 18 months. NA School Bus delivered a strong bid season with net routes won for the first time in a decade. And WDU delivered good growth in revenue and profits, despite reduced spending from one significant customer.

In three of our businesses, (**UK Bus, UK Coach** and **Germany**), leadership continued to take decisive action, both in anticipation of and in response to, continuing challenges, as well as potential market change. They too have taken important steps forward even if it will take a little time before the rewards are as clearly evident. In **UK Coach** important changes have been made to operations to better address seasonal business fluctuations and optimise profitability, whilst continuing to improve our customer offering and strengthen our market positions. In **UK Bus**, we enter a new phase in our partnership arrangement with TfWM (Transport for West Midlands) as we transition from an operating model that formally ended in December 2024, has subsequently been extended to December 2025, and will likely evolve as we and the authority contemplate the potential move towards franchising.

German Rail negotiations

Discussion with German Rail PTAs (Passenger Transport Authorities) are continuing and remain constructive. Nonetheless, the outcome of those discussions remains critical to the fortunes of our German business. The increase in the onerous contract provision principally reflects the continuation of, and the worsening of compared to prior expectations, industry-wide issues – particularly around driver shortages and the consequent increased costs and investments to attempt to mitigate where possible, and penalties for the subsequent service reductions.

Post year-end leadership changes

In February we announced that Helen Weir had informed the Board that, for personal reasons, she does not intend to stand for re-election as a member of the Board at the Group's 2025 AGM. We have since appointed a new Chair, Phil White, who assumes the role with the Group on 1st May, at which time Helen will step down. We are grateful to Helen for her contribution to the Mobico Group whilst in the Chair and wish her well. We're delighted to welcome Phil to the business, who brings considerable and relevant experience to the role.

We have also made two changes to operational leadership. We're delighted that Francisco (Paco) Iglesias has accepted the role of Group COO (Chief Operating Officer), whilst remaining as CEO of ALSA. Paco brings 30 years of experience with ALSA – a business which has a very strong track record of delivery. In the UK & Germany, following the departure of Alex Jensen as CEO, Kevin Gale has assumed that leadership role. Kevin brings wide-ranging operational experience within the transport (Bus and Rail) industry and was previously Group Operations Director at Mobico Group, which he joined in 2013.

Key contract wins

During FY 24 we secured 36 new contract wins, compared with 43 won in FY 23, with annual contract revenues higher than in FY 23 (£144m vs. FY 23: £126m), and total contract values of £766m. Average Operating Profit margins on those contracts are 10%, with 28% ROCE. The overall conversion rate on bids submitted and awarded was 23%. The largest part of those contracts are Asset-Light in nature, consistent with our strategic ambition to improve ROCE.

Priority remains debt & leverage reduction

Debt & Leverage reduction remains an immediate and continuing priority for the Group with the sale of NASB an important first structural step in that process. The Board, in partnership with the management team, continues to review all available options. In the meantime, our increased discipline around capital allocation, a disciplined CapEx approvals process, and a clear focus on cash has delivered early benefits that will grow as profitability does.

Achieved, so far:

- Targets for organic reduction in debt set out at HY 24 have been achieved, and this remains an important initiative driving better outcomes for the business.
- Our two successful 'Accelerate' cost reduction programmes have both now concluded, having delivered savings of £34m in FY24, in excess of target.
- The divestment of School Bus has progressed the Group's commitment to debt reduction.

Further step-change options?

- Further options to reduce debt and leverage remain under active consideration albeit the business enjoys ample liquidity and no debt refinancing for the vast majority of the Core RCF facility due until 2029.

After launching a Company-wide initiative focused specifically on cash improvement and debt reduction at HY 24, those programmes have delivered significantly in excess of the projected FY 24 target of £25m. Further, we remain on-track to deliver the target of an additional £25m in FY25. This programme sits outside the Accelerate cost-reduction initiatives that have themselves delivered ahead of expectations in FY24, with £52m of savings achieved and a further small uplift expected in FY25 as these savings annualise. The measures taken have both reduced costs and fundamentally improved the competitiveness of our businesses across the portfolio, underpinning profit sustainability.

Environmental, Social & Governance

Mobico's Evolve strategy remains directly aligned to pressing environmental and social needs in society. It operates tailored solutions that enable communities to transition from low occupancy modes of transport to much more efficient, cleaner and safer mass transit choices. Those choices advance global ambitions for both a low carbon society and greater social mobility.

The Group is retaining focus on our transition to Zero Emissions Vehicles (ZEVs) in fleets across businesses, around the world - whilst also ensuring that their adoption is financially and commercially sensible for our customers and our wider stakeholders. Profitability is critical to innovation and investment, and Mobico is determined to deliver sustainable solutions that are also financially sustainable.

Mobico has previously set out zero emission fleet targets to reach net zero by 2040 (Scope 1 & 2 emissions) and an interim target of 1,500 ZEVs in service or on order by the end of 2024. However, during the year we made the commercial decision to slow the rate of further ZEV orders in the short term, to reflect our unrelenting focus on cash generation and deleveraging while our business performance continues to improve. As a consequence, our 2024 outturn on ZEVs was 1,100 compared with the target of 1,500. Nonetheless, our longer term targets remain unchanged at the current time, subject to any necessary adjustment in the event of the sale of School Bus. We will continue to review those and other targets in the context of the overall scale of the Group as well as financial, commercial and sustainability priorities.

Divisional Results overview

The following section describes the performance of the Group's continuing business for the twelve month period to 31 December 2024, compared to the same period in 2023.

ALSA

ALSA is the leading company in the Spanish road passenger transport sector. It has, over a number of years, significantly diversified its portfolio away from predominantly Long Haul services to having a multi-modal offering, which today spans Regional and Urban Bus and Coach services across Spain, Morocco, Switzerland, Portugal and Saudi Arabia.

	FY 24 m	**FY 23 m**	**Change m**	**Change %**
Reporting currency (£)	**£**	£	£	
Revenue	**£1,327.6**	£1,165.4	£162.2	13.9%
Adjusted Operating Profit	**£186.1**	£136.8	£49.3	36.0%
Statutory Operating Profit/(Loss)	**£176.9**	£121.0	£55.9	46.2%
Local Currency (€)				
Revenue	**€1,568.5**	€1,340.4	€228.1	17.0%
Adjusted Operating Profit	**€219.8**	€157.4	€62.4	39.6%
Adjusted Operating Margin	**14.0%**	11.7%	2.3%	2.3%
Statutory Operating Profit/(Loss)	**€209.0**	€139.2	€69.8	50.1%
Statutory Operating Margin	**13.3%**	10.4%	2.9%	2.9%

FX rates: FY 24: €1.18:£1; FY 23: €1.15:£1

KPIs

ALSA Long Haul (as reported)	FY 2024	FY 2023	vs FY 2023 %
PAX total Long Haul (000's)	16,675	14,574	15.2%
PAX (9 main corridors) (000's)	11,269	9,905	13.8%
Yield (9 main corridors)	22.37	21.38	4.7%
Occupancy (9 main corridors)	62%	61%	1%pt

ALSA Urban	FY 2024	FY 2023	vs FY 2023 %
PAX (000s)	103,960	97,674	6.4%

ALSA Regional Risk & Venture	FY 2024	FY 2023	vs FY 2023 %
PAX (000s)	50,572	45,098	9.8%

ALSA

Highlights

ALSA continues to grow across a diverse portfolio delivering another strong result in the year; a new record for the business, on different measures including revenue:

- Strong growth with revenues up 17.0% (at constant currency) (13.9% on a reported basis) and Adjusted Operating Profit growth of 39.6% (at constant currency); Statutory Operating Profit of €209.0m, an increase of 50.1% versus FY 23;
- Regional revenues 11.9% higher vs. FY 23 due to operational efficiencies, passenger growth and the multi-voucher scheme impact
- Long Haul 9 Main Corridors revenues up 19.1% vs. FY 23 driven by passenger growth (up 13.8%) and yields (up 4.7%);
- Urban up 0.9%, despite absorbing the impact of the Bilbao strike;
- Diversification and international expansion (including Portugal) continue with revenue growth of 67.4% and 87.6% respectively, vs FY 23;
- Sophisticated CRM and revenue management enables customer segmentation and management of KPIs;
- Successfully managing increased competitive pressure from HSR (High-Speed Rail);
- New businesses: CanaryBus and Medical Transport, progressing well

ALSA Commentary

ALSA delivered another record year with Revenue of £1,327.6m, up 17.0% (at constant currency) when compared to FY 23. Adjusted Operating profit was £186.1m, a 36.0% improvement over the previous year.

ALSA's new record performance in FY 24 further enhanced its reputation as the leading operator in the market. Continued close control of key metrics – Occupancy, Revenue Management, Digital Sales and Customer Experience, all of which are improved vs last year - has again contributed to this performance.

At the half-year stage, one key expectation for the balance of 2024 was the continued growth of Long Haul, including from the renewed Young Summer discount scheme (90% discount for passengers aged 18 – 30, travelling between 1 July and 30 September) – and that continuing growth has been delivered. Along with a number of record days in the Summer season, Young summer scheme carried 1.5m passengers in 2024 representing a +13.7% increase vs 2023 figures. Encouragingly, demand continued to be strong after the Young Summer scheme ended in September. The business has also delivered strong growth from Regional, as well as upside in some Urban contracts. Diversification through the award of new contracts - and Portugal - have also been key contributors.

Competition

The most notable competition risk to ALSA Long Haul continues to be from the liberalisation of HSR (High Speed Rail) corridors, which has been affecting a growing number of ALSA routes (Madrid-Murcia has recently joined Madrid-Barcelona and Madrid-Alicante as key areas of overlap), particularly when those operators run aggressive pricing campaigns. This is another reason why the quality of ALSA's service and of the whole experience delivered is so crucial, and why it succeeds in retaining the loyalty of so many.

Business plans are not predicated upon a repeat of Young Summer - or any other such short-term incentives - and the business continues with its long-established strategy of broadening the range of markets and segments to which it and The Group are exposed. In the meantime, we await clarity on whether the Young Summer scheme will be repeated. We continue to progress with the proportion of ticket sales via digital platforms, reflecting our strategic focus on enhancing the customer experience and improving retention. Digital sales closed FY 24 at 71.4% (vs 65.7% in FY 23).

International expansion and diversification

In recent years, international expansion has strengthened ALSA's position in key markets. Successful entry into 3 countries in the last 5 years is supported by a strong pipeline of opportunities, including M&A and tenders in emerging geographies. **Switzerland/France** have built a successful hub in five years, creating an extensive EU network with urban PSO contracts, as well as school and occasional services. **Portugal** continues to experience organic growth, while **MENA** (**Middle East & North Africa**) is progressing with strategic developments and new opportunities and tenders. Progress was also delivered in **KSA** (**Saudi Arabia**) and others. An extension to our contract in **Bahrain** was also secured. Whilst in **Switzerland** the market was affected by reduced demand, ALSA became the first operator to run 100% EVs in Geneva. And there remain opportunities in FY 25 for further service-distance growth, brand unification and cost optimisation.

During FY 24 **CanaryBus**, the most recent 'new territory' acquisition, has performed well in its first ten months of ALSA ownership, and in line with the business case at acquisition. The integration process has been meticulously managed across all departments, fostering operational excellence and safety. With continuing growth in the Tourism market likely, CanaryBus promises further underlying progress in FY 25.

ALSA continues to evaluate other opportunities to broaden its scope in new countries – whilst also considering opportunities in discretionary services, especially in sectors such as **MICE** (**Meetings, Incentives, Conferences, and Exhibitions**) and corporate transport, which are linked to high-potential regions.

New contracts and opportunities

There remains a strong pipeline of opportunities for ALSA to pursue, to build on the high level of retentions consistently enjoyed by the business. In 2024 an asset-light was won for the operation of **healthcare transport** service in the Basque country, and for 2025 Catalonia, covering both scheduled and urgent services. The opportunity in Basque Country came about after the failure of an incumbent and could be worth c.€154m in total. Furthermore in Catalonia, ALSA was awarded a lot with the best technical evaluation of all the bids (gross cost contract worth €152m in 6 years) with expected start of operation by year end. More importantly, it's a vindication of ALSA's strategy to develop into new and adjacent markets, like Healthcare, and progressively build their positions.

North America

The North America business operates in thirty-four states and two provinces in Canada. School Bus operates through medium-term contracts awarded by local school boards. Within WeDriveU, Transit focuses predominantly on Paratransit (the transportation of passengers with special needs) and Urban Bus. Shuttle offers corporate employee shuttle services to a range of sectors including Technology, Biotechnology, Manufacturing and Universities such that we now have a stronger, diversified portfolio of sectors and customers.

	FY 24 m	**FY 23 m**	**Change m**	**Change %**
Reporting currency (£)	**£**	£	£	
Revenue	**£1,205.3**	£1,115.6	£89.7	8.0%
Adjusted Operating Profit	**£38.3**	£27.1	£11.2	41.3%
Statutory Operating Profit/(Loss)	**£(531.6)**	£(7.1)	£(524.5)	(7387.3)%
Local currency ($)				
Revenue	**$1,540.5**	$1,387.7	$152.8	11.0%
Adjusted Operating Profit	**$49.0**	$33.7	$15.3	45.4%
Adjusted Operating Margin	**3.2%**	2.4%	0.8%	0.8%
Statutory Operating Profit/(Loss)	**$(679.4)**	$(8.8)	$(670.6)	(7620.5)%
Statutory Operating Margin	**(44.1)%**	(0.6)%	(43.5)%	(43.5)%

FX rates: FY 24: $1.28:£1; FY 23: $1.24:£1

KPIs

NA – Shuttle	FY 2024	FY 2023	vs FY 2023 %
PAX (000's)	11,125	8,899	25.0%
Service Level (avg no. of vehicles through year)	1,061	957	10.9%

North America Highlights

- North America delivered an encouraging performance in 2024, with Revenue of £1,205.2m, up 11.0% (at constant currency) (8.0% on a reported basis) when compared to FY 23. Adjusted Operating profit was £38.3m, a 41.3% improvement over the previous year. This reflects continuing progress within both NA **School Bus** and **WeDriveU** – despite the distraction created for both businesses through the year as a consequence of the School Bus disposal process.
- The statutory loss principally reflected a £547.7m impairment charge in relation to sale of School Bus (as described in detail above) and when compared to the adjusted profit represented a £524.5m deterioration when compared with FY 23.
- Since the pandemic Mobico has sought to address the long-term challenges which the pandemic created for School Bus. Following the appointment of a new leadership team in 2023, significant operational improvements have been made, focused on improving driver retention and recruitment, route reinstatement, and improved contract pricing. The business has also improved fleet allocation which has led to better asset utilisation, cash flow and customer satisfaction. All of these culminated in School Bus

delivering a net positive route outcome for the current school year bid season, the first in over a decade.
- However, whilst School Bus has demonstrated its recovery from the pandemic effects it continues to require significant maintenance and growth capital investment and experienced persistent market challenges such as driver wage inflation and maintenance costs.
- These headwinds reduced profitability below expectations and have been reflected into future cash flow forecasts leading to a goodwill impairment.
- As announced on 25 April 2025, the Group has agreed to sell the North America School Bus business to I Squared for an enterprise value of up to $608 million, including an earn-out of up to $70 million which is dependent on certain future performance conditions. Further details of the transaction can be found in the RNS announcement. School Bus will appear in the accounts as held for sale for the period in FY 25 up to the completion date and will report as such. The net proceeds are broadly in line with the carrying value of the business; and the disposal is in line with our stated strategic objectives to improve liquidity and leverage.
- The separation of WeDriveU will allow that business to flourish with its now separated and focused infrastructure. Whilst the process has necessitated some temporary costs along the way, it is expected that through the balance of FY 25 returns will start to improve as profitability flows through from a strengthening revenue base.
- WeDriveU delivered strong new order wins, alongside the separation of its operations and support infrastructure from that of School Bus. In terms of total annualised revenue, WDU has secured $73m worth of contracts during the year, contributing $33m of that to revenue in FY 24. As the business settles into its new operating structure, the expectation is to continue to gradually expand operating margins to achieve their sustainable, long-term potential - whilst also capturing a good share of available volume opportunities in this attractive segment. An increasing number of those opportunities are asset-light in nature with all the implications that has for improved capital efficiency.

School Bus
Highlights

- Underlying revenue growth delivered FY 24 7.3% higher (4.4% higher on a reported basis)] than in FY 23;
- First net positive route outcome (routes won vs routes lost) in over a decade;
- Improved driver recruitment and retention contributes to competitive strength
- Much improved fleet allocation to contracts (with 544 vehicles cascaded in the year) and optimised life spans, driving stronger CapEx and cash control;
- Strong, above inflation, pricing performance with average rate increases for SY 24/25 of 10.3% on expiring contracts and 6.3% on the portfolio overall, ahead of inflationary cost increases;
- Persistent cost headwinds such as driver wage inflation and higher maintenance costs have offset some of this growth, reducing profitability below expectations and have been reflected into future cash flow forecasts leading to a goodwill impairment. The separation of the two North America businesses into two cash generating units in the year was also a contributing factor to the impairment, as School Bus generates lower cash flows relative to its asset base, compared to WeDriveU.
- Achievement of targeted cost savings in organisation design workstream, as part of the Accelerate programme.

School Bus
Commentary

As was reported at HY 24, School Bus delivered another successful bidding season in preparation for the School Year 2024 / 2025; a school year start-up process that has subsequently launched well, as expected. The season’s route outcome (routes won vs routes lost) was the first to deliver net route gains in over a decade. Overall, in SY 24/25 bidding, the contract retention rate was 94% - an improvement over both of the previous two years. So far, there have been no contract losses for the SY 25/26 bid season, and several successful negotiations already.

In the three months September to November 2024, the business has secured 228 routes, representing an encouraging early start ahead of the formal bidding process covering the forthcoming SY 25/26 (for which the same process as the prior year will be followed).

During 2024, the business also completed its latest phase of price increases on contracts that were ready for renewal. That means that for the SY 24/25, prices on the renewing portfolio rose by 10.3% (6.3% overall) having risen for the earlier renewing portfolio (i.e. different contracts) for SY 23/24 by 13.1% (7.5% overall). This is all part of the normal cycle of price renegotiations which will continue as the team approaches the bidding season for SY 25/26, when a new batch of contracts will be subject to review.

Operational efficiencies have continued to be a focus in the business. In September 2024 a new Asset Management team was created to centrally manage our cascade and asset utilisation process, which has traditionally been handled by maintenance leaders. The business is now far more adept at identifying and tracking under-utilised fleet having created and deployed the new MOR ('Max On Road') system that highlights underutilised assets and makes them available elsewhere. In FY 24, we cascaded 544 buses to meet contract requirements in this way. This improved fleet allocation of vehicles no longer suited to one customer, to other contracts, is helping to improve asset utilisation, cash flow and customer satisfaction.

At the half year we reported that the team's restructuring, to better service high priority CSCs (Customer Service Centres), was having a positive impact on driver recruitment and retention – historically a significant pressure point for the wider industry. Drivers employed at the end of 2024 numbered 12,116 (vs. 11,689 at the end of 2023). This means that, at the close of the year, only 13 locations (8%) have a driver gap of 10 or more – well within the manageable risk level. This represents a competitive differentiator in the market and ensures we can deliver market leading levels of reliability in our service to customers.

As at 20 December 2024 we operated 11,198 routes (for SY 23/24 we operated 10,986 routes). New contract wins included West Ada, Idaho; Calgary Catholic in Alberta; and Indian River, New York. Contracts where we are to provide an expanded service include: Duval County, Florida and San Bernardino in California.

The roll-out of new technology is also continuing. Bytecurve (the system used to generate live time performance data to analyse and improve service) is currently running in 146 of 167 CSCs, with other pilots running and further deployment planned as remaining sites require it. Centralised billing is currently in use at 58 CSCs with planned completion in late 2025.

WeDriveU
Highlights

- Following separation from School Bus, WDU now enjoys a strengthened operating structure from which to build on its good recent growth.
- Continued organic growth with FY 24 revenues up 18.9% (15.8% on a reported basis) vs FY 23.
- Further notable contract wins, retentions and mobilisations secured, including with Netflix, Amazon and Uber, with continuing momentum throughout the year;
- Rapid expansion of services for WMATA (Washington Metropolitan Area Transport Authority), while maintaining prior year operational service levels;
- 100% retention of key strategic contracts (only 3 losses elsewhere);
- Completed the process of both combining Transit & Shuttle operations, establishing a central services model, and separating the unified WDU from School Bus;

WeDriveU
Commentary

During 2024 **WeDriveU**, hitherto the lead brand in the Shuttle business, has been adopted as the single, unifying brand for the whole Transit & Shuttle operation, bringing together the seven North America Transit brands that existed previously.

FY 24 has been an encouraging year insofar as contract wins and retentions have continued to be secured whilst the business has been implementing very significant operational changes in support of both the establishment of a central services model for the newly combined WDU entity, and the final separation of WDU from School Bus.

Workstreams separating the now combined WDU business from School Bus have been wide-ranging and are now largely complete. These include establishing our new Finance systems, transitioning our payroll and our Maximo maintenance systems, and the Standardisation team's focus on building a suite of Standard Operating Procedures (SOPs). We anticipate process improvements and efficiencies to continue to build throughout 2025 as these systems and associated processes mature.

We also realigned our people resources and added strategic talent in key positions in H2 24 to lead strategic plans and implementations enabling independence from School Bus systems, resources and processes. This realignment will increasingly bear fruit as we execute on our 3-year plan.

