Driven by people... aligned with purpose

Mobico Group
Annual Report and Accounts
for the year ended 31 December 2024

mobico group

Welcome to our 2024 Annual Report

Mobico is a leading international transport provider, with diversified operations in North America, continental Europe, the UK, Middle East and North Africa.

We operate
27,300
passenger carrying vehicles

We have more than
51,500
employees

We provided
1,139
million passenger journeys in 2024

We operate in
12
countries

Read more about our Evolve strategy on pages 16 and 17

Our vision

Our vision is to be the world's premier shared mobility operator

Our purpose

Our purpose is to lead the modal shift from cars to mass transit

Our values

Our values lead every aspect of our business operations and decision-making

- **Safety** – Working safely, keeping well
- **Excellence** – Always at our best
- **Customers** – Great customer service
- **People** – A better place to work
- **Communities** – Caring about our environment

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Group 2024 Highlights

Financial

Revenue
+8.3%
£3,412.4m
2023: £3,150.9m

Free Cash Flow
+28.4%
£210.2m
2023: £163.7m

Adjusted Operating Profit
+11.3%
£187.7m
2023: £168.6m

Statutory Operating Loss
£(519.9)m
2023 restated: £(43.2)m

Adjusted EPS
+6.7%
4.8p
2023: 4.5p

Statutory EPS
(134.8)p
2023 restated: (33.7)p

Covenant Gearing
2.8x
2023: 3.0x

Dividend
Nil
2023: 1.7p

Return on Capital Employed
10.2%
2023: 7.0%

To supplement IFRS reporting, we also present our results on an adjusted basis to show the performance of the business before adjusting items. These are detailed on pages 170 and 171. 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. Further explanation in relation to these measures can be found on pages 249 and 250.

Operational

- In German Rail, we have continued to suffer from 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 has been coupled with infrastructure disruption suffered through the year. We are seeking to abate the driver shortage issues through significant additional investment in driver recruitment and training over the coming 12 to 24 month period.
- In ALSA, Canary Bus was acquired, and has performed well in its first term 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.
- ALSA won the “Best Customer Experience in Transport” award at the EMT Muévete Verde 2024 for its project enhancing services for people with disabilities or functional diversity on intercity routes in Madrid. Real-time customer information has enhanced the journey experience for long-haul passengers.
- WeDriveU as a brand 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.
- Separation of School Bus and WeDriveU business units in North America is substantially, and successfully, complete, with WeDriveU able to operate independently.
- North America School Bus 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 FY24, we cascaded 517 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.
- Intensive focus on operational KPIs in UK Bus resulted in significant increase in punctuality metrics during the year, improving customer satisfaction.
- UK Coach operational initiatives are gaining momentum with particular focus on:
  - yield through automated algorithmic pricing;
  - driving conversion rates through web and app;
  - deploying a pipeline of new ancillary offers on the back of our new Go- to-market strategies; and
  - leveraging our significant CRM database and driving loyalty, with first ever NX loyalty programme launched in Q4.

Sustainability

- Our Scope 1 and 2 emissions per million passenger kilometers have reduced by 3.6%
- The Group now has 1,100 ZEVs in operation or on order across our divisions, including nearly 30% of our fleet in UK Bus and 100% electric trains in Germany
- In the UK, we have partnered with GreentheUK and Buglife to restore two hectares of wildflower meadows across the West Midlands
- We are more actively working with third party suppliers to reduce our value chain emissions
- Our Dublin operations now uses HVO and our ALSA and UK vehicles use a biofuel blend instead of diesel
- We have joined the Air Pollution Partnership to more accurately calculate and control these emissions
- Our UK and Spanish operations continue to source 100% renewable energy

Read more about our sustainability on pages 57 to 67

We provide safe, efficient, clean and reliable shared mobility solutions

to cities, businesses, education, healthcare and consumers around the world.

What we do

We design, mobilise, and operate high-quality mass transportation services within and between cities across the globe. We maintain the highest global safety, driving, maintenance and operating standards across all of our businesses around the world. The vehicles we operate are both owned and leased. In Spain, Morocco, Portugal, Bahrain, North America and Germany, services are run typically under an exclusive contract or concession. In the UK, our Bus and Coach services are not contracted.

Where we operate

We operate in more than 50 key cities in 12 countries across the world, providing services to cities, businesses, healthcare and education providers, as well as directly to customers.

We are truly international and provide multi-modal solutions spanning trains and coaches to bicycles.

We are the market leader in providing long-haul coach transport in both Spain and the UK, and are one of the largest School Bus providers in North America and Canada.

We deliver large-scale urban bus operations in the UK, Spain, Morocco, Portugal, Switzerland, Bahrain and North America.

We provide accessible Paratransit services in North America, Spain and in the UK.

We are one of the leading corporate and university shuttle solutions providers in North America.

Finally, we deliver large-scale rail operations in Germany.

2024 Revenue by division

ALSA

£1,327.6m

Urban bus | Long-haul coach | Private hire | Healthcare

North America School Bus and WeDriveU

£1,205.3m

School Bus | Transit and Shuttle

UK Bus and UK Coach

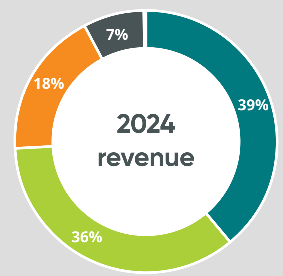
£623.0m

Urban bus | Long-haul coach

German Rail

£256.5m

Rail



Key
- ALSA
- North America School Bus and WeDriveU
- UK Bus and UK Coach
- German Rail

Five things about Mobico Group and our operations:

01 More than 1.1 billion passenger journeys were made on our services in 2024

Read more on customer safety on page 86

02 We operate both long-haul and private hire coaches, urban and school buses, corporate shuttles, and rail

Read more on divisional reviews on pages 26 to 35

03 We operate over 27,300 vehicles – with a strategy to transition to a fully zero emission fleet

Read more on sustainability on pages 57 to 67

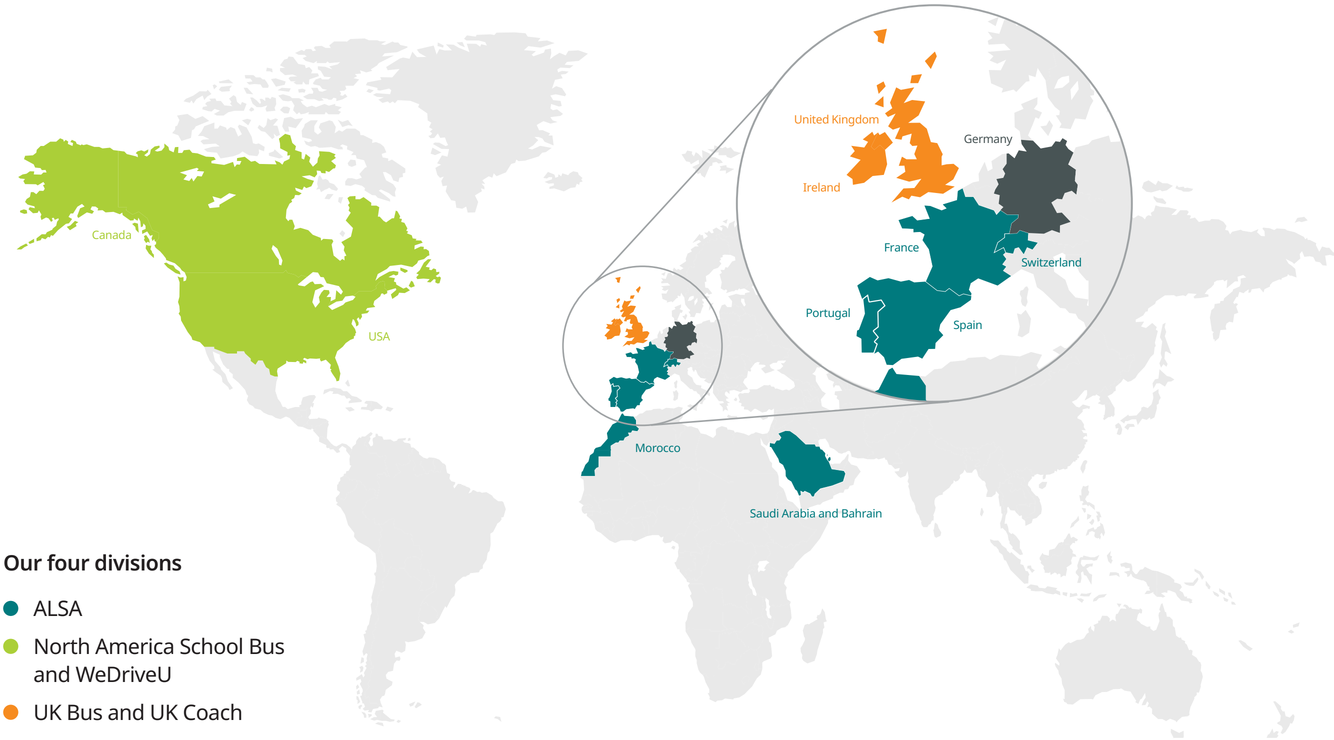
04 We won 36 new contracts in 2024, representing total revenue of £766m

Read more on our business model on pages 14 and 15

05 We have a dedicated workforce of 51,500 across the Group

Read more on our people on pages 65 and 96

Our global operations



Our four divisions

- ALSA
- North America School Bus and WeDriveU
- UK Bus and UK Coach
- German Rail

OUR INTERNATIONAL GROWTH

Read more on Expanding Healthcare in ALSA on page 28

Read more on Large Shuttle Mobilisation for Washington on page 31

Read more on Delivering Airport Services in UK & Ireland on page 34

Read more on Driving value through Technology on page 25

Leading sustainable travel

Driven by people ...

Our people first approach

In 2024, we provided more than 1.1 billion passenger journeys, taking people where they needed to be. Our customers are at the heart of our business, and we're working hard to ensure that they rate us the best in the industry.

Our people are committed to providing services for customers every day, and making each journey count, ensuring they receive safe, reliable, clean, accessible, and affordable services every time they choose to travel with us.

Our businesses are focused on the full customer experience, which starts even before people step on board one of our vehicles. From marketing and information provision, to purchasing travel and accessibility support, we focus on delivering the best possible journey from start to destination.

> "Our success in earning recognition as a Top Employer is a direct result of the dedication, collaboration, and passion of our colleagues."
>
> **Ruth Hernandez Garcia**
> Director of People and Culture, ALSA

TOP EMPLOYER AWARD

In 2024, ALSA was awarded, for the second year running, the Top Employer Award for its commitment to excellence in people management.

Top Employer is a certification programme used to review people management initiatives implemented by companies based on six categories: Lead, Structure, Attract, Develop, Engage and Connect. The certification is awarded having completed a comprehensive assessment process, only held by a few companies in Spain, and, to date, ALSA is the only company in the mobility industry holding it.

Also in ALSA, new driver recruitment and retention initiatives have resulted in driver headcount, establishment and pipeline increasing, and a 10% increase in female drivers.

... aligned with purpose

Modal shift from cars to mass transit

We have global experience in running major urban and long haul transport networks and deep international experience in mobilising new contracts quickly, transforming operations to reach the highest levels of service quality.

Because of our reputation we are often the first call for clients and potential clients looking to develop their services. We work with them to set and deliver the highest levels of performance management and monitoring standards and we are relentlessly focused on driving continuous on-time performance improvement for our customers

"Our mission is to create transportation solutions that move communities, campuses and workplaces to the future."

Erick Van Wagenen
President and CEO, WeDriveU

THE CLOUD BUS SERVICE

The Cloud Bus Service is southern Florida's first zero emission transit service and part of the state's planned electric transportation system that includes e-bikes and electric vehicles.

The three-year contract to operate and maintain the fixed route bus network on behalf of the City of Hallandale Beach was awarded to National Express Transit, now part of the WeDriveU brand family, which also helped open the city's new EV charging facility.

Services began in June 2024, with nine 100% battery-electric BYD buses replacing five gas-fuelled buses. It is one of the largest 100% electric fleets owned by a municipality in Florida.

The service is free to passengers, provides safe and reliable connections to jobs, services, education and attractions and offers a convenient, quiet ride across an extended route system, with Wi-Fi, spacious seating, dedicated customer service, and other amenities.

WeDriveU works closely with the team at Hallandale Beach, sharing a commitment to progress towards a greener future and achieving carbon neutrality.

Sustainability is at the heart of Mobico Group

We're playing a significant role in accelerating modal shift, decarbonising travel, and building more liveable communities. Our culture and purpose-led approach is at the heart of our ESG commitments. We have considered how our Vision and Purpose align with the United Nation Sustainable Development Goals (SDGs) and how we can support their delivery. We have identified eight targets across five goals where we can contribute to their achievement.

Our sustainability strategy supports three of our six Evolve strategy outcomes.

We respect the planet

Driving modal shift is at the heart of our business and our Evolve strategy, and is a key differentiator with our customers. To our partners, we bring worldwide knowledge and expertise, and we work together to identify and put into practice emissions reduction initiatives both on and off vehicles.

3.6%
reduction in Scope 1 and 2 emissions per million passenger kilometers

1,100
Total ZEVs on order and in operation

Read more on pages 60 and 61

We connect places and transform communities

Our businesses offer a range of services at a local, regional and national level, that connect people and communities for work and leisure. We are committed to serving our communities and being a catalyst for change, by supporting the vision and aims of our stakeholders.

1,139
million passenger journeys in 2024

Operations across over
50
cities

Read more on pages 62 and 63

Together, we move people safely and responsibly

We recognise that our industry has a key role to play in driving social mobility and facilitating social inclusion and wellbeing. Public transport provides affordable access to work opportunities, healthcare, and leisure, which is important to both our wider economy and local communities.

51,500
colleagues across our businesses

27,300
passenger carrying vehicles in our fleet

Read more on pages 64 and 65

Chair's statement

HELEN WEIR
Chair

> Progress – but still more to do."

Read more about our governance from page 81

Read more about our Evolve strategy on pages 16 and 17

Financial Performance & dividend

Whilst 2024 has been another challenging year for the Group, it is encouraging that we were able to announce revenue growth of 8.3% and Adjusted Operating Profit in line with guidance at £187.7m, up 11.3%.

As a Board, our key focus is accelerating the Group's deleveraging. Our organic debt reduction initiatives delivered the targeted £25m of benefits in 2024 and our Accelerate cost saving programmes outperformed, with £52m of savings achieved. As a result, Adjusted net debt was flat year-on-year, and covenant gearing reduced from 3.0x to 2.8x.

Despite this progress, the Group posted a statutory loss after tax of £793.8m, which includes goodwill impairment in the School Bus business, the write-off of deferred tax assets in UK and North America, and an increased onerous contract provision in German Rail. There is also a recognition that significant control weaknesses have been identified in the year, with respect to the future cash flow forecasts prepared by management, and further issues in respect of the German Rail business, which included the identification of a prior year restatement.

After a lengthy process, the sale of North America School Bus announced on 25 April 2025 represents an important first step in strengthening the balance sheet, reducing net debt and improving covenant leverage. The disposal will also enable the company to reallocate capital to higher return growth opportunities across the Group, particularly in ALSA.

The strong performance of ALSA has continued, with the business delivering record revenue and operating profit. However, it is pleasing to also see strong revenue growth in WeDriveU as a result of new contracts won. Performance in UK Bus, UK Coach and Germany continues to be below expectations. The appointment of Kevin Gale as CEO of UK & Germany brings substantial industry experience. The refreshed leadership team is taking decisive action, both in anticipation of and in response to, continuing market challenges.

In October 2023 the Company announced that it would suspend the payment of the 2023 dividend, reflecting the high level of leverage and business underperformance. Whilst covenant gearing has reduced to 2.8x, and the sale of North America School Bus will enable further progress on the key financial metrics, the Board has concluded that further progress on reducing leverage and debt levels is required before a dividend can be re-instated. As I said last year, the Board is keenly aware of the importance of dividends to shareholders and this is not a decision that has been taken lightly.

Safety

Once again, the Group maintained its focus on safety with a continuing commitment to innovation and the utilisation of latest technology to improve safety performance. The Group Fatalities and Weighted Injuries (FWI) index performance improved year-on-year and was the second best result on record. However, sadly, there was one fatality during the year that was assessed as preventable, so although the safety target was met, there was no bonus payment on the FWI metric for Executive Directors and senior management as a result. The Group's safety excellence continued to be recognised externally during 2024; ALSA, the UK and Bahrain achieved external recognition, with the UK Coach and Bus divisions receiving 5* BSI safety audits and ALSA achieving the highest rating in the assessment of Workplace Road Safety from the regional authorities in Madrid. In Germany we received an excellence award from the VDV academy for our digital fleet training.

Environmental Leadership

Our long-term ambitions for Environmental Leadership remain unchanged and our ZEV portfolio continued to grow in 2024 by over 20%. Our Scope 1 & 2 emissions have reduced year-on-year by 1.9%, despite an overall increase in passenger miles. However, as a result of the clear business need to improve cash generation and reduce leverage, during the year we made the commercial decision to slow the rate of further ZEV orders in the short term. As a consequence, at the end of 2024 we had only 1,100 ZEVs in use or on order compared with a target of 1,500. We continue to monitor the changing market environment in the UK, specifically the potential for franchising in UK Bus in the West Midlands, and consider the implications for our vehicle procurement in the short to medium term. Nonetheless, our longer-term net zero fleet targets remain unchanged at the current time.

People Strategy

A key focus of our People Strategy this year has been to refresh and update our Wellbeing and Mental Health offering for colleagues across the Group. In particular, the business entered into a strategic partnership with Mental Health UK, which has enabled the business to access training and other support on a global basis. The opportunity was also taken to refresh and update the Health and Safety Policy, which now includes Wellbeing and we have provided training on mental health awareness for our senior leaders.

In terms of other aspects of our People strategy, the Divisions have made good progress with driver recruitment and retention in particular, a strengthened driver pipeline across the Divisions and continued low voluntary driver turnover.

Board Succession

In February I informed the Board that, for personal reasons, I would not be standing for re-election as a member of the Board at the Group's 2025 AGM. The Board have since appointed a new Chair, Phil White, who will take up the position on 1st May, at which time I will step down from the Board. Phil brings a wealth of sector experience, including a previous stint at National Express, as well as significant Chair expertise. I am delighted that he will be joining the business.

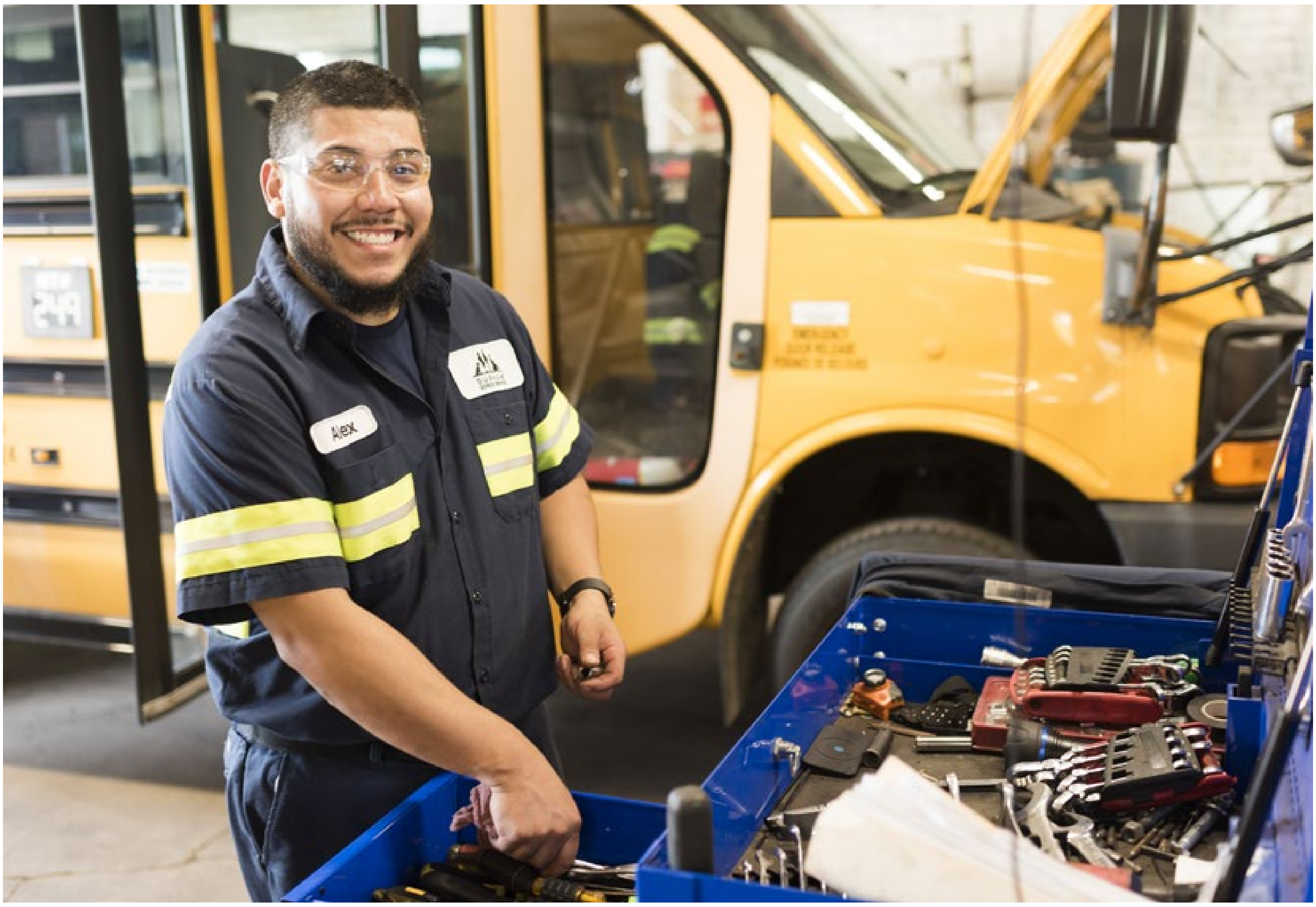
Concluding Remarks

The Group has been able to deliver results in line with guidance, building on a good performance in the first half of 2024, with continuing positive passenger demand and revenue growth. The sale of the North American School Bus business is also an important step in reducing leverage. However, I also recognise that these results fall short of both our own and our shareholders' ambitions. ALSA has once again delivered record results, underpinning the overall growth of the Group, with good progress in North America. We have retained existing contracts, and won and successfully mobilised significant new business across the Group, and our cost-reduction initiatives have delivered savings in line with expectations. The UK and German business continues to face challenges. However, I am confident that, under new management, the necessary actions are now in place to improve the operational performance of these businesses. Addressing leverage remains an ongoing priority and the Company will continue to explore further options to accelerate debt and leverage reduction.

In conclusion, I would like to express my sincere thanks to all of our colleagues who work tirelessly to deliver safe, reliable and affordable services for our passengers around the globe. It has been an honour to serve as your Chair and I look forward to seeing the Company progress in the years to come.

Helen Weir
Chair

28 April 2025



Our markets

Mobico Group is internationally diversified with operations in more than 50 key cities across 12 countries. We are a multi-modal business and currently deliver the following solutions in our markets:

North America and Canada

We are one of the largest school bus operators in the US and deliver student transportation in 34 US states.

In Canada, we deliver student transportation in the provinces of Ontario and Alberta, with large-scale school bus operations in Toronto.

We provide expansive, accessible paratransit services and fixed route bus services in major cities, connecting communities and helping people to access work, education, healthcare and leisure across the US.

Through our WeDriveU brand, we deliver services from corporate and university shuttle solutions, to providing employee travel solutions, and campus parking access.

Total revenue

£1,205.3m

Market size: £16.8bn

United Kingdom and Ireland

In the UK, National Express is the market leader in the country's intercity coach market, connecting cities, towns and airports across the country.

In the West Midlands, we operate large-scale urban bus services, centred around the city of Birmingham, in the largest bus network outside of London.

Our National Express Transport Solutions business provides accessible transport, B2B private hire and corporate shuttle solutions to clients.

In Ireland, we operate the Dublin Express and have recently added further, adjacent services.

Total revenue

£623.0m

Market size: £5.9bn

Spain

In Spain, our services, trading under the brand ALSA, include long-distance and regional coach services connecting cities, towns and regions.

Across Spain, we also manage 44 urban bus networks in different cities and metropolitan areas, with major operations in Madrid and Bilbao.

We provide both emergency and non-emergency healthcare transportation services through public health and private contracts, with large operations in Madrid.

We deliver discretionary and tourism-based services across Spain, expanded through 2024 following the earlier acquisition of ALSA's CanaryBus business.

Total revenue

£1,097.2m

Market size: £5.0bn

Morocco

We are the largest operator in the passenger transport sector in Morocco, with our ALSA brand operating over 1,700 buses, which constitute an efficient and complete transport network with a high quality of service for citizens.

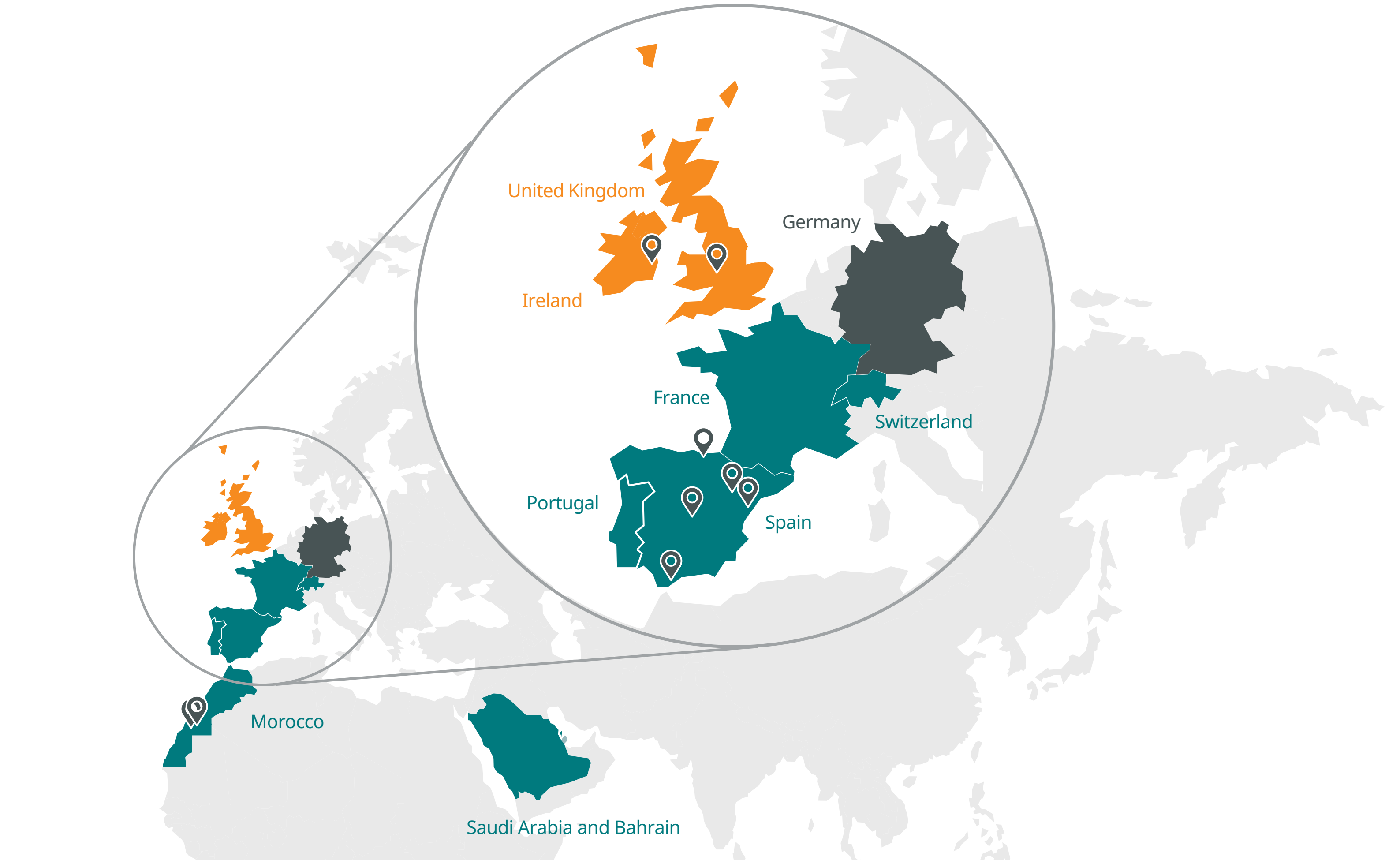
This includes operations across the country's six largest urban areas, with major operations in Casablanca, Rabat and Marrakesh.

Our services also cover tourism and school transportation.

Total revenue

£145.6m

Market size: £0.2bn



Portugal

In Portugal, ALSA delivers urban bus operations in the country's two largest cities; Lisbon and Porto.

Within the Lisbon Metropolitan Service, our network includes a team of 460 drivers and a fleet of 248 buses connecting the southeastern area of Lisbon (Setúbal, Montijo, Palmela, Alcochete, Moita and Area and Barreiro).

In the Metropolitan Service of Porto, our operations cover the towns of Santo Tirso, Paredes, Valongo and Gondomar, providing a transport network made of 131 routes (urban and intercity).

Total revenue

£58.6m

Market size: £0.6bn

Rest of the world

Having earlier entered Saudi Arabia through a partnership with Saudi Arabia Public Transport Company (SAPTCO), together, we now operate intercity coach services connecting over 80 destinations in the south of the Kingdom.

In Switzerland, we operate urban bus services in Geneva and are continuing to grow in the region. Between Switzerland and France, our AlpyTransfers business operates cross-border tourism services connecting Alpine resorts with nearby airports.

In Bahrain, we operate the country's urban bus network in a joint venture with a local partner.

Total revenue

£26.2m

Germany

In Germany, we operate seven suburban commuter railway lines in North-Rhine Westphalia, Rhineland-Palatinate and Hesse using 120 zero emission trains.

We operate the Rhein-Münsterland-Express (RE7) and the Rhein-Wupper-Bahn (RB48), and are the sole operator of the Rhein Ruhr Express (RRX) until 2033, where we operate the lines RE1, RE4, RE5, RE6 and RE11.

Total revenue

£256.5m

Market size: £5.0bn

Read our CEO review on pages 22 to 24

Read more about our divisional performances on pages 26 to 35

Our business model

The resources we rely on

Vehicles
At December 2024, we operate around 27,300 vehicles of varying sizes, from sedans, minivans, cars and minibuses, to double-decker buses and long-haul coaches. The fleet is predominantly internal combustion engine (ICE) powered. As we drive towards net zero, we also operate alternative fuel technologies such as electric and hydrogen; we have 1,100 Zero Emission Vehicles (ZEVs) in operation or awaiting delivery and we have well-developed plans to adopt increasing numbers of viable ZEVs.

Sites
Our services operate from hundreds of depots across 12 countries and more than 50 key cities. These depots are where we deliver training, embed our safety practices and manage the fleet with many of those depots equipped to support ZEVs.

Financials
Mobico Group is focussed on delivering long-term quality of earnings, a policy for margin improvement and enhanced return on investment, with a disciplined approach regarding cash generation.

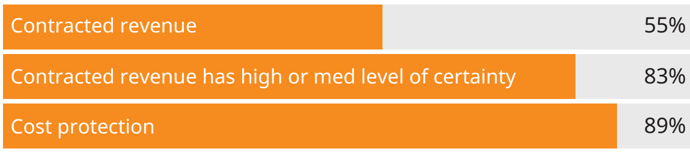
Colleagues
We have a diverse workforce and employ over 51,500 colleagues across our businesses around the world, the majority of whom are drivers. Together, our employees deliver excellent customer service, and bring extensive technical skills and expertise in areas including operational excellence, route optimisation and vehicle technology.

Intellectual property
We continually develop and refine critical intellectual property, which allows us to design, mobilise and operate transport solutions that deliver on our Evolve ambitions.

Our relationships
Our connection with our customers is fundamental to our success. We have extensive, long-term relationships at local and national levels of government, with city or regional transport authorities and with our local emissaries. We work with them to find solutions, and improvements, to address their transport needs. We also enjoy productive relationships with our suppliers to develop innovative solutions for improvements to safety, reliability, customer satisfaction and our environmental impact.

How we do it

Our global diversified contract models
55% of the Group's revenue is generated from contracts where customers pay us a fee to operate routes. The remaining 45% of revenue is from passengers purchasing tickets from Group companies. 89% of our contracts have a high or medium level of cost inflation protection. Medium levels of protection can mean that we have a lag in recovering inflation, and sometimes rely on indices that may not always be a perfect match for the underlying costs they are supposed to mitigate.



55%
of Group revenue is contracted

83%
of contracted revenue has high or medium level of certainty

89%
of contracted revenue has high or medium level of cost inflation protection

Our wide range of products

Urban bus
Single and double-decker bus services in cities and their suburbs.

Private hire
The provision of buses or coaches to individuals, employers, schools or other organisations for field trips, days out and holidays.

Rail
We operate a number of lines in the west of Germany.

Corporate shuttle
A range of services for transporting employees to work, often funded by the employer. Includes full home-to-work service as well as filling the 'last mile' gap from mass transit hubs to the place of work.

Student transportation
Home-to-school transportation on behalf of school districts, enabling children to access education.

Long-haul coach
Intercity routes, tourism and airport transfer services, providing a cheaper, and in many cases, a more convenient form of transport.

Healthcare
Flexible and accessible solutions for passengers less able to use regular public transportation, including direct medical transportation and emergency services.

Benefits to Mobico Group

Sustainable long-term growth
Our business is a key provider in the global shift to cleaner, more efficient, more affordable social mobility. Our strong relationships with customers, suppliers and government bodies, combined with experienced colleagues, in-depth knowledge, and considerable scale in terms of resources and geographical spread, enable us to capture sustainable long-term growth. We take a long-term view on the planning and utilisation of our resources, and to organic and inorganic opportunities for growth.

Financial returns
By targeting revenue growth, as well as improved profit and cash conversion, we aim to provide the ability to invest for growth, maintain a strong balance sheet and ultimately to provide returns to shareholders.

Key differentiators

Our processes and systems

Designing, mobilising and managing complex transport systems successfully involves robust processes and systems that can deliver reliability, consistency, efficiency and flexibility, where it is needed. Our four-step quality improvement training programme, OPERATE, defines the methodology we use to deliver operational excellence. Such systems take time and expertise to develop and operate and Mobico's long and successful experience through continuous improvement is differentiating. Success is measured in customer satisfaction rates as well as financial KPIs.

Our partnerships

Acting in partnerships – with our customers, the transport authorities, suppliers, colleagues, and with industry and government bodies – is a fundamental tenet of our strategy and philosophy. We strive to develop and maintain strong relationships in all of these areas. By doing so, we ensure our values are aligned with those of our various partners, and that we can deliver to the satisfaction of all stakeholders.

Our knowledge

Our knowledge is embedded throughout the Group, and with all of our employees in their respective roles. Whether or not that expertise becomes apparent in route scheduling, network design, customer services, passenger care, marketing or revenue management – it collectively creates an attractive customer offering.

The value we create

Colleagues

We are an organisation that shares the values of our employees and partners. We provide attractive career opportunities, paying competitive wages and salary rates, and creating safe, enjoyable and inclusive working environments.

Passengers and customers

We provide best-in-class value for money services that provide compelling, and more environmentally friendly transport options versus a private car. Our services enable passengers to connect with family, friends, and workplaces, and facilitate easier access to healthcare and education.

Suppliers

We support a wide range of suppliers, from individuals to large businesses. We develop rewarding partnerships with them, working collaboratively and honourably to deliver market-leading services to our customers.

Equity and debt investors

Ultimately, we aim to provide attractive investment returns, both for our equity and our debt investors. We have strong long-term relationships with shareholders and lenders, as we use a variety of funding sources to support our business.

Communities

Our services facilitate social mobility and promote economic activity; connecting people to jobs, education, healthcare and leisure. Mobico's capabilities can be critical for those people without access to a car and especially where we provide transport for the more vulnerable members of our society. By encouraging modal shift from private car to public transport, in many cases, we also play an important role in improving air quality in our communities.

Governments

We have strong relationships at local and national levels of government, which enable us to help shape public transportation policies. We are also able to bring transport solutions to local government bodies and transport authorities; transforming the services in their areas. The Group also generates significant tax contributions to public finances through employee, sales, corporation, property and other taxes.

The environment

A significant proportion of the world's CO_2 is generated by transport – a key target for decarbonisation. For every bus journey, up to 70 car journeys are removed from the road. By making such journeys more reliable, more enjoyable and often more convenient than alternatives, we help communities and the world to reduce emissions significantly and greatly improve social mobility.

Benefits to Society

Improved social mobility

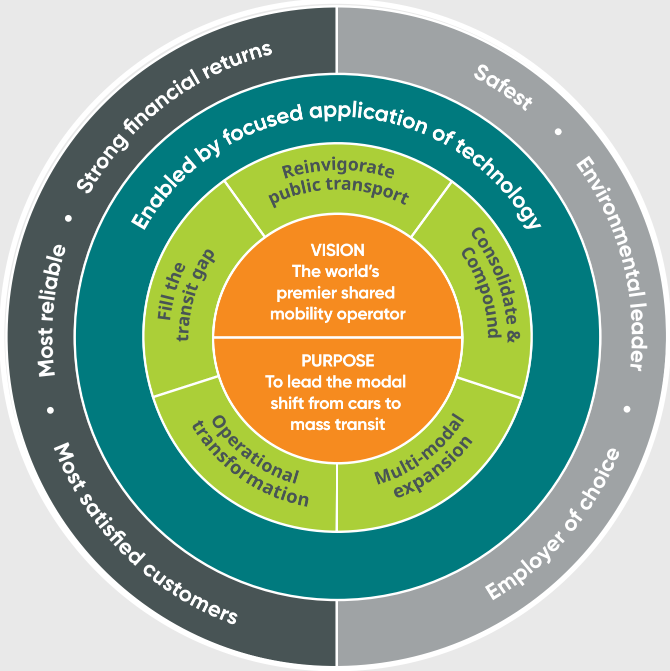
Our services connect people to each other and to places of work, education and healthcare.

Moreover, choosing to swap a singular journey from an average diesel car to an average diesel bus can reduce the carbon footprint by up to 45%.

Reduced pollution and improved air quality

Many of our existing diesel vehicles already emit lower emissions than the average family car. By driving modal shift from private car to public transport, as well as transitioning our fleet to zero emission vehicles, we can make a significant impact on reducing pollution and improving air quality.

Our Evolve strategy



In order to protect and develop our market-leading positions, as well as generate sustainable, profitable growth and deliver value for all our stakeholders, the business targets the highest standards of operational performance and customer satisfaction. It achieves those by focusing on what we believe to be the fundamental characteristics and outputs of success, as described by the Evolve strategy.

Our vision and purpose

At Mobico, we strongly believe that de-carbonising our economies and our communities cannot be properly achieved without modal shift – particularly from cars to mass transit alternatives, such as we and our partners provide. The more compelling our offering is to customers and the more successful we are at delivering those, the greater influence we can have on people making bus, coach and other shared solutions their preferred mobility choice. Our purpose is to lead that shift towards greater social mobility with better access to healthcare, education, employment and leisure. Our vision is to be the world's best transport operator.

Our culture

It is our belief that commercial success and a good culture are inextricably connected. A large part of Evolve is concerned with encouraging an open and collaborative ethos where employees and partners can work towards our shared goals; where collaboration and sharing best practice is the norm, not the exception, and where the diverse, inclusive and supportive culture so necessary to success is nurtured and protected.

Our five customer propositions

Reinvigorate public transport

Grow the use of public transport, particularly in cities suffering congestion, by building partnerships with stakeholders who aspire to delivering sustainable solutions.

Consolidate & compound

Consolidate fragmented markets and create 'at scale' operations to drive operating efficiencies and better customer solutions.

Multi-modal expansion

Build more modal capability and city hubs from existing locations where we already have a physical presence.

Operational transformation

Application of our processes and know-how to drive efficiency, operational improvement and lower costs.

Fill the transit gap

Encouraging modal shift away from private cars in areas that are poorly served by public mass transit.

Our focused application of technology and innovation

The opportunities to apply technology to the Mobico business are widespread and care is taken to invest in the right areas with clearly defined benefits, including the best returns.

Much of our investment into data insights is ultimately directed towards safety, quality of service, cost efficiency, automation and ultimately customer satisfaction.

Key targets for technology investment have included vehicle and driver monitoring – where systems enhance feedback and training for employees as well as safety for employees and passengers. Similar systems also provide data that enables vehicle fleets to be efficiently utilised, resulting in better on-time-performance and better value fares. Good data collection can also result in more effective maintenance schedules – meaning lower costs and improved service reliability.

Consumer, booking and ticketing systems are also being constantly upgraded to improve the quality of service that our customers have come to expect.

New technology is being deployed in our increasing evaluation and adoption of Zero Emission Vehicles (ZEVs).

Finally – innovation isn't always about technology. Employing new ways of working, developing new best practices, are often just as valuable.

Our strategic outcomes

Strong financial returns

We utilise our resource and relationships to target, and ultimately deliver, strong financial returns. When we grow revenues and are also able to deliver good profits and cash conversion, we can then invest for growth, maintain a strong balance sheet and ultimately provide good returns to shareholders.

Most reliable

We are leading the industry in reliability by striving for ever increasing levels of punctuality, and driving down cancelled services and lost miles. Through excellent reliability we meet or exceed customer expectations, deliver industry-leading services and enhance our reputation as a trusted and valued partner.

Most satisfied customers

Customers lie at the heart of our business, and maintaining their loyalty is key to our success. Everything we do focuses on exceeding our customers' expectations for safe, clean and reliable services at a fair price.

Routine surveys of customer views, and disciplined feedback and response processes, are key components of the Group's operations and planning processes.

Our sustainability strategy

We aim to be the safest, cleanest, most reliable, convenient and best value transport provider in the modes we operate.

Safest

We will lead the industry in safety by continually driving down accidents. More than anything else, we value the safety of our customers, employees and the wider public. This priority is reflected in our policies and behaviours – the way we do business.

Environmental leader

Today, we operate over 27,300 vehicles, and we continue to work to reduce emissions from running our current fleet. We are also committed to improvement across a range of key environmental targets, which can also be found in more detail on page 60.

Employer of choice

To be "the place to work" in mass transit we have embedded a high-performance culture that attracts and retains the best people.

Delivering on our vision and for our customers is only possible if Mobico Group companies are good places to work. We believe that our workforce is our greatest asset and we want each of our 51,500 employees to reach their full potential and to happily give their best.

Measuring progress

Key

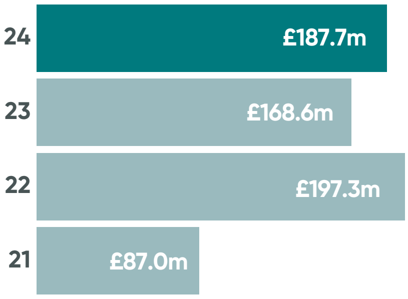
- Strong financial return
- Most reliable
- Most satisfied customers
- Safest
- Environmental leader
- Employer of choice

Financial

Adjusted Operating Profit (£m)

£187.7m

2023: £168.6m



KPI definition

Group Adjusted Operating Profit from operations. See glossary on page 248.

Relevance to strategy

A key measure of the overall performance of the business.

We are focused on driving growth in Adjusted Operating Profit in order to generate higher and sustainable returns for our shareholders and providing the platform for further growth for all our stakeholders including our employees, our customers and our partners.

Performance

Adjusted Operating Profit increased to £187.7m (FY23: £168.6m) boosted by strong passenger growth and in-year benefits from operational efficiencies and Accelerate cost reduction programme, despite a reduction in Covid-19 funding

Remuneration linkage

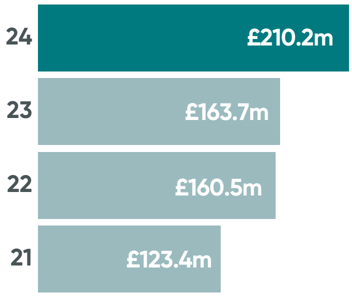
Group Adjusted Profit before tax is one of three bonus inputs to the Executive Directors' and senior managers' annual bonus structure.

Link to strategy

Free Cash Flow (£m)

£210.2m

2023: £163.7m



KPI definition

Free cash flow is the cash flow available after deducting net interest and tax from operating cash flow. See reconciliation on page 251.

Relevance to strategy

Strong cash generation provides the funding to invest in initiatives to drive our strategy.

Our focus on cash generation ensures that we are running the business efficiently, converting profit to cash to enable investment into the business; reduction in leverage returns to shareholders; and providing the platform for further growth for all our stakeholders.

Performance

Free cash inflow of £210.2m represents strong Free Cash Flow conversion of 112% (FY23: 97%). The improvement in Cash Flow Conversion is a result of good working capital management in particular increased cash collections in the year, and improved Adjusted EBITDA from performance upside.

Remuneration linkage

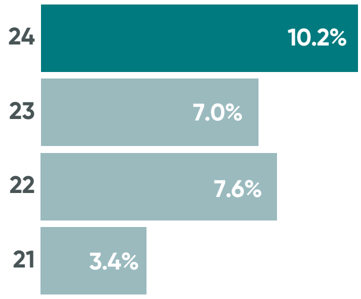
Free cash flow is one of three bonus inputs to the Executive Directors' and senior managers' annual bonus structure.

Link to strategy

Return on Capital Employed (£m)

10.2%

2023: 7.0%



KPI definition

Return on Capital Employed (ROCE) is Adjusted Operating Profit, divided by average net assets, excluding net debt and derivative financial instruments, translated at average exchange rates. See reconciliation on page 251.

Relevance to strategy

ROCE demonstrates how efficiently the Group is deploying its capital resources to generate operating profit.

A focus on ROCE ensures that we maintain a disciplined approach to capital investment and continue to invest in those areas in which we deliver the best returns. This ensures that we maximise returns to shareholders for the capital they invest.

Performance

ROCE of 10.2% remains below our targeted level of 12.5% and is reflective of the year-on-year reduction in Net Assets. During the year the Group invested £157 million of net maintenance capital, predominantly in replacing our fleet in our existing operations, and £59m in growth capital expenditure including vehicles to service new contracts in ALSA and North America.

Remuneration linkage

ROCE is one of the performance measures in the Long-Term Incentive Plan of Executive Directors and senior managers.

Link to strategy

Non-Financial

Safety – Fatalities and weighted injuries (FWI per million miles)

0.003

2023: 0.006

KPI definition

The Fatalities and Weighted Injuries (FWI) Index weights injuries by severity to give an overall standard-based score which is normalised by miles operated.

Relevance to strategy

Safety is of paramount importance to a public transport operator and being the 'safest' is one of the five Evolve outcomes.

Safety is at the heart of our values and is our priority for both our customers and our employees.

High safety standards also help to drive sustainable growth through customer loyalty and new business wins.

Performance

The Group FWI index target for 2024 was met and was the second best result on record, which demonstrates the relentless focus on safety. However, there was one preventable fatality during the year, and therefore although the Group target was achieved, there is no bonus pay out on the FWI metric in 2024 for Executive Directors as a result of the fatality.

Remuneration linkage

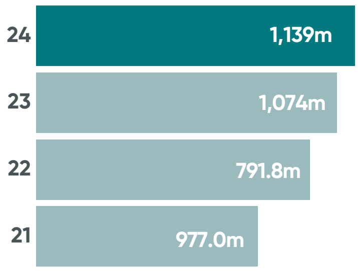
FWI per million miles is an input into the Executive Directors' and senior managers' annual bonus structure.

Link to strategy

Passenger journeys

1,139m

2023: 1,074m



KPI definition

Passenger numbers as measured by the aggregate of passenger journeys across each of our operating divisions. Our numbers for North America are estimated as our school bus and shuttle services are not paid on a per passenger basis.

Relevance to strategy

Growth in passenger journeys is a leading indicator for customer satisfaction and hence growth, and modal shift from cars to public transport. Having the 'most satisfied customers' is a key aim of the Evolve strategy.

Mobico is targeting increased passenger ridership as a longer-term driver of sustainable value for both the business and the environment, with public transport a key solution to lowering carbon emissions and easing travel congestion.

Performance

Passenger journeys have continued to grow, rising 6% in 2024. UK Coach faced a challenging year with patronage declining 11% which was more than offset with an increase in ALSA long-haul business of 11% and UK Bus increase of 9%. Our Moroccan business continues to grow steadily with further passenger growth of 1%.

Remuneration linkage

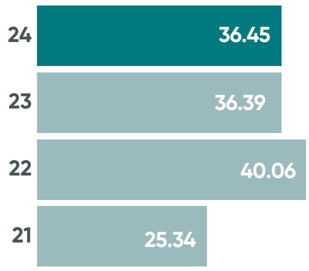
The Executive Directors and senior managers' annual bonus scheme typically includes a component of personal objectives relating to business development metrics.

Link to strategy

GHG emissions: tCO_2e/mpkms

36.45

2023: 36.39



KPI definition

Tonnes of GHG carbon emissions for Scope 1, 2 and 3, per million passenger kilometer.

Relevance to strategy

Reducing the environmental impact of transport is core to our purpose and links to the Evolve strategy outcome: being the environmental leader.

Per passenger, train, bus and coach travel is significantly less polluting than cars and, as such, modal shift is the single most important thing we can do to drive the climate change and clean air agendas. We are also committed to making public transport itself greener and have adopted Science-Based targets.

Performance

Tonnes of carbon emissions for Scope 1 and 2 reduced by 3.6% per million passenger kilometer.

Total Scope 1, 2 and 3 absolute emissions increased by 1.9% overall on prior year, the majority of which is allocated to Scope 3 Category 2, Capital Goods, from an increase in new vehicles on balance sheet during the year.

We expect to make further progress as we accelerate our transition to ZEVs in the near future; UK Bus has demonstrated a further 11% decrease in Scope 1 & 2 emissions with 133 new EVs in service this year.

See more on environmental performance on pages 245 and 246.

Remuneration linkage

25% of the Executive Directors and senior management Long-Term Incentive Plan is linked transitioning ZEVs. See our Remuneration Report commencing on page 113.

Link to strategy

Key

Strong financial return | Most reliable | Most satisfied customers
Safest | Environmental leader | Employer of choice

On-Time-Performance (OTP)

92.0%

2023: 91.1% (restated)

KPI definition

On-Time-Performance (OTP) measures the percentage of our services, weighted by mileage across divisions, that are arriving on time at intermediate (where relevant) and timing stops. The definition of 'on time' varies by business, for example no more than one minute early or five minutes late for urban bus services. The OTP KPI excludes rail services, high frequency bus services (where frequency and actual versus scheduled waiting times is a more appropriate reliability measure), and services where we are currently not able to measure OTP accurately. For 2024, we are now including WeDriveU's service punctuality performance and have restated 2023 and 2022 for comparability.

Relevance to strategy

Improving OTP is a key driver for customer retention and winning new contracts, and links to the Evolve strategy outcome: most reliable. Our reputation for reliability, whether it be for fare paying passengers on our buses, or with school boards and local passenger transport authorities, is vital to drive growth across each of our businesses. OTP is also a driver for achieving operating efficiencies across the Group, helping to improve financial returns.

Performance

The Group's On-Time-Performance significantly improved in 2024. Overall OTP was buoyed by a strong improvement in punctuality across several of our divisions, including in the UK and North America, and consistent top performance in our ALSA business. We introduced initiatives in UK Bus which yielded improvements in our punctuality and reliability, and were supported by our focus on driver recruitment and retention alongside our use of Artificial-Intelligence enabled scheduling tools. Performance in our North American Transit business also improved following the amalgamation of this business into our WeDriveU business, enabling greater oversight and focus. In our North America School Bus business, we have delivered our second consecutive year of a year-on-year improvement in punctuality as a result of our relentless focus on driver recruitment and retention, route restoration and optimisation, and ensuring operational excellence. Our ALSA business continues to deliver top performance, with the business benefiting from the introduction of our sophisticated digital scheduling platform.

Link to strategy

Group Chief Executive Officer's review

IGNACIO GARAT
Group CEO

"

I'd like to thank all of our people for their outstanding dedication and support in what has been another challenging year"

Read more about our business model from page 14

Read more about our Evolve strategy on pages 16 and 17

Results overview

In FY24, 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 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 FY25. 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.

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% versus FY23), 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 (Public Transport Authorities) 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 FY23. 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 (FY23: 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 FY24 rose to £89.8m (£75.2m in FY23) 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, the announced sale of the North America School Bus business, which is expected to complete in Q3 2025, 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 FY24, the Group incurred adjusting items after tax of £849.9m (FY23 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 FY24 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

In FY25, on a comparable 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.

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 FY24, 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.

Group Chief Executive Officer's review continued

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 FY24 we secured 36 new contract wins, compared with 43 won in FY23, but with annual contract revenues higher than in FY23 (£144m versus FY23: £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 NA School Bus 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 FY24 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.

Ignacio Garat

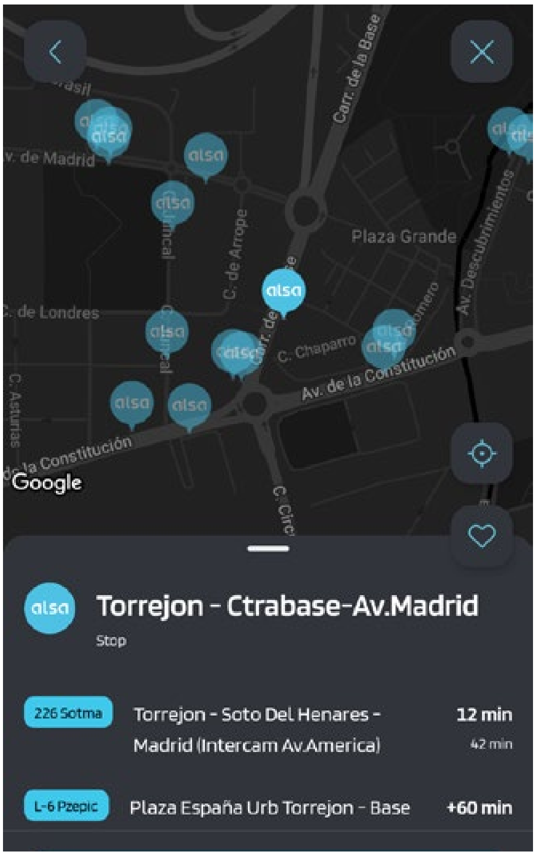
Ignacio Garat
Group CEO

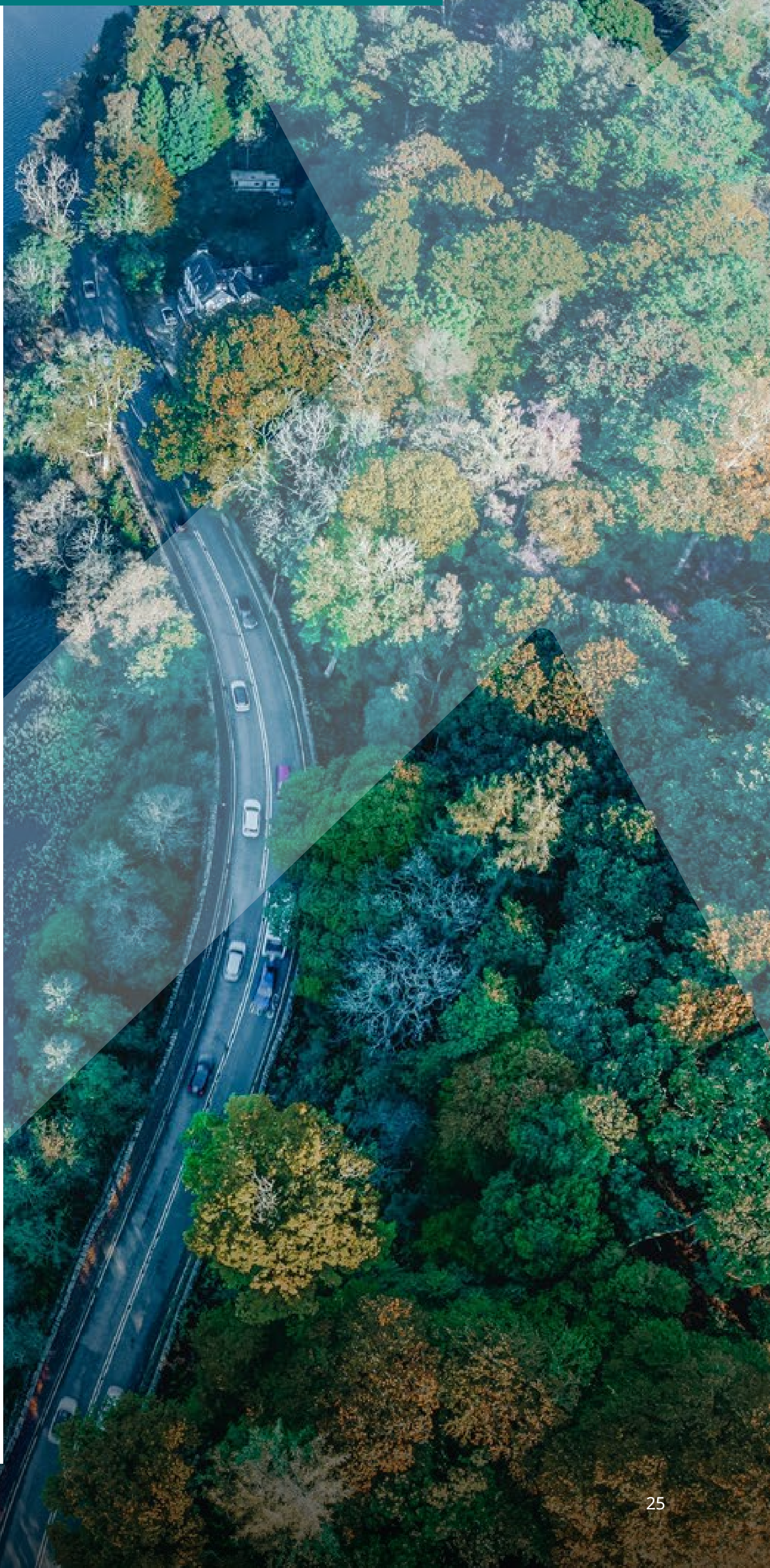
28 April 2025

DRIVING VALUE THROUGH TECHNOLOGY

Throughout 2024, our commitment to driving value through technology-led transformation has continued, delivering tangible improvements for our customers as well as further operating efficiencies for our business.

- In the US, the rollout of Bus Zone in 59 locations has provided parents with a user-friendly bus tracking app, offering real-time location information and arrival alerts.
- Maximo – the maintenance management system, is now installed in 71 School Bus and WDU locations, meaning better fleet reliability.
- ByteCurve 360, scheduling software, is now in 145 locations to deliver real-time customer information access.
- In ALSA, we've launched a new notification service via the ALSA mobile app and WhatsApp delivering real-time information across wider channels. Whilst we are also continuously developing an AI chatbot to further improve the customer experience.
- In the UK, we have been modernising our infrastructure. Improvements include the introduction of multi-leg seat reservations, a new loyalty program, multilingual support, and improved email alerts on services.

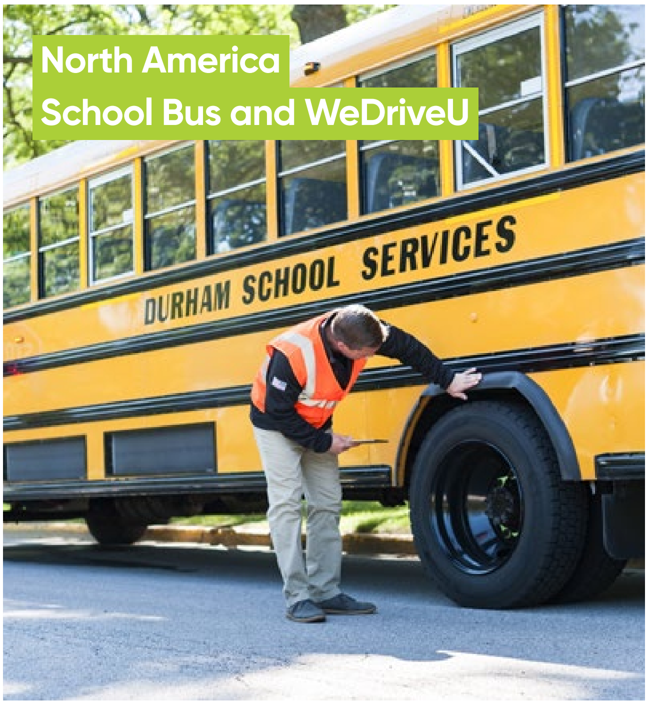




Performance reviews

ALSA

Read more about ALSA
on pages 27 and 28



North America School Bus and WeDriveU

Read more about North America
on pages 29 to 31

United Kingdom and Ireland

Read more about United Kingdom
on pages 32 to 35

German Rail

Read more about Germany
on pages 32 to 35

ALSA

FRANCISCO IGLESIAS
Chief Executive Officer: ALSA

Urban bus | Long distance coach | Private hire | Healthcare

Revenue (£m)
+13.9%
£1,327.6m
2023: £1,165.4m

Adjusted Operating Profit (£m)
+36.0%
£186.1m
2023: £136.8m

Statutory Operating Profit/(Loss) (£m)
+46.2%
£176.9m
2023: £121.0m

Adjusted Operating Margin (%)
14.0%
2023: 11.7%

> **"I am very proud of all our colleagues and partners at ALSA who have again delivered the highest quality of reliable and efficient service to all of our customers – both in established and new markets."**

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.

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 FY23;
- Regional revenues 11.9% higher versus FY23 due to operational efficiencies, passenger growth and the multi-voucher scheme impact
- Long-haul nine main morridors revenues up 19.1% versus FY23 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, versus FY23;
- 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 delivered another record year with Revenue of £1,327.6m, up 17.0% (at constant currency) when compared to FY23. Adjusted Operating profit was £186.1m, a 36.0% improvement over the previous year.

ALSA's new record performance in FY24 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 versus 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 versus 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 FY24 at 71.4% (versus 65.7% in FY23).

International expansion and diversification

In recent years, international expansion has strengthened ALSA's position in key markets. Successful entry into three countries in the last five 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% ZEVs in Geneva. And there remain opportunities in FY25 for further service-distance growth, brand unification and cost optimisation.

During FY24 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 FY25.

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 agreement was won for the operation of healthcare transport service in the Basque country, and for 2025 Cantalonia, covering both scheduled and urgent services. The opportunity in Basque Country came about after the failure of an incumbent and could be worth circa €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 six 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.

Francisco Iglesias
Chief Executive Officer: ALSA

EXPANDING HEALTHCARE IN ALSA

In Spain, we expanded our healthcare transport platform following a significant win in the Basque Country.

Through our SANIR business, ALSA now provides all urgent and scheduled ambulance services in the region of Bizkaia on behalf of the Basque Government which builds upon our success in operating similar services in Madrid, where ALSA is the largest provider. The contract covers the operation of more than 200 ambulances and nearly 1,000 employees. This early expansion of a business segment only recently entered by ALSA is testament to both capability and ambition within the Group.

North America School Bus & WeDriveU

ERICK VAN WAGENEN
Chief Executive Officer: North America Shuttle and Transit

TIM WERTNER
Chief Executive Officer: North America School Bus

School Bus

Transit and Shuttle

Revenue (£m)
+8.0%

£1,205.3m

2023: £1,115.6m

Adjusted Operating Profit (£m)
+41.3%

£38.3m

2023: £27.1m

Statutory Operating Profit/(Loss) (£m)

£(531.6)m

2023: £(7.1)m

Adjusted Operating Margin (%)

3.2%

2023: 2.4%

"Despite the considerable commitment the sale process of School Bus has required, both School Bus and WeDriveU have made notable operational gains, with School Bus successfully executing on the final stages of their recovery journey and WeDriveU consolidating a solid platform for future growth."

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.

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 FY23. 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 (WDU)– 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 FY23.
- 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 FY25 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 FY24. 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 FY24 7.3% higher (4.4% higher on a reported basis) than in FY23;
- First net positive route outcome (routes won versus 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 School Year (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 SY 2024/2025; a school year start-up process that has subsequently launched well, as expected. The season's route outcome (routes won versus 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 FY24, 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 (versus 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 FY24 revenues up 18.9% (15.8% on a reported basis) versus FY23.
- 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.

FY24 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 FY24, 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 FY24 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 two new facilities, which were launched in circa 3 to 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.

Tim Wertner
North America School Bus

Erick Van Wagenen
North America Shuttle and Transit

LARGE SHUTTLE MOBILISATION FOR WASHINGTON

In the summer, following a competitive retender, our WeDriveU business in North America retained and grew our major paratransit contract in the Washington DC Metro area to become the largest paratransit operator in the region.

WeDriveU rapidly mobilised our new contract from July, involving a significant driver recruitment and training programme, which became our largest and fastest start-up in WeDriveU. As we continue to pursue further growth in our shuttle market – with new contracts serving blue chip clients in the San Francisco Bay Area, New York & Massachusetts – successful mobilisations such as in Washington offer important verification of our capability.

United Kingdom & Germany

KEVIN GALE
Chief Executive Officer: UK

"As we have continued to face-down industry and market challenges, our teams have nonetheless taken bold steps to reposition the businesses to better leverage our competitive strengths and capabilities."

United Kingdom Highlights

Urban bus

Long distance coach

Revenue (£m)
+2.1%

£623.0

2023: £610.1

Adjusted Operating Profit (£m)
-72.3%

£6.5

2023: £23.5

Statutory Operating Profit/(Loss) (£m)

£(12.2)m

2023: £1.3

Adjusted Operating Margin (%)

1.0%

2023: 3.9%

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 FY24 turnover down (1.3)% versus FY23. In the UK, FY24 Adjusted Operating Loss reduced (72.3%) when compared to FY23, 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 FY24, 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 FY25.

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, Adjusting 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.

Kevin was appointed as CEO UK & Germany following the departure of the previous divisional CEO Alex Jensen

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

Highlights

The UK delivered Turnover of £623.0m, up 2.1% when compared to FY23. 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 circa 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 circa 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 (circa £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-19 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

FY24 Revenue growth of 7.9% is the highest in the last five 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 versus 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 FY24 versus FY23 (c.£13m profit headwind for the full year).
- Excluding the impact of fewer rail strikes there was moderate underlying growth in demand in FY24, 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.

DELIVERING AIRPORT SERVICES IN UK & IRELAND

Within the UK & Ireland, we retained our major scheduled coach contracts serving Stansted, Luton & Dublin airports, following competitive retenders, and we are excited to be continuing our productive relationships with these important clients.

The routes we run are critical services that form a crucial part of the support infrastructure around some of our most popular airports. We are very proud to deliver the capability that keeps so many customers moving safely, comfortably, reliably and efficiently.

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 FY24. After adjusting for the rail strike benefit in both FY23 and, to a lesser extent, in FY24, both revenue and yield are both up versus 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 FY24, 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 Highlights

Rail

Revenue (£m)
(1.3)%
£256.5
2023: £259.8

Adjusted Operating Profit/(Loss) (£m)
£(9.3)
2023: £0.2

Statutory Operating Profit/(Loss) (£m)
89.7%
£(10.3)
2023: £(100.1)

Adjusted Operating Margin (%)
(3.8)
2023: 0.1

Germany

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

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 FY23. 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 circa 12-14 month training process), with a further 152 expecting to commence training during 2025. This represents a circa €12m pa investment in driver training and development.

Kevin Gale
Chief Executive Officer: UK

Group Chief Financial Officer's review

HELEN COWING
Group Chief Financial Officer

> "Mobico Group has achieved the EBIT guidance range after another challenging year with good cash generation, up year-on-year."

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 number.

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

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)

1 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 remeasured 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 CanaryBus completed successfully within the year, integration into the ALSA business materially complete, and performance 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 be able 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 and 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, is (FY23: £386.0m) 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. 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 page 251 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 its 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 2 of the Financial Statements.

Helen Cowing
Group Chief Financial Officer

28 April 2025

Risk management

Committed to managing risk effectively

During the year, we have continued to see the internal and external environment evolve. The Board of Mobico Group recognises managing risk and uncertainty is a key element in the successful delivery and achievement of its strategy. As both the internal and external environment change, the level of risk changes too. Some increase, some reduce, and new risks emerge. Positioned as a global leader in the transportation industry, Mobico is exposed to an evolving landscape of risks, which could potentially impact performance or reputation negatively, as well as positively. The Board remains ultimately responsible for the effective management of risk in the Group and continues to remain committed to driving continuous improvement and adopting best practice in this crucial area. In addition to the broad strategic responsibilities, the Board:

a. approves the Group Risk Appetite Statement;

b. reviews and approves the Group Emerging Risks;

c. reviews the Principal Risks faced by the Group and approves the Group Risk Register.

The Audit Committee reinforces the process further by conducting 'deep dive' reviews, on specific risks and through discussions with divisional leadership teams to challenge their divisional risk registers.

a. Group Risk Appetite Statement

The Board recognises that in continuing to deliver Mobico's strategy and achieve our objectives we need to take some calculated risks. However, Mobico will tolerate a level of risk that is consistent with our core purpose and values, can be managed effectively and be in line with the expectations of our shareholders and other stakeholders to offer superior returns. The acceptable level of risk is reviewed on an annual basis, which defines the appetite and tolerance level against key risks by analysing the mitigation actions in place and what additional measures might be needed. This ensures alignment between our view of acceptable risk exposure and the strategic priorities of the Group.

Mobico's strategy and objectives, including the focus on the Evolve strategy outcomes are reflective of its risk appetite. Mobico has:

- A strategy to create value for shareholders and society in a sustainable way;
- A clear understanding of its risks and opportunities in the transport industry across all geographic regions the business operates in (with any future expansion into new regions being subject to deep and rigorous country risk reviews) ensuring that the appropriate governance arrangements are in place aligned with the Group's strategy and values; and
- No appetite for risks impacting the safety of our employees, customer or general public, brought on by unsafe vehicles or actions.