The greatest success of WDU in 2024 is that it has all but completed such fundamental changes across its operations, albeit with some disruption to the business. The objective of all those improvements to the business is to properly equip it to address what we continue to believe is a long-term growth market, where the WDU reputation is one of the strongest in the market.

Delivering improvements in profitability remains a key priority and will be gradually delivered as the business settles into its new structure. In FY 24 WDU progressed further with its initiative to improve margins from contracts that have been deemed less profitable than is acceptable. Such measures have improved EBIT by 40 basis points, generating an additional $2m in additional profits for the year. Areas of focus – across different CSCs – have included subcontractor spend, liquidated damages (LDs), and staffing levels & costs. Plans for improvement, along with clear responsibilities, have been allocated to each.

In the meantime, new order wins have continued the momentum of the first half of the year and through FY 24 the business won contracts that will deliver $73m in annualised revenue. In addition, approximately 95% of strategic contracts have been retained, where they have come for renewal. Key customers who have renewed or extended their agreements with WDU include Amazon Los Angeles and Netflix Los Angeles adding to a new win with Uber.

Our partnership with a leading electric car manufacturer has seen significant growth as the customer has rapidly expanded its operations. Our ability to adapt and respond quickly to their evolving needs has strengthened their trust in us and demonstrated our capacity to take on additional responsibilities, further solidifying the partnership.

The business has continued to demonstrate the importance of high quality of service levels – including regarding safety, on time performance, and reliability. And they remain important performance measures to drive, especially where there is greater competition or customer budget pressure.

The rapid launch in July of the extended Paratransit service for WMATA represented the fastest launch and most expansive contract WDU has mobilised, involving over 750 additional vehicles, significant numbers of new drivers and control of 2 new facilities, which were launched in c3-4 weeks. As a result of the rapid-scaling of volume and routes after mobilisation, we established a third hub in Montgomery County at relatively low-cost to boost on-time performance and service delivery.

After the gradual recovery of public transit ridership, we experienced in H1 24, we continue to see modest improvement in ridership trends as some employers embrace transportation to facilitate a return to the office. University accounts continue to be stable. We continue to pursue numerous opportunities for growth, especially those that are asset-light and margin-accretive as WDU enters the next phase of its development.

Pricing has changed little. Though, as reported in H1 24, continuing pressure in some government agency budgets (which seem unlikely to ease under President Trump) will continue to affect some operators and routes.

WDU has successfully sponsored and developed three major Zero Emission Leadership Coalition events for FY24, reinforcing our thought leadership and engagement with key stakeholders as we continue to adopt ZEV technologies where it is appropriate to do so.

UK & Germany

The UK Bus & Coach businesses have successfully executed major organisational change over the last twelve months as each repositions in the face of structural headwinds and emerging opportunities. The German Rail business in particular has acted to address significant industry challenges with critical negotiations with the PTAs (Passenger Transport Authorities) continuing.

Across UK Bus and Coach, turnover grew 2.1% with the German Rail performance adversely affecting the overall division's result which reported FY 24 Turnover down (1.3)% vs FY 23. In the UK, FY 24 Adjusted Operating Loss reduced (72.3%) when compared to FY 23, significantly impacted by the reduction in rail strike benefit in FY24. In the early part of 2024 a significant cost reduction programme was developed with momentum building through FY 24, spanning both network and operational cost savings as well as organisational and overhead savings as part of the Accelerate 2.0 programme. Those initiatives have laid the groundwork for further improved financial and operational performance in UK Bus and UK Coach in FY 25.

The German Rail business in particular has acted to address significant industry challenges with critical negotiations with the PTAs (Passenger Transport Authorities) continuing with the objective of resetting the underlying profitability of these long term contracts.

In Germany, Adjusted Operating Loss declined to £(9.3)m pertaining fully to the RME contract. The increased loss versus the prior year is principally due to a reduction in the expected overall lifetime contract value, which results in adjustments to the IFRS 15 contract asset, and the ending of the Lot1 Emergency Award contract.

UK

In the UK Bus sector, Mobico is the market leader in the West Midlands – the largest UK urban bus market outside London. UK Coach is the largest operator of scheduled coach services in the UK, and also serves the fragmented commuter, corporate shuttle, private hire and accessible transport markets.

UK

	FY 24 m	**FY 23 m**	**Change m**	**Change %**
Reported / Local currency (£)	**£**	£	£	
Revenue	**£623.0**	£610.1	£12.9	2.1%
Adjusted Operating (Loss) / Profit	**£6.5**	£23.5	£(17.0)	(72.3)%

Adjusted Operating Margin	**1.0%**	3.9%	(2.9)%	(2.9)%
Statutory Operating (Loss) / Profit	**£(12.2)**	£1.3	£(13.5)	(1038.5)%
Statutory Operating Margin	**(2.0)%**	0.2%	(2.2)%	(2.2)%

UK Bus	FY 2024	FY 2023	vs FY 2023 %
Commercial and Concessionary PAX (000's)	231,358	212,241	9.0%
Commercial PAX (000's)	199,312	182,037	9.5%

UK Coach Core	FY 2024	FY 2023	vs FY 2023 %
PAX (000's)	18,397	19,212	(4.2)%
Yield	13.94	13.54	2.9%
Occupancy	67%	70%	(3)%pts

UK Highlights

The UK delivered Turnover of £623.0m, up 2.1% when compared to FY 23. Adjusted Operating profit was £6.5m, a (72.3)% reduction over the previous year.

UK Bus revenue grew 7.9% year on year principally driven by fare rises in July 2024 of 6% and July 2023 of 12.5%. In addition FY23 suffered from the bus drivers strike in H1 23 impacting both revenue and profitability. The fare increases achieved in both 2024 and 2023 were the first two increases since 2017.

Year on year operating profit was broadly flat, with the negative impacts from cost inflation and lease cost increases from new electric vehicles offset by the absence of driver strikes in 2024, as well as the growth in revenue from passenger and fare rises and overhead cost savings delivered through the year.

UK White Coach revenue increased by 0.4% but grew 6.7% when adjusted to exclude the FY23 and FY24 impact of rail strikes. The underlying revenue growth was primarily driven by strong yield management – a discipline that National Express continues to prioritise.

Revenue on our competed routes grew by 4.2%, with PAX (passenger numbers) on these routes reduced YoY by c.0.5%. Overall, PAX numbers reduced 4.2%, partly as a result of increased competitor activity, and as a result of a network optimisation initiative implemented during Q3 24, which resulted in a c.10% reduction in service capacity, while improving profitability of services through H2 24.

The year on year Coach operating profit performance was impacted materially by the scale of rail strikes in 2023 (c£13m negative year on year impact). Further year on year cost pressures were also seen as a result of the significant re investment in new vehicles (post covid network rebuild) impacting lease costs and reflecting general levels of cost inflation. Together these cost increases outstripped revenue growth from passenger numbers and yield improvement as the business addressed strong competition from both rail and other coach operators. The impact of these pressures was mitigated by action taken to address the losses within the NXTS business, network optimisation actions (described above) and organisational and overhead efficiencies delivered through the year.

UK Bus Highlights

- UK Bus Revenue £265.5m (+7.9%) benefiting from the reversal of the drivers strike impact in 2023, steady passenger growth post Covid rebuild and the benefit of the fare rises secured in July 2024 of 6% and July 2023 of 12.5%.
- Successful negotiations with TfWM in Q4 24 result in a new transition arrangement, with ongoing discussions around our long-term future relationship. The funding settlement between regional bus operators and TfWM has been secured for FY25, with discussions commenced regarding 2026 onwards in light of potential franchising of the region.
- Improvement in operational KPIs, including on-time performance, driven by a continued focus on network performance and reliability.
- Overhead costs reduced, moving from 20% of revenue in FY23 to 16% of revenue in FY24
- Collaborative approach to marketing, with joint campaigns with TfWM throughout the year, ending with a free travel scheme over Christmas to drive passenger awareness.

UK Bus

Commentary

FY 24 Revenue growth of 7.9% is the highest in the last 5 years and has been underpinned by fare rises in July 2024 of 6% and July 2023 of 12.5%, on a network that is now 13.5% smaller in mileage terms than it was in 2019. Despite this, the West Midlands still remains the cheapest metropolitan operator in the country to its customers.

Our intensive focus on operational KPIs resulted in achieving higher scores in six of the seven metrics for customer satisfaction in 2024 when compared to 2023 (Your Bus Journey – independent bus user survey – 2024, conducted by transportfocus)

- Of which one was customer satisfaction in relation to punctuality where we delivered our best performance metrics on record. (70%, an 8% improvement on 2023).
- Continuous improvement on customer satisfaction in 2025, with 9% decrease in the overall number of customer complaints Q1-25 vs Q1-24, with a 20% drop in service reliability complaints.
- 'Project Clockwork' initiative, which was delivered under 'OPERATE' management principles, aimed at improving punctuality and enhancing our customer's' experience with us and was recognised at the British Quality Foundation Excellence Awards, with our team crowned winners of the Excellence in Customer Experience Award.

As transport authorities around the country – including TfWM (Transport for West Midlands) - contemplate a shift towards franchising, both National Express and other regional operators are doing the same, with the consultation currently underway. We are committed to exploring the opportunities of franchising, however, the need to strike the balance of risk and reward is the priority; maintaining an appropriate, high quality service to our valued customers, whilst generating a fair return for our shareholders. At the end of December 24, our funding agreement with TfWM came to its scheduled conclusion and an interim agreement has subsequently been successfully concluded for 2025.

UK Coach
Highlights

- Year on year reduction in Adjusted Operating Profit reflects the loss of rail strike related financial benefit in FY 24 vs FY 23 (c.£13m profit headwind for the full year).
- Excluding the impact of fewer rail strikes there was moderate underlying growth in demand in FY 24, yield was up 5.8% with flat customer numbers. Reported passenger volumes, without adjusting for rail strikes, were 4.2% down year on year while yield increased by 2.9%.
- A full review of network design and capacity, using OPERATE principles, was performed through H1 24. This resulted in a timetable relaunch and optimisation of network capacity in May and Sept, delivering significant run rate efficiency through the H2 24 and into 2025;
- NXTS profitability improved by £5m year on year, with further work underway to eliminate the remaining run rate losses within the business during 2025;
- Retained key routes serving London Stansted and Dublin, meaning across both 2023 and 2024 UK Coach has won all the airports routes that it bid for.

UK Coach
Commentary

FY24 marked a period of market evolution for the UK Coach business. Settlement of the rail driver disputes marked an end to the significant financial upside for Coach travel across the UK, and the re-establishment of rail as a reliable transport provider and competitor. Flixbus also stepped up activity within the intercity coach market growing significantly through the year and emerging as a strengthening competitor moving into 2025. The exit of Megabus from a number of competed services in the final month of 2024 also reflects the challenging economic environment in the scheduled coach sector.

Against this backdrop, UK Coach has delivered Improved yield and maintained strong underlying passenger numbers in FY 24. After adjusting for the rail strike benefit in both FY 23 and, to a lesser extent, in FY 24, both revenue and yield are both up vs. last year. Regional intercity and regional airport routes have performed well. Route optimisation and efficiency actions have included moving from a static seasonal schedule to a flexible seasonality adjusted schedule.

Specifically, the UK Coach network has been scaled down from September onwards, by approximately 10%, to optimise our service and better respond to customer demand. Since this has taken place, utilisation (occupancy) on impacted services has improved and revenue levels have remained broadly consistent with the same period in FY23, with a lower cost of delivery boosting route profitability. This initiative has only been live since early September, with full benefit expected in 2025.

Other Coach initiatives are gaining momentum with particular focus on further pricing optimisation, driving conversion rates through an improved web and app solution and leverage of CRM and expanding revenue potential through additional ancillary offers.

In Ireland, the business has grown in size and profitability over the course of the year, delivering excellent customer service in a market impacted by competition and rail disruption.

The NXTS business delivered a £5m reduction in losses in FY 24, but did not achieve a return to run-rate profitability in H2 24. However, following the sale of Stewarts and Mortons (FY24), and the closure of the Gillingham (FY24) and Sydenham (FY23) loss-making operations the business enters FY25 in a much improved financial position. Management continues to address performance through a number of different initiatives.

Germany

In **Germany**, Mobico is the second-largest rail operator in North Rhine-Westphalia and one of the top five operators in Germany.

	FY 24 m	Restated[1] FY 23 m	Change M	Change %
Reporting currency (£)	**£**	£	£	
Revenue	**£256.5**	£259.8	£(3.3)	(1.3)%
Adjusted Operating (Loss) / Profit	**£(9.3)**	£0.2	£(9.5)	(4750.0)%
Statutory Operating (Loss) [1]	**£(96.8)**	£(121.9)	£25.1	20.6%
Local currency (€)				
Revenue	**€303.0**	€298.8	€4.2	1.4%
Adjusted Operating (Loss) / Profit	**€ (11.0)**	€0.2	€(11.2)	(5600.0)%
Adjusted Operating Margin	**(3.6)%**	0.1%	(3.7)%	(3.7)%
Statutory Operating (Loss)[1]	**€(114.4)**	€(140.3)	€25.9	18.5%
Statutory Operating Margin[1]	**(37.8)%**	(47.0)%	10.6%	10.6%

FX rates: FY 24: €1.18:£1; FY 23: €1.15:£1

[1]FY 2023 has been restated in respect of a correction to onerous contract provisions.

German Rail Highlights

Germany had another difficult year reporting Revenue of £256.5m, down (1.3)% (on a reported currency basis) ((1.4%) on a constant currency basis) when compared to FY 23. Adjusted Operating Loss was £(9.3)m.

- Revenue continued to be impacted by higher operational penalties as a result of train cancellations caused by the continued worsening of industry-wide factors: worsening infrastructure reliability, increased infrastructure repair and renewals activity, both of which impact on driver availability and utilisation
- In addition, an €102m charge was taken to increase the onerous contract provisions for RRX1 and RRX2/3. This reflects the further deterioration in anticipated profitability of these contracts, impacted by the worsening industry-wide factors described above.

It should be noted that the German results presented are stated prior to any mitigations that might be agreed (between the Group and the PTA) in the context of contracts that require both the operator and the PTA to economically re-balance the contract if events outside of the control of the operator impact the original profitability assumed within the contract.

German Rail Commentary

Passenger volumes were boosted by the German Government's €49 monthly travel initiative, which was extended until the end of 2025, albeit with an increased ticket price of €58 starting January 2025. Despite this, revenue reduced by €4.2m (1.4%) on a constant currency basis due to lower net subsidies received (net of penalties) due to the ongoing industry wide challenges impacting the sector.

The main structural issues continuing to fundamentally impact our German business and the wider sector remain: industry-wide labour shortage of drivers within the market; mileage and operational disruption caused by a growing level of infrastructure repair and maintenance activity; and continued energy market price volatility and uncertainty.

The adjusted operating loss of (€9.3m) reflects performance of the RME contract alone, as both RRX contracts are both onerous contracts with in-year losses being offset by utilisation and remeasurements of the onerous contract provision. In relation to RME, the impact of ongoing drivers shortages, network disruption due to construction activity, and changes in energy market price forecasts have impacted on the forward looking profit assumption for the contract. This reduction in total contract value results in an adjustment to the IFRS 15 contract asset.

In 2023, the German Business benefitted from the performance of the RRX1 Emergency Award contract. This delivered an operating profit of £4m in 2023. This contract ended in December 2023 and was replaced by the long term RRX1 contract running from Dec 2023 to Dec 2033. This contract has now been assessed as onerous and therefore does not contribute to Operating Profit / Loss in 2024; with remeasurements of the onerous contract provision treated as an adjusting item.

Planned and reactive infrastructure investment on the network in Germany continues to be an operational challenge with significant levels of cancellation of services in the region. This results in significant disruption under our contracts and ongoing elevated levels of performance penalty and challenging resource utilisation.

The German Rail management team continues to work closely with the German Rail PTAs to address the structural issues facing the industry, and to protect Mobico's interests, within the terms of the current contracts. Whilst it is still too early to tell how those critical discussions might conclude, it remains clear that all parties are motivated to arrive at a sustainable and commercially viable conclusion.

Despite the above challenges, significant progress has been made in the year to address the underlying driver shortage and to ensure a stronger resource position moving through 2025 and into 2026. A significant driver recruitment, training, retention and development programme was launched in early 2024 to arrest the decline experienced in the number of drivers and to reverse the dependency of the business on agency drivers. By the end of 2024, there were a total of 164 candidates in training (a c12-14 month training process), with a further 152 expecting to commence training during 2025. This represents a c.€12m pa investment in driver training and development.

Group Chief Financial Officer's review

Mobico Group has delivered EBIT within guidance in the full year 2024, with a corresponding improvement in free cash flow and debt. An underlying good performance with some headwinds mean we have more to deliver but are continuing on a positive journey.

Mobico Group has benefitted from continuing positive passenger demand across much of the Group with strong revenue growth of 8.3% over 2023. Profit improvement initiatives across the Group, including Accelerate, remain on track with Adjusted Operating Profit increasing by 11.3% to £187.7m, with divisions at various stages of turnaround.

Statutory operating loss increased significantly to a £519.9m loss in FY24, compared to a £43.2m loss in the prior year; primarily driven by a goodwill impairment charge of North America School Bus; and an increased onerous contract provision in German Rail.

The Group is showing strong cash generation, with Free Cash Flow of £210.2m up 28.4% year on year (£163.7m in FY23), coupled with clear plans to reduce leverage further into FY25 with further cash generation initiatives.

Group adjusted net debt was stable on FY23, with covenant gearing improving to 2.8x (FY23: 3.0x).

Group Performance

	Year ended 31 December					
	Adjusted result[1] 2024 £m	**Adjusting items 2024 £m**	**Statutory total 2024 £m**	Adjusted result[1] 2023 £m	Adjusting items[2] 2023 £m	Statutory total[2] 2023 £m
Revenue	**3,412.4**	**–**	**3,412.4**	3,150.9	–	3,150.9
Operating costs	**(3,224.7)**	**(707.6)**	**(3,932.3)**	(2,982.3)	(211.8)	(3,194.1)
Operating profit/(loss)	**187.7**	**(707.6)**	**(519.9)**	168.6	(211.8)	(43.2)
Share of results from associates	**3.2**	**–**	**3.2**	(0.5)	–	(0.5)
Net finance costs	**(89.8)**	**(2.8)**	**(92.6)**	(75.2)	(1.2)	(76.4)
Profit/(loss) before tax	**101.1**	**(710.4)**	**(609.3)**	92.9	(213.0)	(120.1)
Tax charge	**(41.4)**	**(143.1)**	**(184.5)**	(42.5)	(21.6)	(64.1)
Profit/(loss) for the year	**59.7**	**(853.5)**	**(793.8)**	50.4	(234.6)	(184.2)

1: To supplement IFRS reporting, we also present our results on an adjusted basis which shows the performance of the business before adjusting items, principally comprising amortisation of intangibles for acquired businesses, goodwill impairment, remeasurement of onerous contract provisions and restructuring costs. Treatment as an adjusting item provides users of the accounts with additional useful information to assess the year-on-year trading performance of the Group. Further explanation in relation to these measures, together with cross-references to reconciliations to statutory equivalents where relevant, can be found in the Alternative Performance Measures section below.
2: Restated for correction to the German Rail onerous contract provision, see note 1 in the Financial Statements for further information.

Group Revenue increased by £261.5m (8.3%) year-on-year to £3,412.4m (FY23: £3,150.9m). Overall, passenger growth in the key parts of the business that are exposed to passenger volume-related revenues continued to be strong; particularly in ALSA Long Haul, ALSA Urban Bus and UK Bus commercial; only partly offset by lower UK Coach passenger numbers.

Additionally, price increases have benefitted revenue with UK Bus increasing fares in July 2024 of 6% together with the annualization of the July 2023 price rise of 12.5%.

In North America School Bus, an average 7.5% price increase across School Bus contracts renewed for the 2023/24 school year was achieved and revenue has also benefitted from the early effects of a 6.1% price increase for the 2024/25 school year.

German Rail revenue has continued to be impacted by higher operational penalties as a result of train cancellations. These are driven by continued worsening of industry-wide factors, including driver shortages and increased track maintenance and repair activities.

The business continues to grow both organically through contract wins as well as through acquisitions. There were 36 new contract wins secured in FY24 coupled with the Canary Bus acquisition in ALSA.

Overall, Group profitability has increased with Adjusted Operating Profit up £19.1m (11.3%) from £168.6m to £187.7m, despite several of the Group's divisions being in varying stages of recovery. Both the ALSA and North America divisions have performed well, with both revenue and profit up on prior year - Adjusted Operating Profit up 36.0% and 41.3% respectively (on a reported basis). This was partly offset by lower profitability in the UK and Germany.

Adjusted Operating Margin was 5.5% (FY23: 5.3%), with the increase on the prior year largely reflective of price increases as explained above, and the benefit of cost-reduction initiatives such as Accelerate. This has been partly offset by the impact of inflation on the cost base, particularly driver costs, and lower Covid-19 funding (down £26.0m on 2023) as explained below.

Covid-19 funding recognised within Adjusted Operating Profit for FY24 was £0.3m, down £26.0m on the prior year amount of £26.3m (which principally related to ALSA government compensation and the UK Bus Recovery Grant).

After £707.6m (FY23 restated: £211.8m) of adjusting items, described in further detail below, the statutory operating loss increased to £519.9m (FY23 restated: £43.2m loss).

Adjusted Net Finance Costs increased by £14.6m to £89.8m (FY23: £75.2m), as anticipated and in line with previous guidance, due to both the annualization of the €500m bond interest cost (which in September 2023 replaced a maturing bond that had a lower interest rate), and the impact of higher interest rates on the Group's floating rate debt.