Mobico is exposed to a universe of risks for which it has a varying degree of appetite and tolerance. In determining its appetite and tolerance for specific risks, the Board and Audit Committee ensures that:

1. Risks are consistent with Mobico's core purpose and values, strategy and financial objectives;
2. Risks are tolerated only when high standards of control and mitigation have been implemented and appropriate review and approval has been attained through the Risk Management Framework and improvement and reward is achievable; and
3. Risks are actively reviewed and monitored through the appropriate allocation of resources.

The Board remains ultimately responsible for determining the nature and extent of the risk it is willing to take to achieve strategic objectives, ensuring an effective management of those risks in the Group, and is committed to driving continuous improvement and adopting best practice in this important area.

- Sets strategic objectives
- Determines overall risk culture and appetite
- Establishes delegated authorities and clear operating processes
- Reviews and approves Group Risk Register, Risk Appetite Statement and Emerging Risk
- Conducts 'deep dive' reviews of divisional risk registers, or specific Group risks
- Assesses the effectiveness of risk management and internal control system

- Provides reasonable assurance that systems of risk management, internal control and governance are effective

- Support divisions with 'first line' responsibilities
- Coordinate and report on Group-level risks
- Build risk capability and understanding

- Identify, assess and report key risks
- Regularly review and update divisional risk registers
- Implement risk mitigation plans

b. Group Emerging Risks

Emerging risks are reviewed and approved by the Board. The Group considers an emerging risk to be one that cannot yet be fully assessed and is not currently having a material impact on the business, but has a reasonable likelihood of impacting future strategy or operations. The Group's approach to identifying and managing emerging risk exposure is to:

- identify a wide universe of potential emerging risks using horizon scanning techniques, published external research and peer/competitor review;
- preliminarily assess these risks, taking into account our industry sector and market position, and our strategy, to determine broad relevance;
- consider the potential impact of each risk on the Group's strategy, finances, operations and reputation, taking into account the likelihood of the risk occurring, and the speed with which it may manifest; and
- develop actions to address the risks where appropriate.

From a very wide universe of potential emerging risks, the Group has, through the above process, identified a number of risks that warrant closer review. Based on the rate of development of the risk, they have been further segregated into those requiring only a monitoring approach at present and those where actions are being developed alongside the principal risks. The majority of the emerging risks identified continue to relate to frontier technologies such as:

- disruptive new technologies and use of AI, and the ethical aspects of AI use;
- training of employees for those new technologies; and
- autonomous vehicles and their impact in the industry.

In addition, we continue to evaluate potentially disruptive operating models arising from ZEV transformation and are closely monitoring macroeconomic and geopolitical developments and the varying impact to our geographical regions. It should be noted that the Group considers some of these areas to bring opportunities as well as risks.

c. Group Principal Risks

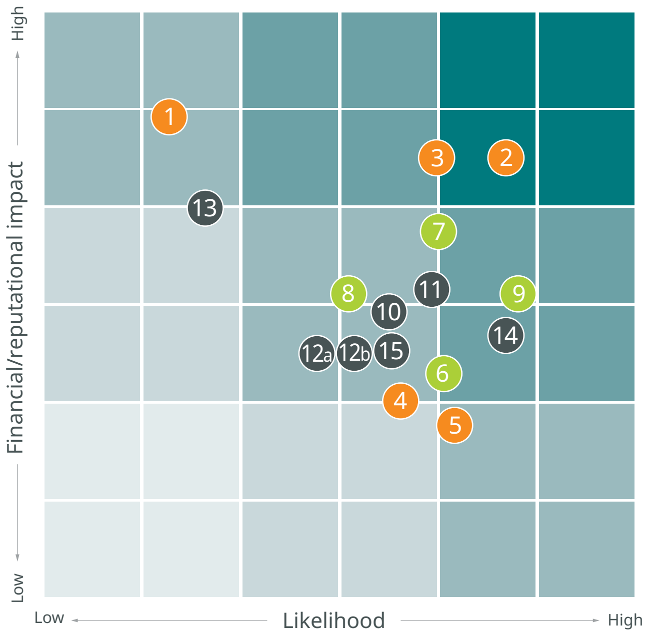
Our Risk Management Framework and lines of assurance

In our continuous review of best risks management processes and governance models to apply to Mobico, we continue to use the "Three Lines Model" as the one which provides an optimal structure with clear roles and oversight that work together to achieve good assurance. The "Three Lines Model" is summarised below.

Our process of identifying and managing principal risks

At Mobico, the management of risk is embedded in the day-to-day operations of divisional management teams. A key element of this is the regular review and update of detailed risk registers in each division, in which risks are identified and assessed in terms of both the probability of the risk occurring and its potential impact. Group-level risks are derived from a combination of a "top-down" and "bottom-up" approach, and either from the divisional risk registers, because the risk either affects multiple divisions, or is of a materiality in itself that is considered of Group significance. Each of these Group-level risks is then assessed by the Board in terms of its potential impact on the Group and its key stakeholders. The Group prioritises risk mitigation actions by considering risk likelihood and impact.

Our Group Principal Risks



Macro/external risks

1. Unprecedented external factors threatening the resillience of the business
2. Limited economic growth affecting our speed of recovery
3. Adverse political and geopolitical environment affecting funding
4. Regulatory landscape and impact on compliance
5. Climate changes (physical)

Strategic risks

6. Climate changes (transitional)
7. Implications of new technology in our business model (ZEV transformation)
8. Competition and market dynamics in a digital world
9. Organisational transformation and growth

Operational risks

10. Shortages of drivers and frontline employees
11. Industrial action

12a Technology – Cyber attack (financial impact)

12b Technology – Cyber attack (IT operational disruption)

13. Safety incidents, litigation and claims
14. Credit/financing
15. Attraction and retention of talent, and succession planning

Principal risks and uncertainties

Risk appetite

H High risk · M Moderate risk · L Low risk

Risk movement

Increase · Decrease · No change · N New/change in scope

Macro/external risks

1 Unprecedented external factors threatening the resilience of the business

No change · M

Risk description

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 will not be able to act and manage the situation that might lead to significant financial, operational and reputational damages.

Management/mitigation

- Refresh business continuity procedures for different types of incident scenarios
- Review of resources needed (material and human resources)
- Lessons learned and root cause analysis to continuously learn and improve resilience
- Sharing best practices across divisions in different geographic regions
- Review contracts to ensure they have appropriate exemptions or protection for events of such scale and nature.

Opportunity

The ability to respond rapidly to significant changes in operating conditions could provide the Group with a competitive advantage.

Factors influencing the risk during the year

- Business resilience continues to be challenged by extreme weather events
- Whilst volatility in the electricity market has reduced in year, scope remains for futures spikes in energy prices
- The overall risk remains unchanged from the previous year

2 Limited economic growth affecting our speed of recovery

No change · M

Risk description

Limited economic growth can impact demand for travel and put pressure on our profitability.

Management/mitigation

- Strategic plans are stress tested for differing economic scenarios
- Efficiencies and cost control
- Strong leadership leading business restructure and simplification further supporting cost control
- Increasing focus on gross cost contracts that offer greater downside protection
- Negotiate long-term framework agreements with key suppliers
- Wider diversification of customers, industry and geographic regions

Opportunity

- Despite a generally unsettled economic outlook demand for public transport continues to be strong
- Due to high fuel prices and economic conditions globally, rail reliability in the UK, and government incentives to drive modal shift, an increasing number of passengers are shifting from the use of personal cars and rail to coaches and buses.
- Changes in the competitive landscape for coach travel in the UK

Factors influencing the risk during the year

- Economic pressures will continue during 2025 although current indications are that inflationary pressures are likely to be lower than they have been in recent years
- Increased pressure to reduce public spending

3 Adverse political and policy environment affecting funding

No change · M

Risk description

Political and geopolitical events such as trade tensions, regional conflicts, changes in governments can bring change. Those changes may impact government policy and funding for transport, which may impact the Group's operations.

Management/mitigation

- Monitoring of the political landscape and focus on effective stakeholder management
- Group raises awareness on the importance of public transport to central and local governments
- Focus on operational excellence and delivering value in our franchises and contracts, and to our fare paying customers
- Political risk carefully assessed when considering bids or new market entry

Opportunity

- Political and social pressure continues to reduce congestion and improve air quality, which favours public transport
- Increasing investment in public transport and increasing adoption of franchising models (especially in the UK and ALSA)

Factors influencing the risk during the year

- Changes in the UK Labour government's approach to public transport including bus franchising and permitting local authorities to play a greater role in local bus operations. UK tax rises will impact the business. Developments in the Sustainable Mobility Law in Spain, which could impacts operations
- New US Government with possible impact on climate change mitigations, public transport, and on global trade if tariffs are introduced

Macro/external risks

4 Regulatory landscape and ability to comply

M

Risk description

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.

- Continued intensification and tightening of environmental regulations are creating changes in emissions regulations, restricting operations through clean air zones
- New regulations in the cyber security and cyber resilience areas.
- Introduction of more sanctions and the need to perform due diligence to our supplier base
- More scrutiny and new requirements on companies' governance (UK Corporate Governance Code 2024, UK "failure to prevent fraud" offense, etc.).
- New employment rights in the UK and elsewhere increases the risk of legal challenge for employees and impacts on the achievement of business objectives

Management/mitigation

- Regulatory horizon scanning to proactively identify new regulations or when considering new market entry
- Awareness raising and communication supporting Group's position in key regulatory changes
- Comprehensive third-party due diligence process to help us identify, manage and mitigate risks
- Continuously improve our compliance programme with the right governance structures in place to ensure oversight and progress in achieving our targets and good quality reporting
- Business planning to minimise the impact of changes in employee rights

Opportunity

- Increased legislation at local or national level to drive modal shift and to reduce environmental impact
- Funds committed to drive public transport projects and modal shift in the UK, the USA and the EU to combat pollution and congestion

Factors influencing the risk during the year

- Greater scrutiny and increased requirements on companies' compliance programs is seen across all geographic regions we operate

5 Climate changes (physical)

M

Risk description

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.

Management/mitigation

- Geographical diversification of the Group provides a natural hedge to this risk
- Established emergency and continuity plans in each division
- Physical risk rating across Group locations
- Relocation of assets
- Insurance coverage is available and in place for some hazard-related risks
- Comprehensive environmental risk assessment, climate change scenario modelling

Opportunity

- Increased legislation at local or national level to drive modal shift to reduce the environmental impact.
- Political and societal desire to reduce emissions to tackle the risks posed by climate change

Factors influencing the risk during the year

- Continued increase in extreme weather events around the globe, including hurricanes, storms, floods and wildfires most recently severe floods in parts of Spain confirms a high likelihood, albeit specifically for Mobico the impact is yet to be significant and many mitigating actions are in place

Risk appetite

H High risk · M Moderate risk · L Low risk

Risk movement

Increase · Decrease · No change · N New/change in scope

Strategic risks

6 Climate changes (transitional)

No change · H

Risk description

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 required infrastructure and changes to the risk profile associated with owning and operating the assets.

Management/mitigation

- Environmental leadership with pledge to never again buy a diesel bus in the UK. Ambition to reach zero emissions in UK Bus by 2030; UK Coach and Spain Bus by 2035; and Spain Coach, North America and Morocco by 2040
- Cross-division executive leadership of ZEV strategy
- Close engagement with new and existing original equipment manufacturers

Opportunity

- ZEVs present potential opportunities to reduce the cost base of the business, while helping cities solve the challenges of the drive for a cleaner air environment
- Opportunity to fulfil our vehicle requirements through changing ownership model which require less capital expenditure and reduce technology infrastructure risk, enabling a faster transition
- North America School Bus received an additional funding for 141 ZEVs and associated infrastructure so far. Distribution is continuing to be announced

Factors influencing the risk during the year

Increased ZEV fleet to 1,100 in operation or awaiting delivery of.

7 Implications of new technology in our business model (ZEV transformation)

No change · M

Risk description

Transition to ZEV means introducing new technology that involves changes impacting across the business model including financing, contracting, maintaining and operating of the assets.

- Asset ownership and availability risk associated with new financing models
- Technology and safety-specific risk (for example increased risk of thermal events in electric vehicles) requiring mitigation
- Changes to driver and maintenance training requirements
- Infrastructure challenges including the suitability of existing depots for ZEVs
- Performance risk, particularly for new technologies

Management/mitigation

- Comprehensive planning outlining the phased implementation of ZEVs in the business model, considering operational, technological, and financial aspects
- Frontline employee trainings to adapt to new technologies and operational procedures associated with ZEVs
- Thorough financial assessments to understand the short-term and long-term costs and benefits of transitioning to ZEVs
- Collaborate with technology providers, infrastructure developers, and other stakeholders to build a supportive and sustainable ecosystem for a ZEV business model
- Implement a robust monitoring system to track the performance and challenges associated with the ZEV transformation, allowing for timely adjustments to the business model

Opportunity

- Increasing political and customer demand for operators who understand the risks and opportunities associated with ZEVs

Factors influencing the risk during the year

- n/a

Strategic risks

8 Competition and market dynamics in a digital world

M

Risk description

The evolving digital landscape in the transportation sector brings a number of challenges and opportunities.

- Consumer preferences are shifting towards digital booking, payment, and real-time tracking
- Digital innovations raise the bar for customer experience
- Dynamic pricing models or subscription models offer alternative revenue structures that may disrupt traditional fare structures
- Existing suppliers rely on older outdated technology and not investing to modernise their platforms
- Group fall behind competitors as a result of a lack of investment in modernising technology
- Suppliers unintentionally disrupt the Group for extended periods.
- More intense competition as a result of changes in bus franchising

Failure to develop applications and digital channels that meet these increasing expectations could affect profitability, customer satisfaction and the business' ability to capitalise on valuable customer data to enable commercial initiatives.

Management/mitigation

- Assess market trends, customer preferences and emerging technologies to adapt strategies and invest in the right technology
- Developing our technology strategy to allow us to use and surface data via internal and third-party customer-facing digital channels
- Commitment to service excellence, providing the best solutions to our customers and value for money
- Developing demand responsive services and close monitoring of the effectiveness of various digital channels
- Targeted acquisitions and growth in the most attractive markets

Opportunity

- Millennials and younger generations are an increasingly important target market and more inclined to use public transportation if the service is right
- Continuing urbanisation drives cities to partner with high quality transportation operators
- Weaker transport operators become targets for acquisition or contracts being re-tendered

Factors influencing the risk during the year

- Continued increases in bookings through online and digital mobile platforms
- Industry consolidation creating stronger competition

9 Organisational transformation and growth

M

Risk description

Structural transformation (particularly with organisational design and business model transformation) can affect productivity in the short term, bring unforeseen disruption, misalignment of goals and resistance to change.

Linked to this, the number and breadth of change initiatives underway cannot be delivered by the management alongside the maintenance of business as usual activity. This could lead to delays to and failure of change initiatives, increased management turnover and negative impacts on operations.

Management/mitigation

- Clear strategy and goals communicated and reinforced
- Strong senior management with experience in leading transformational projects successfully
- Attracting, retaining, and developing a workforce to handle the evolving demands
- Clear change programme leadership
- Adequate resourcing for change initiatives
- Effective programme governance which monitors progress and outcomes

Opportunity

- Increased efficiency, innovation, customer satisfaction, and profitability
- Proposed disposal of Mobico's North America School Bus business accelerating capacity for growth and other key investments
- Development of an effective change implementation approach and plan, which can be deployed for future change initiatives.

Factors influencing the risk during the year

- Exposure to this risk has increased as a result of the number and scale of change initiatives currently underway within Mobico

Risk appetite

H High risk M Moderate risk L Low risk

Risk movement

Increase Decrease No change N New/change in scope

Operational risks

10 Shortages of drivers and frontline employees

No change · L

Risk description

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.

Management/mitigation

- The Group is committed to employee engagement and invests in a number of retention programmes
- Reward and recognition programmes are established to further enhance employee engagement
- Streamlined recruitment process to allow a higher volume of candidates
- Key partnership with employment agencies as well as direct targeting strategy
- Creation of "driver academy" and engineering apprenticeship programme
- Increased focus on staff wellbeing

Opportunity

- Minimising labour-related disruption improves our reliability relative to other operators, which can drive contract change

Factors influencing the risk during the year

- Although the risk remains high due to the volatility of the job market currently, North America School Bus and UK Bus have significantly reduced the driver gap over the past 12 months
- Significant industry-wide deterioration in experienced driver availability in Germany

11 Industrial action

No change · M

Risk description

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

- Increased wage costs
- Reduced productivity as a result of unfavourable terms
- New unfavourable regulations for employers leading to increase in union activity
- Strikes can disrupt operations and lead to lost revenue and reputational damage

Management/mitigation

- Focus on the effective communication and management of stakeholder and union relationships, and the advice of specialist outside counsel is sought where necessary
- Timely dialogue and prompt resolution on pay negotiations
- Regular reporting of union activities across division to the Group Executive teams and close oversight by the Global HRD
- Detailed review of the Employee Satisfaction Survey results to identify improvement opportunities
- Foster a culture of open communication and dialogue with all employees

Opportunity

- Rail disruption in the UK has seen an increasing number of passengers shifting from the use of personal cars and rail to coaches and buses

Factors influencing the risk during the year

- New US government creates a possible impact in North America on the National Labor Relations Board (NLRB) decision (CEMEX) in 2023, which enforces increased administrative procedures to employers on how to manage unionisation
- Significant union activity in Germany leading to high industry-wide wage settlement and reduced productive hours

Operational risks

12a Technology
Cyber attack (financial impact)

– L

Risk description
- Major cyber security attack could lead to loss of access to systems and/or data resulting in loss of revenue,
- Data compromise involving a loss of customer information could result in reputational damage and significant remedial costs
- Breach of the UK Data Protection Act (DPA), EU General Data Protection Regulation (GDPR) or the US California Consumer Privacy Act (CCPA) could result in a regulatory investigation and financial losses

Management/mitigation
- A cyber security strategy led by an experienced team that is aligned with the threat landscape
- Ongoing investment in education of staff on cyber awareness as a first line of defence
- Investment in organisational and technical measures to protect data assets and improve defences against cyber breaches. In particular, improved end point protection, and adoption of a Security Operations Centre for early detection and response in event of a cyber attack
- Regulatory compliance plans in place, tailored to each division's exposure (DPA, GDPR or CCPA)
- Improve our compliance programme with reviews from the second and third line, supported by external experts

Opportunity
- Strengthened resilience against cyber threats increases awareness and leverage of technology across the Group

Factors influencing the risk during the year
- Increase in prevalence and sophistication of ransomware attacks across the globe targeting all industries
- Cyber security investment continuously supporting further resilience and risk management

12b Technology
Cyber attack (IT operational disruption)

N L

Risk description
Services disrupted due to unintentional events such as failed software update (internal or third party), hardware failure, power supply failure or other failures affecting internal services or third-party services

Management/mitigation
- Evaluation of resilience of third-party suppliers division by division
- Impact analysis for lost service for an extended period of time
- BCP and mitigating actions should an event risk materialise

Opportunity
- Resilient IT systems to support business and strategy delivery with appropriate mitigating arrangements in place

Factors influencing the risk during the year
- Increased external environment of events that have disrupted multiple businesses across the world

Risk appetite

H High risk M Moderate risk L Low risk

Risk movement

Increase Decrease No change N New/change in scope

Operational risks

13 Safety incidents, litigation and claims

No change · L

Risk description

- 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 and prohibit or limit ability to bid for other work
- A security incident (for example, terrorism) would have a direct impact through asset damage, disruption to operations and revenue loss
- Potential indirect impact from a general reduction in the public's appetite to travel reducing demand and revenue.

Management/mitigation

- Very strong safety culture with embedded standards, policies and procedures across the Group
- New Global Safety Standard to address wellbeing
- We train our employees to ensure high levels of competence and offer great service
- Invest in leading safety technology, data collection optimisation systems to both mitigate risk and provide oversight
- Appropriate insurance coverage for terrorism and accident-related claims to employees and third parties with experienced claims management and legal teams
- All divisions have developed emergency plans and established safety audit programmes.

Opportunity

- Relentless focus on safety and investment in technology should facilitate risk and cost reductions and enable differentiation in our customer offering
- Transitioning to ZEVs is further improving safety

Factors influencing the risk during the year

- Mobico has a very strong safety culture and in 2024 we achieved our safety targets at a time of an increasingly challenging urban environment and growing volumes of traffic and miles operated

14 Credit/financing

Increase · M

Risk description

- A material increase in interest rates would increase the Group's cost of borrowing
- 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
- An increased cost of existing borrowing or lack of new funding available at commercially attractive rates could impact the Group's ability to continue existing activities and undertake new ones

Management/mitigation

- Disciplined approach to our financing
- Strong relationships with a number of key banks
- Continued monitoring and scenario analysis over covenants
- Appropriate liquidity maintained through committed bank facilities, finance lease programmes and debt capital market issuances. This is the subject of a number of ongoing projects.
- Close monitoring of receivables and appropriate provisions made for possible non-collection

Opportunity

- Investors' increased focus on ESG should increase the demand for quality public transport stocks
- Cost and access to debt capital should favour purpose-led companies with positive environmental impact

Factors influencing the risk during the year

- Sustained high interest rates, downgrade by Moody's, but successful extension of our RCF
- The disposal of Mobico's North America School Bus business and the funds will be utilised to primarily reduce our net debt

Operational risks

15 Attraction and retention of talent, and succession planning

L

Risk description

Risk of not being able to attract or retain talented individuals with key skills needed to deliver the Evolve strategy, during a period of organisational change in the business (especially in UK and North America). This may a adversely affect our ability to operate and grow effectively

Management/mitigation

- The Group is committed to employee engagement and invests in a number of retention programmes
- Consider the need for increased incentives to help retain staff
- Appropriate training and development is provided for managers and supervisors
- Mentoring and coaching programmes
- Reward and recognition programmes are established to further enhance employee engagement
- Focus on improving core recruitment and retention process.
- Increased focus on wellbeing

Opportunity

- Partnership with universities offer great opportunities for students and recent graduates by gaining experience or securing a work position early in their careers

Factors influencing the risk during the year

- Organisational changes in two of our divisions continue to present both opportunity and risk

Viability statement

Assessment of prospects

The Board continues to believe that the Group's prospects are positive in the medium to long term.

We are diversified:

- No one contract contributes more than 4% to revenue;
- The Group operates in over 50 cities across 12 countries and across multiple modes or usages of transport, most recently into healthcare transport.

We are positioned to benefit from the future trends in transportation:

- Transport demand continues to grow;
- Public transport is fundamental to the long-term solution for the urban challenges of congestion and poor air quality; our ambition to be an environmental leader places us at the forefront of this opportunity.

We invest in the business to secure its future:

- We invest in technology to allow customers to access our products at competitive prices and to deliver our services safely and efficiently;
- We continue to selectively bid for and win new business, with over 36 contract wins in 2024 including Uber and Longwood Collective in WeDriveU and Basque Country in ALSA as well as other wins across our Transit, Shuttle and School Bus businesses in North America and in the UK Coach business;
- We also continue to employ disciplined capital allocation to invest in inorganic opportunities, such as the acquisition of CanaryBus in 2024, solidifying our position as a key player in the Canary Islands mobility market and increasing our presence in the tourist transport segment.

The Group has strong liquidity, with £0.8 billion of cash and undrawn facilities available as at 31 December 2024. The Group's objective to have an Investment Grade credit rating with both rating agencies covering Mobico remains, with Fitch currently at Investment Grade and Moodys at sub-Investment Grade, with stable outlook.

We acknowledge that the Group has remained loss-making on a statutory basis in 2024, however this is not considered representative of the trading prospects of the Group, since the statutory result for the year was significantly impacted by (i) full impairment of all of the goodwill relating to North America School Bus division; (ii) Onerous contract provision re-measurement in German Rail as a result of industry-wide factors and (iii) restructuring costs, which will enable achievement of significant cost savings in the future, improving both adjusted and statutory profitability.

Principal risks and assessment period

The Board reviewed the Group's principal risks (pages 44 to 51). looking at each risk's impact, likelihood and the timeframe over which the risk was likely to reduce Group cash flows. On this basis, the highest impact and highest likelihood risks were considered in modelling a severe but plausible downside to assess the Group's future viability: the specific risks modelled are outlined below. While there are other principal risks included in the Group's risk matrix, these are not considered to have a material financial impact over the assessment period.

The Board concluded that three years continues to be an appropriate timeframe over which to assess the Group's ongoing viability on the basis that the impact and/or likelihood of a number of risks was expected to reduce during that period, including the following:

- Regulatory: after repeated delays to the process, the majority of the major Spanish concessions renewals that we intend to participate in are expected to have been concluded within the next two to three years.
- Financing: the first call date of the Group's hybrid instrument is in 2025, while the first tranche of the USPP matures in 2027, within the three-year assessment window. A replacement of this facility is assumed for the purposes of this modelling.

Assessment of viability

In assessing viability, the Directors have considered the Group's long-term financial projections (the base case, aligned with the Group's long-term strategic plan) and have then applied stress tests. These stress tests have been derived from the Group's principal risks and uncertainties, including the Group's estimates of the impact of climate change (informed by the climate change scenario modelling), using external forecasts (such as those published by the IMF and OECD) to help inform the shape of these assumptions. The period up to April 2026 is covered as part of our Going Concern Assessment, this is discussed in further detail in note 2 in the notes to the financial statements.

Climate change

Utilising the Group's climate risk assessment process, which is a very granular risk assessment that has been built up by division, the Board has also considered how climate risks could impact the Group's viability.

More detail on the Group's assessment of risks and opportunities from climate change is contained in our TCFD disclosures on pages 68 to 80. The key conclusions pertaining to the viability assessment were as follows:

- Given the Group's geographic diversity, operating from hundreds of depots in around 50 cities across 12 countries, the financial impact of extreme weather events over the three-year viability period was not likely to be material. Nonetheless, for stress test purposes, the financial projections include some level of impact from disruption caused by extreme weather events.
- Risks arising from governments taking concerted action to accelerate reduced emissions were unlikely to cause any material adverse impact over the viability period given that, while the vast majority of the Group's emissions are from vehicles, the Group is already targeting industry-leading timescales for transitioning its vehicles to zero emission. Furthermore, the Group is rapidly increasing its expertise in procuring and operating zero emission alternatives to diesel vehicles, and is gaining further operational evidence that such vehicles are economically viable.

All other stress tests

The following theoretical downsides were derived from the Group's principal risks and uncertainties and were evaluated and modelled as occurring simultaneously:

Economic conditions and driver shortages:

Cost inflation is more persistent and prolonged, with lower pass through to customers than assumed in the base case despite the protection embedded in many of the Group's contracts. Customer demand is negatively impacted as a result of reduced disposable income, without any corresponding upside from customers swapping cars for public transport. Interest rates increase, causing an impact on the cost of variable rate debt facilities. Driver shortages increase and take longer to resolve, resulting in lost service days.

Competition and market dynamics:

New contract wins assumed across the Group are heavily reduced. The School Bus bid season ends unfavourably due to lower rate increases compared to central case as a result of further competition. There is additional competition in the UK long-haul coach market as a result of aggressive pricing strategies by emerging competitors as well as competition modelled in ALSA in relation to renewals of contracts with lower profitability and fewer contract wins in new markets.

Transformation:

A material delay to the ramp-up of savings under the second phase of the Accelerate programme is modelled, as well as a haircut taken against the other profitability improvement actions (principally in the UK), despite plans for these being well advanced and savings already beginning to be delivered as of FY24.

Political/geopolitical/regulatory landscape:

Relations with local government deteriorate, resulting in less support to recover inflationary cost increases through price rises (most pertinent to the UK Bus business), in addition to a reduction in funding received and/or a deterioration in the labour regulatory environment.

Cyber/IT failure/data protection:

IT system failure and data loss following a cyber-attack causes significant revenue loss and financial penalties.

Safety, security incident, litigation and claims:

Following a major safety/terrorism-related incident, either on board our vehicles or in the wider markets in which we operate, there is a reduction in demand for discretionary travel.

Financing

The Group's next major refinancing activity will be the replacement of the USPP bond in 2027 with a new instrument at broadly similar terms. We have good visibility of future interests costs with 77% of interest costs fixed. Covenant compliance with comfortable levels of headroom on adjusted EBITDA, interest expense and net debt is forecast throughout the period under the base case, improving progressively over time, albeit when stress tests are applied, mitigating actions, such as those described below in the Conclusion, would be required to maintain compliance,.

In making the viability assessment, the Board has assumed that these facilities can all be replaced or added on appropriate, market-rate terms. The hybrid bond is structured as a perpetual bond callable at Mobico's discretion and hence is classified as equity from an accounting and covenant perspective. In our viability assessment, we have considered a coupon reset which would apply regardless of whether the bond is called and refinanced, or not called.

Conclusion

In the unlikely event of a concurrence of events set out above, the Board would mitigate through reduced operating costs (through cuts in discretionary spending) and capital expenditure (through freezing non-committed, non-fleet expenditure and/ or through disposal of assets); these actions have been modelled within the assessment. During assessment, the Group's continued cash generation, access to liquidity and funding, and mitigation actions demonstrated that it could tolerate the impact of the risk scenarios without exhausting liquidity or breaching covenants.

Viability statement

Based on the results of the analysis, the Board has a reasonable expectation that the Group will continue in operation and be able to meet its liabilities as they fall due over the three-year period of assessment.

Engagement with stakeholders

Section 172 Statement

The Board of Directors has had regard to the stakeholders' interests as described on these pages, and the other matters set out in Section 172(1) (a) to (f) of the Companies Act 2006, when making decisions during the year under review. Examples of this are set out on pages 90 and 91 and are incorporated into this statement by reference.

Colleagues

Why they are important to strategy

Our people are the heart of our business. They are at the front line of executing strategy, ensuring that our services are the safest and most reliable and that our customers are the most satisfied

How we engage

- Open lines of communication with both Group and divisional management including regular updates, newsletters and a Group-wide Intranet, MobiconX
- Two-way dialogue with the Board through employee engagement forums
- Constructive dialogue with trade unions
- CEO meetings with SLT
- Pulse surveys and mood boards on the Group intranet, MobiconX to assess mood and sentiment

What they value

Our colleagues expect us to look after their safety, health, and wellbeing. They expect a workplace that values diversity and champions inclusion, and an employer that respects their rights. Fair reward and recognition for their work and opportunities for progression are important to them as well as regular and clear communication

Delivering for them

- We maintain the highest safety standards protecting our colleagues' health and wellbeing
- We were the first transport company to adopt the real Living Wage or equivalent
- We have increased investment in development programmes
- We actively promote diversity and inclusion

Links to KPIs:

FWI, OTP

Market and regulatory factors

- Labour laws can impact working conditions and cost of employment
- Qualification and training regulations can impact recruitment time
- Macro-economic conditions and immigration laws can impact access to labour pools
- Competitor pay and working conditions can impact recruitment and retention
- Flexible working conditions and benefits can attract and retain a more diverse workforce

Opportunities

- An engaged workforce will better support delivery of strategic goals
- Knowledgeable and well-trained colleagues can help us innovate and identify new opportunities
- Favourable workplace conditions can attract and retain talent

Risks

- Labour shortages hinder our ability to deliver reliable services
- Discontent can lead to strikes or attrition

Passengers and customers

Why they are important to strategy

Our ability to win passenger and customer loyalty and satisfaction in both our B2B and B2C businesses by the provision of safe and reliable services is central to our continued growth

How we engage

- Local relationships guided by common standards across the Group
- Intuitive and highly rated websites, apps and social media, and easily accessible customer service centres
- Direct dialogue with transport authorities, school boards and corporate customers
- Passenger feedback and customer satisfaction surveys
- High quality bidding and engagement through the bid process

What they value

Our passengers and customers want safe and reliable services. They value consistent service delivery that generates trust. They expect prompt and pragmatic responses to changing demands, and open and honest communication. Increasingly they also want to engage with socially responsible and sustainable companies

Delivering for them

- Safety is a cornerstone of our culture, and we invest heavily in our safety programme to ensure it remains a priority
- We train our employees to offer great service
- We adapt our services, develop operational initiatives and invest in technology, to best meet our passengers' and customers' needs

Links to KPIs:

Passenger journeys, FWI, OTP, GHG emissions

Market and regulatory factors

- Macro political and economic events can change travel behaviours and funding, which may result in new opportunities and risks
- Regulation to achieve better air quality in cities can increase the relative attractiveness of shared mobility for passengers and prompt B2C customers to seek shared mobility solutions
- The de-regulation or re-regulation of certain markets can create new opportunities and risks

Opportunities

- More optimised transport networks, and greener fleets, can attract more passengers
- Increased or new institutional requirements can create new customer opportunities
- Increased congestion and clean air charging, as well as rising fuel costs, may increase the relative attractiveness of shared mobility

Risks

- Increased competition can erode market share and reduce our profitability

Suppliers

Why they are important to strategy
Our suppliers partner with us to supply the resources we need to deliver our services, and innovative solutions to continuously improve those services. Their success is important to our success

How we engage
- Local divisional relationships supplemented by oversight from the Group centre
- Regular discussions with suppliers about evolving market places, opportunities and collaborating with them to innovate
- Considering suppliers importance to our strategic success when tendering contracts and engaging in contract negotiations
- Direct dialogue with Board members

What they value
Our suppliers want to work in partnership and collaborate with us, investing in relationships over the long-term to achieve mutual benefits. They value good line of sight on placement of orders and fair engagement and payment terms

Delivering for them
- We invest in long-term supply relationships and look to provide good visibility on orders. We have a particular focus on long-term relationships with suppliers of zero emission vehicles and alternative energy supplies
- We contract on mutually acceptable commercial terms and meet our payment obligations

Links to KPIs:
ROCE

Market and regulatory factors
- Component shortages and labour shortages can disrupt the supply chain
- Increased regulation affecting suppliers, such as changes in import/export rules and charges, can impact the cost and speed of the supply chain

Opportunities
- Our relationships can give us access to more competitive pricing and shortened delivery times
- Investing in long-term relationships can aid our transition to a zero emission fleet by giving suppliers confidence to invest in developing innovative solutions with us

Risks
- Poor quality control or financial difficulties faced by suppliers can compromise their ability to support us

Equity and debt investors

Why they are important to strategy
Our equity and debt investors provide access to the capital necessary to fund the delivery of our strategy

How we engage
- Market announcements, financial results presentations and investor roadshows
- Direct engagement by the CEO, CFO, Chair and our Investor Relations function
- Ongoing engagement via our brokers and other advisers

What they value
Investors value clarity of strategy and business model and consistent financial performance and returns. They expect strong risk management and internal controls, and compliance with listing obligations and debt terms. They increasingly expect commitment to sustainability objectives

Delivering for them
- Through our regular meetings and calls we deliver clear, consistent, and high quality data and trading commentary
- We strive to deliver financial returns in-line with our own and our investors' expectations

Links to KPIs:
Adjusted Operating Profit, Free cash flow, ROCE, GHG emissions

Market and regulatory factors
- Macro political and economic events (including greater inflation, increasing interest rates and changing customer behaviour) can impact our operations and financial performance, which can affect our share price
- Regulation relating to our equity listing can increase our costs
- Regulation of debt providers and macro political and economic events can impact access to and/or cost of capital

Opportunities
- Investors' increased focus on ESG should increase the demand for quality public transport stocks
- Cost and access to debt capital should favour purpose-led companies with positive environmental impact

Risks
- Constrained equity and/or debt markets increase the costs of capital and debt financing
- Capital is diverted towards 'moon shot' disruptors impacting fundamental valuations

Governments

Why they are important to strategy
Central and local government authorities set transport policies and provide funding for transport initiatives, which can create favourable conditions for the delivery of our strategy

How we engage
- Inviting key government stakeholders to present to the Board
- Local relationships guided by common Group standards
- Formal alliances, such as the Bus Alliance in the West Midlands and the American Public Transportation Association in North America
- Industry groups and associations
- Senior management meetings with Government representatives

What they value
Governments want safe, reliable, and good value passenger transport services for the benefit of the communities they serve. They seek partners who will work with them to solve the challenges of clean air and traffic congestion

Delivering for them
- We invest consistently in the safety and operational reliability of our services
- We keep service standards high while keeping prices fair on services that generally serve communities
- We are working towards ambitious fleet decarbonisation targets across our markets

Links to KPIs:
Passenger journeys, FWI, OTP, GHG emissions

Market and regulatory factors
- Governments can provide or reduce funding for transport
- Laws and regulations on driver licensing and training, vehicle condition and testing, directly impact our economics
- Increased regulation to reduce carbon emissions can create demand for green technologies but make older technologies obsolete

Opportunities
- Bus franchising and re-regulation present opportunities in existing and new markets
- Increased grant funding to support transition to zero emission fleet can improve our economics

Risks
- Reduction or withdrawal of government support for bus transport can worsen our economics

Communities

Why they are important to strategy
The communities in which we operate drive the demand for transport services that underpins our strategy as well as being where our colleagues live and work

How we engage
- Each division has well established community support programmes:
- The Youth Promise in the UK
- Partners Beyond the Bus in North America
- The Integra Foundation Partnership in ALSA

What they value
The communities in which we operate look to us for safe, clean, reliable, and affordable transport services and opportunities for rewarding employment. They also value companies which give back to their communities, and which keep people connected

Delivering for them
- We offer attractive employment opportunities in local communities by investing in colleague health and wellbeing, paying a fair wage, investing in training and development, and promoting diversity and inclusion
- We support our communities through keeping people connected

Links to KPIs:
Passenger journeys, FWI, OTP, GHG emissions

Market and regulatory factors
- Macro political and economic events can change travel behaviours of local communities
- Increasing regulation such as Low Emission Zones and Clean Air Zones will help drive modal shift to public transport

Opportunities
- Increased congestion and clean air charging, in addition to the rise in fuel prices, increases the relative attractiveness of shared mobility
- Increasing awareness of global warming and air quality issues creates demand for alternatives to the car

Risks
- Community confidence in using public transport may not return, and/or travel behaviours by members of the community may not revert to pre-pandemic norms

Non-financial information statement

The new non-financial reporting requirements contained in Sections 414CA and 414CB of the Companies Act 2006 require us to provide information to help stakeholders understand our position on non-financial matters.

The table below sets out a summary, with all the policies described at https://www.mobicogroup.com/about-us/our-policies.

Requirement	How we govern our approach	Further information
Environment	• Group Environmental Policy • Health & Safety Policy	• Environmental leadership page 60 • Sustainability Committee Report pages 110 to 111 • Environmental performance data pages 245 to 246
Employees	• Human Rights and Diversity Policy (including Workplace Rights) • Whistleblowing Policy	• Our colleagues page 67 and 96
Human rights	• Human Rights and Diversity • Policy – Anti-Modern Slavery Statement • Whistleblowing Policy • Privacy Policy	• Colleagues rights page 54 and 93 • Sustainable Development goals page 60 to 64
Social matters	• Rather than a specific policy, our approach to social matters is framed by our Community and Environment Value	• We move people page 64 and 65 • We connect places pages 62 and 63
Anti-corruption and anti-bribery	• Anti-Bribery and corruption Policy (including Gifts and Hospitality) • Procurement Policy	• Our culture page 93 • System of internal control page 100
Policy implementation, due diligence and outcomes	• Policy Compliance Framework (second line assurance programme)	• Corporate Governance from page 82 (including Board activity the year page 85) • Audit Committee Report pages 98 to 105
Principal risks and impact on business activity	• Risk Management Framework	• Risk management pages 42 to 51 • Audit Committee Report pages 98 to 105
Description of business model		• Our business model pages 14 and 15
Non-financial key performance indicators		• Key performance indicators pages 19 to 21 • Environmental performance data pages 245 and 246

Sustainability at Mobico Group

Sustainability is at the heart of our business. Our purpose and our vision align with the pressing themes around climate change that face the world today.

Together, we are working across 12 countries to deliver solutions that support our stakeholders with the clean air agenda and decongesting our cities, providing accessible, clean, safe, reliable public transport services for all.

A recent study commissioned by the Confederation of Passenger Transport, showed that there are benefits to bus users and noted that buses play an important role in social activities, promoting community cohesion and improving wellbeing in deprived areas.

At Mobico Group, we are committed to accelerating modal shift, decarbonising travel, and building more liveable communities. Our culture and purpose-led approach is at the heart of our ESG commitments.

We respect the planet

Our recent work:

Sustainability Committee Report, Page 110

Science-Based Targets, Page 78

Task Force on Climate-related Financial Disclosures (TCFD), Pages 68 to 80

Environmental Performance Report, Page 245

We connect places and transform communities

Our recent work:

Leading the way to carbon neutrality, Page 58

Our ambassadors of the roads, Page 63

New contracts and growth, Page 5

Together, we move people safely and responsibly

Our recent work:

Safety, Page 86

Wellbeing Strategy, Page 67

Employer of Choice, Page 67

Leading modal shift

At Mobico, we believe our mission – to drive modal shift from private car to mass transportation – is key to managing climate change and delivering cleaner, more workable, liveable cities.

Our purpose is central to our business model, our Evolve strategy, our approach to sustainability and to our engagement with our stakeholders.

Modal shift is better for local economies, making towns and cities run more smoothly, and better for the environment.

Committed to sustainability

Sustainability at Mobico is about respecting the planet, connecting places, moving people, and taking responsible actions.

Our Evolve strategy sets out our Mobico vision, to be the world's premier shared mobility operator. This means that we are committed to being the best: leading in safety, reliability, environmental leadership, customer satisfaction and to being an employer of choice.

Our sustainability roadmap

We have set measurable milestones that mark our journey to reducing our carbon footprint, primarily through transitioning our fleet, improving energy efficiency, and fostering a circular economy through responsible sourcing and waste reduction.

We have established specific targets for the coming years, which are detailed on page 59. We track our progress through robust data collection and reporting.

Where did we start?

2018

2018
ALSA and UK began using energy 100% from renewable origins

2019
We bought our last ever diesel bus for our Coventry Depot in the West Midlands

2020
ALSA joins LG´s Smart Green challenge in Spain

Group met our water and waste reduction targets

ALSA Forest project began

2021
We began operating 20 hydrogen buses in the West Midlands

2022/2023
Our School Bus division secured funding for 141 electric school buses

Where are we now?

2024

We obtained SBTi approval of 2033 Scope 1, 2 and 3 targets

More than 65% of the diesel consumed across the Group is biodiesel

We now have 1,100 ZEVs in operation or on order, including 27% of the UK Bus fleet, making the EV fleet the largest outside of London

Over 1/3 of our emissions are calculated using supplier-specific factors

We finished installing smart water meters in the UK, installed more solar panels, and started other energy saving projects across our UK depots

We have implemented a new Group Environmental policy

Over 90% of waste in UK is diverted from landfill

All Mobico employees have an Environmental objective integrated in their personal development objectives

What is next?

2025

We hope to see a significant decrease in Scope 1 emissions as our EV transition accelerates

We hope to report and reduce our market-based Scope 2 emissions

We hope to see reductions in our Scope 3 emissions as a result of increased supplier engagement and resource management

We have planned to plant two hectares of wildflowers with GreentheUK, as the first of hopefully more biodiversity projects

We will continue to work towards long-haul lower-emission solutions for passengers and stay committed to our 2040 target

We will continue with depot redesign projects across the Group to improve their energy efficiency

SUPPORTING GREENTHEUK

We are restoring two hectares of wildflower meadows in the West Midlands, planting across the b-lines network with @GreenTheUK and @Buglife. The b-lines are an imaginative solution to the loss of wildflowers and pollinators in the UK.

On a single day in summer, one acre of wildflower meadow can contain 3 million flowers, producing 1 kg of nectar sugar. Wildflower meadows are also fantastic for carbon sequestration, flood prevention, soil health and water quality.

The UK has lost 97% of wildflower meadows due to development, farming and climate change. Yet wildflower meadows are an essential habitat for UK wildlife, they support pollinators and insects which underpin the whole food chain.

Zero emission fleet target

2030	2030	2035	2035	2040	2040	2040
North America Transit & Shuttle	UK Bus	Spain Bus	UK Coach	North America School bus	Spain Coach	Morocco

Our Group target is 100% Net Zero fleet by 2040

REDUCE

This involves efficiency in operations, processes and energy management, for example seeking ZEV solutions that maximise the potential for regenerative energy, or implementing energy efficient solutions at our offices and depots.

It also includes consideration of switching to renewable energy tariffs across the Group where commercially practicable; we already have in the UK and Spain.

SUBSTITUTE

We will look to implement fit for future infrastructure at our locations, ideally removing the need for natural gas at all of our locations over time wherever possible.

The perfect embodiment of this was in the design for our Perry Barr bus depot in the West Midlands; being equipped with air-source heat pumps and solar panels, meaning natural gas is no longer required.

COMPENSATE

We believe we can achieve the overwhelming majority of the journey to net zero emissions through our direct action in the other three categories and therefore do not consider this will comprise a significant part of our transition plan.

However, for any residual Scope 1 & 2 emissions that remain that cannot be completely removed (e.g. refrigerant for air conditioning) we will use only high-quality offsets available at the time to meet our 2040 target.

PREVENT

The critical success factor of our transition plan.

Implementation of our ZEV transition plan will result in no tailpipe emissions in new vehicles from the outset. This will enable a material reduction in emissions as diesel vehicles are phased out and replaced with zero tailpipe emission vehicles such as electric and hydrogen.

Our sustainability strategy

We respect the planet

Sustainable Development Goals that align with our priorities

Driving modal shift is at the heart of our business and our Evolve strategy and is a key differentiator with our customers. To our partners we bring worldwide knowledge and expertise, and we work together to identify and put into practice emissions reduction both on and off vehicles.

We recognise that our industry has a key role to play in driving social mobility and facilitating social inclusion and wellbeing. Public transport provides affordable access to work opportunities, healthcare, and leisure which is also important to our both our wider economy and local communities.

Progress against our targets

Global trends	Definition	Our response
Air quality/GHG emissions	**SDG 11 – Sustainable cities and communities** 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and other waste management. **SDG 12 – Responsible production and consumption** 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse. **SDG 13 – Climate action** 13.2 Integrate climate change measures into national policies, strategies and planning.	• Our On-Time-Performance result is 92.0% • Our Scope 1 and 2 emissions have decreased 3.6% per million passenger kilometer • Our waste reduction target has been met • Climate change risk management assessments per page 46

Environmental leadership

We are working locally, across our 12 countries, to deliver solutions that support our stakeholders with the clean air agenda and decongesting our cities, providing accessible, clean, safe, reliable public transport services for all.

In 2024, our ZEV portfolio continued to grow, and our Scope 1 & 2 emissions have reduced year-on-year by 1.9% despite an overall increase in passenger miles.

However, as a result of the clear business need to improve cash generation and reduce leverage, during the year we made the commercial decision to slow the rate of further ZEV orders in the short term. As a consequence, at the end of 2024 we had only 1,100 ZEVs in use or on order compared with a target of 1,500. We continue to monitor the changing market environment in the UK, specifically the potential for franchising in UK Bus in the West Midlands, and consider the implications for our vehicle procurement in the short to medium term.

We participate with ...

We are preparing to be compliant with ...

We have verified targets from ...

JOINING TOGETHER, OUR ZERO EMISSION LEADERSHIP COALITION

Our WeDriveU business in North America created and leads a coalition of industry leaders and experts who collaborate to share knowledge and experience to drive forward the zero emission transition agenda.

Membership of the Zero Emission Leadership Coalition consists of organisations and individuals in North America who oversee and manage a current commuter, employee transportation, or transit program.

These include WeDriveU, private and public companies, universities, hospitals, transit agencies, those who own or manage a fleet, are focused on moving people (not goods) and have completed or at least initiated a transition to ZEVs.

Together they promote best practices, surface ideas and pioneer and lead sustainability and zero emission strategies and initiatives within their organisation, providing value propositions for a successful, economically viable transition to zero emission vehicles.

ON ROUTE FOR ZERO EMISSION

National Express's Coventry depot will operate an entirely electric bus fleet by the end of next year. Some 140 electric vehicles are in service currently, with customers and drivers giving very positive feedback.

The buses produce zero carbon emissions at the tailpipe and are powered by renewable energy from solar panels, a second-life battery and charge-point infrastructure installed at National Express Coventry's bus depot.

The £140m project has been funded by a combination of Government funding, by working with Transport for West Midlands, and investment from National Express.

The electric buses take four hours to charge and can run for up to 175 miles depending on the time of year. They have telematics for driver continuous improvement and battery charging and degradation has so far been better than expected.

The transition to an entirely electric operation has required close partnership between teams both within the business and with external stakeholders. It has involved infrastructure adaptations, including upgraded electricity capacity and new chargers, as well as significant operational changes.

The electric buses in Coventry contribute towards the achievement of Coventry Council's objectives to reduce vehicle emissions within the city.

Our sustainability strategy

We connect places and transform communities

Sustainable Development Goals that align with our priorities

The Evolve strategy commits us to being the safest, being the most reliable and having the most satisfied customers.

Our businesses offer a range of services from local to regional to national that connect people and communities for work and leisure.

We are committed to serving our communities and being a catalyst for change by supporting the vision and aims of our stakeholders.

Progress against our targets

Global trends	Definition	Our response
Car pooling and using public transport instead of private	**SDG 11 – Sustainable cities and communities** 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.	• In 2024, the number of customer journeys we provided hit a record high of over 1.1 billion • In 2024, we won 36 new contracts to help expand public transport networks

APPRENTICESHIP PROGRAMME

Bahrain Public Transport Company (BPTC), a Mobico Group joint venture, has signed an apprenticeship programme with Bahrain Polytechnic in collaboration with the Ministry of Labour and Tamkeen.

This partnership marks a significant milestone in the business' local workforce development initiatives and underscores its commitment to nurturing the next generation of skilled professionals as part of its sustainable workforce development strategy.

By providing hands-on training opportunities, BPTC aims to equip apprentices with the knowledge and expertise necessary to thrive in their respective fields.

The team at BPTC has been recognised for their contributions to this transformative initiative and is looking forward to supporting the professional growth and development of these talented individuals. This collaboration between industry and academia exemplifies our shared vision of building a robust and skilled workforce that will drive the continued progress and prosperity of Bahrain.

AMBASSADORS OF THE ROADS

In Morocco, ALSA continued the success of their Road Safety School in Marrakech schools to promote road safety, both from the point of view of drivers and pedestrians.

This educational project on road safety aims to train school-age children on road safety rules and to raise awareness about the importance of respecting the rules.

The initiative seeks out young ambassadors who understand the topic and who will share this knowledge with their families to raise awareness about the good use of the road to avoid accidents.

The school includes a circuit replicating a small city with streets, roundabouts, traffic signals and traffic lights where children can drive with bicycles and minicars is in place for that purpose.

So far, some 438 centres (schools and associations) have taken part.

Our sustainability strategy

Together, we move people safely and responsibly

Sustainable Development Goals that align with our priorities

We are proud of our role in local communities, keeping people moving and connected with safety at the core of everything we do. Whether working on the roads and rails, or at our depots and offices, our 51,500 people are essential to delivering our services supporting our success as a business.

We are striving to become an employer of choice, where people want to join and stay. We are committed to providing an environment where colleagues feel listened to and valued, where their differences are celebrated. We want them to enjoy working at Mobico, to feel they can challenge and contribute, and be supported to be the very best they can be.

Progress against our targets

Global trends	Definition	Our response
Access and affordability/ **Quality and safety**	**SDG 11 – Sustainable cities and communities** 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.	• Our safety fatalities-weighted-index (FWI) target was met
Employee H&S **Critical incident risk management**	**SDG 3 – Good health and wellbeing** 3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents.	• Leading safety credentials
Labour practices/ Employee health and safety	**SDG 8 – Decent work and economic growth** 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	• Commitment to real Living Wage (or 10% above national minimum wage where Living Wage does not exist)

Safest

Delivering reliable services with safety as a given

The safety and wellbeing of our people is always our priority. Everyone at Mobico Group is committed to a shared culture of safety and all our businesses work to the highest standards of safety and wellbeing.

We deploy innovative technology and have robust systems, standards and processes in place which give our people the tools and skills to ensure the safety of our passengers.

Our global safety and HR teams work closely together to make wellbeing a fundamental part of our safety standards, taking positive and proactive action to foster a culture that values wellbeing and supports our leaders to recognise the impact that employee wellbeing has on our people and business performance.

0.003

Our 2024 FWI pmm score has halved since 2023

Employer of choice

Over the past year, we have made significant strides towards becoming an employer of choice by prioritising the wellbeing and satisfaction of our employees. Central to this commitment is our focus on creating a positive workplace culture where individuals feel valued, respected, and motivated to contribute to delivering for our customers, and for the Company's success.

We have introduced a comprehensive health and wellness programme and undertaken regular employee engagement pulse surveys to ensure that our people feel heard and supported in all aspects of their professional and personal lives.

Our commitment to sustainability has played a pivotal role in strengthening our position as an employer of choice. Our businesses have implemented many initiatives that support environmental sustainability and community engagement.

We continue to make good progress against each of our People Strategy pillars:

embrace

- Inclusive Environment & Culture
- Diverse workforce
- Meaningful external impact & social change

energise

- Values
- Recruitment & EVP
- Engagement
- Wellbeing
- Community

elevate

- Performance Management
- Talent Management
- Succession
- Leadership development
- Learning

essentials

Recognition	Induction	Payroll
Policies	HR Admin	Channels
Benchmarking	Systems	Employee Relations
Data	MI/Reporting	Reward

Equal Opportunities

The Company and all members of its Group are equal opportunities employers and are committed to ensuring that all members of staff in the Group are treated fairly and are valued irrespective of disability, race, gender, sexual orientation, marital status, nationality, religion, employment status, age or membership or non-membership of a Trade Union. Please see our Human Rights and Diversity Policy (available on our website https://www.mobicogroup.com/about-us/our-policies/) for further information. For the avoidance of doubt, this also applies to, and therefore sets out our policy in respect of, disabled employees.

FIVE STAR RATING

National Express West Midlands achieves its eighth Five Star Occupational Health and Safety rating from the British Safety Council

The British Safety Council audit reviewed every aspect of National Express West Midlands' safety procedures, including observing operations at various sites, interviewing employees, and evaluating safety policies, processes and procedures. The award demonstrates National Express' commitment to best practice with its health and safety management systems.

To achieve the five-star grading, a company must score 92% and above for its performance against several key safety indicators in occupational health and safety management systems. In 2024, National Express West Midlands scored 96.4%.

The British Safety Council also probes each organisation's approach to employee wellbeing and resource planning for change – all of which are considered important best practice factors.

embrace

Our focus during the year has been on continuing to improve female representation across our business.

These efforts are delivering results, with female drivers now 28% of our driver workforce. In Spain, ALSA has promoted female drivers with their Women Driver Programme, financing 150 driving licences for women, and has supported diversity with Down Syndrome Day, Wellbeing Month, Women's Day events and LGTBIQ Pride Parade.

Our female Board representation is now 50% and female representation of our executive teams is 40%.

energise

A year of listening and action around wellbeing

During the year, we ran monthly pulse surveys across various employee groups across our businesses in all divisions to understand how our people are feeling and identify any areas for attention.

Our 'Be Well' Wellbeing programme began with our partnership with Mental Health UK, mental health awareness training for all our senior leaders, and a range of wellbeing initiatives which are scheduled for 2025 including an invitation for wellbeing ambassadors who will receive training for their role; the launch of our 'Open up' tool to provide employees with instant access to mental health support and coaching.

Safety recognition

North America School Bus show their appreciation to school bus drivers and bus monitors who exemplify safe behaviours through the Safety Award Jacket Program. The program recognises eligible school bus drivers and bus monitors who have had zero preventable accidents and/or preventable injuries in the past three school years. In 2024, 1,989 employees were recognised with a safety award jacket.

elevate

Supporting our people to develop themselves and support their teams

A Competence Development Programme with a 360 process and talent review is being introduced at ALSA. In the US, North America School Bus completed an annual succession planning process to identify potential successors for critical roles within Field Operations and Corporate Departments. 285 positions have at least one potential successor and 454 potential successors have been identified for critical roles, demonstrating a strong pipeline of talent.

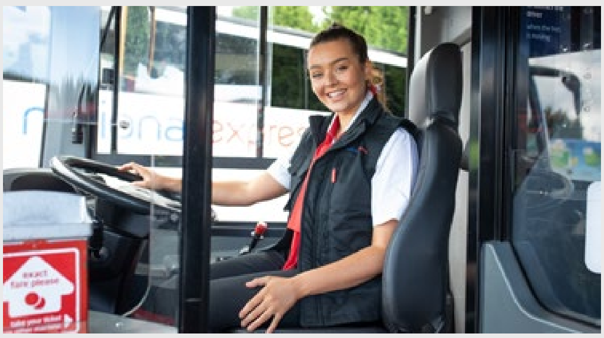
National Express UK designed and delivered a 'Leading through change and transition' workshop for managers. The business has also introduced an enhanced PDR approach to help managers feel more confident in holding development and performance conversations. The business focused particularly on increasing apprenticeship pass rates, and reducing drop out rates, coaching line managers to support their learners more effectively.

essentials

Ensuring the foundations are in place for our People Strategy pillars, processes and policies

Our Group intranet continues to grow and roll out to more people, providing new insights and the opportunity to inform and engage employees.

Other improvements this year include the implementation of a new HR and payroll system through Workday in ALSA; working with managers in the UK to reduce both short-term and long-term absence back into the workplace following a period of absence; and also in the UK, streamlining our recruitment processes to ensure improved staffing levels are achieved.



Employer of choice

Wellbeing

At Mobico Group, our aim is to create a supportive and open culture that puts wellbeing and mental health at its core.

We want our colleagues to feel engaged, energised and supported at work and provide them with the right tools to support them outside of work.

We know that embedding wellbeing into all aspects of our employees' experience means that colleagues can thrive at work and at home.

Our Be Well strategy:

- is part of our People Strategy and is underpinned by our Heath, Safety and Wellbeing Policy
- is championed at the top of the business by our CEO and our divisional leaders
- aims to help our colleagues make positive changes to improve their mental, physical, and emotional health and ensure they have support when they need it.

wellBEing

BE well: Mentally BE well: Physically BE well: In life

Mental Health UK In Partnership

mobico group

Our people promise

We endeavour through our 'Be Well' strategy to deliver the following for our managers and all colleagues

For our managers

- Clear understanding of their role and the part they play to support their team's wellbeing
- Raising awareness and helping drive a culture of openness
- Educating managers so they feel equipped to give support to their teams
- Providing tools and resources for proactive choices

For colleagues

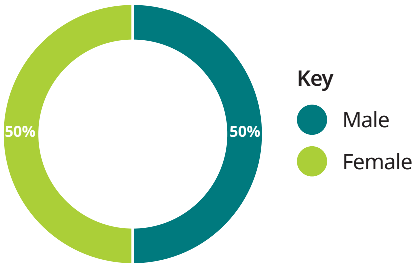
- Resources to help with "life moments" inside and outside of work
- Ensuring they feel supported and have access to comprehensive resources
- A sense of belonging in a company that cares about their wellbeing

Our key actions in 2024 have included:

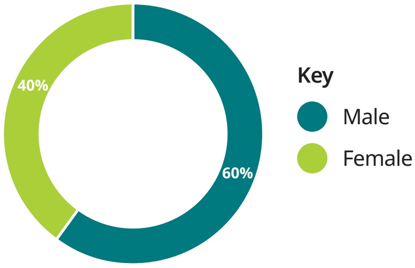
- Partnering with a leading mental health charity to help us learn, benchmark our progress, and make a positive impact in our workplaces
- Provided access for all our employees to mental health support, via an Employee Assistance Programme
- Provided training for our senior leaders to equip them to support their teams to flourish in terms of their wellbeing and mental health.
- Provided accessible wellbeing resources to colleagues

Gender diversity at Mobico as at 31 December 2024

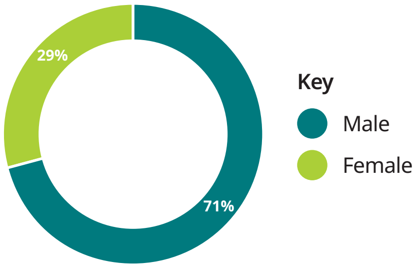
Directors of the Group



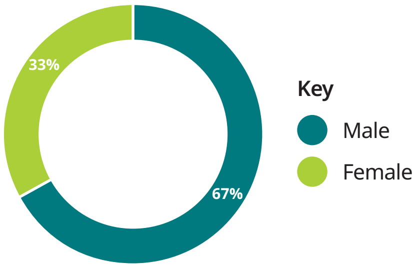
Group Executive Committee



Senior Leadership Team



Entire workforce



The Task Force on Climate-related Financial Disclosures

The Group has complied with the requirements of UK Listing Rule 6.6.6R (8) by including climate-related financial disclosures consistent with all 11 of the TCFD recommendations and recommended disclosures. These disclosures also incorporate the mandatory climate-related financial disclosure requirements under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

This report partially applies the IFRS Sustainability Disclosure Standards IFRS S1 and IFRS S2 as issued by the International Sustainability Standards Board (ISSB). The Company plans to achieve full compliance with IFRS Sustainability Disclosure Standards when the UK Government decision regarding adoption is published, which is expected in 2025.

TCFD recommendation	Recommended disclosures	Further information
Governance	a. Describe the Board's oversight of climate-related risks and opportunities.	See pages 68 and 69
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	See also our Sustainability Committee Report on page 110.
Strategy	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	See pages 72 to 77
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	See pages 72 to 77
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	See page 77
Risk Management	a. Describe the organisation's processes for identifying and assessing climate-related risks.	See page 70
	b. Describe the organisation's processes for managing climate-related risks.	See more detail in our Group Risk Management disclosures on page 46
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	
Metrics and Targets	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	See page 78
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	See pages 78 and 79
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	See more detail in our Environmental Performance Report on page 245

Governance

Board's Oversight and Review of Climate-Related Risks and Opportunities

The Board is charged with governance of oversight of climate-related risks and opportunities is through its dedicated Sustainability Committee, with a remit to cover the governance of all applicable environmental and sustainability matters. The Sustainability Committee met three times during 2024. The terms of reference can be found on the Company's website at https://www.mobicogroup.com/about-us/corporate-governance/committees/, of which the responsibilities are reflected in section 7. The key activities of the Sustainability Committee during 2024 can be found on page 110. On behalf of the Board, the Committee is informed about climate-related risks and opportunities, and also monitors progress against our climate-related goals and targets, primarily through monitoring and reviewing a KPI dashboard which is presented at each Committee meeting.

One of the key outcomes of the Group's Evolve strategy is to be an Environmental Leader, by delivering our fleet transition to Zero Emission Vehicles (ZEVs). To monitor operational progress against this strategy, decisions on major transactions, and the related financial impact, the Board performs an annual review of both the long-term strategic plan, of which the latest runs until 2029, and the annual budget, the most recent of which is for FY25. Both exercises consider the transition to a low-carbon economy and the potential impact of physical risks from climate change, which are discussed in detail in the Strategy section of this disclosure. These strategic decision processes also compare against other significant trade-offs, such as capital investments, network and other operational choices, and customer demands in order to make decisions. Please refer to the risk management section for how the Board exercises oversight regarding incorporating climate-related issues into the risk management processes.

Board Reporting

The Sustainability Committee reports to the Board of Directors with the Committee Chairs providing updates to the Board after each Committee meeting on the matters discussed. Climate risks and opportunities form part of the Group's overall risk management process which the full Board is specifically updated on, as described in the Risk Management section. The Sustainability Committee also provides a report which details their activities each year to the Company's shareholders, which is approved by the Board, which is set out on pages 110 and 111 of this Annual Report.

Board Training and Development

The skills and competences of the Committee are monitored by the Board every year, and can be found on page 107. To assist them in both discharging their oversight responsibilities on the Group's Environmental Leader strategy and having the ability to give direction and raise challenges, the Committee receives presentations from external ESG specialists as necessary on current climate-related topics. During 2024, the Committee Chair presented the key takeaways from a Board Sustainability Stewardship session by Egon Zehnder. Committee members can also access climate-related resources, including Chapter Zero.

Management's Role in Assessing, Managing and Overseeing Climate-Related Risks and Opportunities

The Company's Executive Directors are responsible for the delivery of the Group's "Environmental Leader" strategy (see page 60 for more information) and are the sponsors of its overall 2040 ambitions to achieve net zero for Scope 1 and 2 emissions. During the year, the Group implemented a new Environmental Policy, available at https://www.mobicogroup.com/about-us/our-policies/. Everyone in the organisation has a role to play in achieving the environmental targets and, because the Evolve strategy is rolled out across the businesses, the Group aims to ensure that the ambition to be the 'Environmental Leader' in the industry is communicated and seen as both an individual and shared responsibility.

The below diagram explains the role both Board Committees and different senior leaders play in having oversight of assessing and managing climate-related risks and opportunities:

Board of Directors
- Responsible for reviewing the Group's strategy and its management of risk and ensuring that there is a robust system of internal control in place, including for climate risks.

Sustainability Committee
- A remit to cover the governance of environmental and sustainability matters, including our transition to Electric Vehicles. Key activities in the year are set out on page 110

Audit Committee
- Reviews the Annual Report, including TCFD disclosures, each year

Nominations Committee
- Considers and recommends those on the Sustainability Committee, to make sure there is sufficient ESG experience

Remuneration Committee
- Reviewed and approved the including of ESG targets within the Executive Directors and senior management remuneration to ensure alignment with strategy and performance, the progress of which is discussed twice a year.
- Environmental targets have a 25% weighting within currently in-flight LTIP schemes (see pages 119 and 120 for more detail)

Company Executive Management (Group CEO and CFO)
- Delivery of the Group's overall strategy, including its ZEV fleet transition strategy and management of other climate-related risks and opportunities
- Ensure effectiveness of the Group's risk management system, including for climate-related risks, at least twice annually

Group Sustainability Director
- Supports Company Executive Management in developing and delivering a sustainability strategy, consistent with the Evolve strategy all year round

Functional Managers
Assist with identifying and managing climate-related risk, for example by:
- Group General Counsel: advising on regulatory changes driving net-zero transitional risks, throughout the year
- Group Insurance Manager: securing insurance coverage for physical climate risks
- Group Maintenance and Operations Director: devising new safety policies and procedures to mitigate physical climate risks when necessary
- Group Procurement Director: negotiates and builds partnerships with ZEV manufacturers for the best obtainable terms regularly
- Group Head of Internal Audit: providing independent assessment of the effectiveness of climate-related risk management activities and of other functions' climate-related activities at least every three years, but as required

Group Head of Compliance & Risk
- Supports Company Executive Management to ensure there is an effective risk management system throughout the year

Company ZEV Steering Groups
Membership: Group CEO, Group CFO, Divisional CEOs, Divisional ZEV Leads, Group Procurement Director, Group Commercial Director every month

Global Sustainability Steering Group (GSSG)
Attendees include the Group Sustainability Director, Group Procurement Director, and representatives from each division who are primarily responsible for environmental and sustainability matters. The Steering Group is tasked with:
1. Setting the global strategic framework for our sustainability strategy
2. Establishing how to communicate our ESG strategy, vision, and purpose externally
3. Sharing best practice and collective learning, including mitigation plans
4. Communicating our successes to our stakeholders – particularly shareholders

Divisional Executive Management (Divisional CEOs & CFOs)
- Build climate-related risks and opportunities into divisional business plans, allocate resources for their delivery, and manage and track their delivery
- Build the financial implications of climate-related risks and opportunities into divisional budgets and track these through forecasts

Divisional Commercial & Operations/Service Delivery Managers
- Develop and implement contingency plans to mitigate physical risks
- Deliver commercial arrangements to capitalise on climate-related opportunities, for example, by arranging road services to cover disruption caused by physical risks to rail infrastructure
- Assist in identifying new climate-related risks and opportunities

Divisional ZEV Steering Groups
Membership: Divisional CEOs, Divisional ZEV Leads, Divisional Procurement Directors, Divisional Commercial Directors for ALSA, UK and North America.

Climate-related activities:
- Develop and track progress against divisional ZEV transition plans and financial impact of ZEV initiatives
- Review customer (passenger and contract counterparty) demand for ZEVs, ZEV supply chain relationships, ZEV funding options, technological advancements

Divisional Risk Owners
- Assists in identifying and reporting climate-related risks and opportunities

Risk Management

Identifying, Managing and Assessing Climate-Related Risks within the Overall Risk Framework

The Group applies a two-pronged approach to identifying and assessing climate-related risks and opportunities. Firstly, climate risks are considered as part of the Group's risk management system to identify and assess all business risks (see pages 42 and 43 for more detail), which is presented to the Board at least twice annually. These risks are cascaded from Group down to divisional Executive Management. Both existing and emerging transitional and physical climate-related risks, like any principal risks, feed into the divisional and Group risk registers. They are assigned to risk owners, who are responsible for continuously capturing and reporting any developments to the Group risk register twice a year, from which a register is made of the most significant risks with the support of Group. Any necessary actions required to respond to climate-related risks (for example increased investment or other actions to mitigate the risks) are discussed and approved as per the Group's delegated authority framework in the diagram on the previous page, and those most significant are discussed at Board meetings per the Governance section above (frequently ZEV transition and infrastructure). Deep dives into specific topics within the divisional risk registers and their mitigations are conducted by the Board every year.

Secondly, in 2022, a specific climate-related risks and opportunities divisional self-assessment was performed, which was reported up to and rereviewed by Group for any material changes by all of the Group's operating divisions during both 2023 and 2024. This process enabled the Group to assess the potential size and scope of climate-related risks and opportunities identified. It is the Group's intention to reperform the scenario modelling at least every three years, in line with the suggested cadence within the UK Climate-related Financial Disclosure regulations, with a full reassessment planned in 2025. The outcomes of the latest assessment are presented in the strategy section below.

The key features of the specific 2022 climate-related risk assessment were as follows:

- The assessment consisted of two components: physical risks (such as extreme weather events); and risks related to the transition to a lower carbon society (such as the technology developments, infrastructure, and energy-related challenges with transitioning rapidly to a ZEV fleet).
- In order to assess the potential size and scope of each risk and opportunity identified, divisional teams assigned both a probability of occurrence and an estimated financial impact score against each of the risks and opportunities identified, in order for the Group to assess the priority and materiality of each climate-related risk and opportunity.
- For each risk and opportunity, divisional teams assessed the expected frequency of occurrence, the activities and controls in place to mitigate the risk, and the effectiveness of those controls.

The Group prioritises risks and opportunities based on the output of the climate risk scenario analysis based on their expected magnitude, likelihood of occurrence, and the timeframe in which it is anticipated to impact the Group. The Group considered past events, current conditions, and forecasts of future conditions that are reasonably expected.

The risk assessments were reviewed by the Group Financial Controller, Group Head of Compliance and Group Sustainability Director, with a summary presented to the Board, who duly challenged the conclusions, enabling an assessment of the relative significance of the risks posed by climate change compared to other risks.

There is a clear interrelationship between addressing climate-related risks and Group strategy, primarily through the transition to ZEVs. As a further control over the completeness and accuracy of the divisional and Group risk registers, a cross-check is performed from the detailed climate-related risks self-assessment exercise to ensure it is consistent with the risk register process. These processes are unchanged from previous years.

Strategy

Time Horizons

In order to assess the impact of climate-related risks over time, the Group has set short, medium and long-term time horizons as set out in the diagram below. The short-term time horizon to 2029 aligns with the five-year forecast period used for the Group's strategic financial planning process. The medium-term end date of 2035 aligns with the assumed ban on use of diesel vehicles that we have applied in the 'extreme transition' scenario (as described below), and is also a key milestone date for the Group's zero emission targets. The long-term assessment considers a period to 2050 to align with the Paris Agreement Net Zero goal.

2025 – 2029	2029 – 2035	2035 – 2050
Short term	Medium term	Long term

Read more about our net zero goals, timeline and plan on page 59

Materiality

In assessing these risks and opportunities, we have set materiality thresholds in line with TCFD guidance. For short to medium-term risks, we have applied a level of materiality consistent with the approach of our Financial Statement audit (the higher of (i) 5% of the Group's Adjusted Operating Profit in the respective year of the Group's long term strategic plan; or (ii) £10 million).

For longer-term risks, we apply a higher materiality of 10% of a long-term estimate of the Group's Adjusted Operating Profit, as the risks are less certain, and the Group has longer to develop mitigation plans. We applied this assessment to both the climate change scenario modelling analysis and the divisional assessments, to determine material risks and opportunities arising from climate change.

Scenario Analysis

Two climate scenarios were selected for modelling. The rationale for selecting these two scenarios was in order to model the potential impacts at the opposite end of the spectrum of the likely outcomes: the extreme transition scenario (consistent with significant, co-ordinated intervention) increases transition risk, but minimises physical risks associated with climate change, whereas the opposite can be said for the extreme physical climate change scenario. We also analysed a third scenario (based on the Intergovernmental Panel on Climate Change (IPCC)'s 'RCP 4.5' scenario) to confirm that it sat within the spectrum of outcomes of our two extreme scenarios.

A summary of the two scenarios is set out in the table below.

Extreme Physical Climate Change Scenario	Extreme Transition Scenario
Scenario outline An extreme physical climate change scenario assuming a lack of co-ordinated governmental action and intervention to reduce emissions, ultimately resulting in more extreme weather events. This scenario assumes the current warming rate continues unabated; rising to c.+4°C by the end of the century, as forecast by the Intergovernmental Panel on Climate Change (IPCC) in its worst case 'RCP 8.5' scenario.	**Scenario outline** An extreme transition scenario, including an assumed ban on internal combustion engines to limit the global temperature increase to 1.5°C above pre-industrial levels, as projected by the IPCC's 'RCP 2.6' scenario.
Physical Climate Change Pathway RCP 8.5 degrees celcius	**Physical Climate Change Pathway** RCP 2.6 degrees celcius
Modelling approach In this scenario, we assumed a range of extreme weather events occurring with increasing frequency through the time horizons under consideration, which included damage to depots from flooding or fires and business disruption from extreme heat or cold. We considered the impact of these before mitigations.	**Modelling approach** We considered the risk of regulatory change requiring a transition to zero emission public transport in a shorter period of time. Specifically, assuming a global ban on the use of internal combustion engine vehicles from 1 January 2035, and the Group's plans to transition to a low carbon economy to address the Group's existing net zero targets.

The output of the climate scenario analysis was the identification of climate-related risks and opportunities by time horizon, as defined in the Risk Management section above. The table below summarises these, together with their impact on the Group's strategy and resilience thereof, and the impact on financial planning.

Physical risks

Risk	Unmitigated risk	Time horizon and impact			Divisions most affected
		Short	Medium	Long	
Disruption from extreme weather events	Under the extreme climate change scenario, our climate modelling showed that the financial impact caused by an increased magnitude and severity of extreme climate events could have a material impact on the Group's annual profit from 2028. Critically, however, this is before any offset from mitigating actions and modal shift opportunities that would very likely arise under this extreme scenario. The net impact is estimated to gradually grow from 2028 under this scenario due to increasing likelihood. A physical risk assessment of approximately 200 of the Group's major locations performed in 2022 identified that sites in central USA, largely from drought and high temperatures; and southern Spain, from extreme rainfall, are the sites at the highest risk of impact from climate change in 2030 and 2040, using both RCP 2.6 and RCP 8.5 scenarios. Detailed results of this are available in 2022 TCFD. Extreme weather events have historically always had some impact on our operations, but not our business model; in 2024, the financial impact from extreme weather events was £5m, mostly being disruption from snow fall and hurricanes in North America and this was broadly consistent with that experienced in prior years.	Low	High	High	North America, ALSA

Transition risks

Risk	Unmitigated risk	Time horizon and impact			Divisions most affected
		Short	Medium	Long	
Availability of zero emission vehicles (downstream value chain risk)	Whether there will be sufficient volume of suitable vehicles and suppliers available in the market to achieve our divisional ZEV target dates. Some locations are currently experiencing longer than usual lead times in our downstream value chain.	Medium	Medium	Low	School Bus – North America Long-Haul Coach – UK and ALSA
Commercial viability of zero emission vehicles	Unfavourable changes to market prices for vehicles. Increased capital constraints on our business. Funding arrangements being available and changes to input costs such as electricity or hydrogen fuel costs and/or operational maintenance costs could affect the commercial viability of zero emission vehicles.	High	Medium	Medium	School Bus – North America Long-Haul Coach – UK and ALSA Transit and Shuttle- North America

Key

Low
Potential for a <£10m financial impact and/or requiring minor adjustments to our strategy

Medium
Potential for a £10m – £30m financial impact and/or requiring moderate adjustments to our strategy

High
Potential for a £30m+ financial impact and/or requiring significant adjustments to our strategy

Mitigating actions as part of our strategic planning and financial impact	Metrics to track progress
Extreme weather can be helpful in some areas of the business, for example, UK Coach, as poor weather tends to impact rail to a greater extent, and extreme weather is generally localised. Albeit, direct mitigation plans include: • Maintaining a diverse portfolio of geographical locations across the globe, providing a natural mitigiation from having a large number of individual locations, reducing the impact that any one weather event has on the Group reducing the likelihood of a material financial impact, post mitigations. • Relocating assets away from localised affected area • Adjustments built into our contracts, meaning we have access to reimbursement of infrastructure costs and penalty reductions, as is the case in Germany • The Group continues to evolve insurance policies to cover many of the risks of physical damage, as well as the cost of business interruption We already operate vehicles in both the coldest large city in the USA (Fairbanks, Alaska, with a mean January temperature of -22ºC), and Bahrain, which has an average high temperature of 38ºC in the summer. This shows we are already prepared to operate in extreme weather conditions, and have the infrastructure to manage it where required. Whilst the potential annual profit impact from 2028 would represent a material impact on Group profit, it is not significant in the context of our going concern, viability statement and headroom on lender covenant tests per our latest five year strategic plan. In reality, storms and other weather events often come with advanced warning so mitigating actions can be implemented to reduce the impact	Annual financial impact from extreme weather events

Mitigating actions as part of our strategic planning and Financial Impact	Metrics to track progress
There is ample supply of suitable vehicles in many of the areas of our value chain in which we operate in order to enable the transition, particularly for those divisions with the earliest net zero target. In some divisions the transition will take longer. North America School Bus is seeing some short term delays in the supply chain arising from very significant sums of grant funding for vehicles becoming available in a short time frame, stimulating high demand. Nonetheless, we have been able to secure orders for over 141 electric school buses from the first and second tranches of funding. For our longer routes in UK and ALSA, the Group is closer to achieving a suitable vehicle on the market and we are proactively working very closely with our vehicle suppliers to have more prototype electric coach vehicles available in FY25. There is a clear direction of travel within the vehicle manufacturing industry to develop ZEV powered coaches suitable for the long distance range many of our services operate. We are confident there will be suitable vehicles coming onto the market to enable us to transition these operations to zero emission. In the meantime, hybrid vehicles are a successful solution to lower emissions. In 2024, the UK government launched the zero emission vehicle mandate, so the government's pathway towards all new cars and vans being zero emission by 2035 is now law.	Number of zero emission vehicles in service or on order % of total fleet that is zero emission vehicles (including on order)
The pipeline of new ZEVs over the next five years has been reflected in the financial forecasts within the Group's latest strategic plan, which runs to 2029. A combination of funding models, from outright capital purchase and on balance sheet leasing, and the availability in the market of grant funding are expected to hold our usual fleet replacement cycle costs down. Whilst EV replacements have a higher capital outlay than the usual pattern of diesel replacements, we are experiencing and expect lifetime lower operating costs to render the total cost of ownership materially the same. The remaining capital outlay is incremental over 16 years. The Group had a significant focus on cash conservation in FY24, which had the resulting impact that new ZEV orders were lower than originally planned, but the Group is still confident in the medium and long-term plan.	Number of zero emission vehicles in service or on order % of total fleet that is zero emission vehicles (including on order)

Transition risks

Risk	Unmitigated risk	Time horizon and impact: Short	Medium	Long	Divisions most affected
Infrastructure requirements to enable operation of zero emission vehicles	Group's anicipated reliance on the required infrastructure being in place in the downstream value chain of each locality that we operate, to enable us to operate our services using zero emission vehicles, including electricity availability, legal sign-off, cost and speed for charging, and supply of hydrogen.	Medium	High	Medium	Long-Haul Coach – UK and ALSA
Requirement for an accelerated transition due to increased regulation	If there is significant intervention from governments and other public bodies to restrict or ban the use of diesel and other emitting vehicles, the Group may need to transition faster to ZEV to comply with local and national regulations, which could have implications for the net book value of existing diesel vehicles.	Low	Medium	Low	All except German Rail

Opportunities

Opportunity	Opportunity explained	Time horizon and impact: Short	Medium	Long	Divisions most affected
Modal Shift: driving customers to use public transport	An increase in government and other public bodies' intervention to introduce congestion and/or pollution measures to disincentivise or even ban the use of private transport could enable modal shift by increasing users of public transport in the future. For example, the California Climate Act disallows the purchase of diesel vehicles from 2024. This presents us an enhanced opportunity to become an Environmental Leader per our Evolve strategy.	Medium	High	High	All
Operational Efficiency	Increased operational efficiencies (both planned and reactive) from operating zero emission vehicles perpetuate or grow from the early experience we have seen across the Group. The customer experience is much better in ZEVs than on diesel vehicles.	Medium	High	High	All

Key

Low – Potential for a <£10m financial impact and/or requiring minor adjustments to our strategy

Medium – Potential for a £10m – £30m financial impact and/or requiring moderate adjustments to our strategy

High – Potential for a £30m+ financial impact and/or requiring significant adjustments to our strategy

Mitigating actions as part of our strategic planning and Financial Impact	Metrics to track progress
We have a significant level of engagement with public bodies to help drive the agenda forward, particularly with regard to hydrogen infrastructure. The Group is proactively engaging with external stakeholders to make benefiical changes, such as looking to reduce the costs of hydrogen supply by using large scale supply points rather than on-site smaller sources. In the meantime, electric coaches are being used for shorter coach journeys, such as airport services, and Dublin Express has become the first passenger transport operator in Ireland to eliminate the use of diesel fuel by using Hydrotreated Vegetable Oil (HVO). 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. Please refer to the transition plan section below for our long haul operations for further details. Sharing battery cooling techniques and fire-risk awareness controls the inherent risk associated with vehicle batteries in our depots.	Number of zero emission vehicles in service or on order % of total fleet that is zero emission vehicles (including on order)
We have already set out our divisional net zero target dates which range from 2030 to 2040. In that regard we therefore expect to be very well progressed in the transition by 2035, which was the year in which we modelled the impact of a ban on the use of diesel vehicles in our climate modelling. We consider this the main mitigation by being a leader in the transition such that the financial and operational impact of any regulation being introduced on our existing transition plan is relatively minimal. Some ZEV suppliers are actively buying back diesel vehicles to accelerate the introduction of electric vehicles. There is also a secondhand market (especially large in the North America Transit business) enabling recovery of any net book value of diesel vehicles. The net book value of diesel vehicles at 2035 would be £29m, and so the impact of accelerated depreciation on annual profit from 2024 would be circa £2.6m if there was a ban on the use of diesel vehicles from 2035 as assumed in our modelling scenario; an immaterial amount. Please refer to Note 15 in the Notes to the Consolidated Accounts for further information. The impact of this on impairment assessments is set out in Note 14 to the Consolidated Accounts.	Number of zero emission vehicles in service or on order % of total fleet that is zero emission vehicles (including on order) Net book value of diesel vehicles at 2035 and 2040

Strategic and Financial Impacts	Metrics to track progress
It is likely that local government authorities or transport authorities would unilaterally impose measures to address congestion and pollution in cities (to help the drive for a cleaner air environment) and simultaneously meet their countries' own carbon reduction targets, particularly under the extreme transition scenario which we have modelled. Our shorter routes and School Bus business model perfectly lends itself to ample mid-day or overnight charging. The UK's Climate Change Committee predicts that 9-12% of car journeys could be switched to bus by 2030, with a total of 17-24% being switched by 2050. According to our analysis of the Department for Transport's 'Passenger transport by mode' 2019 statistics, a modal shift of 1% from car to bus would result in an increase of 23% bus passenger kilometres, and therefore revenue from increased operations. We see that the benefits of modal shift far outweight the costs of having to comply with new regulations.	Million passenger kilometres
There are several operational benefits from using ZEVs, including the ability to optimise maintenance (both planned and reactive), and experience to date has shown further operational benefits such as fewer breakdowns. Our investment in driver training is enabling high quality driving of the vehicles which in turn is generating benefits such as lower maintenance and repair spend and also higher regenerative braking, resulting in lower energy use. There is the opportunity to see further operational benefits and battery performance from the business as the transition progresses and we gain more and more experience in operating the vehicles.	Group operating expenses

The Group Transition Plan

The Group's ability to transition the fleet to ZEVs to meet our net zero targets, and to mitigate risk in the extreme transition scenario, is dependent on the ability to transition to and operate ZEVs across all divisions, with the exception of Germany, which already operates a fully electric fleet of trains. Vehicle emissions currently represent 95% of Scope 1 emissions and therefore transitioning the fleet to ZEVs is the key driver of achieving our net zero target. Thus, we currently anticipate that carbon offsetting will represent only a minor part of the strategy to reach net zero. We recognise that as part of an industry sector with currently high emissions, delivery of this strategy is critical to significantly reducing our contribution to the current level of global emissions, in addition to already contributing to avoided emissions by providing public transport services.

As noted in the risks table above, one of the most significant priority risks, amplified by our goal to be the Environmental Leader in our sector, is the Group's ability to manage this transition. The Group has a proactive approach to transition challenges and we continuously engage with our suppliers, partners and customers to drive the agenda.

A summary of each divisional transition plan, and the progress to date against the plan, is set out in detail below.

Urban Bus – UK

The Group is most progressed in the UK Bus division with 28% of the fleet already zero-emission or with a zero-emissions replacement on order (up from 20% at December 2023). Our experiences from operating electric vehicles has been extremely positive to date, with lower maintenance costs (both planned and reactive), reduced running costs and higher customer satisfaction. We have also seen significantly fewer breakdowns than with diesel buses, and much lower energy usage than expected, in part, also due to the significant investment in driver training and resulting increases in regenerative braking. To increase our energy saving rates further, we have plans to install more solar panels at depots so that we can charge some of our vehicles with on-site generated electricity.

We have been able to mitigate the remaining transition risks by selecting proven vehicles sourced from a UK supplier, selecting a combined infrastructure and funding partner and installing it using the learnings that we have experienced during previous years of operation. By building on these learnings (and those of the industry), we are developing our strategy and process over time, iteratively improving as our experience builds. Battery and vehicle charging are guaranteed by our supplier contracts, and we have obtained the benefit of grant funding whenever available. We already have three depots fully designed to accommodate ZEVs and have started work on a pipeline of future redesigns in place for five more depots. We do not expect our vehicle purchasing requirements to comprise a significant portion of the market capacity for the manufacture of these vehicles, and electricity network connections in our depot locations have been strong enough for our needs as a result of our early implementation.

Urban Bus – ALSA

In Spain, Morocco, Portugal and Switzerland, we expect our Urban Bus operations to transition on a slightly longer timescale than in the UK as a result of three key factors: (i) operating conditions, including route length, and ambient temperatures being higher than in the UK; (ii) the contracted nature of the services means that the transition timetable needs to be agreed with the contract counterparty; and (iii) the extent to which electricity is available to power entire depots' charging points which is controlled by Public Transport Authorities, who we work with very closely in each location we operate. During 2024, the Spainish business progressed with their ZEV transition, with 65 new EV additions or orders during the year. Whilst there is more uncertainty than in the UK, the availability of suitable vehicles in the market is sufficient to meet the remaining transition plan and the support for vehicles and infrastructure is on the agenda of the public authorities. We expect to see similar operational benefits to what we have seen in the UK as the transition progresses. In the meantime, hybrid vehicles and range of alternative fuel types, such as biodiesel, are used to lower emissions on the fleet.

School Bus – North America

School Bus operations are well suited to ZEVs given relatively short operating distances and ample time for mid-day recharging. However, the longer transition target date in North America is reflective of two key factors: (i) ZEVs for the school bus market are currently expensive, reflecting the short-term impact on market prices from high levels of funding being made available; and (ii) contracted procurement practices at school board level needing to adapt to accommodate ZEV introduction.

Nevertheless, there is strong interest in ZEV introduction from various stakeholders (particularly as parents embrace the clean air agenda), and state funding has been made available to date to enable funding of the transition, such as winning grants, such as winning grants from the $5bn Clean School Bus program, which has so far enabled the funding of over 141 electric school buses and the required infrastructure, which were delivered throughout the year. Whilst the availability of 100% funding for both vehicles and infrastructure is clearly an enabler of the transition, it limits other market options. This is expected to change over time as the initial effects of launching the large funds program on the market starts to recede.

Additionally, our own assessment shows that the market capacity for ZEVs that we expect to consume, whilst the number of current suppliers in the marketplace has been slightly contracting as the market evolves, is not notably larger than our proportionate market share, and there is a significant second-hand market for the sale of diesel vehicles before their useful life expires.

WeDriveU – North America

Introduction of regulations such as the Clean Air Act in California is driving the need for change by phasing out the sale of diesel vehicles through increased regulation. We lead a Zero Emission Leadership Coalition (ZELC) which brings together a number of our key customers and potential customers, industry experts and vehicle providers to share knowledge and experience to also help to drive the transition agenda. Although lead times for vehicle delivery are currently longer than in other areas of the business at around two years, we have deemed there is sufficient future capacity in the vehicle market to enable transition by the target date of 2030. Increased lease costs from financing the ZEVs can be compensated via customer contracts.

Long-haul coach – UK and ALSA

The vehicle replacement cycle in coach operations is more frequent, due to the intensive operational nature of the vehicle. Each coach is typically used for up to 7 years before being replaced, meaning there is a longer time window from now in which to develop a ZEV solution for this market and ensure the necessary infrastructure is in place to achieve the ZEV target dates.

Our UK suppliers have made progress on a hydrogen coach vehicle that meets our specification requirements, which produces a longer range than battery ZEV and was trialled during the year. However, there are national issues with local hydrogen availability, and fuel costs are currently too high to compete economically with diesel or electric power, making the solution more uncertain, as we have reliance on both the required national and local infrastructure being in place to support our vehicle operations. We are mindful that as industrial scale production is ramped up, we will expect reduced costs per kilogram. In the meantime, the technology for battery ZEV for long distance journeys has developed and is viable for the future. It is already an ideal working solution for shorter coach services like our airport operations, and we are also using electric vehicles on a private hire contract in the UK.

In ALSA, we are exploring options for electric superchargers at stations to coincide with mandatory driver breaks. The Confederation for Passenger Transport (CPT) ZEV taskforce in the UK and the International Federation of Public Transport (UIPT) are working on further solutions.

Ultimately, we anticipate that we will be able to procure ZEVs suited to short and long-distance journeys to enable us to achieve full transition by the target date, given our progress in engaging with suppliers and the wider industry thus far. We are closely monitoring the technological progress of both hydrogen and electric options. We would expect that, particularly under the extreme transition scenario, a combination of government support and private investment would ensure the requisite infrastructure was in place to enable the wider use of hydrogen and long-haul electric vehicles.

Rail – Germany

Whilst German Rail already operates a full electric fleet of 120 trains, plans are ongoing to reduce energy usage and hence Scope 2 emissions in the future, for example deployment of a driver assistance system which gives recommendations for energy-optimised driving behaviour. We will continue to monitor the feasibility of the potential to switch to renewable energy in the future, which would be dependent on the Public Transport Authorities for it's commercial viability.

Resilience of the Group's strategy

Collectively, our customers and local communities, the urgent need to reduce emissions to tackle the risks posed by climate change is acknowledged. We believe this will accelerate both modal shift into public transport and the need to transition away from diesel vehicles; and that this would happen more quickly under either extreme climate change scenario. Although we anticipate physical risks from climate change might provide more challenges to the business in the future, we have mitigating actions to address these, and we see greater opportunities from the vehicle transition and modal shift, which are both key to our Evolve strategy.

Additionally, the commercial viability of the long-haul low-carbon solutions have emerged and are improving, albeit this still remains our biggest uncertainty. We also anticipate the potential to hedge our electricity costs as our consumption increases from our progressing EV transition in the long term.

Therefore, we believe our Evolve strategy is resilient to these challenges, and we do not foresee having to adjust the Evolve strategy, operations of the business, or resource allocation, in the future due to climate risks, besides resourcing additional EV driver training, and benefitting from less demanding maintenance systems, which are both already successful and only minor adjustments to our daily operations.

Metrics and targets

In January 2024, the Science-Based-Target-Initiative (SBTI) approved the Group's new near-term carbon reduction targets covering Scope 1, 2 and 3 emissions which was done in order to both obtain external validation of our targets, and most critically, to ensure alignment with the Paris Agreement of controlling the increase in global warming to below 1.5 degrees. These targets are net Greenhouse Gas (GHG) emissions targets and include CH_4 and N_2O Global Warming Potential carbon equivalents. The approved targets are as follows:

Mobico Group PLC commits to reduce absolute Scope 1 and 2 GHG emissions 55% by 2033 from a 2022 base year. Mobico Group PLC commits to reduce absolute Scope 3 GHG emissions 33% by 2033 from a 2022 base year*.

* The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks.

Carbon emissions data for Scope 1 and 2 is collected and analysed on a quarterly basis in order to regularly review progress against the targets.

The Group already has incentives in place across all divisions to lower our carbon footprint in our operations, for example being embedded within bonus targets and employee objectives. In addition to this, capital investment requests and bid models are already scrutinised for their environmental impact. Given that these processes already meet the aim of using a carbon price, we are not currently utilising one in our internal reporting at this stage; however, this will be kept under review. Similarly, the Group does not utilise or plan to utilise carbon credits or offsetting at this stage. Environmental targets have a 25% weighting within currently in-flight LTIP schemes (see pages 119 and 120 for more detail).

The Group has reviewed the full list of risks, opportunities and metrics in tables A2.1 in the TCFD guidance and set out the relevant metrics and KPIs which the Group will use to track climate-related risks and opportunities in the following table. Please refer to the climate-related risks and opportunities table in the Strategy section for which risk and opportunity each metric is linked to. The Group monitor progress against these metrics by way of quarterly reporting of Scope 1 and 2 emissions, and annual reporting of Scope 3 emissions from each of our operating divisions. The Group considers the remaining metrics to not be not relevant nor meaningful to the Group at the current time, but the Group will continue to monitor this.

KPI	2024 Result	2023 Result	Change YOY
Number of zero emission vehicles in service or on order	**1,100**	915	+20.2%
% of total fleet that is zero emission vehicles (including on order)	**4.1%**	3.3%	+0.8%
Impact on operating profit from extreme weather events	**(£5m)**	(£3m)	+(£2m)
Net book value of diesel vehicles at 2035	**£28m**	£18m	+£10m
Net book value of diesel vehicles at 2040	**£nil**	£nil	n/a

	2024				2023			
Absolute emissions	Scope 1	Scope 2 (location-based)	Total Scope 1 & 2**	Scope 3**	Scope 1	Scope 2 (location-based)	Total Scope 1 & 2**	Scope 3**
Consolidated Group	**797,111**	**80,211**	**877,332**	**533,253**	811,234	78,295	889,529	491,791
Other investments (Bahrain Joint Venture)	**18,107**	**717**	**18,824**	**7,974**	23,581	827	24,408	5,489
Total tCO_2e*	**815,218**	**80,938**	**896,156**	**541,227**	**834,815**	**79,122**	**913,937**	**497,280**

All references to Scope 2 are under the location-based method unless otherwise stated.

* Tonnes of Carbon Emissions

** SBTI approved target.

Overall for Group, absolute Scope 1 and 2 emissions have decreased 1.9% compared to 2023, which when considered with the 1.7% increase in passenger kilometers, has resulted in an emissions intensity (expressed as Scope 1 and 2 emissions per million passenger kilometers) 3.6% less than 2023; the third consecutive year of year-over-year improvement in this metric.

Scope 1, 2 and 3 emissions

We measure and report our Scope 1, 2 and 3 greenhouse gas emissions in line with the GHG Protocol methodology which are summarised in the table on the next page.

Reporting Boundaries and Recalculation Policy

The Group applies an Operational Control approach to all business divisions reporting emissions for collecting this data as this best captures the emissions the Group is responsible for. A regular review is undertaken to ensure any changes to the Group structure are reflected in capturing emissions data. The Group's GHG Emissions Recalculation Policy was approved by the Board Sustainability Committee during the year and can be found at https://www.mobicogroup.com/about-us/our-policies/.

Methodology

Scope 1 emissions (from combustion of fuels, and use of natural gas and refrigerant gases) represent the largest category for emissions, with vehicle emissions representing 95% of Scope 1 emissions. Scope 2 emissions (from electricity usage) represent energy usage both in our buildings, in our German Rail operations and electric vehicles in operation in other divisions. A small portion of Scope 1 and 2 is estimated based on prior year data with a current year factor applied, only where current year invoices are not available on time for reporting.

Scope 2 has been reported additionally using the market based method in the current year and will be reported going forward to enable year-on-year comparisons.

Scope 3 emissions have also been calculated based on the guidance in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Standard.

For categories 1 and 2 (purchased goods and services, capital goods, and leased assets), the calculation methodology is based on actual spend data.

During the year, we have started work to transition from the actual spend-based approach to the supplier-specific approach for category 1. We have screened 12 suppliers to obtain supplier specific factors (which is over 33% of our total emissions), in order to better manage our value chain emissions. We will continue to increase the amount of category 1 spend calculating using supplier-based emissions, and therefore, category 1 may see more significant year-on-year movements in the future.

Additionally, following feedback from the SBTi received during our validation process, we have disaggregated the transportation & distribution element of purchased, to enable disclosure of these emissions under category 4, upstream transportation and distribution, as previously they were combined within category 1.

For category 5, waste, actual data is used where available, and if not available, a best estimation is made, based on averages of existing data. The methodology for estimating waste in our North American division, where actual data is not currently available, was revisited in 2023 which has resulted in a significant year-on-year reduction in the amount of landfill waste disposal in this division, and hence also the total Group. Moreover, the UK division now has more smart water meters which has improved the measurement accuracy.

For employee commuting (category 7), reasonable assumptions have been made around commuting patterns applied to the actual number of employees at each location.

This category includes the optional emissions arising from home working.

For investments (category 15), the 'average data' method is used, based on the sector the investee company operates in, which drives the sector specific emission factor used, applied to investment value data.

For all other Scope 3 categories (3, 4, 6 and 13), actual usage data has been obtained. The same methodology was used within category 8 for emissions from the manufacture of leased vehicles, which includes the optional disclosure of life cycle emissions associated with manufacturing leased assets.

tCO_2e emissions by Scope	2024	2023	2022	2021	2020	% change (2023-2024)	% change (versus 2022 base year)
Scope 1	**815,218**	834,815	830,287	657,239	514,106	-2.3%	-1.8%
Scope 2 (location based)	**80,938**	79,122	83,577	73,649	67,879	+2.3%	-3.2%
Scope 2 (market based)*	**141,133**	–	–	–	–	n/a	n/a
Total Scope 1 and 2 (location based)	**896,156**	913,937	913,864	730,888	581,927	-1.9%	-1.9%
Total Scope 1 and 2 per million passenger kilometers	**22.73**	23.57	24.18	25.26	24.36	-3.6%	-6.0%
Total Scope 1 and 2 per £000's revenue	**0.2626**	0.2891	0.3264	0.3368	0.2976	-9.2%	-19.5%
Scope 3**	**541,227**	497,280	600,400	5,762	8,641	+8.8%	-9.9%
Total Scope 1, 2 and 3	**1,437,383**	1,411,217	1,514,264	736,650	590,626	+1.9%	-5.1%
Total Scope 1, 2 and 3 per million passenger kilometers	**36.45**	36.39	40.03	25.46	24.72	+0.2%	-8.9%
Total Scope 1, 2 and 3 per £000's revenue	**0.4212**	0.4479	0.5391	0.3394	0.4508	-6.0%	-21.9%

* The Group collected and reported Scope 2 emissions under the market-based method for the first time in FY24.

** The Group completed a full baseline assessment of Scope 3 emissions in 2022, including all relevant categories. Prior to 2022, Scope 3 included only business travel, waste, water and certain other upstream emissions.

Scope 1 emissions have decreased by 2.3% year-on-year; and Scope 2 emissions have increased by 2.3% – thus total Scope 1 and 2 has reduced by 1.9% in total versus 2023.

The main drivers of the movement are ZEVs in active operation increasing, for example, the number in operation in UK Bus has increased from 179 to 312, and ALSA from 125 to 145. This has helped to offset the emissions increase from higher mileage operated.

A breakdown of Scope 1 and 2 by division is included in the Environmental Performance Report on page 245.

A breakdown of Scope 3 emissions by category is shown in the following table:

Category	2024 Absolute emissions (tCO_2e)	2023 Absolute emissions (tCO_2e)	% change from 2023
1. Purchased goods and services	**86,244**	138,835	N/A*
2. Capital goods	**133,292**	92,435	+44.2%
3. Upstream fuel and energy production and distribution	**209,465**	201,723	+3.8%
4. Upstream transportation and distribution	**38,747**	N/A*	N/A*
5. Waste and water	**707**	683	+3.5%
6. Business travel	**3,082**	2,390	+29.0%
7. Employee commuting	**42,594**	43,062	-1.1%
8. Upstream leased assets	**20,662**	15,533	+33.0%
9. Downstream transportation and distribution	**N/A**	N/A	N/A
10. Processing of sold products	**N/A**	N/A	N/A
11. Use of sold products	**N/A**	N/A	N/A
12. End-of-life treatment of sold products	**N/A**	N/A	N/A
13. Downstream leased assets	**101**	1,194	-91.5%
14. Franchises	**N/A**	N/A	N/A
15. Investments	**6,333**	1,425	+344.5%
Total	**541,227**	497,280	+8.8%

* category 4 emissions have been disaggregated from category 1 in 2024, as above. In the previous year, they were combined in category 1.

Where a category is marked as N/A, it is not relevant nor applicable to Mobico Group's operations.

Overall, Scope 3 emissions have increased 8.8% year-on-year and the vast majority of this is due to category 2, capital goods (+44.2%). This is predominantly driven by the North America division and the method of financing new vehicles procured in FY24 compared to FY23. In FY23, new vehicles were produced under a 'variable lease' arrangement, the accounting of which has no initial capital outlay, with rental costs (based on mileage) expensed to the income statement. As such, there were no upstream emissions recorded for these new vehicles in our Scope 3 reporting in 2023. However in the current year, a larger number of new vehicles were procured via traditional capex expenditure, with the upstream emissions from manufacture of these vehicles therefore shown in category 2 in the current year. Emissions from the use of these vehicles in our operations is fully consistent and is captured in our Scope 1 and 2 data. The increase in category 15, which is large in percentage terms but small in absolute terms (which considers downstream emissions from investments in associates or joint ventures, whose operations are not included in our Scope 1 or 2) is due to an improvement in calculation methodology.

Data Quality and Assurance

We recognise the importance of emissions data, and the quality of data underpinning it. Accordingly, we have continued to enhance our approach and processes in line with expectations by continuing to utilise external support in the calculation and compilation of the Group's emissions.

Additionally, external assurance from Carbon Responsible Limited has been obtained over the Group's 2024 environmental data underpinning absolute Scope 1, 2 (location based only) and 3 emissions, to a limited level of assurance to the ISO14064-3 standard. The 2024 assurance report can be found at https://www.mobicogroup.com/sustainability/performance-reports-and-data/.

Future developments

The Group continuously monitors future regulation and reporting requirements affecting all territories that it operates in. The most significant requirements that we expect to impact the Group are:

- During 2023, the International Sustainability Standards Board ('ISSB') published its first two IFRS Sustainability Disclosure Standards which, at the time of writing, awaiting formal adoption by the UK. These are:
  - IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*; and
  - *IFRS S2 Climate-related disclosures*
- The requirements in IFRS S2 are largely consistent with the four core TCFD recommendations and eleven recommended disclosures published by the TCFD, but there are some additional reporting requirements in IFRS S2 over and above the existing TCFD requirements, many of which are included in this report as a step towards compliance and the Group will focus on the remaining areas in order to prepare for the required disclosures. The Financial Reporting Council (FRC), in its role as the Secretariat to the UK Sustainability Disclosure Technical Advisory Committee (the TAC), has published the Committee's final recommendations to the Secretary of State for Business and Trade, recommending endorsement of the first two IFRS Sustainability Disclosure Standards for use in the UK. The Group will await the expected forthcoming announcement regarding future UK climate reporting requirements in due course.
- The UK Transition Plan Taskforce ('TPT') published its final disclosure framework on climate transition plans, setting out good practice for robust transition plans as part of a company's annual reporting. The Group will monitor the UK pronouncements on future reporting with relation to the TPT framework.
- The Corporate Sustainability Reporting Directive ('CSRD') was adopted by the European Parliament and European Council in December 2022. The Group is in scope for this legislation due to our subsidiary operations in the EU, principally in Spain and Germany, from FY25. The scope and impact of the CSRD is complex and our European divisions have commenced work towards its requirements for reporting in 2026. The Sustainability Committee have reviewed and endorsed our proposed approach. Subsequent to the year end, the Group has noted the proposed legislation 'Omnibus proposal' published on 26 February 2025 which if enacted would have the effect of deferring the implementation dates for CSRD applicable to the Group by two years. At the current time the Group is continuing with its implementation plans and will continue to monitor future developments.
- The 2024 TCFD was written with the assumption that the North America School Bus division would remain part of the Group. Following the sale announcement post year-end, the Group plans to reassess the climate-related risks, impacts and opportunities in 2025, along with its near and long term targets.

Governance report

Contents

Chair's Introduction to Corporate Governance

HELEN WEIR
Chair

"The Group's approach to corporate governance has helped the Board to address the challenges that have arisen during the year and will also allow the right consideration of the issues that may arise in future."

Governance at a glance

Effective decision-making, including in accordance with our s.172(1) duty – see the Board's activities on pages 85 and 86 and our s.172(1) statement on pages 90 and 91.

A focus on Board and senior management succession planning and diversity – see our Nominations Committee Report on pages 106 to 109.

Robust and ever-evolving risk management and internal controls – see our Audit Committee Report on pages 98 to 105.

A drive to be an environmental leader and the employer of choice – see our Sustainability Committee Report on pages 110 and 111.

Carefully balanced executive pay decisions – see our Annual Statement by the Remuneration Committee Chair and Directors' Remuneration Report on pages 113 to 127.

Corporate Governance Compliance Statement

The Board is pleased to report that the Company has applied the Principles and complied with the Provisions of the UK Corporate Governance Code issued by the FRC in July 2018 for its financial year ended 31 December 2024. The Code is publicly available from the FRC website here: https://www.frc.org.uk/library/standards-codes-policy/corporate-governance/uk-corporate-governance-code/.

This Corporate Governance Report as a whole explains how the Company has applied the Principles and complied with the Provisions of the UK Corporate Governance Code, but below is a guide to where the most relevant explanations are given for each of the Principles:

	Principles	Pages
Board leadership and Company purpose	A, B, C, D and E	Pages 84 to 89 and pages 92 to 94
Division of responsibilities	F, G and H	Pages 87 to 89
Composition, succession and evaluation	I, J, K and L	Pages 106 to 109
Audit, risk and internal control	M, N and O	Pages 98 to 105
Remuneration	P, Q and R	Pages 112 to 127

This Corporate Governance Report describes our governance practices. Our corporate governance framework within which those practices operate is available on our website here: https://www.mobicogroup.com/about-us/corporate-governance/governance-framework/.

Strategy, risk management, internal control, and safety and environmental leadership

The Board is responsible for reviewing the Group's strategy and its management of risk and ensuring that there is a robust system of internal control in place. The Board, supported by its Audit and Sustainability Committees, has been active during 2024 in discharging these responsibilities, by: (i) reviewing options for, and progress against, the Group's deleveraging plans, including monitoring and providing oversight of the sales process for its North America School Bus disposal and progressing smaller disposals in the UK, (ii) monitoring progress against the Evolve strategy, and (iii) conducting 'deep dive' reviews of Group-wide and divisional risks, and (iv) monitoring the Group's overall compliance, safety and sustainability programmes. At the same time, controls over capital allocation and costs, while ensuring that the Group has the resources it needs, have been a key focus of the Board's activity during the year. However, there is a recognition that significant control weaknesses have been identified in the year with respect to the future cashflow forecasts prepared by management and further issues in respect of the German Rail business, which included the identification of a prior year restatement.

Further details of these matters are set out throughout the Strategic Report and in the Audit and Sustainability Committee Reports.

Board and senior management composition, succession and diversity

During the year, we said goodbye to Mike McKeon as Chair of the Audit Committee, after nearly nine years' service on the Board and to James Stamp as Group CFO. The Board was delighted to welcome Helen Cowing as Interim Group CFO in June 2024. There were also changes to the composition of our Committees, in particular Enrique Dupuy de Lome Chávarri succeeding Mike as Chair of the Audit Committee in June, and Nigel Pocklington succeeding Karen Geary as Chair of the Remuneration Committee in August.

In February 2025, I informed the Board that for personal reasons I will not stand for re-election as a member of the Mobico Board at the Group's 2025 AGM. The search for my successor was led by the Karen Geary, Senior Independent Director, and the Nominations Committee, together with an external search firm. As announced on 27 March 2025, Phil White will succeed me as Chair of the Board from 1 May 2025.

The Board undertook an external Board review during the year, facilitated by Bernice Dunsmuir of Constal. This review gave us valuable insights into our strengths as a Board and also identified areas for improvement.

Further information about the composition of the Board and its Committees, its succession plans and evaluation, senior management succession, and how diversity and inclusion are being fostered on the Board and across the Group, can be found in our Nominations Committee Report.

Remuneration balance between reward and restraint

The Board, through its Remuneration Committee, is responsible for ensuring appropriate arrangements are in place for rewarding and incentivising management in the context of Company and individual performance as well as the workforce, shareholder and wider stakeholder experience.

The Remuneration Committee has sought to achieve the right balance between rewarding the Executive Directors and incentivising them to continue their work on leading the Company's recovery while exercising appropriate restraint on their total pay. In doing so, the Remuneration Committee has taken regard of the wider stakeholder experience.

Further information about the Remuneration Committee's decisions on Executive Director pay, alongside the regulated information about all Directors' pay, can be found in the Directors' Remuneration Report.

Stakeholder relations

The Board is accountable to its shareholders and wider stakeholders, and considerations relating to stakeholders have remained high on the Board's agenda in 2024, including through direct engagement with equity and debt investors on key matters and direct engagement with the workforce. Engagement with other stakeholders primarily takes place at the divisional level, however, the Board ensures that it hears and understands such views via regular divisional updates. More detail on how the Board engages with its stakeholders is found on pages 95. The Board remains committed to open channels of communication with all stakeholders to be able to hear their views to aid its decision-making. Our s.172(1) statement provides examples of how the Board has considered stakeholders in making Board decisions.

Annual General Meeting

Our Annual General Meeting ('AGM') will be held at 2:30 pm on Monday, 9 June 2025 in the Bevan Suite at BMA House, British Medical Association, Tavistock Square, London WC1H 9JP. Further information will be in the Notice of AGM.

Conclusion

2024 has been another challenging year, as the Group continues its deleveraging journey and rebuilds for the future. The Group's approach to corporate governance has helped the Board to address the challenges that have arisen during the year and will also allow the right consideration of the issues that may arise in future. On behalf of the Board, I would like to thank all of our colleagues, customers, suppliers and many other stakeholders who have contributed to, and supported, the Group during 2024.

Helen Weir
Non-Executive Chair

28 April 2025

Board of Directors

Helen Weir
Non-Executive Chair
Independent on appointment

Appointed: October 2022 and Chair from January 2023

Current external appointments:

- Supervisory Board Member, Koninklijke Ahold Delhaize N.V.

Ignacio Garat
Group
Chief Executive Officer

Appointed: November 2020

Current external appointments:

None

Karen Geary
Senior
Independent Director

Appointed: October 2019

Current external appointments:

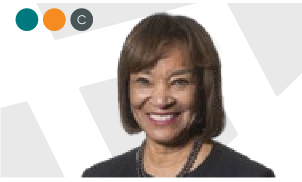
- Non-Executive Director, Sabre Insurance Group PLC
- Non-Executive Director, PageGroup PLC

Jorge Cosmen
Non-Independent
Deputy Chair

Appointed: December 2005

Current external appointments:

None



Carolyn Flowers
Independent
Non-Executive Director

Appointed: June 2021

Current external appointments:

None

Ana de Pro Gonzalo
Independent
Non-Executive Director

Appointed: October 2019

Current external appointments:

- Non-Executive Director, ST Microelectronics NV
- Non-Executive Director, Novartis AG
- Independent Director, National Advisory Board representing Spain before the Global Steering Group for Impact Investment

Nigel Pocklington
Independent
Non-Executive Director

Appointed: August 2023

Current external appointments:

- Chief Executive Officer, Good Energy Group PLC

Enrique Dupuy de Lome Chávarri
Independent
Non-Executive Director

Appointed: November 2023

Current external appointments:

- Non-Executive Director, Wizz Air Holdings PLC

Mike McKeon
Independent
Non-Executive Director

Appointed: July 2015

Resigned: 11 June 2024

External appointments as at 11 June 2024:

None

James Stamp
Group
Chief Financial Officer

Appointed: Interim CFO November 2022 and Group CFO from December 2022

Resigned: 11 June 2024

External appointments as at 11 June 2024:

None

Key

- Audit
- Nominations
- Remuneration
- Sustainability
- Chair

For more information on each of the Directors' experience and key strengths in support of the Company's strategy, please visit the Company's website:

https://www.mobicogroup.com/about-us/our-leadership-team/

Further details about Directors' independence, conflicts of interest and commitment are set out on pages 88 and 89.

Board activity in 2024

Strategy, business and operational performance	• Reviewed options for, and progress against, the Group's deleveraging plans, including monitoring and providing oversight of the sales process for its North America School Bus disposal and progressing with the smaller disposals of UK NXTS businesses including Mortons Travel and Stewarts Coaches • Reviewed the performance of the Group's divisional businesses, including receiving reports from the divisions on their performance versus strategy and their priorities and initiatives • Reviewed and approved bids for significant opportunities to provide transportation services
Financial performance	• Received reports from the Audit Committee on the integrity and reasonableness of, and reviewed and confirmed, the Company's and its Group's full year and half year financial results, the going concern basis on which they were prepared and the Group's viability • Approved the Group's annual budget and five-year plan, and monitored the Group's trading performance against both budget and forecasts in light of changing market conditions, particularly in respect of labour costs and availability, interest rates and inflation and evaluated alternative strategic options to deleverage • Reviewed and agreed the Group's financing requirements, including headroom against Board-set liquidity requirements and bank-set covenants • Monitored progress of productivity and cost reduction programmes and cash-saving opportunities as part of wider efforts to accelerate deleveraging • Considered the Company's dividend policy and approved the decision not to pay a 2024 interim or full year dividend
Risk management and internal control	• Reviewed the Group's risk appetite and its management of principal and emerging Group-wide risks • Received reports from the Audit Committee on its reviews of cyber risk, ransomware and divisional risk management, and its compliance framework 'deep dive' on anti-bribery • Received reports from the Audit Committee on, and reached its own conclusion about, the effectiveness of the Group's system of internal control, including the findings and effectiveness of the internal audit function and the work of the external auditor • Approved the annual renewal of the Group's insurances • Received regular updates on legal and regulatory matters, including material legal claims brought by and against the Group's companies • See page 86 of this Corporate Governance Report for a detailed review of the Board's activity during 2024 in relation to safety
Sustainability	• Received reports from the Sustainability Committee on the progress against the Group's sustainability ambitions, including progress against the Group's environmental targets and strategy and the Group's people targets and strategy • Received people updates relating to engagement survey or pulse survey results, driver shortages, trade union relations and other matters affecting the workforce • Participated in a number of workforce engagement activities, as further described on pages 96 and 97 of this Corporate Governance Report
Leadership and remuneration	• Received and approved recommendations from the Nominations Committee on the proposed size and composition of the Board and each of its Committees and the proposed annual election, or re-election, of Directors at the next AGM • Received a report from the Nominations Committee on senior management succession plans, with a particular focus on the Group finance teams • Received reports from the Remuneration Committee on its activities, including Chair, Executive and senior management pay awards, bonus awards, targets and out-turns, long-term incentive grants, performance conditions and vestings and overall pay conditions across the Group • Consulted with shareholders on the new Directors' Remuneration Policy to ensure shareholder views were understood • Reviewed and approved Non-Executive Director fees
Governance	• Approved the Company's Annual Report, including ensuring that it is fair, balanced and understandable • Considered developments in corporate governance and reporting and how best to implement such developments, such as the introduction of the 2024 Corporate Governance Code • Reviewed the results of the externally facilitated Board and Committee effectiveness evaluation • Reviewed the Board's terms of reference, its Committees' terms of reference and the Group's delegated authority framework • Reviewed and approved the Group's modern slavery statement

Further details about the Board and Committee meetings held during 2024, Directors' attendance at those meetings and the Board and its Committees' processes are set out on pages 88 and 89 of this Corporate Governance Report.

Board activity in 2024 continued

Safety

The Group CEO has overall responsibility for the Group's safety system and performance, supported by the Divisional CEOs, the Group Operations, Maintenance and Safety Director and the Divisional Safety Directors. The Board has direct oversight of the Group's safety system and performance, receiving a safety report and updates at each Board meeting.

Safety system

The Group has well-defined and developed safety systems, standards and policies that operate across its global businesses, which have their foundations in the 'Driving Out Harm' programme that originated in 2011 with 12 Global Safety Standards. This was enhanced in 2017 with the introduction of five new Global Safety Policies relating to speed management, driving evaluation, competence of driving evaluators, driver monitoring and driver performance management. A sixth Global Safety Policy on road vehicle shunting was introduced in 2021. The first six policies are fully implemented across the Group's existing operations and continue to be implemented in those cities and countries in which the Group has more recently commenced operations. 2025 will see the implementation of a 13th Global Safety Standard on wellbeing.

Safety performance

The Board assesses the Group's safety performance and risk by reference to a number of KPIs, the principal one being the Fatality and Weighted Injuries (FWI) index measure. The FWI index weights preventable injuries by severity to give an overall base score, which is normalised by miles operated.

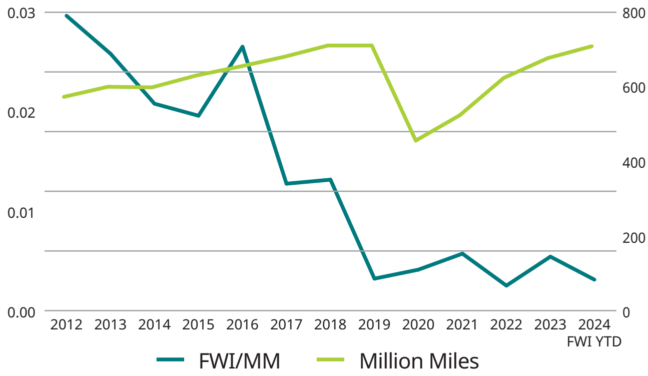
A further KPI measures a preventable accident score which counts the number of vehicle accidents that should, by compliance with the Group's safety system, have been capable of being prevented.

To ensure continued focus on the Group's safety performance, a portion of the bonuses for Executive Directors and senior management is based on the Group FWI index score, with the threshold for payout only being met if there were no preventable fatalities during 2024. The 2024 FWI index target is derived from the Group's average FWI score from the previous three years. The actual score achieved for 2024 is set out in the table below:

KPI Target and 2024 Bonus Target	Bonus Weighting	Target Score	Actual Score
Group FWI index score (per million miles)	15%	0.0047	0.0031

The Board noted that the Group FWI index target for 2024 was met and was the second best result on record, which demonstrates the relentless focus on safety. However, there was one preventable fatality during the year, and therefore although the Group target was achieved, there is no bonus payout on the FWI metric in 2024 for Executive Directors as a result of the fatality.

The impact of the Group's relentless focus, and continuous investment, in safety is illustrated by the graph at the top of the next column. To demonstrate the Group's ongoing focus and commitment to safety, the Remuneration Committee of the Board will continue to include safety metrics within the Executive Directors' and senior management bonus plans for 2025, as set out in the Directors' Remuneration Report.



In addition to assessing safety performance by reference to KPIs, the Board also reviewed all major safety incidents within the Group, their root causes and any lessons to be learned, together with action plans implemented in response to them. It also received updates about a number of specific or new aspects of the Group's safety system, for example:

- following an increase in child check incidents in the North America School Bus business, the Board heard that this would be a key focus area during driver safety training, particularly at the beginning of the new school year. The Board was pleased to hear about the potential use of technology to verify the quality and effectiveness of driver checks;
- the Board was pleased to hear about the roll-out of new cameras to the Group's fleet, and a pilot of the use of AI technology to improve drivers' risk management – demonstrating the Company's focus on continuous improvement;
- the Board were given an overview of mitigations put in place to address the risk caused by inexperienced drivers, who are statistically more likely to be involved in a collision. As a result of the Group's ageing workforce and resulting driver recruitment efforts, the proportion of inexperienced drivers has increased, which meant this was a particular focus area during 2024. This is also an example of how the Group continues to be alert to new and emerging risks and devises plans to mitigate their effects; and
- the Board was updated on the Group-wide actions being taken to mitigate the risks emerging of thermal events on battery electric vehicles. This involves a cross divisional working group to ensure emerging good practice and lessons are shared.

The Group's safety excellence also continued to be recognised externally during 2024, for example: the UK achieved ISO 45001 accreditation and successfully completed 5* BSI safety audits in its Bus division; in Germany, we received an excellence award from the VDV academy for our digital fleet training; and in ALSA, we received an award for 'Commitment to Road Safety and Sustainable Mobility' awarded by the CNAE Foundation (National Confederation of Driving Schools of Spain) and 'Driving out harm at ALSA' was selected as a finalist in the technology and innovation category in the Excellence in Road Safety Awards 2024 by European Road Safety Charter.

The Board believes that the Group's approach to safety, and commitment to continually learning and improving through innovation, ensures it meets, and will continue to meet, its overall strategic ambition of being the safest operator in the industry.

Division of responsibilities

Roles and responsibilities

The Board has agreed a clear division of responsibilities between the Chair and Group Chief Executive Officer. Other roles are also clearly defined to enhance Board effectiveness. A summary of those roles and responsibilities is set out below:

Chair Helen Weir[1]	• Provides overall leadership to, and ensures the effectiveness of, the Board • Sets the agenda, character and tone of Board meetings and discussions • Maintains an effective working relationship with the Group Chief Executive Officer • Leads the annual performance evaluation of the Board and its Committees and ensures Non-Executive Directors make effective contributions • Assists the Board in understanding stakeholders', including shareholders', views
Deputy Chair Jorge Cosmen[2]	• Maintains a close dialogue with the Chair and the Group Chief Executive Officer • Supports and deputises for the Chair as required • Assists the Group Chief Executive Officer in developing strategy, in view of his deep knowledge of the Group and the passenger transport sector
Group Chief Executive Officer Ignacio Garat[3]	• Develops the Group's strategy for consideration and approval by the Board and provides effective leadership to the GEC in the delivery of that strategy • Responsible for the management of the Group's operations, including the Group's safety and sustainability activities • Manages, with the GEC members, relationships with key stakeholders, from shareholders to key customers and suppliers • Communicates the Group's progress against strategy and operational performance to investors and analysts • Leads the workforce and sets the Group's culture 'from the top'
Group Chief Financial Officer Helen Cowing[4]	• Works closely with the Group Chief Executive Officer in the development and delivery of the Group's strategy • Responsible for the financial stewardship of the Group and management of its resources through appropriate accounting, financial and other internal controls • Directs and manages the Group's finance, risk management, internal audit, insurance, tax and treasury functions • Manages investor relations, including by communicating the Group's financial performance to investors and analysts
Senior Independent Non-Executive Director Karen Geary	• Acts as a sounding board for the Chair and a trusted intermediary for other Directors • Available to investors to discuss any concerns that cannot be resolved through the normal Chair or Executive Director channels • Leads the Board in the annual performance evaluation of the Chair and in developing Chair succession plans
Independent Non-Executive Directors Ana de Pro Gonzalo, Carolyn Flowers, Nigel Pocklington and Enrique Dupuy de Lome Chávarri	• Monitor and scrutinise the Group's performance against its strategic goals and financial plans • Bring objective perspective to the Board's deliberations and decision-making, drawing on their collective experience and individual expertise and insights • Chair and otherwise play lead roles in the functioning of the Board's Committees • Monitor and assess the Group's culture, use appropriate and effective means to engage with the workforce and acquire an understanding of stakeholders' views • Monitor and assess the effectiveness of, and support and constructively challenge, the Executive Directors
Group General Counsel & Company Secretary Simon Callander	• Provides advice and support to the Board, its Committees, the Chair and Directors individually as required • Responsible, with the Chair, for setting the agenda for Board meetings and for high-quality and timely information and communication between the Board and its Committees, and between the Directors and senior management as required • Ensures that Board and Committee procedures are complied with

1 Independent on appointment
2 Non-independent Non-Executive Director
3 Executive Director
4 Helen Cowing was appointed as the Interim Group Chief Financial Officer. She is not a statutory Board member

Division of responsibilities continued

Board and Committee meeting attendance

The Board and its Committees conduct their business at scheduled meetings during the year. Additional meetings are held, and other arrangements made, to consider and decide ad hoc matters outside of scheduled meetings. The table below sets out the attendance by Directors and Committee members at the scheduled meetings of the Board and its standing Committees in 2024:

Attendance at meetings	Board	Nominations Committee	Audit Committee	Remuneration Committee	Sustainability Committee
Total meetings in 2024[1]	**7**	**3**	**5[2]**	**4**	**3**
Executive Directors[3]					
Ignacio Garat, Group Chief Executive Officer	7	–	–	–	–
James Stamp, Group Chief Financial Officer[4]	3	–	–	–	–
Chair and Non-Executive Directors					
Helen Weir	*7	3	–	4	3
Jorge Cosmen	7	*3	–	–	3
Carolyn Flowers	7	3	5	–	*3
Karen Geary[5, 6]	6	2	–	*4	2
Mike McKeon[7]	3	1	*3	–	–
Ana de Pro Gonzalo[8]	7	–	5	2	–
Nigel Pocklington[6, 9]	7	–	–	*4	2
Enrique Dupuy de Lome Chávarri[7, 10]	7	2	*5	–	–

1 Some of the Board and Committee decisions were taken outside of scheduled meetings during the year and the Chair of the Board and the Executive Directors were also invited to attend certain meetings of the standing Committees of the Board where appropriate, neither of which are shown in the table above. The Disclosure Committee and Executive Committee of the Board met during 2024 as and when required but these meetings are not reflected in the table above given the nature of these committees means that such meetings are not scheduled.

2 The total number of scheduled meetings of the Audit Committee includes the January 2024 meeting, which was originally scheduled for December 2023, as reported on page 86 of the 2023 Annual Report.

3 Helen Cowing attends Board and certain Committee meetings in her capacity as Interim Group Chief Financial Officer but is not included in the above table as she is not a member of the Board.

4 James Stamp stood down from the Board on 11 June 2024 having attended all meetings of the Board held during the year prior to this date.

5 Karen Geary was not able to attend the November Board, Sustainability and Nominations Committee meetings due to exceptional circumstances.

6 Karen Geary was Chair of the Remuneration Committee until 1 August 2024, after which Nigel Pocklington succeeded her as Chair of the Remuneration Committee with effect from the same date.

7 Mike McKeon stood down from the Board on 11 June 2024 having attended all meetings of the Board, Audit and Nominations Committee held during the year prior to this date. He was Chair of the Audit Committee until he stood down on 11 June 2024, following which Enrique Dupuy de Lome Chávarri succeeded him as Chair of the Audit Committee from the same date.

8 Ana de Pro Gonzalo could not attend two of the Remuneration Committee meetings, as these meetings had to be rearranged to dates where she already had pre-existing commitments.

9 Nigel Pocklington was unable to attend a Sustainability Committee meeting due to an unavoidable conflict.

10 Enrique Dupuy de Lome Chávarri was appointed a member of the Nominations Committee on 11 June 2024 and attended all meetings of the Committee held after this date.

* Board Chair or Committee Chair

Director independence

The Board reviews the independence of its Non-Executive Directors annually in advance of proposing Directors for election or re-election at the AGM. The Nominations Committee also considers Non-Executive Director independence on an ongoing basis as part of its consideration of the composition of the Board.

Helen Weir was considered independent on appointment as Chair. Mr Cosmen, the Deputy Chair, is not considered independent due to his long tenure on the Board (19 years), his close links with the Group's business (especially the ALSA business) and the interests the Cosmen family hold in shares in the Company. However, Mr Cosmen's extensive experience in the passenger transport industry and deep understanding of the Group's business enables him to provide the Board with valuable support when reviewing strategic and operational matters.

On the advice of the Nominations Committee, the Board considers all other serving Non-Executive Directors to be independent.

Director conflicts of interest

The Board operates a policy to identify and manage situations declared by Directors (in accordance with their legal duty to do so) in which they or their connected persons have, or may have, an actual or potential conflict of interest with the Group. The Board considers such situations as they arise and decides whether to authorise any conflict based on the overriding principle that a Director must at all times be able to exercise independent judgement to promote the success of the Group.

A register of Directors' actual and potential conflicts of interest, together with authorisations previously given by the Board, is maintained by the Group General Counsel and Company Secretary. Following review by the Nominations Committee of the application of this policy during the year under review, the Board is satisfied that no Director conflict situation currently exists.

Director commitment and external appointments

The Directors' ability to commit sufficient time and attention to their duties, including having regard to their external appointments, is reviewed by the Board annually in advance of Directors being proposed for election or re-election at the AGM, following recommendation from the Nominations Committee. All Directors are expected, and required by their appointment terms, to commit sufficient time to the Board and the Group in order to carry out their duties. They are also required, by their appointment terms, to seek the Board's approval to take on significant new commitments.

The Board's policy on Directors' commitment and external appointments gives guidance on what constitutes a significant commitment outside the Group and the process to follow to seek approval for new external appointments. The policy guides that the Board will not normally approve Executive Directors holding more than one other significant commitment, such as a non-executive directorship in another publicly traded company, and will not normally approve Non-Executive Directors holding more than five 'mandates' as defined in the policy.

A register of Directors' external appointments is maintained by the Group General Counsel and Company Secretary. Details of all Directors' current significant external appointments are included in their biographies on the website here: https://www.mobicogroup.com/about-us/our-leadership-team/.

Following recommendation by the Nominations Committee, the Board considers, taking into account Directors' attendance at Board and Committee meetings, their contributions to the Group outside the Boardroom and their other current significant commitments, including external appointments, that all the Directors are able to devote sufficient time and attention to their duties.

Board and Committee processes

The Board has a schedule of matters reserved for its approval, which matters include: strategy review, risk appetite and Group-wide principal and emerging risk review; major acquisitions, disposals, bids and contracts; share capital changes and debt financing; review of financial results and approval of business plans and budgets; setting and changes to key corporate policies; Board and Committee membership; and corporate governance arrangements. Other responsibilities and authorities have been delegated by the Board to its standing Committees, comprising its Nominations, Audit, Remuneration, Sustainability, Executive and Disclosure Committees.

The schedule of matters reserved to the Board and the terms of reference of each of its standing Committees, which are reviewed and approved by the Board annually, can be found on our website at www.mobicogroup.com. Matters that fall outside of those reserved to the Board or its standing Committees fall within the responsibility and authority of the Group Chief Executive Officer and/or the Group Chief Financial Officer and are either reserved to them or delegated by them further pursuant to a Group Delegated Authorities Framework which is also reviewed and approved by the Board.

The Chair of the Board and Group General Counsel and Company Secretary, in consultation with the Chief Executive Officer and Chairs of the Committees, maintain a scheduled 12-month programme of business for the Board and its standing Committees. This incorporates flexibility for additional business to be discussed as required either at those scheduled or additional ad hoc meetings of the Board or its Committees.

During the year, the Board reviews updates from the Executive Directors on the Group's strategic, operating and financial performance, and from other members of the Group Executive Committee including the Group General Counsel and Company Secretary on legal compliance and corporate governance and the Group Operations, Maintenance and Safety Director on the Group's safety performance.

Committee Chairs provide summaries of the main decisions and recommendations arising from Committee meetings to ensure non-members are kept up to date with the work undertaken by each Committee. Senior management and external advisers regularly attend both Board and Committee meetings where detailed discussions on specific matters on which their input or advice is needed take place.

If a Director is unable to attend a meeting due to illness or exceptional circumstances, they still receive all supporting papers in advance of the meeting and are invited to discuss with, and provide input to, the Chair of the Board, relevant Committee Chair or the Group General Counsel and Company Secretary on the business to be considered at that meeting. Feedback is provided to any absent Director on the key decisions taken at the meeting.

The Board has access to the Group General Counsel and Company Secretary for support and advice as required, and the Company operates a policy that allows Directors to obtain, at the Group's expense, independent professional advice where required to enable them to fulfil their duties effectively.

In addition to Board and Committee meetings, Non-Executive Directors hold private meetings without the Executive Directors present, including to discuss Executive Director performance. There are also opportunities during the year for Directors to have informal discussions outside the Boardroom, either between themselves or with senior management or external advisers.

Further, Non-Executive Directors have the opportunity, throughout the year, to attend seminars and discussion groups on matters relevant to their roles and responsibilities or on topics of interest to the Company, including through the Deloitte Academy and Chapter Zero.

Section 172(1) statement

The Board makes decisions after careful consideration of all relevant factors including, but not limited to, those specified in s.172(1) Companies Act 2006. Examples of some of the decisions taken by the Board or its Committees during the year and an explanation of which factors the Directors had regard to when reaching such decisions, including those set out in Section 172(1)(a) to (f) of the Companies Act 2006, are set out in the table below:

Board decision	Directors' consideration of factors in accordance with s. 172(1)
Approve the launch of a full sales process for its North American School Bus business	• in line with the Group's commitment to disciplined capital allocation and de-leveraging as well as its focus on future return-enhancing growth, the Board made the decision to launch a full sales process for its North American School Bus business, with the objective of accelerating the Group's deleveraging while enhancing financial flexibility to focus on opportunities with higher return potential
	• wider stakeholder implications for the North American School Bus business, including greater certainty for colleagues, longer-term financial security for the business in a less capital constrained environment and better ability to bid and win contracts thereby fostering business relationships and servicing more of the community
Approved the decision to delay the publication of the FY23 accounts	• the decision to delay publication of the Group's FY23 accounts ensured that management had sufficient time to conclude its review and the Group's auditor, Deloitte, had sufficient time to complete its audit. Ensuring that the Group's financial reporting is accurate is fundamental to the Group's reputation and ensures that all stakeholders have accurate to high-quality information
Approved recommendations from the Nominations Committee on the appointment of a new Interim Group CFO and changes to the Committees' membership	• the appointment of a new Interim Group CFO with experience in both transformational and turnaround situations as well as changes to the membership of some of the Board's Committees, thereby ensuring that suitably experienced and qualified individuals with key experience in their areas of expertise are appointed to the Committees to help deliver strong financial outcomes, accelerate the Evolve strategy and support the long term success of the Group
	• colleagues benefit from clear leadership being in place, especially during a period of transformation and turnaround
Adoption of new Scope 1, 2 and 3 GHG emissions targets, which were approved by SBTi	• the Group adopted new Scope, 2 and 3 Science-based greenhouse gas emissions reductions targets, which received SBTi validation that such targets were in line with containing global warming to a temperature increase of no greater than 1.5°C above pre-industrialisation levels, demonstrating the Group's commitment to playing its part in society's goal of controlling climate change
	• further action against climate change enhancing the Group's reputation and credibility as an environmentally conscious transport company
Approved the decision not to pay a 2024 interim and full year dividend	• in determining whether or not to recommend payment of an interim and full year dividend, the Board considered the financial implications and long-term impacts of that recommendation, acting fairly between shareholders who had expressed different views, alternative applications of those monies (including reinvestment and deleverage) and the impact on the Group's reputation

Board decision	Directors' consideration of factors in accordance with s. 172(1)
Reviewed and approved the Group's five-year strategic plan and opportunities to accelerate the Evolve strategy	• the achievement of the Group's strategy through execution of our customer propositions and delivery of our outcomes will have positive outcomes for all; our colleagues will benefit from financial, career and development opportunities resulting from our growth; our business relationships will benefit through strengthening existing relationships and developing new relationships with our customers, suppliers, debt providers and our partnerships with local governments; the community and environment will benefit as we transition to zero emissions vehicles and seek to keep local communities well connected with safe and reliable transportation services; and our shareholders will benefit from our growth and increased profitability through returns on their investment • the achievement of our strategy will improve our reputation in the long-term, because we will be: the safest, most reliable operator with the most satisfied customers; an employer of choice; and an environmental leader, with strong financial returns, which will advance our purpose
Approved bids for significant opportunities to provide transportation services	• the bids would, if successful, generate revenue and profit and contribute to the Group's growth strategy and align with its purpose, including through access to new markets and strengthening our presence in existing markets which could create further opportunities in the long-term. Our shareholders will all benefit from our growth and increased profitability through returns on their investment as will our existing colleagues from the increased financial stability within the Group
	• additional colleagues would join the Group if the bids are successful. They would benefit from our training programmes and application of our Group Safety Policies, which would teach them new skills and procedures aimed at reducing risk • the local communities served could benefit from either a new or continued service operated to the high standards set by the Group, particularly in terms of safety and in line with the Group's environmental ambitions to transition its global fleet to zero emissions vehicles
	• the Group chose to partner with others in some of its bid submissions, which enabled the Group to form new, or strengthen existing, stakeholder relationships
Approved the Group's modern slavery statement	• the statement confirmed the Group's zero-tolerance approach to slavery and human trafficking and sets out the steps taken by the Group during the year to ensure there was no modern slavery or human trafficking in any part of its business or supply chain, and in approving such statement, consideration was given to the Group's reputation for conducting its business in an ethical manner and with integrity and the importance of working with trusted suppliers who operate to the same high standards with respect to conduct of their business and management of their social and ethical issues

Key

Long-term impact · Employees · Fostering business relationships · Community and environment
Reputation · Acting fairly between members · Financial implications · Advancing the purpose

Purpose, values and culture

Purpose, vision and strategy

The Group has a clear purpose and vision to be achieved through the execution of its Evolve strategy. This strategy is built upon five customer propositions, each underpinned by the focused application of technology, to deliver six outcomes for stakeholders. For more details please see pages 16 and 17.