The Group recorded an Adjusted Profit Before Tax of £101.1m (FY23: £92.9m), and the statutory loss before tax was £609.3m (FY23 restated: £120.1m loss).

The Adjusted tax charge was £41.4m (FY23: £42.5m). The Adjusted effective tax rate of 40.9% (FY23: 45.7%) continues to be significantly impacted by an interest disallowance in the UK due to the Corporate Interest Restriction rules (restricting interest deductions to 30% of Tax EBITDA) and higher interest rates.

The statutory tax charge was £184.5m (FY23 restated: £64.1m), with a tax charge on adjusting items of £143.1m (FY23 restated: £21.6m charge), consisting of a £39.7m tax credit (FY23: £nil) on the US School Bus goodwill impairment, a £9.8m credit (FY23: £10.4m credit) on amortisation of intangible assets, a £1.8m tax credit (FY23 restated: £53.2m credit) on tax deductible adjusting items, and a £194.4m charge (FY23 restated: £85.2m charge) on the derecognition of deferred tax assets in the UK and US which is also considered adjusting as it is material in size and non-recurring in nature.

The statutory loss for the period was £793.8m (FY23 restated: £184.2m loss).

Adjusting items

Adjusting operating items of £707.6m (FY23 restated: £211.8m) were recorded as a net cost in the Income Statement, of which £99.2 million (FY23: £71.0m) represented cash outflows in the period. These largely relate to goodwill impairment in School Bus recognising the need to reduce the value of School Bus based on more realistic future cash flows.

1

Adjusting items	**Income statement 2024 £m**	Income statement 2023[1] £m	**Cash 2024 £m**	Cash 2023 £m
Goodwill impairment of North America School Bus	**(547.7)**	–	**–**	–
Re-measurement of the Rhine-Ruhr onerous contract provision	**(86.4)**	(121.0)	**(45.7)**	(27.9)
Restructuring and other costs	**(50.6)**	(30.1)	**(41.4)**	(26.2)
Intangible amortisation for acquired businesses	**(27.7)**	(35.3)	**–**	–
Re-measurements of onerous contracts and impairments resulting from the Covid-19 pandemic	**4.1**	(2.1)	**(1.4)**	(7.1)
Re-measurement of onerous contract provision charges and impairments in respect of North America driver shortages	**0.7**	(12.0)	**(1.8)**	(9.8)
Final re-measurement of the WeDriveU put liability	**–**	(2.4)	**–**	–
Repayment of UK Coronavirus Job Retention Scheme grant ('Furlough')	**–**	(8.9)	**(8.9)**	–
Total adjusting items before tax	**(707.6)**	(211.8)	**(99.2)**	(71.0)

Restated for correction to the German Rail onerous contract provision, see note 1 in the Financial Statements for further information.

Goodwill impairment reviews are carried out annually by comparing the carrying value of each cash generating unit ('CGU') with the net present value of its future cash flows. As a result of the most recent impairment review, a non-cash goodwill impairment charge in the School Bus CGU amounting to £547.7m (FY23: £nil) was identified. This results in a full impairment of the goodwill balance for this CGU. This arose as a result of reduced future cash flow generation in the forecasts used for the impairment assessment; as whilst the strategic plan forecasts prepared in 2024 include profit improvement actions that aim to improve the future financial performance of School Bus, these have not been included in the forecasts used for the goodwill impairment assessment as they cannot currently be objectively evidenced at this stage in the turnaround. The separation of the two North America businesses into two CGUs in the year was also a contributing factor to the resulting impairment charge as School Bus generates lower cash flows relative to its asset base, compared to WeDriveU.

In Germany, the Rhine-Ruhr (RRX) onerous contract provision, relating to Lots 1 and Lots 2/3, which run to 2033, has been re-measured based on the latest forecasts of future losses anticipated; resulting in a £86.4m charge (FY23 restated: £121.0m charge) to the income statement. Persisting levels of driver shortages (which have a consequent impact on contractual penalties suffered due to train cancellations), higher pay inflation, increased investment in driver recruitment and training, and central overhead costs, are the key contributing factors to the significant increase to the RRX onerous contract provision, as at 31 December 2024 compared to prior year.

Restructuring and other costs of £50.6m (FY23 £30.1m) comprise the impact of costs relating to the sale of the School Bus business and Group wide strategic initiatives and restructuring. Consistent with the prior year, these include Accelerate initiative projects which focus on organisational design, procurement and digital enablement. These costs reduced on a run rate basis during the second half.

Non-cash intangible amortisation in respect of acquired businesses, reduced by £7.6m in the period. Consistent with previous periods, the Group classifies the non-cash amortisation for acquired intangibles as an adjusting item by virtue of its size and nature. This enables monitoring and comparison of divisional performance regardless of whether through acquisition or organic growth. Equally, it improves comparability of the Group's results with those of peer companies.

Amounts relating to re-measurement of the remaining onerous contracts and impairments, resulting from both the Covid-19 pandemic and North America driver shortages, were significantly reduced due to improvements in profitability of those onerous contracts with a total credit of £4.8m in the period (FY23: £14.1m charge).

The tax charge on adjusting items of £143.1m included a £194.4m charge in relation to derecognition of deferred tax assets in the UK and North America; arising from reduced future cash flow generation in the forecasts used, which were consistent with those used for goodwill impairment as described above.

Segmental performance

	Year ended 31 December					
	Adjusted Operating Profit/(Loss) 2024 £m	**Adjusting items 2024 £m**	**Statutory total 2024 £m**	Adjusted Operating Profit/(Loss) 2023 £m	Adjusting items[1] 2023 £m	Statutory total[1] 2023 £m
ALSA	**186.1**	**(9.2)**	**176.9**	136.8	(15.8)	121.0
North America	**38.3**	**(569.9)**	**(531.6)**	27.1	(34.2)	(7.1)
UK	**6.5**	**(18.7)**	**(12.2)**	23.5	(22.2)	1.3
German Rail	**(9.3)**	**(87.5)**	**(96.8)**	0.2	(122.1)	(121.9)
Central Functions	**(33.9)**	**(22.3)**	**(56.2)**	(19.0)	(17.5)	(36.5)
Operating profit/(loss)	**187.7**	**(707.6)**	**(519.9)**	168.6	(211.8)	(43.2)

[1] Restated for correction to the German Rail onerous contract provision, see note 1 in the Financial Statements for further information.

ALSA's Adjusted Operating Profit has increased by £49.3m to £186.1m as a result of strong passenger demand with Spanish Long Haul performing particularly well. There were high levels of occupancy and increased yields, benefitting from the continuation of the multi-voucher scheme. The Regional business has also seen continuing growth, boosted by increased mobility and network increases. The acquisition of Canary Bus completed successfully within the year, integration into the ALSA business is materially complete, and performance is in line with the acquisition business case. Adjusting items in ALSA related to both intangible amortisation for acquired businesses and re-measurements of onerous contracts, resulting from the Covid-19 pandemic.

North America Adjusted Operating Profit also increased by £11.2m to £38.3m, benefiting from a 7.5% average price increase across School Bus contracts renewed for the 2023/24 school year and the early effects of a 6.1% price increase for the 2024/25 school year, which will then annualise into FY25.

WeDriveU has delivered strong new order wins in FY24 and has materially completed its separation from the School Bus business to operate independently. The segment result is impacted by a goodwill impairment charge, as set out in the Adjusting items section below, and costs related to the prospective sale of the School Bus business.

In the UK, Adjusted Operating Profit reduced by £17.0m to £6.5m, driven by a reduction in funding from Covid-19 Bus Recovery Grant and Bus Service Improvement Plan (BSIP) of £8.7m and £4.3m respectively, coupled with increased scheduled coach hire costs, a reduction in Core Coach passenger numbers, fewer high-margin rail strikes, and lower ancillary income. This was only partly offset by an increase in demand for services and the benefit of price rises in UK Bus, with commercial passenger numbers up year on year and a price increase from July 2024 of 6% being implemented. The UK continues to progress its turnaround and restructure its operations. Adjusting items are reduced by £3.5m on FY23 and principally reflect restructuring costs.

German Rail Adjusted Operating Loss of (£9.3m), is down £9.5m on prior year. The RRX contracts contributed £nil to Adjusted Operating Profit as they are covered by the remeasurement of the onerous contract provision; with the Adjusted Operating Loss pertaining fully to the RME contract. The increased loss versus the prior year is principally due to labour and overhead inflation and higher penalties which have resulted from industry-wide driver shortages causing an increase in train cancellations. The segment result was impacted by a £86.4m charge relating to the increase in the onerous contract provision, reflecting the latest view of profitability of the RRX contracts over the remaining contract life to 2033.

Central Functions costs included incremental restructuring, legal and bonus costs of £14.0m (FY23: £nil) related to (i) improved performance of the Group resulting in higher costs of performance linked remuneration benefits, (ii) commission payable on completion of a property transaction in the year, and (iii) the costs incurred in the current year relating to the close out of the FY23 year end process. The remainder of the year on year increase (£0.9m) was reflective of pay inflation and targeted investments in critical Group functions. The segment result is also impacted by the costs relating to the sale of the School Bus business and other restructuring costs.

Treasury & cash management

Funds flow	2024 £m	2023 £m
Adjusted Operating Profit	**187.7**	168.6
Depreciation and other non-cash items	**238.5**	217.4
Adjusted EBITDA*	**426.2**	386.0
Net maintenance capital expenditure*	**(157.8)**	(135.7)
Working capital movement	**48.0**	9.1
Pension contributions above normal charge	**(7.6)**	(7.5)
Operating cash flow	**308.8**	251.9
Net interest paid	**(83.6)**	(61.0)
Tax paid	**(15.0)**	(27.2)
Free cash flow	**210.2**	163.7
Growth capital expenditure*	**(59.3)**	(17.9)
Acquisitions (net of cash acquired/disposed)	**(57.9)**	(59.6)
Adjusting items	**(99.2)**	(71.0)
Payment on hybrid instrument	**(21.3)**	(21.3)
Dividend	**–**	(41.1)
Other, including foreign exchange	**26.7**	53.4
Net funds flow	**(0.8)**	6.2
Adjusted net debt*	**(1,202.5)**	(1,201.7)

* Adjusted EBITDA, Adjusted net debt, net maintenance capital expenditure and growth capital expenditure are defined in the glossary of Alternative Performance Measures.

The Group generated Adjusted EBITDA of £426.2m in the period, (FY23: £386.0m) is driven by the improvement in Adjusted Operating Profit as explained above.

£157.8m of maintenance capital expenditure is principally related to asset purchases in North America and ALSA and is £22.1m higher than FY23 as the Group accelerated capital expenditure at the end of December 2022 in order to secure production slots, resulting in a lower cash outflow in FY23.

Working capital benefitted from strong cash collections in FY24 resulting in an inflow of £48.0m, compared to an inflow of £9.1m in the previous year.

Net interest paid increased by £22.6m reflecting the first €500m bond interest payment (which in September 2023 replaced a maturing bond that had a lower interest rate), and the impact of higher interest rates on the Group's floating rate debt and RCF facility.

Tax paid of £15.0m (FY23: £27.2m) was reduced by a tax refund in ALSA relating to historical tax losses, which was a receivable on the balance sheet at the end of FY23.

Free cash inflow is £210.2m in the period (FY23: £163.7m), representing strong free cash flow conversion and a significant increase of 28.4% on the prior year.

Growth capital expenditure of £59.3m has increased by £41.4m (FY23: £17.9m outflow) reflective of (a) increased investments as a result of growth contract wins in North America; (b) the timing of fleet purchases in ALSA; and (c) the prior year outflow of £17.9m benefitting from being net of a £12.0m funding receipt from the local authority relating to the new Casablanca fleet; which lowered growth capital expenditure in the prior year.

Acquisitions cash outflow of £57.9m (FY23: £59.6m) relate primarily to the acquisition of CanaryBus in ALSA, a leading provider of tourist and discretionary services in the Canary Islands, as well as deferred consideration paid for previous acquisitions. The prior year reflects multiple smaller acquisitions in ALSA.

A cash outflow of £99.2m was recorded in respect of the items excluded from adjusted results as explained above. £21.3m of coupon payments on the hybrid instrument were made in the period, in line with prior periods. No final FY23 dividend nor an interim FY24 dividend have been declared, therefore no external dividend has been paid in FY24; the prior year included a dividend payment of £41.1m. Other inflows of £26.7m reflect the movement in exchange rates, principally on the Group's Euro denominated debt, and settlement of foreign exchange derivatives.

Net funds outflow for the period of £0.8m (FY23: £6.2m inflow) resulted in adjusted net debt of £1,202.5m (FY23: £1,201.7m).

See the Supporting Reconciliations section below for a reconciliation to the statutory cash flow statement.

The Group maintains a disciplined approach to its financing and is currently rated by Moody's and Fitch at (Ba2/Stable) and (BBB-/Stable) respectively.

The Group has two key bank covenant tests; a <3.5x test for gearing and a >3.5x test for interest cover. At 31 December 2024, covenant gearing was 2.8x (FY23: 3.0x) and interest cover was 4.6x (FY23: 5.2x).

At 31 December 2024, the Group had utilised c.£1.2 billion of debt capital and committed facilities, with an average maturity of 4.9 years. The Group's RCFs were undrawn and the Group had available a total of £0.8 billion in cash and undrawn committed facilities. The table below sets out the composition of these facilities.

Funding facilities	**Facility £m**	**Utilised at 31 December 2024 £m**	**Headroom at 31 December 2024 £m**	**Maturity year**
Core RCFs*	600	–	600	2028-2029*
2028 bond	250	250	–	2028
2031 bond	414	414	–	2031
Private placement	396	396	–	2027-2032
Divisional bank loans	101	101	–	various
Leases	194	194	–	various
Funding facilities excluding cash	1,955	1,355	600	
Net cash and cash equivalents		(203)	203	
Total		**1,152**	**803**	

* During the year the Group extended the vast majority of its Core RCF facility a further year from the original expiry in 2028. £571m of the facility will now mature in 2029 with £29m maturing in 2028. The Group has a further one year extension option available later in 2025 to further extend the maturity to 2030.

To ensure sufficient availability of liquidity, the Board requires the Group to maintain a minimum of £300 million in cash and undrawn committed facilities at all times. This does not include factoring facilities which allow the without-recourse sale of receivables. These arrangements provide the Group with more economic alternatives to early payment discounts for the management of working capital, and as such are not included in (or required for) liquidity forecasts.

At 31 December 2024, the Group had foreign currency debt and swaps held as net investment hedges. These help mitigate volatility in the foreign currency translation of our overseas net assets. The Group also hedges its exposure to interest rate movements, to maintain an appropriate balance between fixed and floating interest rates on borrowings. At 31 December 2024, the proportion of Group debt at floating rates was 21% (FY23: 21%).

The Group hedges its exposure to fuel prices in order to provide a level of certainty of cost in the short term and to reduce the year-on-year impact of price fluctuations over the medium term. Fuel cost represents approximately 8% of revenue (FY23: 9%). At 31 December 2024, the Group is around 98% hedged for 2025 at an average price of 51.8p per litre; around 52% hedged for 2026 at an average price of 47.0 per litre; and around 13% hedged for 2027 at an average price of 44.6p per litre. This compares to an average hedged price in 2023 and 2024 of 48.5p and 51.6p per litre respectively.

Return on capital employed
The return on capital employed at the end of the period was 10.2% (FY23: 7.0%). Demonstrating the conversion from pipeline of more profitable contracts versus capital invested.

Dividend
A final dividend has not been proposed for the current period (FY23: £nil).

Pensions
The Group's principal defined benefit pension scheme is in the UK. The combined deficit under IAS 19 on 31 December 2024 was £11.5m (FY23: £32.6m), with the IAS 19 deficit for the Group main's scheme, West Midlands Bus being £11.3m (FY23: £30.0m), a decrease of £18.7m on the prior year, mostly driven by an increase in the discount rate.

Going concern
The Financial Statements have been prepared on a going concern basis as the Directors are satisfied that the Group has adequate resources to continue in operational existence for a period of not less than 12 months from the date of approval of the financial statements. Details of the Board's assessment of the Group's 'base case', 'reasonable worse case', and 'reverse stress tests' are detailed in note 1 of the Financial Statements.

Principal risks and uncertainties
The Board considers the following are the principal risks and uncertainties facing the business:

- Unprecedented external factors threatening the resilience of the business: The resilience of the business can be challenged from major incidents such as a future pandemic, a financial crisis or extreme weather. If the Group is not able to identify and prepare appropriately, it might lead to significant financial, operational and reputational damages.

- Adverse economic conditions affecting our speed of recovery: Declining economic conditions and very high inflation rates can impact demand for travel.

- Adverse political and policy environment affecting funding: Political and geopolitical events such as trade tensions and regional conflicts can bring change. Those changes may impact government policy and funding for transport, which may impact the Group's operations.

- Regulatory landscape and ability to comply: Changes in current regulations and newly introduced regulations can impact the cost structure and operational procedures in our business as we strive to remain compliant.

- Climate changes (physical): We see increased frequency and intensity of extreme weather events such as hurricanes, floods and heatwaves that can lead to extensive damage to infrastructure, loss of lives, and disruptions to communities. The Group can lose key locations or suffer severe asset damages, or operations can be interrupted and cause revenue loss even if the Group's assets are undamaged.

- Climate changes (transitional): The transition to zero emissions mass mobility is driven by regulatory changes, market demands, and Group's commitment to reducing its carbon footprint. The successful and sustainable transition poses a number of challenges due to significant changes required to infrastructure and changes to the risk profile associated with owning and operating the assets.

- Implications of new technology in our business model (ZEV transformation): Transition to ZEV means introducing new technology that involves changes impacting across the business model including financing, contracting, maintaining and operating of the assets.

- Competition and market dynamics in a digital world: The evolving digital landscape in the transportation sector brings a number of challenges and opportunities including: i) shifting consumer preferences towards digitalisation; ii) alternative revenue structures which may disrupt traditional fare structures; iii) structural transformation which could cause unforeseen disruptions or affect productivity.

- Shortages of drivers and frontline employees: A tightening labour market leads to a combination of higher turnover and lower numbers of new recruits. A material shortage of drivers, engineering and maintenance employees impacts our ability to effectively deliver services and impact profitability, operations and reputation.

- Industrial action: Industrial action can impact the delivery of service, revenues and damage our brand and reputation, along with employee engagement and morale.

- Cyber attack: Major IT failure could disrupt operations and lead to loss of revenue. Data compromise involving a loss of customer information could result in reputational damage and significant remedial costs.

- Safety incidents, litigation and claims: Major safety related incident could impact the Group both financially and reputationally. Higher than planned claims or cash settlements could adversely affect profit and cash outflow. Non-compliance with regulations can create legal and financial risk. A security incident (e.g. terrorism) would have a direct impact through asset damage, disruption to operations and revenue loss.

- Credit/financing: A material increase in interest rates would increase the Group's cost of borrowing, albeit around 80% of our debt is now at fixed rates with a significant portion that is currently floating will revert to fixed in November 2025. Constrained equity and/or debt markets increase the costs of capital and debt financing. Regulation of debt providers and macro political and economic events can impact access to and/or cost of capital.

- Attraction and retention of talent and succession planning: Risk of not being able to attract or retain talented individuals with key skills needed to deliver the Evolve strategy.

Helen Cowing
Group Chief Financial Officer
28 April 2025

Alternative performance measures

In the reporting of financial information, the Group has adopted various Alternative Performance Measures ("APMs"). APMs should be considered in addition to IFRS measurements. The Directors believe that these APMs assist in providing useful information on the Adjusted performance of the Group, enhance the comparability of information between reporting periods, and are used internally by the Directors to measure the Group's performance. The key APMs that the Group focuses on are as follows:

Measure	Closest IFRS measure	Definition and reconciliation	Purpose
Adjusted EBITDA	Operating profit[1]	Adjusted Earnings Before Interest and Tax plus Depreciation and Amortisation. It is calculated by taking Adjusted Operating Profit and adding back depreciation, fixed asset grant amortisation, and share-based payments.	Adjusted EBITDA is used as a key measure to understand profit and cash generation before the impact of investments (such as capital expenditure and working capital). It is also used to derive the Group's gearing ratio.
Gearing & Covenant EBITDA	No direct equivalent	Gearing is defined as the ratio of Covenant net debt to Covenant EBITDA over the last 12 months. Covenant EBITDA is calculated by making the following amendments to Adjusted EBITDA (which is defined above): including any pre-acquisition Adjusted EBITDA generated in that 12-month period by businesses acquired by the Group during that period; the reversal of IFRS 16 accounting; the exclusion of the profit or loss from associates; the exclusion of the profit or loss attributable to minority interest; and the add back of interest costs arising from the unwind of the discount on provisions.	The gearing ratio is considered a key measure of balance sheet strength and financial stability by which the Group and interested stakeholders assess its financial position. Covenant EBITDA is used for the purpose of calculating the Group's two key bank covenant tests: being gearing and interest cover.
Free cash flow	Net cash generated from operating activities	The cash flow equivalent of Adjusted Profit After Tax. A reconciliation of Adjusted Operating Profit and net cash flow from operating activities to free cash flow is set out in the supporting tables below.	Free cash flow allows us and external parties to evaluate the cash generated by the Group's operations and is also a key performance measure for the Executive Directors' annual bonus structure and management remuneration.
Net maintenance capital expenditure	No direct equivalent	Comprises the purchase of property, plant and equipment and intangible assets, other than growth capital expenditure, less proceeds from their disposal. It excludes capital expenditure arising from discontinued operations. It includes the capitalisation of leases initiated in the year in respect of existing business. A reconciliation of capital expenditure in the statutory cash flow statement to net maintenance capital expenditure (as presented in the Group Chief Financial Officer's Report) is set out in the supporting tables below.	Net maintenance capital expenditure is a measure by which the Group and interested stakeholders assesses the level of investment in new/existing capital assets to maintain the Group's profit.
Growth capital expenditure	No direct equivalent	Growth capital expenditure represents the cash investment in new or nascent parts of the business, including new contracts and concessions, which drive enhanced profit growth. It includes the capitalisation of leases initiated in the year in respect of new business.	Growth capital expenditure is a measure by which the Group and interested stakeholders assesses the level of capital investment in new capital assets to drive profit growth.
Adjusted net debt	Borrowings less cash and related hedges	Cash and cash equivalents (cash overnight deposits, other short-term deposits) and other debt receivables, offset by borrowings (loan notes, bank loans and finance lease obligations) and other debt payable (excluding accrued interest). The components of adjusted net debt as they reconcile to the primary financial statements and notes to the accounts is disclosed in note 15.	Net debt is the measure by which the Group and interested stakeholders assess its level of overall indebtedness.
Covenant net debt	Borrowings less cash and related hedges	Adjusted net debt adjusted for certain items agreed with the Group's lenders as being excluded for the purposes of calculating net debt for covenant assessment. The adjustments principally comprise the exclusion of IFRS 16 liabilities, the exclusion of amounts owing under arrangements to factor advance subsidy payments, the add back of trapped cash, and an adjustment to retranslate any borrowing denominated in foreign currency to the average foreign currency exchange rates over the preceding 12 months.	Covenant net debt is the measure that is applicable in the covenant gearing test.