Aligning our purpose, vision, values and strategy

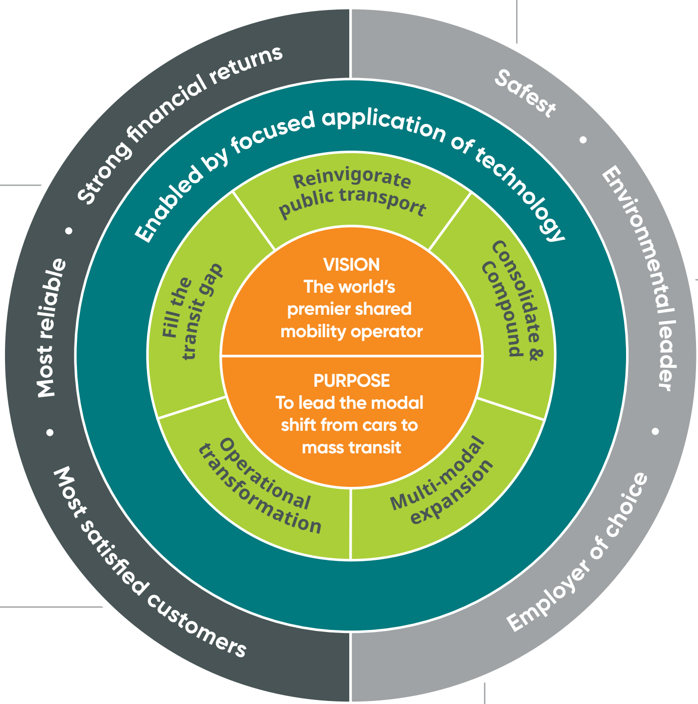
The Group's values – Safety, Excellence, Customers, People and Community & Environment – support the execution of the Evolve strategy as they are directly aligned with the six outcomes for stakeholders, as illustrated by the examples in the diagram below:

Excellence

Our focus on excellence, delivered through efficiency initiatives, leads to operational transformation

Safety

Our prioritisation of safety, and reducing accidents, reinvigorates public transport by enhancing passenger confidence



Customers

Putting customers at the heart of what we do wins us their loyalty, and builds our credentials, helping us win more multi-modal expansion opportunities

Community & Environment

Our desire to ensure communities are better served by public transport, and our commitments to reducing our impact on the environment, encourage us to fill the transit gap

People

Investing in our people enables us to improve our customer service offering, reinvigorating public transport by growing patronage

Culture

The below table sets out the framework of policies and practices that support our culture and explains how the Board monitors culture:

Culture framework	Board methods of monitoring culture
Our safety priority The Group's prioritisation of safety, led from the top, ensures it remains central to all business decisions and operational practices. Its global safety policies and systems set high and consistent standards across its operations worldwide. The inclusion of stretching safety targets in short-term incentive arrangements maintains this continued focus.	• The Board monitors the development, implementation and compliance with the global safety policies and reviews major safety incidents, their root causes and any lessons to be learned from them. • The Board undertakes safety deep-dives from time to time to assess safety compliance and safety culture across different parts of the business. • The Group CEO, supported by the Group Operations, Maintenance & Safety Director, constantly monitors the Group's safety performance and reports on such performance to the Board at every Board meeting.
Our environmental strategy and ambitions The Group's environmental strategy is centred on the transition of the Group's fleet to ZEVs, and its environmental ambition to achieve zero emission fleets within each of its current business divisions. Its environmental KPIs enable progress against ambitions to be tracked and the inclusion of carbon reduction targets in long-term incentive arrangements maintains focus.	• The Sustainability Committee monitors progress against the Group's environmental strategy and ambitions. • The Group CEO and Group CFO, assisted by the Group Sustainability Director, the Global Sustainability Steering Group and the Zero Emission Vehicle Steering Group, regularly assess the development and delivery of zero emission fleet and other environmental initiatives, track progress against the environmental KPIs and report on such performance to the Sustainability Committee.
Our people strategy and employee policies and practices The Group's people strategy is based around three key priorities: Embrace, Energise, Elevate which are underpinned by our Essentials, as further explained on pages 65 and 66. Fair and transparent employee policies and practices ensure that our colleagues' rights are respected in accordance with applicable laws, their contracts and recognised collective bargaining agreements. A number of programmes and initiatives also support their health and wellbeing, develop their talent, recognise their excellence, encourage innovation and promote diversity and inclusion among them. During 2024, there has been a particular focus on well-being, with the launch of a new well-being strategy – see page 67 for more information.	• The Sustainability Committee monitors progress against the people strategy and ambitions, including tracking progress against the people KPIs. • The Sustainability Committee and the Board receive people updates on all key people data and trends, including levels of establishment, levels of engagement, outcome of staff surveys and the status of trade union relations. • The Nominations Committee reviews the effectiveness of senior management succession plans, talent identification and development plan, and diversity and inclusion initiatives. • Directors engage directly with colleagues via engagement events as described on pages 96 and 97.
Our corporate policies The Group's corporate policies, including those on anti-bribery and corruption, anti-slavery and human trafficking, data protection and whistleblowing, set clear expectations, and mandates, for every member of the workforce to perform business with integrity and in accordance with applicable laws. The Group Compliance & Risk Officer champions compliance, and a compliance framework has been developed to bring greater alignment to corporate policies.	• The Group's compliance framework, and the corporate policies which form part of it, are reviewed and approved by Board or the Audit Committee. • The Group Compliance & Risk Officer sponsors the Group's compliance programme, manages its development and enforcement and reports to the Audit Committee on its effectiveness. • Any serious allegations of breach of corporate policy or other wrongdoing, whether identified through internal audits, the whistleblowing hotline (via which colleagues can raise concerns in confidence and anonymously if they wish) or otherwise, are duly investigated, acted upon and brought to the Board's attention.
Our supplier protocols and procedures Standard supplier protocols and procedures, standard contractual terms and audits of suppliers ensure that key suppliers operate their businesses and respect their workers' rights in the same way that we do. Building long-term, mutually beneficial, relationships with core suppliers also enables the Group and its suppliers to understand and assist in the achievement of what is important to the other.	• The Board receives stakeholder reports and presentations from core suppliers from time to time. • The Group Procurement team monitors compliance by key suppliers with the Group's policies, protocols and procedures, and the Board receives reports from the Group Procurement Director from time to time.
Our values The Group has an embedded set of values that all our colleagues are encouraged to live by. The identification in the Evolve strategy of the six stakeholder outcomes, by which the Group measures whether it is delivering on its strategy and achieving its purpose, further reinforces the importance of the values. The alignment between the values and the outcomes is explained on page 92.	• The Board's engagement with our colleagues, through the means described on pages 96 and 97, enables the Board to assess first hand whether our colleagues are living by our values. • The Board also hears customer, supplier and other stakeholder views, through the means described on page 97, facilitating a further assessment of whether our stakeholders consider we are living by our values.

Through its monitoring activities, the Board is satisfied that the Group's culture is strongly aligned with its values, purpose and strategy.

Stakeholder relations

Board engagement with shareholders, analysts, potential investors and debt providers

The Board is committed to maintaining a two-way dialogue with its key financial stakeholders. The Chair, supported by the Senior Independent Director and the Executive Directors, has overall responsibility for ensuring this communication is effective.

The Group Chief Executive Officer and the Group Chief Financial Officer, with the support of the investor relations team, undertook their usual investor relations programme during the year. The programme, which is aligned to the Group's financial reporting calendar, includes holding meetings with and giving presentations to existing and prospective equity and debt investors, participating in analyst-arranged investor conferences and equity sales desk meetings. These events are shown by ● in the investor relations programme to the right. In addition, the Chair had a number of meetings with individual investors as requested by them, as shown by ●.

The Chair of the Remuneration Committee also undertook additional engagement in connection with the new Directors' Remuneration Policy in advance of the 2024 AGM, to ensure the Remuneration Committee and the Board understood the views of the shareholders before making decisions on the proposals set out in the new Directors' Remuneration Policy, as shown by ●.

The Board is kept fully informed of the views of shareholders via regular reports from the Executive Directors on their investor relations activities and via feedback from the Chair and other Non-Executive Directors on their engagement, as well as Board updates given by the Group Investor Relations Director. The Company's brokers and investor relations advisers also provide regular confidential feedback on investor views, perceptions and opinions which are shared with the Board.

The AGM also gives shareholders (especially retail shareholders) the opportunity to engage with the Board regarding the matters before the meeting and we were pleased to welcome around 15 retail shareholders at the 2024 AGM. The 2025 AGM will again be an in-person meeting; further details are in the Notice of 2025 AGM.

During 2024, eight analysts published equity research notes covering the Group through the year. Details of the analysts that currently provide coverage in relation to the Group appear at https://www.mobicogroup.com/investors/analysts.

2024 Investor Relations Programme:

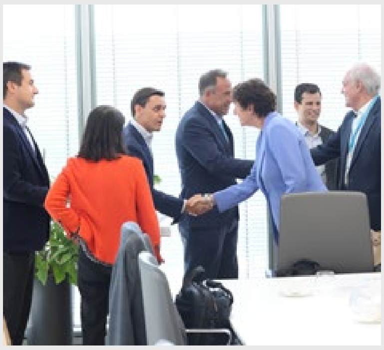
January	● (green)	One-on-one discussions with major shareholders who wished to engage in discussion on the new Directors' Remuneration Policy in advance of the 2024 AGM
February	● (orange)	Chair meetings with major shareholders
	● (green)	Further one-on-one discussions with major shareholders who wished to engage in discussion on the new Directors' Remuneration Policy in advance of the 2024 AGM
March	● (orange)	Chair meetings with major shareholders
April		2023 full year results announcement and investor roadshow
		Q1 trading update
	● (teal)	Meetings with investment bank sales desks
	● (orange)	Chair meetings with major shareholders
May	● (teal)	HSBC investors' conference
June		2024 AGM
August		2024 half year results announced
September		2024 half year investor roadshow
	● (orange)	Chair meetings with major shareholders
October	● (orange)	Chair meetings with major shareholders
November		Q3 trading update
	● (orange)	Chair meetings with major shareholders

Board engagement with the workforce

The Board undertook two site visits during the year in review: the first was in January 2024 to the Perry Barr depot in Birmingham as part of an overview of the UK division. This was followed by Madrid in September 2024 to visit the ALSA division. The programme of site visits was supplemented by Directors' participating in workforce engagement events, undertaken through online listening forums and in-person engagement during site visits. Further details of all of these events can be found on page 97.

Participating in these events with the workforce enables the Directors to understand how the Group's operations function in practice and allows them to hear directly from colleagues about matters that can be relevant to the Board's decision-making or can give better context to that decision-making. It also helps the Board to monitor the Group's culture.

MADRID SITE TOUR

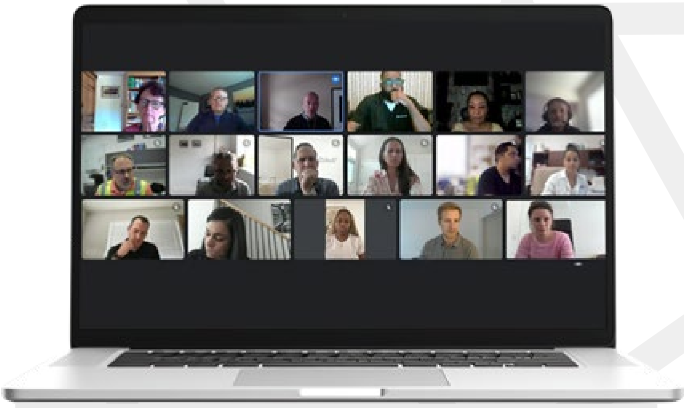


The Board went to Madrid in September 2024 to visit the ALSA division. During the site tour, the Board had the opportunity to hear from each of the key divisions and functions within ALSA, including: (i) Diversification: where the Board heard about ALSA's strategy to become a multi-modal operator through a diversified and balanced portfolio, (ii) People: where the Board was given a demonstration of the new HCM and payroll system, (iii) Spain: where the Board was updated on bids and renewals successes and given a demonstration of how the commercial and marketing teams had improved customer interfaces to drive patronage, (iv) International: where the Board was informed of the upcoming opportunities to further diversify and expand into new markets, (v) Morocco: where the future strategy was discussed noting that this was ALSA's 25th year in Morocco, (vi) Digital: where the Board heard about the plans for using new technologies, the Cloud and Artificial Intelligence to provide better customer service, (vii) Legal: who outlined how the team support and enable the division through early and pragmatic dialogue, and (viii) Finance: who discussed how they manage a year end in five different jurisdictions. One of the key strengths of ALSA is how the divisions and functions work effectively together across many countries, different sets of regulations and customer requirements.

BIRMINGHAM SITE TOUR

The Board visited the Perry Barr Bus depot in Birmingham, UK, in January 2024. During the site tour, the Board:

- travelled to the Perry Barr depot on a National Express ZEV. En route, they passed West Midland Travel's previous Perry Barr depot, which was decommissioned in December 2022, and were able to see the contrast with its more modern replacement.
- attended a 'daily stand-up' staff meeting, where the team reviewed issues arising over the previous two days, and forthcoming operations, route changes and safety matters for the next two days.
- visited the depot's accident repair and planned maintenance workshops. Here they learned about the different requirements of ZEVs when it came to repairs and maintenance, compared to diesel vehicles, and heard about efforts underway to improve forecasting and planning of maintenance in order to improve safety and efficiency.
- were shown the temporary EV chargers which were located at the depot pending the installation of a permanent electric charging facility and saw the site of a future electricity substation that will be used to charge the depots' EVs.
- tried out the training simulator and learned about how use of the simulator enhanced the training programme.



Online listening forums

Online listening forums take the form of roundtable discussions between two Non-Executive Directors and 10-20 members of the workforce drawn from a variety of roles. These forums have been positively received by those attending them who have commented, in particular, that the format gave Board members a valuable opportunity to learn from and interact with colleagues.

Three online listening forums were held in 2024 with colleagues from the UK, WeDriveU and ALSA divisions. The UK event was attended by Nigel Pocklington and Helen Weir, the WeDriveU event by Carolyn Flowers and Helen Weir, and the ALSA event by Jorge Cosmen and Ana de Pro Gonzalo.

The topics at each of the sessions differed: communications was the key theme in the ALSA session, with colleagues appreciative of the improvements made to internal communications which they felt helped them have a more global view of the organisation; teething issues were raised by WeDriveU having recently been separated into its own division at a time of fast growth but which would naturally improve as the organisation matured; and the UK raised staff morale following recent, but necessary, changes in the business. In the second half of the year new initiatives were launched with the aim of improving employee wellbeing and morale. This group also had some interesting views on the use of technology within the division which was fed back to the Board.

In-person engagement during site visits

During the Board site visit to Birmingham in January 2024, the Non-Executive Directors took the opportunity to have tea and pastries with a number of colleagues from different levels within the UK division, which allowed the Board to communicate informally with those colleagues to understand their views on the performance of the business and their proposed solutions to some of the challenges. The Board had a further opportunity to speak with some of our UK employees when they presented Mobico Hero awards during this visit. The awards are intended to recognise and celebrate those colleagues who go above and beyond to deliver against one or more of the Evolve strategy outcomes, and the Board enjoyed hearing about the achievements of those colleagues from the Perry Barr depot.

The Board also had the opportunity to engage with ALSA's management during both a lunch and dinner held during their trip to Madrid in September 2024. These meals provided an excellent opportunity for members of the Board to communicate directly with those colleagues and learn more about their perspectives of the business.

Workforce engagement methodology

The Group's workforce engagement events are a variant of the UK Corporate Governance Code recommended 'designated non-executive director' method of engaging with the workforce. Because they give more of the Directors and more colleagues the opportunity to speak directly with each other; they take due account of the size, geographic expanse, and cultural diversity of the Group's workforce; and the relative informality of their nature encourages open and honest discussion, they are considered by the Board to be more effective than that of the other Code-recommended methods.

Understanding other stakeholders' views

Most engagement the Group has with its other stakeholders, such as customers and passengers, suppliers, governments and regulators, takes place at the divisional level where a variety of well-established methods are used to ensure that divisional management understand their business' stakeholders' views. These views are regularly passed to the Board through divisional business updates. For example, the UK & Germany management team has kept the Board appraised of ongoing discussions with TfWM regarding future partnership arrangements and on the viewpoints of the German PTAs on industry-wide issues such as driver shortages and energy prices.

Further information about who the Company's key stakeholders are, and how the Company engages with them, is set out on pages 54 and 55 of the Strategic Report. Further examples of how different stakeholders' interests have been taken into account by the Board in its decision-making are also set out on pages 90 and 91 of this Corporate Governance Report.

Audit Committee report

ENRIQUE DUPUY DE LOME CHÁVARRI
Audit Committee Chair

Activity highlights

- Reviewed and satisfied itself as to the integrity and fairness of the Group's half and full year financial statements and the appropriateness of their being prepared on a going concern basis
- Assessed and challenged the appropriateness of the Company's viability statement
- Assessed and challenged management's approach to critical accounting judgements and key sources of estimation uncertainty including the impairment of goodwill in respect of the School Bus division and the recognition criteria applied to deferred tax assets
- Assessed and challenged (i) the significant increase in the onerous contract provisions related to the German Rail division's RRX contracts as at 31 December 2024 and the underlying issues relating to driver recruitment and cost inflation; and (ii) the key accounting estimates as at 31 December 2023 in the context of the information available at that time
- Assessed and challenged the assumptions and key accounting estimates relating to the IFRS 15 contract asset in relation to the RME German Rail contract
- Reviewed the findings and monitored the effectiveness of the internal audit function, and reviewed the programme of internal audits for the year ahead
- Reviewed the effectiveness of risk management and internal control systems
- Reviewed the opinions and monitored the independence and effectiveness of the external auditor
- Supported the Board in its management of risk by its continued programme of 'deep dive' reviews into divisional risk and its ongoing review of cyber risk
- Reviewed the framework of the Group's compliance programme and the corporate policies comprised within it

For information on the primary role and key responsibilities of the Audit Committee, please visit the Committees page of the Company's website: https://www.mobicogroup.com/about-us/corporate-governance/committees/

Membership, meetings and attendance

Committee member	Appointed	Meetings attended/held
Enrique Dupuy de Lome Chávarri (Chair)[1,2]	01/11/2023	5/5
Ana de Pro Gonzalo[1]	01/10/2019	5/5
Carolyn Flowers[1]	04/12/2021	5/5
Mike McKeon (Chair)[1, 2]	03/07/2015	3/3

1 Independent Non-Executive Director

2 Mike McKeon stood down as Chair of the Audit Committee on 11 June 2024, having attended all meetings of the Audit Committee held during the year prior to this date. Enrique Dupuy de Lome Chávarri succeeded him as Chair of the Audit Committee from the same date.

Other attendees: Company Secretary and, by invitation, Company Chair, Group Chief Executive Officer, Group Chief Financial Officer, Group Deputy CFO, Group Director of Internal Audit, Group Legal Counsel, Group Head of Compliance & Risk and representatives of the external auditor, Deloitte LLP.

There were five Audit Committee meetings scheduled for 2024, which includes the Committee meeting in January 2024 that had previously been scheduled for December 2023 to fit better with the audit schedule (as previously reported in the 2023 Annual Report). In addition to the five scheduled meetings recorded above, the Committee held additional meetings to review the divisions' principal and emerging risks and their management of such risks as further explained on page 99.

Financial reporting

The Committee is responsible for considering and satisfying itself, after consultation with the Company's external auditor, that the Company and its Group have adopted suitable accounting policies and appropriately applied the same, that management has made appropriate accounting judgements and estimates, that the adoption by the Company of the going concern basis of accounting is appropriate and that its viability statement is reasonable.

Key accounting matters

Details of the key accounting matters addressed by management when preparing the Consolidated Financial Statements, together with information about how the Committee assessed, challenged where appropriate and satisfied itself that the judgements and estimates made by management in relation to them were reasonable.

Going concern assessment

The Committee reviewed and robustly challenged management's assessment that the Group's financial statements for the six-month period ended 30 June 2024 and for the financial year ended 31 December 2024 should be prepared on a going concern basis. Management developed both base case and reasonable worst case financial scenarios over an 18-month look forward period using assumptions about trading drawn from the Group's strategic plan, budget and latest financial projections. They then applied stress tests to both those scenarios to determine whether the Company would be able to meet its liabilities as they fell due, having regard to the Group's liquidity and covenant tests. The Committee satisfied itself that, in both the base case and the reasonable worst case scenarios, the Group would have sufficient liquidity and be able to comply with its debt covenants and there were no instances of a covenant breach identified even after the application of the further stress tests. This included a detailed review of the mitigating actions management had been identified as being available if they were required. Accordingly, the Committee recommended to the Board that the Company's, and its Group's, financial statements at the half and full year be prepared on a going concern basis.

Viability assessment

The Committee also carefully considered management's view of the Company's viability for the three-year period ending 31 December 2027, including the rationale for assessing viability over a three-year period. The testing of viability involved the analysis of base case and reasonable worst case scenarios projected forwards over this three-year period by reference to trading assumptions drawn from the Group's strategic plan, and factored in the impact of risks including known and likely future climate risks that could materialise over this three-year period, offset by reasonable mitigations. The Committee satisfied itself that, in both the base case and reasonable worst case scenarios, the Group should be able to continue in operation and meet its liabilities as they fall due. Accordingly, the Committee recommended to the Board that the Company make its viability statement as set out on pages 52 and 53 of the Strategic Report.

Risk management

The Board has overall responsibility for risk management. The Committee supports the Board by conducting 'deep dive' reviews into the Group's divisions' risk management activities (as explained in the section below on divisional risk reviews) as well as certain specific Group-wide risks, and by reviewing the Group's compliance programme.

Group risk appetite and principal and emerging risk review

The Board's risk appetite and assessment of the Group's principal and emerging risks, as well as a description of how the Group manages risk, are set out on pages 42 to 51 of the Strategic Report. The Group's climate-related risks and opportunities are considered in more detail in the TCFD disclosures on pages 68 to 80.

Divisional risk reviews

During 2024, the Committee reviewed the Group's divisions' principal and emerging risks and their management of such risks. These were undertaken during meetings of the Committee at which risk and senior managers from the division present their principal and emerging risk registers and explained how they were managing, and where possible, mitigating risk. Mirroring the Company's approved approach to Group-wide risk, the divisions record their risks in the form of heat maps which categorise both their likelihood and potential severity according to Group developed guidance. Each risk is then assigned a business owner who develops and oversees the delivery of mitigating actions, that are tracked at regular divisional management meetings. The Committee observed that the Group's divisions had included both current and emerging strategic, compliance, financial, operational and reputational risks in their registers and had developed action plans to manage such risks over the different time profiles over which such risks could materialise. It was also pleasing to note that certain matters identified as risks were also viewed as opportunities. Using insights gained from the Board's work on overseeing Group-wide risks and the Committee's work on reviewing divisional risks, the Committee was able to challenge each division on whether it had identified and appropriately classified its risks and whether it was adopting the most effective mitigation plans, and share best practices the Committee had observed within each division. Through its reviews, the Committee has sought to test and gain assurance that each of the divisions has a robust risk identification and management process and that risk management becomes embedded in the day-to-day business activities and culture of the divisions. Such reviews have also served to deepen Committee members' understanding of the risks the Group's different businesses face and, through the Committee sharing this understanding with the wider Board, they have informed the Board's ability to appropriately set the Group's risk appetite, assess the Group's principal and emerging risks and weigh up risks with opportunities when taking key business decisions.

Cyber risk review

Cyber risk remained a standing item on the Committee's agenda in 2024, with the Group's ongoing cyber security programme, and the progress being made against the specific deliverables comprised in such programme, assessed at each of the regularly scheduled Committee meetings.

The Company's digital technology and cyber security programme is led by the Group CIO and the Group CISO whose priorities are to enhance existing policies, processes and controls and continue to develop a programme aligned to best practices, standards and any new coming regulatory requirements.

Compliance risk

The Group has a range of existing policies and procedures for ensuring compliance with applicable laws and regulations, including Group-wide policies on business ethics, anti-bribery and corruption, modern slavery and whistleblowing, and divisional policies and procedures which either implement or supplement the Group policies having regard to local laws, regulations and best practice. The Group's whistleblowing procedures include access to an independently managed whistleblowing hotline via which the Group's stakeholders, including employees, can raise concerns, anonymously if they so wish. Reported concerns are duly investigated and acted upon by management or the functional support teams as appropriate, with a summary of cases and their outcomes reported to the Board. In case of any material issues identified or cases of a real whistleblowing nature, they will be reported, analysed and discussed thoroughly in the Committee's meeting.

The Group Head of Compliance and Risk has established a Policy Compliance Management Framework that: establishes a common approach globally for all policy owners to manage their policies; sets out the minimum requirements across all divisions; provides guidance on policy creation and review; and provides ongoing awareness and training against these. Additionally, the Group Head of Compliance and Risk continues to manage the Risk Management Framework globally and is continuously improving the second line of assurance by introducing deep dives, which are performed based on a Risk and Control Matrix (RCM) developed for each Group Policy. The deep dive programme kicked off in 2023 and has continued during 2024. The Group Head of Compliance and Risk, working with the Group Director of Internal Audit, Group Chief Financial Officer and Group General Counsel and their teams, has also been keeping the reforms on audit and corporate governance under review – for more information, see the Internal controls section of this report. At the request of the Committee, the Group Head of Compliance and Risk attends all Committee meetings to both report on progress in their area and to have an understanding of other aspects of the Committee's work.

Internal control and system of internal control

The Committee is responsible for monitoring the adequacy and effectiveness of the Company's system of internal control and subsequently reporting on this to the Board.

The Company's systems of internal control is based on a three lines of defence model, with a number of component controls operating at each of those lines, as illustrated in Appendix 2 to this report.

The Committee assesses the performance of the three lines of defence model, as well as the operation of internal controls through the year and up to the date of approval of the Annual Report and Accounts, through its review and challenge of the work performed by the internal audit function. In addition, the Committee requests follow-up updates from management on controls in specific areas, for example in response to the findings from internal audits or risk reviews.

A significant weakness was identified in the current year with respect to the future cash flow forecasts prepared by management, which is a critical input to both the goodwill impairment assessment and the determination as to the recognition of deferred tax assets. During 2024, a significant adverse variance to forecast was observed in both the UK and North America School Bus businesses. Notwithstanding that both businesses are mid-turnaround, which can make future forecasting more challenging, management ought to have revaluated its forecasts more critically in this context. Whilst the 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 the goodwill impairment assessment as they cannot currently be objectively evidenced at this stage in the turnaround, which has resulted in highly material income statement charges relating to goodwill impairment and derecognition of deferred tax assets. A review of the Group's controls over this area will be performed in 2025, with enhanced controls implemented and operating before the assessments pertaining to the year ended 31 December 2025 are determined.

During the prior year end (2023) process, a number of significant weaknesses were identified in respect of our German business and how it has historically managed, communicated and accounted for its long-term rail contracts. These weaknesses were predominantly addressed during the course of 2024, with a detailed and comprehensive model rebuild being undertaken during the year and further work performed by management to improve visibility and control of performance across the contracts. During the course of this work, further errors were identified in the prior year onerous contract provision assessment, which were collectively material and have been corrected as a prior year restatement. Please refer to note 2 to the financial statements for further detail.

However, 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 has been made and recorded within the onerous contract provision calculation at 31 December 2024. In addition, management has performed detailed work around completeness, to gain comfort that all items pertinent to the inputs to the long-term contract accounting models have been appropriately captured and recorded. Management has also assessed, and the Committee concurs, that this is both contained to this matter and relates to the German business only. As such, while progress was made during 2024, management is implementing additional controls to further strengthen the process around the management of the German rail contracts during the course of 2025.

The Group Head of Compliance and Risk, Group Director of Internal Audit, Group Chief Financial Officer and Group General Counsel and their teams and the Committee have been monitoring closely the developments relating to changes to the Corporate Governance Code, which was published by the Financial Reporting Council on 22 January 2024. Management is currently developing plans to further strengthen our internal controls and meet the revised requirements relating to internal controls, which will be applicable for the year ended 31 December 2026. Whilst currently there is no formalised control framework in place, management intend to develop and implement such a framework, which will be used in order to assess the quality and operation of the financial controls across the Group, as part of the wider plan to strengthen our internal controls.

Internal audit

The internal audit function acts as the third line of defence and provides the Committee with assurance on the effectiveness of the Company's first and second line internal controls, including financial controls and controls designed to prevent incidents of fraud. It does this through the independent observation and objective assessment of such controls via a programme of audits undertaken throughout the year against a plan reviewed and approved by the Committee.

The 2024 audit plan included: audits of core financial process controls across the divisions, reviews of Group and principal divisional risk controls, review of safety arrangements across the divisions and a review of the internal audit function to assess ways to allow for an effective and efficient audit delivery in the second half of 2024, following the appointment of a new Group Director of Internal Audit in early 2024.

Internal audit effectiveness

The Committee is responsible for monitoring the effectiveness of the internal audit function. In respect of its work in 2024, the Committee monitored this effectiveness by reviewing the scores that colleagues, whose work or controls were subject to internal audit, awarded to the function on a 'value scorecard' and by making its own assessment of the quality of that work. The Committee is satisfied that the Company's internal audit function is effective.

Significant weaknesses or control failures

Following its review of and conclusions from all elements of assurance, the Committee is satisfied that there are no significant weaknesses or control failures to report in respect of the Company's financial year ended 31 December 2024, other than in respect of (i) forecasted future cash flows used within the assessment of goodwill impairment and recognition of deferred tax assets, and (ii) certain issues relating to the German Rail business; both as indicated above.

External audit

Deloitte LLP is the Company's auditor. Deloitte was first appointed as auditor in 2011 and, following its selection in the Company's audit tender conducted in 2020 and shareholders' approval given at the Company's 2024 AGM, was re-appointed in 2024. Deloitte's continued appointment will be subject to shareholders' annual approval at prospective Company AGMs. Jane Whitlock is the Company's audit partner, completing her third year in that role, following the mandatory rotation of the previous Deloitte audit partner in 2021. The Company has therefore complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Deloitte LLP has indicated its intention to resign as auditor of the Company after the publication of the consolidated financial statements of the Group for the six-month period to 30 June 2025. The Company has commenced an audit services tender process to identify a new auditor of the Company.

During the year the Committee also received updates from Deloitte regarding the FRC's Audit Quality Review (AQR), who had reviewed Deloitte's audit of the Group's 2023 Financial Statements as part of its annual inspection of audit firms. The Committee received and reviewed the final report from the AQR team which identified key findings, and also noted several areas of good practice.

External audit plan and fee

The 2024 external audit plan, which was prepared by Deloitte and reviewed and approved by the Committee, comprised full scope audit procedures for the Group's UK, ALSA, Germany and North America divisions. It included: the review by Deloitte of the Consolidated Financial Statements; its challenge of management's significant judgements and estimates; its review of certain of the Group's key financial and fraud controls and of the risk of management override of controls; and its consideration of certain aspects of the Group's non-financial reporting, including the Group's TCFD disclosures. Deloitte's base fee for undertaking the 2024 audit, of £3.4m (2023: £2.6m), was also approved by the Committee. The increase in fee in 2024 related to the increased level of work required to be undertaken by Deloitte in the areas of goodwill impairment, deferred tax assets and German Rail long-term contract accounting.

External audit effectiveness

The Committee is responsible for reviewing the effectiveness of the Company's external audit. The Committee did so by considering the outcome of colleagues' evaluation of the quality and efficiency of Deloitte's work, using an audit quality indicator framework developed in the year in line with the framework set out by the Financial Reporting Council, and is satisfied that Deloitte performed its work to a high standard.

External auditor provision of non-audit services and independence

The Committee is also responsible for reviewing the auditor's independence and objectivity. The Company operates a non-audit services policy which sets out the permitted and prohibited non-audit services its auditor may be engaged to provide, for the purpose of safeguarding the auditor's objectivity. The Committee reviewed the policy during the year and determined it remained fit for purpose. It also reviewed the Company's compliance with the policy, which was confirmed as Deloitte performed only permitted non-audit services during 2024 for which its fees totalled £0.1m, representing 3% of the total audit fee. Services outside the statutory audit during 2024 related to the audit of carve-out financial statements in relation to the sale of the North America School Bus business; the fee for which amounted to £1.7m. Having regard to the operation of the non-audit services policy during 2024, together with Deloitte's reports to the Committee confirming its independence at the full year, the Committee assured itself of Deloitte's ongoing independence.

Board assessment of effectiveness

Taking account of the Committee's work on assessing the effectiveness of the Company's system of internal control, and both the Committee's and its own work on assessing the Group's management of risk, the Board is satisfied that these are effective and have been over the year, other than where covered elsewhere in this report.

Fair, balanced and understandable

Having carefully reviewed the Company's 2024 Annual Report, and considered management's approach to its preparation, including in compliance with applicable laws and having regard to the UK Corporate Governance Code, the FRC's best practice guidance, and having heard the views of its auditor, the Committee recommended, and in turn the Board confirmed, that this report, taken as a whole, is fair, balanced and understandable, and provides the necessary information for shareholders to assess the Company's position and performance, business model and strategy.

Enrique Dupuy de Lome Chávarri
Audit Committee Chair

28 April 2025

Appendix 1 – Key accounting matters

The Committee considered the following key accounting matters as part of its review of the Consolidated Financial Statements:

Impairment of goodwill (see note 14 to the Consolidated Financial Statements)	**Key accounting matter** In determining whether assets are impaired, management is required to make a number of estimations and assumptions, including on future cash flow projections, discount rates and perpetual growth rates. **Committee action and conclusion** The Committee carefully considered management's work on the impairment analysis and testing of the value of the Group's goodwill balances, applying particular focus to the value of the impairment of the School Bus division goodwill. These impairment assessments were based on modelled forecast cash flows, discounted using a country-specific weighted average cost of capital (WACC) and a terminal value based on a perpetual growth rate (PGR). The Committee noted that due to the separation of the School Bus and WeDriveU businesses, the two businesses had been treated as individual cash-generating units (CGUs) in the current year. After considering the assumptions made by management in forecasting cash flows and its rationale for the WACC and PGR, and taking into account the auditor's views on these matters, the Committee concurred with management's view that a full impairment of £547.7m of the School Bus goodwill was required whereas no impairment was required on goodwill recognised in other cash generating units. The Committee noted that the impairment in School Bus 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. A full explanation for the rationale behind impairment of School Bus goodwill is set out in note 14.
Insurance and other claims provisions (see note 26 to the Consolidated Financial Statements)	**Key accounting matter** The adequacy of the provisions associated with claims arising predominantly from traffic accidents and employee incidents in North America is subject to estimation based on an assessment of the expected settlement value of known claims together with an estimate of settlement values that could be made in respect of incidents that have occurred but not yet given rise to a claim at the balance sheet date. Given the level of uncertainty, complexity and judgement involved in making these estimations, there is a risk that the eventual outcome could be materially different from that estimated and provided for. **Committee action and conclusion** The Committee considered the information provided by management on the status of the North America and other material open claims made against members of the Group together with advice from external actuaries, legal counsel and insurance brokers, on the likely outcome of such claims, as well as management's explanation of the methodology used to determine the value of provisions for such claims. After challenging whether management had considered all material open claims and incidents that could give rise to claims and the external advice given in connection with them, the Committee concluded that management's estimation of the value of such claims was within an acceptable range of the potential outcomes and accordingly was fairly stated.

Adjusting items (see note 5 to the Consolidated Financial Statements)	**Key accounting matter** The Group presents profits and earnings per share measures before adjusting items to provide users of the accounts with additional useful information to assess the year-on-year trading performance of the Group. The classification of adjusting items requires management judgement having regard to the nature and intention of the transactions to which they relate. **Committee action and conclusion** The Committee considered the nature and extent of the adjusting items identified by management and its rationale for why they did not form part of the Group's Adjusted Operating Profit (a key APM). The Committee noted that the impairment of goodwill with respect to the School Bus division (as described above) had been treated as an adjusting item; this was consistent with the treatment of an impairment of goodwill relating to ALSA in FY22. The Committee also noted that onerous contract provision movements in respect of contracts that became onerous due to Covid-19 or North America driver shortages, and the RRX onerous contract provision were adjusting items, but satisfied itself that these only represented the re-assessment of estimations in respect of items recorded as adjusting items in the prior years. An explanation for the increase in the onerous contract provision in respect of the RRX rail contracts is shown below. After discussion with management, the Committee concurred with the approach management had taken.
Onerous contract provisions (see note 26 to the Consolidated Financial Statements)	**Key accounting matter** The Committee reviewed the approach taken by management in respect of contracts classified as onerous contracts, and particularly the provision in respect of the RRX contracts in German rail. **Committee action and conclusion** The Committee reviewed the approach taken by management to identify and measure the impact of any onerous contracts, including the continuing relevance of contracts previously identified as onerous. In respect of the existing provision relating to the RRX rail contracts, the Committee reviewed the approach taken by management, which led to a closing provision of £176.1m at 31 December 2024 (31 December 2023 restated: £140.1m). The Committee noted the increase in provision was primarily driven by both the continuation of industry-wide issues, primarily related to driver shortages, and the worsening of these factors compared to our prior expectations. The issues relating to driver shortages have resulted in higher operational penalties as well as the need for increased investment in driver recruitment and training (and overhead to support the business). Cancellations (and therefore higher penalties) have also been adversely affected by network disruption arising from high levels of track maintenance and repair work. The Committee noted that errors had been identified in respect of the onerous contract provision calculation as at 31 December 2023 (as detailed in note 2 to the Financial Statements), which were collectively material and as such were corrected as a prior year adjustment. This had the effect that the RRX 1 contract was now considered onerous as of prior year end. The Committee challenged management as to the adequacy of the provision and the estimates made to cover the losses associated with running the contract over the remainder of the contract term. The Committee also challenged the appropriateness of the related disclosures and sensitivities. After discussion with management and the external auditor, the Committee concurred with the approach taken.
Valuation of contract assets (see note 20 to the Consolidated Financial Statements)	**Key accounting matter** The Committee reviewed the approach taken by management in determining the value of the IFRS15 Contract Asset in relation to the RME German rail concession. **Committee action and conclusion** The Committee reviewed the approach taken by management which led to a reassessment in the value of the contract asset (under the long-term RME rail contract) at 31 December 2024 to £51.2m (31 December 2023: £48.6m). The Committee challenged management on the revenue and cost assumptions in the model and challenged the appropriateness of the related disclosures and sensitivities. Following discussion with management and the external auditor, the Committee concurred with the approach taken.

Recoverability of deferred tax assets (see note 27 to the Consolidated Financial Statements)	**Key accounting matter** Over the last few years the Group's deferred tax assets in respect of tax losses have increased due to the impact of the pandemic on profitability. Furthermore, the impact of the pandemic has created consecutive periods of losses and our recovery from it has been slower than anticipated with the pace of profit recovery not sufficient to offset inflationary headwinds, particularly in North America and the UK. In determining whether it is appropriate to recognise deferred tax assets, management is required to consider whether there are sufficient deferred tax liabilities against which to offset these deferred tax assets and, where this is not the case, to satisfy itself both that the recent history of consecutive losses can be explained as being due to the temporary impact of the pandemic and its aftermath as the Group recovers from inflationary headwinds over time (and is therefore not expected to be recurring) and that there are sufficient taxable profits projected in order to utilise these losses in an appropriate timeframe, such that the utilisation of losses is considered 'probable'. **Committee action and conclusion** The Committee considered management's assessment as to the recognition of deferred tax assets as at 31 December 2024. Whilst a significant improvement in profitability in North America and the UK had been expected in 2024, after a recent history of losses due to the impact of the pandemic and the subsequent recovery, actual performance in the year for these two businesses was significantly below management's previous forecasts. 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 result of this is that the expected period of utilisation of losses according to the prepared forecasts has significantly increased in FY24 compared to the prior year. The Committee noted that there had been a significant impairment of goodwill in the School Bus cash generating unit within North America, whereas in the UK, the headroom has been significantly reduced; all of which is considered by management to be 'negative evidence' as to deferred tax asset recognition. After considering the above and hearing from the external auditor, the Committee concurred with management's view that given the above factors which arose in the current year, continued full recognition of these deferred tax assets no longer remained appropriate; and the Committee agreed with management's approach of derecognising previously recognised deferred tax assets of £215.1m.
Pension liabilities (see note 32 to the Consolidated Financial Statements)	**Key accounting matter** The determination of the defined benefit obligation of the UK defined benefit pension scheme depends on the selection of certain assumptions. In particular, a key area of estimation uncertainty is in respect of the discount rate. **Committee action and conclusion** The Committee reviewed the assumptions made by management in determining the defined benefit obligation, including considering the advice from independent qualified actuaries, and concluded that they were appropriate.

Appendix 2 – System of internal control

Third line of defence

Board of Directors
Sets and monitors delivery of Group strategy, sets Group risk appetite, assesses the Group's principal and emerging risks and approves significant matters reserved to it

Audit Committee
Assists the Board in assessing risk management and reviews the effectiveness of the internal audit function and the external audit process

Internal Audit Function
Audits the effectiveness of the Company's first and second line internal controls through the independent observation and objective assessment of such controls

Second line of defence

Group Executive Committee
monitors the frameworks, policies and procedures and effectiveness of the functions referred to below

Group Risk Management Framework
sets the methodology under which Group and its divisions identify, assess, manage and monitor existing and emerging risks

Group Policy Compliance Framework
under which corporate policies, such as those on anti-bribery and anti-modern slavery, are created and enforced

Group Safety Policies
set minimum expectations for safety outcomes, such as speeding and driver risk monitoring

Group Standard Operating Procedures
set minimum standards for operations, such as vehicle maintenance and driver rostering

Group Whistleblowing Policy
by which internal and external stakeholders can raise concerns about wrongdoing

Group Cyber Security Programme and Team
which set cyber security strategy and control and monitor progress against that strategy and compliance with those controls

Group Environmental Data Reporting Guidelines & Group Sustainability Director
which help track delivery of environment strategy and ensure the integrity and consistency of environmental data collection and its reporting

Group Consolidated Financial Reporting & Group Finance Team
which consolidate and review Group financial results

Group Treasury & Tax Functions
which centrally manage Group treasury activities and set Group tax strategy and review tax compliance

Group Legal Reporting & Group General Counsel
which monitor, report and provide legal advice on Group legal risks

First line of defence

Divisional Executive Committees
which monitor the policies and procedures and the effectiveness of the functions referred to below

Divisional Safety, Operational, Cyber and Environmental Policies and/or Procedures
which implement Group policies and/or procedures

Divisional Risk Registers & Management
which track divisional risks and develop mitigations

Divisional Budgets & Forecasting
which set divisional financial expectations and monitor delivery

Divisional Finance Teams
maintain the financial ledgers and prepare divisional accounts

Divisional Legal Teams
provide legal advice and assistance on divisional legal risks

Nominations Committee report

JORGE COSMEN
Nominations Committee Chair

Activity highlights

- Kept Board and Committee composition under review, recommending changes to Committee memberships and led the process to appoint a new Interim Group Chief Financial Officer
- Reviewed senior management succession plans, with a particular focus on the Group Executive Committee, the Group's finance functions and the German Rail division
- Reviewed the diversity of the Group's senior leadership teams and assessed this against the Group's diversity targets

For information on the primary role and key responsibilities of the Nominations Committee, please visit the Committees page of the Company's website: https://www.mobicogroup.com/about-us/corporate-governance/committees/

Membership, meetings and attendance

Committee member	Appointed	Meetings attended/held
Jorge Cosmen (Chair)	01/12/2005	3/3
Helen Weir	31/01/2023	3/3
Karen Geary[1,4]	01/10/2019	2/3
Carolyn Flowers[1]	30/11/2021	3/3
Mike McKeon[1,2,3]	01/08/2023	1/1
Enrique Dupuy de Lome Chávarri[1,2]	11/06/2024	2/2

1 Independent Non-Executive Director

2 Mike McKeon and Enrique Dupuy de Lome Chávarri attended all Committee meetings held in the year while they were a Committee member

3 Mike McKeon ceased to be a member of the Committee following the AGM on 11/06/2024

4 Karen Geary was unable to attend one of the Committee meetings due to exceptional circumstances

Other attendees: Group General Counsel and Company Secretary (or their Deputy), Group Chief Executive Officer and Group HR & Communications Director

Board and Committee composition during the year under review

Throughout 2024, the Committee kept the composition of the Board and its Committees under review.

In April 2024, it was announced that James Stamp would stand down as Group Chief Financial Officer and as a member of the Board with effect from 11 June 2024. James joined the Company in July 2017 and prior to being the Group CFO, he had served on the Group Executive as the Group Commercial and Strategy Director and as the CFO for the UK and Germany. James remained with the Group until June 2024 to ensure an orderly handover of responsibilities. We wish James all the best for the future.

Helen Cowing joined the Company on 8 May 2024 and was appointed as Interim Group CFO on 11 June 2024 following a rigorous recruitment process undertaken with the assistance of consultancy firms Odgers Berndtson and Savannah Group. These firms are independent of both the Group and its directors. Helen brings a wealth of CFO experience in both transformational and turnaround situations. She has previously held Group CFO roles at Selecta Group, Ideal Standard International BV and Octopus Group. Helen is not a Mobico Board member.

Mike McKeon, who was also the Chair of the Audit Committee and a member of the Nominations Committee, stood down from the Board on 11 June 2024 having served as a Director for just under nine years. On behalf of the Board, I would like to extend my sincere thanks to Mike for his valued service to the Company.

Following these changes, the Board is currently comprised of eight Directors who, as described in their biographies on https://www.mobicogroup.com/about-us/our-leadership-team/ and as shown by the table on page 107, have, between them, a wide range of highly relevant knowledge, skills, and experience. This table is used by the Committee when considering Board succession planning.

The Committee kept the membership of all the Board's Committees under review during the year to ensure that each Director's knowledge, skill and experience was being put to best use and that Non-Executive Directors were maintaining an appropriate share of Committee responsibilities. Accordingly:

- Enrique Dupuy de Lome Chávarri became Chair of the Audit Committee and a member of the Nominations Committee, in each case with effect from 11 June 2024 when Mike McKeon stepped down from the Board and its Committees; and
- Nigel Pocklington became the Chair of the Remuneration Committee with effect from 1 August 2024, following Karen Geary stepping down from the role. Karen remains a member on the Remuneration Committee and is the Company's Senior Independent Director.

The Audit Committee is composed of three independent Non-Executive Directors who, between them, have both the requisite disciplinary experience and wider relevant experience. The Remuneration and Nominations Committees each remain composed of a majority of independent Non-Executive Directors who, between them, have a good balance of relevant skills and experience.

Name and role of Director	Passenger transport industry experience[1]	Closely adjacent industry experience	UK listed company experience[1]	Operational/ management experience	International business experience[1]	Finance/accounting experience[1]	People/remuneration experience[1]	IT/Digital experience[1]	ESG experience[1]
Helen Weir Chair			●	●	●	●		●	
Jorge Cosmen Deputy Chair and Nominations Committee Chair	●			●	●				
Ignacio Garat Group Chief Executive Officer		●		●	●		●	●	
Karen Geary Senior Independent Non-Executive Director	●		●	●	●		●		●
Ana de Pro Gonzalo Non-Executive Director		●		●	●	●		●	
Carolyn Flowers Non-Executive Director and Sustainability Committee Chair	●			●	●				
Nigel Pocklington Non-Executive Director and Remuneration Committee Chair	●		●	●	●		●	●	●
Enrique Dupuy de Lome Chávarri Non-Executive Director and Audit Committee Chair	●		●	●	●	●			

1 For all Directors, excluding via their directorships with the Company

Post the year end, Helen Weir informed the Board that for personal reasons she does not intend to stand for re-election as a member of the Mobico Board at the Group's 2025 AGM. The Committee, together with an external search firm, led the search for Helen's successor. As announced on 27 March 2025, Phil White will become Chair of the Board on 1 May 2025 and Ms Weir will stand down from the same date. Further details on the recruitment process will be in next year's Committee report.

Board, Committee and Director effectiveness

During 2024, the effectiveness of the Board, its Committees and of individual Directors was assessed by means of an external evaluation.

The Chair of the Board, in consultation with the Company Secretary and following discussions with several potential providers, selected Bernice Dunsmuir of Constal Limited ("Constal") to undertake the evaluation. Neither Ms Dunsmuir nor Constal has any other connection with the Group or its directors.

The evaluation was designed to assess how effectively the Board functions as a whole and how effectively its Committees function. The evaluation involved a robust process, which included the Directors completing an online questionnaire designed specifically for the Company, one-on-one interviews with the Directors and certain members of the Group Executive Committee and Constal observing a Board meeting. Constal then analysed the questionnaire answers, interview outcomes and the Board meeting observations, to produce a balanced report which was presented to, and discussed by, the Board.

The report identified positive aspects and areas for further improvement. Some of the positives identified where: (i) the Board contained individuals who contributed the right skills and provided valuable insights, (ii) there were sufficient meetings and presenters are well prepared and engaged, and (iii) the Board's Committees generally functioned well. The key opportunity for further improvement was to focus on the dynamic between the Non-Executive Directors and the Executive Directors to ensure optimum outcomes and alignment – this was not surprising in the context of a very challenging year for the Group. The Board decided to have an independent externally facilitated meeting in 2025 to address and improve this key objective, as they recognise the importance of ensuring better equilibrium and future alignment.

Senior management succession planning

During 2024, the Committee undertook its annual review of senior management succession planning, with a particular focus on the Group Executive Committee, the Group's finance functions and the German Rail division.

The review this year showed weakening succession pipelines, particularly within the Group's finance functions. As a result, the Committee were informed of key actions underway to address capacity and capability within those functions and received a second update on progress made against those actions. The Committee was pleased to hear about the additional resource appointed to the functions which has strengthened bandwidth, given greater depth of experience and heightened technical skills, and these changes across the functions have allowed improved focus on the process efficiencies. However, there is still more work to be done with plans to continue recruiting additional resource into the functions to support business as usual and strategic projects.

Group commitment to diversity and inclusion

The Group is committed to ensuring diversity in all its forms among its colleagues as these can:

- improve decision-making at all levels of business by ensuring that diverse perspectives are brought to bear in those decisions;

- attract, retain and promote the best talent by developing a culture of inclusion where all individuals are respected and supported to reach their full potential; and
- better serve our customers, other stakeholders and the communities in which we work by ensuring the diversity of our workforce is representative of the diversity of our stakeholders.

The Group remains committed to enhancing diversity at all levels of its organisation, from the Board and senior management team to those working in front-line roles. This commitment helps support the delivery of our Evolve strategy by contributing directly to our desired outcome to be the employer of choice and also contributes indirectly to other desired outcomes, such as to be the safest and most reliable operator and have the most satisfied customers.

The Board's diversity policy is set out below and the Committee believes this remains the right policy by specifically promoting gender and ethnic diversity as well as diversity of thought while ensuring all Board members have the right experience and skills. Committee members are drawn from the Board, and therefore these policy considerations have already been taken into account when considering Committee membership.

The Board's policy on diversity and inclusion is:

- to achieve and then maintain at least 40% female representation on the Board;
- to achieve and then maintain ethnic minority representation on the Board;
- to ensure that its membership reflects the diversity of the geographies and customers that the Group serves and takes into account wider diversity characteristics; and
- to respect the differences of its members and value and encourage the diversity of thought that such differences can bring,

in each case and always within the context of Board members having, between them, the experience and skills required to support the development, oversight and delivery of the Company's strategy.

The Committee is pleased to report that at 31 December 2024 the Board continued to meet all three of the diversity targets introduced by the Listing Rules during 2022. At that date, at least 40% of the Board's Directors were women, at least one ethnic minority Director served on the Board, and three women served in senior Board roles, namely Helen Weir as Chair, Karen Geary as Senior Independent Director and Helen Cowing as Interim Group CFO (albeit Helen Cowing is not a Board member). Between that date and the date of this report, Helen Weir has informed the Board that she does not intend to stand for re-election at the Group's AGM; therefore and as previously announced, Phil White will join as Chair of the Board from 1 May 2025 and Ms Weir will stand down from the same date. This means that from 1 May 2025, and assuming there are no other changes to the Board's composition, 37.5% of the Board's Directors will be women. The Board will continue to meet the other two targets following these changes.

The table below sets out the numerical data on diversity as at 31 December 2024 in the standardised table format as required by the Listing Rules. We engaged with the individual members of the Board and the Group Executive Committee ('GEC') to verify their diversity data.

Diversity is a key consideration in senior management succession planning and diversity within the current senior management team and the talent pipeline is considered as part of the Committee's annual review.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number of executive management	Percentage of executive management
Men	4	50%	1	6	60%
Women	4	50%	3[1]	4	40%
Other categories	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

1 Helen Cowing is the Interim Group CFO and therefore has been included in this number but she is not a Board member

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number of executive management	Percentage of executive management
White British or other White (including minority-White groups)	7	87.5%	4[1]	10	100%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/ Caribbean/Black British	1	12.5%	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/ prefer not to say	–	–	–	–	–

1 Helen Cowing is the Interim Group CFO and therefore has been included in this number but she is not a Board member

The gender diversity of the Board and GEC as at 31 December 2024 is shown in the numerical data table on the previous page and the pie charts to the right. The gender diversity of the Group's Senior Leadership Team ("SLT") is 29% women and 33% women for all colleagues within the Group as at 31 December 2024, as shown by the pie charts to the right. As such, gender diversity remains strong from the senior management level across the entire workforce as a whole.

In 2023, the Group collated ethnic diversity data for the SLT for the first time. The results were that 6% of the SLT population identified as an ethnic minority in 2023. 5% of the GEC and Board combined identified as an ethnic minority in 2023. In line with recommendations made by the Parker Review in 2023, the Committee agreed that the Company it would adopt the following targets: by 31 December 2027, at least 15% of the individuals on the Company's: (i) SLT, and (ii) GEC and Board combined, will identify as an ethnic minority. In 2024: (i) 5% of the SLT population identified as an ethnic minority, noting that the SLT population has increased to 185 individuals and captures a slightly wider definition than the senior management definition used by the Parker Review, and (ii) 6% of the GEC and Board combined identify as an ethnic minority. The Committee will continue to monitor progress against these targets. In particular, the Committee notes that the Parker Review clarified that their focus is on senior management within the UK rather than worldwide and therefore the Committee will assess during 2025 what impact this will have on its targets.

For more on the Group's diversity initiatives, please see the Sustainability section of the Strategic Report on page 57.

Proposed election or re-election of Directors

Having regard to the outcome of the external evaluation described in this report, and in particular, the Committee's finding that Board members have, between them, highly relevant knowledge and experience, a broad range of skills and a collective deep understanding of passenger transport, the Committee is satisfied that the Board and its Committees function effectively and that each Director contributes well to the Company.

The Committee has also considered the independence of each individual Director and the overall independent balance of the Board and its Committees. The Board, on the Committee's advice, is satisfied that there is an appropriate balance of independence on the Board and all its Committees, and that each Director who is identified as being independent on page 88 is so independent.

The Committee further considered each individual Director's commitment to the Company, their external commitments and any actual and potential conflicts of interest in line with the Company's policies, as referred to on pages 88 and 89. The Board, on the Committee's advice, is also satisfied that each Director has dedicated, and is able to dedicate, sufficient time and attention to their duties to the Company.

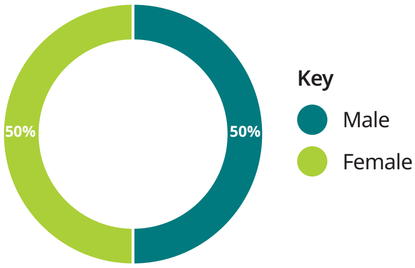
Accordingly, the Board, on the Committee's advice, is recommending that shareholders elect Phil White and re-elect all the other current Directors of the Company at the 2025 AGM, save for Helen Weir who will stand down from the Board from 1 May 2025.

Jorge Cosmen
Nominations Committee Chair

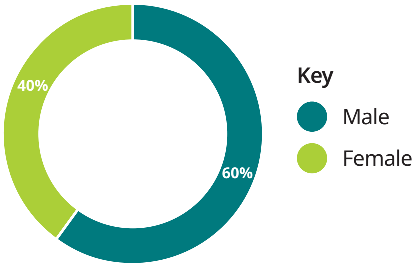
28 April 2025

Gender diversity at Mobico as at 31 December 2024

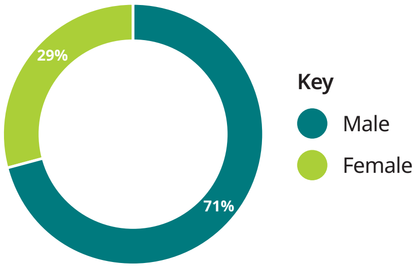
Directors of the Group



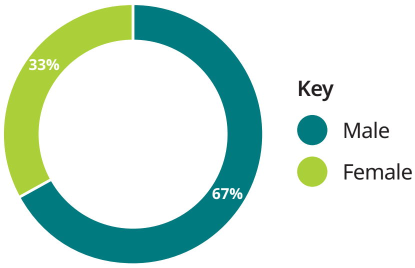
Group Executive Committee



Senior Leadership Team



Entire workforce



Sustainability Committee report

CAROLYN FLOWERS
Sustainability Committee Chair

Activity highlights

- Assessed the Group's performance against its sustainability strategy and targets and reviewed the plans for achieving its sustainability ambitions, which included a review of KPI dashboards and the Group's transition milestone plan
- Approved the Group's new Environmental Policy and its second Sustainability Report
- Endorsed the Group's new wellbeing strategy and the approach to monitoring employee engagement in 2024
- Educated on future sustainability reporting requirements, including Corporate Sustainability Reporting Directive and ISSB Sustainability Standards
- Reviewed and approved the Group's sustainability disclosures reported in this Annual Report

For information on the primary role and key responsibilities of the Nominations Committee, please visit the Committees page of the Company's website: https://www.mobicogroup.com/about-us/corporate-governance/committees/

Membership, meetings and attendance

Committee member	Appointed	Meetings attended/held
Carolyn Flowers (Chair)[1]	11/05/2022	3/3
Jorge Cosmen	11/05/2022	3/3
Karen Geary[1,2]	11/05/2022	2/3
Helen Weir	31/01/2023	3/3
Nigel Pocklington[1,3]	01/08/2023	2/3

1 Independent Non-Executive Director
2 Karen Geary was unable to attend one scheduled meeting of the Sustainability Committee due to exceptional unforeseen circumstances
3 Nigel Pocklington was unable to attend a Sustainability Committee meeting due to an unavoidable conflict

Other attendees: Group General Counsel and Company Secretary (or their Deputy), Executive Directors, Group Sustainability Director, Group HR Director, Head of Group Accounting and Reporting and Group Director of Organisational Effectiveness

Governance

The Executive Directors are the sponsors of the Group's sustainability ambitions and are responsible for the delivery of the Group's strategies relating to sustainability, supported by the Group Sustainability Director, the Group Human Resources Director, divisional CEOs and divisional sustainability specialists.

The Committee's role is to review the appropriateness of the Group's sustainability ambitions and strategies in the context of its broader strategy, to monitor and report to the Board on the Group's progress in achieving those ambitions and delivering those strategies. It also plays a key role in overseeing the Group's sustainability reporting.

Reporting and communication

The Group's external report on climate-related risks and opportunities in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) for 2024 is set out on pages 68 to 80. Its mandatory disclosures on energy consumption and carbon emissions, including under the Streamlined Energy and Carbon Reporting regulations (SECR), can be found on page 246. These disclosures have been reviewed and approved by the Committee.

The Committee also received updates during 2024 on the Corporate Sustainability Reporting Directive ("CSRD"), which the Group will need to comply with over the coming years, and the ISSB Sustainability Standards, which the Group have voluntarily adopted in part early, ahead of required compliance.

Progress on internal sustainability reporting has continued during 2024: (i) the Committee continued to review environment and people KPIs, which track key environment and people metrics enabling the Committee to monitor progress, (ii) the Group engaged a new external provider to support and develop its carbon emissions calculations, who will assist with the future reporting requirements referred to above, (iii) the Committee was pleased to hear of the efforts being made to improve the quality and quantity of disclosure to external ESG rating agencies, (iv) the Group has been working more closely with its value chain to reduce emissions, and (v) the Group has partnered with both pollution and biodiversity sponsors.

During the year, the Committee reviewed and approved the Group's Sustainability Report for 2023/2024 as part of its role in overseeing how the Group communicates and reports sustainability matters to its stakeholders. The report sets out progress made by the Group against the overarching sustainability strategy, and it is available on the Company's website at: https://www.mobicogroup.com/media/whmhnjcf/mobico-sustainability-report-2023-24.pdf. The Group also has an overarching Environmental Policy, which was approved by the Committee during 2024, and an Emissions Recalculation Policy, both of which can be found at www.mobicogroup.com/about-us/our-policies/.

Sustainability overview

The Committee has continued to monitor progress against the Group's overarching sustainability strategy during 2024, which it endorsed during the previous year. The strategy is based on three pillars: planet, people and places, which are in turn linked to the Evolve strategy outcomes of being an environmental leader, an employer of choice and our purpose, to drive modal shift. Please see pages 60 to 67 for more information.

The Committee monitored progress of each pillar of the overarching sustainability strategy as set out on the next page.

Environment – Planet

Environment ambitions

The Group's environment strategy is centred around transitioning its fleet of vehicles across its operating subsidiaries to zero emission vehicles (ZEVs). Building on the Group's commitment to never buy another diesel bus in the UK and its ambition to have zero carbon emission fleets in UK Bus by 2030 and UK Coach by 2035, in 2021 the Group adopted wider ambitions to have zero carbon emission fleets in North America Transit & Shuttle by 2030, Spain Bus by 2035 and in each of Spain Coach, Morocco Bus and North America School Bus by 2040. Approximately 93% of the Group's Scope 1 and 2 carbon emissions originate from fuelling its fleet, so this transition to ZEVs will have the greatest effect in reducing the Group's impact on the environment and improving air quality in the communities it serves. See page 59 for more information on the Group's fleet transition ambitions.

The Committee has monitored progress against these ambitions during 2024 through reviewing the Group's ZEV transition plan, which included an update on progress against the fleet ambitions and the projected impact on our emissions. Our ZEV portfolio continued to grow in 2024 from previous vehicle orders placed, and our Scope 1 and 2 emissions per million passenger kilometres have reduced year-on-year by 3.5%, despite an overall increase in passenger miles. 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. Our 2024 out-turn on ZEVs was 1,100 compared with a target of 1,500. Nonetheless, our longer-term targets remain unchanged at the current time, subject to any necessary adjustment in the event of any sale of School Bus. Additionally, we continue to monitor the changing market environment in the UK, regarding the potential for franchising in UK Bus in the West Midlands; and the implications of that on our vehicle procurement in the short to medium term.

Environment performance

In 2019, the Group was an early adopter of six KPIs with related targets to track the Group's progress in reducing its impact on the environment using the Sectoral Decarbonisation Approach methodology. These targets were chosen to meet the then-prevailing IPCC goal of controlling the increase in global warming to below 2 degrees above pre-industrial levels. Last year the Group set near-term carbon reduction targets covering Scope 1, 2 and 3 emissions and which are aligned to the Paris Agreement target of limiting average annual temperature increases to 1.5 degrees above pre-industrial levels. During January 2024, these targets were externally validated by the Science Based Targets Initiative ('SBTi') and the approved targets are set out on page 78.

The Committee reviewed progress against these new SBTi-approved targets during the year, and the results are set out in the table on page 79. Absolute Scope 1 and 2 emissions are down 1.9% on 2023. Overall Scope 3 emissions have increased by 8.8% year-on-year and the vast majority is due to Category 2. See page 80 for further commentary.

As also explained in previous Annual Reports, the Remuneration Committee has set environmental performance metrics in each of the last three annual long-term incentive plan (LTIP) awards granted to the Executive Director(s). The vesting level of the 2022 LTIP is as set out in the Directors' Remuneration Report: see page 114 for further detail.

Social – People and Places

Social ambitions

A number of the Group's social ambitions are intrinsically linked to our Evolve strategy; the employer of choice, the safest, the most reliable and the most satisfied customers.

The Group's people are a critical component of our successful delivery of all of our goals — including safe and reliable service. The welfare of our employees is a key driver of the Evolve target of being the employer of choice. Our focus is to engage with our employees to ensure their physical and mental safety. Our people strategy, which was launched in 2022, has three pillars: Embrace, Energise and Elevate, which are underpinned by our Essentials, as further described on page 66 of the Strategic Report. Although a number of cost saving initiatives this year have meant that some of the planned activity on the people strategy has had to be delayed, the Committee was nevertheless pleased to note progress against all four 'E's during 2024, including the new driver recruitment and retention initiatives which have resulted in driver headcount, establishment and pipeline increasing and a 10% year-on-year increase of female drivers in ALSA, in each case compared to 2023. Driver recruitment and retention continues to be a focus for the divisions.

The Committee endorsed the Group's new overarching wellbeing strategy, "Be Well", during the year, to build on the framework in place within the divisions. The Group has partnered with Mental Health UK and is focused on actively promoting activities and campaigns that encourage open conversations, reduce stigma and empower colleagues to seek help when needed. More on the new 'Be Well' strategy can be found on page 67

The Committee also received an update on the Places pillar, with the Committee learning about the Group's new partnership with GreentheUK to plant a hectare of wildflowers close to the UK's network, as well as the activities undertaken by our divisions in the communities they serve, including the UK division's ongoing Road to Rescue scheme in partnership with Women's Aid. Additionally, the Group has been a proud corporate partner to Transaid for over a decade. Transaid's mission, to transform lives through safe, available transport, sits at the heart of our purpose, to drive modal shift and key outcomes of the Evolve strategy.

Social performance

The Group has previously tracked its social performance through the results of the 'Your Voice Matters' all-employee survey, through improvements to global engagement and eNPS scores. The last survey was undertaken at the end of 2023, and the Committee had reviewed results from that survey in early 2024, as reported in last year's Committee report, where the targets had just been missed but also demonstrated good year-on-year progress.

The difficult decision was made during the year to postpone the 2024 'Your Voice Matters' survey until the second half of 2025 to enable more time to progress action plans. However, the importance of measuring the Group's culture, engagement and sentiment is recognised and the Committee was pleased to hear about, and endorsed, the varied methods being adopted to ensure that employee engagement was well-monitored through alternative means: these included the introduction of pulse surveys, comprising a shorter set of questions issued to both specific segments of the workforce, as well as a general cross-section. The Committee also heard about a new 'mood board' developed to enable to the Group Executive to monitor engagement, using information gathered from 'mood checkers' on the Group's intranet, internal and external social and work channels, as well as information from divisional HR directors. For more information on these initiatives, please see page 67.

These methods provide actionable feedback that is broadly aligned with the key focus areas in the full global survey. The Committee noted that some key themes arising are: (i) the majority of our employees are proud to work for Mobico, have a strong sense of belonging and are inspired by the Company which is really positive to hear; however, retention will need to remain a focus area in 2025 with these areas scoring lower, albeit this is not surprising given the degree of change during 2024, and (ii) wellbeing is an area that has seen improved results since it was first tracked, which is pleasing to see given the launch of the new wellbeing strategy.

Carolyn Flowers

Carolyn Flowers
Sustainability Committee Chair

28 April 2025

Remuneration at a glance

Aligning our remuneration approach to the Group's strategy

Our remuneration approach is aligned to our purpose, values and strategy, thereby incentivising the creation of long-term value for all of our stakeholders.

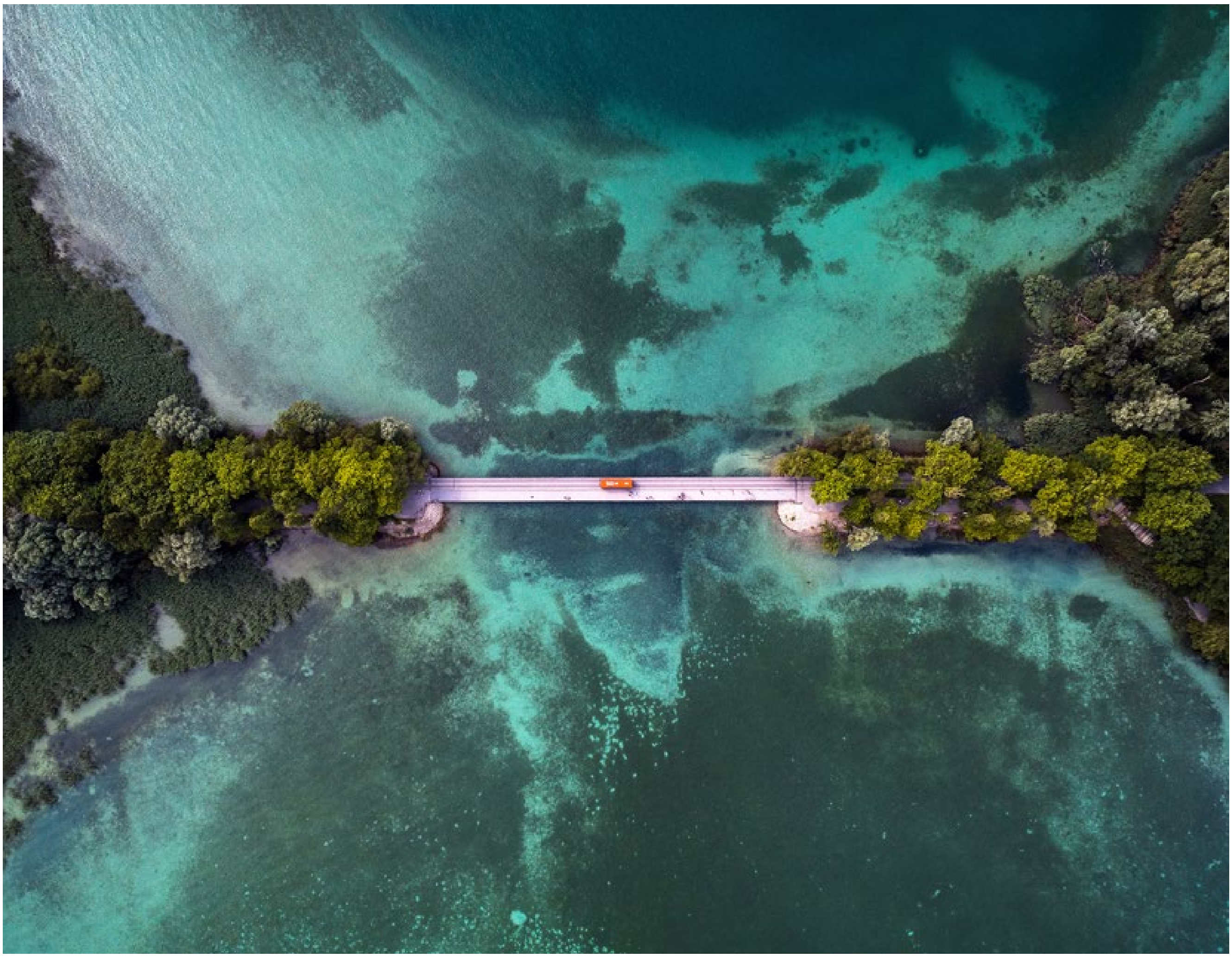
Our purpose is to lead the modal shift from cars to mass transit

Our Evolve strategy

Stakeholders

Our remuneration approach supports our business and people strategy and reflects the views of all different stakeholders

Our remuneration frameworks are designed to be aligned to strategy and reflect the interests of each of our stakeholder groups



Remuneration Committee report

NIGEL POCKLINGTON
Remuneration Committee Chair

Activity highlights

- Renewed our shareholders' approval for our Directors' Remuneration Policy at our 2024 AGM
- Tracked financial results/remuneration outcomes for Executive Directors and senior management
- Reviewed 2024 annual bonus/2022 LTIP out-turns for Executive Directors/senior management
- Reviewed the Chair's/Executive Directors'/senior managers' pay/benefits in 2024, in the context of their performance, the Company's performance and the Group's stakeholder experiences
- Considered and set targets and performance conditions for the 2025 annual bonus and the 2025 LTIP awards to be made to Executive Directors and senior management
- Ongoing remuneration environment/best practice review

For information on the primary role and key responsibilities of the Remuneration Committee, please visit: https://www.mobicogroup.com/about-us/corporate-governance/committees/

Membership, meetings and attendance

Committee member	Appointed	Meetings attended/held
Nigel Pocklington (Chair from 1 August 2024)[1]	01/08/2023	4/4
Karen Geary (Chair until 1 August 2024)[1]	01/10/2019	4/4
Ana de Pro Gonzalo[1,2]	04/12/2021	2/4
Helen Weir	31/01/2023	4/4

1 Independent Non-Executive Director

2 Ana de Pro Gonzalo was unable to attend two of the scheduled Remuneration Committee meetings, as those meetings had to be re-arranged to dates when she was unavailable

Other attendees: Group General Counsel & Company Secretary (or their Deputy), Group CEO, Group CFO, Group HR & Communications Director, Group Employee Experience Director, Korn Ferry and FIT representatives (independent remuneration advisers). No individual was present when his/her own remuneration was discussed.

On behalf of the Board and as Chair of the Remuneration Committee, I am pleased to present the 2024 Annual Report on Remuneration. The report aims to set out simply and transparently how remuneration has operated across the Group in 2024, including the decisions made by the Committee on Chair, Executive Director and senior management remuneration, the associated rationale for these decisions, and how the Committee intends to operate the Directors' Remuneration Policy in the year ahead.

2024 AGM and renewal of our Directors' Remuneration Policy

As a Committee we were pleased that the votes at our 2024 AGM to approve the three-yearly renewal of our Directors' Remuneration Policy and to approve our 2023 Directors' Remuneration Report each received around 99% support from shareholders' voting.

We take these results to reflect ongoing support for the Group's remuneration structure and the Committee's approach to implementation of the Directors' Remuneration Policy in a challenging environment.

2024 business performance

As you will have read earlier, while it has been another challenging year for the Group, as our businesses transition through different stages of recovery, it is encouraging that we were able to announce FY24 profits in line with guidance at £187.7m, representing operating profit growth of 11.3%. Our cost-reduction initiatives have also delivered savings in line with expectations.

ALSA has once again delivered record results, underpinning the overall growth of the Group with good progress in North America, which has been achieved against the backdrop of the School Bus sales process and the separation of the businesses.

Our focus on balance sheet management continued, and with progress on debt and deleverage reduction, our key covenant gearing metric reduced to 2.8x.

Nonetheless we acknowledge that these results overall fall short of both our and our shareholders' ambitions and, during the year, our shareholder experience did not materially recover. Accordingly, this performance context and the steps being taken to restructure the Group, including via the sale of North America School Bus, have been a key background for all of the Committee's decisions on pay matters for both the 2024 financial year outcomes, and looking ahead to 2025. As we explain further below, there were nil bonus outcomes for Executive Directors in 2024.

Once again, the Group maintained its relentless focus on safety with a continuing commitment to innovation and the utilisation of latest technology to enhance performance. The Group's safety excellence continued to be recognised externally during 2024, with ALSA, the UK and Bahrain achieving external accreditation, the UK Coach and Bus divisions receiving 5* BSI safety audits and ALSA achieving the highest rating in the assessment of Workplace Road Safety from the regional authorities in Madrid. However, there was one preventable fatality during the year so although the safety targets for bonus (Group FWI index) would have been met, there would have been no bonus payment on the FWI metric for Executive Directors in any circumstances due to the policy which we apply in these cases.

Our ambitions for environmental leadership remain unchanged and we continue to support this via remuneration plans when it is appropriate to do so. Our ZEV portfolio continued to grow in 2024, and although the decision was made in 2024 to slow the rate of further ZEV orders in the short term, our 2024 out-turn on ZEVs was recognised via a partial LTIP vesting for our ZEV growth metric as explained further in the report. However, this experience showed the challenge of setting environmental metrics for LTIPs over a three-year period while the business is continuing to transition.

Wider workforce context

The Committee's responsibilities in respect of overseeing remuneration across the business have once again been a major part of the Committee's activities during the year.

Mobico Group continues to be a real Living Wage accredited employer in the UK and the Committee is conscious that cost of living continues to pose challenges for our colleagues. Given the range of operations and geographies within the Group, salary increases differ. UK salary increases awarded to non-unionised colleagues will average 3%, with our other geographies following similar approaches.

The Group is also committed to supporting employees beyond this and operates a number of support packages for colleagues such as access to hardship loans, employee discounts and financial education webinars, in addition to wider health and wellbeing support through the provision of apps and seminars.

For more information on progress made in supporting colleagues, see pages 66 and 67 earlier in the report.

2024 activity and remuneration outcomes

When our 2024 LTIP award was made, in June 2024, we made an adjustment to the number of shares awarded to reflect the reduced share price of the Company. This adjustment scaled down the number of shares in the CEO's 2024 LTIP award by 30%, and this is the second consecutive year (following 2023) in which an adjustment to LTIP at this 30% level has been made.

In determining annual and long-term incentive outcomes for 2024, the Committee reviews not only the financial outcomes against targets set, but also considers wider performance. As an example, these factors include growth in passenger numbers, shareholder experience and wider stakeholder experience.

The Committee believes that the incentive plans continue to drive the desired behaviours to support the Company's values and strategy, are aligned with stakeholder experience and that the Directors' Remuneration Policy has operated as intended in 2024.

2024 Annual bonus

The formulaic out-turn of the annual bonus was nil for the CEO. At the start of the 2024 year a Group PBT gateway was set as part of the 2024 annual bonus. This gateway was not achieved and nil bonus is payable despite progress on certain bonus measures.

LTIP vesting

Based on performance against the targets, the vesting outcome of the 2022 LTIP was assessed as providing vesting at 9.96% of maximum. This reflected partial vesting under the metric for growing our ZEV fleet which was partially achieved.

There was nil vesting under the remaining metrics for the 2022 LTIP (ROCE (25% weighting); EPS (25% weighting); relative TSR (25% weighting); reduction in CO_2 emissions per million passenger kilometres (12.5%)). Although the final ROCE figure was above the threshold vesting level for this measure, the Committee applied negative discretion and determined that a nil vesting was appropriate, considering wider financial performance.

2025 remuneration arrangements for the CEO

The Committee has, being mindful of the operating circumstances and the wider macroeconomic environment for the Company, determined that the following treatments should apply for the CEO's remuneration arrangements in 2025.

- **Base salary** – a 3% increase to the CEO's salary was applied from 1 January 2025 and the CEO's salary for 2025 will be £618,000 (£600,000). This level of increase aligns to the percentage salary increase applied in the UK.
- **Annual bonus** – the CEO's annual bonus for 2025 will operate in a framework that is largely consistent with the annual bonus for 2024:
  - Maximum opportunity – 200% of base salary (50% of outcomes to be deferred in shares for one year)
  - Measures and weightings will be as follows: 45% Group Adjusted Profit Before Tax; 25% Covenant Gearing; 15% Group Safety – Fatality and Weighted Injuries (FWI) index score; 15% specific personal, strategic and risk management targets. The metrics remain unchanged from those applied in 2024, although personal and strategic metrics have been upweighted to 15% (2024: 10%). This change reflects the importance of a number of longer-term strategic initiatives to be led by the CEO in 2025 while still retaining profits as the largest bonus component.
- **LTIP** – as for 2024, the maximum annual LTIP award will be over shares worth 200% of base salary.

One change has, however, been made for the 2025 LTIP awards where a single relative TSR measure replaces the mix of LTIP measures used in prior years (25% each weightings on EPS, ROCE, relative TSR and Environmental measures).

The Committee strongly favours the simplicity of this approach and, given recent challenges for shareholder returns for Mobico, believes it is appropriate for the 2025 LTIP to be fully measured on TSR, making our shareholders' experience a full focus for this element of our reward package.

TSR as an LTIP metric has the potential to capture all elements of business performance holistically (and in a way fully aligned to shareholders' experience) at a time when there are a range of competing business priorities for the management team – operational excellence and financial performance; capital allocation and investment; balance sheet and capital structure management; continued delivery on our net zero journey. Accordingly, it simplifies our approach compared to having a range of separate metrics with each looking to measure different aspects of our performance over the next three-year period, during which period these priorities may be reweighted by developing business circumstances.

TSR also enables targets to be set in a straightforward and market-aligned way. Consistent with past practice, our relative TSR metric will measure our TSR performance relative to the constituents of the FTSE 250 Index with no vesting below median and requiring at least an upper quintile ranking for full vesting. As we flagged in last year's Directors' Remuneration Report, the potential sale of our US School Bus division may require us to make adjustments to performance measures and the related target ranges to maintain the integrity of the metrics for 'inflight LTIPs' – a market-led assessment under TSR (which would not require such judgements and adjustments) is, we believe, a potentially more transparent safeguard for our investors.

Our TSR condition will remain subject to the underpin assessment which we have applied to all LTIP performance measures for a number of years and under which the Committee can reduce the LTIP vesting level if it is not reflective of the Company's overall corporate performance and/or the Company's shareholder experience. Examples of the circumstances in which such an adjustment could be made include:

- consideration of whether vesting levels represent windfall gains
- substantial mis-alignment between the Company's financial performance and the vesting level
- significant concerns in relation to safety

Concluding thoughts

As this is the first Remuneration Committee Report since I have taken on the role of Chair of the Committee, I would like to thank my colleague Non-Executive Director Karen Geary for her work as the previous Remuneration Committee Chair and I am grateful that Karen continues to serve on the Committee.

At our 2025 AGM, shareholders will be asked to approve the Directors' Remuneration Report for 2024, which will be the normal annual advisory vote on such matters. In addition, as a further normal-course matter, we will be asking shareholders to renew the Company's 10-year authority to operate our LTIP as required under the UKLA Listing Rules. The rules of the LTIP were last approved by shareholders at our 2015 AGM and no material changes are being made to the updated LTIP rules which we will present at the 2025 AGM.

I hope that our shareholders will remain supportive of our approach to executive pay at Mobico and vote in favour of these resolutions at our 2025 AGM.

The Committee is always keen to hear the views of shareholders and their representative bodies and values their ongoing engagement on remuneration matters. I will be available to answer questions on the Directors' Remuneration Report at the AGM, and if any shareholder wishes to contact me in advance of that meeting to discuss any matters disclosed in the report, I can be reached via the Company Secretary.

Finally, as a Committee we wish to thank all of our colleagues throughout the business for their continued hard work and dedication.

Nigel Pocklington
Remuneration Committee Chair

28 April 2025

Directors' Remuneration Policy at Mobico

The Directors' Remuneration Policy for Executive and Non-Executive Directors for the three-year period expiring at the Company's 2027 AGM was approved by shareholders at the 2024 AGM and can be found within the Company's Annual Report and Accounts for 2023, which is available on the Company's website at https://www.mobicogroup.com/about-us/corporate-governance/remuneration.

Alignment to strategy and culture, ensuring risk mitigation and supporting clarity, simplicity, proportionality, and predictability

The table below explains how the Directors' Remuneration Policy, and the Committee's practice in applying it over the year under review, address the factors set out in Provision 40 of the UK Corporate Governance Code as that provision was required to be applied for financial year 2024:

Clarity	Simplicity	Risk
• Clarity and transparency are achieved through a combination of explanations for decisions taken and disclosure of the nature and weighting of annual bonus targets and LTIP performance measures. • The Remuneration Policy and its implementation looks to support the wider Mobico business strategy.	• Achieved by Directors' remuneration being composed of a limited number of elements designed to balance the retention and incentivisation of Directors with the delivery of strategy and shareholder returns. • Executive Director remuneration is composed of only four elements: base salary, pension and other benefits, annual bonus and LTIP. • The annual bonus and LTIP structure operated are market typical and are well understood by shareholders and executives alike.	• A range of features of Directors' remuneration assist in mitigating the risks of excessive rewards and inappropriate behaviour. • Executives are expected to build a material shareholding that must be maintained for a period following departure, which aligns themselves to the long-term interests of Mobico. • Additionally, variable remuneration is subject to malus and clawback provisions ensuring that there is long-term alignment of the executives to any risks the business may have been exposed to during their period as an executive.

Predictability	Proportionality	Alignment to culture
• Some of the same features of Directors' remuneration arrangements that mitigate risk also ensure that outcomes are within a predictable range. • Shareholders are provided with potential values which can be awarded to Executive Directors under the annual bonus and LTIP.	• Achieved through the use of variable remuneration arrangements which links remuneration outcomes and the financial and non-financial performance of Mobico. • The Remuneration Committee has the ability to apply discretion to variable remuneration to ensure it is proportionate and reflects the performance of the business.	• Achieved through strong links between Directors' remuneration and the Company's values. • Mobico values are Safety, Excellence, Customers, People and Community & Environment. • Elements of the Remuneration Policy for Executives are cascaded through the business.

Malus and clawback provisions

Executive Directors' annual bonus awards and LTIP awards are subject to malus and clawback provisions. Malus provisions enable the Committee to reduce the amount (including to nil) of any bonus prior to its award or payment and to reduce the number of shares (including to nil) under any unvested LTIP award prior to its vesting. Clawback provisions enable any bonus amount awarded and paid, and either the number of shares that vested under an LTIP award and/or an amount equal to their market value sale proceeds and/or any other benefits derived from them, to be recovered (in whole or in part, but net of tax) during the period of two years after they have been so awarded or vested, in each case in the following circumstances:

- the discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company for a period that was wholly or partly before the end of the period over which the performance target applicable to an award was assessed (or was due to be assessed);
- the discovery that the assessment of any performance target, measure or condition in respect of an award was based on error, or inaccurate or misleading information;
- the discovery that any information used to determine any performance target, measure or condition in respect of an award (or to determine the number of shares over which an award was granted) was based on error, or inaccurate or misleading information;
- there is action, inaction or conduct of an award holder that, in the reasonable opinion of the Committee, amounts to fraud or gross misconduct;
- there is action, inaction or conduct of an award holder that has had a significant detrimental impact on the reputation of the Company; or
- the Company becomes insolvent or otherwise suffers a corporate failure in connection with which the value of the Company's shares is materially reduced, provided the Committee is satisfied after due investigation that the award holder should be held responsible (in whole or in part) for that insolvency or corporate failure.

Annual Report on Remuneration

1. Statement of implementation of current Directors' Remuneration Policy in 2025

(a) Executive Directors' fixed remuneration

As set out in the Chair's letter, Ignacio Garat's salary is £618,000 for 2025 (£600,000 in 2024, 3% increase).

Ignacio Garat, Group Chief Executive Officer	£618,000

The CEO's pension contribution level is 3%, in line with that of the UK workforce. Benefits available for the CEO include family private healthcare, car allowance and assistance on preparation of UK and Spanish tax returns.

(b) Executive Directors' annual bonus

Executive Directors' annual bonuses for the 2025 financial year will provide a maximum opportunity of 200% of salary for the CEO.

Performance will be assessed by reference to the following performance measures, with weightings indicated in brackets:

- Financial, Group Profit before Tax (45%)
- Financial, Group Covenant Gearing (25%)
- Group Safety, Fatalities Weighed Injuries (FWI) index score (15%)
- Personal objectives, strategic and risk (15%)

A zero preventable fatality underpin will also apply to the full 15% safety element and a minimum level of Group Profit Before Tax will underpin the whole bonus.

When considering the bonus structure and setting the bonus targets for 2025, the Committee has taken into account:

- The need to continue to set robust and stretching targets.
- The need to ensure that annual bonus measures and targets fully align to the business strategy.
- That both Profit Before Tax and Covenant Gearing are key financial measures of overall financial performance of the business and directly link to our financial KPIs – see pages 19 and 20.
- The importance of safety to the Group and all stakeholders. On-target FWI index performance has been set as equal to or better than the Group's last three-year average FWI index, with maximum payout requiring performance that is equal to or better than the Group's best FWI index score in the last three years.
- Personal objectives have been specifically selected to drive delivery of the Evolve strategy and position future growth.

The Committee will disclose the exact targets, the threshold to maximum performance ranges and the strategic and risk management objectives (which are considered commercially sensitive), and relevant performance against these financial targets and the non-financial bonus objectives, in next year's report.

(c) Executive Directors' 2025 Long-Term Incentive Plan (LTIP) awards

Executive Directors' LTIP grants for the 2025 financial year will provide a maximum opportunity of 200% of salary for the CEO. The Committee will consider scaling back grants depending on the number of shares to be awarded at the time of grant.

As explained in the Chair's introductory statement to this report, for the CEO's LTIP award in 2025, a single relative TSR metric will be applied as follows:

Performance condition	Weighting	Threshold (25% vesting)	Target (50% vesting)	Maximum (100% vesting)
TSR versus FTSE 250 constituents	25%	Median	–	Upper quintile

The TSR condition is also subject to the underpin assessment under which the Committee can reduce the LTIP vesting level if it is not reflective of the Company's overall corporate performance and/or the Company's shareholder experience. Examples of circumstances in which such an adjustment could be made include:

- consideration of whether vesting levels represent windfall gains
- substantial mis-alignment between the Company's financial performance and the vesting level
- significant concerns in relation to safety

The performance conditions will be measured over the three-year financial period ending 31 December 2027, awards will be subject to a two-year holding period post vesting and malus and clawback will apply for two years from the date of vesting, including post termination of employment. Dividend equivalent entitlements will attach to any vested shares over the vesting period and during the holding period while options remain unexercised and will be satisfied in shares rather than cash.

(d) Chair's and Non-Executive Directors' 2025 fees

Non-Executive Director fees will operate in line with Directors' Remuneration Policy.

With effect from 1 January 2025 levels were as follows:

Role	Fees (gross)
Chair	£259,325
Senior Independent Director (additional fee)	£11,000
Non-Executive Director (base fee)	£56,000
Committee Chair (additional fee)	£12,000

From 1 April 2025, the Non-Executive Directors' base fee increased by 2.8% (reflecting employee salary inflation) to £57,568.

The letters of appointment for the Chair and the Non-Executive Directors, together with the service agreements for the Executive Directors, are available for inspection at the Company's registered office.

Annual Report on Remuneration

2. Single total figure of remuneration for Executive Directors (Audited Information)

The table directly below sets out the single total figure of remuneration and breakdown for each Executive Director who served during the financial year ended 31 December 2024 (with comparative figures provided for 2023). The subsequent information and tables in this section give more detail on various elements of the Executive Directors' remuneration.

£'000		Base salary	Benefits[2]	Pension allowance	Total fixed remuneration	Annual bonus[3]	Vested LTIPs[4]	Total variable remuneration	Total
Ignacio Garat	**2024**	**600**	**26**	**18**	**644**	**0**	**37**	**37**	**681**
	2023	575	24	17	616	0	0	0	616
James Stamp[1]	**2024**	**187**	**1**	**6**	**194**	**0**	**14**	**14**	**208**
	2023	425	13	13	451	0	0	0	451

1 Mr Stamp was the Group's CFO until 11 June 2024 and the 2024 base salary, benefits and pension amounts shown above reflects the period served as a Director in 2024. The terms of all payments made to Mr Stamp in connection with his loss of office are shown in section 4.

2 Benefits comprise the gross of tax value of car allowance and private medical insurance. Benefits for Mr Garat also include the reimbursement of the cost of preparation of Mr Garat's UK and Spanish tax returns

3 Full disclosure of the annual bonus amounts and delivery mechanism are set out in section 2(a) Annual bonus below.

4 The 2024 Vested LTIPs values reflect the performance vesting of 2022 LTIP awards made to Mr Garat and Mr Stamp, the performance conditions for which were measured to the end of 2024. These performance conditions were met as to 9.96% and the values reflect the numbers of shares subject to awards that vested (47,638 for Mr Garat and 18,401 for Mr Stamp) multiplied by 77.56p per share (being the three-month average share price to 31.12.2024). The Vested LTIPs values shown for 2024 do not include any element in respect of share price growth (share price at the date of award (21.03.22) was 223.6p).

(a) Annual bonus

For the 2024 annual bonus the following metrics applied, with weightings indicated in brackets:

- Financial, Group Profit before Tax (50%)
- Financial, Group Covenant Gearing (25%)
- Group Safety, Fatalities Weighed Injuries (FWI) index score (15%)
- Personal objectives, strategic and risk (10%)

A zero preventable fatality underpin also applied to the full 15% safety element and a minimum level of Group Profit Before Tax underpinned the whole bonus. The scales for each metric allowed 10% of each element to vest at threshold performance and 50% of each element to vest at on-target performance.

50% of any bonus earned is subject to mandatory deferral into shares for one year from award as per the Remuneration Policy.

(i) 2024 bonus out-turn

The formulaic out-turn of Executive Directors' bonuses was 0% of maximum for the CEO. This same percentage was applied to the bonus outcome for the former CFO. The nil outcome resulted from a Group PBT underpin not being achieved.

(ii) 2024 bonus performance conditions

The following table sets out performance conditions that were attached to Executive Directors' 2024 bonus and the associated outcomes. Bonus achieved is nil for all metrics as the PBT underpin was not achieved.

Category	Measure	Threshold	Target	Max	Weighting	Outcome achieved	Bonus Achieved
Financial[1]	Group profit before tax (£m)	106.4	118.3	130.1	50%	101.1	0%
	Covenant gearing (multiple)	2.8x	2.7x	2.6x	25%	2.8x	0%
Safety	FWI	Zero Responsible Fatality	0.0047	0.0026	15%	0.0031	0%[2]
Personal (CEO)					10%	n/a	0%[3]
Personal (former CFO)					10%	n/a	0%[3]
		CEO formulaic 2024 bonus outcome (% of maximum)				0%	
		CFO formulaic 2024 bonus outcome (% of maximum)				0%	

1 Consistent with previous years and associated disclosures, the Group Adjusted Profit Before Tax targets are adjusted to align the method of calculation to the basis on which the performance out-turn is calculated. The original Group Adjusted Profit Before Tax target was set at £123.9m. After adjustment to reflect foreign exchange movements and variances in acquisition investment (compared to budgeted levels), the revised target was £118.3m, with the threshold and maximum amounts adjusted accordingly

2 Although the FWI target was achieved, there was one preventable fatality meaning the safety underpin resulted in zero bonus under this element

3 There was no payout against personal objectives for 2024; accordingly the details of the personal objectives set for 2024 are not disclosed as these remain commercially sensitive

Taking in to account the performance of the Company, the Remuneration Committee determined that the formulaic outcomes for 2024 should be applied without further adjustment.

(b) Long-Term Incentive Plan (LTIP) vesting and awards
(i) LTIP awards vesting in 2025

The three-year LTIP awards granted to Executive Directors in 2022 are due to vest in March 2025 (as the measurement period relating to them ended on 31 December 2024). The formulaic out-turn was 9.96% of maximum.

Details of the performance conditions attaching to the 2022 LTIP awards, which were granted as nil cost options, and the extent to which they have been met, are set out in the table below:

Performance condition	Weighting	Threshold (25% vesting for TSR and EPS, 0% for ROCE)	Target	Maximum (100% vesting)	Actual	Percentage vesting
TSR[1] versus FTSE 250 Index	25%	Median	–	Upper Quintile	Below Median	0%
EPS[2, 3]	25%	21.7p	24.9p	26.5p	4.8p	0%
ROCE[2, 4]	25%	9%	10.5%	12%	10.2%	0%
tCO_2e/million passenger km	12.5%	8.4% reduction in tCO_2e/ million passenger km by 2024 relative to 2019 base year	9% reduction in tCO_2e/ million passenger km by 2024 relative to 2019 base year	9.6% reduction in tCO_2e/ million passenger km by 2024 relative to 2019 base year	Below threshold	0%
Fleet transition[5]	12.5%	400 additional zero emission vehicles in service or on order by 31 December 2024	500 additional zero emission vehicles in service or on order by 31 December 2024	800 additional zero emission vehicles in service or on order by 31 December 2024	678	9.96%
Total vesting						9.96%

1 For TSR performance measures, straight-line vesting occurs between threshold and maximum performance

2 For EPS and ROCE performance measures, straight-line vesting occurs between threshold and target performance, and between target and maximum performance

3 Actual EPS is the fully diluted adjusted earnings per share in the last year of the performance period

4 Actual ROCE is the average return on capital employed in the last year of the performance period. Negative discretion was applied, resulting in nil vesting on this metric

5 Due to a freeze on ZEV orders in H2 2024 and a Board mandated suspension of ZEV orders scheduled for that period, it was judged appropriate to adjust the originally set Fleet Transition targets to reflect the potential for progress over a reduced period only to the end of H1 2024. The originally set targets required 600 additional ZEVs in service or on order at target and 1,000 additional ZEVs in service or on order at maximum and the revised targets shown above maintained the integrity and stretch of the original target over a reduced period for attainment. The achieved outcome of 678 additional vehicles (out of a total 1,100 ZEVs in service or on order at 31 December 2024) reflects good progress by the management team while able to take actions in the period towards this important long-term environmental goal.

(ii) LTIP awards granted in 2024

Details of LTIP awards granted to Executive Directors in 2024 are set out in the table below:

Executive Director	Grant date	Number of shares awarded[1]	Award type	Award amount	Face value of award £'000[2]	Performance period	Performance conditions
Ignacio Garat	20/06/2024	1,781,170	Nil cost option	140% of base salary	840	01/01/2024–31/12/2026	See below

1 The number of shares subject to the LTIP awards was determined by dividing the award amount, being the relevant multiple of the Executive Directors' base salaries, by the Company's MMQ share price on the last business day preceding the date of grant, being 47.16p on 19 July 2024. Award sizes were then scaled back by the Committee by 30% reflecting the significant share price fall from the grant of the 2023 awards

2 The face value of the LTIP awards is the number of (adjusted) Company shares over which awards were made multiplied by the Company's MMQ share price on the last business day preceding the date of grant, being 47.16p on 19 July 2024

(iii) Performance conditions attaching to 2024 LTIP awards

Performance condition	Weighting	Threshold (25% vesting for TSR and EPS, 0% for others)	Target (50% vesting)	Maximum (100% vesting)
TSR[1] versus FTSE 250 Index	25%	Median	–	Upper quintile
EPS[2]	25%	17.3p	19.2p	21.1p
ROCE[2]	25%	10%	11%	12%
tCO_2e/million passenger km[2]	25%	12.5% reduction in tCO_2e/ million passenger km by 2026 relative to 2022 base year	15% reduction in tCO_2e/ million passenger km by 2026 relative to 2022 base year	17.5% reduction in tCO_2e/ million passenger km by 2026 relative to 2022 base year

1 For TSR performance measures, straight-line vesting occurs between threshold and maximum performance

2 For EPS, ROCE and ESG performance measures, straight-line vesting occurs between threshold and target performance, and between target and maximum performance

Vested shares will be subject to a two-year holding period and malus and clawback will apply for two years from the date of vesting, including post termination of employment. Dividend equivalents are payable on vested shares over the vesting period.

3. Single total figure of remuneration for Non-Executive Directors (Audited Information)

The table below sets out the single total figure of remuneration (fees) for the Non-Executive Directors who served during the financial year ended 31 December 2024 (with comparative figures provided for 2023):

Non-Executive Director	2024 fees £'000	2023 fees £'000
Helen Weir (Chair)	**259**	259
Jorge Cosmen (Deputy Chair and Nominations Committee Chair)	**68**	68
Mike McKeon (Audit Committee Chair until 11 June 2024)[1]	**30**	68
Ana de Pro Gonzalo (Independent Non-Executive Director)	**56**	56
Carolyn Flowers (Independent Non-Executive Director)[2]	**74**	73
Karen Geary (Remuneration Committee Chair until 1 August 2024 and Senior Independent Director)	**74**	73
Nigel Pocklington (Remuneration Committee Chair from 1 August 2024)[3]	**61**	23
Enrique Dupuy de Lome Chávarri (Audit Committee Chair from 11 June 2024)[4]	**63**	9

1 Mike McKeon stepped down as a Director on 11 June 2024, at the conclusion of the 2024 AGM.

2 A travel allowance is also paid to Carolyn Flowers for each Board meeting or other Board-related matter she attends outside the North American continent, in an amount per such meeting or matter of £1,000. For 2024, Ms Flowers received £6,000 in respect of this allowance in addition to her base fee, included in the figure above.

3 Nigel Pocklington joined the Board on 1 August 2023, so his 2023 fee reflects the pro-rated proportion of his annual fee for the year.

4 Enrique Dupuy de Lome Chávarri joined the Board on 1 November 2023, so his 2023 fee reflects the pro-rated proportion of his annual fee for the year.

4. Payments to past Directors and payments for loss of office (Audited Information)

James Stamp stepped down as a Director of the Company from the conclusion of the Company's 2024 Annual General Meeting on 11 June 2024. The following summarises the terms of all payments made to Mr Stamp in connection with his loss of office. All payments are made in accordance with his service agreement and the Directors' Remuneration Policy and after applicable tax and social security deductions:

1. Mr Stamp was on garden leave and therefore paid his monthly salary and any other contractual benefits to 31 December 2024.
2. Mr Stamp was then paid monthly instalments in respect of fixed pay for the remainder of the unexpired portion of his notice period. Continued payment of those instalments will be subject to the requirement to take reasonable steps to mitigate with the maximum amount of £187,196.83 to be paid.
3. Mr Stamp was treated as a good leaver for the purposes of his awards granted under the Company's Long-Term Incentive Plan and therefore, he had unvested awards over a maximum of: (i) 184,783 shares in respect of his 2022 LTIP award and 11,439 shares in respect of his associated CSOP award due to vest on 21 March 2025 and (ii) 221,543 shares in respect of his 2023 LTIP award due to vest on 27 March 2026. Vesting will be determined in accordance with the performance conditions relating to the LTIP awards in question and pro-rated for time. As noted above, the 2022 LTIP award vested as to 9.96% and the value of the vested 2022 LTIP awards is disclosed in the single figure table on page 125.
4. Mr Stamp was entitled to receive a pro-rated bonus for the period for which he worked in 2024, the amount of which was determined by the Company's Remuneration Committee in accordance with the Annual Bonus Plan Rules and the Directors' Remuneration Policy. The amount of bonus payable to Mr Stamp was £nil as disclosed in the single figure table on page 125.

5. Statement of Directors' shareholdings and share interests (Audited Information)

(a) Executive Directors' interests in shares

Details of the Executive Directors' and their connected persons' beneficial interests in the Company's shares, and of the Executive Directors' other interests in shares, as at 31 December 2024 are shown in the table below:

	Shares held directly			Other share interests		
Executive Director	Shareholding target (% salary)	Shareholding value (% salary)[1]	Beneficially owned	Forfeitable shares held under the EDBP not subject to performance conditions	Outstanding LTIP share option awards subject to performance conditions	Vested but unexercised LTIP share option awards
Ignacio Garat	200%[2]	36.3%	274,659	0	2,974,433	n/a

1 The Company's closing share price of 79.3p as at 31 December 2024 has been used for the purposes of this calculation and has been applied to the beneficially owned shares in arriving at the shareholding value as at 31 December 2024

2 Mr Garat's current shareholding requirement applies to the five-year period commencing on his date of appointment and therefore Mr Garat has until 12 May 2026 to reach his shareholding requirement

The following table provides more information about current Executive Directors' interests in shares under outstanding LTIP awards.

Share interests

The table below sets out the share awards granted to Executive Directors under the rules of the Company's 2015 LTIP which either vested or lapsed during 2024 or remain outstanding as at 31 December 2024:

	During 2024							
LTIP award year/type	**Date of grant**	**Awards held at 01/01/2024**	**Granted**	**Exercised/ Eligible for exercise**	**Lapsed**	**Awards held at 31/12/2024**	**Vesting date**	**Latest exercise date[1]**
Ignacio Garat								
LTIP 3–year	22/03/2021	366,943	–	–	366,943	–	22/03/2024	–
LTIP 3–year (Approved CSOP)[2]	22/03/2021	9,572[3]	–	–	9,572[3]	–	22/03/2024	–
LTIP 3–year	21/03/2022	478,369	–	–	–	478,369	21/03/2025	21/03/2027
LTIP 3–year	27/03/2023	714,894	–		–	714,894	27/03/2026	27/03/2028
LTIP 3–year	20/06/2024	–	1,781,170		–	1,781,170	20/06/2027	20/06/2029
LTIP 3–year (Approved CSOP)[3]	20/06/2024	–	127,226[3]	–	–	127,226[3]	20/06/2027	20/06/2029
		1,560,206	1,781,170	–	366,943	2,974,433		
James Stamp								
LTIP 3–year	12/03/2020	14,278[4]	–	14,278[4]	–	14,278[4]	12/03/2023	12/03/2025
LTIP 3–year	22/03/2021	154,627	–	–	154,627	–	22/03/2024	–
LTIP 3–year	21/03/2022	201,581	–	–	16,798	184,783	21/03/2025	21/03/2027
LTIP 3–year (Approved CSOP)[2]	21/03/2022	12,479[3]		–	1,040[3]	11,439[3]	21/03/2025	21/03/2027
LTIP 3–year	27/03/2023	379,787	–	–	158,244	221,543	27/03/2026	27/03/2028
		750,273	–	14,278	329,669	420,604		

1. Awards vesting under the 2015 LTIP are subject to a two-year exercise period and holding period which run concurrently, save for Mr Stamp's LTIP awards between 2018 and 2022, which are not subject to any holding period as these were granted prior to him being appointed as an Executive Director. Latest exercise dates are shown only for those LTIP awards which have either yet to vest, or which have vested and are yet to be exercised
2. All LTIP awards are granted in the form of nil-cost options, save for LTIP approved CSOP awards which are granted as market value share options with an exercise price per share equal to the share price at grant. LTIP approved CSOP awards comply with the requirements of Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 and can be exercised by way of effective set-off against any shares vesting under the corresponding LTIP award
3. Due to the effective set-off arrangements explained in the note above, the number of shares subject to LTIP approved CSOP awards are not counted in the total number of awards held as this would result in a double-count
4. Mr Stamp's 2020 LTIP vested on 12 March 2023 and the latest exercise date is 12 March 2025 as per the approved rules. The table reflects the position as at 31 December 2024, but Mr Stamp exercised his option on 6 February 2025 prior to them lapsing
5. Mr Stamp stepped down as a Director on 11 June 2024. He was treated as a good leaver for the purpose of his awards granted under the Company's Long-Term Incentive Plan and therefore awards were pro-rated, as set out in the table above

(b) Non-Executive Directors' interests in shares

The details of the Non-Executive Directors' and their connected persons' interests in shares, for current Non-Executive Directors as at 31 December 2024 (or if earlier, the date they ceased to be a Director of the Company), all of which are held beneficially, are shown in the table below:

Non-Executive Director	Beneficially owned
Helen Weir	126,000
Jorge Cosmen[1]	47,826
Enrique Dupuy de Lome Chávarri	–
Carolyn Flowers	10,000
Karen Geary	14,347
Mike McKeon	60,869
Nigel Pocklington	40,000
Ana de Pro Gonzalo	4,347

1 Neither Jorge Cosmen nor his connected persons are now sufficiently closely connected with any of the Cosmen family companies that hold shares in the Company (including European Express Enterprises Ltd which is a major shareholder in the Company) for such family companies' shareholdings to be considered his or his connected persons' interests in Company shares

(c) Other information

The Register of Directors' interests maintained by the Company contains full details of the Directors' holdings in shares and options over shares in the Company.

The closing price of a Company ordinary share at 31 December 2024 was 79.3p (2023: 84.6p) and the range during the year ended 31 December 2024 was highest 92.4p to lowest 46.1p per share.

(d) Changes since year end

There have been no changes in current Directors' shareholdings between 31 December 2024 and the date of this report.

6. Comparison of overall performance

The graph below shows a comparison of the Company's cumulative total shareholder return (i.e. share price growth plus dividends paid) and annual return against the FTSE 250 Index over the last 10 years. The FTSE 250 Index has been selected as the Company is a constituent of that Index.

Shareholder returns – 10 year history

7. Context of Director pay

The following table sets out the actual percentage changes between 2019 and 2024 for certain elements of the remuneration for the persons who served as Directors during 2024, compared with the average percentage change in those same elements of remuneration for the Company's employees. It also sets out, by way of voluntary disclosure, a comparison with the Group's whole UK employee population as this provides a more meaningful comparison in view of the fact that the Company itself only employs a small proportion of the Group's employees.

The elements of each Executive Director's remuneration included in the table below comprise base salary, benefits and annual bonus calculated in the same way as in the single total figure of remuneration table on page 125. The Chair and Non-Executive Directors' fees included in the table below are calculated in the same way as in the single total figure of remuneration table on page 120.

	Actual/Average percentage increase/ (decrease) from 2019 to 2020			Actual/Average percentage increase/ (decrease) from 2020 to 2021		
	Base/salary fees	Benefits	Performance related bonus	Base/salary fees	Benefits	Performance related bonus
Ignacio Garat (current CEO)	n/a	n/a	n/a	499.0%[1]	200.6%[1]	100.0%[2]
James Stamp (former CFO)	n/a	n/a	n/a	n/a	n/a	n/a
Ana de Pro Gonzalo	315.4%[6]	n/a	n/a	(5.9)%[3]	n/a	n/a
Carolyn Flowers	n/a	n/a	n/a	n/a	n/a	n/a
Enrique Dupuy de Lome Chávarri	n/a	n/a	n/a	n/a	n/a	n/a
Helen Weir	n/a	n/a	n/a	n/a	n/a	n/a
Jorge Cosmen	0.0%	n/a	n/a	25.9%[3, 4]	n/a	n/a
Karen Geary	315.4%[6]	n/a	n/a	(5.9)%[3, 5]	n/a	n/a
Mike McKeon	1.5%	n/a	n/a	3.0%[3]	n/a	n/a
Nigel Pocklington	n/a	n/a	n/a	n/a	n/a	n/a
Company employees	5.7%	(0.09)%	(100)%	4.4%	(8.2%)[9]	100%[2]
Company Group UK employees	1.7%[11]	(0.09)%	(100)%	2.3%	(17.0%)[9]	100%[2]

	Actual/Average percentage increase/ (decrease) from 2021 to 2022			Actual/Average percentage increase/ (decrease) from 2022 to 2023		
	Base/salary fees	Benefits	Performance related bonus	Base/salary fees	Benefits	Performance related bonus
Ignacio Garat (current CEO)	0%	-35.4%	45.1%	0%	-23.6%	-100%
James Stamp (former CFO)	n/a	n/a	n/a	498.6%[10]	566.0%[10]	-100%
Ana de Pro Gonzalo	0%	n/a	n/a	0%	n/a	n/a
Carolyn Flowers	99.0%[7]	n/a	n/a	4.3%	n/a	n/a
Enrique Dupuy de Lome Chávarri	n/a	n/a	n/a	n/a	n/a	n/a
Helen Weir	n/a	n/a	n/a	0%	n/a	n/a
Jorge Cosmen	0%	n/a	n/a	0%	n/a	n/a
Karen Geary	17.5%[8]	n/a	n/a	7.4%	n/a	n/a
Mike McKeon	0%	n/a	n/a	0%	n/a	n/a
Nigel Pocklington	n/a	n/a	n/a	n/a	n/a	n/a
Company employees	7.2%	-1.2%	-12.1%	11.0%	5.2%	-100%
Company Group UK employees	8.5%	4.6%	-10.1%	8.3%	4.6%	-100%

	Actual/Average percentage increase/(decrease) from 2023 to 2024		
	Base/salary fees	Benefits	Performance related bonus
Ignacio Garat (current CEO)	4.3%	7.5%	0%
James Stamp (former CFO)	(55.9%)[12]	(91.7%)	0%
Ana de Pro Gonzalo	0%	n/a	n/a
Carolyn Flowers	1.4%	n/a	n/a
Enrique Dupuy de Lome Chávarri	596.3%[13]	n/a	n/a
Helen Weir	0%	n/a	n/a
Jorge Cosmen	0%	n/a	n/a
Karen Geary	1.4%	n/a	n/a
Mike McKeon	(55.3%)[14]	n/a	n/a
Nigel Pocklington	165.2%[15]	n/a	n/a
Company employees	6.5%	3.3%	0%
Company Group UK employees	10.4%	6.5%	0%

1 Mr Garat joined in November 2020 and the increase from 2020 to 2021 reflects this joining date. No increase in base salary was given for 2021
2 No bonuses were awarded for 2020
3 The year-on-year increase reflects salary sacrifices made in April and May 2020 in light of the pandemic
4 Received an additional Chair fee from 2021
5 Appointed Chair of the Remuneration Committee on 3 December 2021
6 Reflect dates of joining in 2019 and only serving three months in that year
7 Reflects the fact Carolyn Flowers joined the Board on 1 June 2021. 2022 fee reflects appointment as Sustainability Committee Chair in May 2022
8 Reflects appointment as Remuneration Committee Chair in December 2021, so 2021 fee includes only one month as Committee Chair
9 Driven by the net cost to the Company of providing certain benefits decreasing and others increasing, and the impact of job role changes/promotions
10 Reflects 2022 being a comparator year where James Stamp was on the Board for a pro-rated part of the year
11 Helen Weir's increase from 2022 to 2023 is shown as nil as the fees earned in 2022 reflected time spent as Chair Designate. She became Chair on 1 January 2023
12 Reflects James Stamp stepping down as CFO on 11 June 2024
13 Reflects Enrique Dupuy de Lome Chávarri joining the Board on 1 November 2023
14 Reflects Mike McKeon stepping down from the Board on 11 June 2024
15 Reflects Nigel Pocklington joining the Board on 1 August 2023

8. History of CEO pay

The table below sets out the total remuneration paid to the Chief Executive Officer over the last 10 years, valued using the methodology applied to the single total figure of remuneration:

Year	2015	2016	2017	2018	2019	2020[1]	2020[2]	2021	2022	2023	2024
Chief Executive Officer	D Finch	D Finch	D Finch	D Finch	D Finch	D Finch	I Garat	I Garat	I Garat	I Garat	**I Garat**
Single figure total remuneration (£'000)	3,661	3,887	4,225	4,318	3,048	531	137	1,050	1,218	616	**681**
Annual bonus payment (as % of maximum opportunity)	96%	83.5%	95%	90%	100%	0%	n/a[3]	47.5%	69.0%	0%	**0%**
LTIP vesting level achieved (as % of maximum opportunity)	73.4%	80.8%	86.9%	96%	91.53%	0%	n/a[3]	n/a[4]	n/a[4]	0%	**9.96%**

1 Mr Finch served as Chief Executive Officer from 1 January 2020 to 31 August 2020
2 Mr Garat served as Chief Executive Officer from 1 November 2020 to 31 December 2020
3 In 2020, Mr Garat was not entitled to any bonus award or LTIP award subject to performance conditions whose final year of performance ended during that year
4 In 2021 and 2022, Mr Garat was not entitled to any LTIP award subject to performance conditions whose final year of performance ended during those years

9. CEO pay ratios

The Committee reviewed the Company's CEO pay ratios and the Group's employee pay policies and practices when formulating the Directors' Remuneration Policy, and is satisfied that the structure and quantum of remuneration for the Executive Directors is appropriate in view of their relative roles and responsibilities.

The following table sets out ratios which compare the CEO's total remuneration in the Company's financial year ended 31 December 2024 to that of the Group's UK employees whose full time equivalent remuneration ranks them at the lower quartile, median and upper quartile of pay for all of the Group's UK employees (together with that data for the Company's previous four financial years). The ratios for 2024 are similar to 2023 due to there being no CEO bonus in both 2023 and 2024.

Year	Methodology	25th percentile (lower quartile) pay ratio	50th percentile (median) pay ratio	75th percentile (upper quartile) pay ratio
2024	**Option A**	**20:1**	**17:1**	**14.1**
2023	Option A	20:1	17:1	14:1
2022	Option A	46:1	39:1	31:1
2021	Option A	43:1	37:1	31:1
2020	Option A	31:1	26:1	23:1

Option A was used to calculate the pay ratios as it is the most statistically accurate method and the relevant pay data was available to the Company in time for the preparation of this report. The UK employees at the lower quartile, median and upper quartiles were identified as at 31 December 2024 and their full-time equivalent total remuneration was calculated in respect of the 12 months ended 31 December 2024 on the basis explained further below.

The CEO's remuneration for 2024 was calculated as per the single total figure, shown on page 125.

The total remuneration of the UK employees (including those at the lower quartile, median and upper quartiles) has been calculated using the same methodology as for the CEO's single total figure of remuneration, noting that:

- a large number of the Group's UK employees, such as bus and coach drivers and customer service centre staff, work full time but are paid by the hour (rather than having an annual fixed base salary). Their wages have been calculated as the actual number of hours worked in the year multiplied by the relevant hourly rates of pay applicable during the year; and
- a number of the Group's UK employees work part time. Those who are paid on a salaried basis have had their salaries and benefits grossed up to the full-time equivalent salary for their role.

Although similar to the approach used for 2023, for further details on the calculation methodology for previous years please refer to the Annual Report for that year. Note for 2020 and 2021, where the Group's UK employees were placed on furlough during any part of 2020 or 2021, the amounts actually paid to them have been included, including amounts subsequently reimbursed to the Company and its UK subsidiaries by the UK government under the Coronavirus Job Retention Scheme and topped-up amounts funded by the Company's Group.

The table below shows the CEO's total remuneration and the salary component of that total remuneration and that of each of the UK employees at the lower, median and upper quartiles of the Group's UK employee population for 2024:

Year	Pay data	Group Chief Executive	25th (lower quartile) percentile	50th (median) percentile	75th (upper quartile) percentile
2024	**Salary**	**£600,000**	**£32,295**	**£37,873**	**£44,674**
2024	**Total pay**	**£680,744**	**£34,151**	**£39,939**	**£47,803**

The Committee considers that the median pay ratio is consistent with the Company's pay, reward and progression policies. This is because, when setting CEO pay, the Committee has regard to the same core considerations as those taken into account by the UK management team when setting UK employee pay, including the Company's policy to pay market rates of pay that reward employees fairly for work done and that have due regard to individual performance and Company performance where the individual has the ability to influence wider Company performance. The CEO has ultimate responsibility for, and the greatest ability to influence, the Company's performance and returns to shareholders and, to reflect this, a much higher proportion of the CEO's remuneration is comprised of performance-related pay (in the form of an annual bonus and LTIP award vesting) compared with the majority of UK employees. This means that the pay ratios will fluctuate depending on the outcomes of incentive plans each year.

10. Relative importance of spend on pay

The table below sets out the total spend on pay in 2024 and distributions in 2024 compared with such values in 2023 for further comparison:

Measure	2024 £m	2023 £m	% change from 2023 to 2024
Overall Group spend on pay including Directors	1,733.5	1,585.1	9.4%[1]
Profit distributed by way of dividend	0.0	10.5	-100%

1 Overall Group spend on pay was calculated by aggregating the Group's costs of salaries and wages, social security costs, pension costs and share-based payments for all the Group's employees whether employed in the UK or overseas in the relevant year.

11. Historical results of shareholder voting on remuneration matters

The votes cast on the resolution seeking approval of the Annual Report on Remuneration at the 2024 AGM were as follows:

Resolution	Votes For	Votes Against	Number of votes withheld
To approve the Annual Report on Remuneration for the year ended 31 December 2023 (advisory vote only)	414,369,767	3,495,888	296,666
	99.16%	0.84%	

The votes cast on the resolution seeking approval of the current Policy at the 2024 AGM were as follows:

Resolution	Votes For	Votes Against	Number of votes withheld
To approve the Directors' Remuneration Policy (binding vote)	413,472,293	4,677,681	259,696
	98.88%	1.12%	

1 A vote withheld is not a vote at law and is not counted in the calculation of votes For or Against a resolution.

12. Retained advisers to the Committee

During the year both Korn Ferry and FIT Remuneration Consultants LLP ("FIT") acted as external remuneration advisers to the Remuneration Committee. Neither has any other connection to the Group or its directors.

Both Korn Ferry and FIT did not provide any services other than in relation to advising the Remuneration Committee during the year – the Committee is satisfied that no conflict of interest can arise as a result of these services. Both Korn Ferry and FIT have voluntarily signed up to the Remuneration Consultants Group Code of Conduct. In view of these factors, the Committee is satisfied that the advice it received from Korn Ferry and from FIT in 2024 is objective and independent. For the year under review, Korn Ferry received fees of £31,397, which were charged on a time cost basis and FIT received fees of £94,328, which were charged on a time cost basis

13. Dilution

The Company has permitted share dilution authority reserved to it under the rules of its 2015 Long-Term Incentive Plan (LTIP), as previously approved by shareholders and in line with the Investment Association's guidelines. The Company's normal course 10-year authority to operate its LTIP is being renewed at the 2025 AGM and the dilution limits within the LTIP will be updated to reflect the Investment Association's 2024 guidelines.

Predominantly the Company's funding strategy has been to satisfy all outstanding share incentive awards granted under the LTIP (and its other incentive plans) through the delivery of market purchased shares via the Company's Employee Benefit Trust, as opposed to by the issue and allotment of new shares. Accordingly, the Company has to date made only limited use of its permitted share dilution authority under the LTIP.

On behalf of the Board

Nigel Pocklington
Remuneration Committee Chair

28 April 2025

Directors' report

The information set out on pages 128 to 131 (inclusive), together with the information referred to below which is incorporated by reference, comprises the Directors' Report for the Company's financial year ended 31 December 2024.

The Company has chosen, in accordance with Section 414(C)(11) of the Companies Act 2006 (as amended), to set out certain information required to be included in this Directors' Report in the Strategic Report. The Company has also set out certain other information required to be included in this Directors' Report in the Corporate Governance Report and the Consolidated Financial Statements. The location of such information is shown in the table below:

Information	Annual Report section	Annual Report page no(s)
Business model and future business developments	Strategic Report	Pages 02 to 80
Principal risks and uncertainties	Strategic Report	Pages 02 to 80
Fostering relationships with suppliers, customers and others	Strategic Report	Pages 02 and 80
	Corporate Governance Report	Pages 81 to 132
Engagement with and other matters relating to employees	Strategic Report	Pages 02 to 80
	Corporate Governance Report	Pages 81 to 132
Financial instruments	Consolidated Financial Statements	Pages 145 to 150
Governance matters, including Corporate Governance Statement and a description of the composition and operation of the Company's administrative, management and supervisory bodies and their committees	Corporate Governance Report	Pages 81 to 132
Description of diversity policies, objectives, implementation, and results	Nominations Committee Report	Pages 106 and 108
Internal control and risk management arrangements for financial reporting	Audit Committee Report	Pages 98 to 105
Streamlined Energy and Carbon Reporting (SECR)	Additional Information	Page 246

This Directors' Report and the Strategic Report together form the Management Report for the purposes of Rule 4.1.8 of the Disclosure Guidance and Transparency Rules.

The relevant information required to be disclosed under Rule 6.6.1 of the UK Listing Rules is as follows:

Listing Rule	Nature of information	Section and page(s) of Annual Report
UKLR 6.6.1(11)	Dividend waivers by shareholders	Directors' Report, page 129

Company status and branches

Mobico Group PLC ('Mobico' or the 'Company') is the holding company of the Mobico group of companies (the 'Group').

The Company is a public limited company incorporated under the laws of England and Wales. It is listed in the Equity Shares in Commercial Companies (ESCC) category of the FCA's Official List (LON:MCG), and is a constituent member of the FTSE 250 Index.

One of the Company's Spanish subsidiaries, NEX Continental Holdings, S.L.U., has a branch in Portugal, NEX Continental Holdings S.L, Sucursal Em Portugal. Other than that branch, neither the Company nor any member of its Group has any branches.

Results and dividends

The Company's and the Group's results for the year ended 31 December 2024 are set out, respectively, in the Company Financial Statements and the Consolidated Financial Statements on pages 145 to 242.

Important events since the end of the financial year

There have been no important events that have affected the Company or the Group since 31 December 2024, save for those disclosed in note 39 to the Consolidated Financial Statements.

Dividends

As the Group remains focussed on deleveraging, the Board has determined not to recommend a final dividend in respect of its financial year ended 31 December 2024 (2023: 0.0p). As the Board also did not pay an interim dividend in respect of its final year ended 31 December 2024 (2023: 1.7p) the total dividend for the 2024 year is 0.0 pence per share (2023: 1.7p).

Share capital

The Company has a single class of shares in issue in its capital comprising ordinary shares of nominal value 5 pence each, all ranking pari passu. As at 31 December 2024, there were 614,086,377 ordinary shares in issue and fully paid. The rights attached to the ordinary shares of the Company are defined in the Company's Articles of Association (the 'Articles'). Further details about the Company's share capital can be found in note 31 to the Consolidated Financial Statements.

Share rights, obligations and restrictions on transfer of shares

Shareholders are entitled to participate in dividends paid or declared by the Company and any return of capital made by the Company in proportion to their holdings of ordinary shares in the Company. Shareholders are also entitled to attend and vote at all general meetings of the Company. Every shareholder has one vote on a show of hands and one vote for each ordinary share held on a poll on each resolution put before a general meeting. Electronic and paper proxy appointments, and voting instructions, must be received by the Company's registrar not less than 48 hours before a general meeting.

Shareholders are subject to the obligations set out in the Articles, including the principal obligation to pay up any unpaid amount on their ordinary shares.

There are no limitations on the holding of the Company's shares. There are also no restrictions on the transfer of the Company's shares other than: (i) the typical restrictions set out in the Articles (for example, in respect of non-fully paid shares). For further detail see the Articles which are available for download here: https://www.mobicogroup.com/about-us/corporate-governance/governance-framework/); (ii) restrictions imposed by law (such as insider trading laws); and (iii) restrictions imposed on the Directors and certain other employees of the Company and members of its Group pursuant to the Company's share dealing code.

The Company is not aware of any agreements between existing shareholders that may result in restrictions on the voting rights attaching to, or the transfer of, the Company's ordinary shares.

Special control rights over shares

There are no special control rights attaching to the Company's shares, save that the Company can direct the Company's Employee Benefit Trust to release the shares that it holds in the Company to satisfy the vesting of outstanding awards under the Company's various share incentive plans (see Employee Benefit Trust).

Authority to issue shares

The Directors were granted the authority at the Company's 2024 Annual General Meeting to allot new shares in the Company subject to the limits set out in the notice to that AGM (which is available to download here: https://www.mobicogroup.com/investors/shareholder-centre/agm/2024/). No new shares were issued by Directors under the authorities granted to them at the Company's 2024 Annual General Meeting during the period up to 28 April 2025[1]. Such authorities remain valid until the Company's 2025 Annual General Meeting or 30 June 2025, whichever is earlier. The Directors propose to renew the Directors' authorities to issue and allot new shares and to disapply pre-emption rights on such issue and allotment at the Company's 2025 Annual General Meeting to give the Company flexibility to respond to circumstances and opportunities as they arise.

Authority to purchase own shares

The Company was granted authority at its 2024 Annual General Meeting to make market purchases of up to 61,408,637 of its own shares, representing approximately 10% of its issued share capital. No shares were purchased under this authority during the period up to 28 April 2025[1]. Such authority remains valid until the Company's 2025 Annual General Meeting or 30 June 2025, whichever is earlier. The Directors propose to renew this authority at the 2025 Annual General Meeting to give the Company the ability to return value to shareholders in this way in appropriate circumstances.

1 being the date this Directors' Report was approved

Employee Benefit Trust

IQ EQ Corporate Services (Jersey) Ltd is a shareholder in the Company and acts as the trustee (the 'Trustee') of the National Express Group Employee Benefit Trust (the 'EBT'). It is used to purchase Company shares in the market from time to time and hold them for the benefit of employees, including for satisfying awards that vest under the Company's various share incentive plans. The EBT also holds Company shares in particular ringfenced accounts for specific employees who have had options over such shares vest to them under the Company's share incentive plans but have not yet exercised those options.

The EBT purchased a total of 3,411,379 shares in the market during the year ended 31 December 2024 for an aggregate consideration of £2,222,924.16 (including dealing costs) and released 493,279 shares to satisfy vested share plan awards. As at 31 December 2024, the EBT held 3,742,873 Company shares in trust (representing 0.61% of the Company's issued share capital). The Trustee may vote the shares it holds in the Company at its discretion, but where it holds any shares in a ringfenced account for particular employees it will seek their instructions on how it exercises the votes attached to those shares. A dividend waiver is in place from the Trustee in respect of dividends payable by the Company on the shares in the Company held in the EBT, except the shares it holds in ringfenced accounts for particular employees where it receives the dividends on such shares and passes them through to such employees subject to any terms applicable to those shareholdings.

Major shareholdings

As at 31 December 2024, the Company had been notified under DTR 5 of the following interests in its shares representing 3% or more of the voting rights in its issued share capital.

Shareholder	Number of ordinary shares	Percentage of total voting rights[1]
European Express Enterprises Limited	129,448,552	21.08%
M&G PLC	30,663,661	4.99%
Liontrust Investment Partners PLC	30,497,148	4.97%
Newton Investment Management Limited	29,583,062	4.82%
J O Hambro Capital Management Limited	25,165,433	4.10%
Azvalor Asset Management SGIIC SA	18,463,215	3.01%
Northern Express Enterprises Limited	18,430,795	3.00%

1 The total number of voting rights attaching to the issued share capital of the Company on 31 December 2024 was 614,086,377.

It should be noted that these holdings may have changed since the Company was notified of them as notification of any change is not required until the next notifiable threshold (up or down) is crossed.

The Company received no further notifications in accordance with DTR 5, by way of change to the above information or otherwise, between 31 December 2024 and 28 April 2025, being the period from the end of the Company's last financial year to the date on which this Directors' Report was approved.

Directors

The names of the persons who were Directors of the Company at any time during the Company's financial year ended 31 December 2024, together with the periods during which they served as Directors, are:

Director	Period served during 2024
Helen Weir	01/01/2024 – 31/12/2024
Jorge Cosmen	01/01/2024 – 31/12/2024
Ignacio Garat	01/01/2024 – 31/12/2024
James Stamp	01/01/2024 – 11/06/2024
Enrique Dupuy de Lome Chávarri	01/01/2024 – 31/12/2024
Carolyn Flowers	01/01/2024 – 31/12/2024
Karen Geary	01/01/2024 – 31/12/2024
Mike McKeon	01/01/2024 – 11/06/2024
Nigel Pocklington	01/01/2024 – 31/12/2024
Ana de Pro Gonzalo	01/01/2024 – 31/12/2024

Directors' interests

Save as disclosed:

a. none of the Directors, nor any person closely associated with them, has any interest in the Company's shares, debt instruments, derivatives or other linked financial instruments and there has been no change in the information in the Directors' Remuneration Report regarding such interests between 31 December 2024 and 28 April 2025, being the date this Directors' Report was approved (and also being a date which is not more than one month before the date of the Notice of the Company's 2025 AGM); and

b. in note 35 to the Consolidated Financial Statements, none of the Directors has or had at any time during the year ended 31 December 2024 a material interest, directly or indirectly, in any contract of significance with the Company or any of its subsidiary undertakings (other than the Executive Directors in relation to their Service Agreements).

Directors' service agreements and letters of appointment

The Executive Directors are party to service agreements with the Company which contain a rolling term subject to the giving by the Company or relevant Executive Director of relevant notice to terminate. All the Non-Executive Directors are party to letters of appointment with the Company which contain a rolling term, subject to the giving by the Company or the Non-Executive Director of relevant notice to terminate. All Directors' continued appointments are subject to annual election or re-election by shareholders and the powers of shareholders to remove Directors.

These Directors' service agreements and letters of appointment are available for inspection at the Company's registered office. Further details of these agreements and letters are included in the current Directors' Remuneration Policy, a copy of which is available on the Company's website at: https://www.mobicogroup.com/about-us/corporate-governance/remuneration/.

Directors' powers

Subject to the Companies Act 2006 (the Act), the Articles and any directions given by special resolution of the shareholders, the business of the Company is managed by the Board which may exercise all the powers of the Company. The Articles may be amended by a special resolution of the shareholders.

The Directors may pay interim dividends where, in their opinion, the financial position of the Company justifies such payment and the Directors may recommend that shareholders declare final dividends and, if so declared by ordinary resolution of shareholders, arrange for payment of such dividends. The Directors have the power to allot shares as described under the 'Authority to Issue Shares' section above. The Directors may also appoint other Directors in the circumstances described below.

Appointment and replacement of Directors

The rules for the appointment and replacement of Directors are set out in the Act and related legislation and the Articles.

The Board may appoint a Director either to fill a casual vacancy or as an additional Director provided that the total number of Directors does not exceed any maximum number of Directors prescribed in the Articles. Each incumbent Director must retire and seek election or re-election to office at each Annual General Meeting of the Company.

In addition to the powers of removal conferred by the Act the Company may, by ordinary resolution of which special notice is given, remove any Director before the expiry of their period of office. The Company may also by ordinary resolution appoint a Director either to fill a casual vacancy or as an additional Director.

In accordance with the Articles and the provisions of the UK Corporate Governance Code, all the current Directors will retire at the Company's 2025 Annual General Meeting and offer themselves for election or re-election, save for Helen Weir who will stand down from the Board on 1 May 2025. The Board is satisfied that each of the Directors is qualified for election or re-election to office by their contribution and commitment to the Board, their key strengths in support of the Company's strategy and for the reasons given in the Nominations Committee Report.

Directors' indemnities and insurance

The Company has granted qualifying third party indemnities to each Director and the Company Secretary (as defined by section 234 of the Companies Act 2006) in relation to losses or liabilities incurred by the Company's Directors and Company Secretary to third parties in the actual or purported execution or discharge of their duties as officers of the Company and of its associated companies which indemnities remain in force as at 28 April 2025[1]. The Company also maintains Directors' and Officers' liability insurance which provides appropriate cover in respect of legal action brought against its Directors and Company Secretary.

Significant agreements affected by a change of control

The Company is party to the following significant agreements that could be altered or terminate on a change of control of the Company following a takeover bid.

Under the terms of the Company's revolving credit facilities, the Company would upon a change of control have five days to notify the lenders of such change of control and if, following 10 days of negotiations to either confirm or alter the terms of such facilities, no agreement has been reached, outstanding balances under such facilities could become repayable.

Under the terms of the Company's: (i) EMTN programme (as last updated on 12 September 2023), (ii) the Note Purchase Agreement dated 29 October 2019 and (iii) the Company's hybrid bond issued on 24 November 2020, a change of control following a takeover bid could result in the notes issued thereunder being redeemed, repaid or purchased in accordance with their specific terms. See the Company's website here for further information: https://www.mobicogroup.com/investors/debt-investors/

Under the terms of some of the Group's vehicle leasing facilities, where the Company is a guarantor of such facilities, a change of control of the Company may amount to an event of default which could result in outstanding balances under such leasing facilities becoming repayable.

Under the rules of each of the Group's active share schemes, following a change of control of the Company the vesting of awards made under such schemes will be accelerated and, where performance targets are attached to the awards, the number of awards to vest will be determined according to the extent to which performance targets have been met. Each of the share schemes also allows, under certain circumstances and where the acquiring company has agreed, new awards to be granted in the acquiring company in place of the original awards to give substantially equivalent value to the awardees.

Due to the size of certain of the Company's credit facilities, note purchase agreements and leasing facilities, absent consent from the relevant lenders, noteholders and lessors to a change of control following a takeover bid or the bidder being able to refinance such facilities and borrowings upon its takeover bid being accepted and taking effect, their repayment, termination or default upon such change of control could create significant liquidity issues for the Company and could also trigger cross-defaults into other of the Company's and the Group's credit and leasing facilities.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid, save that the provisions of the Group's active share incentive schemes may cause awards made under them to Directors and employees in the form of share options to vest on a takeover bid being accepted and taking effect, or, under certain circumstances and where the acquiring company agrees, new awards to be made in the acquiring company in place of the original awards to give substantially equivalent value to the awardees.

Employee matters

Pages 65 of this Annual Report set out how the Company: engages with its workforce and takes their views into account; involves employees in Company performance; promotes common awareness among employees of financial and economic factors affecting the Company performance; and summarises how the Company is an equal opportunities employer.

Political donations, contributions and expenditure

The Company did not make any political donations or contributions or incur any political expenditure during the year ended 31 December 2024 (2023: nil political donations, contributions and political expenditure). The Company's policy is that neither it nor its subsidiaries make what are commonly regarded as donations or contributions to political parties. However, the Act's definition of political donations includes expenditure that could capture other business activities which would not normally be thought of as political donations or contributions, such as subscriptions, payment of expenses and support for bodies representing either the transport industry specifically or the business community in general in policy review or reform. The resolution being proposed at the Company's 2025 Annual General Meeting to authorise political donations, contributions and expenditure is to ensure that these normal business activities are permitted and that neither the Company nor its UK subsidiaries commit any technical breach of the Act.

Audit information

Each of the persons who are Directors as at 28 April 2025[1] confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor, Deloitte LLP, is unaware and that they have taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting

The Company's 2025 Annual General Meeting ('AGM' or 'Meeting') will be held at BMA House, British Medical Association, Tavistock Square, London WC1H 9JP at 2.30pm on Monday 9 June 2025. A separate circular, comprising a letter from the Chair, Notice of the Meeting and explanatory notes on the resolutions proposed, accompanies this Annual Report. Both documents can also be found on the Company's website at: www.mobicogroup.com.

Approval

This Directors' Report was approved by the Board on 28 April 2025

By Order of the Board

Simon Callander
Group General Counsel and Company Secretary

Mobico Group PLC

Company number 2590560

1 being the date this Directors' Report was approved

Directors' responsibilities

Legal and regulatory framework

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:

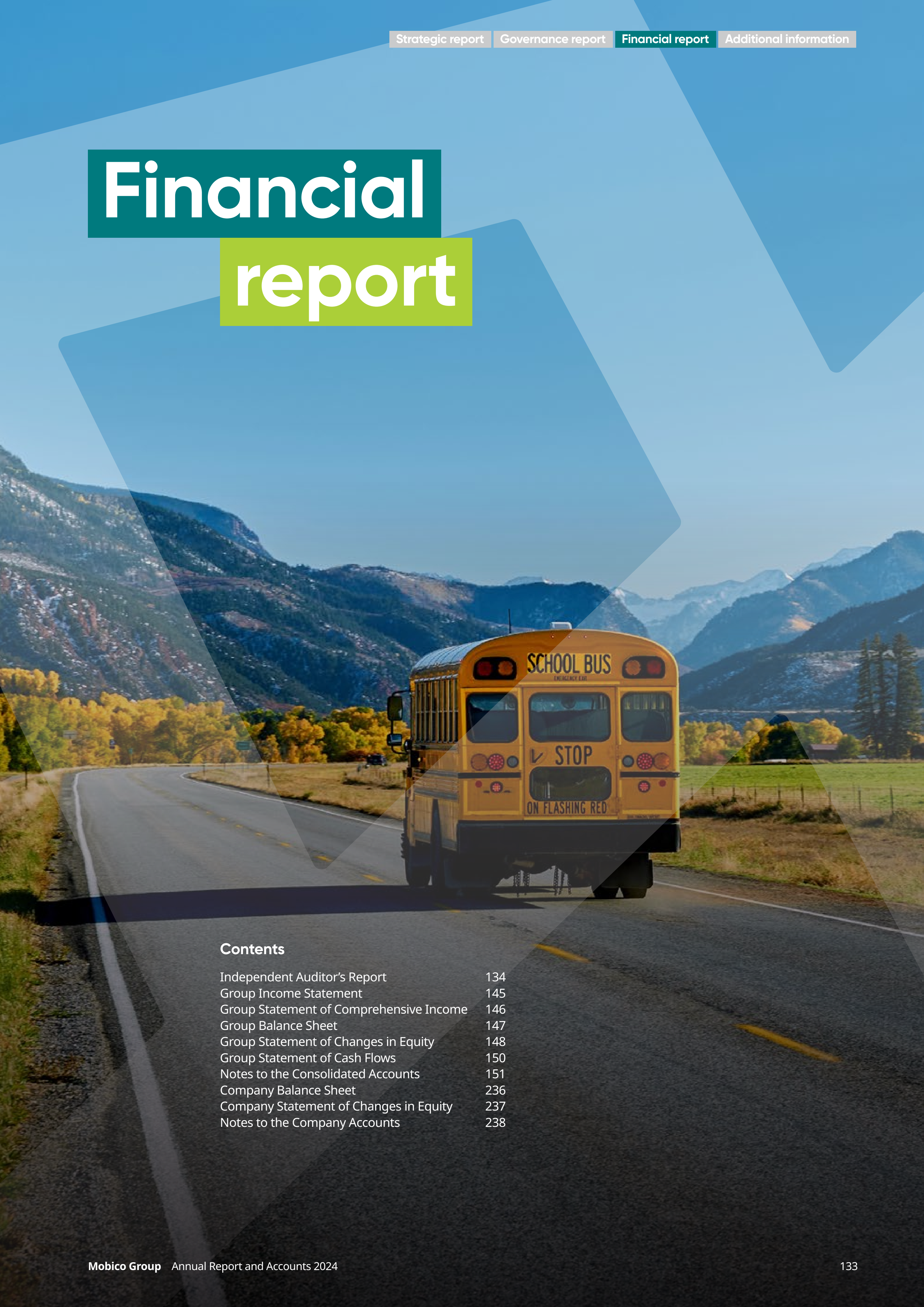
Ignacio Garat
Group Chief Executive Officer

28 April 2025

Helen Cowing
Interim Group Chief Financial Officer

28 April 2025

Financial report



Contents

Independent Auditor's Report

to the members of Mobico Group plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Mobico Group plc (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Group income statement;
- the Group statement of comprehensive income;
- the Group and company balance sheets;
- the Group and company statements of changes in equity;
- the Group statement of cash flows;
- the notes to the consolidated accounts 1 to 39 for the Group financial statements; and
- the notes to the company accounts 1 to 15 for the company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and parent company for the year are disclosed in note 7 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Valuation of the Rhine Ruhr (RRX) onerous contract provision • Valuation of the RME German rail contract asset • School Bus and UK goodwill valuation and impairment • Going concern • Accounting for and recoverability of deferred tax assets in North America and the UK Within this report, key audit matters are identified as follows: N Newly identified ▲ Increased level of risk – Similar level of risk ▼ Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £10.3m, which was determined on the basis of adjusted EBITDA. In determining materiality, we also considered revenue and net assets.
Scoping	The Group is organised into four operating divisions, from which we identified seven components, including the head office function. Seven components (including the head office function), were subject to audits of the entire financial information. These components account for 93% of the Group's revenue, 94% of adjusted operating profit and 92% of net assets.
Significant changes in our approach	We identified one new key audit matter in the current year relating to the School Bus and UK goodwill valuation and impairment, following another year of adverse financial performance compared to the budget and forecast in both the North American and UK markets, and the split of the North American cash generating unit (CGU) into School Bus and WeDriveU which stemmed from the announced separation of the US School Bus business in 2024. We therefore determined School Bus and UK Goodwill impairment to be a new key audit matter in the current year, pinpointed to discount rate, perpetual growth rate (PGR) and underlying cash flows in the terminal value, given the significant cash flow judgements made and adverse performance to budget, which has significantly increased the level of audit effort. Our key audit matter related to the onerous contract provision on the Rhine-Ruhr German Rail contract is now extended to also cover the RRX 1 contract, where previously the provision related entirely to RRX 2/3. This is a result of the deterioration in performance across German Rail.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting is discussed in section 5.4.