Adjusted earnings	Profit after tax	Adjusted earnings is Profit attributable to equity shareholders for the period, excluding Adjusting items (as described below) and can be found on the face of the Group Income Statement in the first column.	Adjusted earnings is a key measure used in the calculation of Adjusted earnings per share.
Adjusted earnings per share	Basic earnings per share	Is Adjusted earnings divided by the weighted average number of shares in issue, excluding those held in the Employee Benefit Trust which are treated as cancelled. A reconciliation of statutory profit to Adjusted profit for the purpose of this calculation is provided within note 8 of the financial statements.	Adjusted earnings per share is widely used by external stakeholders, particularly in the investment community.
Adjusted Operating Profit	Operating profit[1]	Statutory operating profit excluding Adjusting items (as described below), and can be found on the face of the Group Income Statement in the first column.	Adjusted Operating Profit is a key performance measure for the Executive Directors' annual bonus structure and management remuneration. It also allows for ongoing trends and performance of the Group to be measured by the Directors, management and interested stakeholders.
Adjusting Items	No direct equivalent	Adjusting items are items that are considered significant in nature and value, not in the normal course of business, or are consistent with items that were treated as Adjusting items in prior periods.	Treatment as an Adjusting item provides users of the accounts with additional useful information to assess the year-on-year trading performance of the Group.
Adjusted Operating Margin	Operating profit[1] divided by revenue	Adjusted Operating Profit/(Loss) divided by revenue	Adjusted Operating Margin is a measure used to assess and compare profitability. It also allows for ongoing trends and performance of the Group to be measured by the Directors, management and interested stakeholders.
Adjusted Profit Before Tax	Profit before tax	Statutory profit before tax excluding Adjusting Items can be found on the face of the Group Income Statement in the first column.	Adjusted Profit before tax allows a view of the profit before tax after taking account of the Adjusting items.
Return on capital employed (ROCE)	Operating profit[1] and net assets	Adjusted Operating Profit divided by average capital employed. Capital employed is net assets excluding adjusted net debt and derivative financial instruments, and for the purposes of this calculation is translated using average exchange rates. The calculation of ROCE is set out in the reconciliation tables below.	ROCE gives an indication of the Group's capital efficiency and is a key performance measure for the Executive Directors' remuneration.

[1] *Operating profit is presented on the Group income statement. It is not defined per IFRS, however is a generally accepted profit measure.*

Supporting reconciliations

Reconciliation of net cash flow from operating activities to free cash flow	**2024 £m**	2023 £m
Net cash flow from operating activities	**259.0**	230.0
Cash (receipts)/payments in respect of IFRIC 12 asset purchases treated as working capital for statutory cash flow*	**–**	(12.0)
Cash expenditure in respect of adjusting items	**99.2**	71.0
Net maintenance capital expenditure	**(157.8)**	(135.7)
Other non-cash movements	**(2.0)**	(2.7)
Profit on disposal of fixed assets	**11.8**	13.1
Free cash flow	**210.2**	163.7

* During the prior year the Group received cash in respect of a capital grant receivable for assets (principally vehicles) acquired in previous years to fulfil a contract in Morocco that is accounted for under the IFRIC12 (service concession arrangements – an arrangement whereby a government or other public sector body contracts with a private operator to develop (or upgrade), operate and maintain the grantor's infrastructure assets) financial asset model and where the statutory cash flow for these purchases and grants receivable are accordingly presented as a movement in working capital, with the assets being recorded as contract assets on the balance sheet rather than property, plant and equipment or intangible assets. In order to be consistent with the treatment of asset purchases on other contracts, these asset purchases are reclassified to capital expenditure for the purposes of the "funds flow" presented in the CFO report. The grant receipt was included as growth capital expenditure, consistent with the original asset purchases for new business and consistent with previous years.

Reconciliation of capital expenditure in statutory cash flow to funds flow	**2024 £m**	2023 £m
Purchase of property, plant and equipment	**(195.6)**	(128.2)
Proceeds from disposal of property, plant and equipment	**47.4**	33.8
Payments to acquire intangible assets	**(6.4)**	(12.9)
Proceeds from disposal of intangible assets	**3.6**	4.9
Net capital expenditure in statutory cash flow statement	**(151.0)**	(102.4)
Profit on disposal of fixed assets	**(11.8)**	(13.1)
Capitalisation of leases initiated in the year, less disposals	**(54.3)**	(50.1)
Cash receipts/payments in respect of IFRIC12 purchases (as explained above)	**–**	12.0
Net capital expenditure in the funds flow (presented in the Group Chief Financial Officer's Report)	**(217.1)**	(153.6)
Split as:		
Net maintenance capital expenditure	***(157.8)***	*(135.7)*
Growth capital expenditure	***(59.3)***	*(17.9)*

Reconciliation of ROCE	**2024 £m**	2023 £m
Group statutory operating loss	**(519.9)**	(43.2)
Add back: adjusting items	**707.6**	211.8
Return – Adjusted Group Operating Profit	**187.7**	168.6
Average net assets	**633.0**	1,209.2
Average adjusted net debt	**1,202.1**	1,204.8
Average derivatives, excluding amounts within adjusted net debt	**21.3**	0.7
Foreign exchange adjustment	**(11.1)**	(11.6)
Average capital employed	**1,845.3**	2,403.1
Return on capital employed	**10.2%**	7.0%

Reconciliation of depreciation and other non-cash items	**2024 £m**	2023 £m
Depreciation charge	**213.4**	199.3
Amortisation charge (excluding amortisation from intangibles from acquired businesses)	**22.5**	18.5
Share-based payments	**4.6**	1.6
Amortisation of fixed asset grants	**(2.0)**	(2.0)
Depreciation and other non-cash items	**238.5**	217.4

Directors' responsibilities

The Directors are required to prepare the Group financial statements in accordance with United Kingdom adopted international accounting standards. The Group financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the IASB. The Directors have chosen to prepare the Company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. 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 Group and Company and of the profit or loss of the Group and Company for the period in question.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

• properly select and apply accounting policies;
• present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
• provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial
performance; and
• make an assessment of the Group's ability to continue as a going concern.

In preparing the Company financial statements, the Directors are required to:
• select suitable accounting policies and then apply them consistently;
• make judgements and accounting estimates that are reasonable and prudent;
• state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
• prepare such financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with applicable law and regulations.

The Directors are also responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

• the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group taken as a whole;
• the Strategic Report and Directors' Report, taken together, include a fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties that they face; and
• the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's and the Group's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors and is signed on its behalf by:

Ignacio Garat
Group Chief Executive Officer
28 April 2025

Helen Cowing
Interim Group Chief Financial Officer
28 April 2025

Financial Statements
Group Income Statement
For the year ended 31 December 2024

	Note	**Adjusted result 2024 £m**	**Adjusting items (note 4) 2024 £m**	**Total 2024 £m**	Adjusted result 2023 £m	(Restated) Adjusting items (note 4) 2023[1] £m	(Restated) Total 2023[1] £m
Revenue	3	**3,412.4**	**–**	**3,412.4**	3,150.9	–	3,150.9
Operating costs		**(3,224.7)**	**(707.6)**	**(3,932.3)**	(2,982.3)	(211.8)	(3,194.1)
Group operating profit/(loss)		**187.7**	**(707.6)**	**(519.9)**	168.6	(211.8)	(43.2)
Share of results from associates and joint ventures		**3.2**	**–**	**3.2**	(0.5)	–	(0.5)
Finance income	5	**2.4**	**–**	**2.4**	4.0	–	4.0
Finance costs	5	**(92.2)**	**(2.8)**	**(95.0)**	(79.2)	(1.2)	(80.4)
Profit/(loss) before tax		**101.1**	**(710.4)**	**(609.3)**	92.9	(213.0)	(120.1)
Tax charge	6	**(41.4)**	**(143.1)**	**(184.5)**	(42.5)	(21.6)	(64.1)
Profit/(loss) for the year		**59.7**	**(853.5)**	**(793.8)**	50.4	(234.6)	(184.2)
Profit/(loss) attributable to equity shareholders		**50.7**	**(853.5)**	**(802.8)**	49.1	(234.4)	(185.3)
Profit/(loss) attributable to non-controlling interests		**9.0**	**–**	**9.0**	1.3	(0.2)	1.1
		59.7	**(853.5)**	**(793.8)**	50.4	(234.6)	(184.2)
Earnings per share:	8						
– basic earnings per share				**(134.8)p**			(33.7)p
– diluted earnings per share				**(134.8)p**			(33.7)p

[1] Restated for a correction to the German Rail onerous contract provision, see note 1 for further information

Financial Statements
Group Statement of Comprehensive Income
For the year ended 31 December 2024

	2024 £m	(Restated) 2023[1] £m
Loss for the year	**(793.8)**	(184.2)
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gains on defined benefit pension plans	**11.2**	2.6
Deferred tax charge on actuarial gains	**(2.8)**	(0.8)
Gains/(losses) on financial assets at fair value through Other Comprehensive Income	**9.1**	(1.4)
	17.5	0.4
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on retranslation of foreign operations	**(31.6)**	(74.3)
Exchange differences on retranslation of non-controlling interests	**(1.5)**	(0.9)
Gains on net investment hedges	**21.3**	30.1
Gains/(losses) on cash flow hedges	**3.8**	(14.4)
Cost of hedging	**0.2**	0.6
Hedging (gains)/losses reclassified to Income Statement	**(1.6)**	3.2
Deferred tax charge on foreign exchange differences	**(0.5)**	(0.8)
Deferred tax (charge)/credit on cash flow hedges	**(0.7)**	3.6
	(10.6)	(52.9)
Other comprehensive income/(expense) for the year	**6.9**	(52.5)
Total comprehensive expense for the year	**(786.9)**	(236.7)
Total comprehensive (expense)/income attributable to:		
Equity shareholders	**(794.4)**	(236.9)
Non-controlling interests	**7.5**	0.2
	(786.9)	(236.7)

[1] See note 1 for further information

Financial Statements
Group Balance Sheet
At 31 December 2024

	Note	2024 £m	(Restated) 2023[1] £m
Non-current assets			
Intangible assets		**986.2**	1,551.8
Property, plant and equipment		**1,193.6**	1,164.5
Derivative financial instruments		**0.2**	0.1
Financial assets at fair value through Other Comprehensive Income		**25.0**	15.2
Investments accounted for using the equity method		**6.5**	11.1
Other non-current receivables		**169.7**	153.8
Finance lease receivable		**14.8**	6.5
Deferred tax assets		**–**	164.4
Defined benefit pension assets	12	**0.1**	0.2
Total non-current assets		**2,396.1**	3,067.6
Current assets			
Inventories		**34.0**	33.7
Trade and other receivables		**547.5**	573.1
Finance lease receivable		**3.2**	2.7
Derivative financial instruments		**12.6**	11.1
Current tax assets		**0.6**	12.4
Cash and cash equivalents	11	**244.5**	356.3
		842.4	989.3
Assets classified as held for sale	10	**–**	18.2
Total current assets		**842.4**	1,007.5
Total assets		**3,238.5**	4,075.1
Non-current liabilities			
Borrowings		**(1,258.8)**	(1,290.6)
Derivative financial instruments		**(3.4)**	(15.3)
Deferred tax liability		**(46.8)**	(46.8)
Other non-current liabilities		**(116.9)**	(115.2)
Defined benefit pension liabilities	12	**(11.6)**	(32.8)
Provisions		**(172.2)**	(158.2)
Total non-current liabilities		**(1,609.7)**	(1,658.9)
Current liabilities			
Trade and other payables		**(1,029.0)**	(960.6)
Borrowings		**(208.9)**	(271.2)
Derivative financial instruments		**(44.7)**	(31.6)
Current tax liabilities		**(9.5)**	–
Provisions		**(115.8)**	(108.3)
Total current liabilities		**(1,407.9)**	(1,371.7)
Total liabilities		**(3,017.6)**	(3,030.6)
Net assets		**220.9**	1,044.5
Shareholders' equity			
Share capital		**30.7**	30.7
Share premium		**533.6**	533.6
Own shares		**(4.3)**	(3.6)
Hybrid reserve		**513.0**	513.0
Other reserves		**396.7**	397.6
Retained earnings		**(1,284.9)**	(457.0)
Total shareholders' equity		**184.8**	1,014.3
Non-controlling interests in equity		**36.1**	30.2
Total equity		**220.9**	1,044.5

[1] Restated for a correction to the German Rail onerous contract provision, see note 1 for further information

I Garat
Group Chief Executive Officer

H Cowing
Group Chief Financial Officer

28 April 2025

Financial Statements
Group Statement of Changes in Equity
For the year ended 31 December 2024

	Share capital £m	Share premium account £m	Own shares £m	Hybrid reserve £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 1 January 2024 (Restated)[1]	30.7	533.6	(3.6)	513.0	397.6	(457.0)	1,014.3	30.2	1,044.5
(Loss)/profit for the year	–	–	–	–	–	(802.8)	(802.8)	9.0	(793.8)
Other comprehensive income/(expense) for the year	–	–	–	–	-	8.4	8.4	(1.5)	6.9
Total comprehensive (expense)/income	–	–	–	–	-	(794.4)	(794.4)	7.5	(786.9)
Shares purchased	–	–	(2.2)	–	–	–	(2.2)	–	(2.2)
Own shares released to satisfy employee share schemes	–	–	1.5	–	–	(1.5)	–	–	–
Share-based payments	–	–	–	–	–	4.6	4.6	–	4.6
Deferred tax credit on share-based payments	–	–	–	–	–	0.1	0.1	–	0.1
Accrued payments on hybrid instrument	–	–	–	21.3	–	(21.3)	–	–	–
Payments on hybrid instrument	–	–	–	(21.3)	–	–	(21.3)	–	(21.3)
Deferred tax charge on hybrid instrument payments	–	–	–	–	–	(15.4)	(15.4)	–	(15.4)
Hedging gains and losses and costs of hedging transferred to the cost of inventory	–	–	–	–	(0.9)	–	(0.9)	–	(0.9)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(1.6)	(1.6)
At 31 December 2024	**30.7**	**533.6**	**(4.3)**	**513.0**	**396.7**	**(1,284.9)**	**184.8**	**36.1**	**220.9**

[1] Restated for a correction to the German Rail onerous contract provision, see note 1 for further information

Financial Statements
Group Statement of Changes in Equity
For the year ended 31 December 2024

	Share capital £m	Share premium account £m	Own shares £m	Hybrid reserve £m	(Restated) Other reserves[1] £m	(Restated) Retained rarnings[1] £m	(Restated) Total[1] £m	Non-controlling interests £m	(Restated) Total equity[1] £m
At 1 January 2023	30.7	533.6	(3.9)	513.0	481.1	(223.7)	1,330.8	43.0	1,373.8
(Loss)/profit for the year	–	–	–	–	–	(185.3)	(185.3)	1.1	(184.2)
Other comprehensive (expense)/income for the year	–	–	–	–	(53.4)	1.8	(51.6)	(0.9)	(52.5)
Total comprehensive (expense)/income	–	–	–	–	(53.4)	(183.5)	(236.9)	0.2	(236.7)
Own shares released to satisfy employee share schemes	–	–	0.3	–	–	(0.3)	–	–	–
Share-based payments	–	–	–	–	–	1.6	1.6	–	1.6
Deferred tax on share-based payments	–	–	–	–	–	(0.2)	(0.2)	–	(0.2)
Accrued payments on hybrid instrument	–	–	–	21.3	–	(21.3)	–	–	–
Payments on hybrid instrument	–	–	–	(21.3)	–	–	(21.3)	–	(21.3)
Deferred tax on hybrid bond payments	–	–	–	–	–	5.3	5.3	–	5.3
Dividends paid to shareholders of Company	–	–	–	–	–	(41.1)	(41.1)	–	(41.1)
Hedging gains and losses and costs of hedging transferred to the cost of inventory	–	–	–	–	(30.1)	–	(30.1)	–	(30.1)
Recognition of liabilities with non-controlling liabilities	–	–	–	–	–	(8.6)	(8.6)	–	(8.6)
Purchase of subsidiary shares from non-controlling interest	–	–	–	–	–	15.0	15.0	(15.0)	–
Non-controlling interest arising from business combinations	–	–	–	–	–	–	–	0.9	0.9
Disposal of subsidiary shares from non-controlling interest	–	–	–	–	–	(0.2)	(0.2)	0.6	0.4
Contributions from non-controlling interests	–	–	–	–	–	–	–	0.5	0.5
At 31 December 2023	30.7	533.6	(3.6)	513.0	397.6	(457.0)	1,014.3	30.2	1,044.5

[1] See note 1 for further information

Financial Statements
Group Statement of Cash Flows
For the year ended 31 December 2024

	Note	**2024 £m**	2023 £m
Cash generated from operations	13	**355.5**	315.7
Corporate income tax paid		**(15.0)**	(27.3)
Interest paid		**(82.5)**	(62.9)
Interest received		**1.0**	4.5
Net cash flow from operating activities		**259.0**	230.0
Cash flows from investing activities			
Payments to acquire businesses, net of cash acquired	10	**(29.2)**	(9.4)
Deferred consideration for businesses acquired	10	**(16.2)**	(3.6)
Purchase of property, plant and equipment		**(195.6)**	(128.2)
Proceeds from disposal of property, plant and equipment		**47.4**	33.8
Payments to acquire intangible assets		**(6.4)**	(12.9)
Proceeds from disposal of intangible assets		**3.6**	4.9
Payments to settle net investment hedge derivative contracts		**(9.2)**	(5.0)
Receipts on settlement of net investment hedge derivative contracts		**8.3**	15.8
Receipts relating to associates and investments		**7.3**	1.5
Net cash flow from investing activities		**(190.0)**	(103.1)
Cash flows from financing activities			
Dividends paid to holders of hybrid instrument		**(21.3)**	(21.3)
Principal lease payments[2]		**(64.5)**	(62.7)
Principal lease receipts[2]		**3.8**	5.3
Increase in borrowings		**121.1**	668.9
Repayment of borrowings		**(182.7)**	(576.6)
Transaction costs relating to new borrowings		**(0.3)**	(4.1)
Payments to settle foreign exchange forward contracts		**(29.7)**	(30.3)
Receipts on settlement of foreign exchange forward contracts		**20.4**	44.6
Purchase of own shares		**(2.2)**	–
Acquisition of non-controlling interests[1]		**–**	(46.1)
Contributions from non-controlling interest		**–**	0.5
Disposals of non-controlling interests		**–**	0.4
Dividends paid to non-controlling interests		**(1.6)**	–
Dividends paid to shareholders of the Company	7	**–**	(41.1)
Net cash flow from financing activities		**(157.0)**	(62.5)
(Decrease)/increase in net cash and cash equivalents		**(88.0)**	64.4
Opening net cash and cash equivalents		**293.7**	233.1
(Decrease)/increase in net cash and cash equivalents		**(88.0)**	64.4
Foreign exchange		**(2.6)**	(3.8)
Closing net cash and cash equivalents	11	**203.1**	293.7

[1] Amounts in 2023 include £46.1m paid on exercise of the final 20% of the WeDriveU put liability
[2] Prior year comparative represented to show principal lease payments and principal lease receipts on a gross basis to be comparable with the current year disclosures; a net payment of £57.4m was disclosed in the prior year

1 Basis of preparation

These results are based on the Group Financial Statements, which have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and UK adopted International Financial Reporting Standards (IFRS).

These results are presented in pounds Sterling and all values are rounded to the nearest one hundred thousand pounds (£0.1m) except where otherwise indicated.

Going concern

Group

The financial statements have been prepared on a going concern basis. In adopting this basis, the Directors have considered the Group's business activities, principal risks and uncertainties, exposure to macroeconomic conditions, financial position, covenant compliance, liquidity and borrowing facilities.