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

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of the RRX onerous contract provision

Key audit matter description	Since 2021, the Group has recognised an onerous contract provision relating to its Rhine-Ruhr Lots 2&3 ("RRX 2&3") rail contract in Germany. During 2024, the Group determined that its Rhine-Ruhr Lot 1 ("RRX 1") rail contract was also onerous. At 31 December 2024 an onerous contract provision of £176.1m (2023 restated: £140.1m) has been recognised in relation to these two contracts ("the RRX contracts"). Management identified significant weaknesses in internal control during 2023 and have worked to address those throughout 2024. A comprehensive model rebuild was undertaken with external support which, among other matters, identified prior year errors relating to the RRX contracts. These have subsequently been corrected in 2024, leading to an increase in the 2023 onerous contract provisions for the RRX contracts of £21.8m and concluding that the RRX 1 contract, which was originally considered to be a profitable contract, should have been identified as onerous at that time. These are reported in more detail in Note 2 to the financial statements. The RRX contracts earn revenue from the Passenger Transport Authority ("PTA"), with the Group bearing no passenger revenue risk. Costs include energy and labour costs and fluctuations are partly mitigated within the terms of the contracts through receipt of subsidies, linked to relevant indices, from the PTA. These contracts run until 2033 and so require long-term cash forecasts to be modelled, the onerous contract provision is highly sensitive to a number of key inputs and assumptions where individual changes can have a material impact. The provision increased significantly in 2024 due to the continuation of industry-wide driver shortages in Germany for longer than previously forecast (with a consequential impact on contractual penalties suffered due to train cancellations), higher pay inflation, increased investment in driver recruitment and training, and central overhead costs. In light of the significant increase in the provision within the year, and the identification of a prior year error, management performed an extensive completeness assessment, working with department leads throughout the German business to assess and substantiate the completeness and accuracy of revenue and cost forecasts. Further detail is provided in respect of controls over completeness of information under the heading 'Internal control and System of internal control' in the Audit Committee report on 100. A key audit matter and a potential fraud risk has been identified in relation to the valuation of this provision. The estimation uncertainty associated with the ongoing driver shortage and the impact that has on direct personnel costs and performance penalties, together with other targeted cost reductions, have resulted in increased audit effort. This has further increased in 2024 following the identification of prior year errors and the continuation of control deficiencies in the review process from the prior year which, together, led us to perform enhanced procedures in consideration of the completeness of inputs to the provision calculation. The Directors have included further information in the critical accounting judgements and key sources of estimation uncertainty in Note 2 to the financial statements, and in the key accounting matters section of the Audit Committee report on page 103.

5.1. Valuation of the RRX onerous contract provision	
How the scope of our audit responded to the key audit matter	We have challenged the Directors' assessment of the RRX onerous contract provisions, with a particular focus on the estimation uncertainty referred to above, the accuracy and completeness of the prior year errors identified by management, and the completeness of information considered by the Directors in assessing the valuation of the onerous contract provision at 31 December 2024. We have performed the following audit procedures in relation to these focus areas: • understood the process and relevant controls surrounding the preparation of the forecast models, including through discussion with management's external specialists and in particular consideration of the control weaknesses described in the background above; • inspected contractual documentation in order to challenge the completeness of identified obligations and potential penalties; • tested the arithmetical accuracy and integrity of data in the model by involving modelling specialists and reperforming calculations of key inputs to the forecast model; • tested key assumptions based on current actual data and/or trends, covering driver retention, hiring, training, and energy subsidy and costs throughout 2025 and 2026; • challenged the assumed timeline for remediating the driver shortage with consideration of external data sources; • met directly with the PTA to challenge management's assumptions, including those related to driver shortages; • challenged management's completeness assessment with reference to contractual terms, model line items, actual revenue and costs incurred, board minutes and correspondence with the PTA. This also involved enquiries of management outside of finance who input into the forecast model including those from operations, claims management, legal and commercial; • challenged the appropriateness of the discount rate applied in the onerous contract provision model; • considered the consistency of assumptions, where relevant, with other German rail franchises operated by the Group; • tested the arithmetical accuracy of the prior year errors identified through recalculation in the 2023 model; • challenged whether movements in the onerous contract provisions related to changes in estimate or prior period errors (in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors); • assessed the adequacy of the financial statement disclosures, including the prior period adjustment, key sources of estimation uncertainty and sensitivity disclosures in Notes 2 and 26 to the financial statements; and • performed a stand-back analysis for the RRX contracts in order to determine whether the movements in the onerous contract provision and changes in the future expectations for profitability were consistent with operational performance during 2024.
Key observations	We are satisfied that the estimates made by the Directors in determining the onerous contract provision of £176.1m recognised on the RRX contracts are reasonable, and in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Given the uncertainties in forecasting future unavoidable cashflows, the disclosure of sensitivities in Notes 2 and 26 provides important information to assess the impact of a reasonably possible change in key assumptions. The prior year errors detailed in Note 2 to the financial statements, combined with corrected audit adjustments, have highlighted significant deficiencies in controls, as referred to in the Audit Committee report on pages 100 to 101. Despite enhancements in the underlying modelling, we continue to observe significant deficiencies regarding evidence supporting key assumptions, and the effectiveness of challenge and review.

5.2. Valuation of the RME German rail contract asset

Key audit matter description	The Group has operated the Rhine-Münster Express ("RME") rail contract in Germany since late 2015 and the contract runs until 2030. 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. The amount of subsidy revenue recognised in each period is based on a percentage of completion, applying net costs (passenger revenue less costs) incurred to date as a proportion of total expected net costs. This results in a contract asset recognised on the balance sheet representing revenue recognised in advance of cash to be received in future periods. At each balance sheet date, the Group reforecasts the contract outturn and reassesses the recognition of the subsidy revenue with reference to the stage of completion and actual performance to date. This reassessment during the current year resulted in an increase in the contract asset recognised to £51.2m at 31 December 2024 (2023: £48.6m). The recognition of this contract asset is sensitive to estimates relating to the future profitability of the RME rail contract, particularly relating to the estimate of future passenger revenues over the remainder of the contract and the same key sources of estimation uncertainty referred to in 5.1 relating to the RRX contracts. The process and controls surrounding the RME forecasts and the calculation of the contract asset are consistent with those explained in relation to the RRX contracts in section 5.1. The significant weaknesses in internal control, the model rebuild, and the completeness assessment referred to in that section are also relevant to the this key audit matter. We have identified the valuation of this contract asset as a key audit matter and a potential fraud risk for the 31 December 2024 audit, due to the inherent uncertainty in estimating the future profitability of the contract. The Directors have included further information in the critical accounting judgements and key sources of estimation uncertainty in Notes 2 and 20 to the financial statements and in the key accounting matters section of the Audit Committee report on page 103 of the Annual Report.
How the scope of our audit responded to the key audit matter	We have challenged the Directors' assessment of the RME contract, including the forecasts used in determining the valuation of the contract asset at 31 December 2024. We have performed the following audit procedures: • understood the process and relevant controls surrounding the preparation of the forecast models, including through discussion with management's external specialists and in particular consideration of the control weaknesses described in the background to section 5.1; • inspected contractual documentation in order to challenge the completeness of identified obligations and potential penalties; • tested the arithmetical accuracy and integrity of data used in the model by involving modelling specialists and reperforming calculations of key inputs to the forecast model; • tested key assumptions, based on current actual data and/or trends, covering driver retention, hiring, training, and energy costs and subsidies throughout 2025 and 2026; • challenged the assumed timeline for remediating the driver shortage with consideration of external data sources; • assessed the forecast growth in passenger revenues arising from the continuation of a subsidised ticket; • met directly with the PTA to challenge management's assumptions, including those related to driver shortages and passenger revenue growth; • challenged management's completeness assessment with reference to contractual terms, model line items, actual revenue and costs incurred, board minutes and correspondence with the PTA. This also involved enquiries of management outside of finance who input into the forecast model including those from operations, claims management, legal and commercial; • considered the consistency of assumptions, where relevant, with other German rail franchises operated by the Group; • recalculated the contract asset as at 31 December 2024 arising from cumulative net costs to date, and forecast net costs to the end of the contract; • assessed the adequacy of the financial statement disclosures, including the key sources of estimation uncertainty and sensitivity disclosures in Notes 2 and 20 to the financial statements; and • performed a stand-back analysis for the RME contract in order to determine whether the movements in the contract asset and changes in the future expectations for profitability were consistent with operational performance during 2024.
Key observations	Through our testing of the RME contract, we consider the estimates made by the Group in the valuation of the contract asset to be reasonable and that the disclosures in the key sources of estimation uncertainty and sensitivity disclosures are appropriate. Our controls observations noted above in section 5.1 in relation to the RRX contracts are also relevant to the RME contract asset.

5.3. School Bus & UK goodwill valuation and impairment N

Key audit matter description	The Group holds goodwill balances with a combined carrying value of £785.3m as at 31 December 2024 (2023: £1,310.7m). During 2024, as a result of preparing the School Bus business for a potential sale, a separation of the School Bus and WeDriveU businesses has taken place, with each business now identified as a separate Cash Generating Unit ('CGU'). In 2023, the businesses were managed on a combined basis and were treated as one combined North America CGU, in line with IAS 36, given this was the level goodwill was monitored at within the Group. The goodwill allocated to the North America CGU in 2023 (£708.0m) was split between the School Bus and WeDriveU CGUs in 2024 based on data records maintained since acquisition, therefore on a directly attributable basis, which is permissible under IAS 36. School Bus was allocated £547.7m of the total North America CGU goodwill, with WeDriveU allocated £160.3m. The Directors perform an impairment review of the carrying value of each CGU on an annual basis in line with the requirements of IAS 36. As described in Note 14 to the financial statements the Group monitors goodwill at operating CGU level. The current year impairment test resulted in no impairment of the goodwill allocated to the UK CGU of £40.1m and an impairment of all the goodwill allocated to the School Bus CGU of £547.7m for the year ended 31 December 2024. The reasons for the School Bus goodwill impairment have been disclosed in note 14 to the financial statements. The recoverable amount of the Group's goodwill was assessed by reference to value-in-use calculations. The value-in-use calculations are derived from risk-adjusted cash flows from the Group's five-year plan. Terminal value assessments are included based on year five and an estimated long-term and country-specific growth rates. The process by which the Group's budget is prepared, reviewed and approved includes consideration of risks and opportunities at contract and business level, and considers the current stage in the turnaround of the businesses. The directors announced the formal sale process of the School Bus business in August 2024. The announcement on 25 April 2025 provided an update on progress and a headline enterprise value of $608m. From our risk assessment procedures, we have identified a key audit matter in relation to the valuation of goodwill in the School Bus and UK operating CGUs given the sensitivities of key assumptions, the historical inaccuracy of management's forecasts and continued underperformance compared to budget and forecast. This work focused on the key assumptions including discount rate, perpetual growth rate and underlying cash flows in the terminal value. The Directors have included further information in the key sources of estimation uncertainty in Note 2 to the financial statements and in the key accounting matters section of the Audit Committee report on page 102 of the Annual Report.
How the scope of our audit responded to the key audit matter	Our procedures for challenging the accounting judgements and assumptions included the following procedures: • obtaining an understanding of the relevant controls in the impairment process, including the controls performed at Group level to review the five-year plan and goodwill model; • assessing the mechanical accuracy of the impairment models and the methodology applied for consistency with the requirements of IAS 36; • challenging the appropriateness of the Directors' assessment of groups of CGUs with reference to the requirements of IAS36 and the level at which operations are managed and goodwill is monitored for internal reporting purposes. This including consideration of whether the North America CGU was assessed correctly in 2023 in light of the split in 2024 into the School Bus and WeDriveU CGUs; • evaluating the appropriateness of the allocation of goodwill to the newly split CGUs within the North American business, being the School Bus and WeDriveU businesses; • obtaining sufficient appropriate audit evidence for the underlying assumptions within the revenue and EBIT projections; this included consideration of operational difficulties, inflation, passenger demand, contingency assumptions, the Group's ability to increase its prices and considering the impact of any climate related matters; • challenging revenue and EBIT projections for each line of business, taking into account historical margin and revenue growth performance and variances against forecast, as well as macroeconomic forecasts; • challenging the recovery assumptions in the forecast against external economic forecasts, as well as other relevant information about respective markets, that may contradict management's assessment; • validating the assumptions made by management with the forecast model to underlying accounting records and supporting evidence; • engaging with our valuations specialists to assess the discount rate and perpetual growth rate (PGR); • performing an assessment of the final carrying value of the School Bus CGU against the enterprise value of the School Bus business sale announced on 25 April 2025 to determine whether the balance sheet valuation at 31 December 2024 is appropriate; and • assessing the adequacy of the financial statement disclosures, including the key sources of estimation uncertainty and sensitivity disclosures in Note 2 and 14 to the financial statements.
Key observations	We are satisfied that the judgements applied, impairment charges recorded in relation to School Bus, and the disclosures on the UK goodwill impairment in the key sources of estimation uncertainty and sensitivity disclosures in Note 2 and 14 to the financial statements are appropriate. We identified a material audit adjustment that has been corrected by the Group, in respect of the School Bus goodwill, following our audit procedures on revenue and EBIT projections. Our procedures have highlighted significant deficiencies in controls as referred to in the Audit Committee report on pages 100 to 101. We observed significant deficiencies regarding evidence supporting key assumptions within the Group's five-year plan, and the effectiveness of central challenge and review for financial reporting purposes.

5.4. Going concern

Key audit matter description	In assessing whether the financial statements should have been prepared on the going concern basis, the Directors were required to consider all available information about the future for a period of 12 months from the date of approval of the financial statements. In conducting their assessment, the Directors have concluded that there are no material uncertainties which may cast significant doubt over the Group's or parent company's ability to continue as a going concern over this 12 month period. At 31 December 2024 the Group had cash and undrawn committed facilities available of £0.8bn which consisted of a revolving credit facility ("RCF") expiring July 2028 of £0.6bn. This facility contains covenants which require the Group to maintain specific financial ratios. At 31 December 2024 the Group held £0.2bn in cash and cash equivalents. As described in note 2 (b) the Group has continued to recover operationally, growing revenue but has fallen behind its expected profit recovery trend due to ongoing repositioning of divisions to address market structural challenges or to unlock further opportunity. As part of the assessment the Group prepared a base case projection and a reasonable worst case ('RWC') scenario, and includes a number of cash flow related assumptions. The key assumptions applied by management, which form part of our key audit matter, impact gearing covenant compliance, whereby the net debt must be no more than 3.5x covenant EBITDA. The Group has taken into account the impact of challenging trading performances across the Group. The base case comprises a detailed earnings before interest and tax ('EBIT') forecast, which takes into account increased passenger demand across the Group, new contract wins in markets like WeDriveU, and an improvement in adjusted operating margin in the UK and North America School Bus businesses following cost reductions and pricing actions taken during 2023 and 2024. The Group's RWC EBIT forecast assumes reduced demand, fewer new contract wins, increased competition from other operators and modes of transport, higher inflation on the cost base, lower price rises, a material delay in realising cost savings from the Accelerate programme and a reduction in government funding. The RWC scenario includes relevant mitigating actions which can be implemented in the event that trading is worse than the base case. The directors announced the formal sale process of the School Bus business in August 2024. The announcement on 25 April 2025 provided an update on progress and a headline enterprise value of $608m. The impact of this potential transaction has been assessed by the Directors in their going concern forecasting model. As explained above, there are many factors included within the forecasting model, and a significant level of judgement is involved in determining these factors. As such, we have identified going concern as a key audit matter due to the high level of judgement required in forecasting future cash flows, continued losses, and the increased level of audit effort.
How the scope of our audit responded to the key audit matter	Our evaluation of the directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included: • obtaining an understanding of the relevant controls in the going concern process, including at Group level to review of the forecasts and going concern model; • assessing the underlying assumptions by obtaining sufficient appropriate audit evidence which support management's analysis of the revenue and EBIT projections; this included consideration of operational difficulties, inflation and energy prices, passenger demand, contingency assumptions and the Group's ability to increase its prices; • challenging revenue and EBIT projections for each line of business, taking into account historical margin and revenue growth performance and variances against forecast, as well as macroeconomic and demographic forecasts; • challenging the recovery assumptions in the forecast against external economic forecasts, as well as other relevant information about respective markets that may contradict management's assessment; • testing the assumptions made by management with the forecast model to underlying accounting records and supporting evidence; • assessing the level of headroom available to the Group from its loan facilities and assessing the risk of breaching the related gearing and liquidity covenants; • obtaining copies of financial facilities and evaluating forecast liquidity and performance against these facilities; • evaluating the recent announcement regarding the divestment of the School Bus business and the impact that it has on the going concern assessment; • challenging management's mitigating actions assumptions and the degree of judgement associated with them; and • assessing the adequacy of disclosures made by the Group around its going concern assumptions in Note 2 (b) to the financial statements.
Key observations	We have identified risks to the EBIT forecast and cost saving mitigating actions within management's reasonable worst case. These risks reduce the headroom on the covenant test, albeit there is no breach during the going concern period. We have concluded that whilst there is a significant degree of judgement and uncertainty inherent in the forecast assumptions, and that under management's reasonable worst case, mitigations are required to avoid a breach of covenants, we have not identified any material uncertainties that may cast significant doubt on the Group's and parent company's ability to continue as a going concern for at least twelve months from the authorisation of the financial statements.

5.5. Accounting for and recoverability of deferred tax assets in North America and the UK	
Key audit matter description	At 31 December 2023 the Group had £80.2m of net deferred tax assets in relation to North America relating to past losses and other tax credits offset by deferred tax liabilities in relation to fixed assets. The Group also had £84.2m of net deferred tax assets in the UK, predominantly in relation to past losses. As a result of adverse performance to budget and forecast in 2024 the equivalent balances at 31 December 2024 are a net deferred tax liability of £2.7m in the UK, and £1.9m in North America. The judgement applied in the derecognition of the deferred tax assets is set out within the critical accounting judgements section of Note 2 to the financial statements. As outlined in Note 2, the recoverability of the deferred tax assets in the UK and US has been identified as a critical accounting judgement, due to the recent history of losses that exists in both territories combined with underperformance against Group's budget and forecast. Judgement has therefore been required in assessing the weight of negative evidence versus positive evidence of past and future profitable performance, in concluding on the recognition and recoverability of the deferred tax assets and the compliance with IAS12 Income taxes requirements. As a result of the Group's continued losses and adverse performance to budget and forecast in 2024 in both North America and the UK, the level of audit effort required, and the judgement involved in this area, this has remained a key audit matter. The Directors have included further information in the section addressing critical accounting judgements in Note 2 to the financial statements and in the key accounting matters section of the Audit Committee report on page 104 of the Annual Report.
How the scope of our audit responded to the key audit matter	Our procedures for challenging the accounting judgements and assumptions included the following procedures: In conjunction with our tax specialists, we performed the following procedures: • obtaining an understanding of the relevant controls in the deferred tax asset process, including the review of the deferred tax asset model; • confirmed the existence of the US and UK losses and other tax attributes and considered any restrictions associated with their usage which would impact the assessment; • challenged the appropriateness of the US and UK forecasts against IAS 12 Income taxes requirements, including the application of the relevant US and UK tax law on any potential restrictions on utilisation and the scheduling of the unwind of the US deferred tax assets against the deferred tax liabilities; • challenged management's historical analysis of the history of losses in the UK and the US and the reasons for them; • considered the future taxable profit forecasts for the UK and US to assess whether the assumptions being applied were consistent with other estimates; • agreed the analyses prepared by management to underlying accounting records and supporting documentation; and • assessed the associated disclosures provided in the financial statements about the critical accounting judgement and the basis of derecognition of the deferred tax assets, in Note 2 to the financial statements.
Key observations	Based on the audit procedures performed, and after the correction of material audit misstatements, we are satisfied with the basis for concluding that the deferred tax assets in North America and the UK should be derecognised in 2024 and that appropriate disclosures have been provided within the critical accounting judgements section of Note 2 to the financial statements. Our controls observations noted above in section 5.3 are also relevant to deferred tax assets.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£10.3m (2023: £10.3m)	£8.4m (2023: £8.3m)
Basis for determining materiality	In determining materiality, we used adjusted EBITDA (see note 5) and materiality represents 2.4% (2023: 2.7%) of adjusted EBITDA. We also considered net assets and revenue – this materiality level equates to 4.7% (2023: 0.9%) of net assets, and 0.3% (2023: 0.3%) of revenue.	The parent company materiality has been set at 0.4% (2023: 0.4%) of the parent company's net assets and represents 80.6% (2023: 80.6%) of Group materiality.
Rationale for the benchmark applied	Consistent with the prior year, the benchmarks have been chosen to determine a materiality that considers both balance sheet and income statement metrics as we believe that using a materiality based on these benchmarks reflects critical underlying measures of the Group which are of relevance to the users of the financial statements in the current environment.	Net assets is considered an appropriate benchmark for the parent company given that it is mainly a holding company.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	68% (2023: 68%) of Group materiality	70% (2023: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, this included our professional judgement and consideration of: • the nature, volume and size of misstatements (corrected and uncorrected) in the previous audit; and • relevant factors surrounding the Group's control environment, specifically the control deficiencies identified as outlined in Section 7.2.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.5m (2023: £0.5m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

The Group predominantly operates in Europe and North America. We have performed our scoping exercise by assessing the qualitative and quantitative risk factors associated with the components of the Group and the financial statement line items of the Group. Our consideration of risk factors has included considering the Group structure and the organisation of components within the divisions, including the differences in control environment across the components.

We have scoped in seven (2023: five) components (ALSA, School Bus, WeDriveU, Germany, National Express Limited, West Midlands Travel and the parent company) for audit procedures on the entire financial information that together represent 93% of the Group's revenue (2023: 95%), 94% of adjusted operating profit (2023: 88%), and 92% of net assets (2023: 90%). School Bus and WeDriveU are separate components in 2024 following the split of the North American business which stemmed from the announced formal sale process of the US School Bus business in 2024. Our scope for Germany has increased, where previously it was limited to certain specified account balances.

Audit procedures on the overseas components (ALSA, US School Bus, WeDriveU and Germany) were performed by Deloitte member firms in the respective geographies. The audit procedures for the German component have been performed by a combination of the Group audit team and the German component team. The Group audit team or Deloitte member firms audit to performance materiality levels between £3.2m and £5.0m (2023: £3.2m – £5.0m) with the exception of the parent company in which a performance materiality of £5.9m is used.

We also tested the consolidation process and carried out analytical procedures to reassess our conclusion that there were no significant risks of material misstatement to the Group from the remaining components not subject to audit.

7.2. Our consideration of the control environment

Given the relatively immature nature of the Group's control environment, our audit approach does not generally place reliance on controls, but we seek to obtain an understanding of the relevant controls in relation to significant audit risks and areas of audit focus. This includes consideration of entity level controls at a Group level, and an understanding of general IT controls across the Group. The Directors have included further information in the key accounting matters section of the Audit Committee report on page 100 of the annual report.

We obtained an understanding of the relevant controls, where we observed a number of areas where there is a lack of formal documentation of the operation of the control, and there is no formalised controls framework against which management assess the financial controls in operation around the Group.

The Group operates a range of IT systems which underpin the financial reporting process. These vary by business and by geography, and are typically the principal enterprise resource management systems for each business that govern the general ledger, together with any relevant revenue transactional systems. We performed an assessment of the controls associated with those financially relevant systems. Through our Group-wide IT audit work in the current year we identified control deficiencies associated with infrastructure security, privileged user access controls and also with reliance on third party service providers, who manage the associated IT applications, and hence we did not rely on those controls in line with our planned approach.

Significant control deficiencies, as set out in our key audit matters above, were identified in relation to the German rail division, where we noted a lack of effective review process, and in relation to management's forecasts that drive accounting conclusions in respect of goodwill and deferred tax asset recognition, where we noted a lack of central challenge and review of evidence supporting the critical assumptions. Where control deficiencies were identified during the course of the audit, we reconsidered our risk assessment and the nature, timing and extent of our audit procedures.

7.3. Our consideration of climate-related risks

Throughout 2024 the company Directors have undertaken a number of steps to further enhance and progress actions on the Taskforce on Climate related Financial Disclosures ("TCFD") recommendations in its Annual Report, following its initial adoption in 2021. Management continues to perform a climate-related risk assessment which has been reviewed by the Board. Climate change is identified as a principal risk in the annual report, page 45 to 46. As stated on page 46 of the strategic report, the directors' view is that in any climate scenario the upside is potentially material, whilst the net financial impact of climate-related risks is low and mitigated by the Group's geographical diversity. As disclosed in note 14 of the financial statements there are assumptions relating to climate risks that have an impact to the cashflow forecast, most notably the total cost of ownership parity between zero emission vehicles and diesel equivalents. We have assessed the climate risks and opportunities throughout the disclosures and involved sustainability specialists in challenging management's disclosures on TCFD, including assumptions made in relation to hydrogen infrastructure. We have also read the disclosures in the strategic report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

7.4. Working with other auditors

In accordance with ISA(UK) revised, the group audit team performed oversight of the component auditors to ensure sufficient direction and supervision.

The Group engagement partner led initial planning discussions with all component auditors, with a follow-up discussion held prior to commencement of the year-end procedures. Regular catch-ups occurred throughout the year-end audit, and the Group auditor also performed a file review over the component auditors' audit work performed.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

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

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

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- results of our enquiries of management, internal audit, the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team, including component audit teams, and relevant internal specialists, including tax, valuations, pensions, IT, valuation, climate, actuarial, financial instruments, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: the discretional and urban revenue streams in ALSA, the valuation of the RRX onerous contract provision, and valuation of the RME German Rail contract asset. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation, tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These include various transport and environmental regulations.

11.2. Audit response to risks identified

The valuation of the RRX onerous contract provision and the valuation of the RME German rail contract assets were identified as key audit matters related to the potential risk of fraud and the specific procedures we performed in response are set out in the key audit matters section of our report.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and overseas tax authorities in the jurisdictions in which the entity operates;
- involving specialists, including members of our forensic team, to assist in designing and executing our procedures in consideration of potential fraud;
- tested the potential fraud risk associated with estimation in the discretionary and urban revenue streams in ALSA including reconciliation of the revenue system to the general ledger system and agreeing underlying detail to supporting evidence; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 42;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 52 to 53;
- the directors' statement on fair, balanced and understandable set out on page 101;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 42 to 43;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 99 to 100; and
- the section describing the work of the audit committee set out from page 98.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 14 June 2011 to audit the financial statements for the year ending 31 December 2011 and subsequent financial periods. Following a competitive tender process, we were reappointed as the external auditor by the Audit Committee for the year ending 31 December 2021 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 14 years, covering the years ending 31 December 2011 to 31 December 2024. The year ended 31 December 2024 will be the last full year of our appointment as auditor.

15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Jane Whitlock (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

28 April 2025

Group Income Statement

For the year ended 31 December 2024

	Note	Adjusted result 2024 £m	Adjusting items (note 5) 2024 £m	Total 2024 £m	Adjusted result 2023 £m	(Restated) Adjusting items (note 5) 2023[1] £m	(Restated) Total 2023[1] £m
Revenue	4	**3,412.4**	**–**	**3,412.4**	3,150.9	–	3,150.9
Operating costs	6	**(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	18	**3.2**	**–**	**3.2**	(0.5)	–	(0.5)
Finance income	10	**2.4**	**–**	**2.4**	4.0	–	4.0
Finance costs	10	**(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	11	**(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:	13						
– 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 2 for further information

Group Statement of Comprehensive Income

For the year ended 31 December 2024

	Note	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	32	**11.2**	2.6
Deferred tax charge on actuarial gains	27	**(2.8)**	(0.8)
Gains/(losses) on financial assets at fair value through Other Comprehensive Income	17	**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	**(31.6)**	(74.3)
Exchange differences on retranslation of non-controlling interests		**(1.5)**	(0.9)
Gain on net investment hedges	31	**21.3**	30.1
Gains/(losses) on cash flow hedges	31	**3.8**	(14.4)
Cost of hedging	31	**0.2**	0.6
Hedging (gains)/losses reclassified to Income Statement	31	**(1.6)**	3.2
Deferred tax charge on foreign exchange differences	27	**(0.5)**	(0.8)
Deferred tax (charge)/credit on cash flow hedges	27	**(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 2 for further information

Group Balance Sheet

At 31 December 2024

	Note	2024 £m	(Restated) 2023[1] £m
Non-current assets			
Intangible assets	14	**986.2**	1,551.8
Property, plant and equipment	15	**1,193.6**	1,164.5
Derivative financial instruments	30	**0.2**	0.1
Financial assets at fair value through Other Comprehensive Income	17	**25.0**	15.2
Investments accounted for using the equity method	18	**6.5**	11.1
Other non-current receivables	20	**169.7**	153.8
Finance lease receivable	33	**14.8**	6.5
Deferred tax assets	27	**–**	164.4
Defined benefit pension assets	32	**0.1**	0.2
Total non-current assets		**2,396.1**	3,067.6
Current assets			
Inventories	21	**34.0**	33.7
Trade and other receivables	22	**547.5**	573.1
Finance lease receivable	33	**3.2**	2.7
Derivative financial instruments	30	**12.6**	11.1
Current tax assets		**0.6**	12.4
Cash and cash equivalents	23	**244.5**	356.3
		842.4	989.3
Assets classified as held for sale	19	**–**	18.2
Total current assets		**842.4**	1,007.5
Total assets		**3,238.5**	4,075.1
Non-current liabilities			
Borrowings	28	**(1,258.8)**	(1,290.6)
Derivative financial instruments	30	**(3.4)**	(15.3)
Deferred tax liabilities	27	**(46.8)**	(46.8)
Other non-current liabilities	25	**(116.9)**	(115.2)
Defined benefit pension liabilities	32	**(11.6)**	(32.8)
Provisions	26	**(172.2)**	(158.2)
Total non-current liabilities		**(1,609.7)**	(1,658.9)
Current liabilities			
Trade and other payables	24	**(1,029.0)**	(960.6)
Borrowings	28	**(208.9)**	(271.2)
Derivative financial instruments	30	**(44.7)**	(31.6)
Current tax liabilities		**(9.5)**	–
Provisions	26	**(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	31	**30.7**	30.7
Share premium		**533.6**	533.6
Own shares		**(4.3)**	(3.6)
Hybrid reserve		**513.0**	513.0
Other reserves	31	**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 2 for further information

Ignacio Garat

I Garat
Group Chief Executive Officer

H Cowing
Group Chief Financial Officer

28 April 2025

Group Statement of Changes in Equity

For the year ended 31 December 2024

	Share capital (note 31) £m	Share premium £m	Own shares (note 31) £m	Hybrid reserve (note 31) £m	Other reserves (note 31) £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 See note 2 for further information

	Share capital (note 31) £m	Share premium £m	Own shares (note 31) £m	Hybrid reserve (note 31) £m	(Restated) Other reserves (note 31)[1] £m	(Restated) Retained earnings[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 charge 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 credit on hybrid instrument 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 put liabilities to non-controlling interests	–	–	–	–	–	(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 to 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 Restated for a correction to the German Rail onerous contract provision, see note 2 for further information

Group Statement of Cash Flows

	Note	2024 £m	2023 £m
Cash generated from operations	37	**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	19	**(29.2)**	(9.4)
Deferred consideration for businesses acquired	19	**(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 joint ventures and associates		**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]	33	**(64.5)**	(62.7)
Principal lease receipts[2]	33	**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	12	**–**	(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	23	**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

Notes to the Consolidated Accounts

1 Corporate information

The Consolidated Financial Statements of Mobico Group PLC and its subsidiaries (the Group) for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Directors on 28 April 2025. Mobico Group PLC is a public limited company incorporated in England and Wales whose shares are publicly traded on the London Stock Exchange.

The principal activities of the Group are described in the Strategic Report that accompanies these Financial Statements.

2 Accounting policies

Basis of preparation

a) Consolidated Financial Statements

The Consolidated Financial Statements 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).

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

b) Parent Company Financial Statements

The separate accounts of the Parent Company are presented as required by the Companies Act 2006. The accounts have been prepared on a going concern basis and under the historical cost convention, except for financial instruments which have been measured at fair value, and in accordance with applicable accounting standards in the United Kingdom.

The Parent Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, the Parent Company Financial Statements have been prepared in accordance with Financial Reporting Standard 101 (FRS 101) Reduced Disclosure Framework as issued by the Financial Reporting Council.

The Parent Company has taken advantage of the disclosure exemptions available under FRS 101 in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, IFRS 16 Leases, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are included within the Group Consolidated Financial Statements.

No Income Statement is presented by the Parent Company as permitted by Section 408 of the Companies Act 2006. The profit or loss attributable to the Parent Company is disclosed in the footnote to the Company's Balance Sheet.

The key accounting policies for the Group and the Parent Company are set out below and have been applied consistently except where indicated. Where policies are specific to the Group or to the Parent Company this is set out in the relevant policy.

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.

2 Accounting policies continued

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 annualisation 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 (as described in note 39), the Group has updated its assessment to reflect the impact of the sale. In conclusion, a 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 remaining 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 as outlined on page 43. 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.

2 Accounting policies continued

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.

Further information about the downsides and mitigations can be found in the Viability Assessment on pages 52 and 53.

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. For further information see note 24.

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.

2 Accounting policies continued

In addition, during the current year management also became aware that penalties associated with cleaning related performance obligations, which under the contracts the Group it 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 5) 2023 £m	Total 2023 £m	Adjusted result 2023 £m	Adjusted items (note 5) 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 £m	Adjustment £m	Restated 2023 £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)

2 Accounting policies continued

Group Balance Sheet

	Reported 31 December 2023 £m	Adjustment £m	Restated 31 December 2023 £m
Deferred tax liabilities	(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)/income	(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 includes 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.

2 Accounting policies continued

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 forecasts 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 its asset base, compared to WeDriveU; whereas in the UK, the headroom has been significantly reduced (refer to note 14 for further information); 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 notes 11 and 27 for further details.

Adjusting items

The Directors believe that the profit and earnings per share measured 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. The Group's definition of adjusting items is outlined on page 156. Note 5 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. Sensitivities are shown in note 14.

2 Accounting policies continued

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.

Parent company only – impairment of investments in subsidiaries

The Company determines whether its investment in subsidiary National Express Intermediate Holdings Limited is impaired when indicators of impairment exist or based on the annual impairment assessment. The annual assessment requires an estimate of the value in use of the underlying investments. This investment holds subsequent investments in all Group companies.

Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the investment and discount this to net present value. The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount rate applied.

The recoverable amount has been determined with reference to the value in use of each of the underlying trading companies, calculated on the same basis as detailed in note 14 to the Group Consolidated Financial Statements. As explained in the goodwill impairment section above, the cash flow projections used in the current year have significantly reduced the value in use of both the UK and North America School Bus cash-generating units. As a result, when performing the annual impairment assessment for National Express Intermediate Holdings Limited based on the same value in use calculations as used for the Group goodwill impairment assessment, an impairment of investment in subsidiaries of £836.6m was identified and recorded.

Given the reduced level of headroom and subsequent impairment charge in the current year, it is now considered that reasonably possible changes in other key inputs (such as discount rates or growth rates) could result in a further impairment charge within the next 12 months. Sensitivities are detailed in note 3 to the Parent Company Financial Statements.

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. For further information see note 26.

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. Refer to the prior year restatement section above within note 2 for further detail.

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. Refer to the prior year restatement section above within note 2 for further detail.

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 immediately be 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.

2 Accounting policies continued

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). We have included further detail relating to associated sensitivities in note 26.

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.

2 Accounting policies continued

The re-measurement of the RRX provision has been included in adjusting items (note 5) 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) as set out in note 20.

We have included further detail relating to the sensitivity of the contract asset to a change in the forecast future passenger revenues in note 20.

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 32 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 (see note 15) and in our goodwill impairment assessment (see note 14).

Basis of consolidation

These Consolidated Financial Statements comprise the Financial Statements of Mobico Group PLC and all its subsidiaries drawn up to 31 December each year. Adjustments are made to bring any dissimilar accounting policies that may exist in the subsidiaries into line with the Group's accounting policies.

The Consolidated Income Statement includes the results of subsidiaries and businesses purchased from the date control is assumed and excludes the results of disposed operations and businesses sold from the date of disposal.

Intra-group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

Non-controlling interests represent the portion of comprehensive income and equity in subsidiaries that is not attributable to the parent Company shareholders and is presented separately from parent shareholders' equity in the Consolidated Balance Sheet.

Summary of material accounting policies

Subsidiaries

Subsidiaries are entities over which the Company has control. Control exists when the Company has power over an entity, exposure to variable returns from its involvement with an entity and the ability to use its power over the entity to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are also considered when assessing control.

Interests in joint ventures

The Group has a contractual arrangement to share control of an entity. The Group recognises its interest in the assets and liabilities of the entity using the equity method of accounting. The Group Balance Sheet includes the appropriate share of the joint ventures' net assets or liabilities and the Income Statement includes the appropriate share of their results after tax.

Financial Statements of joint ventures are prepared for the same reporting period as the Group. Adjustments are made in the Group's Financial Statements to eliminate the Group's share of unrealised gains and losses on transactions between the Group and its joint venture. The Group ceases to use the equity method from the date it no longer has joint control over the entity.

Interests in associates

Companies, other than subsidiaries and joint ventures, in which the Group has an investment representing not less than 20% of the voting rights and over which it exerts significant influence are treated as associates. The Consolidated Financial Statements include the appropriate share of these associates' results and net assets based on their latest Financial Statements under the equity method of accounting.

Foreign currencies

The trading results of foreign currency denominated subsidiaries, joint ventures and associates are translated into Sterling, the presentation currency of the Group and functional currency of the parent, using average rates of exchange for the year as a reasonable approximation to actual exchange rates at the dates of transactions.

2 Accounting policies continued

The Balance Sheets of foreign currency denominated subsidiaries, joint ventures and associates are translated into Sterling at the rates of exchange prevailing at the year end and exchange differences arising are taken directly to the translation reserve in equity. On disposal of a foreign currency denominated subsidiary, the deferred cumulative amount recognised in the translation reserve (since 1 January 2004 under the transitional rules of IFRS 1) relating to that entity is recognised in the Income Statement. All other translation differences are taken to the Income Statement, with the exception of differences on foreign currency borrowings and forward foreign currency contracts which are used to provide a hedge against the Group net investments in foreign enterprises. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the Income Statement.

Adjusting items

The Group Income Statement has been presented in a columnar format to enable users of the Financial Statements to view the adjusted results of the Group. The Group's policy is to adjust for items that are considered significant in nature and value or not in the normal course of business, or are consistent with items that were treated as adjusting in prior periods. Treatment as adjusting items provides users of the accounts with additional useful information to assess the year-on-year trading performance of the Group. The adjusted profit measures are not recognised profit measures under IFRS and may not be directly comparable with adjusted profit measures used by other companies. Further details relating to adjusting items are provided in note 5 and a full listing of the Group's alternative performance measures (APMs) are provided in the glossary on pages 249 and 250.

Revenue recognition

Revenue is measured based on the consideration specified in the contract with a customer and is recognised when the performance obligations of the contract have been fulfilled.

Contract revenues

For the purposes of disclosures, the Group has applied the term 'contract revenues' to describe documented contracts that typically cover periods of at least one year, excluding concessions and subsidies. The contracts primarily relate to home to school and transit contracts in North America, urban bus contracts in Spain and coach contracts in the UK. In addition, in Germany, Spain and North America, the Group has a number of service concession arrangements for the provision of transport services.

Revenues relating to the provision of transport services are recognised as the services are provided and in accordance with the terms of the contract. Revenue relating to any additional performance measures in the contract are recognised when the performance has been met and in accordance with the terms of the contract.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring services to the customer. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is resolved and when it becomes highly probable that a significant revenue reversal will not occur.

For the RME contract in Germany, 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 income recognised in each period 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.

Passenger revenues

Passenger revenues primarily relate to ticket sales in UK bus and scheduled coach, the RME German Rail contract, intercity coach and certain regional bus services in Spain and urban bus services in Morocco.

Passenger revenue is recognised in the Income Statement in the period in which the related travel occurs. Revenue from tickets that cover more than one day, for example monthly travelcards and season tickets, is initially deferred as a contract liability and released to the Income Statement on a straight-line basis over the applicable period of the ticket.

Contract liabilities are reduced when an eligible cancellation arises. Also, where applicable, contract liabilities are reduced for ticket breakage, being the portion of future travel that is not expected to be exercised.

Other ancillary revenues relating to ticket sales are recognised at point of sale or, if material and related to a future performance period, recognised by reference to that period.

Passenger revenue in the German Rail RME contract is allocated between the various transport providers in each region by the tariff authority responsible for that region, and is recognised based on passenger counts, tariff authority estimates and historical trends.

Private hire

Private hire operations are contracts provided in the UK, ALSA and North America divisions and are typically of a short duration. Revenue is recognised over the period in which the private hire is provided to the customer.

Other revenues

Other revenues primarily comprise non-passenger services in Spain, maintenance revenues in North America and advertising revenues and ancillary sales around the Group. Other revenue also includes sub-leasing income where the Group acts as the lessor and the sub-lease is an operating lease.

Revenues for non-passenger services are recognised when the performance of the service has been fulfilled and in accordance with the terms of the contract. Advertising revenue is recognised over the period of the advertising contract.

Contract costs

Costs to obtain a contract

The incremental costs to obtain a contract with a customer are recognised within 'contract costs' if it is expected that those costs will be recoverable. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense in the period.

Costs to fulfil a contract

Costs that relate directly to a contract, generate resources that will be used in satisfying the contract and are expected to be recovered are recognised within 'contract costs' on the Balance Sheet. Contract fulfilment costs covered within the scope of another accounting standard, such as property, plant and equipment or intangible assets, are not capitalised as contract fulfilment assets but are treated according to those standards.

Contract costs are amortised on a straight-line basis over the term of the specific contract they relate to, consistent with the pattern of recognition of the associated revenue.

2 Accounting policies continued

Contract assets and liabilities

Contract assets are recognised where the Group has performed its obligations to allow the recognition of revenue, but the revenue allowed to be recognised exceeds the amounts received or receivable from a customer at that time.

Contract liabilities are recognised when amounts are advanced by customers and the Group has not yet met the performance obligation under the contract to allow the recognition of the balance as revenue. Contract liabilities are recognised as revenue when the Group performs such obligations under the contract.

Contract assets and liabilities are also recognised when the financial asset model is applied to service concession arrangements, further detail is outlined on page 222.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attached to it.

Grants and subsidies relating to the provision of transport services are included within revenue when the terms of the agreement specify that they are intended to compensate the Group for services rendered, or to subsidise any revenue shortfall. The grants and subsidies are recognised as the services are provided. When the grant is awarded to compensate the business for incurring expenses, it is recognised in operating costs within the Income Statement over the period necessary to match on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to property, plant and equipment, the value is included in liabilities as deferred income and credited to the Income Statement over the expected useful economic life of the assets concerned.

Government grants received in excess of the amounts recognised in the Income Statement are held as deferred grant income within trade and other payables, whereas government grants recognised in the Income Statement that are yet to be received are held as grant receivables in trade and other receivables.

For government grants that do not explicitly outline what the award is compensating, management applies its judgement as to whether it should be recognised within revenue or operating costs. Typically grants targeted at maintaining service levels are recognised within operating costs and those intended to compensate reduced fares or patronage are recognised within revenue.

Service concession arrangements

In ALSA, German Rail and North America, the Group provides services through public-private partnerships with public authorities responsible for the provision of public transport services.

Concession arrangements involve the transfer of operating rights for a limited period, under the control of the local authority, using dedicated facilities supplied by the Group, or made available to it for or without consideration.

The characteristics of these contracts vary depending on the country and activities concerned.

Financial asset model

The Group applies the financial asset model when the concession grantor contractually guarantees the payment of amounts specified in the contract or the shortfall, if any, between amounts received from users of the public service and amounts specified.

Financial assets or liabilities resulting from the application of IFRIC 12 Service Concession Arrangements are recorded in the Group Balance Sheet within contract assets or contract liabilities respectively, forming part of working capital. These financial assets are measured at amortised cost as the Group's business objective is to collect the contractual cashflows from the customer. They are assessed for impairment in line with the provisions of IFRS 9.

Income received from the public authorities is recognised in line with the requirements of IFRS 15. In Germany, subsidy income from the Public Transport Authority (PTA) on the RME contract is recognised over the life of the franchise and by using the input method to measure progress against the performance obligation. The amount recognised in each period is based on a percentage of completion, applying net costs incurred as a proportion of total expected net costs, which is what the subsidy is intended to compensate. In accordance with IFRS 15, costs payable to the PTA are netted against subsidy income. In ALSA and North America, and on the RRX contracts in German Rail subsidy income from the local authority is recognised as the services are provided and in accordance with the terms of the contract.

Intangible asset model

The Group applies the intangible asset model when income is directly received from the passengers and there is no contractual guarantee from the concession grantor. The intangible asset corresponds to the right granted by the public authority to the Group to charge passengers of the public service. In addition, when the concession grantor has an option to purchase infrastructure assets at the end of the contract term, an intangible asset is recognised.

Intangible assets resulting from the application of IFRIC 12 are recorded in the Group Balance Sheet and are amortised on the basis of the expected pattern of consumption applicable over the term of the concession.

Income received from passengers is recognised in line with the requirements of IFRS 15 and the policy detailed on page 160.

Infrastructure assets provided by the Group are either purchased or subject to a 'lease style' arrangement. Where the Group purchases the assets on its standard supplier terms (typically one year), the related liability is recorded in contract liabilities until it is settled. Where the assets are 'leased', the liability is recorded at the present value of the future payments in contract liabilities in accordance with IFRIC 12, as opposed to IFRS 16. Where lease payments on infrastructure assets are directly reimbursed from the customer, the asset is recorded according to the underlying classification of the IFRIC 12 contract (as set out above).

Taxes

Current tax

Current tax is provided on taxable profits earned according to the local tax rates applicable where the profits are earned. Income taxes are recognised in the Income Statement unless they relate to an item accounted for in Other Comprehensive Income or Equity, in which case the related tax is recognised directly in Other Comprehensive Income or Equity. The tax rates and tax laws used to compute the current tax are those that are enacted or substantively enacted at the balance sheet date.

Deferred tax

Deferred tax is provided in full in respect of all material temporary differences at the balance sheet date between the tax base and their carrying amounts for financial reporting purposes, apart from the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill;
- where an asset or liability is recognised in a transaction that is not a business combination and that at the time of the transaction affects neither accounting nor taxable profit or loss; and
- in respect of investment in subsidiaries, associates and joint ventures where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

2 Accounting policies continued

Deferred tax is measured on a non-discounted basis at tax rates that are expected to apply in the periods in which the temporary differences reverse based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is considered probable that future taxable profits will be available against which the underlying temporary differences can be deducted. For this purpose, forecasts of future taxable profits are considered by assessing the Group's forecast revenue and profit models, taking into account future growth predictions and operating cost assumptions, as well as assumptions on the tax elections within the Group's control.

Accordingly, changes in assumptions to the Group's forecasts may have an impact on the amount of future taxable profits and therefore the period over which any deferred tax assets might be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and when the Group intends to settle its current tax assets and liabilities on a net basis.

Business combinations

On the acquisition of a business, identifiable assets and liabilities acquired are measured at their fair value. Contingent liabilities assumed are measured at fair value unless this cannot be measured reliably, in which case they are not recognised but are disclosed in the same manner as other contingent liabilities.

The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued. Any contingent consideration is recognised at fair value at the acquisition date and subsequently until it is settled.

The cost of the acquisition in excess of the Group's interest in the net fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement.

Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable, the asset (or disposal group) is available for immediate sale in its present condition, management is committed to the sale and the sale is expected to complete within one year from the date of classification. Assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and either represents a separate major line of business or geographical area; is part of a plan to dispose of a separate major line of business or geographical area; or is a subsidiary acquired exclusively for resale.

Discontinued operations are excluded from the results of continuing operations and presented as a single amount after tax. Comparatives are also represented to reclassify the operation as discontinued.

Intangible assets

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets and liabilities of the acquired subsidiary at the date of acquisition. Goodwill arising on the acquisition of an associate or joint venture is recognised within the carrying amount of the investment.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses and is not amortised.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. A cash-generating unit is identified at the lowest aggregation of assets that generate largely independent cash inflows, and which is reviewed by management for monitoring and managing the Group's business operations.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets

Customer contracts

Customer contracts acquired as part of a business combination are initially recorded at the fair value attributed to those contracts on acquisition.

Service concession intangibles

Service concession intangible assets represent a right to charge passengers for the use of the public service. See page 222 for further details.

Contract costs

Contract costs include costs to obtain and costs to fulfil a contract. See page 160 for further details.

Software

Acquired and internally developed software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software or fair value if acquired as part of a business combination. Computer software that is integral to a tangible fixed asset is recognised within property, plant and equipment.

Amortisation is charged on a straight-line basis over the expected useful lives of the assets as follows:

Customer contracts	– over the life of the contract (1 to 33 years)
Contract costs	– over the term of the specific contract (1 to 15 years)
Software	– over the estimated useful life (3 to 7 years)

The useful lives are examined on an annual basis and adjustments, where applicable, are made on a prospective basis. Intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Repairs and maintenance costs are expensed as incurred.

Freehold land is not depreciated. All other property, plant and equipment is depreciated on a straight-line basis over its estimated useful life as follows:

Land and buildings	– 15 to 50 years
Public service vehicles	– 8 to 20 years
Plant and equipment, fixtures and fittings	– 3 to 15 years

2 Accounting policies continued

Useful lives and residual values are reviewed annually and adjustments, where applicable, are made on a prospective basis. Specifically, as the Group transitions away from diesel powered vehicles towards zero emissions vehicles, the impact on the useful life, and residual value of diesel vehicles is reviewed. In addition, as new vehicles are purchased, useful lives are set considering these factors.

An item of property, plant and equipment is derecognised upon disposal with any gain or loss arising included in the Income Statement in the period of derecognition.

Impairment

Intangible assets with definite useful lives, and property, plant and equipment are tested for impairment when events or circumstances indicate that their carrying value may not be recoverable. Goodwill is subject to an impairment test on an annual basis, or more frequently if there are indicators of impairment. Assets that do not generate independent cash flows are combined into cash-generating units.

The impairment testing of individual assets or cash-generating units requires an assessment of the recoverable amount of the asset or cash-generating unit. If the carrying value of the asset or cash-generating unit exceeds its estimated recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. Recoverable amount is the greater of fair value less costs of disposal and value in use. Value in use is assessed based on estimated future cash flows discounted to their present value using a pre-tax discount rate that is based on the country-specific weighted average cost of capital (WACC). The outcome of such an assessment is subjective, and the result sensitive to the assumed future cash flows to be generated by the cash-generating units or assets, the growth rate used to extrapolate the cash flows beyond the five-year period and discount rates applied in calculating the value in use.

Impairment losses relating to goodwill cannot be subsequently reversed.

Parent company investments

Investments are held at historical cost less any provision for impairment.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group determines the classification of its financial instruments at initial recognition. Financial instruments are initially measured at fair value.

Financial assets

Financial assets are classified at initial recognition as either (i) subsequently measured at amortised cost, (ii) fair value through Other Comprehensive Income, or (iii) fair value through profit and loss. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(i) Financial assets subsequently measured at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade and other receivables and cash and cash equivalents in the Balance Sheet.

(ii) Financial assets at fair value through Other Comprehensive Income

The Group has elected to recognise its non-listed equity investments at fair value through Other Comprehensive Income. Gains and losses on these financial assets are never recycled to the Income Statement. Dividends are recognised as other income in the Income Statement when the right of payment has been established. Where there is no active market for the Group's investments, fair value is determined using valuation techniques including recent commercial transactions, discounted cash flow analyses and share of net assets. Equity instruments designated at fair value through Other Comprehensive Income are not subject to impairment assessment.

(iii) Financial assets at fair value through Profit and Loss

Financial assets at fair value through Profit or Loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through Profit or Loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit or loss are carried in the Group Balance Sheet at fair value, with net changes in fair value recognised in the Income Statement within finance costs. Transaction costs arising on initial recognition are expensed in the Income Statement.

The Group's financial assets at fair value through Profit and Loss are primarily derivatives which are not hedge accounted.

Financial liabilities

Financial liabilities are measured either at fair value or amortised cost. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments. Subsequent measurement depends on its classification as follows:

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the Income Statement when the liabilities are derecognised. Amortisation is included as finance costs in the Income Statement. This category applies to interest-bearing loans and borrowings.

For some contracts where the cash flows are back ended, the Group enters into a non-recourse factoring arrangement with a bank to factor the future cash flows in advance of invoicing the customer, with the resultant liability with the bank recorded in loans and borrowings. On subsequent receipt of the cash from the customer this is then immediately repaid to the bank. Both the cash receipt and the repayment to the bank are recorded within cash flows from financing activities in the Statement of Cash Flows.

2 Accounting policies continued

Put liabilities

Put liabilities are recognised by the Group when put options have been issued by the Group in a business combination. Liabilities are recorded at the present value of the purchase price upon acquisition. The present value of purchase price is re-measured at each reporting date, with subsequent changes recorded in profit and loss through adjusting items. Unwind of the discount of the liability is recorded within interest costs.

Equity instruments

Hybrid instruments

Hybrid instruments issued by the Group are classified on initial recognition according to the substance of the arrangement. Hybrid instruments are recorded within equity where the contractual terms of the instruments allow the Group to defer coupon payments and the repayment of the principal amount indefinitely. These features give the Group the unconditional right to avoid the payment of cash or another financial asset for the principal or coupon and consequently are classified as equity instruments. These equity instruments are not re-measured from period to period. Coupon payments made are treated the same as an equity dividend distribution and, where not made, are accrued within the hybrid reserve, with a corresponding reduction in retained earnings.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as fuel derivatives, interest rate derivatives, foreign exchange forward contracts and cross currency interest rate swaps to hedge its risks associated with fuel price, interest rate fluctuations and foreign currency. Such derivative financial instruments are initially recognised at fair value and subsequently re-measured to fair value for the reported Balance Sheet. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The fair value of the derivatives is calculated by reference to market exchange rates, interest rates and fuel prices at the period end.

The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- hedges of a net investment in a foreign operation (net investment hedges).

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The Group's interest rate derivatives are designated as fair value hedges. For fair value hedges, the gain or loss on the hedging instrument is recognised immediately in the Income Statement. The carrying amount of the hedged item is adjusted through the Income Statement for the gain or loss on the hedged item attributable to the hedged risk, in this case movements in the risk-free interest rate.

For instruments designated as cash flow hedges (which are primarily fuel derivatives), the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity. The gains or losses deferred in equity in this way are recycled through the Income Statement in the same period in which the hedged underlying transaction or firm commitment is recognised in the Income Statement. Foreign exchange forward contracts and cross currency interest rate swaps used to hedge the Group's net investment in foreign currency denominated operations, to the extent they are designated and effective as net investment hedges, are matched in equity against foreign exchange exposure in the related assets and liabilities. Gains and losses on the hedging instruments are recognised in other comprehensive income and accumulated in equity. Gains and losses accumulated in equity are included in the Income Statement when the foreign operation is partially disposed of or sold.

The Group also uses foreign exchange forward contracts to hedge certain transactional exposures. These contracts are not hedge accounted and all gains and losses are taken directly to the Income Statement.

For derivatives that do not qualify for hedge accounting, gains or losses are taken directly to the Income Statement in the period. Similarly, any material ineffective portion of the Group's cash flow and net investment hedges is recognised in the Income Statement.

Movements in the fair value of the hedging instrument arising from costs of hedging for cash flow and net investment hedges are recognised in equity, disclosed separately and amortised to the Income Statement over the term of the hedge relationship on a rational basis.

Any material ineffectiveness is recognised in the Income Statement within operating costs for fuel derivatives and finance costs for all other derivatives.

Hedge accounting is discontinued when the hedging instrument or hedged item expires, is sold, terminated or exercised, or no longer qualifies for hedge accounting. For fuel derivatives, this can arise due to a change in the highly probable forecast transaction as a result of a change in divisional volume requirements. In such instances, accumulated fair value gains or losses are transferred from Other Comprehensive Income to the Income Statement for affected trades when hedge accounting has been discontinued.

Inventories

Inventories are valued at the lower of cost and net realisable value on a first in, first out basis, after making due allowance for obsolete or slow moving items.

Trade and other receivables

Trade receivables are initially recognised at the transaction price determined under IFRS 15 and other receivables are initially recognised at fair value. Trade and other receivables are subsequently recognised at amortised cost less a provision for impairment. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for trade receivables (including grant receivables), contract assets and finance lease receivables. The Group uses provision matrices based on historical ageing of receivables and credit loss experience, adjusted as necessary for any forward-looking factors specific to the debtors and economic environment.

Trade receivables are derecognised where the Group enters into factoring arrangements without recourse and the risks and rewards have been fully transferred. The Group classifies the cash flows from receivable factoring arrangements within cash from operating activities in the Statement of Cash Flows.

2 Accounting policies continued

Cash and cash equivalents

Cash and cash equivalents as defined for the Statement of Cash Flows comprise cash in hand, cash held at bank with immediate access, other short-term investments and bank deposits with maturities of three months or less from the date of inception, and bank overdrafts that are repayable on demand in accordance with IAS 7. 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. In the Consolidated Balance Sheet, cash and cash equivalents are presented net of bank overdrafts where there is a legal right of offset and intention to net settle, or otherwise are included within borrowings in current liabilities.

Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material using a pre-tax discount rate. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are obligations that arise from past events that are dependent on future events. They are disclosed in the notes to the Financial Statements where the expected future outflow is not probable.

Onerous contracts

An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e. both incremental costs and an allocation of costs directly related to contract activities).

Where the Group assesses that a contract is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group first recognises any impairment loss on any assets dedicated to that contract.

Insurance claims

The Group's policy is to not insure low value, high frequency claims within the businesses. To provide protection against higher value claims, the Group purchases insurance cover from a selection of proven and financially strong insurers.

Provisions in respect of claims risk include projected settlements for known and incurred but not reported claims. Projected settlements are estimated based on historical trends and actuarial data and are discounted to take account of the expected timing of future cash settlements. To the extent insurance liabilities are insured and awaiting settlement, a separate asset is recognised in other receivables.

Leases

Group as a lessee

Lease identification

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration. Non-lease components and contracts which do not contain a lease are expensed in the Income statement on a systematic basis over the contract term.

Right-of-use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset and the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lease liability

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Any variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the low-value assets recognition exemption to leases of assets below £5,000. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

As a lessor, the Group continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. Where the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset it is classified as a finance lease and if not is an operating lease.

2 Accounting policies continued

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. Where the sub-lease is classified as a finance lease, the right-of-use asset with respect to the head lease is derecognised and a finance lease receivable is recognised equal to the net investment in the sub-lease. The net investment in the lease is calculated as the present value of the aggregate of lease payments receivable and any unguaranteed residual value. Where the interest rate implicit in the sub-lease cannot be readily determined, the Group uses the discount rate used for the head lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Retirement benefits

Defined contribution schemes

Payments to defined contribution schemes are charged to the Income Statement as they fall due. The Group has no legal or constructive obligation to pay further contributions into a defined contribution scheme if the fund has insufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Defined benefit schemes

Plan assets, including qualifying insurance policies, are measured at fair value and plan liabilities are measured on an actuarial basis, using the projected unit credit method and discounted at an interest rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the plan liabilities. The difference between the value of plan assets and liabilities at the period-end date is the amount of surplus or deficit recorded in the Group Balance Sheet as an asset or liability. An asset is recognised when the employer has an unconditional right to use the surplus at some point during the life of the plan or on its wind-up.

Current service costs are recognised within operating costs in the Income Statement. Past service costs and gains, which are the change in the present value of the defined benefit obligation for employee service in prior periods resulting from plan amendments, are recognised immediately as the plan amendment occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset and is recognised within finance costs.

Re-measurements comprise actuarial gains and losses and the return on plan assets (excluding amounts included in net interest). Actuarial gains and losses may result from differences between the actuarial assumptions underlying the plan liabilities and actual experience during the year or changes in the actuarial assumptions used in the valuation of the plan liabilities. Re-measurement gains and losses, and taxation thereon, are recognised in Other Comprehensive Income and are not reclassified to profit or loss in subsequent periods.

Full actuarial valuations are carried out triennially and are updated for material transactions and other material changes in circumstances up to the end of the reporting period.

Share-based payments

The Group awards equity-settled share-based payments to certain employees, under which the Group receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the Group over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to equity.

Share capital, share premium and dividends

Where either the Company or employee share trusts purchase the Company's equity share capital, the consideration paid, including any transaction costs, is deducted from total shareholders' equity as own shares until they are cancelled or re-issued. Any consideration subsequently received on sale or re-issue is included in shareholders' equity.

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's Financial Statements on the date when dividends are approved by the Company's shareholders. Interim dividends are recognised in the period they are paid.

3 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
Moroccan 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.

4 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

Further details on the activities of each segment are described in the Strategic Report.

(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 within contract liabilities and disclosed in notes 24 and 25.

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

4 Revenue and segmental analysis continued

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 within revenue	–	3.2
Included within operating costs (note 6)	**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) Adjusting Items[1] 2023 £m	(Restated) Segment Result[1] 2023 £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 2 for further information

(c) Depreciation

Depreciation is analysed by reportable segment as follows:

	2024 £m	2023 £m
UK	**27.7**	30.8
German Rail	**4.2**	4.6
ALSA	**83.3**	67.1
North America	**98.2**	96.8
	213.4	199.3

(d) Non-current assets

Non-current assets and additions are analysed by reportable segment as follows:

	Intangible assets 2024 £m	Property, plant and equipment 2024 £m	Total 2024 £m	Non-current asset additions 2024 £m	Intangible assets 2023 £m	Property, plant and equipment 2023 £m	Total 2023 £m	Non-current asset additions 2023 £m
UK	**53.3**	**180.6**	**233.9**	**9.4**	60.0	218.1	278.1	15.5
Central functions	**7.7**	**0.1**	**7.8**	**–**	7.8	–	7.8	–
Total UK	**61.0**	**180.7**	**241.7**	**9.4**	67.8	218.1	285.9	15.5
German Rail	**5.6**	**2.5**	**8.1**	**1.9**	6.8	15.2	22.0	5.1
ALSA	**693.4**	**472.1**	**1,165.5**	**132.5**	691.7	447.3	1,139.0	198.2
North America	**226.2**	**538.3**	**764.5**	**160.4**	785.5	483.9	1,269.4	64.4
Total overseas	**925.2**	**1,012.9**	**1,938.1**	**294.8**	1,484.0	946.4	2,430.4	267.7
Total	**986.2**	**1,193.6**	**2,179.8**	**304.2**	1,551.8	1,164.5	2,716.3	283.2

(e) Geographical information

	Revenue from external customers		Non-current assets	
	2024 £m	2023 £m	2024 £m	2023 £m
UK & Ireland	**623.0**	610.1	**241.7**	285.9
Germany	**256.5**	259.8	**8.1**	22.0
Spain	**1,097.2**	962.9	**1,035.5**	989.4
Morocco	**145.6**	145.6	**73.3**	95.5
USA	**1,147.8**	1,053.6	**717.1**	1,152.6
Canada	**57.5**	62.0	**47.4**	116.8
Portugal, Switzerland & France	**84.8**	56.9	**56.7**	54.1
	3,412.4	3,150.9	**2,179.8**	2,716.3

4 Revenue and segmental analysis continued

Due to the nature of the Group's businesses, the origin and destination of revenue are the same. No single external customer amounts to 10% or more of the total revenue. Information reported to the Group Board does not regularly include an analysis of assets and liabilities by segment.

The financial impact of risks associated with climate change is not expected to have a material impact on the Group given the geographical spread of its operating locations, as outlined in the TCFD section.

5 Adjusting items

As set out in our accounting policies, 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 2 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. Please refer to note 14 for further information. 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 2.

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. See note 26 for sensitivities to the provision.

5 Adjusting items continued

(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.

The below table reconciles the movement in onerous contract provisions and impairments relating to items (c), (d) and (e) above:

Movement in onerous contract provisions

	Re-measurements of onerous contracts and impairments resulting from the Covid-19 pandemic (c) £m	Re-measurement of the Rhine-Ruhr onerous contract provision (d) £m	Re-measurement of onerous contract provision charges and impairments in respect of North America driver shortages (e) £m	Total £m
At 1 January 2024 (restated)[1]	**6.5**	**140.1**	**4.6**	**151.2**
Charged to the Income Statement:				
Provided in the year	**0.2**	**86.4**	**–**	**86.6**
Released in the year	**(4.3)**	**–**	**(0.7)**	**(5.0)**
Other movements:				
Utilised in the year	**(1.4)**	**(45.8)**	**(1.7)**	**(48.9)**
Unwinding of discount	**–**	**2.8**	**–**	**2.8**
Exchange differences	**–**	**(7.4)**	**–**	**(7.4)**
At 31 December 2024	**1.0**	**176.1**	**2.2**	**179.3**

1 Restated for a correction to the German Rail onerous contract provision, see note 2 for further information

(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. See note 2 for further details.

6 Operating costs

		2024 £m	(Restated) 2023[1] £m
Cost of inventories recognised in expense		**86.9**	77.7
Staff costs		**1,733.4**	1,585.1
Depreciation	– owned assets	**162.0**	148.2
	– leased assets	**51.4**	51.1
Intangible asset amortisation	– intangibles from acquired businesses (note 5)	**27.7**	35.3
	– other intangible assets	**22.5**	18.5
Gain on disposal of property, plant and equipment[2]		**(11.0)**	(12.7)
Gain on disposal of intangible assets		**(0.8)**	(0.4)
Amortisation of fixed asset grants		**(2.0)**	(2.0)
Leases (note 33)	– variable lease payments not included in the measurement of lease liabilities	**7.9**	4.0
	– expenses relating to short-term leases	**15.2**	9.5
	– expenses relating to leases of low-value assets	**4.3**	4.4
Adjusting items[3] (note 5)		**679.9**	176.5
Other charges (see breakdown below)		**1,154.9**	1,098.9
Total operating costs		**3,932.3**	3,194.1

1 Restated for a correction to the German Rail onerous contract provision, see note 2 for further information
2 Gain on disposal of property, plant and equipment includes £4.5m (2023: £2.6m) in respect of UK depot sale and leasebacks
3 Excludes amortisation from intangibles from acquired businesses which is included within intangible asset amortisation above

	2024 £m	2023 £m
Fuel	**267.2**	268.8
Vehicle hire	**131.0**	111.8
Third party fees & related transport costs	**113.3**	126.9
Rail track access charges	**110.4**	113.3
Repairs and maintenance	**101.8**	98.9
Insurance	**65.2**	63.3
Legal and professional	**40.9**	37.9
Sales & marketing	**22.2**	25.8
Other	**302.9**	252.2
Total other charges	**1,154.9**	1,098.9

Covid-19 funding recognised within operating costs

Included within operating costs above is the following Covid-19 related funding:

	2024 £m	2023 £m
UK (a)	**–**	8.7
North America (b)	**–**	4.2
Total Covid-19 funding in operating costs	**–**	12.9

The Group has recognised grant income where the Directors have reasonable assurance that we have complied with the conditions of the grant, and the grant will be received. As noted in accounting policies, where the nature of the grant is to compensate us for certain costs incurred, they have been recognised to offset those costs in the same place.