The Group continues to maintain a strong liquidity position, with £0.8bn in cash and undrawn committed facilities available to it as of 31 December 2024 and total committed facilities of £2bn at this date. There is no expiry of these facilities within the going concern outlook period, with the first upcoming maturity being the Private Placements totalling £234.3m which are due to mature in 2027. The Group has positive relationships and regular dialogue with its lenders. Certain of the Group's borrowings are subject to covenant tests on gearing and interest cover on a bi-annual basis. A gearing covenant whereby Covenant net debt must be no more than 3.5x Covenant EBITDA and an interest covenant whereby Covenant EBITDA must be at least 3.5x interest expense apply to the Group. Each input is subject to certain adjustments from reported to covenant measure as defined in the facility agreements, principally for presentation on a pre-IFRS 16 basis.

In 2024, the Group has delivered another good revenue performance across most of the major business units reflecting a continuing ability to capture growth in markets with attractive long-term drivers, with Adjusted EBITDA up year on year from £386.0m in 2023 to £426.2m in 2024.

Most of all, the results reflect another year of continued and substantive change, principally within two of the divisions. Both North America and UK & Germany have been embarked on a plan to reposition their operations to address markets that have either faced significant structural challenges (German Rail, UK Bus & Coach), or where that repositioning will make them more effective and able to unlock further opportunity (North America School Bus and WeDriveU).

The Accelerate programme has delivered ahead of expectations in FY24, with £52m of savings achieved and a further small uplift expected in FY25 as these savings annualise. In addition, progress has been made in turnaround of the UK and North America School Bus businesses, resulting in improvements in underlying profitability which will continue to be seen in 2025 onwards.

We have also made clear commitment to debt and leverage, including tightening operational controls, particularly over aged debt collection and capital expenditure appraisals, with an increased focus on asset-light transactions. Such measures will help protect our balance sheet and will, together with our wider business repositioning activities, drive more commercial behaviours in our businesses, improved profitability and better cash flows.

We acknowledge that the Group has remained loss-making on a statutory basis in 2024, however this is considered to be one-off in nature since i) the statutory result was impacted by (a) an £86.4m onerous contract remeasurement in German Rail; (b) derecognition of deferred tax assets of £194.4m, as well as (c) the goodwill impairment of £547.7m recognised against the North America School Bus cash-generating unit; and ii) adjusting items also related to restructuring costs which will enable achievement of significant cost savings in future, improving both adjusted and statutory profitability, as well as costs relating to the disposal of the North America School Bus business, which is expected to complete in 2025.

There has been an improvement in macroeconomic condition throughout 2024, leading to reduced inflationary pressures; meanwhile, we remain confident in the Group's prospects as a value-for-money provider of essential public services. The outlook for 2025 is encouraging and the Directors remain confident in the longer-term outlook for the Group. This growth ambition is strengthened by government policy which is highly supportive of public transport as part of the solution to climate change.

The base case projections, which cover the period to June 2026, assume a steady continuation of underlying passenger demand increases across the Group (when normalising for impacts such as voucher schemes in ALSA), in line with the trends seen since the pandemic and in 2024, as well as continued growth through new contract wins in key markets such as WeDriveU and an improvement in adjusted operating margin in the UK and North America School Bus businesses following significant cost reduction and pricing actions undertaken throughout 2023 and 2024 .The key points to note regarding the base case are as follows:

- In the UK, the Bus business will benefit from price increases of 6% implemented in mid-2024, they have also taken an important step forward in changing their relationship with its main customer, TfWM (Transport for West Midlands) with the announcement of a new interim agreement, as all parties continue to evaluate franchising. In UK Coach, no further benefit from rail-strike induced demand is expected beyond 2024, and the UK long haul market is expected to remain highly competitive, albeit strategies to protect market share and promote patronage growth are well advanced. Following an extensive strategic review in 2024 and disposal of several business units, there has been increased commercial focus on the NXTS business whereby a further narrowing of operating losses is expected in 2025 driven by actions implemented in 2024. Across all UK business there has been significant focus on rightsizing and cost optimisation throughout 2024, with a material positive impact expected in 2025 as these savings annualise and further initiatives deliver sequential improvement in cost efficiency and profitability.

- In ALSA, the multivoucher scheme has been extended (as of December 2024) to June 2025, providing increased visibility and confidence in strong H1 trading year-on-year. At present no extension of the scheme into H2 onwards has been announced (or factored into our forecasts); despite this we remain highly confident in the excellent track record of the ALSA business in delivering strong operating results across all lines of business. Increased demand for Regional, Urban and Discretionary services are all assumed in the 2025 projections, reflecting a continuation of encouraging momentum in 2024. Meanwhile we remain protected from significant inflation by CPI-linked indexation clauses in most of our contracted revenue streams.
- The North American School Bus business has substantially recovered the cumulative impact of wage inflation, achieving a 6.1% price increase for School Year 2024/25, with a further mid-single-digit increase expected in School Year 2025/26. Significant progress on route recovery and driver shortages have been made throughout 2023 and 2024, with 9,017 new drivers recruited in FY24, around 21% more than in FY23 (7,470). Further focus on rightsizing the cost base and controlling spend has also led to improved profitability in 2024, with additional efficiencies expected in 2025.
- The North American WeDriveU business will deliver expansion into both existing and new sectors, with many such contracts already secured in 2024. There will be a continued focus on growth, with active bidding on a large pipeline of opportunities in strategic target markets. Rate increases and efficiency improvements have been implemented across a number of key locations, providing a pathway to improved profitability in 2025.
- In Germany, expectations are that 2025 will continue to suffer from industry-wide driver scarcity, leading to elevated levels of penalty charges from PTAs, albeit with a reduced Adjusted Operating Loss compared to 2023 and 2024.
- 2025 will continue to benefit from cost reduction programmes that were launched in 2023 and 2024, with £52m of savings achieved and a further small uplift expected in FY25 as these savings annualise. In addition, there is significant annualization benefit expected in 2025 onwards from the restructuring and pricing actions implemented in both the UK and North America School Bus businesses in 2024.
- The base case as described above assumed that the North America School Bus business remained part of the Group throughout the going concern assessment period. Given the announcement post year-end regarding the sale of that business, the Group has updated its assessment to reflect the impact of the sale. In conclusion, the disposal of this business would not change our conclusions as to covenant compliance or liquidity headroom with regards to maintaining confidence that the going concern basis of preparation remains appropriate.

The reasonable worst case ("RWC") is fully aligned with the Viability Assessment and forms the first 18 months of that assessment (to June 2026). In summary, the downside risks modelled are all correlated with the Group's principal risks. These downsides modelled include, but are not limited to:

1. Reduced passenger demand adversely affecting revenues by up to 3% in those lines of business without passenger revenue protection, fewer new contract wins and increased competition from other operators and modes of transport.
2. A reduction of the new growth opportunities assumed in plan as a result of heightened competition.
3. Higher inflation on the cost base, both for labour (with additional wage inflation increases in most divisions) and general costs (increasing by 1% above base case levels), with none of this being able to be passed on to customers.
4. Lower price rises than anticipated.
5. A material delay in realising cost savings as part of the Accelerate programme and the smaller portion of turnaround activities in the UK which have not yet been actioned.
6. A deterioration in relations with government / transport authorities, leading to a reduction in funding, adverse renewal terms on existing public contracts, and a tightening in labour market regulations.

Against this severe but plausible downside scenario, we apply cost saving mitigations which would be within our control and which could be reasonably enacted without material short term damage to the business. The quantum and nature of these mitigations is broadly consistent with those assumed in prior years' assessments and include but are not limited to:

1. Reduced discretionary spending, with up to £11m per annum of cost savings across Travel & Accommodation, Advertising & Marketing, Training & Development and Legal & Professional fees which is more than achievable as demonstrated during the Covid-19 pandemic.
2. The removal of any planned annual discretionary bonuses.

The Directors have reviewed the base case and RWC projections and in both scenarios the Group has a strong liquidity position over the going concern assessment period and would be able to comply with the covenant tests, albeit under RWC, reliant on the cost saving mitigations discussed above.

In addition to the base case and RWC scenarios, the Directors have reviewed reverse stress tests, in which the Group has assessed the set of circumstances that would be necessary for the Group to either breach the limits of its borrowing facilities or breach any of the covenant tests.

In applying a reverse stress test to liquidity the Directors have concluded that the set of circumstances required to exhaust it are considered remote. As ever, covenants that include Covenant EBITDA as a component are more sensitive to reverse stress testing; the Directors have therefore conducted in-depth stress testing on all covenant tests at June 2025, December 2025 and June 2026. In doing so, the Directors have considered all cost mitigations that would be within their control if faced with another short-term material Covenant EBITDA reduction and no lender support to amend or waive Covenant EBITDA-related covenants. Taking this into account the Directors concluded that the probability was remote that circumstances arise that cause covenants to be breached. Reverse stress tests have been performed against a reduction in revenue, incremental cost inflation that cannot be recovered, and an inability to achieve planned cost savings and in all instances, no instances of a covenant breach were identified.

In any case, should there be a more severe set of circumstances than those assumed in the reasonable worst case, a number of further mitigating actions are available to the Group which would improve EBITDA and/or benefit adjusted net debt, including: deeper and broader cost cutting measures, sale and leaseback of vehicles, disposal of properties, delays or reductions to capital expenditure and disposal of investments or other assets. The Group could also seek to raise further equity or seek further amendments or waivers of covenants, as was demonstrated during the Covid-19 pandemic.

In conclusion, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the Financial Statements. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements for the year ended 31 December 2024.

Parent company

The Company holds investments in all trading entities of the Group, employs colleagues working for the Group PLC and holds the majority of the Group's external debt and derivative financial instruments; and doesn't itself generate external revenues. It relies on the trading entities of the Group to generate income – both via dividends received and through the Group's transfer pricing policy. At 31 December 2024 the Company had net current liabilities of £117.7m (2023: net current liabilities of £115.5m). The net current liabilities position at the end of 2024 is stable year on year, with creditors due under one year predominantly due to intercompany loans owed to trading divisions. At 31 December 2024 the Company had £600.0m of undrawn, unsecured committed revolving credit facilities. Please refer to management's going concern assessment of the Group detailed above. The Directors of the Company have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the Financial Statements.

Changes in accounting policies and the adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except for changes arising from new standards and amendments to existing standards that have been adopted in the current year.

The following amendments have been applied for the first time with effect from 1 January 2024:

- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

These amendments clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

As a result of implementing the amendments, the Group has provided additional disclosures about its supplier finance arrangement in the Group's Annual Report.

In addition, the following amendments have been applied for the first time with effect from 1 January 2024:

- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

These amendments did not have a material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not applied

Certain new accounting standard amendments have been published and UK adopted that are not mandatory for 31 December 2024 reporting period and have not been early adopted by the Group:

- Lack of Exchangeability – Amendments to IAS 21

These amendments are not expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions.

Prior year restatement

German Rail onerous contract provision

During the preparation of the financial statements for the year ended 31 December 2024, errors were identified in the German Rail onerous contract provision calculation related to the prior year, that were not identified and therefore not taken into account in the 2023 calculation.

Primarily, these were errors relating to the completeness and accuracy of input data within the prior year lifetime profitability assessment model, which were identified through a detailed and comprehensive model rebuild undertaken during the year and further work by management to improve visibility and control of performance across the contracts.

In addition, during the current year management also became aware that penalties associated with cleaning related performance obligations, which under the contracts the Group is partially responsible for administering and carrying out, were not being identified, and therefore were being recorded incorrectly. An assessment of the potential liability that should have been recorded at the end of 2023 has also been included as a prior year restatement.

The impact on each of the contracts is detailed as follows:

- The RRX 2/3 contract was previously identified as onerous in 2021, with an onerous contract provision on the balance sheet at 31 December 2023 as previously reported of £118.3m. The impact of the errors identified (as described above) is an increase to the onerous contract provision reflecting a deterioration of the anticipated future contract losses considering information that was or should have been available at that time; and
- The RRX1 contract, which commenced on 10 December 2023, was not assessed as onerous in the prior year. However, as a result of the errors identified, this has the effect of making the contract onerous as at 31 December 2023; as such an onerous contract provision has been booked as part of the prior year restatement.

The total increase to the German Rail onerous contract provisions as at 31 December 2023 as a result of the restatement is £21.8m. As a result, adjusting items in respect of the German onerous contract provisions have also changed, with the charges for the year ended 31 December 2023 increasing to £121.0m (previously reported for the 2023 year: £99.2m).

The tax charge on adjusting items and deferred tax liabilities have also been restated to reflect the tax effect of the adjustments made to the onerous contract provision summarised above.

The impact on the position at 31 December 2022 was immaterial and as such the 1 January 2023 opening position has not been restated and no third balance sheet has been presented. Overall, net assets for the year ended 31 December 2023 have decreased by £21.5m.

Cash flow hedges – fuel derivatives

During the preparation of the financial statements for the year ended 31 December 2024, management identified a classification error relating to the settlement of cash flow hedges on fuel derivatives. In the year ended 31 December 2023 these were incorrectly presented as part of Other Comprehensive Expense within the Statement of Comprehensive Income, instead of being recognised directly in Equity (referred to as a 'basis adjustment'), within the Statement of Changes in Equity. The correction of this error results in the £30.1m expense being removed from Other and Total Comprehensive Income and instead presented as a movement in Equity in the restated balances. The correction has no impact on closing reserves within the Statement of Changes in Equity, nor the Income Statement or the Balance Sheet.

A summary of the impact of these two adjustments on the Group's primary statements is shown below:

Group Income Statement

	Reported			Restated		
	Adjusted result 2023 £m	Adjusting items (note 4) 2023 £m	Total 2023 £m	Adjusted result 2023 £m	Adjusted items (note 4) 2023 £m	Total 2023 £m
Operating costs	(2,982.3)	(190.0)	(3,172.3)	(2,982.3)	(211.8)	(3,194.1)
Group operating profit/(loss)	168.6	(190.0)	(21.4)	168.6	(211.8)	(43.2)
Profit/(loss) before tax	92.9	(191.2)	(98.3)	92.9	(213.0)	(120.1)
Tax charge	(42.5)	(21.9)	(64.4)	(42.5)	(21.6)	(64.1)
Profit/(loss) for the year	50.4	(213.1)	(162.7)	50.4	(234.6)	(184.2)
Basic EPS			(30.2)p			(33.7)p
Diluted EPS			(30.2)p			(33.7)p

Group Statement of Comprehensive Income

	Reported 2023	Adjustment	Restated 2023
	£m	£m	£m
Loss for the year	(162.7)	(21.5)	(184.2)
Hedging gains reclassified to Income Statement	(26.9)	30.1	3.2
Other comprehensive expense for the year	(82.6)	30.1	(52.5)
Total comprehensive expense for the year	(245.3)	8.6	(236.7)
Total comprehensive (expense)/income attributable to:			
Equity shareholders	(245.5)	8.6	(236.9)
Non-controlling interests	0.2	–	0.2
	(245.3)	8.6	(236.7)

Group Balance Sheet

	Reported 31 December 2023	Adjustment	Restated 31 December 2023
	£m	£m	£m
Deferred tax liability	(47.1)	0.3	(46.8)
Provisions	(146.4)	(11.8)	(158.2)
Total non-current liabilities	(1,647.4)	(11.5)	(1,658.9)
Provisions	(98.3)	(10.0)	(108.3)
Total current liabilities	(1,361.7)	(10.0)	(1,371.7)
Total liabilities	(3,009.1)	(21.5)	(3,030.6)
Net assets	1,066.0	(21.5)	1,044.5
Retained earnings	(435.5)	(21.5)	(457.0)
Total shareholders' equity	1,035.8	(21.5)	1,014.3
Total equity	1,066.0	(21.5)	1,044.5

Group Statement of Changes in Equity

	Reported				Restated			
	Other reserves £m	Retained earnings £m	Total £m	Total equity £m	Other reserves £m	Retained earnings £m	Total £m	Total equity £m
At 1 January 2023	481.1	(223.7)	1,330.8	1,373.8	481.1	(223.7)	1,330.8	1,373.8
Loss for the year	-	(163.8)	(163.8)	(162.7)	-	(185.3)	(185.3)	(184.2)
Other comprehensive (expense)/income for the year	(83.5)	1.8	(81.7)	(82.6)	(53.4)	1.8	(51.6)	(52.5)
Total comprehensive expense	(83.5)	(162.0)	(245.5)	(245.3)	(53.4)	(183.5)	(236.9)	(236.7)
Hedging gains and losses and cost of hedging transferred to the cost of inventory	–	–	–	–	(30.1)	–	(30.1)	(30.1)
At 31 December 2023	397.6	(435.5)	1,035.8	1,066.0	397.6	(457.0)	1,014.3	1,044.5

As there was no impact on cash and cash equivalents, the statement of cash flows has not been re-presented.

Critical accounting judgements and key sources of estimation uncertainty
The preparation of Financial Statements requires the Group to make estimates and judgements that affect the application of the Group's accounting policies and reported amounts.

Critical accounting judgements represent key decisions made by management in the application of the Group accounting policies. Where a significant risk of materially different outcomes exists due to management assumptions or sources of estimation uncertainty, this will represent a key source of estimation uncertainty. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Management considered, throughout the year, the financial reporting impact associated with our identified principal risks, which include the effects of climate change and inflation.

(i) Critical accounting judgements

Recognition of deferred tax assets
The recognition of deferred tax assets in North America and the UK requires management's assessment of the probability of the recovery of the utilisation of tax losses and other tax attributes based on future financial projections. In accordance with IAS 12 Income Taxes, deferred tax assets can be recognised where it is judged that the use of tax losses and other tax attributes is "probable".

In 2023, deferred tax assets of $136.1m in North America and £85.5m in the UK were recognised in relation to past tax losses. As disclosed in the 2023 Annual Report, tax losses had been incurred from 2020-2023 that management considered as being caused by a one-off event, being the Covid-19 pandemic, from which our recovery had been slower than anticipated – due to positive revenue growth not being sufficient to offset inflationary headwinds.

Management had expected at that time that profitability in North America and the UK would significantly improve in the current year, with 2024 tax losses anticipated to be significantly lower compared to previous years and a return to taxable profits in both businesses being previously expected in the year ended 31 December 2025.

However, actual performance in 2024 was significantly below management's previous forecasts. In North America, this was predominantly related to North America School Bus, and whilst the business has demonstrated its recovery from the pandemic and showed some encouraging improvements in 2024 such as a successful bid season and positive price increases, it continues to face significant headwinds such as driver wage inflation, lower availability of drivers and rising maintenance costs, which have both been materially higher in 2024 than prior forecast expectations. In the UK, this was mainly reflective of lower passenger volumes and yield in UK Coach than had been projected, and far fewer benefits from rail strikes (which had been a significant tailwind in 2023) than had been anticipated; coupled with continued losses in the NXTS business in UK Coach.

Given this adverse performance to forecast in 2024, and given the current stage in the turnaround of both businesses, the future profitability within the financial forecasts for both the UK and North America School Bus as at 31 December 2024 used for the deferred tax asset recognition (and also consistently applied to the goodwill impairment assessment) have significantly reduced compared to the prior year. Whilst management's strategic plan forecasts prepared in 2024 include profit improvement actions that aim to improve the future financial performance of both businesses, these have not been included in the forecasts used for this exercise as they cannot currently be objectively evidenced at this stage in the turnaround. The reduced forecasts for North America also have a consequent impact on the UK forecasts as a result of lower forecasted transfer pricing income into the UK.

The result of this as it pertains to deferred tax asset recognition is that there has been a significant increase in the length of time it is now projected to take to fully recover the tax losses and other tax attributes compared to the prior year assessment. Based on the future forecasts used in the modelling of the utilisation of tax losses, it is now projected to take over 20 years to utilise all the federal tax losses in the US, versus 7 years in the prior year assessment; and take 21 years to utilise tax losses in the UK, versus 13 years in the prior year.

Additionally in North America, there has also been a significant goodwill impairment recorded in the North America School Bus cash-generating unit of £547.7m (as a result of the reduced future forecast as outlined above coupled with the separation of the two North America businesses into two CGUs in the year, as School Bus generates lower cash flows relative to its asset base, compared to WeDriveU); whereas in the UK, the headroom has been significantly reduced; this is considered further negative evidence as to deferred tax asset recognition.

Whilst the majority of tax losses in both jurisdictions can be carried forward indefinitely, given the above factors which arose in the current year, management have concluded that utilisation of the tax losses and other tax attributes can no longer be considered 'probable' to enable ongoing full recognition of the related deferred tax assets, which has the following effect:

- In North America, deferred tax asset recognition has been limited to the forecast taxable income generated from the reversal of deferred tax liabilities. This results in derecognition of $168m of deferred tax assets leaving $2m of net deferred tax liabilities on the balance sheet as at 31 December 2024. This net deferred tax liability comprises of partially recognised deferred tax assets of $79m offset by deferred tax liabilities of $81m. Of the $79m of recognised deferred tax assets, only $2m is in respect of federal tax losses and $nil in respect of state tax losses; the recognised deferred tax assets mainly relate to other temporary differences including restricted interest expenses.

- In the UK, as the amount of deferred tax liabilities are not material, deferred tax assets in respect of tax losses of £88.6m have been fully derecognised.

As a result, there is a tax charge in the current year of £215.1m in relation to derecognition of deferred tax assets in the Group. Of this £194.4m is shown as an adjusting item in the income statement consistent with the treatment in prior periods and £20.7m is included within the tax charge in the statement of changes in equity; refer to note 6 for further details.

Adjusting items

The Directors believe that the profit and earnings per share measures before adjusting items provide additional useful information to shareholders on the performance of the Group. These measures are consistent with how business performance is measured internally by the Board and the Group Executive Committee. In addition, the lender covenant calculations follow the accounting recognition for adjusting items and therefore the accounting judgment can also have an impact on covenant headroom.