(a) The prior year included funding from the UK Bus Recovery Grant (BRG); replacing the Covid-19 Bus Services Support Grant (CBSSG) from 1 September 2021, the BRG intended to compensate UK bus operators for continuing bus services during the Covid-19 recovery period, and whereby funding has been previously allocated to the operators according to mileage operated.

(b) In the prior year, the Group also recognised £3.9m in North America in respect of Covid-19 Employee Retention Credits (ERC) and a further £0.3m relating to other grant income.

6 Operating costs continued

BSIP funding

The UK Bus business has also recognised grant income under the BSIP. Included in operating costs above is £27.6m (2023: £28.7m) of grant income reflecting the elements of the BSIP programme compensating the business for the costs incurred in maintaining the bus network during the period. See note 4 for further details.

7 Auditor's remuneration

An analysis of fees paid to the Group's auditor is provided below:

	2024 £m	2023 £m
Audit of the Group financial statements	**2.2**	0.9
Audit of subsidiaries	**2.2**	1.8
Audit-related assurance services	**0.1**	0.3
Other audit[1]	**1.7**	0.5
	6.2	3.5

1 Other audit relates to audits commissioned for the purposes of supporting a planned transaction – these were audits performed in accordance with auditing standards, to an audit level of independence, rather than assurance services.

8 Employee benefit costs

	2024 £m	2023 £m
Wages and salaries	**1,500.7**	1,365.2
Social security costs	**218.7**	209.1
Pension costs (note 32)	**9.4**	9.2
Share-based payment (note 9)	**4.6**	1.6
	1,733.4	1,585.1

The average number of employees, including Executive Directors, during the year was as follows:

	2024	2023
Managerial and administrative	**4,630**	4,385
Operational	**45,156**	40,324
	49,785	44,709

Details of key management compensation can be found in note 35.

9 Share-based payments

The charge in respect of share-based payment transactions included in the Group's Income Statement for the year is as follows:

	2024 £m	2023 £m
Expense arising from share and share option plans	**4.6**	1.6

Details of options or awards outstanding at the end of the year under the Group's share schemes are as follows:

	Number of share options 2024	Number of share options 2023	Exercise price	Future exercise periods
Long-Term Incentive Plan	**26,412,364**	11,596,503	**nil**	**2025–2029**
West Midland Travel Long Service Option Scheme	**81,273**	107,583	**175p-412p**	**2025–2030**
Executive Deferred Bonus Plan	**-**	283,688	**-**	**-**
Restricted Share Plan	**4,844,946**	663,225	**nil**	**2025–2026**
	31,338,583	12,650,999		

9 Share-based payments continued

During the year ended 31 December 2024, the Group had four share-based payment arrangements, which are described below.

(i) Long-Term Incentive Plan (LTIP)

The LTIP is open to Executive Directors and certain senior managers with awards made at the discretion of the Remuneration Committee, normally on an annual basis and in the form of a nil cost option over a certain number of shares in the Company.

The vesting of shares on or around the third anniversary of grant is subject to the Group's achievement of specific performance conditions set at the date of grant. Please refer to the Director's Remuneration Report for details of the performance conditions which are attached to the awards which are in flight at the end of the year and vested during the year. All targets are measured over the three-year financial period commencing with the year of grant. Unvested shares automatically lapse.

An accrual entitlement in respect of dividends paid by the Company during the vesting period attaches to vested shares and is paid to participants on vesting in shares. Similarly, an accrual entitlement in respect of dividends is payable on unexercised vested shares held by Executive Directors during their compulsory two-year holding period, which runs from the date of vesting (in parallel with the two-year exercise period).

The LTIP allows for the grant to UK participants of an HMRC-approved share option over shares with a market value of up to a maximum of £60,000 outstanding at any time. These are awarded at the same time as, and with the same performance conditions as, the LTIP awards and work by way of set-off versus the vested LTIP share value on exercise with the excess LTIP option award being forfeited.

Vested shares for all LTIP awards are either delivered in the form of market purchased shares held in the Company's Employee Benefit Trust (the "Trust") or through the issue and allotment of new shares. No cash settlement alternative is available.

(ii) Executive Deferred Bonus Plan (EDBP)

The delivery of the annual bonus award for Executive Directors is structured in two distinct parts: an initial cash payment under the annual bonus plan and a one-year deferred payment award in the form of forfeitable shares in the Company granted under the EDBP. Release of the shares on the first anniversary of grant is not subject to any additional performance condition, save for continuing employment. Participants are entitled to receive any dividends paid by the Company on the shares while they are held in the Trust during the deferred period.

(iii) West Midlands Travel Long Service Option Scheme (WMT LSOS)

The WMT LSOS was used to reward WMT employees who attained 25 years' service. The market-value option award over a certain number of shares in the Company is exercisable between the third and tenth anniversary of grant. There are no performance conditions and shares are delivered on exercise through the Trust. No cash settlement alternative is available. The scheme is closed to new participants, with exercises on previous awards possible until 2030.

(iv) Restricted Share Plan (RSP)

Individual awards to certain Group employees are made under the RSP at the discretion of the Remuneration Committee, and may take the form of nil cost options, conditional share awards, or cash-based awards.

All awards granted to date have taken the form of conditional share awards with vesting periods ranging from 1 to 3 years. No performance conditions are attached to RSP conditional share awards which have been granted to date, save for continued employment, but the Remuneration Committee can attach performance conditions over future awards at its discretion. For all awards to date, an accrual entitlement in respect of dividends paid by the Company during the vesting period attaches to vested shares and is paid to participants on vesting in shares. Vested shares for all RSP awards are normally delivered in the form of market purchased shares held in the Trust. No cash settlement alternative is available.

9 Share-based payments continued

For the following disclosure, share options with a nil exercise price have been disclosed separately to avoid distorting the weighted average exercise prices. The number of share options in existence during the year was as follows:

	2024		2023	
	Number of share options	Weighted average exercise price p	Number of share options	Weighted average exercise price p
Options without a nil exercise price:				
At 1 January	**107,583**	**284**	118,051	287
Granted during the year	**–**	**–**	–	–
Forfeited during the year	**(2,000)**	**175**	(789)	302
Exercised during the year	**–**	**–**	–	–
Expired during the year	**(24,310)**	**300**	(9,679)	260
Outstanding at 31 December	**81,273**	**282**	107,583	284
Exercisable at 31 December	**81,273**	**282**	107,583	284
Options with a nil exercise price:				
At 1 January	**12,543,416**	**nil**	7,703,850	nil
Granted during the year	**23,312,708**	**nil**	8,676,958	nil
Forfeited during the year	**(1,246,069)**	**nil**	(2,201,488)	nil
Exercised during the year	**(825,839)**	**nil**	(162,261)	nil
Expired during the year	**(2,526,906)**	**nil**	(1,473,643)	nil
Outstanding at 31 December	**31,257,310**	**nil**	12,543,416	nil
Exercisable at 31 December	**14,278**	**nil**	89,130	nil
Total outstanding at 31 December	**31,338,583**		12,650,999	
Total exercisable at 31 December	**95,551**		196,713	

The options outstanding at 31 December 2024 had exercise prices that were between 175p and 412p (2023: between 175p and 412p) excluding options with a nil exercise price. The range of exercise prices for options was as follows:

Exercise price (p)	2024 Number	2023 Number
100–300	**37,327**	53,541
301–350	**21,246**	25,542
351–450	**22,700**	28,500
	81,273	107,583

9 Share-based payments continued

The options have a weighted average contractual life of two years (2023: two years). Options were exercised regularly throughout the year and the weighted average share price at exercise was 67p (2023: 110p). The aggregate gains of the Executive Directors arising from any exercise of options during the year totalled £0.1m (2023: £0.1m).

The fair value of the share options granted during the year under the LTIP scheme was calculated using the Monte Carlo method, with the following assumptions and inputs:

	2024	2023
Risk-free interest rate	**3.79%-4.37%**	3.47%
Expected volatility	**48%-49%**	51%
Peer group volatility	**23%-37%**	23%–39%
Expected option life in years	**3 years**	3 years
Expected dividend yield	**0.00%**	0.00%
Weighted average share price at grant date	**51p**	121p
Weighted average exercise price at grant date	**nil**	nil
Weighted average fair value of options at grant date	**51p**	105p

The risk-free interest rate was calculated based on zero-coupon government bond yields in the United Kingdom, with a time-to-maturity commensurate with the remaining performance period, at the date of grant.

Expected volatility was calculated based on the historical volatility of the share prices of Mobico and the comparator companies in the peer group (on a daily basis) over a period commensurate with the remaining performance period, at the date of grant.

Expected dividend yield was excluded from the model, given each participant is entitled to receive a dividend equivalent.

For share options granted during the year under the LTIP, the TSR targets have been reflected in the calculation of the fair value of the options above.

10 Net finance costs

	2024 £m	2023 £m
Bond and bank interest payable	**62.0**	52.1
Lease interest payable (note 33)	**10.1**	8.5
Other interest payable	**13.1**	11.1
Unwind of discounting – claims provision (note 26)	**5.8**	5.7
Net interest cost on defined benefit pension obligations (note 32)	**1.2**	1.8
Finance costs before adjusting items	**92.2**	79.2
Adjusting items:		
Unwind of discounting – onerous contract provisions (notes 5 and 26)	**2.8**	1.2
Total finance costs after adjusting items	**95.0**	80.4
Lease interest income (note 33)	**(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	**2.2**	1.4

11 Taxation

(a) Analysis of taxation charge in the Income Statement

	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 (note 27):		
Origination and reversal of temporary differences	**(47.6)**	(33.5)
Derecognition 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 (note 11(d))	**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 2 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. See note 5 for further details.

11 Taxation continued

(b) Reconciliation of the total tax charge in the Income Statement

	2024 £m	(Restated) 2023[1] £m
Loss before tax	**(609.3)**	(120.1)
Notional tax credit at UK corporation tax rate of 25% (2023: 23.5%)	**(152.3)**	(28.2)
Recurring items:		
Deferred tax assets not recognised on restricted interest expenses (note 27)	**17.3**	9.0
Effect of overseas tax rates	**(15.0)**	(9.6)
Tax incentives	**(5.5)**	(1.9)
Non-deductible expenses	**3.7**	0.2
Adjustments with respect to prior years	**2.7**	1.2
State taxes/minimum tax	**0.1**	0.9
Non-recurring items:		
Derecognition of deferred tax assets	**194.4**	85.2
Non-deductible goodwill impairment	**104.9**	–
Deferred tax assets not recognised in respect of current year losses	**31.3**	2.6
Non-deductible expenses	**4.3**	–
Utilisation in current year of previously unrecognised tax losses	**(3.4)**	–
Taxable release of provision for impairment of investments	**2.3**	3.0
Reduced taxable profit from indexation relief on UK property disposals	**(1.2)**	(1.9)
Tax on intercompany dividends within Spanish sub-group	**0.8**	–
Effect of reduction in tax rates	**0.1**	(0.5)
Transfer pricing adjustment	**–**	4.1
Total tax charge reported in the Income Statement (note 11(a))	**184.5**	64.1

1 Restated for a correction to the German Rail onerous contract provision, see note 2 for further information

Included within the reconciliation of the total tax charge for the current year are a number of recurring items. The Group's tax charge continues to be significantly impacted by the UK's Corporate Interest Restriction rules which limit tax deductions for interest expenses to 30% of "Tax EBITDA"; in FY23, the restriction suffered was reduced due to some interest capacity being available from prior years. The Group's tax charge benefits from tax incentives of £5.5m (2023: £1.9m) comprising of tax credits in respect of new investments in the Canary Islands of £2.0m (2023: £nil), reinvestment relief in Spain of £1.7m (2023: £0.3m), Work Opportunity Tax Credits in the US of £1.1m (2023: £0.9m) and other reliefs of £0.7m (2023: £0.7m).

Included within the reconciliation of the total tax charge for the current year are a number of non-recurring items including derecognition of deferred tax assets in the UK and US of £194.4m – refer to note 2 for details of the key critical accounting judgements considered in the recognition of deferred tax assets at 31 December 2024 (2023 restated: £85.2m – comprising of £58.0m for German tax losses due to the reduction of future forecasts, £20.9m for trapped tax losses in Mobico Group plc and £6.3m for US state tax losses subject to time expiry), non-deductible goodwill impairments of £104.9m (2023: £nil) principally in North America, deferred tax assets not recognised in respect of current year losses of £31.3m in the UK, Germany and Spain (2023: £2.6m in Spain and Morocco), non-deductible expenses of £4.3m (2023: £nil) principally related to the planned sale of the North America School Bus business, utilisation in the current year of previously unrecognised tax losses of £3.4m in the UK and Spain (2023: £nil), and a taxable release of provision for impairment of investments in Spain of £2.3m (2023: £3.0m).

Included within the reconciliation of the tax charge for the prior year were a number of non-recurring items in addition to those referred to above including a UK transfer pricing adjustment for interest waived on loans to the US during the prior year of £4.0m.

As at 31 December 2024, deferred tax items in the UK were accounted for at 25% being the substantively enacted corporation tax rate at that date.

(c) Uncertain tax positions

At 31 December 2024, the Group held provisions for uncertain tax positions of £nil (2023: £nil). Based on the experience of the Group's tax teams, and after discussions of the various tax uncertainties with our tax advisers, the year end tax provision represents Management's best estimate of the tax uncertainties of which we are aware.

11 Taxation continued

(d) Deferred tax included in the Income Statement

	2024 £m	(Restated) 2023[1] £m
Derecognition of deferred tax assets	**194.4**	85.2
Recognition of deferred tax assets in the current year	**(6.7)**	(48.9)
Utilisation in the current year of previously recognised tax losses	**2.9**	12.8
Accelerated tax depreciation	**3.1**	(2.5)
Other short-term temporary differences	**(45.6)**	4.8
Deferred tax charge (note 11(a))	**148.1**	51.4

1 Restated for a correction to the German Rail onerous contract provision, see note 2 for further information

Details on the Balance Sheet position of deferred tax are included in note 27.

(e) Pillar Two – Global minimum top-up tax

The Organization for Economic Cooperation and Development ("OECD") published the Global Anti-Base Erosion ("GloBE") Model Rules which include a minimum 15% tax rate by jurisdiction ("Pillar Two"). The Pillar Two rules provide that if, in certain jurisdictions where the Group operates, the effective tax rate, "ETR" (adjusted corporate income tax expense divided by the profit before tax in that jurisdiction) falls below 15%, then the Group will be required to pay an additional tax ("top-up tax") to reach the 15% minimum tax rate threshold.

The rules also provide for a transitional period in which Groups may avoid undergoing the complex GloBE calculations. In particular, a transitional safe harbor ("TSH") applies for the first three fiscal years following the entry into force of the rules. The TSH relies on simplified calculations (mainly based on data extracted from the Country-by-Country Report, "CbCr") and three tests. Where the Group has a "qualifying" CbCr and at least one of the TSH tests is met for a jurisdiction in which the Group operates, the top-up tax due for such jurisdiction is deemed to be zero. A TSH test is met for a jurisdiction where:

- Revenue and profit before tax are below €10 million and €1 million respectively (the de minimis test);
- The ETR equals or exceeds an agreed rate, which is 15% for FY24, 16% for FY25 and 17% for FY26 (the ETR test); or
- The profit before tax does not exceed an amount calculated as a percentage of tangible assets and payroll expense (the routine profits test).

On June 20, 2023, the UK substantively enacted the Pillar Two rules, effective from 1 January 2024. Therefore, an assessment of the Group's potential exposure to Pillar Two top-up taxes has been performed based on the draft FY24 tax filings, CbCr and financial statements for the constituent entities in the Group. Based on this assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the TSH relief does not apply, and the Pillar Two effective tax rate is below 15%. However, the profits in these countries are not significant and so the Group anticipates that the exposure to Pillar Two top-up taxes in those jurisdictions to be insignificant. Therefore, for the year ended 31 December 2024, the Group's current tax expense includes £nil for Pillar Two top-up taxes.

The Group has applied the amendment to IAS 12, Income Taxes, which provides a mandatory temporary exception from recognising or disclosing deferred taxes related to Pillar Two.

12 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.

13 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 2 for further information

13 Earnings per share continued

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 (note 31) 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 2 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. Further details regarding these schemes can be found in note 9.

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 inclusive of hybrid instrument	**(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 2 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

14 Intangible assets

	Goodwill £m	Customer contracts £m	Service concession intangibles £m	Software £m	Contract costs £m	Total £m
Cost:						
At 1 January 2024	**1,623.0**	**890.0**	**124.0**	**144.3**	**36.3**	**2,817.6**
Acquisitions (note 19)	**53.1**	**1.9**	**–**	**0.1**	**–**	**55.1**
Additions	**–**	**0.6**	**2.0**	**6.0**	**5.4**	**14.0**
Disposals	**(2.3)**	**(4.3)**	**(0.3)**	**(0.9)**	**–**	**(7.8)**
Reclassifications	**(7.3)**	**(1.3)**	**–**	**2.3**	**1.0**	**(5.3)**
Foreign exchange	**(34.4)**	**(19.7)**	**(3.1)**	**(0.2)**	**(1.6)**	**(59.0)**
At 31 December 2024	**1,632.1**	**867.2**	**122.6**	**151.6**	**41.1**	**2,814.6**
Amortisation and impairment:						
At 1 January 2024	**312.3**	**787.5**	**23.1**	**112.8**	**30.1**	**1,265.8**
Charge for year	**–**	**26.2**	**11.6**	**10.6**	**1.8**	**50.2**
Disposals	**–**	**(4.0)**	**(0.3)**	**(0.7)**	**–**	**(5.0)**
Impairment	**547.7**	**0.3**	**–**	**3.2**	**–**	**551.2**
Reclassifications	**(7.3)**	**(1.4)**	**–**	**0.4**	**1.0**	**(7.3)**
Foreign exchange	**(5.9)**	**(19.0)**	**(0.2)**	**–**	**(1.4)**	**(26.5)**
At 31 December 2024	**846.8**	**789.6**	**34.2**	**126.3**	**31.5**	**1,828.4**
Net book value:						
At 31 December 2024	**785.3**	**77.6**	**88.4**	**25.3**	**9.6**	**986.2**
At 1 January 2024	1,310.7	102.5	100.9	31.5	6.2	1,551.8

Goodwill has an indefinite useful life. All other categories of intangible assets have a finite useful life. Useful lives are disclosed in the accounting policies in note 2. Amortisation charges are shown within operating costs in the Income Statement.

Of the £551.2m impairment charge, £547.7m relates to goodwill impairment in North America School Bus which is discussed in detail below. This has been included in adjusting items (note 5).

The Group recognises service concession intangibles for public service vehicles where the Group has the right to charge passengers of the public service in accordance with IFRIC 12 Service Concession Arrangements. Note 36 includes further details of the Group's service concession arrangements.

Customer contracts includes the following individually material assets, which arose through past acquisitions.

Segment	Nature of contract	Remaining useful economic life at 31 December 2024	Net book value at 31 December 2024 £m	Remaining useful economic life at 31 December 2023	Net book value at 31 December 2023 £m
North America	School bus and paratransit service contract in North America	**7 years**	**16.9**	8 years	17.8

Goodwill allocation

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.

14 Intangible assets continued

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.

14 Intangible assets continued

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 Noth 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 secondhand 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.

14 Intangible assets continued

Sensitivities to key assumptions

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

		(Decrease)/Increase in carrying value £m	
UK	**Sensitivity**	**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		ALSA		UK	
	2024	**2023**	**2024**	**2023**	**2024**	**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.

	Goodwill £m	Customer contracts £m	Service concession intangibles £m	Software £m	Contract costs £m	Total £m
Cost:						
At 1 January 2023	1,674.9	914.3	99.6	150.5	37.0	2,876.3
Acquisitions	0.7	4.3	–	–	–	5.0
Additions	–	0.1	31.4	6.9	–	38.4
Disposals	–	(0.2)	(6.7)	(8.0)	–	(14.9)
Reclassifications	–	0.5	–	(0.7)	–	(0.2)
Foreign exchange	(52.6)	(29.0)	(0.3)	(4.4)	(0.7)	(87.0)
At 31 December 2023	1,623.0	890.0	124.0	144.3	36.3	2,817.6
Amortisation and impairment:						
At 1 January 2023	318.7	776.6	16.5	113.8	29.8	1,255.4
Charge for year	–	33.0	8.8	11.1	0.9	53.8
Disposals	–	(0.2)	(2.2)	(7.9)	–	(10.3)
Impairment	–	2.0	–	–	–	2.0
Reclassifications	–	0.1	–	(0.4)	–	(0.3)
Foreign exchange	(6.4)	(24.0)	–	(3.8)	(0.6)	(34.8)
At 31 December 2023	312.3	787.5	23.1	112.8	30.1	1,265.8
Net book value:						
At 31 December 2023	1,310.7	102.5	100.9	31.5	6.2	1,551.8
At 1 January 2023	1,356.2	137.7	83.1	36.7	7.2	1,620.9

15 Property, plant and equipment

	Land and buildings £m	Public service vehicles £m	Plant and equipment, fixtures and fittings £m	Total £m
Cost:				
At 1 January 2024	**395.9**	**2,127.9**	**199.9**	**2,723.7**
Acquisitions	**1.7**	**24.4**	**0.5**	**26.6**
Additions	**58.9**	**208.5**	**22.8**	**290.2**
Disposals	**(25.4)**	**(182.4)**	**(16.1)**	**(223.9)**
Reclassifications	**9.6**	**(30.2)**	**(10.1)**	**(30.7)**
Foreign Exchange	**(3.8)**	**(26.3)**	**(3.8)**	**(33.9)**
At 31 December 2024	**436.9**	**2,121.9**	**193.2**	**2,752.0**
Depreciation and impairment:				
At 1 January 2024	**205.5**	**1,205.3**	**148.4**	**1,559.2**
Charge for the year	**41.8**	**159.5**	**12.1**	**213.4**
Disposals	**(16.5)**	**(156.2)**	**(10.4)**	**(183.1)**
Impairments	**1.4**	**3.5**	**0.6**	**5.5**
Reclassifications	**10.6**	**(24.6)**	**(4.9)**	**(18.9)**
Foreign exchange	**(2.2)**	**(12.4)**	**(3.1)**	**(17.7)**
At 31 December 2024	**240.6**	**1,175.1**	**142.7**	**1,558.4**
Net book value:				
At 31 December 2024	**196.3**	**946.8**	**50.5**	**1,193.6**
At 1 January 2024	190.4	922.6	51.5	1,164.5

Depreciation on public service vehicles is calculated using the straight-line method to write off the cost or fair value at acquisition of each asset to its residual value over its estimated useful life (or lease term, if shorter). The estimated useful lives for owned public service vehicles range from 8 to 20 years depending on the type of vehicle. The majority of the Group's public service vehicles are diesel powered, although the Group expects that, over time, an increasing proportion of its vehicle fleet will be zero emission; likely to be a combination of electric and hydrogen-powered vehicles. The actual useful lives of diesel-powered vehicles could be affected by measures taken by governments to tackle climate change and improve air quality by restricting the use of such vehicles.

While governments across the Group's geographical locations are consulting on a date after which the sale of new diesel-powered vehicles will be prohibited, at this time there is no set date from which diesel vehicles are prohibited from being used. The estimated useful lives applied are consistent with the previous year and, taking account of the latest proposals from governments and our own internal targets (as described in the Strategic Report), the Directors consider that those estimates of useful lives remain appropriate.

Other than in UK Bus and WeDriveU, the estimated carrying value of diesel vehicles in each of the Group's divisions at their respective targeted date of transition to a fully zero emission fleet is £nil.

In UK Bus, where the target date is 31 December 2030, the remaining net book value of existing diesel vehicles at transition is estimated to be £29.3m, assuming no change to the useful lives. Considering that our transition target is significantly ahead of the earliest expected date that the UK would ban the use of diesel vehicles and also that the UK vehicles impacted are Euro 6 diesel buses (the most environmentally friendly variant of diesel vehicles), the Directors consider that they will be able to recover such value through their sale. However, in a more extreme scenario, assuming the vehicles were not able to be sold and therefore the residual value was £nil at their transition date, a £4.9m increase in the annual depreciation charge would be required from 1 January 2025.

In WeDriveU, where the target date is also 31 December 2030, the remaining net book value of existing diesel vehicles at transition is estimated to be £12.9m, assuming no change to the useful lives. Considering that our transition target is significantly ahead of the earliest expected date that the United States would ban the use of diesel vehicles, the Directors consider that they will be able to recover such value through their sale. However, in a more extreme scenario, assuming the vehicles were not able to be sold and therefore the residual value was £nil at their transition date, a £2.1m increase in the annual depreciation charge would be required from 1 January 2025.

In an alternative scenario, under one of our climate modelling scenarios described within the TCFD disclosures in the Strategic Report, whereby no diesel-powered vehicles could be used anywhere in the Group after 31 December 2035, the annual depreciation expense from 1 January 2025 would increase by £2.6m.

Details of leased assets included within property, plant and equipment are provided in note 33.

15 Property, plant and equipment continued

	Land and buildings £m	Public service vehicles £m	Plant and equipment, fixtures and fittings £m	Total £m
Cost:				
At 1 January 2023	397.0	2,245.5	202.4	2,844.9
Acquisitions	0.6	1.6	0.2	2.4
Additions	45.7	187.3	11.8	244.8
Disposals	(37.0)	(237.5)	(13.9)	(288.4)
Reclassifications	(0.8)	(2.1)	2.1	(0.8)
Foreign Exchange	(9.6)	(66.9)	(2.7)	(79.2)
At 31 December 2023	395.9	2,127.9	199.9	2,723.7
Depreciation and impairment:				
At 1 January 2023	197.4	1,321.3	150.9	1,669.6
Charge for the year	38.0	148.9	12.4	199.3
Disposals	(28.1)	(224.1)	(12.9)	(265.1)
Impairments	2.4	–	–	2.4
Reclassifications	1.4	(2.0)	–	(0.6)
Foreign exchange	(5.6)	(38.8)	(2.0)	(46.4)
At 31 December 2023	205.5	1,205.3	148.4	1,559.2
Net book value:				
At 31 December 2023	190.4	922.6	51.5	1,164.5
At 1 January 2023	199.6	924.2	51.5	1,175.3

16 Subsidiaries

The companies listed below include all those which principally affect the results and net assets of the Group. A full list of subsidiaries, joint ventures and associates is disclosed in note 38, along with the addresses of their registered offices. The principal country of operation in respect of the companies below is the country in which they are incorporated.

Mobico Group PLC is the beneficial owner of all the equity share capital, either itself or through subsidiaries, of the companies.

		% equity interest	
Incorporated in England and Wales		**2024**	**2023**
National Express Limited	Operation of coach services	**100**	100
The Kings Ferry Limited	Operation of coach services	**100**	100
West Midlands Travel Limited	Operation of bus services	**100**	100

		% equity interest	
Incorporated in the United States		**2024**	**2023**
Durham School Services LP	Operation of school bus services	**100**	100
Petermann Ltd	Operation of school bus services	**100**	100
National Express Transit Corporation	Operation of transit bus services	**100**	100
National Express Transit Services Corporation	Operation of transit bus services	**100**	100
WeDriveU Inc.	Operation of shuttle services	**100**	100

		% equity interest	
Incorporated in Canada		**2024**	**2023**
Stock Transportation Limited	Operation of school bus services	**100**	100

		% equity interest	
Incorporated in Spain		**2024**	**2023**
General Tecnica Industrial S.L.U.[1]	Holding company for operating companies	**100**	100
NEX Continental Holdings S.L.U.[1]	Holding company for operating companies	**100**	100

		% equity interest	
Incorporated in Morocco		**2024**	**2023**
Groupe Alsa Transport S.A.	Operation of bus services	**100**	100
Transport de Voyageurs en Autocar Maroc S.A.	Operation of bus services	**100**	100
Alsa Tanger S.A.	Operation of bus services	**100**	100
Alsa City Agadir S.A.	Operation of bus services	**100**	100
Alsa Citybus Rabat-Salé-Temara	Operation of bus services	**51**	51
Alsa Al Baida S.A	Operation of bus services	**100**	100

		% equity interest	
Incorporated in Germany		**2024**	**2023**
National Express Rail GmbH	Operation of train passenger services	**100**	100

1 The main holding companies of the ALSA Group

17 Financial assets at fair value through Other Comprehensive Income

	2024 £m	2023 £m
Fair value:		
At 1 January	**15.2**	16.8
Acquisitions in the year	**0.3**	–
Additions in the year	**0.4**	0.5
Disposals in the year	**–**	–
Fair value movement in the year	**9.1**	(1.4)
Foreign exchange	**–**	(0.7)
At 31 December	**25.0**	15.2

The principal financial assets at fair value through Other Comprehensive Income are as follows:

Name	Segment	2024 Fair value £m	2023 Fair value £m	2024 Proportion held %	2023 Proportion held %
Metros Ligeros de Madrid, S.A.	ALSA	**7.0**	7.3	**15**	15
Transit Technologies Holdco	North America	**17.2**	7.8	**6.3**	8.8
Other small investments within ALSA	ALSA	**0.8**	0.1	**1–16**	1–16

Financial assets at fair value through Other Comprehensive Income comprise holdings in equity shares of non-listed companies. The Group elected to designate the non-listed equity investments at fair value through Other Comprehensive Income as the Group considers these investments to be strategic in nature.

The fair value measurement of non-listed equity investments is categorised within Level 3 (i.e. the fair values are determined by reference to significant unobservable inputs). The fair value of these investments is typically determined by using recent and forecast earnings.

Subsequent to the balance sheet date, the Group sold its share of Transit Technologies Holdco for a total consideration of $21.9m on 3 March 2025, as disclosed in note 39.

As the remaining investments held are individually immaterial sensitivity analysis has not been disclosed.

No dividends were received from the investments during either the current or prior year.

18 Investments accounted for using the equity method

Investments accounted for using the equity method are as follows:

	2024 £m	2023 £m
Associates	**4.4**	5.5
Joint ventures	**2.1**	5.6
Total investments accounted for under the equity method	**6.5**	11.1

The Group's share of post-tax results from associates and joint ventures accounted for using the equity method is as follows:

	2024 £m	2023 £m
Total share of results from associates (a)	**3.3**	(0.5)
Total share of results from joint ventures (b)	**(0.1)**	–
Total share of results from associates and joint ventures	**3.2**	(0.5)
Total share of results and comprehensive income/(expense) from associates and joint ventures	**3.2**	(0.5)

18 Investments accounted for using the equity method continued

(a) Investments in associates

The Group's interests in associates are as follows:

Name	Country of registration	Proportion held %
ALSA associates	Spain	25-49
North America associates	North America	20

ALSA's associates are generally involved in the operation of coach and bus services, management of bus stations and similar operations. North America associates include a start-up company offering app-based rideshare and childcare services in the San Francisco area.

The summarised aggregated financial information for individually immaterial associates is set out below:

	2024 £m	2023 £m
Share of operating loss	**(0.2)**	(0.5)
Share of total comprehensive income and expenditure	**–**	–
Gain on disposal[1]	**3.5**	–
Total share of results from associates	**3.3**	(0.5)
Total share of results and comprehensive income/(expense) from associates	**3.3**	(0.5)

1 During the year the North America division disposed of an associate with a carrying investment value of £2.2m for a consideration of £5.7m. The consideration received is shown within Receipts relating to joint ventures and associates in the Group Statement of Cash Flows. The equity method of accounting was applied up to the date significant influence transferred to the buyer.

(b) Investments in joint ventures

The Group has a joint venture in the Kingdom of Bahrain operating urban bus services. ALSA has multiple joint ventures involving the operation of coach and bus services, management of bus stations and similar operations.

The Group's interests in joint ventures are as follows:

Name	Country of registration	Proportion held %
Bahrain joint venture	Kingdom of Bahrain	50
ALSA joint ventures	Spain	50

The summarised aggregated financial information for individually immaterial joint ventures is set out below:

	2024 £m	2023 £m
Share of operating loss	**(0.1)**	–
Share of total comprehensive income and expenditure	**–**	–
Total share of results from joint ventures	**(0.1)**	–
Total share of results and comprehensive income from joint ventures	**(0.1)**	–

19 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, a segment 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 (note 17)	**0.3**	**–**	**0.3**
Intangible assets (note 14)	**0.1**	**1.9**	**2.0**
Property, plant and equipment (note 15)	**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 (note 26)	**(1.5)**	**–**	**(1.5)**
Deferred tax asset (note 27)	**1.8**	**(0.5)**	**1.3**
Net assets acquired	**6.3**	**1.4**	**7.7**
Goodwill (note 14)	**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 £518.4m.

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.

19 Business combinations, disposals and assets held for sale continued

(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 (see note 35).

20 Other non-current receivables

	2024 £m	2023 £m
Contract assets	**136.6**	127.4
Prepayments	**4.7**	6.1
Other receivables	**28.4**	20.3
	169.7	153.8

Other receivables includes £5.5m (2023: £5.5m) of property disposal proceeds that are payable to the Group on vacant possession and £8.3m (2023: £8.1m) of insurance recoveries.

Contract assets includes £85.4m (2023: £78.8m) due from customers relating to infrastructure assets under service concession arrangements primarily in ALSA and North America (see note 36 for details of the Group's service concession arrangements).

Contract assets also include an IFRS 15 contract asset under the long term RME German Rail contract of £51.2m (2023: £48.6m).

The profitability of the RME contract 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; the total cost of labour and overhead; including investment in new drivers, training and supporting activity to run the contracts, levels of contractual penalties suffered (primarily due to driver shortages) and the level of energy compensation. The sensitivities of the IFRS 15 contract asset and cumulative future profitability of the contract to movements in these individual assumptions are set out below. Noting that the impact of some assumptions is not individually material, however, it is considered reasonably possible that the sensitivities could occur concurrently and are material in aggregate and therefore are considered relevant to present herein.

It is important to note, however, that these sensitivities 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.

20 Other non-current receivables continued

Passenger income growth sensitivities

The RME contract asset balance is sensitive to changes in management's estimate of forecast passenger revenues over the remaining contract life to 2030. In recent years, the German government has promoted rail travel with a series of initiatives including the €58 in 2025 (previously €49) ticket scheme, which allows heavily subsidised travel across the rail network. Rail operators have been compensated for the associated loss of income. This scheme is currently set to end at the end of 2025, but is likely to be continued in some form beyond, which is dependent on central federal government decision-making.

Therefore, we have assumed that the €58 ticket scheme (or an equivalent thereof) continues beyond the end of 31 December 2025 to the end of the contract; and if the scheme were to end during this period, we assume that there is further intervention from the authorities to support the market and therefore revenue to German Rail under the contract. In our view, this is consistent with recent guidance from the authorities regarding tariff setting in recent years, and the underlying intention of the contract. The passenger revenue forecast, including the assumption around the continuation of the €58 ticket scheme, has been developed based on historic data and using a market forecast informed by an independent third party. However, in terms of sensitivities:

- a 1 percentage point reduction (or increase) in forecasted annual average revenue in each year from 2026 to 2030 would require a reduction (increase) in the contract asset balance of c. £7m (such that there would be a non-cash charge (credit) in the year of this amount as a result of the change to the contract asset), and would reduce (increase) the cumulative future profitability of the contract by approximately £10m for the period 2026 to 2030); and
- a reduction (or increase) in total revenue in 2026 of 5% (with growth rates for the period 2027 to 2030 remaining unchanged against the sensitised base from 2026) would require a reduction (increase) in the contract asset balance of c. £15m (such that there would be a non-cash charge in the year of this amount as a result of the change to the contract asset), and would reduce (increase) the cumulative future profitability of the contract by approximately £21m for the period 2026 to 2030.

Labour costs sensitivity

Changes to assumptions on labour costs impact the total lifetime net cost of the contract. The RME contract contains a mechanism to compensate for changes in labour costs of 1.5% p.a. on a set contract labour cost allowance; hence the business is therefore exposed to any inflation above this level, as has been modelled within the long-term forecast. We have assumed that a significant investment in labour cost and associated training is required in order to address the current driver shortfall and avoid suffering associated penalties from cancellations as a result. We have assumed the driver shortage recedes through 2025 and to be fully addressed by the end of 2026.

An increase (or decrease) in labour costs over the remaining contract period of 5% would require a reduction (increase) in the contract asset balance of c. £2m (such that there would be a non-cash charge (credit) in the year of this amount as a result of the change to the contract asset), and would reduce (increase) the cumulative future profitability of the contract by approximately £3m for the period 2026 to 2030).

Energy cost and energy subsidy sensitivity

Changes to assumptions about future energy costs (and related energy subsidy under the contract) impact the total lifetime net cost of the contract. The RME contract contains a synthetic energy mechanism which is intended to compensate for changes in electricity costs, with the energy subsidy linked to the performance of an index (Index 625) published by DeStatis, the German Federal Statistics Agency on a monthly basis.

We have assumed that energy costs develop in line with long run market energy price forecasts which are based on third party forecasts, and that the 625 index (which drives the synthetic energy subsidy) moves on the basis of this same future energy price development in line with the regression analysis of 625 index behaviour performed by management.

- A decrease (or increase) in energy costs of 20% (and the consequent proportionally higher associated forecast changes in Index 625 which impacts on the subsidy) would require a reduction (increase) in the contract asset balance of c.£2m (such that there would be a non-cash charge in the year of this amount as a result of the change to the contract asset), and would reduce (increase) the cumulative future profitability of the contract by approximately £1m for the period 2026 to 2030).

21 Inventories

	2024 £m	2023 £m
Raw materials and consumables	**34.0**	33.7

The movement on the provision for slow moving and obsolete inventory is immaterial.

22 Current assets – trade and other receivables

	2024 £m	2023 £m
Trade receivables	**293.5**	285.9
Grant receivables	**37.7**	34.4
Contract assets	**136.0**	122.0
Amounts due from associates and joint ventures (note 35)	**3.2**	3.2
Amounts due from other related parties (note 35)	**1.4**	0.6
Trade and grant receivables and contract assets	**471.8**	446.1
Less: provision for impairment of receivables (note 29)	**(41.5)**	(41.5)
	430.3	404.6
Other receivables	**78.0**	111.2
Prepayments	**36.4**	55.9
Accrued income	**2.8**	1.4
	547.5	573.1

Trade receivables excludes £106.7m (2023: £74.9m) that was subject to factoring arrangements without recourse and for which no customer payment had been received at year end.

Contract assets include £15.7m (2023: £14.2m) due from customers relating to infrastructure assets under service concession arrangements primarily in ALSA and North America (see note 36 for details of the Group's service concession arrangements). Also included is an IFRS 15 contract asset receivable within one year under the long term RME German Rail contract (see note 20 for further details).

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Information about the credit risk exposure of the Group's trade receivables is shown in note 29.

23 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 (note 28)	**(41.4)**	(62.6)
Net cash and cash equivalents	**203.1**	293.7

24 Current liabilities – trade and other payables

	2024 £m	2023 £m
Trade payables	**297.9**	298.9
Contract liabilities	**156.2**	177.6
Amounts owed to associates and joint ventures (note 35)	**0.5**	1.1
Amounts owed to other related parties (note 35)	**5.4**	1.4
Other tax and social security payable	**53.5**	48.9
Accruals and deferred income	**261.6**	229.5
Other payables	**245.7**	194.6
Put liability	**8.2**	8.6
	1,029.0	960.6

Trade payables are normally settled on 30 to 60 day terms.

Contract liabilities represents amounts advanced by customers where the Group has not yet met the performance obligation to allow the recognition of the balance as revenue, for example season ticket or advance ticket sales which cross over the year end date or payments on account. It also includes amounts outstanding with respect to the purchase of infrastructure assets under IFRIC 12 arrangements. Of the £156.2m (2023: £177.6m) current contract liabilities, £112.1m (2023: £117.7m) will be recognised in revenue within the next 12 months as the Group completes its performance obligations. The remaining liability of £44.1m (2023: £59.9m) relates to payments for IFRIC 12 infrastructure assets which will be made within the next 12 months. During the year the Group has recognised revenue of £117.7m (2023: £69.6m) which was included in contract liabilities at the end of 2023.

Other payables includes £205.8m (2023: £166.1m) for the purchase of property, plant and equipment. The Group settles these amounts in accordance with the supplier's standard payment terms, typically one year.

Other payables also includes deferred fixed asset grants from government or other public bodies of £2.4m (2023: £2.3m), deferred expense-related grants of £3.2m (2023: £3.1m) and £12.8m (2023: £4.8m) of deferred or contingent consideration for businesses acquired, of which £9.8m (2023: £0.1m) relates to businesses acquired in the year (note 19).

A put liability for £8.2m (2023: £8.6m) relates to the purchase of the non-controlling interest in a subsidiary in Morocco. In January 2024 an arbitrator ruled on a long-standing dispute between the Group and the non-controlling interest which resulted in the triggering of a put option for the non-controlling interest to sell their shares to us. A put liability has therefore been recognised for the estimated value to purchase the shares from the non-controlling interest.

Supplier finance arrangements

The Group participates in supply chain financing arrangements in its North America and ALSA divisions. These arrangements are similar in nature whereby a number of the Group's banks agree to pay amounts to a participating supplier in respect of invoices owed by the Group and receives settlement from the Group at the invoice due date. The bank does not charge the Group for participating in these arrangements as the cost is borne by the supplier.

Supplier finance arrangements in North America relate to the purchase of fleet where invoice due dates range from 183 to 363 days. Similarly, for fleet suppliers in North America who are not on supply chain finance, the range is 210 to 390 days. In ALSA, most of the supplier finance balance relates to fleet and fuel purchases. Invoice due dates range from 105 to 365 days for fleet purchases and 343 to 347 days for fuel. All fleet and fuel suppliers in ALSA are part of the supply chain finance therefore a comparable supplier outside of this arrangement is not available.

If the Group exited from its supply chain financing arrangements, there would be no impact on the Group's cash flow. Settlement of invoices under these arrangements are made on the invoice due date and do not impact the timing of payments for the Group. The principal purpose of these arrangements is to facilitate efficient payment processing for the Group and enable willing suppliers to receive payments from the bank before the invoice due date.

Of the above trade and other payables balance, £222.6m are part of supplier finance arrangements. At the balance sheet date all suppliers had received early settlement from the Group's banks. The Group will settle all balances directly with these banks within the next 12 months in accordance with the original invoice payment terms.

There are no supplier finance arrangements included within borrowings.

25 Other non-current liabilities

	2024 £m	2023 £m
Contract liabilities	**83.1**	83.4
Other payables	**33.8**	31.8
	116.9	115.2

Contract liabilities include £83.1m (2023: £76.9m) of liabilities associated with the purchase of infrastructure assets as part of service concession arrangements which are expected to be settled over the life of the contract (see note 36 for details of the Group's service concession arrangements).

Other payables includes £12.2m (2023: £7.4m) of deferred fixed asset grants from government or other public bodies, £1.9m (2023: £3.9m) of deferred consideration for businesses acquired (of which £nil (2023: £0.7m) relates to businesses acquired in the year (note 19), and expense related grants of £17.5m (2023: £18.9m).

26 Provisions

	Claims provision £m	Onerous contract provisions £m	Other £m	Total £m
At 1 January 2024 (as reported)[1]	**78.1**	**129.4**	**37.2**	**244.7**
Prior year restatement[1]	**–**	**21.8**	**–**	**21.8**
At 1 January 2024 (as restated)[1]	**78.1**	**151.2**	**37.2**	**266.5**
Acquisitions	**–**	**–**	**1.5**	**1.5**
Charged to the Income Statement	**39.0**	**81.6**	**3.8**	**124.4**
Utilised in the year	**(41.9)**	**(48.9)**	**(14.9)**	**(105.7)**
Unwinding of discount	**5.8**	**2.8**	**–**	**8.6**
Exchange difference	**1.2**	**(7.4)**	**(1.1)**	**(7.3)**
At 31 December 2024	**82.2**	**179.3**	**26.5**	**288.0**
Current 31 December 2024	**47.0**	**53.0**	**15.8**	**115.8**
Non-current 31 December 2024	**35.2**	**126.3**	**10.7**	**172.2**
	82.2	**179.3**	**26.5**	**288.0**
Current 31 December 2023 (restated)[1]	47.0	42.0	19.3	108.3
Non-current 31 December 2023 (restated)[1]	31.1	109.2	17.9	158.2
	78.1	151.2	37.2	266.5

1 Restated for a correction to the German Rail onerous contract provision, see note 2 for further information

Claims provision

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. It comprises provisions for claims arising in the UK and North America. The Directors have determined the best estimate of the probable economic outflow based on the expected value of the amounts which will be needed to settle the liability. The claims provision has been discounted using a rate based on external bond prices.

Onerous contracts

Provisions for onerous contracts relate to loss making contracts in North America, Germany and UK. The Directors have determined the best estimate of the probable economic outflow based on the lower of i) the expected value of the losses which will be incurred in fulfilling the contract, and ii) the cost to exit the contract. With the exception of the provision in Germany, the remaining amounts are expected to be utilised within the next 1-2 years.

The provision in Germany is in respect of the RRX rail contracts, where the Group is exposed to costs that are not fully covered by subsidy received from the PTA. The Group's latest assessment identified a further reduction in the contracts' profitability following updated assumptions relating to the anticipated levels of driver shortages (and the duration thereof) and movements in labour and other costs, as fully described in Note 2. Collectively, this led to an increase in the provision in the year of £86.4m, with a closing provision of £176.1m at 31 December 2024 (2023 restated: £140.1m) to cover the losses associated with running the contracts for the remainder of the term.

The RRX rail contracts run until 2033 and therefore given the long-term cash forecasts being modelled, the provision is highly sensitive to a number of key inputs and assumptions, where individual changes can have a material impact on the provision, as been observed in the last two financial years. A key assumption as at the end of 31 December 2024 is that the relationship with the PTAs and other key external parties and stakeholders continue to be collaborative, with an expected continuation of the mileage reduction agreed in 2024 and also the €58 ticket scheme or an equivalent thereof. A deterioration in either the underlying contractual relationship with the PTA and other parties and/or the operating environment could cause a significant increase in costs for the Group and therefore result in a further material movement in the onerous contract provision.

Specific sensitivities are detailed below, but at a high level and ceteris paribus, an increase/(decrease) in total operating costs of 5% would result in a (decrease)/increase in the Onerous Contract Provision of approximately £45m.

26 Provisions continued

It is important to note, however, that these sensitivities 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 provision is particularly sensitive to assumptions about the impact and duration of labour shortages (which have a direct impact on both labour cost investment and the level of penalties incurred as a result of train cancellations), and future energy costs (and the level of energy compensation to be received from the PTA). The sensitivity of the onerous contract provision to movements in these individual assumptions are set out below. Noting that the impact of some assumptions are not individually material, however it is considered reasonably possible that the sensitivities could occur concurrently and are material in aggregate, and therefore are considered relevant to present herein.

Driver scarcity and penalties sensitivity

Driver scarcity is an industry-wide issue which is expected to continue in the short-term and is described in detail in note 2. Whilst we have some degree of protection from "general" inflationary increases to driver pay, continuing driver scarcity has resulted in the need to significantly invest in driver training and recruitment and can result in incurring higher agency driver costs and penalties relating to train cancellations. For the following sensitivity, we have assumed that the issues relating to driver scarcity will be largely resolved by 31 December 2026 and on this basis:

- A delay in driver recruitment which pushes driver scarcity out by a further 12 months would result in an increase to the Onerous Contract Provision of approximately £6m as a result of higher agency costs and increased penalties relating to train cancellations.

Energy cost and energy subsidy sensitivity

Changes to assumptions about future energy costs (and related energy subsidy under the contract) impact the total lifetime net cost of the contract. The RRX 2&3 contract contains a mechanism which is intended to compensate the Group for changes in electricity costs, with the energy subsidy linked to the performance of an index (Index 625) published by DeStatis, the German Federal Statistics Agency on a monthly basis. Because of an error made in the original bid model, only a portion of the energy cost under the RRX 2/3 contract is covered by the index mechanism. For RRX 1 a separate index, 626, is used, and we do not suffer from the bid error issue and as such this sensitivity considers RRX 2/3 only.

We have assumed that energy costs develop in line with long run market energy price forecasts which are based on third party forecasts, and that the 625 index moves on the basis of this same future energy price development in line with the regression analysis of 625 index behaviour performed by management. On this basis:

- An increase (or decrease) in uncovered energy costs (i.e. those costs that are not covered by the energy subsidy) of 20% would result in an increase (decrease) in the Onerous Contract Provision of approximately £4m. This may occur through a change in volume, a change in price versus long term market forecasts used in the model or a change in coverage by the index.

Discount rate

Changes to the discount rate used to discount the onerous contract provision back to present value will impact on the carrying value of the provision. A risk-free rate has been used to discount the provision to present value at the balance sheet date.

- An increase (or decrease) in the discount rate used of 1% would result in a decrease/(increase) in the Onerous Contract Provision of approximately £7m.

Other

Other includes provisions for potential reclaim of subsidies in ALSA of £21.0m (2023: £17.0m) all of which is expected to be utilised over the next three years, and restructuring provisions in the UK, ALSA and North America of £4.6m (2023: £18.5m), all of which are expected to be utilised within the next 12 months.

When the effect is material, the provisions are discounted to their net present value.

27 Deferred tax

	2024 £m	(Restated) 2023[1] £m
Net deferred tax assets at 1 January	**117.5**	166.7
Charge to the Income Statement (note 11 (d))	**(148.1)**	(51.4)
(Charge)/credit to Other Comprehensive Income or Equity (note 27(d))	**(19.3)**	7.1
Exchange differences	**1.8**	(3.7)
Acquired in business combinations (note 19)	**1.3**	(1.1)
Net deferred tax (liabilities)/assets at 31 December	**(46.8)**	117.6

1 Restated for a correction to the German Rail onerous contract provision, see note 2 for further information

27 Deferred tax continued

(a) Deferred tax assets and liabilities

The presentation of deferred tax assets and deferred tax liabilities in the Balance Sheet sets off deferred tax assets against deferred tax liabilities where they relate to corporate income taxes levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities.

	2024					
Deferred tax assets	UK £m	US £m	Canada £m	Spain £m	Germany £m	Total £m
Tax losses carried forward	0.2	1.8	3.7	9.3	–	15.0
Defined benefit pension scheme	2.8	–	–	–	–	2.8
Intangible assets	–	8.1	–	17.9	–	26.0
Tax credits	–	–	–	1.5	–	1.5
Other short-term temporary differences	5.5	53.0	1.1	2.1	18.0	79.7
	8.5	62.9	4.8	30.8	18.0	125.0

	2024					
Deferred tax liabilities	UK £m	US £m	Canada £m	Spain £m	Germany £m	Total £m
Accelerated tax depreciation	(11.2)	(59.7)	(6.4)	(22.4)	(1.6)	(101.3)
Other short-term temporary differences	–	(5.1)	–	(49.0)	(16.4)	(70.5)
	(11.2)	(64.8)	(6.4)	(71.4)	(18.0)	(171.8)

	2024					
Per Balance Sheet	UK £m	US £m	Canada £m	Spain £m	Germany £m	Total £m
Net deferred tax assets	–	–	–	–	–	–
Net deferred tax liabilities	(2.7)	(1.9)	(1.6)	(40.6)	–	(46.8)
Net deferred tax liabilities	(2.7)	(1.9)	(1.6)	(40.6)	–	(46.8)

	(Restated) 2023[1]					
Deferred tax assets	UK £m	US £m	Canada £m	Spain £m	Germany £m	Total £m
Tax losses carried forward	85.5	102.2	3.0	7.4	2.0	200.1
Defined benefit pension scheme	7.5	–	–	–	–	7.5
Intangible assets	–	–	–	21.4	–	21.4
Tax credits	–	10.5	–	1.8	–	12.3
Other short-term temporary differences	5.1	70.2	1.1	4.5	20.4	101.3
	98.1	182.9	4.1	35.1	22.4	342.6

1 Restated for a correction to the German Rail onerous contract provision, see note 2 for further information

	(Restated) 2023[1]					
Deferred tax liabilities	UK £m	US £m	Canada £m	Spain £m	Germany £m	Total £m
Accelerated tax depreciation	(13.9)	(69.0)	(6.0)	(25.9)	(5.5)	(120.3)
Intangible assets	–	(29.8)	–	–	–	(29.8)
Other short-term temporary differences	–	(3.8)	–	(53.1)	(18.0)	(74.9)
	(13.9)	(102.6)	(6.0)	(79.0)	(23.5)	(225.0)

1 Restated for a correction to the German Rail onerous contract provision, see note 2 for further information

27 Deferred tax continued

	(Restated) 2023[1]					
Per Balance Sheet	**UK £m**	**US £m**	**Canada £m**	**Spain £m**	**Germany £m**	**Total £m**
Net deferred tax assets	84.2	80.2	–	–	–	164.4
Net deferred tax liabilities	–	–	(1.9)	(43.9)	(1.0)	(46.8)
Net deferred tax assets/(liabilities)	84.2	80.2	(1.9)	(43.9)	(1.0)	117.6

1 Restated for a correction to the German Rail onerous contract provision, see note 2 for further information

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit is probable through the reversal of deferred tax liabilities and forecast future taxable profits. The same profit projections are used for these purposes as are used by the business, for example in assessing asset impairments. Refer to note 2 for details of the critical accounting judgements considered in recognising deferred tax assets at 31 December 2024.

(b) Unrecognised deferred tax assets

The Group did not recognise deferred tax assets in respect of tax losses carried forward as follows:

2024 Unrecognised tax losses	UK £m	USA £m	Germany £m	Spain £m	Morocco £m	Other £m	Total £m
Gross	**459.0**	**850.1**	**126.7**	**14.9**	**38.4**	**8.7**	**1,497.8**
Tax	**114.8**	**97.7**	**41.1**	**3.6**	**9.8**	**2.1**	**269.1**

(Restated) 2023[1] Unrecognised tax losses	UK £m	USA £m	Germany £m	Spain £m	Morocco £m	Other £m	Total £m
Gross	101.8	56.5	88.4	16.4	45.1	12.5	320.7
Tax	25.5	6.3	28.7	4.0	14.0	3.1	81.6

1 Restated for a correction to the German Rail onerous contract provision, see note 2 for further information

The benefits in respect of tax losses carried forward in the UK, Germany and Spain do not time expire. The benefits in respect of tax losses carried forward in the US relate to federal losses that do not time expire and state losses which expire within 5 to 20 years. The majority of the benefits in respect of tax losses carried forward in Morocco do not expire, however there is a small amount that are restricted to 4 years. The benefits of tax losses carried forward in Switzerland can be carried forward a maximum of 7 years.

The Group did not recognise deferred tax assets in respect of restricted interest expenses in the UK and US, and onerous contract provisions in Germany as follows:

2024 Unrecognised tax timing differences	UK £m	USA £m	Germany £m	Spain £m	Morocco £m	Other £m	Total £m
Gross	**107.7**	**93.1**	**120.5**	**–**	**–**	**–**	**321.3**
Tax	**26.9**	**36.7**	**39.1**	**–**	**–**	**–**	**102.7**

(Restated) 2023[1] Unrecognised tax timing differences	UK £m	USA £m	Germany £m	Spain £m	Morocco £m	Other £m	Total £m
Gross	38.5	–	77.2	–	–	–	115.7
Tax	9.6	–	25.0	–	–	–	34.6

1 Restated for a correction to the German Rail onerous contract provision, see note 2 for further information

The benefits in respect of restricted interest expenses in the UK and US do not time expire.

(c) Temporary differences associated with Group investments

At 31 December 2024, no deferred tax (2023: £nil) has been recognised on the unremitted earnings of subsidiaries, associates and joint ventures, as the Group has determined that these undistributed profits will not be distributed in the foreseeable future. As a result of changes to tax legislation in 2009, overseas dividends received on or after 1 July 2009 are generally exempt from UK corporation tax but they may be subject to withholding taxes or local tax liabilities incurred on distributions. At 31 December 2024, there are no temporary differences (2023: £nil) associated with investments in subsidiaries, associates and joint ventures, for which a deferred tax liability has not been recognised but for which a tax liability may arise.

27 Deferred tax continued

(d) 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 (see note below)	**15.4**	(5.3)
Deferred tax (credit)/charge on share-based payments	**(0.1)**	0.2
Total tax charge/(credit) for the Group	**19.3**	(7.1)

The £15.4m current year deferred tax charge on the hybrid instrument comprises of a £5.3m credit in relation to tax deductions for FY24 interest and a £20.7m charge reversing all cumulative credits accounted for in reserves which arises from the derecognition of UK deferred tax assets on tax losses.

28 Borrowings

	2024 £m	2023 £m
Non-current		
Bank loans	**72.3**	96.5
Bonds	**648.3**	659.2
Lease liabilities	**141.7**	130.2
Private placements	**396.5**	404.7
Non-current borrowings	**1,258.8**	1,290.6
Current		
Bank overdrafts	**41.4**	62.6
Bank loans	**107.9**	150.7
Lease liabilities	**52.5**	50.9
Accrued interest on borrowings	**7.1**	7.0
Current borrowings	**208.9**	271.2
Total borrowings	**1,467.7**	1,561.8

28 Borrowings continued

The effective interest rates on loans and borrowings at the balance sheet date were as follows:

	2024 £m	Maturity	Effective interest rate	2023 £m	Maturity	Effective interest rate
Bank overdrafts	**41.4**	**–**	**–**	62.6	–	–
Bank overdrafts	**41.4**			62.6		
9-year Sterling bond	**239.7**	**November 2028**	**GBP SONIA + 3.23%[1]**	231.6	November 2028	GBP SONIA + 1.98%[1]
8-year €500m Euro bond	**408.6**	**September 2031**	**4.875%**	427.6	September 2031	4.875%
Bonds	**648.3**			659.2		
European bank loans at fixed rate	**0.7**	**2025–2028**	**2.65%**	33.0	2024–2026	3.80%
European bank loans at floating rate	**3.0**	**2025–2027**	**EURIBOR + 0.75%**	1.2	2024–2025	EURIBOR + 0.75%
Moroccan bank loans	**40.9**	**2025–2029**	**4.27%**	58.9	2024–2029	4.25%
US asset backed bank loans	**56.5**	**2025–2030**	**2.92%**	70.3	2024–2030	3.03%
Advance factoring liabilities[2]	**79.1**	**2025**	**3.93%**	83.8	2024	4.85%
Bank loans	**180.2**			247.2		
US Dollar leases at fixed rate	**84.5**	**2025–2032**	**4.47%**	75.6	2024–2028	3.50%
European leases at fixed rate	**40.4**	**2026–2031**	**4.17%**	33.6	2024–2030	4.16%
European leases at floating rate	**0.1**	**2025–2027**	**EURIBOR + 1.00%**	0.3	2024–2025	EURIBOR + 1.00%
Sterling leases at fixed rate	**69.2**	**2025–2120**	**4.45%**	71.6	2024–2108	3.44%
Leases	**194.2**			181.1		
Private placements	**396.5**	**2027–2032**	**1.92%**	404.7	2027–2032	1.92%
Accrued interest – Bonds	**6.4**			6.3		
Accrued interest – Private placements	**0.7**			0.7		
Accrued interest on borrowings	**7.1**			7.0		
Total	**1,467.7**			1,561.8		

1 There is currently a fixed to floating interest rate swap in place until November 2025. Subsequent to this the bond reverts to a fixed rate of 3.63% until maturity. During the year, following a change in the Group's credit rating, the fixed rate on this bond increased from 2.38% to 3.63% effective from November 2024.

2 Advance factoring liabilities include £20.7m (2023: £17.4m) in ALSA at a floating rate with an average rate of 5.20% (2023: 5.20%), and £58.4m (2023: £66.4m) in German Rail with a fixed rate of 3.90% (2023: 4.75%).

The nominal value of the Group's bonds and private placements reconcile to the book values as shown in the table above as follows:

As at 31 December 2024	Nominal value £m	Unamortised deal fees £m	Fair value adjustment £m	Book value £m
9-year Sterling bond	**250.0**	**(1.6)**	**(8.7)**	**239.7**
8-year €500m Euro bond	**413.6**	**(5.0)**	**–**	**408.6**
Private placements	**397.2**	**(0.7)**	**–**	**396.5**

As at 31 December 2023	Nominal value £m	Unamortised deal fees £m	Fair value adjustment £m	Book value £m
9-year Sterling bond	250.0	(2.0)	(16.4)	231.6
8-year €500m Euro bond	433.6	(6.0)	–	427.6
Private placements	405.7	(1.0)	–	404.7

The Group currently has £600.0m of unsecured committed revolving credit facilities, details of which are set out in the liquidity risk section of note 29.

28 Borrowings continued

The following table sets out the carrying amount, by maturity, of the Group's interest-bearing borrowings and deposits, including other debt receivables and finance lease receivables:

As at 31 December 2024	< 1 year £m	1–2 years £m	2–3 years £m	3–4 years £m	4–5 years £m	> 5 years £m	Total £m
Fixed rate							
Bank loans	**(86.5)**	**(24.6)**	**(23.4)**	**(18.4)**	**(3.3)**	**(1.1)**	**(157.3)**
Bonds	**–**	**–**	**–**	**–**	**–**	**(408.6)**	**(408.6)**
Finance lease receivables	**3.2**	**2.6**	**2.4**	**2.5**	**2.1**	**5.2**	**18.0**
Lease liabilities	**(52.5)**	**(36.1)**	**(25.6)**	**(21.6)**	**(12.2)**	**(46.1)**	**(194.1)**
Private placements	**–**	**–**	**(233.5)**	**–**	**–**	**(163.0)**	**(396.5)**
Floating rate							
Cash assets	**244.5**	**–**	**–**	**–**	**–**	**–**	**244.5**
Other debt receivables	**2.7**	**–**	**–**	**–**	**–**	**–**	**2.7**
Bank overdrafts	**(41.4)**	**–**	**–**	**–**	**–**	**–**	**(41.4)**
Bank loans	**(21.4)**	**–**	**(1.5)**	**–**	**–**	**–**	**(22.9)**
Bonds	**–**	**–**	**–**	**(239.7)**	**–**	**–**	**(239.7)**
Lease liabilities	**–**	**(0.1)**	**–**	**–**	**–**	**–**	**(0.1)**

As at 31 December 2023	< 1 year £m	1–2 years £m	2–3 years £m	3–4 years £m	4–5 years £m	> 5 years £m	Total £m
Fixed rate							
Bank loans	(132.1)	(27.9)	(24.4)	(22.4)	(17.5)	(4.3)	(228.6)
Bonds	–	–	–	–	–	(427.6)	(427.6)
Finance lease receivables	2.7	1.4	0.5	0.6	0.4	3.6	9.2
Lease liabilities	(50.6)	(30.5)	(23.2)	(14.5)	(11.7)	(50.3)	(180.8)
Private placements	–	–	–	(233.9)	–	(170.8)	(404.7)
Floating rate							
Cash assets	356.3	–	–	–	–	–	356.3
Other debt receivables	2.9	–	–	–	–	–	2.9
Bank overdrafts	(62.6)	–	–	–	–	–	(62.6)
Bank loans	(18.6)	–	–	–	–	–	(18.6)
Bonds	–	–	–	–	(231.6)	–	(231.6)
Lease liabilities	(0.3)	–	–	–	–	–	(0.3)

29 Financial risk management objectives and policies

Financial risk factors and management

The Group is exposed to risks relating to fuel prices, foreign currency exchange rates, interest rates and the availability of funding at reasonable margins. The Group has in place a risk management programme that seeks to manage the impact of these risks on the financial performance of the Group by using financial instruments including borrowings, committed facilities and forward foreign exchange, fuel and interest rate derivatives.

The Board of Directors has delegated the responsibility for implementing the financial risk management policies laid down by the Board to the Group Chief Financial Officer and the Group Treasurer. The policies are implemented by the Group Treasury department with regular reporting to the Chief Financial Officer and the Audit Committee on its activities.

There have been no substantive changes in the Group's exposure to financial risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Foreign currency

The Group has major foreign operations in the USA, Canada, Spain and Morocco, and as a result is exposed to the movements in foreign currency exchange rates on the translation of these foreign currency denominated net assets.

The Group seeks to reduce this foreign currency exchange movement risk by using a combination of foreign currency borrowings and entering into derivative financial instruments, such as cross currency interest rate swaps and foreign exchange forward contracts.

The Group also uses foreign exchange forward contracts to hedge certain transactional exposures. These contracts are not hedge accounted and all gains and losses are taken directly to the Income Statement and be equally offset in the Income Statement by movement in the underlying transactional exposures.

29 Financial risk management objectives and policies continued

At the year end, the Group had outstanding foreign exchange derivatives for net investment purposes of USD 474.0m and CAD 46.0m (2023: foreign exchange derivatives for net investment purposes of USD 320.0m and CAD 46.0m). These foreign exchange forward contracts are derivative financial instruments designated as net investment hedges of foreign currency assets. Borrowings of EUR 740.0m (2023: EUR 740.0m) are also designated as a net investment hedge. The Group's internal policy is for levels of net investment hedges by currency to not exceed 80% of the underlying foreign currency net assets.

If there was a 10% movement in foreign currency exchange rates, the effect on the translation reserve from a movement in the translated value of the foreign currency denominated loans and change in fair value of the derivative contracts would be an exchange gain or loss of £31.8m (2023: £30.5m) relating to US Dollar, £79.3m (2023: £45.3m) relating to Euro, and £1.1m (2023: £0.4m) relating to Canadian Dollar. These movements would be partially offset by an opposite movement in the translated value of the related portion of the Group's overseas net investments.

Interest rate risk

The Group is exposed to movements in interest rates on both interest-bearing assets and liabilities. It is the Group's policy to maintain an appropriate balance between fixed and floating interest rates on borrowings in order to provide a level of certainty to interest expense in the short term and to reduce the year-on-year impact of interest rate fluctuations over the medium term. To achieve the desired fixed:floating ratio, the Group has entered into a series of interest rate swaps that have the effect of converting fixed rate debt to floating rate debt. The net effect of these transactions was that as at 31 December 2024, the proportion of the Group's gross debt at floating rates was 21% (2023: 21%).

During the year, inflation and fiscal policy have impacted the interest rate on the floating portion of debt. If the interest rates applicable to floating rate instruments were increased by 100 basis points, with all other variables held constant, it is estimated that the Group's profit before taxation would decrease by approximately £2.5m (2023: £2.5m) relating to Sterling. The analysis assumes that the amount and mix of floating rate instruments, including finance leases, remains unchanged from that in place at 31 December 2024.

Certain fixed rate borrowings are impacted by changes in the Group's credit rating. During the year, following a change in the Group's credit rating, the 9-year sterling bond fixed interest rate increased from 2.38% to 3.63% effective from November 2024. The annualised impact of this change in future years is a £3.1m increase in interest costs. Additionally, the margin charged on utilisations of the Group's £600.0m unsecured committed revolving credit facility increased from GBP SONIA + 0.55% to GBP SONIA + 0.85% during the year due to the credit rating changes. No other fixed rate borrowings are impacted by any changes to the Group's credit rating.

Commodity prices

The Group is exposed to movements in commodity prices as a result of its fuel usage. It is the Group's policy to hedge this exposure in order to provide a level of certainty as to its cost in the short term and to reduce the year-on-year impact of price fluctuations over the medium term. This is achieved by entering into fuel derivatives. At 31 December 2024, the Group had hedged approximately 98% of its 2025 expected usage, 52% of its expected usage in 2026 and 13% of its expected usage in 2027.

The effect on the hedging reserve arises through movements on the fair value of the Group's fuel derivatives. For these derivative contracts the sensitivity of the net fair value to an immediate 10% increase or decrease in all prices, with all other variables held constant, would have been a movement to the Group's hedging reserve of £3.3m relating to sterling dominated contracts, £3.2m relating to US Dollar dominated contracts and £7.8m relating to Euro dominated contracts, at 31 December 2024 (2023: £4.0m relating to sterling dominated contracts, £5.1m relating to US Dollar dominated contracts and £6.9m relating to Euro dominated contracts).

Credit risk

(i) Risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk is managed by a combination of Group Treasury and divisional management, and arises from cash and cash equivalents, derivative financial instruments and credit exposures to amounts due from outstanding receivables and committed transactions. The maximum credit risk exposure of the Group is the net carrying value of each of its financial assets, which are shown within the classification of financial instruments table in note 30.

Credit risk is primarily attributable to trade and other receivables and is mitigated by a number of factors. Many of the Group's principal customers, suppliers and financial institutions with which it conducts business are local public (or quasi-public) bodies, including school boards in North America, municipal authorities in Spain and Morocco, West Midlands Combined Authority in the UK, and regional authorities in Germany. The Group does not consider these counterparties to pose a significant credit risk, particularly as even in the event of financial or liquidity issues suffered by public bodies, the nature of the services provided by the Group are very likely to be classified as essential or priority and therefore we would still anticipate settlement of any amounts owed. Outside of this, the Group does not consider it has significant concentrations of credit risk. The Group continues to monitor the economic environment and has taken actions to limit its exposure to customers that are severely impacted. As a minimum, the Group has implemented policies that require appropriate credit checks on potential customers before sales commence.

Net cash and cash equivalents and derivative financial instruments are held with counterparties with a minimum of BBB- credit rating assigned by international credit rating agencies. The Group Treasury Committee continually assesses the credit risk of each counterparty, including monitoring credit ratings and tier 1 capital of each counterparty. Additionally, Group policy sets limits on counterparty exposure according to credit ratings.