The classification of adjusting items requires significant management judgement after considering the nature, cause of occurrence and the scale of the impact of that item on reported performance. Note 4 provides further details on current year adjusting items.

(ii) Key sources of estimation uncertainty

Management have considered the following are key sources of estimation uncertainty during the year.

UK goodwill impairment

Determining whether assets are impaired requires an estimation of the value in use of the cash-generating units and requires the entity to estimate the future cash flows expected to arise, the growth rate to extrapolate cash flows into perpetuity and a suitable discount rate in order to calculate present value. Cash flow projections involve the use of estimates, notably revenue levels, operating margins and the proportion of operating profit converted to cash in each year. Management consider impairment, specifically of the UK cash-generating units, to be a key source of estimation uncertainty given the judgement involved in estimating future cash flows and therefore value in use of businesses undergoing a significant turnaround.

Losses in the UK business have been incurred since the onset of the Covid-19 pandemic, from which our recovery has been slower than anticipated. At the end of 2023, management had expected that profitability in the UK would significantly improve in 2024 from the losses previously incurred since 2020. However, actual performance in 2024 was significantly below management's previous forecasts. This was mainly reflective of lower passenger volumes and yield in UK Coach than had been projected, and far fewer benefits from rail strikes (which had been a significant tailwind in 2023) than had been anticipated; coupled with continued losses in the NXTS business in UK Coach.

Given this adverse performance to forecast in 2024, and given the current stage in the turnaround of the UK business, the future profitability within the financial forecasts for the UK as at 31 December 2024 used for the goodwill impairment assessment have significantly reduced compared to the prior year. Whilst management's strategic plan forecasts prepared in 2024 include profit improvement actions that aim to improve the future financial performance, these have not been included in the forecasts used for this exercise as they cannot currently be objectively evidenced at this stage in the turnaround.

As a result, the amount by which value in use exceeds the carrying amount has reduced significantly compared to 31 December 2023, from £521.1m to £72.0m. At this reduced level of headroom it is now considered that reasonably possible changes in other key inputs (such as discount rates or growth rates) could result in an impairment charge within the next 12 months.

In the prior year, the goodwill impairment of the North America and ALSA cash-generating units was identified as a key source of estimation uncertainty. Headroom in the ALSA division has increased significantly in the current year such that reasonably possible changes in key inputs over the next 12 months are not expected to result in a change in carrying value. The North America division has been split into two separate cash-generating units in 2024. Given that the value goodwill for the North America School Bus cash-generating unit has been impaired to nil during the year, no further estimation uncertainty remains with regard to this division. The WeDriveU cash-generating unit has significant headroom relative to its carrying value and reasonably possible changes in key inputs would not lead to a change in carrying value, therefore this has not been recognised as key source of estimation uncertainty.

Insurance and other claims

The claims provision arises from estimated exposures at the year end for auto and general liability, workers' compensation and environmental claims, the majority of which will be utilised in the next five years. The estimation of the claims provision is based on an assessment of the expected settlement of known claims together with an estimate of settlements that will be made in respect of incidents occurring prior to the balance sheet date but for which claims have not been reported to the Group. The Group makes assumptions concerning these judgemental matters with the assistance of advice from independent qualified actuaries. At 31 December 2024 the claims provision was £82.2m (2023: £78.1m).

In certain limited cases, additional disclosure regarding these claims may seriously prejudice the Group's position and consequently this disclosure is not provided. Given the differing types of claims, their size, the range of possible outcomes and the time involved in settling these claims, there is a reasonably possible chance that a material adjustment would be required to the carrying value of the claims provision in the next financial year. These different factors also make it impracticable to provide sensitivity analysis on one single measure and its potential impact on the overall claims provision.

RRX rail contracts
The Group operates the Rhine-Ruhr RRX1, and RRX 2&3 contracts in German Rail, where the Group receives subsidy revenue for operating the contract. These contracts are gross cost contracts with no exposure to passenger revenue risk.

Following the mobilisation of the RRX 2&3 rail contract in 2019, significant cost increases in respect of energy consumption and personnel costs versus the original bid model were identified, leading to the contract being identified as onerous in 2021. When the contract became onerous, related assets on the Balance Sheet were impaired, and a provision was booked for the anticipated losses expected to be incurred while operating the contract over the remaining term to 2033. The provision is re-measured each period end based on the latest estimate of losses expected to be incurred operating the services under the contract. The level of uncertainty in the estimate of overall loss over the remaining contract life significantly increased in the prior year, with a £99.2m increase in the onerous contract provision booked (as originally reported) in FY23. During the preparation of the financial statements for the year ended 31 December 2024, errors were identified in the German Rail onerous contract provision calculation for the prior year, resulting in an increased onerous contract provision now being recognised as part of a prior year restatement.

The RRX1 franchise commenced on 10 December 2023, succeeding the Emergency Award contract that had been in operation from 1 February 2022 to 9 December 2023, after Abellio (former competing train-operator) had discontinued its operations in Germany. Although at the prior year end the RRX1 contract was not assessed as onerous, however due to the errors being identified in the German Rail onerous contract provision calculation, RRX1 should have been assessed as onerous at the end of 2023 considering information that was or should have been available at that time. As a result, an onerous contract provision has now been recognised as part of a prior year restatement.

Across both the RRX1 and RRX 2&3 contracts, there have been material adverse cost pressures suffered in 2024, resulting in a worsening in expectations of the forecast losses over the remaining contract term, which are recognised in FY24.

The industry continues to suffer from an on-going level of driver shortage. This had always been anticipated to continue during 2024 however during the year we experienced a significant amount of qualified drivers leaving the business, which had not been anticipated. This reflected both a general turnover in driver population, as well as an increasing level of churn caused by the worsening in infrastructure reliability and increased infrastructure repair and renewals activity within the region – increasing churn due to these challenging operating conditions as well as impacting on driver availability and utilisation. At the same time we were unable to source higher levels of qualified drivers in the market.

The combination of these factors has materially worsened the driver shortage issue compared to our previous expectations; as drivers who left the business could not be immediately replaced and the higher staff turnover than had been anticipated therefore had a material effect on cancellations and therefore on penalties suffered which has persisted throughout 2024.

In order to address the driver shortfall, we have embarked on a significant investment in driver training and retention to move to a stronger position in 2025 and 2026. By the end of 2024, there were a total of 164 trainees in ‘driver school’ (a 12-18 month training process), with a further 152 trainees expecting to commence training during 2025. This reflects a c.€12m p.a. investment in driver training and development which have been factored into our onerous contract provision assessment. We assume that this investment, although required to the end of the contract, will reduce to a lower level through 2026 and into 2027, as the shortage stabilises and operations return to a more normal level.

Additionally, further actions have been undertaken to try to address this shortage and minimise the impact on service within the North Rhine-Westphalia region. We have been working closely with other train operating companies and the PTAs during the year to mitigate the impact on services and secure a more robust and deliverable timetable. This resulted in an agreed reduction in mileage in 2024, which is due to continue through 2025 as part of a sector-wide initiative to stabilise operations.

This action reduces the pressure on the current driver shortfall, and as well as reducing pressure on the timetable and the network operations, it is also providing more time for us, and other train operating companies, to recruit and train the significant numbers of drivers required to reestablish normal contractual operation. However, the reduction in mileage operated results in a contractual penalty from the PTAs, which although negotiated to a mitigated level, still remains a significant operational challenge and cost impact on these contracts.

A summary of the key factors driving the worsening in the financial outlook for the RRX contracts occurring during the current year is detailed below; in each case the impact of which being over and above what we had previously anticipated:

- Infrastructure disruption across the network experienced in 2024, which has adversely impacted productivity (from the impact on driver availability and utilisation) and resulted in higher penalties being incurred; and
- Persisting levels of driver shortages, resulting in reduced operating mileage, higher agency driver costs and higher contractual penalties. The situation regarding driver shortages has not recovered in line with what we had previously anticipated, and this key factor is further described in detail below;
- Higher pay inflation than we had previously assumed and a reduction in productivity, which has not been matched by the subsidy compensation under the contracts;
- Significant additional investment in driver recruitment and training as part of seeking to address the driver shortage issue over the coming 12 to 24 month period; and an increase in expected future investments in these area;

- Higher overheads and central management costs being incurred in order to support the business during the period; at higher levels than had been previously been anticipated; which is expected to persist over the next 2-3 years during the current disrupted period.

As a result, the remeasurement of the RRX onerous contract provision through the Income Statement amounted to £86.4m in 2024, and the provision now totals £176.1m at 31 December 2024 (2023 restated: £140.1m). In reaching this conclusion, significant estimation uncertainties have been identified in respect of driver shortages (with respect to both the increased costs whilst this issue persists and the length of time it will take to fully recover), driver retention rates, availability of qualified drivers, and the success of our significant investment in trainee driver recruitment and training which has stepped up significantly during FY24. Other key factors include future energy costs and the level of energy compensation to be received from the Public Transport Authority ("PTA"), together with assumptions on how certain published indices used to calculate energy compensation respond to changes in wholesale prices.

It is important to note, however, that the assumptions that underpin the onerous contract provision calculations are prior to any mitigations that might be agreed (between the Group and the PTA) in the context of a contract that requires both the operator and the PTA to economically re-balance the contract if events outside of the control of the operator impact the original profitability of the contract.

The key assumptions and estimates adopted have been based on third party information where available, including the forecasts for energy prices, the compensation for which is based on energy index data published by the German Federal Statistical Agency, and regression models which are used to forecast the behaviour of the indices relative to energy cost assumptions. The revised assumptions about driver availability are based on our internal manpower planning models, and published industry wage inflation data (noting that our assumption is that the wage inflation index will track our cost inflation assumptions).

With further respect to labour shortages:

- Significant driver churn has been experienced in 2024, combined with being unable to source qualified drivers in the market to replace leavers;
- Driver costs have been impacted by a significant investment in driver training and recruiting costs in FY24, which is expected to continue as set out above;
- As a consequence, more agency drivers have had to be employed, thereby increasing the total cost of employment; and
- Whilst the investments in driver training and retention are expected to bear fruit in the medium to long term, the industry standard is for it to take 12-18 months to train a driver, therefore the impact of the above factors experienced in the year mean the current shortages are anticipated to persist in the short term and then expected to be alleviated as driver trainees we have in the pipeline complete their training process and become fully qualified.

We had previously anticipated that the situation regarding labour shortages, and its adverse impact on contract profitability, would improve substantially throughout 2024, albeit not being fully resolved until the end of 2025. During 2024 however, the issues arising from driver shortages have persisted and have not recovered in line with our expectations, which resulted in greater contractual penalties being suffered from train cancellations. Our latest assumption is for the driver shortage issue to recede somewhat in 2025 (but not to the extent we previously assumed would be the case in 2024) and not be fully recovered until during 2026.

In addition, the impact of correcting the errors in the prior year (refer to the prior year restatement section above for further detail) have also had a subsequent adverse impact on prospective costs when correctly applied in the 2024 year end assessment, given that the base, against which future costs are forecast, is higher. This is most pertinent to cleaning costs; whereby penalties associated with cleaning related performance obligations are expected to continue to impact the Group in future years, albeit at an improved level.

The re-measurement of the RRX provision has been included in adjusting items (note 4) consistent with previous years and the Group policy on adjusted profit.

RME rail contract

The Group operates the Rhine-Münster Express (RME) rail contract to 2030, where the Group receives both passenger revenue and subsidy revenue for operating the contract. Passenger revenue is recognised when passengers travel, and the subsidy revenue is recognised over the life of the contract, by using the input method to measure progress against the performance obligation. The amount of subsidy revenue recognised in each period is a proportion of the total subsidy revenue to be earned over the term of the contract, and is based on a percentage of completion, applying net costs (passenger revenue less costs) incurred as a proportion of total expected net costs, which is what the subsidy is intended to compensate for. Cost drivers under the RME contract are very similar to those under the RRX contracts as described above.

At each balance sheet date, the Group reforecasts the contract out-turn and performs a re-assessment of the subsidy revenue to be recognised by reference to the stage of completion. This reassessment during the current year resulted in an increase in the IFRS 15 contract asset recognised on the balance sheet to £51.2m at 31 December 2024 (2023: £48.6m). This was reflective of a reduction in the forward looking profit assumptions for the contract, which was more than offset in the current year by a reprofiling of maintenance expenditure incurred; the impact from which is not expected to recur in future years.

The recognition of this contract asset is sensitive to estimates relating to the future profitability of the rail contract, particularly relating to the estimate of future passenger revenues over the remainder of the contract and, to a lesser extent, the level of energy compensation and manpower cost inflation, including the number of drivers required to run the contracts.

The passenger revenue forecast has been developed based on both historic data and using a market forecast informed by an independent third party. Assumptions have also been made as to the continuation of government subsidies (in the form of subsidised ticket prices).

Pensions

The determination of the defined benefit obligation of the UK defined benefit pension scheme depends on the selection of certain assumptions which include the discount rate, inflation rate and mortality rates. At 31 December 2024 the UK defined benefit pension liability was £11.3m (2023: £30.0m). The key areas of estimation uncertainty are in respect of the discount rate, rate of inflation, assumptions on post-retirement pension increases, and mortality rate. While the Board believes that the assumptions are appropriate, significant differences in actual experience or significant changes in assumptions may significantly change the pension obligation. The Group makes assumptions with the assistance of advice from independent qualified actuaries. Details of the assumptions are set out in note 12 to these Financial Statements, along with their sensitivities.

Consideration of climate change

In preparing the Financial Statements we have considered the impact of climate change, particularly in the context of the disclosures included in the Strategic Report. There has not been a material impact on the financial reporting judgements and estimates arising from our considerations, consistent with the findings disclosed within the TCFD disclosures in the Strategic Report. We have specifically considered the impact of climate change on the carrying value of fixed assets and in our goodwill impairment assessment.

2 Exchange rates

The most significant exchange rates to UK Sterling for the Group are as follows:

	2024 Closing rate	**2024 Average rate**	2023 Closing rate	2023 Average rate
US Dollar	**1.25**	**1.28**	1.27	1.24
Canadian Dollar	**1.80**	**1.75**	1.69	1.68
Euro	**1.21**	**1.18**	1.15	1.15
Morocco Dirham	**12.66**	**12.70**	12.57	12.60

If the results for the year to 31 December 2023 had been retranslated at the average exchange rates for the year to 31 December 2024, North America would have achieved adjusted operating profit of £26.3m on revenue of £1,084.8m, compared with adjusted operating profit of £27.1m on revenue of £1,115.6m as reported, ALSA would have achieved adjusted operating profit of £110.5m on revenue of £1,134.6m, compared with adjusted operating profit of £136.8m on revenue of £1,165.4m as reported, and German Rail would have achieved adjusted operating profit of £0.2m on revenue of £252.9m, compared with adjusted operating profit of £0.2m on revenue of £259.8m as reported.

3 Revenue and segmental analysis

The Group's reportable segments have been determined based on reports issued to and reviewed by the Group Board of Directors, and organised in accordance with the geographical regions in which they operate and the nature of services that they provide. Management considers the Group Board to be the chief decision-making body for deciding how to allocate resources and for assessing operating performance.

Segmental performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the Consolidated Financial Statements. Group financing activities and income taxes are managed on a Group basis and are not allocated to reportable segments.

The principal services from which each reportable segment derives its revenues are as follows:

- UK – bus and coach operations
- German Rail – rail operations
- ALSA (predominantly Spain and Morocco) – bus and coach operations

- North America (USA and Canada) – school bus, transit and shuttle operations

(a) Revenue
Revenue is disaggregated by reportable segment, class and type of service as follows:

	2024					
Analysis by class and reportable segment:	**Contract revenues £m**	**Passenger revenues £m**	**Grants and subsidies £m**	**Private hire £m**	**Other revenues £m**	**Total £m**
UK	**38.2**	**496.3**	**37.4**	**21.6**	**29.5**	**623.0**
German Rail	**–**	**38.5**	**218.6**	**–**	**(0.6)**	**256.5**
ALSA	**273.4**	**717.5**	**171.7**	**89.6**	**75.4**	**1,327.6**
North America	**1,131.7**	**–**	**–**	**55.2**	**18.4**	**1,205.3**
Total revenue	**1,443.3**	**1,252.3**	**427.7**	**166.4**	**122.7**	**3,412.4**
Analysis by major service type:						
Passenger transport	**1,443.3**	**1,252.3**	**427.7**	**166.4**	**18.0**	**3,307.7**
Other products and services	**–**	**–**	**–**	**–**	**104.7**	**104.7**
Total revenue	**1,443.3**	**1,252.3**	**427.7**	**166.4**	**122.7**	**3,412.4**

There have been no material amounts of revenue recognised in the year that relate to performance obligations satisfied or partially satisfied in previous years. Revenue received where the performance obligation will be fulfilled in the future is classified as deferred income or contract liabilities.

There are no material inter-segment sales between reportable segments.

Covid-19 funding included in revenue

Included within revenue above is the following Covid-19 related funding as follows:

	2024 £m	2023 £m
UK (a)	**–**	1.9
ALSA (b)	**0.3**	11.5
Total Covid-19 funding in revenue	**0.3**	13.4

a) In the prior year, the UK division received a final payment under the Covid-19 Bus Services Support Grant (CBSSG) relating to an earlier period.
b) In ALSA £0.3m (2023: £11.5m) of funding was recognised from Public Transport Authorities to compensate for revenue shortfalls due to Covid-19.

Bus Service Improvement Plan (BSIP) funding
In 2022, the West Midlands Combined Authority (WMCA), supported by our UK Bus business and other regional operators, applied for and was awarded a grant by the Department for Transport (DfT) under the UK Government's BSIP. A pre-application condition for the BSIP grant set by the DfT was the existence of an Enhanced Partnership Plan (EPP) and an Enhanced Partnership Scheme (EPS) between WMCA and regional bus operators. This was in place for the West Midlands prior to the commencement of the BSIP. The BSIP was available to WMCA and regional bus operators in return for delivering certain improvements in bus services in the West Midlands.

During the year to 31 December 2023, UK Bus renegotiated the terms of the BSIP grant with the WMCA resulting in additional funding and releasing the business from its commitment to freeze passenger fares for the remainder of the grant period. The grant income relating to freezing fares was applicable up to 30 June 2023 and amounted to £3.2m. No more funding is expected under this element of the BSIP.

For the portion of the funding available for maintaining the bus network, the updated agreement confirmed the income to be received until 31 December 2024. During the year the income has been recognised on a straight-line basis prorated on the total funding available to the business to the end of 2024. This has resulted in further grant income of £11.1m (2023: £12.2m) recorded to reduce expenditure to reflect the elements of the BSIP programme compensating the business for the costs incurred in maintaining the bus network during that period.

In addition, there is a further £33.0m of BSIP funding relating to the period 1 January 2023 to 31 December 2024 of which £16.5m (2023: £16.5m) has been recognised on a pro-rata basis against the costs incurred in maintaining network services.

A total amount of £27.6m (2023: £31.9m) of BSIP funding has been recognised in the period to 31 December 2024.

BSIP funding

	2024 £m	2023 £m
Included in revenue	**–**	3.2
Included within operating costs	**27.6**	28.7
Total BSIP funding	**27.6**	31.9

Prior year revenue is disaggregated by reportable segment, class and type of service as follows:

	2023					
Analysis by class and reportable segment:	Contract revenues £m	Passenger revenues £m	Grants and subsidies £m	Private hire £m	Other revenues £m	Total £m
UK	36.6	479.0	40.8	23.3	30.4	610.1
German Rail	–	43.3	216.0	–	0.5	259.8
ALSA	233.7	607.8	188.8	68.0	67.1	1,165.4
North America	1,050.3	–	–	60.0	5.3	1,115.6
Total revenue	1,320.6	1,130.1	445.6	151.3	103.3	3,150.9
Analysis by major service type:						
Passenger transport	1,320.6	1,130.1	445.6	151.3	19.1	3,066.7
Other products and services	–	–	–	–	84.2	84.2
Total revenue	1,320.6	1,130.1	445.6	151.3	103.3	3,150.9

(b) Operating profit/(loss)
Operating profit/(loss) is analysed by reportable segment as follows:

	Adjusted profit/ (loss) 2024 £m	**Adjusting items 2024 £m**	**Segment result 2024 £m**	Adjusted profit/ (loss) 2023 £m	(Restated) Adjusted items 2023[1] £m	(Restated) Segment result 2023[1] £m
UK	**6.5**	**(18.7)**	**(12.2)**	23.5	(22.2)	1.3
German Rail	**(9.3)**	**(87.5)**	**(96.8)**	0.2	(122.1)	(121.9)
ALSA	**186.1**	**(9.2)**	**176.9**	136.8	(15.8)	121.0
North America	**38.3**	**(569.9)**	**(531.6)**	27.1	(34.2)	(7.1)
Central functions	**(33.9)**	**(22.3)**	**(56.2)**	(19.0)	(17.5)	(36.5)
Operating profit/(loss)	**187.7**	**(707.6)**	**(519.9)**	168.6	(211.8)	(43.2)

[1] Restated for a correction to the German Rail onerous contract provision, see note 1 for further information

Further information on adjusting items is provided in note 4.

4 Adjusting items

The Group reports adjusted measures because the Directors believe they provide both management and stakeholders with useful additional information about the financial performance of the Group's businesses.

The total adjusting items before tax for the year ended 31 December is a net charge of £710.4m (2023 restated: £213.0m). The items excluded from the adjusted result are:

	2024 £m	(Restated) 2023[1] £m
Intangible amortisation for acquired businesses (a)	**27.7**	35.3
Goodwill impairment of North America School Bus (b)	**547.7**	–
Re-measurements of onerous contracts and impairments resulting from the Covid-19 pandemic (c)	**(4.1)**	2.1
Re-measurement of the Rhine-Ruhr onerous contract provision (d)	**86.4**	121.0
Re-measurement of onerous contract provision charges and impairments in respect of North America driver shortages (e)	**(0.7)**	12.0
Final re-measurement of the WeDriveU put liability (f)	**–**	2.4
Repayment of UK Coronavirus Job Retention Scheme grant ('Furlough') (g)	**–**	8.9
Restructuring and other costs (h)	**50.6**	30.1
Total adjusting items in operating costs	**707.6**	211.8
Unwinding of discount of the Rhine-Ruhr onerous contract provision (d)	**2.8**	1.2
Total adjusting items before tax	**710.4**	213.0
Tax charge on adjusting items (i)	**143.1**	21.6
Total adjusting items after tax	**853.5**	234.6

[1] Restated for a correction to the German Rail onerous contract provision, see note 1 for further information

(a) Intangible amortisation for acquired businesses
Consistent with previous periods, the Group classifies the non-cash amortisation for acquired intangibles as an adjusting item by virtue of its size and nature. Its exclusion enables monitoring and comparison of divisional performance by the Group Board regardless of whether through acquisition or organic growth. Equally, it improves comparability of the Group's results with those of peer companies.

(b) Goodwill impairment of North America School Bus

The Group performs a goodwill impairment on each cash-generating unit annually. During the current year, the North America business separated into two cash-generating units (CGUs), School Bus and WeDriveU. The assessment performed for School Bus indicated a required impairment charge of £547.7m. This is separately disclosed due to both size and nature and is excluded to enable the users of the financial statements to provide greater clarity on the current and future performance of the Group's results; and is consistent with the treatment of the goodwill impairments in previous financial years.

(c) Re-measurement of onerous contracts and impairments resulting directly from the Covid-19 pandemic

As a result of the Covid-19 pandemic, a number of onerous contract provisions and impairments were recorded in previous years. For the contracts which the Group was still operating during the year, or there remains a commitment at the period end, the onerous contract provision has been re-measured, resulting in a net credit of £4.1m to the income statement. On these contracts, £1.4m provision has been utilised during the year, with a remaining provision of £1.0m at the period end, which is expected to be utilised within 1-2 years. No new onerous contracts were identified in the year.

(d) Re-measurement of the Rhine-Ruhr Express onerous contract provision

The Rhine-Ruhr (RRX) onerous contract, which runs to 2033, has been re-measured based on the latest forecasts of future losses anticipated; resulting in a £86.4m charge (2023 restated: £121.0m charge) to the income statement. Persisting levels of driver shortages, higher pay inflation, investment in driver recruitment and training and central overhead costs; are the key contributing factors to the significant increase to the RRX onerous contract provision as at 31 December 2024 compared to prior year. Each of these factors are described in detail in note 1.

The provision at 31 December 2024 is £176.1m for the remainder of the contract term until 2033, following utilisation during the year of £45.8m and £2.8m unwinding of discount.

(e) Re-measurement of onerous contract provision charges and impairments in respect of North America driver shortages

The remaining onerous contract provision of £2.2m relates to one customer contract which ends in June 2026. No new onerous contracts were identified in the year. There was a credit to the income statement from a provision release relating to this contract of £0.7m in the year.

(f) Final re-measurement of the WeDriveU put liability in prior year

In conjunction with the acquisition of WeDriveU, Inc. during 2019 the Group issued put options to the seller for the remaining shares. The options had three tranches for the remaining 40% of the business (10%, 10%, 20%). The first two tranches were exercised in 2020, and 2021, with settlement in 2021 and 2022 respectively. At 31 December 2022 the final option to sell the remaining 20% shares had been exercised by the non-controlling interest.

During 2023 the put liability for the remaining 20% shareholding in WeDriveU had been re-measured following the final negotiations with the seller. The re-measurement led to an additional charge of £2.4m in the year to 31 December 2023 (2023 interim: £2.3m). The liability was cash settled in July 2023 for £46.1m.

Gains and losses on re-measurement of the put liability have been recorded as adjusting items in previous years (2020 full year: £33.9m gain, 2021 full year: £11.5m expense, 2022 full year: £nil), therefore the final re-measurement in the prior year has also been recorded here for consistency.

(g) Repayment of Coronavirus Job Retention Scheme grant (CJRS) ('Furlough') in prior year

At the end of 2021 the Group announced an intention to voluntarily repay amounts of CJRS ('furlough') received for that period following the re-instatement of the dividend to shareholders. During 2023 a dividend was paid and a provision was recognised for the commitment to HMRC for the CJRS repayment of £8.9m, which was paid in early 2024. The original receipt of CJRS was not recorded as an adjusting item and was included in adjusted profit consistent with the staff costs which it was designed to compensate.

The repayment however, has been disclosed as an adjusting item as this is a one-off cost which is historic in nature (occurring more than two years after initial receipt), a significant amount, and unlike the original receipt, there are no corresponding staff costs in the period to be offset against.

(h) Restructuring and other costs

These costs relate to Group-wide strategic initiatives and restructuring, which includes costs relating to cost saving programmes, and costs relating to our previously announced sale of North America School Bus. These are one-off, short-term initiatives expected to last 1-2 years. They are material in nature and are not considered to be part of the day-to-day operational costs of the Group and therefore have been treated as adjusting items. These amount to £50.6m in the year ending 31 December 2024 compared to £30.1m in the year ending 31 December 2023.

(i) Adjusting tax charge

The tax charge on adjusting items of £143.1m (2023 restated: £21.6m charge), comprises of a £39.7m tax credit (2023: £nil) on goodwill impairment, a £9.8m tax credit (2023: £10.4m credit) on amortisation of intangible assets, a £1.8m tax credit (2023 restated: £53.2m credit) on tax deductible adjusting items, and a £194.4m tax charge (2023 restated: £85.2m charge) on derecognition of deferred tax assets which is also considered adjusting as it is material in size and non-recurring in nature.

5 Net finance costs

	2024 £m	2023 £m
Bond and bank interest payable	**62.0**	52.1
Lease interest payable	**10.1**	8.5
Other interest payable	**13.1**	11.1
Unwind of discounting – claims provision	**5.8**	5.7
Net interest cost on defined benefit pension obligations	**1.2**	1.8
Finance costs before adjusting items	**92.2**	79.2
Adjusting items:		
Unwind of discounting – onerous contract provisions	**2.8**	1.2
Total finance costs after adjusting items	**95.0**	80.4
Lease interest income	**(0.5)**	(0.5)
Other financial income	**(1.9)**	(3.5)
Total finance income	**(2.4)**	(4.0)
Net finance costs after adjusting items	**92.6**	76.4
Of which, from financial instruments:		
Financial assets measured at amortised cost	**(2.0)**	(3.6)
Financial liabilities measured at amortised cost	**70.4**	59.7
Derivatives	**11.8**	10.3
Loan fee amortisation	**2.6**	1.4

6 Taxation

(a) Analysis of taxation charge in the year

	2024 £m	(Restated) 2023[1] £m
Current taxation:		
UK corporation tax	**–**	–
Overseas corporate income tax	**34.9**	11.2
Current corporate income tax charge	**34.9**	11.2
Adjustments with respect to prior years – UK and overseas	**1.5**	1.5
Total current corporate income tax charge	**36.4**	12.7
Deferred taxation:		
Origination and reversal of temporary differences	**(47.6)**	(33.5)
De-recognition of deferred tax assets	**194.4**	85.2
Adjustments with respect to prior years – UK and overseas	**1.3**	(0.3)
Total deferred tax charge	**148.1**	51.4
Total tax charge for the Group	**184.5**	64.1
The tax charge for the Group comprises:		
Tax charge on profit before adjusting items	**41.4**	42.5
Tax charge on adjusting items	**143.1**	21.6
Total tax charge for the Group	**184.5**	64.1

[1] Restated for a correction to the German Rail onerous contract provision, see note 1 for further information

The tax charge on adjusting items of £143.1m (restated 2023: £21.6m charge) comprises of a £39.7m tax credit (2023: £nil) on goodwill impairment, a £9.8m tax credit (2023 £10.4m credit) on amortisation of intangible assets, a £1.8m credit (restated 2023: £53.2m credit) on tax deductible exceptional costs, and a £194.4m tax charge (2023 restated: £85.2m charge) on derecognition of deferred tax assets which is also considered adjusting as it is material in size and non-recurring in nature.

(b) Tax on items recognised in Other Comprehensive Income or Equity

	2024 £m	2023 £m
Deferred taxation:		
Deferred tax charge on actuarial gains	**2.8**	0.8
Deferred tax charge/(credit) on cash flow hedges	**0.7**	(3.6)
Deferred tax charge on foreign exchange differences	**0.5**	0.8
Deferred tax charge/(credit) on hybrid instrument payments	**15.4**	(5.3)
Deferred tax (credit)/charge on share-based payments	**(0.1)**	0.2
Total tax credit for the Group	**19.3**	(7.1)

7 Dividends paid and proposed

An interim dividend was not declared and paid during the year (2023: 1.7 pence). No final ordinary dividend has been proposed (2023: £nil). Total dividends paid in the prior year of £41.1m relate to the 2023 interim dividend and 2022 final dividend.

8 Earnings per share

	2024	(Restated) 2023[1]
Basic earnings per share	**(134.8)p**	(33.7)p
Adjusted basic earnings per share	**4.8p**	4.5p
Diluted earnings per share	**(134.8)p**	(33.7)p
Adjusted diluted earnings per share	**4.6p**	4.5p

[1] Restated for a correction to the German Rail onerous contract provision, see note 1 for further information

Basic EPS is calculated by dividing the earnings attributable to equity shareholders after adjusting for accrued payments on the hybrid instrument, a loss of £824.1m (2023 restated: £206.6m loss), by the weighted average number of ordinary shares in issue during the year, excluding those held by the Group's Employee Benefit Trust which are treated as cancelled. Earnings attributable to equity shareholders is inclusive of amounts accruing to the holders of the hybrid instrument and are calculated as follows:

	2024 £m	(Restated) 2023[1] £m
Loss attributable to equity shareholders	**(802.8)**	(185.3)
Accrued payments on hybrid instrument	**(21.3)**	(21.3)
Earnings attributable to equity shareholders	**(824.1)**	(206.6)

[1] Restated for a correction to the German Rail onerous contract provision, see note 1 for further information

For diluted EPS, the weighted average number of ordinary shares in issue during the year is adjusted to include the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The reconciliation of basic and diluted weighted average number of ordinary shares is as follows:

	2024	2023
Basic weighted average shares	**611,292,234**	612,919,243
Adjustment for dilutive potential ordinary shares[1&2]	**24,816,797**	898,828
Diluted weighted average shares	**636,109,031**	613,818,071

1 Potential ordinary shares have the effect of being anti-dilutive for diluted earnings per share in 2024 and 2023, and have been excluded from the calculation of diluted earnings per share. They are not anti-dilutive for adjusted diluted earnings per share so have been included in that calculation.

2 The adjustment for dilutive potential ordinary shares has significantly increased year on year due to share options granted in the period under both the Long-Term Incentive Plan and Restricted Share Plan schemes.

The adjusted basic and adjusted diluted earnings per share have been calculated in addition to the basic and diluted earnings per share required by IAS 33 since, in the opinion of the Directors, they reflect a key measure of performance of the business' operations.

The reconciliation of the earnings and earnings per share to their adjusted equivalent is as follows:

	2024			(Restated) 2023[1]		
	£m	Basic EPS p	Diluted EPS p	£m	Basic EPS p	Diluted EPS p
Earnings attributable to equity shareholders	**(824.1)**	**(134.8)**	**(129.5)[3]**	(206.6)	(33.7)	(33.7)
Adjusting items	**710.4**	**116.2**	**111.6**	213.0	34.8	34.8
Adjusting items tax	**143.1**	**23.4**	**22.5**	21.6	3.4	3.4
Adjusting items non-controlling interests	**–**	–	–	(0.2)	–	–
Adjusted earnings attributable to equity shareholders[2]	**29.4**	**4.8**	**4.6**	27.8	4.5	4.5
Amounts accruing to the holders of the hybrid instrument	**21.3**			21.3		
Adjusted profit attributable to equity shareholders	**50.7**			49.1		

[1] Restated for a correction to the German Rail onerous contract provision, see note 1 for further information

[2] After deducting amounts accruing to the holders of the hybrid instrument

[3] Potential ordinary shares have the effect of being anti-dilutive for diluted earnings per share in 2024 and 2023, and have been excluded from the calculation of diluted earnings per share. They are not anti-dilutive for adjusted diluted earnings per share so have been included in that calculation

9 Goodwill and impairment

Goodwill has been allocated to individual cash-generating units for annual impairment testing on the basis of the Group's business operations.

During 2024, a separation of the School Bus and WeDriveU operating divisions within North America has taken place, with each of these business now identified as a separate CGU; this was done as a result of preparing the North America School Bus business for a potential sale. As a result, there are no comparatives available for 2023, as they were treated as one combined CGU, in line with IAS 36, given this was the level goodwill was monitored at within the business. Similarly, no amounts for the combined North America division are presented in 2024, whereas the 2023 comparative has been stated, as the impairment assessment is no longer carried out at this level. The split of the goodwill balance (a combined £708.0m as at 31 December 2023) was apportioned between the School Bus and WeDriveU CGUs as part of the separation based on actual historic data.

The carrying value by cash-generating unit is as follows:

	2024 £m	2023 £m
UK	**50.1**	52.4
North America[1]	**n/a[1]**	708.0
North America School Bus[1]	**–**	n/a[1]
North America WeDriveU[1]	**158.3**	n/a[1]
ALSA	**576.9**	550.3
	785.3	1,310.7

[1] During 2024, a separation of the School Bus and WeDriveU operating divisions within North America has taken place; please see the Goodwill allocation section above for further detail

Assumptions and estimates used in the goodwill impairment assessment calculation

As per IAS 36, the cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. During 2024, the North America business has split into two separate operating units. As a result, the requirements of IAS 36 now dictate that we must treat these as two separate CGUs, since the cash flows of each can now be separately analysed and they are under separate executive leadership.

The calculation of value in use for each CGU is most sensitive to the assumptions over cash flows, discount rates and the growth rate used to extrapolate cash flows into perpetuity beyond the five-year period of the management plan. The key assumptions used for the cash-generating units are as follows:

	Pre-tax discount rate applied to cash flow projections		**Growth rate used to extrapolate cash flows into perpetuity**	
	2024	**2023**	**2024**	**2023**
UK	**10.4%**	10.8%	**2.9%**	2.7%
North America[1]	**n/a[1]**	10.0%	**n/a[1]**	3.7%
North America School Bus[1]	**10.3%**	n/a[1]	**3.8%**	n/a[1]
North America WeDriveU[1]	**10.3%**	n/a[1]	**3.8%**	n/a[1]
ALSA	**12.8%**	13.4%	**3.4%**	3.2%

[1] During 2024, a separation of the School Bus and WeDriveU operating divisions within North America has taken place; please see the Goodwill allocation section above for further detail

Discount rates have reduced for the UK and ALSA, and have been impacted by an increase in the proportion of debt to equity of the comparator companies used in the calculation of the weighted average cost of capital (WACC).

The key estimates applied in the impairment review are the forecast level of revenue, operating margins and the proportion of operating profit converted to cash in each year. Forecast revenue and operating margins are based on past performance and management's expectations for the future. A growth rate for each division has been consistently applied in the impairment review for all cash-generating units based on respective long-term country-specific GDP growth rates. The cash flows are discounted using pre-tax rates that are calculated from country-specific WACC, principally derived from external sources. Capital expenditure is projected over the first five years using a detailed forecast of the capital requirements of the Group for new and replacement vehicles and other assets. In the extrapolation of cash flows into perpetuity (the "terminal value"), capital expenditure is assumed to be a 1:1 ratio to depreciation. In line with the requirements of IAS 36, only the cost reductions associated with restructuring programmes already delivering savings are included within the cash flow projections. Inclusion of the cost reduction benefits from these programmes would increase the available headroom for all divisions; as the plans become more advanced we expect these savings to be incorporated in future assessments.

Results of the 2024 impairment assessment

North America School Bus & UK

The value in use of the North America School Bus Division is lower than its carrying amount by £547.7m, resulting in a full impairment of the goodwill balance for this CGU.

The value in use of the UK exceeds its carrying amounts by £72.0m (2023: £521.1m). As a result, the amount by which the value in use exceeds the carrying amount has significantly reduced compared to prior year and the impairment of goodwill for the UK CGU has been identified as a key source of estimation uncertainty.

Losses in both North America School Bus and the UK businesses have been incurred since the onset of the Covid-19 pandemic, from which our recovery has been slower than anticipated. At the end of 2023, management expected at that time that profitability in North America and the UK would significantly improve in the current year. However, actual performance in 2024 was significantly below management's previous forecasts. In North America School Bus, whilst the business has demonstrated its recovery from the pandemic and showed some encouraging improvements in 2024 such as a successful bid season and positive price increases, it continues to face significant headwinds such as driver wage inflation, lower driver availability and rising maintenance costs, which have both been materially higher in 2024 than prior forecast expectations. In the UK, this was mainly reflective of lower passenger volumes and yield in UK Coach than had been projected, and far fewer benefits from rail strikes (which had been a significant tailwind in 2023) than had been anticipated.

Given this adverse performance to forecast in 2024, and given the current stage in the turnaround of both businesses, the future profitability within the financial forecasts for both the UK and North America School Bus as at 31 December 2024 used for the goodwill impairment assessment have significantly reduced compared to the prior year. Whilst management's strategic plan forecasts prepared in 2024 include profit improvement actions that aim to improve the future financial performance of both businesses, these have not been included in the forecasts used for this exercise as they cannot currently be objectively evidenced at this stage in the turnaround.

As a result, goodwill in North America School Bus has been fully impaired and whilst there is no impairment of UK goodwill, headroom has significantly reduced year on year. The separation of the two North America businesses into two CGUs in the year was also a contributing factor to the impairment in North America School Bus, as it generates lower cash flows relative to its asset base, compared to WeDriveU.

As a consequence of the full impairment of goodwill in North America School Bus, the carrying value of the business is now more closely aligned to the expected market value through sale.

ALSA & North America WeDriveU

The value in use of the ALSA division exceeds its carrying amount by £274.6m (2023: £134.9m). The increase in headroom is primarily due to an improvement in the cash flow forecast and reduction in the discount rate.

The value in use of the North America WeDriveU division exceeds its carrying amount by £266.9m.

Prior year comparatives for School Bus and WeDriveU individually are not available, as North America was treated as one combined CGU prior to 2024.

Climate change risk assessment

The assumptions underpinning the cash flow projections also take account of the climate change risk assessment exercise from which the pertinent conclusions were as follows:

- Whilst the global temperature rise above pre-industrial levels increases the likelihood of extreme weather events, the geographical diversity of the Group means that the risk to the Group as a whole is unlikely to be material. We have, nonetheless, factored in an assumption of financial impact from extreme weather disruption, albeit not to the extent of the extreme scenario disclosed in the TCFD section of the Strategic Report.
- The Group's planning assumption is that input costs will not rise significantly above inflation on the basis that, for electric vehicles for example, supply will increase to match demand, and technological advances will also help decrease manufacture costs. Furthermore the Group assumes, based on its detailed modelling of electric versus diesel buses in the UK, that the total cost of ownership of zero emission vehicles will be no worse than their diesel equivalents. This assessment is inclusive of the cost of new electric vehicle infrastructure and assumes no government funding. The Group expects to utilise hydrogen or electric vehicles in the transition to zero emission fleet in long haul coach services and the Group assumes that total cost of ownership for these vehicles will also be no worse than at parity with their diesel equivalents over their useful lives, albeit may require some level of government subsidies on the capital cost and/or the hydrogen fuel. We will be closely following emerging solutions for the considerably larger haulage industry, which will likely accelerate the emergence of technology and infrastructure solutions into the market.
- The Group already has ambitious targets for the transition to zero emission fleets. The Group has assessed as very low the risk of the current fleet having a net book value higher than their residual value at the Group's targeted transition dates and has therefore concluded that no changes to the useful economic lives of the Group's current fleet are required. Some ZEV suppliers are actively buying back diesel vehicles to accelerate the introduction of electric

vehicles. There is also a second hand market (especially large in the North America Transit business) enabling recovery of any net book value of diesel vehicles.

- The opportunity from modal shift from private cars to public transport is potentially significantly more material than that assumed in the Group's long-term cash flow projections as central governments, transport authorities and city councils introduce measures to tackle congestion, pollution and emissions. We see that the benefits of modal shift far outweigh the costs of having to comply with new regulations.

Sensitivities to key assumptions

The table below summarises the reasonably possible changes in key assumptions which most impact the value in use of the UK CGU. Sensitivities for other CGUs have not been prepared as these are not considered key sources of estimation uncertainty.

UK	Sensitivity	(Decrease)/Increase in carrying value £m 2024	2023
Pre-tax discount rate	Increase of 1.5 percentage points	**nil**	n/a[1]
Long term growth rate	Decrease of 1.0 percentage point	**nil**	n/a[1]
Adjusted Operating Profit Margin throughout the assessment period	Decrease of 1.5 percentage point	**(41.3)**	n/a[1]
Free cash flow in the terminal value	Decrease by 10%	**nil**	n/a[1]

[1] In 2023, Goodwill impairment for the UK CGU was not identified as a key source of estimation uncertainty, therefore sensitivity analysis was not prepared.

Sensitivity analysis has also been conducted to assess the change required in each of the critical inputs in order to reduce the value in use to equal the carrying value.

Change required to reduce headroom to nil	North America WeDriveU 2024	North America WeDriveU 2023	ALSA 2024	ALSA 2023	UK 2024	UK 2023
Increase in pre-tax discount rate	**4.9%**	**n/a[1]**	**3.0%**	**1.7%**	**4.1%**	**n/a[2]**
Reduction in long term growth rate	**4.6%**	**n/a[1]**	**2.8%**	**1.7%**	**5.2%**	**n/a[2]**
Reduction in adjusted operating profit margin	**3.7%**	**n/a[1]**	**2.0%**	**1.1%**	**1.0%**	**n/a[2]**

[1]During 2024, a separation of the School Bus and WeDriveU operating divisions within North America has taken place; please see the Goodwill allocation section above for further detail

[2] In 2023, Goodwill impairment for the UK CGU was not identified as a critical source of estimation uncertainty, therefore sensitivity analysis was not prepared.

10 Business combinations, disposals and assets held for sale

(a) Acquisitions – ALSA

On 1 March 2024 the ALSA division obtained control of Canary Bus (known as Grupo 1844) by acquiring 100% of the voting rights on this date. Canary Bus is the leading provider of tourist and discretionary services in the Canary Islands. This acquisition sees ALSA become a key player in the Canary Islands mobility market, significantly increasing its activity in the tourism transport sector, which is expected to grow over the next few years.

The provisional fair values of Canary Bus are noted below, along with an adjustment to the fair value of a prior acquisition (Tranvias De Sevilla) within the remeasurement period:

	Canary Bus £m	Tranvias De Sevilla £m	Total £m
Investments	**0.3**	**–**	**0.3**
Intangible assets	**0.1**	**1.9**	**2.0**
Property, plant and equipment	**26.6**	**–**	**26.6**
Inventory	**2.3**	**–**	**2.3**
Trade and other receivables	**31.3**	**–**	**31.3**
Other debt receivables	**3.5**	**–**	**3.5**
Cash and cash equivalents	**2.9**	**–**	**2.9**
Borrowings	**(16.1)**	**–**	**(16.1)**
Trade and other payables	**(44.9)**	**–**	**(44.9)**
Provisions	**(1.5)**	**–**	**(1.5)**
Deferred tax asset	**1.8**	**(0.5)**	**1.3**

Net assets acquired	**6.3**	**1.4**	**7.7**
Goodwill	**54.5**	**(1.4)**	**53.1**
Total consideration	**60.8**	**–**	**60.8**
Represented by:			
Cash consideration	**38.3**	**–**	**38.3**
Deferred consideration[1]	**22.5**	**–**	**22.5**
	60.8	**–**	**60.8**

[1] During the year £12.7m of deferred consideration was paid, the remaining £9.8m will be settled within 12 months of the balance sheet date

As permitted by IFRS 3 Business Combinations, the fair value of acquired identifiable assets and liabilities have been presented on a provisional basis. The fair value adjustments will be finalised within 12 months of the acquisition date, principally in relation to the valuation of provisions and intangible assets acquired.

Trade and other receivables had a fair value and a gross contracted value of £31.3m. The best estimate at acquisition date of the contractual cash flows not to be collected was £nil.

Goodwill of £53.1m per the above table is comprised of £54.5m arising from the Canary Bus acquisition, less a fair value adjustment relating to a prior acquisition resulting in a reduction in goodwill of £1.4m. These are further described below.

Goodwill of £54.5m arising from the Canary Bus acquisition consists of certain intangibles that cannot be separately identified and measured due to their nature. This includes becoming a key player in the Canary Islands mobility market, significantly increasing ALSA's activity in the tourist transport, a segment where it is intended to grow over the next few years. None of the goodwill recognised is expected to be deductible for income tax purposes.

During the period the fair value adjustments relating to intangibles acquired in 2023 as part of the Tranvias De Sevilla acquisition were finalised. This resulted in an increase in the fair value of separately identifiable intangibles acquired, a corresponding decrease in deferred tax asset, and a reduction in goodwill of £1.4m.

The acquired Canary Bus business has contributed £40.0m of revenue and £7.7m adjusted operating profit to the Group's result for the period between acquisition and the balance sheet date. Had the acquisition been completed on the first day of the financial year, the Group's revenue would have been £3,420.4m and the Group's statutory operating loss for the period would have been £514.8m.

Acquisition costs of £1.5m (2023: £nil) have been charged to the Income Statement.

Deferred consideration of £16.1m was paid in the period of which £12.7m related to Canary Bus and £3.4m related to acquisitions in ALSA in earlier years. Total cash outflow in the period from acquisitions in the ALSA division was £29.2m, comprising consideration for current year acquisitions of £32.1m (cash consideration above includes a prepayment of £6.2m paid in 2023), less cash acquired in the businesses of £2.9m.

In North America deferred consideration of £0.1m was paid in the period relating to acquisitions in earlier years.

(b) Acquisitions – further information
The movement in deferred consideration and deferred contingent consideration in the year is as follows:

	2024 **£m**	**2023** **£m**
Fair value:		
At 1 January	**8.7**	11.7
Additions in the year	**22.5**	0.8
Payments during the year	**(16.2)**	(3.6)
Fair value movement of deferred contingent consideration through Profit and Loss	**–**	–
Foreign exchange	**(0.3)**	(0.2)
At 31 December	**14.7**	8.7

Split of consideration:		
Deferred consideration	**14.0**	8.0
Deferred contingent consideration[1]	**0.7**	0.7

[1] Relates to a prior ALSA acquisition and is expected to be settled within 12 months of the balance sheet date

The Group measures deferred contingent consideration at fair value through profit and loss and by reference to significant unobservable inputs, i.e. classified as Level 3 in the fair value hierarchy. The significant unobservable inputs used to determine the fair value of the contingent purchase consideration are typically forecast earnings or estimating the likelihood that contracts will be renewed over a fixed period.

The fair value of deferred contingent consideration is not highly sensitive to changes in significant unobservable inputs and therefore sensitivities to the valuation have not been disclosed.

(c) Disposals

As part of a UK restructuring the Group disposed of entities and properties within its UK division for consideration of £6.6m, recognising a gain on disposal of £3.2m in the Income Statement within adjusting items. The results of these entities were included within the Group Income Statement to the date of disposal when control was transferred to the buyer.

(d) Assets held for sale

At the balance sheet date the Group had no assets held for sale. In the prior year, in ALSA, a building with a carrying value of £18.2m met the held for sale IFRS 5 criteria and was subsequently sold in 2024 for proceeds of £21.2m. A net loss of £0.7m has been recognised in the Group Income Statement relating to this sale, comprising a net gain on disposal of £2.8m less a commission payable of £3.5m to a related party.

11 Cash and cash equivalents

	2024 £m	2023 £m
Cash at bank and in hand	**129.4**	186.1
Overnight deposits	**0.1**	0.2
Other short-term deposits	**115.0**	170.0
Cash and cash equivalents	**244.5**	356.3

Included within cash and cash equivalents are certain amounts which are subject to contractual or regulatory restrictions or withholding tax levied on repatriation of cash. These amounts held are not readily available for other purposes within the Group, and if repatriated would result in £0.9m of withholding tax (2023: £2.6m).

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the agreed short-term floating deposit rate. The fair value of cash and cash equivalents is equal to the carrying value.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents and bank overdrafts in notional cash pooling arrangements are presented net. Bank overdrafts form an integral part of the Group's cash management strategy as they arise from the Group's cash pooling arrangement with its bank and can fluctuate from positive to negative balances during the period. Net cash and cash equivalents comprise as follows:

	2024 £m	2023 £m
Cash and cash equivalents	**244.5**	356.3
Bank overdrafts	**(41.4)**	(62.6)
Net cash and cash equivalents	**203.1**	293.7

12 Pensions and other post-employment benefits

The UK division (UK) operates a defined benefit pension scheme.

The Company has in the past operated a defined benefit scheme. On 23 September 2021, a full buy-out of the defined benefit section was completed, following which Rothesay Life has become fully and directly responsible for the pension obligations. On completion of the buy-out, the defined benefit assets (comprising the Rothesay Life insurance policy) and matching defined benefit liabilities were derecognised from the Group's Balance Sheet. The buy-out transaction also triggered the return of surplus assets to the Company totalling £7.5m, with the remaining assets retained in the scheme to cover final expenses in completing its wind-up.

The Group also provides certain additional unfunded post-employment benefits to employees in North America and maintains a small defined benefit scheme for National Express Services Limited. These post-employment benefits have been combined into the 'Other' category.

In 2020, the UK division agreed a new six-year annual deficit plan with the trustees of the West Midlands Integrated Transport Authority Pension Fund, which continues until March 2026 with an average contribution of £7.6m per annum. The plan remains open to accrual for existing members only.

The assets of the defined benefit schemes are held separately from those of the Group and contributions to the schemes are determined by independent professionally qualified actuaries.

The net pension liability for the UK division scheme has reduced significantly in the year, principally as a result of an increase in the discount rate.

As a result of this, the Group has considered the impact of IFRIC 14 and has subsequently determined that the Group does not have an unconditional right to a refund of surplus and therefore the IFRIC 14 requirements regarding consideration of minimum funding commitments applies. As a consequence, the net pension liability has been increased to the net present value of the committed future deficit contributions, resulting in a restriction due to the asset ceiling of £4.2m being applied, and a closing net pension liability for the UK scheme of £11.3m.

The Group expects to contribute £10.0m into its defined benefit pension plans in 2025.

During the year the Group assessed the impact of the Virgin Media legal case on both the UK division and the National Express Services Limited defined benefit pension schemes, and concluded there was no impact on either scheme as a result of this ruling.

The UK division, the Company and North America also operate or contribute into a number of defined contribution schemes.

The total pension cost charged to adjusted operating profit in the year for the Group was £9.4m (2023: £9.2m), of which £7.8m (2023: £7.5m) relates to the defined contribution schemes.

The defined benefit pension (liability)/asset included in the Balance Sheet is as follows:

	2024 £m	2023 £m
Other	**0.1**	0.2
Pension assets	**0.1**	0.2
UK	**(11.3)**	(30.0)
Other	**(0.3)**	(2.8)
Pension liabilities	**(11.6)**	(32.8)
Total	**(11.5)**	(32.6)

The most recent triennial valuations are then updated by independent professionally qualified actuaries for financial reporting purposes, in accordance with IAS 19 The assumptions for the UK scheme are listed below:

	UK 2024	UK 2023
Rate of increase in salaries	**2.5%**	2.5%
Rate of increase of pensions in payment	**2.6%**	2.5%
Discount rate	**5.4%**	4.5%
Inflation assumption (RPI)	**3.1%**	3.1%
Inflation assumption (CPI)	**2.6%**	2.5%
Post-retirement mortality in years:		
Current pensioners at 65 – male	**18.7**	18.5
Future pensioners at 65 – male	**19.7**	19.5
Current pensioners at 65 – female	**21.7**	21.5
Future pensioners at 65 – female	**24.1**	23.9

The Directors regard the assumptions around pensions in payment, discount rate, inflation and mortality to be the key assumptions in the IAS 19 valuation.

The following table provides an approximate sensitivity analysis of a reasonably possible change to these assumptions:

(Increase)/decrease in the defined benefit obligation	**UK 2024 £m**	UK 2023 £m
Effect of a 0.5% increase in pensions in payment	**(11.8)**	(13.7)
Effect of a 0.5% decrease in the discount rate	**(18.7)**	(21.8)
Effect of a 0.5% increase in inflation	**(13.1)**	(15.1)
Effect of a 1-year increase in mortality rates	**(11.0)**	(13.4)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. Aside from the matching insurance contracts held in the UK scheme, no allowance has been made for any change in assets that might arise under any of the scenarios set out above.

Scheme assets are stated at their market values at the respective balance sheet dates. The expected rate of return on scheme assets is determined based on market returns on each category of scheme assets.

13 Cash flow statement
(a) Reconciliation of Group loss before tax to cash generated from operations

	2024 £m	(Restated) 2023[2] £m
Loss before tax	**(609.3)**	(120.1)
Net finance costs	**92.6**	76.4
Share of results from associates and joint ventures	**(3.2)**	0.5
Depreciation of property, plant and equipment	**213.4**	199.3
Intangible asset amortisation	**50.2**	53.8
Amortisation of fixed asset grants	**(2.0)**	(2.0)
Gain on disposal of property, plant and equipment	**(11.0)**	(12.7)
Gain on disposal of intangible assets	**(0.8)**	(0.4)
Share-based payments	**4.6**	1.6
Decrease/(increase) in inventories	**1.2**	(2.4)
Decrease in receivables	**42.9**	0.8
Increase in payables	**7.1**	27.8
Increase/(decrease) in provisions	**0.1**	(4.0)
Decrease in pensions	**(11.0)**	(8.4)
Adjusting operating items[1]	**679.9**	176.5
Cash flows relating to adjusting items	**(99.2)**	(71.0)
Cash generated from operations	**355.5**	315.7

1 Excludes amortisation from acquired intangibles which is included within 'intangible asset amortisation'
2 Restated for a correction to the German Rail onerous contract provision, see note 1 for further information

b) Analysis of changes in adjusted net debt

Adjusted net debt is an alternative performance measure which is not defined or specified under the requirements of International Financial Reporting Standards.

	At 1 January 2024 £m	Cash flow £m	Acquisitions and disposals £m	Exchange differences £m	Other movements £m	At 31 December 2024 £m
Components of financing activities:						
Bank and other loans[1]	**(243.9)**	**65.6**	**(4.4)**	**5.9**	**(0.7)**	**(177.5)**
Bonds[3]	**(659.2)**	**–**	**–**	**19.8**	**(8.9)**	**(648.3)**
Fair value of interest rate derivatives	**(16.4)**	**–**	**–**	**–**	**7.7**	**(8.7)**
Fair value of foreign exchange forward contracts	**(1.2)**	**9.3**	**–**	**(13.2)**	**–**	**(5.1)**
Cross currency swaps	**(2.2)**	**–**	**–**	**1.1**	**–**	**(1.1)**
Net lease liabilities[2]	**(171.9)**	**60.7**	**(11.7)**	**1.0**	**(54.3)**	**(176.2)**
Private placements[3]	**(404.7)**	**–**	**–**	**8.5**	**(0.3)**	**(396.5)**
Total components of financing activities	**(1,499.5)**	**135.6**	**(16.1)**	**23.1**	**(56.5)**	**(1,413.4)**
Cash	**186.1**	**(56.8)**	**2.9**	**(2.8)**	**–**	**129.4**
Overnight deposits	**0.2**	**(0.1)**	**–**	**–**	**–**	**0.1**
Other short-term deposits	**170.0**	**(55.0)**	**–**	**–**	**–**	**115.0**
Bank overdrafts	**(62.6)**	**21.0**	**–**	**0.2**	**–**	**(41.4)**
Net cash and cash equivalents	**293.7**	**(90.9)**	**2.9**	**(2.6)**	**–**	**203.1**
Other debt receivables	**2.9**	**(3.7)**	**3.5**	**–**	**–**	**2.7**
Remove: fair value of foreign exchange forward contracts	**1.2**	**(9.3)**	**–**	**13.2**	**–**	**5.1**
Adjusted net debt	**(1,201.7)**	**31.7**	**(9.7)**	**33.7**	**(56.5)**	**(1,202.5)**

[1] Net of arrangement fees totalling £2.7m (2023: £3.3m) on bank and other loans

[2] Net lease liabilities is inclusive of finance lease receivables which are reported separately from borrowings on the face of the Group's Balance Sheet

[3] Excludes accrued interest on long-term borrowings

Short-term deposits relate to term deposits repayable within three months.

Borrowings include non-current interest-bearing borrowings of £1,258.8m (2023: £1,290.6m).

Other non-cash movements include lease additions and disposals of £54.3m (2023: £50.2m), and £2.2m amortisation of loan and bond arrangement fees (2023: £2.3m). A £7.7m increase in the fair value of the hedging derivatives is offset by opposite movements in the fair value of the related hedged borrowings.

	At 1 January 2023 £m	Cash flow £m	Acquisitions and disposals £m	Exchange differences £m	Other movements £m	At 31 December 2023 £m
Components of financing activities:						
Bank and other loans[1]	(194.7)	(53.4)	(0.4)	6.1	(1.5)	(243.9)
Bonds[3]	(621.4)	(28.5)	–	1.1	(10.4)	(659.2)
Fair value of interest rate derivatives	(26.0)	–	–	–	9.6	(16.4)
Fair value of foreign exchange forward contracts	11.9	(14.3)	–	1.2	–	(1.2)
Cross currency swaps	(6.0)	(6.3)	–	10.1	–	(2.2)
Net lease liabilities[2]	(183.7)	57.4	–	4.6	(50.2)	(171.9)
Private placements[3]	(411.9)	–	–	7.4	(0.2)	(404.7)
Total components of financing activities	(1,431.8)	(45.1)	(0.4)	30.5	(52.7)	(1,499.5)
Cash	171.7	16.0	2.0	(3.6)	–	186.1
Overnight deposits	6.6	(6.9)	0.6	(0.1)	–	0.2
Other short-term deposits	113.5	56.6	–	(0.1)	–	170.0
Bank overdrafts	(58.7)	(3.9)	–	–	–	(62.6)
Net cash and cash equivalents	233.1	61.8	2.6	(3.8)	–	293.7
Other debt receivables	2.7	0.3	–	(0.1)	–	2.9
Remove: fair value of foreign exchange forward contracts	(11.9)	14.3	–	(1.2)	–	1.2
Adjusted net debt	(1,207.9)	31.3	2.2	25.4	(52.7)	(1,201.7)

[1] Net of arrangement fees totalling £3.3m (2022: £1.1m) on bank and other loans
[2] Net lease liabilities is inclusive of finance lease receivables which are reported separately from borrowings on the face of the Group's Balance Sheet
[3] Excludes accrued interest on long-term borrowings

(c) Reconciliation of net cash flow to movement in adjusted net debt

	2024 £m	2023 £m
(Decrease)/increase in net cash and cash equivalents in the year	**(88.0)**	64.4
Cash (outflow)/inflow from movement in other debt receivables	**(0.2)**	0.3
Cash inflow/(outflow) from movement in debt and leases liabilities	**110.2**	(31.2)
Change in adjusted net debt resulting from cash flows	**22.0**	33.5
Change in adjusted net debt resulting from non-cash movements	**(22.8)**	(27.3)
Movement in adjusted net debt in the year	**(0.8)**	6.2
Opening adjusted net debt	**(1,201.7)**	(1,207.9)
Adjusted net debt	**(1,202.5)**	(1,201.7)

14 Financial information

The financial information set out above does not constitute the Group's Financial Statements for the years ended 31 December 2024 or 2023, but is derived from those Financial Statements. Statutory Financial Statements for 2023 have been delivered to the Registrar of Companies and those for 2024 will be delivered following the Company's annual general meeting. The auditors have reported on those Financial Statements; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

The Annual Report will be published on the Company website on 29 April 2025 and will also be available from the Company Secretary at National Express House, Birmingham Coach Station, Mill Lane, Digbeth, Birmingham, B5 6DD.

15 Post balance sheet events

Disposal of North America School Bus business

On 25 April 2025 the Group announced the sale of its North America School Bus business ("School Bus") to I Squared Capital, the leading global infrastructure investment manager, for a headline enterprise value of up to $608m; with expected upfront net proceeds of approximately $365m-$385m. Further details of the sale, including a description of the key adjustments between enterprise value and upfront net proceeds, can be found in the stock exchange announcement at https://www.londonstockexchange.com/news-article/MCG/proposed-sale-of-north-america-school-bus/17005162.

As announced on 12 October 2023, the Mobico Board concluded, in line with the Group's disciplined capital allocation approach and focus on reducing debt and leverage, that the capital-intensive School Bus business would be prepared for a potential sale.

The Directors have considered whether the held for sale criteria under IFRS 5 were met as at 31 December 2024 and the Directors believe that the sale plan was not progressed sufficiently for the held for sale criteria to have been met as at 31 December 2024; with the sale still subject to Board approval, lender consent, and terms not having been agreed with the buyer as at that date.

School Bus is part of the North America reporting segment and is the second largest operator in the North American School bus market with a 10% share of the growing outsourced market, operating approximately 14,135 vehicles.

The disposal is conditional upon certain customary and various other conditions, including anti-trust approvals, and is expected to complete in the third quarter of 2025.

School Bus contributed approximately $11m to FY24 Adjusted Operating Profit. It had net assets of approximately $455m as at 31 December 2024, excluding both intercompany balances and liabilities that will be retained by the Group post-completion. The Group's covenant net debt will be reduced by approximately $365-$385m as a result of the sale, with adjusted net debt being further reduced following the removal of IFRS 16 leases of approximately $38 million (as at 31 December 2024).

The financial effect arising from the final gain or loss on disposal, expected to be recognised in FY25, cannot be estimated at this time primarily due to the need to calculate the amount to be recycled from the translation reserve and net investment hedge reserve as pertains to School Bus, as well as accounting for final transaction costs.

Disposal of investment in Transit Technologies Holdco

As at 31 December 2024 the Group owned a non-listed US equity investment in Transit Technologies Holdco which was held at fair value through Other Comprehensive Income. Subsequent to the year end, on 3 March 2025, the sale of this investment completed for a total consideration of $21.9m.