29 Financial risk management objectives and policies continued

(ii) Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses for all trade receivables (including grant receivables and related party receivables, which are deemed similar in nature to trade receivables), and contract assets at each reporting date. Provision matrices are used to measure expected losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns, such as geographical region, service type, and customer type and rating. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The characteristics used to determine the groupings of customer segments are those that have the greatest impact on the likelihood of default. Given the diversity of characteristics of different customer segments, the Group applies different definitions of default for different groups of customers. The risk of default increases once the receivable is past due and increases in 30 day increments. The majority of the Group's customers are governmental or similar bodies and hence there are not considered to be any issues with the recoverability of these receivables.

The table below shows the credit risk exposure on the Group's trade receivables (including grant receivables and related party receivables) and contract assets as at 31 December 2024:

			Days past due			
31 December 2024	Carrying amount £m	Not yet due £m	Less than 30 days £m	Between 30 and 60 days £m	Between 61 and 90 days £m	Over 90 days £m
Gross carrying amount – trade and grant receivables, related party receivables and contract assets (current and non-current)	**608.4**	**347.9**	**70.7**	**17.2**	**12.6**	**160.0**
Loss allowance	**(41.5)**	**(2.3)**	**(1.8)**	**(1.3)**	**(2.5)**	**(33.6)**
	566.9	**345.6**	**68.9**	**15.9**	**10.1**	**126.4**
Expected loss rate	**6.8%**	**0.7%**	**2.5%**	**7.6%**	**19.8%**	**21.0%**

			Days past due			
31 December 2023	Carrying amount £m	Not yet due £m	Less than 30 days £m	Between 30 and 60 days £m	Between 61 and 90 days £m	Over 90 days £m
Gross carrying amount – trade and grant receivables, related party receivables and contract assets (current and non-current)	573.5	393.8	33.3	25.5	13.3	107.6
Loss allowance	(41.5)	(1.8)	(1.3)	(1.5)	(2.0)	(34.9)
	532.0	392.0	32.0	24.0	11.3	72.7
Expected loss rate	7.2%	0.5%	3.9%	5.9%	15.0%	32.4%

Trade and grant receivables and contract assets over 90 days primarily comprises amounts due from public authorities in ALSA where amounts are settled on approval from the local governing bodies at the end of the school period. A loss provision of £33.6m (2023: £34.9m) is in place against these receivables.

The closing loss allowance for trade and grant receivables and contract assets as at 31 December 2024 reconciles to the opening loss allowance as follows:

	2024 £m	2023 £m
At 1 January	**41.5**	43.2
Net increase/(decrease) in loss allowance recognised in Income Statement during the year	**3.2**	(0.1)
Utilised in the year	**(1.7)**	(0.7)
Acquisitions	**0.3**	–
Exchange difference	**(1.8)**	(0.9)
At 31 December	**41.5**	41.5

Trade and grant receivables and contract assets are written off when there is no reasonable expectation of recovery.

Impairment losses on Trade and grant receivables and contract assets are presented as net impairment losses within operating profit or loss. Subsequent recoveries of amounts previously written off are credited against the same item.

Impairment provisions in respect of cash and cash equivalents, other receivables and finance lease receivables are also subject to the requirements of IFRS 9. As our cash and cash equivalents are held with counterparties with a minimum of BBB- credit rating, impairment loss was considered insignificant at the reporting date. Similarly, impairment loss in relation to other receivables and finance lease receivables was considered insignificant.

29 Financial risk management objectives and policies continued

Liquidity risk

Liquidity risk is the risk that the Group, although solvent, will have difficulty in meeting its obligations associated with its financial liabilities as they fall due.

Funding for the Group is coordinated centrally by the treasury function and with the Group's forecast funding requirements and its debt facilities being reported to and monitored on an ongoing basis by the treasury function and formally via the monthly Treasury Committee. The level of facilities is maintained such that facilities and term loans exceed the forecast peak gross debt of the Group over a rolling 12-month view, with minimum headroom of at least £300.0m maintained, taking into account market conditions and corporate activity, including acquisitions and organic growth plans. The minimum funding headroom assumes that factoring facilities are not available.

Short-term funding requirements are met through use of cash and cash equivalents and drawings under unsecured committed revolving credit facilities if required. Most of the Group's cash is held in the UK, the USA and Spain. In the UK the Group utilises a pooling arrangement with its main relationship bank to manage its cash on a net basis.

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 total £0.9m (2023: £2.6m).

The Group currently has £600.0m of unsecured committed revolving credit facilities, of which £29.0m matures in 2028 and £571.0m matures in 2029. There is a further extension option available in 2025 to extend the maturity further to 2030. At 31 December 2024, there was £nil (2023: £nil) drawn-down on the facilities. The maximum draw down of the revolving credit facility during the year was £195.0m (2023: £125.0m).

The Group is subject to a number of financial covenants in relation to its syndicated credit facilities which, if contravened, could result in its borrowings under those facilities becoming immediately repayable. These covenants specify maximum Covenant net debt to Covenant EBITDA (being no greater than 3.5 times) and minimum Covenant EBITDA to net interest payable (being at least 3.5 times). Both of these covenant tests were met at both the 30 June 2024 and 31 December 2024 testing periods.

Medium and long-term funding requirements are met through committed debt facilities as detailed in note 28.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2024 based on the contractual undiscounted cash flows, including interest cash flows. As such, the amounts in this table will not agree to the carrying amounts disclosed in the Balance Sheet or other notes. The table includes cash flows associated with derivative hedging instruments. Their amounts reflect the maturity profile of the fair value liability where the instrument will be settled net, and the gross settlement amount where the pay leg of a derivative will be settled separately to the receive leg.

Year ended 31 December 2024	Carrying amounts £m	Contractual cash flows £m	< 1 year £m	1–2 years £m	2–3 years £m	3–5 years £m	> 5 years £m
Non-derivative financial liabilities							
Bank overdrafts	**(41.4)**	**(41.4)**	**(41.4)**	**–**	**–**	**–**	**–**
Bank loans	**(180.2)**	**(181.5)**	**(106.2)**	**(26.8)**	**(24.8)**	**(22.5)**	**(1.2)**
Bonds	**(648.3)**	**(840.9)**	**(29.2)**	**(29.2)**	**(29.2)**	**(299.4)**	**(453.9)**
Lease liabilities	**(194.2)**	**(205.1)**	**(56.0)**	**(38.3)**	**(27.5)**	**(35.7)**	**(47.6)**
Private placements	**(396.5)**	**(424.3)**	**(7.8)**	**(7.8)**	**(239.0)**	**(4.5)**	**(165.2)**
Trade and other payables[1]	**(945.1)**	**(945.1)**	**(857.9)**	**(87.2)**	**–**	**–**	**–**
	(2,405.7)	**(2,638.3)**	**(1,098.5)**	**(189.3)**	**(320.5)**	**(362.1)**	**(667.9)**
Derivative financial liabilities							
Foreign exchange derivatives	**(26.8)**	**(26.8)**	**(26.8)**	**–**	**–**	**–**	**–**
Interest rate derivatives	**(9.9)**	**(10.4)**	**(10.4)**	**–**	**–**	**–**	**–**
Cross currency swaps	**(0.3)**	**(0.6)**	**–**	**–**	**(0.6)**	**–**	**–**
Fuel derivatives	**(11.1)**	**(11.5)**	**(8.2)**	**(3.0)**	**(0.3)**	**–**	**–**
	(48.1)	**(49.3)**	**(45.4)**	**(3.0)**	**(0.9)**	**–**	**–**

1 Trade and other payables as stated in this table does not directly reconcile with the amounts shown in notes 24 and 25 as it excludes contract liabilities (except for those in relation to service concession arrangements), other tax and social security, deferred expense-related grants and deferred fixed asset grants.

29 Financial risk management objectives and policies continued

Year ended 31 December 2023	Carrying amounts £m	Contractual cash flows £m	< 1 year £m	1–2 years £m	2–3 years £m	3–5 years £m	> 5 years £m
Non-derivative financial liabilities							
Bank overdrafts	(62.6)	(62.6)	(62.6)	–	–	–	–
Bank loans	(247.2)	(257.6)	(153.4)	(30.9)	(26.7)	(42.0)	(4.6)
Bonds	(659.2)	(882.6)	(27.1)	(27.1)	(27.1)	(304.2)	(497.1)
Lease liabilities	(181.1)	(187.8)	(53.9)	(31.3)	(24.3)	(30.2)	(48.1)
Private placements	(404.7)	(441.0)	(7.9)	(7.9)	(7.9)	(241.8)	(175.5)
Trade and other payables[1]	(871.0)	(871.0)	(788.6)	(82.4)	–	–	–
	(2,425.8)	(2,702.6)	(1,093.5)	(179.6)	(86.0)	(618.2)	(725.3)
Derivative financial liabilities							
Foreign exchange derivatives	(10.7)	(8.4)	(8.4)	–	–	–	–
Interest rate derivatives	(17.8)	(18.8)	(11.3)	(7.5)	–	–	–
Cross currency swaps	(1.6)	(1.4)	–	–	–	(1.4)	–
Fuel derivatives	(16.8)	(17.4)	(10.1)	(6.0)	(1.3)	–	–
	(46.9)	(46.0)	(29.8)	(13.5)	(1.3)	(1.4)	–

1 Trade and other payables as stated in this table does not directly reconcile with the amounts shown in notes 24 and 25 as it excludes contract liabilities (except for those in relation to service concession arrangements), tax and social security, deferred expense related grants and deferred fixed asset grants.

Capital risk management

The objective of capital management is to ensure that the Group is able to continue as a going concern while delivering shareholder expectations of a strong capital base as well as returning benefits for other stakeholders.

The Group's capital structure consists of equity (refer to the Group Statement of Changes in Equity) and adjusted net debt (refer to note 37).

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's debt is monitored on the basis of a gearing ratio, being Covenant net debt divided by Covenant EBITDA, further details of which are provided in the Group Chief Financial Officer's review.

The Group also uses ROCE as a measure of its ability to drive better returns on the capital invested in the Group's operations, further details of which are provided in the Group Chief Financial Officer's review.

Fair values

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and include trade and other receivables and cash and cash equivalents. After initial fair value recognition, they are measured at amortised cost using the effective interest rate method. The fair value of these instruments approximates their carrying amounts, largely due to the short-term maturities.

The Group's derivatives are measured at fair value, categorised within Level 2 (i.e. the fair values are derived based on observable market inputs). The valuation of interest rate derivatives and fuel derivatives are based on the forward curve and discount curve, both calculated using sets of market data. The valuation of FX forward contracts is based on observable FX spot rates, FX forward rates, and the interest rate curve of the domestic currency. Cross currency swap derivatives are valued based on observable discount curve and spot rates to ascertain the net value of each leg of cash flows. All derivative valuations are adjusted as appropriate for CVA/DVA values which are independently calculated.

Financial assets at fair value through Other Comprehensive Income relates to the Group's non-listed equity investments and are categorised within Level 3 (values determined by reference to significant unobservable inputs). Refer to note 17 for further details on the valuation technique.

Financial liabilities at amortised cost are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market and include trade and other payables, bank loans, bank overdrafts, bonds, private placements and lease liabilities. After initial fair value recognition, they are measured at amortised cost using the effective interest rate method. The fair value of these instruments approximates their carrying amounts, largely due to the short-term maturities.

In August 2021, the Group entered into an interest rate derivative whereby a series of interest rate swaps equal in value to the £250.0m bond measured at amortised cost, were designated as a fair value hedge. Consequently, the carrying value of the bond is adjusted for changes in fair value attributable to the interest rate risk being hedged which is valued as per above interest rate derivatives. See note 28 for the fair value adjustment as at 31 December 2024.

Deferred contingent consideration are also valued at fair value, categorised within Level 3, further details of which can be found within note 19.

29 Financial risk management objectives and policies continued

There have not been any transfers of assets or liabilities between levels of the fair value hierarchy and there are no non-recurring fair value movements.

The following table illustrates the carrying values of all financial assets and liabilities held by the Group at 31 December:

	Amortised cost		At fair value through Other Comprehensive Income		At fair value through profit or loss		Derivatives used for hedging	
Classification of financial instruments	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
Assets								
Investments	–	–	**25.0**	15.2	–	–	–	–
Fuel derivatives	–	–	–	–	–	–	**1.7**	4.8
Cross currency swaps	–	–	–	–	–	–	**0.4**	0.4
Foreign exchange derivatives	–	–	–	–	**10.7**	5.7	–	0.3
Cash and cash equivalents	**244.5**	356.3	–	–	–	–	–	–
Other debt receivables	**2.7**	2.9	–	–	–	–	–	–
Finance lease receivables	**18.0**	9.2	–	–	–	–	–	–
Trade and other receivables[1]	**504.6**	508.6	–	–	–	–	–	–
	770.0	877.0	**25.0**	15.2	**10.7**	5.7	**2.1**	5.5
Liabilities								
Bank overdrafts	**(41.4)**	(62.6)	–	–	–	–	–	–
Bank loans	**(180.2)**	(247.2)	–	–	–	–	–	–
Bonds	**(648.3)**	(659.2)	–	–	–	–	–	–
Lease liabilities	**(194.2)**	(181.1)	–	–	–	–	–	–
Private placements	**(396.5)**	(404.7)	–	–	–	–	–	–
Fuel derivatives	–	–	–	–	–	–	**(11.1)**	(16.8)
Interest rate derivatives	–	–	–	–	–	–	**(9.9)**	(17.8)
Cross currency swaps	–	–	–	–	–	–	**(0.3)**	(1.6)
Foreign exchange derivatives	–	–	–	–	**(15.9)**	(6.9)	**(10.9)**	(3.8)
Trade and other payables[2]	**(930.4)**	(862.3)	–	–	**(14.7)**	(8.7)	–	–
	(2,391.0)	(2,417.1)	–	–	**(30.6)**	(15.6)	**(32.2)**	(40.0)

1 Trade and other receivables as stated in this table does not directly reconcile with the amounts shown in notes 20 and 22 as it excludes contract assets (except for those in relation to service concession arrangements), and prepayments.

2 Trade and other payables as stated in this table does not directly reconcile with the amounts shown in notes 24 and 25 as it excludes contract liabilities (except for those in relation to service concession arrangements), other tax and social security, deferred expense related grants and deferred fixed asset grants.

30 Derivative financial instruments

Derivative financial assets and liabilities on the balance sheet are as follows:

	2024 £m	2023 £m
Fuel derivatives	**0.2**	0.1
Non-current derivative financial assets	**0.2**	0.1
Fuel derivatives	**1.5**	4.7
Cross currency swaps	**0.4**	0.4
Foreign exchange derivatives	**10.7**	6.0
Current derivative financial assets	**12.6**	11.1
Fuel derivatives	**(3.1)**	(6.7)
Cross currency swaps	**(0.3)**	(1.6)
Interest rate derivatives	**–**	(7.0)
Non-current derivative financial liabilities	**(3.4)**	(15.3)
Fuel derivatives	**(8.0)**	(10.1)
Interest rate derivatives	**(9.9)**	(10.8)
Foreign exchange derivatives	**(26.8)**	(10.7)
Current derivative financial liabilities	**(44.7)**	(31.6)

The Group uses derivative financial instruments to manage exposures to market risk, such as movements in foreign exchange rates, fuel prices and interest rates. Such derivative financial instruments are initially recognised at fair value and are subsequently re-measured at fair value at the end of each reporting period. In line with IFRS 9, the Group classifies hedges as:

(i) fair value hedges used to hedge exposure to changes in the fair value of a recognised asset or liability; (ii) cash flow hedges used to hedge exposure to variability in cash flows associated with a recognised asset or liability or a highly probable forecast transaction; and (iii) hedges of a net investment in a foreign operation.

In 2024, the Group applied cash flow hedge accounting to hedge fuel price risk and to hedge foreign currency risk on a US dollar denominated private placement. The Group applied net investment hedge accounting to hedge net investments in its North American and European foreign operations. The Group also applied fair value hedge accounting to hedge interest rate risk.

The Group also uses foreign exchange forward contracts to hedge certain transactional exposures. These contracts are not hedge accounted and all gains and losses are taken directly to the Income Statement.

30 Derivative financial instruments continued

A summary of the Group's hedging activities is as follows:

Cash flow hedges – fuel derivatives

During the year, £2.2m of fair value gains (2023: £9.3m of fair value losses) have been transferred to the cash flow hedge reserve due to movements in market fuel prices. A fair value gain of £0.9m (2023: £30.1m gain) has been transferred from the cash flow hedge reserve to the carrying value of inventory following settlement of fuel trades; this comprised a gain of £30.1m (2023: £29.1m gain), being the hedging reserve position at 1 January and a £29.2m loss (2023: £1.0 gain) generated during the year due to movements in market fuel prices. No material ineffectiveness was recognised in relation to these hedges. Possible ineffectiveness may arise due to changes in the actual settlement date and/or settlement amount.

Fuel derivatives can be analysed as follows:

Hedge type	2024 Cash flow Hedge	2023 Cash flow Hedge
Risk	**Commodity price risk**	Commodity price risk
Nominal amount of hedging	**342.1m litres**	351.7m litres
Ageing of nominal amount:		
< 1 year	**203.8m litres**	217.3m litres
1-2 years	**110.1m litres**	100.8m litres
2-5 years	**28.2m litres**	33.6m litres
> 5 years	**–**	–
Average hedged rate	**£0.49/litre**	£0.51/litre
Maturity	**2025 – 2027**	2024 – 2026
Carrying amount of hedging instruments (£m)		
Assets – derivatives	**1.7**	4.8
Liabilities – derivatives	**(11.1)**	(16.8)
Changes in fair value of hedged item for calculating hedge effectiveness[1]	**2.2**	12.9
Changes in fair value of hedged instrument used for calculating hedge effectiveness[1]	**2.0**	(13.6)
Amounts accumulated in reserves at 31 December 2024	**7.9**	6.6

3 Inclusive of cash settlements for the period

30 Derivative financial instruments continued

Cash flow hedges – cross currency swaps

In June 2020, the Group entered into an $81.0m cross currency swap that pays fixed GBP interest semi-annually and receives fixed USD interest semi-annually. This is designated as a cash flow hedge of foreign currency risk with maturities matching an $81.0m private placement maturing in June 2027. During the year, a £1.6m change in fair value was recognised through the cash flow hedge reserve, and £1.6m was reclassified from the cash flow hedge reserve to the Income Statement. No material ineffectiveness was recognised during the year. Possible ineffectiveness may arise due to the movement in the Group's and the derivative counterparty's credit spread, resulting in fair value movements in the hedging instruments that are not reflected in the fair value movements in the hedged transaction; and also if there are any changes in the critical terms of the hedged transaction such that they no longer match those of the hedging instrument. The effects of the cash flow hedge are as follows at 31 December:

Hedge type	2024 Cash flow Hedge	2023 Cash flow Hedge
Risk	**Foreign currency risk**	Foreign currency risk
Nominal amount of hedging	**USD 81m**	USD 81m
Ageing of nominal amount:		
< 1 year	**–**	–
1-2 years	**–**	–
2-5 years	**USD 81m**	USD 81m
> 5 years	**–**	–
Average hedged rate	**2.43%**	2.43%
Maturity	**2027**	2027
Carrying amount of hedging instruments (£m)		
Assets – derivatives	**0.4**	0.4
Liabilities – derivatives	**(0.3)**	(1.6)
Carrying amount of hedged item – borrowings (£m)	**(64.7)**	(63.6)
Changes in fair value of hedged item for calculating hedge effectiveness[1]	**1.7**	(4.0)
Changes in fair value of hedged instrument used for calculating hedge effectiveness1	**(1.7)**	4.1
Amounts accumulated in reserves at 31 December 2024	**(1.2)**	(1.2)

1 Inclusive of cash settlements for the period

Net investment hedges

At 31 December 2024, the Group had designated EUR 240.0m of private placements and EUR 500.0m of bonds as net investment hedges of the net assets of the Group's European subsidiaries. Similarly, USD 474.0m and CAD 46.0m of foreign exchange forward contracts were designated as a hedge of the net assets of the Group's North America subsidiaries. No material ineffectiveness was recognised in relation to these hedges. Possible ineffectiveness may arise from movements in the Group's or derivative counterparty's credit spread resulting in fair value movements in the hedging instrument that are not reflected in the fair value movements of the hedged net investment.

30 Derivative financial instruments continued

Fair value hedges

In August 2021, the Group entered into a series of interest rate swaps equal in value to the £250.0m bond. These interest rate swaps all pay fixed interest annually and receive floating interest (GBP SONIA + margin) annually with cash settlements matching that of the £250.0m bond. They are designated as a fair value hedge of the interest rate risk on the £250.0m bond. These swaps as measured at fair value through profit and loss, with any gains and losses being taken immediately to the Income Statement to offset any fair value gains or losses due to changes in the risk-free rate on the £250.0m bond. During the year, a fair value gain of £7.7m (2023: fair value gain of £9.9m) was recognised in the Income Statement and was offset by a fair value loss of £7.7m (2023: £9.9m loss) on the underlying hedged item due to changes in the risk-free interest rate. No material ineffectiveness was recognised during the year. Possible ineffectiveness may arise due to the movement in the Group's and the derivative counterparty's credit spread, resulting in fair value movements in the hedging instruments that are not reflected in the fair value movements in the hedged transaction; and also if there are any changes in the critical terms of the hedged transaction such that they no longer match those of the hedging instrument.

Hedge type	2024 Net investment hedge	2023 Net investment hedge	2024 Fair value hedge	2023 Fair value hedge
Risk	**Foreign currency risk**	Foreign currency risk	**Interest rate risk**	Interest rate risk
Nominal amount of hedging	**CAD 46.0m**	CAD 46.0m		
	USD 474.0m	USD 320.0m		
	EUR 740.0m	EUR 740.0m	**GBP 250.0m**	GBP 250.0m
Ageing of nominal amount:				
< 1 year	**CAD 46.0m**	CAD 46.0m		
	USD 474.0m	USD 320.0m	**GBP 250.0m**	–
1-2 years	**–**	–	**–**	GBP 250.0m
2-5 years	**EUR 43.0m**	EUR 43.0m	**–**	–
> 5 years	**EUR 697.0m**	EUR 697.0m	**–**	–
Average hedged rate	**–**	–	**GBP SONIA + 1.98%**	GBP SONIA + 1.98%
Maturity	**2025 – 2032**	2024 – 2032	**2025**	2025
Carrying amount of hedging instruments (£m)				
Assets – derivatives	**–**	0.3	**–**	–
Liabilities – derivatives	**(10.9)**	(3.8)	**(9.9)**	(17.8)
Liabilities – borrowings[1]	**(612.2)**	(641.8)	**–**	–
Carrying amount of hedged item – borrowings (£m)	**–**	–	**(239.7)**	(231.6)
Changes in fair value of hedged item for calculating hedge effectiveness[2]	**(8.3)**	8.9	**(7.7)**	(9.9)
Changes in fair value of hedged instrument used for calculating hedge effectiveness[2]	**8.3**	(8.9)	**7.7**	9.9
Amounts accumulated in reserves at 31 December 2024	**(37.6)**	(15.9)	**–**	–
Accumulated fair value hedge adjustment on borrowings	**–**	–	**8.7**	16.4

1 Represents the carrying value of the €240.0m Euro-denominated private placements and the €500.0m Euro bond

2 Inclusive of cash settlements for the period

31 Share capital and reserves

Authorised, issued and fully paid:	No. of shares	2024 £m	No. of shares	2023 £m
At 1 January and 31 December	**614,086,377**	**30.7**	614,086,377	30.7

Each share has a par value of 5p.

The total number of share options exercised in the year was 825,839 (2023: 162,261) of which 776,967 (2023: all) exercises were satisfied by transferring shares from the National Express Employee Benefit Trust.

Own shares (2024: (£4.3m), 2023: (£3.6m))

Own shares comprises 3,742,873 (2023: 1,108,461) ordinary shares in the Company that have been purchased by the trustees of the National Express Employee Benefit Trust (the Trust). During the year, the Trust purchased 3,411,379 (2023: 2,419 shares), and 776,967 (2023: 162,261) shares were used to satisfy options granted under a number of the Company's share schemes. Nil shares (2023: nil) were sold during the year to the open market.

The market value of the shares held by the Trust at 31 December 2024 was £3.0m (2023: £0.9m). Dividends are payable on nil (2023: 283,688).

Hybrid reserves (2024: £513.0m, 2023: £513.0m)

The Group has in issue a Sterling denominated hybrid instrument of £500m, with an annual coupon rate of 4.25%. The contractual terms of the instrument allow the Group to defer coupon payments and the repayment of the principal indefinitely. However, any deferred payments must be made in the event of a dividend distribution. The instrument was issued in November 2020 and the terms also allow for the instrument to be redeemed at the option of the Group at five years after issue (first call date) and 10 years (second call date), and subsequently at each coupon date or in the event of highly specific circumstances (such as a change in IFRS or change of control). As the Group has the unconditional right to avoid transferring cash or another financial asset in relation to this instrument, it is classified within equity. The annual coupon rate is fixed for the first five years, and thereafter reset according to the specific terms of the issuance.

Other reserves

	Capital redemption reserve £m	Merger reserve £m	Fair value reserve of financial assets at FVOCI £m	Cash flow hedge reserve £m	Cost of hedging reserve £m	Net investment hedge reserve £m	Translation reserve £m	Total £m
At 1 January 2024 (Restated)[1]	**0.2**	**239.5**	**–**	**(5.6)**	**(0.1)**	**16.0**	**147.6**	**397.6**
Exchange differences on retranslation of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**(31.6)**	**(31.6)**
Gains on financial assets classified as fair value through Other Comprehensive Income	**–**	**–**	**9.1**	**–**	**–**	**–**	**–**	**9.1**
Gains on hedges	**–**	**–**	**–**	**3.8**	**–**	**21.3**	**–**	**25.1**
Hedging gains reclassified to Income Statement	**–**	**–**	**–**	**(1.5)**	**(0.1)**	**–**	**–**	**(1.6)**
Hedging gains and losses and costs of hedging transferred to the cost of inventory	**–**	**–**	**–**	**(0.9)**	**–**	**–**	**–**	**(0.9)**
Cost of hedging	**–**	**–**	**–**	**–**	**0.2**	**–**	**–**	**0.2**
Deferred tax	**–**	**–**	**–**	**(0.7)**	**–**	**(0.5)**	**–**	**(1.2)**
At 31 December 2024	**0.2**	**239.5**	**9.1**	**(4.9)**	**–**	**36.8**	**116.0**	**396.7**

1 Restated for a correction to the German Rail onerous contract provision, see note 2 for further information

The nature and purpose of the other reserves are as follows:

- The merger reserve included the premium on shares issued to satisfy the purchase of Prism Rail PLC in 2000 and the share issue during 2020.
- The cash flow hedge reserve and net investment hedge reserve records the movements on designated hedging instruments, offset by any movements recognised in equity on underlying hedged items.
- The cost of hedging reserve records the movements in the currency basis, which are excluded from the hedging instrument on the designated hedging instruments in the cash flow and net investment hedge reserves.
- The translation reserve records exchange differences arising from the translation of the accounts of foreign currency denominated subsidiaries offset by the movements on loans and derivatives used to hedge the net investment in foreign subsidiaries and cost of hedging.
- The fair value reserve is for fair value movements on financial assets that are classified as fair value through Other Comprehensive Income.

31 Share capital and reserves continued

	Capital redemption reserve £m	Merger reserve £m	Fair value reserve of financial assets at FVOCI £m	Cash flow hedge reserve £m	Cost of hedging reserve £m	Net investment hedge reserve £m	(Restated) Translation Reserve[1] £m	(Restated) Total[1] £m
At 1 January 2023	0.2	239.5	1.4	31.5	(0.1)	(13.3)	221.9	481.1
Exchange differences on retranslation of foreign operations	–	–	–	–	–	–	(74.3)	(74.3)
Gains on financial assets classified as fair value through Other Comprehensive Income	–	–	(1.4)	–	–	–	–	(1.4)
(Losses)/gains on hedges	–	–	–	(14.4)	–	30.1	–	15.7
Hedging gains reclassified to Income Statement (restated)[1]	–	–	–	3.8	(0.6)	–	–	3.2
Hedging gains and losses and costs of hedging transferred to the cost of inventory (restated)[1]	–	–	–	(30.1)	–	–	–	(30.1)
Cost of hedging	–	–	–	–	0.6	–	–	0.6
Deferred tax	–	–	–	3.6	–	(0.8)	–	2.8
At 31 December 2023	0.2	239.5	–	(5.6)	(0.1)	16.0	147.6	397.6

1 See note 2 for further information

32 Pensions and other post-employment benefits

(a) Summary of pension benefits and assumptions

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.

32 Pensions and other post-employment benefits continued

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)

Through its defined benefit plans, the Group is exposed to a number of risks. As the only material scheme remaining in the Group, the risks, as detailed below, only relate to the UK scheme.

Investment risk

The present values of scheme liabilities are calculated using a discount rate set with reference to corporate bond yields; if the return on scheme assets is below this yield, it will create a deficit. The UK scheme holds a significant proportion of return-seeking assets (equities and diversified growth funds) which, though expected to outperform corporate bonds in the long term, create volatility and risk in the short term.

Interest risk

A decrease in bond interest rates will increase scheme liabilities but this will be partially offset by an increase in the returns on the scheme assets.

Inflation risk

A significant proportion of the schemes' obligations are linked to inflation, and higher inflation will lead to higher liabilities. The UK scheme holds a small proportion of index-linked bonds which will help to protect against this risk.

Longevity risk

The majority of the obligations are to provide benefits for the life of the members, so increases in life expectancy will result in an increase in the liabilities. The UK scheme includes a buy-in policy covering part of the pensioner members' liabilities, which partly helps to mitigate longevity risk.

Legislative risk

Future legislative changes are uncertain. In the past these have led to both increases in obligations, for example, reduced investment return through the ability to reclaim advance corporation tax, and decreases in obligations, for example, through the ability to use consumer price index (CPI) inflation instead of retail price index (RPI) to set pension increase rates. For the UK scheme the Group receives professional advice on the impact of legislative changes.

The valuations conducted for financial reporting purposes are based on the triennial actuarial valuations. West Midlands Travel Limited participates in the Local Government Pension Scheme (LGPS). During the period a triennial actuarial valuation of the Scheme was completed with an effective date of 31 March 2022. This is an independent valuation completed by a Scheme Actuary and West Midlands Travel Limited was assessed to be in deficit by £65.3m after taking account of updates made by the actuary following the March 2023 deadline. Contributions towards the deficit continue to be paid and amounts of £7.5m, £7.7m and £7.8m have been agreed for the 3 years from 1 April 2023.

A summary of the latest triennial actuarial valuation for the UK scheme, and assumptions made, are as follows:

Date of actuarial valuation	UK 31 March 2022
Rate of investment returns per annum	2.9%
Increase in earnings per annum	3.0%
Scheme assets taken at market value	£451.9m
Funding level	87%

32 Pensions and other post-employment benefits continued

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:

	2024 UK	2023 UK
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.

(b) Financial results for pension benefits

The amounts charged to the Group Income Statement and Group Statement of Comprehensive Income for the years ended 31 December 2024 and 2023 are set out in the following tables:

Group Income Statement	UK 2024 £m	Other 2024 £m	Total 2024 £m
Amounts charged:			
Current service cost	**(1.6)**	**–**	**(1.6)**
Net interest expense	**(1.1)**	**(0.1)**	**(1.2)**
Total charge to Income Statement	**(2.7)**	**(0.1)**	**(2.8)**

In addition, during the year £0.1m (2023: £0.1m) of administrative expenses were incurred. The net interest expense has been included within finance costs (see note 10).

Group Statement of Comprehensive Income	UK 2024 £m	Other 2024 £m	Total 2024 £m
Actuarial gain during the period from obligations	**30.4**	**0.3**	**30.7**
Expected return on plan assets less than discount rate	**(14.9)**	**(0.4)**	**(15.3)**
Change in the asset ceiling excluding interest	**(4.2)**	**–**	**(4.2)**
Net actuarial gain/(loss)	**11.3**	**(0.1)**	**11.2**

32 Pensions and other post-employment benefits continued

Group Income Statement	UK 2023 £m	Other 2023 £m	Total 2023 £m
Amounts charged:			
Current service cost	(1.6)	–	(1.6)
Net interest expense	(1.6)	(0.2)	(1.8)
Total charge to Income Statement	(3.2)	(0.2)	(3.4)

Group Statement of Comprehensive Income	UK 2023 £m	Other 2023 £m	Total 2023 £m
Actuarial (loss)/gain during the period from obligations	(3.9)	0.1	(3.8)
Expected return on plan assets greater than discount rate	6.7	(0.3)	6.4
Net actuarial gain/(loss)	2.8	(0.2)	2.6

The amounts were recognised in the Balance Sheet at 31 December as follows:

As at 31 December 2024	UK 2024 £m	Other 2024 £m	Total 2024 £m
Equities	**35.2**	**1.1**	**36.3**
Bonds and multi-asset credit	**40.9**	**1.5**	**42.4**
Insurance policy	**98.5**	**–**	**98.5**
Credit	**96.6**	**–**	**96.6**
Liability-driven investment	**59.3**	**–**	**59.3**
Other	**5.3**	**–**	**5.3**
Fair value of scheme assets	**335.8**	**2.6**	**338.4**
Present value of liabilities and defined benefit obligation	**(342.9)**	**(2.9)**	**(345.8)**
Effect of the asset ceiling	**(4.2)**	**–**	**(4.2)**
Defined benefit pension deficit	**(11.3)**	**(0.3)**	**(11.6)**

None of the pension arrangements directly invest in any of the Group's own financial instruments nor any property occupied by, or other assets used by the Group. The majority of the benefits within the plans are covered by insurance contracts. The insurance assets have been valued so as to match the defined benefit obligations. The fair value of the remaining equity and debt instruments have primarily been determined based on quoted prices in active markets.

As at 31 December 2023	UK 2023 £m	Other 2023 £m	Total 2023 £m
Equities	40.2	1.2	41.4
Bonds and multi-asset credit	39.8	1.8	41.6
Insurance policy	112.1	–	112.1
Diversified growth fund	88.7	–	88.7
Liability-driven investment	61.9	–	61.9
Other	11.2	–	11.2
Fair value of scheme assets	353.9	3.0	356.9
Present value of liabilities and defined benefit obligation	(383.9)	(5.6)	(389.5)
Defined benefit pension deficit	(30.0)	(2.6)	(32.6)

The movement in the present value of the defined benefit obligation in the year is as stated below.

The Group's defined benefit obligation comprises £345.5m (2023: £386.8m) arising from plans that are wholly or partly funded and £0.3m (2023: £2.7m) from unfunded plans.

32 Pensions and other post-employment benefits continued

The movement in the defined benefit obligations is as follows:

	UK £m	Other £m	Total £m
Defined benefit obligation at 1 January 2024	**(383.9)**	**(5.6)**	**(389.5)**
Current service cost	**(1.6)**	**–**	**(1.6)**
Benefits paid	**29.3**	**2.6**	**31.9**
Contributions by employees	**(0.5)**	**–**	**(0.5)**
Finance charge	**(16.6)**	**(0.2)**	**(16.8)**
Actuarial gain from changes in financial assumptions	**30.1**	**0.3**	**30.4**
Actuarial loss arising from changes in demographics	**(1.6)**	**–**	**(1.6)**
Actuarial gain arising from experience adjustments	**1.9**	**–**	**1.9**
Defined benefit obligation at 31 December 2024	**(342.9)**	**(2.9)**	**(345.8)**

	UK £m	Other £m	Total £m
Defined benefit obligation at 1 January 2023	(386.8)	(5.6)	(392.4)
Current service cost	(1.6)	–	(1.6)
Benefits paid	26.8	0.3	27.1
Contributions by employees	(0.5)	–	(0.5)
Finance charge	(17.9)	(0.4)	(18.3)
Actuarial loss from changes in financial assumptions	(10.9)	(0.1)	(11.0)
Actuarial gain arising from changes in demographics	17.8	–	17.8
Actuarial (loss)/gain arising from experience adjustments	(10.8)	0.2	(10.6)
Defined benefit obligation at 31 December 2023	(383.9)	(5.6)	(389.5)

The movement in the fair value of scheme assets is as follows:

	UK £m	Other £m	Total £m
Fair value of scheme assets at 1 January 2024	**353.9**	**3.0**	**356.9**
Expected return on plan assets	**15.5**	**0.1**	**15.6**
Expected return on plan assets less than discount rate	**(14.9)**	**(0.4)**	**(15.3)**
Cash contributions – employer	**10.1**	**–**	**10.1**
Administrative expenses	**(0.1)**	**–**	**(0.1)**
Cash contributions – employee	**0.5**	**–**	**0.5**
Benefits paid	**(29.2)**	**(0.1)**	**(29.3)**
Fair value of scheme assets at 31 December 2024	**335.8**	**2.6**	**338.4**

	UK £m	Other £m	Total £m
Fair value of scheme assets at 1 January 2023	347.1	3.2	350.3
Expected return on plan assets	16.3	0.2	16.5
Expected return on plan assets greater/(less) than discount rate	6.7	(0.3)	6.4
Cash contributions – employer	10.2	–	10.2
Administrative expenses	(0.1)	–	(0.1)
Cash contributions – employee	0.5	–	0.5
Benefits paid	(26.8)	(0.1)	(26.9)
Fair value of scheme assets at 31 December 2023	353.9	3.0	356.9

32 Pensions and other post-employment benefits continued

The change in the impact of asset ceiling is as follows:

	UK £m	Other £m	Total £m
Restriction due to asset ceiling at 1 January 2024	–	–	–
Interest on the asset ceiling	–	–	–
Change in the asset ceiling excluding interest	(4.2)	–	(4.2)
Restriction due to asset ceiling at 31 December 2024	**(4.2)**	**–**	**(4.2)**

	UK £m	Other £m	Total £m
Restriction due to asset ceiling at 1 January 2023	–	–	–
Interest on the asset ceiling	–	–	–
Change in the asset ceiling excluding interest	–	–	–
Restriction due to asset ceiling at 31 December 2023	–	–	–

History of experience gains and losses:	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
UK					
Fair value of scheme assets	**335.8**	353.9	347.1	479.7	475.1
Present value of defined benefit obligation	**(342.9)**	(383.9)	(386.8)	(575.8)	(616.7)
Effect of the asset ceiling	**(4.2)**	–	–	–	–
Deficit in the scheme	**(11.3)**	(30.0)	(39.7)	(96.1)	(141.6)
Experience adjustments arising on liabilities	**1.9**	(3.9)	(36.4)	(3.0)	6.7
Experience adjustments arising on assets	**(14.9)**	6.7	(125.1)	15.8	24.4
Company					
Fair value of scheme assets	**–**	–	–	3.8	122.8
Present value of defined benefit obligation	**–**	–	–	–	(110.5)
Surplus in the scheme	**–**	–	–	3.8	12.3
Experience adjustments arising on liabilities	**–**	–	–	–	1.0
Experience adjustments arising on assets	**–**	–	–	(7.6)	16.4
Other					
Fair value of scheme assets	**2.6**	3.0	3.2	3.6	3.2
Present value of defined benefit obligation	**(2.9)**	(5.6)	(5.6)	(6.7)	(9.0)
Deficit in the scheme	**(0.3)**	(2.6)	(2.4)	(3.1)	(5.8)
Experience adjustments arising on liabilities	**–**	0.1	(0.4)	–	–
Experience adjustments arising on assets	**(0.4)**	(0.3)	(0.4)	0.5	0.2

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income since 1 January 2004 is a £69.0m loss (2023: £80.2m loss). The Directors are unable to determine how much of the pension scheme deficit recognised on transition to IFRS and taken directly to equity of £51.9m is attributable to actuarial gains and losses since inception of those pension schemes. Consequently, the Directors are unable to determine the amount of actuarial gains and losses that would have been recognised in the Statement of Comprehensive Income before 1 January 2004.

33 Leases

Group as a lessee

The Group has lease contracts for various items of property, vehicles, plant and other equipment. Lease terms are negotiated on an individual basis, contain a wide range of different terms and conditions, and may include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The Group's obligations under its leases are secured by the lessor's title to the leased assets.

(a) Amounts recognised in the Balance Sheet

Set out below is the net book value of right-of-use assets and additions during the year (included in property, plant and equipment – note 15):

	2024				2023			
Right-of-use assets	**Land and buildings £m**	**Public service vehicles £m**	**Plant and equipment, fixtures and fittings £m**	**Total £m**	**Land and buildings £m**	**Public service vehicles £m**	**Plant and equipment, fixtures and fittings £m**	**Total £m**
Additions	**51.2**	**7.7**	**0.1**	**59.0**	43.3	9.1	0.4	52.8
Depreciation charge	**(37.1)**	**(14.2)**	**(0.1)**	**(51.4)**	(34.1)	(16.6)	(0.4)	(51.1)
Net book value at 31 December	**119.5**	**44.8**	**0.1**	**164.4**	107.1	65.1	0.1	172.3

Set out below are the carrying amounts of lease liabilities (included in borrowings – note 28) at 31 December 2024:

Lease liabilities	**2024 £m**	**2023 £m**
Current	**52.5**	50.9
Non-current	**141.7**	130.2
	194.2	181.1

The maturity analysis of lease liabilities is presented in note 28.

(b) Charges recognised in the Income Statement

	2024 £m	**2023 £m**
Depreciation expense on right-of-use assets (note 6)	**51.4**	51.1
Gain on sale and leaseback (note 6)	**(4.5)**	(2.6)
Interest on lease liabilities (note 10)	**10.1**	8.5
Expenses relating to short-term leases (note 6)	**15.2**	9.5
Expenses relating to leases of low-value assets (note 6)	**4.3**	4.4
Variable lease payments not included in the measurement of lease liabilities (note 6)	**7.9**	4.0

It is not expected that commitments for short-term leases will materially differ from those in place at 31 December 2024.

(c) Amounts recognised in the Cash Flow Statement

	2024 £m	**2023 £m**	**Included within**
Payment of interest	**(10.1)**	(8.5)	Cash flows from operating activities
Payment of principal	**(64.5)**	(62.7)	Cash flows from financing activities
Payments for short-term, low-value leases and variable leases	**(27.4)**	(17.9)	Cash generated from operations
Total cash outflow for leases	**(102.0)**	(89.1)	

33 Leases continued

(d) Extension and termination options
Some property and vehicle leases contain extension or termination options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension or termination options in new leases to provide operational flexibility. The extension and termination options held are exercisable only by the Group and not by the lessors. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension or termination options and reassesses these assumptions when there is a significant event or significant change in circumstances within its control. Where the Group determines it is reasonably certain that a termination option will be exercised, any termination penalty is included in the lease liability.

The Group has estimated that the potential future lease payments, should it exercise the extension or termination options, would result in an immaterial change in the lease liability.

(e) Variable lease payments
The Group has a variable lease arrangement in respect of certain public service vehicles in North America. The lease payments are fully variable based on miles driven, and there is no minimum mileage or fixed payment within the contract. Given the lease payments are fully variable, no lease liability has been recognised in the Balance Sheet. Instead, the variable lease payments are included in the Income Statement as incurred.

(f) Residual value guarantees
The Group has a number of leased vehicles with residual value guarantees. At the lease commencement date the amounts expected to be payable have been included in the lease liability.

(g) Future lease commitments
At the year end, the Group had no commitments relating to leases not yet commenced (2023: £0.4m within one year and £1.5m within five years).

In addition, at the balance sheet date, the Group had entered into a future availability agreement for the provision of a further 130 electric buses in the UK. None of the vehicles had been made available in 2024 but are all expected to be available in 2025. The agreement includes a substitution clause whereby the service provider makes available to us a set number of vehicles each day from its wider pool of vehicles. In the Directors' view, the arrangement does not meet the definition of a lease. The service provider has control of the vehicles and has a substantive substitution right, having both the practical ability to substitute the vehicles and an economic incentive to do so. Consequently, no right-of-use asset or lease liability will be recognised on the Balance Sheet, and payments under the agreement will be charged to the Income Statement as incurred. These contracts will give rise to an estimated annual expense of £8.3m.

Group as a lessor
The Group has finance leasing arrangements as a lessor for certain vehicles to its customers. In addition, the Group sub-leases two properties which are no longer used by the Group. During 2024, the Group recognised interest income on lease receivables of £0.5m (2023: £0.5m).

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

Net investment in the lease	2024 £m	2023 £m
Within one year	**4.4**	3.0
After one year but not more than five years	**13.1**	3.7
More than five years	**7.6**	4.5
Total undiscounted lease receivable	**25.1**	11.2
Unearned finance income	**(7.1)**	(2.0)
Finance lease receivable	**18.0**	9.2

(a) Amounts recognised in the Balance Sheet
The maturity analysis of the discounted lease payments are as follows:

Net investment in the lease	2024 £m	2023 £m
Current	**3.2**	2.7
Non-current	**14.8**	6.5
	18.0	9.2

The Group also sub-leases some of its property and public service vehicles. The Group has classified these sub-leases as operating leases because they do not transfer substantially all of the risks and rewards incidental to the right-of-use assets. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

33 Leases continued

Operating lease receipts	2024 £m	2023 £m
Within one year	**2.0**	3.4
After one year but not more than five years	**0.4**	1.8
More than five years	**0.2**	–
	2.6	5.2

(b) Credits recognised in the Income Statement

	2024 £m	2023 £m
Interest income on sub-leases (note 10)	**0.5**	0.5
Income from sub-leasing right-of-use assets (included in other revenue)	**5.5**	4.9

(c) Amounts recognised in the Cash Flow Statement

	2024 £m	2023 £m	Included within
Receipt of interest	**0.5**	0.5	Cash flows from operating activities
Receipt of principal	**3.8**	5.3	Cash flows from financing activities
Receipt of operating lease income	**5.5**	4.9	Cash generated from operations
Total cash inflow for leases	**9.8**	10.7	

34 Commitments, contingencies and insurance contracts

(a) Capital commitments

	2024 £m	2023 £m
Contracted	**167.5**	164.5

The Group is committed to various vehicle purchases in North America and Spain.

(b) Contingent liabilities

Legal

Through the ordinary course of our operations, the Group is party to various litigation, claims and investigations. We do not expect the ultimate resolution of any of these proceedings to have a material adverse effect on the Group's results, cash flows or financial position.

(c) Insurance contracts

In the ordinary course of business, the Group is required to issue counter-indemnities in support of its operations. These are valued as insurance contracts in scope of IFRS 17 Insurance Contracts from 1 January 2023. Previously these had been disclosed as contingent liabilities in the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

As at 31 December 2024, the Group had performance bonds in respect of businesses in the USA of £207.0m (2023: £197.0m), in Spain of £107.9m (2023: £114.4m), in Germany of £54.9m (2023: £29.6m) and in the Middle East of £6.4m (2023: £6.3m). Letters of credit have been issued to support insurance retentions of £162.5m (2023: £181.3m).

The directors believe that the expected pay out of these contracts is £nil (2023: £nil) and the insurance liability recorded in the Financial Statements at the end of the period is £nil (2023: £nil).

35 Related party transactions

	Amounts of transactions		Amounts due from related parties		Amounts due to related parties	
	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
Joint ventures						
Bahrain Public Transport Company W.L.L.	**0.4**	0.5	**0.2**	–	**–**	(0.2)
Associates						
ALSA associates	**4.9**	5.6	**3.0**	3.2	**(0.5)**	(0.9)
North America associates	**0.2**	1.1	**–**	–	**–**	–
Total joint ventures and associates	**5.5**	7.2	**3.2**	3.2	**(0.5)**	(1.1)
Trade investments						
ALSA trade investments	**9.1**	7.6	**0.9**	0.1	**(1.1)**	(1.2)
Total investments	**9.1**	7.6	**0.9**	0.1	**(1.1)**	(1.2)
Property transactions						
ALSA property transactions	**12.7**	10.0	**0.5**	0.5	**(4.3)**	(0.2)
Total property transactions	**12.7**	10.0	**0.5**	0.5	**(4.3)**	(0.2)
Total other related parties	**21.8**	17.6	**1.4**	0.6	**(5.4)**	(1.4)
Total	**27.3**	24.8	**4.6**	3.8	**(5.9)**	(2.5)

Included within the ALSA property transactions above are transactions where the Group has leased properties from companies related to the Cosmen family. Jorge Cosmen is a Non-Executive Director of the Group and was appointed as Deputy Chairman in October 2008. These leases are at appropriate market rates. Also included within the ALSA property transactions above is £3.5m commission payable to the Cosmen family upon sale of a property (note 19(d)); which related to an agreement made at the time of the original ALSA acquisition in 2005.

The details of the post-employment benefit plans operated for the benefit of employees of the Group are disclosed in note 32.

Compensation of key management personnel of the Group

The Group has determined key management personnel to constitute the Executive Directors and all other Board members of the parent entity. Further details on key management personnel compensation are disclosed in the Directors' Remuneration Report.

	2024 £m	2023 £m
Short-term benefits	**1.5**	1.4
Share-based payment	**0.1**	–
	1.6	1.4

36 Service concession arrangements

The following table sets out the nature and extent of the Group's service concession arrangements:

Concession	Description of the arrangement	Concession period	Concession commencement	Nature of infrastructure	Classification under IFRIC 12
German Rail	The Group operates two train services in Germany.	15 years	2015 – 2020	Rolling stock and tracks used in the operation of the service are provided by the delegating authority.	No financial or intangible asset is recognised for construction as the infrastructure is provided to the Group.
Moroccan Urban Bus	The Group has two contracts with the Moroccan authority for the operation of public transport bus services.	15 years	September 2019	Public service vehicles used in the operation are provided by the Group, some of which are subject to 'lease type' arrangements.	Intangible asset
		Up to 15 years	November 2019	Initially, public service vehicles used in operation are provided by the public authority. Replacement public service vehicles will be provided by the Group and public authority in future years.	Financial asset
Spanish Regional Bus	The Group has contracts with the Provincial Government of Bizkaia to operate regional services.	10 years	July 2021	Public service vehicles used in the operation are provided by the Group.	Financial asset
		14 years	December 2014	Public service vehicles used in the operation are provided by the Group.	Financial asset
		14 years	December 2014	Public service vehicles used in the operation are provided by the Group.	Financial asset
Spanish Urban Bus	The Group has two contracts with Spanish Councils to operate urban commuter coach services in Spain.	10 years	November 2024	Public service vehicles used in the operation are provided by the Group.	Financial asset
Alaska Schoolbus	The Group has undertaken a contract for home to school transportation.	10 years	July 2021	Public service vehicles used in the operation are provided by the Group.	Financial asset
		10 years	July 2022	Public service vehicles used in the operation are provided by the Group.	Financial asset
Portugal Urban Bus	The Group has a contract with the Lisbon transport authority to operate urban commuter bus services.	7 years	June 2022	Public service vehicles are provided by the Group with a purchase option for the grantor to acquire the fleet at the end of the contract term.	Intangible asset
Switzerland Urban Bus	The Group has two contracts with the Geneva transport authority to operate two urban commuter bus services.	7 years	December 2023	Public service vehicles are provided by the Group with a purchase option for the grantor to acquire the fleet at the end of the contract term.	Intangible asset

During the year, no revenue or profit was recognised in exchanging construction services for financial or intangible assets.

37 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 2 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. Please refer to the glossary on page 249 and 250 for further information.

	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

37 Cash flow statement continued

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) as disclosed in note 28.

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 lease 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)

38 Subsidiary undertakings and other significant holdings

A full list of subsidiaries, joint ventures and companies in which Mobico Group PLC has a controlling interest as at 31 December 2024 is shown below, along with the country of incorporation and the effective percentage of equity owned.

Name and country of Incorporation	% equity interest
United Kingdom & Ireland	
Airlinks The Airport Coach Company Limited (a)	100
Airside Transport Services Limited (b)	100
Altram L.R.T. Limited (a)	100
Brooke Management Limited (a)	100
Central Trains Limited (a)	100
Clarkes Holdco Limited (a)	100
Coachman Limited (a)	100
Coliseum Coaches Limited (00752569)* (a)	100
E. Clarke & Son (Coaches) Limited (00819075)* (a)	100
Eurolines (U.K.) Limited (a)	100
H. Luckett & Co. Limited (01072023)* (a)	100
London Eastern Railway Limited (a)	100
Lucketts Holdings Limited (a)	100
Lucketts Services Limited (a)	100
Maintrain Limited (a)	100
Midland Main Line Limited (a)	100
National Express Group Limited (a)	100
National Express Bus & Coach Services Limited (b)	100
National Express European Holdings Limited (05652775)* (a)	100
National Express Finance Company Limited (a)	100
National Express Financing LP** (a)	100
National Express Group Holdings Limited (a)	100
National Express Holdings Limited (02156473)* (a)	100
National Express Intermediate Holdings Limited (a)	100
National Express International Limited (a)	100
National Express Leisure Limited (03625281)* (a)	100
National Express Limited (a)	100
National Express Liverpool Limited	100
National Express Manchester (South) Limited	100
National Express Middle East Plc (a)	100
National Express North America Holdings Limited (07855182)* (a)	100
National Express Operations (Stansted) Limited (a)	100
National Express Operations Limited (02609812) (a)	100
National Express Rail Replacement Limited (a)	100
National Express Services Limited (a)	100
National Express Sizewell Limited (previously National Express Manchester Limited) (a)	100
National Express Spanish Holdings Limited (05652783)* (a)	100
National Express Trains Limited (a)	100
National Express Transport Holdings Limited (04338163)* (a)	100
National Express Transport Services Ireland Limited (b)	100
National Express UK Limited (a)	100
National Express UK Central Services Limited (14500282)* (a)	100
National Express West Yorkshire Limited (previously National Express Jersey Limited) (a)	100
N E Canada Limited (08596333)* (a)	100
NE Europe Finance Limited (07876047)* (a)	100
NE No.1 Ltd (02912338)* (a)	100
NE No.2 Ltd (03011029)* (a)	100

38 Subsidiary undertakings and other significant holdings continued

Name and country of Incorporation	% equity interest
NE No. 3 Limited (a)	100
NE Trains South Limited (a)	100
NXEC Trains Limited (a)	100
Scotrail Railways Limited (a)	100
Silverlink Train Services Limited (a)	100
Solent Coaches Limited (03931439)* (a)	100
Speedlink Airport Services Limited (a)	100
Stewarts Coach Group Limited (07690404)* (a)	100
The Kings Ferry Limited (a)	100
Travel Coventry Limited (a)	100
Travel Merryhill Limited (a)	100
Travel West Midlands Limited (a)	100
Travel WM Limited (a)	100
Travel Yourbus Limited (a)	100
West Anglia Great Northern Railway Limited (a)	100
West Midlands Accessible Transport Limited (a)	100
West Midlands Travel Limited (a)	100
W M Property Holdings Limited (a)	100
WM Travel Limited (a)	100
W M Ventures Limited (a)	100
Wood's Coaches Limited (00968555)* (a)	100
Woods Reisen Limited (01535604)* (a)	100
Worthing Coaches Limited (01313045)* (a)	100
Bahrain	
Bahrain Public Transport Company W.L.L. (c)	50
Germany	
National Express Germany GmbH (d)	95
National Express Holding GmbH (d)	100
National Express Rail GmbH (e)	100
Süddeutsche Regionalbahn GmbH (d)	100
Czech Republic	
National Express Cz s.r.o. (f)	100
Netherlands	
National Express Holdings LLC BV (g)	100
Andorra	
Estació 2017, S.A. (h)	11
Transports Dels Pirineus (h)	100
France	
(ABG) Alsa Bustours Gex (i)	100
Alsa Puerto Rico, LLC (j)	100
Iberolines (k)	46
SARL Chamexpress.com (l)	100

38 Subsidiary undertakings and other significant holdings continued

Name and country of Incorporation	% equity interest
Morocco	
Alsa al Baida (m)	100
Alsa City Agadir S.A. (n)	100
Alsa City Sightseeing Maroc (o)	100
Alsa City Tour S.A.R.L. (o)	95
Alsa Citybus Rabat-Salé-Temara, S.A. (p)	51
Alsa Education a la Sécurité Routière S.A.R.L. (o)	99
Alsa Intercity Services, S.A. (q)	100
Alsa Khouribga S.A. (r)	100
Alsa Tanger S.A. (s)	100
Centre de Formation Techn. Profes. Transport S.A.R.L. (o)	99
Groupe Alsa Transport S.A. (o)	100
Immeubles Véhicules Accessoires Maroc S.A.R.L. (o)	80
Interprovincial Maroc S.A.R.L. (o)	100
Transport de Voyageurs en Autocar Maroc S.A. (o)	100
Portugal	
BC Tours Portugal S.L (v)	100
Tiac Viagens e Turismo Lda (u)	100
Alsa Todi Metropolitana de Lisboa (v)	65
Spain	
Aerobús – Zaragoza S.L (x)	100
Agreda Bus, S.L (x)	70
Alianza Bus, S.L.U. (ad)	100
Alsa Atlántica, S.L.U. (ad)	100
Alsa Ferrocarril, S.A.U. (ad)	100
Alsa Granada Airport S.L. (aa)	100
Alsa Grupo, S.L.U. (ad)	100
Alsa Innovación y Proyectos de Movilidad, S.L.(ab)	100
Alsa Internacional, S.L.U. (ad)	100
Alsa Internacional, S.L.U. y Otros U.T.E. (ad)	100
Alsa Metropolitana, S.A.U. (ad)	100
Alsa Buses Extremadura, S.L. (ac)	100
Alsa Micromobility, S.L.U. (ad)	100
Alsa Rail, S.L.U. (ad)	100
Alsa Transporte Sanitario, S.L. (ad)	60
Alsa Servicios Logísticos Ferroviarios, S.L. (ad)	100
Aplic. y Sist. Integrales Para el Transporte, S.A. (ae)	100
Aragonesa de Estación de Autobuses, S.A. (af)	52
Argabus, S.A. (ag)	100
Artazo Servicios Integrales, S.L. (ah)	100
Asturies Berlinas de Luxu, S.L. (ai)	50
Autobuses Urbanos de Bilbao, S.A. (aj)	75
Autobuses Urbanos de León, S.A.U. (ak)	100
Autocares Castilla–Leon, S.A.U. (al)	100
Autocares Discrecionales del Norte, S.L.U. (an)	100
Automóviles Luarca, S.A.U. (ao)	100
Automóviles Sigras Carral, S.A. (ap)	100

38 Subsidiary undertakings and other significant holdings continued

Name and country of Incorporation	% equity interest
Autos Cal Pita, S.A. (ap)	100
Autos Pelayo, S.A.U. (ad)	100
Autos Rodríguez Eocar, S.L. (aq)	85
Bahía Zero, S.L. (ci)	75
Baleares Business Cars, S.L. (ai)	100
Baleares Consignatarios, S.L.U. (ar)	100
Baleares Consignatarios Tours, S.L.U. (ar)	100
Berlinas de Asturias, S.L. (ai)	100
Berlinas Calecar, S.L.U. (al)	100
Berlinas de Canarias, S.L. (ai)	100
Berlinas Menorca S.L (du)	25
Berlinas de Toledo, S.L. (ai)	100
Berlinas VTC de Cantabria, S.L.U. (as)	100
Betancuria Tours, S.L.U. (dw)	100
Bilboko Hiribus Jasangarría, S.L. (aj)	72
Buses de Palencia, S.L. (at)	75
Bus Legal, S.L. (dw)	100
Bus Metropolitano de Granada, S.L. (aa)	100
Busturialdea Lea Artibai Bus, S.A. (au)	60
Bus Urbano de Castro Urdiales, S.L. (as)	100
Canary Business Cars, S.L. (ai)	100
Canary Logistic Solutions, S.L. (dx)	100
Cataluña Business Cars, S.L. (ai)	100
Cetralsa Formación, S.L.U. (ad)	100
Cía. del Tranvía Eléctrico de Avilés, S.A. (av)	100
Comercial Insular de Respuestos Para Vehiculos Industriales, S.L. (dy)	100
Compañia Navarra de Autobuses, S.A. (aw)	50
Compostelana, S.A.U. (ax)	100
Concesionario Estación Autobuses Logroño, S.A. (ay)	23
Ebrobus, S.L.U. (ad)	100
Estación Autobuses de Cartagena, S.A. (az)	54
Estación Autobuses de Ponferrada, S.A. (ba)	49
Estación Central de Autobuses de Zaragoza, S.A. (bb)	85
Estación de Autobuses Aguilar de Campoo, S.L. (bd)	67
Estación de Autobuses de Aranda de Duero, S.L. (be)	43
Estación de Autobuses de Astorga, S.L. (bf)	93
Estación de Autobuses de Aviles S.L. (bg)	100
Estación de Autobuses de León, S.A. (al)	89
Estación de Autobuses de Plasencia, S.A. (bh)	69
Estación de Autobuses de San Lorenzo del Escorial, S.A.U. (ad)	100
Estación de Autobuses de Ribadeo, S.L. (bi)	50
Estación de Líneas Regulares, S.L. (bk)	49
Estaciónes Terminales de Autobuses, S.A. (bl)	80
Euska Alsa, S.L.U. (an)	100
Explotación Gasoleo Estación de Autobuses A Coruña, S.L. (bm)	40
Ezkerraldea-Meatzaldea Bus, S.A. (au)	60
Gal Bus, S.L. (ap)	51
G.S. Carretera (bn)	25
General Técnica Industrial, S.L.U. (ad)	100

38 Subsidiary undertakings and other significant holdings continued

Name and country of Incorporation	% equity interest
Gestión de Movilidad Intermodal, S.L. (ad)	100
Gorbea Representaciones, S.L. (an)	100
Guaguas Gumidafe, S.L. (ah)	100
Grupo Enatcar, S.A. (ad)	100
Hermanos Diaz Melian, S.L.U. (dy)	100
Innobus Canarias, Sociedad Limitada (dw)	100
Intercambiadores Europeos, S.L. (ad)	60
Intercar Business Cars, S.L. (bo)	100
International Business Limousines, S.A.U. (bp)	100
Interurbana de Autocares, S.A.U. (ad)	100
Irubus, S.A.U. (ad)	100
Jimenez Lopera, S.A.U. (bp)	100
Kintasur Bus, S.L.U. (dw)	100
La Unión Alavesa, S.L. (bj)	50
La Unión de Benisa, S.A. (bq)	98
Leon Tenerife Tours, S.L.U. (dw)	100
Los Abades de la Gineta, S.L.U. (ad)	100
Mybustest, S.L (ad)	50
Mai Tours, S.L.U. (bs)	100
Manuel Vázquez Vázquez, S.L. (bt)	60
Marason Bus, S.L (du)	50
Microbuses Candido, S.L.U. (dw)	100
Mobility On Time, S.L (du)	45
Movelia Tecnologias, S.L. (bu)	77
Movilidad Balear, S.L.U (bv)	100
Movilidad Multimodal, S.L. (ad)	100
Movilidad Peninsular, S.L. (ad)	100
Mundaka Consultoria, S.L.U. (an)	100
NEX Continental Holdings, S.L.U. (ad)	100
NX Middle East, S.L.U. (bw)	100
Proyectos Unificados, S.A.U. (ad)	100
Publi Imagen Granada, S.L.U. (aa)	100
Representaciones Mecánica, S.A.U. (an)	100
Return Viajes, S.L. (bx)	50
Rutas a Cataluña, S.A. (by)	28
Rutas del Cantábrico, S.L. (an)	100
Sanir Movilidad Sanitaria, S.L. (cp) (prev. Vitalia Servicios Sanitarios, S.L.)	60
Segurbus, Sociedad Limitada (dw)	100
Semarvi (ad)	34
Serviareas 2000, S.L.U (ad)	100
Servicios Auxiliares del Transporte C.B. (bz)	100
Servicios del Principado, S.A.U. (ad)	100
Servicios El Temple, S.L. (ap)	100
Servicios Empresariales Especiales, S.L.U. (an)	100
Setra Ventas y Servicios, S.A.U. (bp)	100
Sevirama, S.L. (ca)	30
Shore and Landtours SLU (ap)	70
Sociedad Anónima Unipersonal Alsina Graells de A.T. (cb)	100
Sociedad Concesionaria Interurbano Tolosa Buruntzaldea S.L. (cc)	60
Takselia, S.L. (cd)	71
Taller de los Rios 25, S.L. (dy)	100

Notes to the Consolidated Accounts continued

38 Subsidiary undertakings and other significant holdings continued

Name and country of Incorporation	% equity interest
Técnicas en Vehículos Automóviles, S.L.U. (ad)	100
Tibus, S.A. (cb)	60
Tibus Berlines de Luxe, S.L.U. (cb)	100
Tibus Business Cars, S.L.U. (cb)	100
Tibus Business Limousines, S.L.U. (ad)	100
Tibus Luxury Services, S.L.U. (cb)	100
Transportes Accesibles Peninsulares, S.L. (cg)	100
Transportes Adaptados Andaluces, S.A.U. (ch)	100
Transportes Adaptados Regionales, S.L.U. (al)	100
Transportes Adaptados Cántabros, S.A. (ci)	100
Transportes Bacoma, S.A.U. (cb)	100
Transportes Rober, S.A.U. (aa)	100
Transportes Turisticos Islas Canarias, Sociedad Limitada (am)	100
Transportes de Viajeros de Aragón, S.A. (bb)	60
Transportes Santo Domingo, S.L.U. (cj)	100
Transportes Terrestres Cantabros, S.A. (ci)	94
Transportes Unidos de Asturias, S.L. (ck)	100
Transportes Urbanos de Cantabria, S.L.U. (ci)	100
Transportes Urbanos de Cartagena, S.A. (cl)	97
Tranvía de Vélez, S.A.U. (cm)	100
Transportes Urbanos de Guadalajara, S.L. (cn)	100
Tury Express, S.A. (an)	100
Ute Ea Cordoba (y)	50
Ute Mundiplan (dv)	17
Ute Ea Alicante (z)	50
Ute Madrid City Tour (ad)	50
Ute Estacion Alicante (ad)	50
Ute Estacion Murcia (ad)	50
Ute Acompañantes Cantabria (ad)	50
Ute Seprisa Maldeasa (ad)	50
Ute La Sagra (aw)	58
Ute Gijon City View (ao)	65
Ute Escolares Galicia Ed1501 (ad)	79
Ute Estacion Luanco (ao)	90
Ute Leste - Xg881 - Ute Leste Da Coruña (ad)	93
Ute Alsa Internacional Y Otros (ad)	100
Ute Escolares Navarra Ezs63-103 (aw)	100
Ute Tanatorios Ii (ad)	100
Ute Ferrolbus (ad)	100
Ute Maniobras Zaragoza (ad)	100
Ute Maniobras Valencia (ad)	100
Ute Escolares Galicia Ed1519 (ad)	100
Valencia Alicante Bus, S.L. (bl)	75
Viajes ALSA, S.A.U. (ad)	100
Viajes Por Carretera, S.A.U. (an)	100
Voramar el Gaucho S.L.U. (cq)	100

38 Subsidiary undertakings and other significant holdings continued

Name and country of Incorporation	% equity interest
Switzerland	
AlpyBus S.a.r.l. (cr)	100
Eggmann Frey (cs)	100
GVA Transfers.com SARL (ct)	100
Linien Abfertigung GmbH (cs)	80
Odier Excursions, S.A. (cu)	100
US	
The Provider Enterprises, Inc. (cv)	100
A1A Transportation, Inc. (cw)	100
A&S Transportation Incorporated (cw)	100
Atlantic & Southern Transportation (cx)	100
Atlantic & Southern Transportation (cy)	100
Atlantic & Southern Transportation (cz)	100
Beck Bus Transportation Corp. (da)	100
Beck Bus Transportation III, LLC (da)	100
Beck Bus Transportation IV, LLC (da)	100
Beck Bus Transportation, LLC (da)	100
Bus Co., Inc. (da)	100
Caravan Leasing Vehicles LLC (db)	100
Carrier Management Corporation (dc)	100
Chicagoland Coach Lines LLC (de)	100
Community Transportation, Inc. (dc)	100
Cook-DuPage Transportation Company, Inc. (da)	100
Diamond Transportation Services, Inc. (df)	100
Discount Enterprises, Inc. (dg)	100
DoLightful, Inc. (ea)	20
Durham D&M LLC (de)	100
Durham Holding I, LLC (de)	100
Durham Holding II, LLC (de)	100
Durham School Services, L.P. (de)	100
Fox Bus Lines Inc. (dh)	100
Greensburg Yellow Cab Co. (dc)	100
Haid Acquisitions LLC (di)	100
JNC Leasing, Inc. (dj)	100
Kiessling of Attleboro Inc. (previously Aristocrat Limousine and Bus, Inc.) (dk)	100
Kiessling Transit, Inc. (dh)	100
Meda-Care Vans of Waukesha, Inc. (dl)	100
MF Petermann Investment Corporation (de)	100
Monroe School Transportation, Inc. (dm)	100
MV Student Transportation, Inc. (dn)	100
National Express Acquisition Corporation (de)	100
National Express Durham Holding LLC (de)	100
National Express LLC (de)	100
National Express Leasing Company LLC (de)	100
National Express Transit Corporation (de)	100
National Express Transit Services Corporation (de)	100
New Dawn Transit LLC (dm)	100
Petermann Acquisition Co., LLC (de)	100
Petermann Acquisition Corporation (de)	100
Petermann Holding Co., LLC (de)	100

Notes to the Consolidated Accounts continued

38 Subsidiary undertakings and other significant holdings continued

Name and country of Incorporation	% equity interest
Petermann Ltd. (di)	100
Petermann Northeast, LLC (di)	100
Petermann Northwest, LLC (de)	100
Petermann Partners, Inc. (de)	100
Petermann Southwest, LLC (de)	100
Petermann STS, LLC (de)	100
Petermann STSA, LLC (de)	100
PM2 Co. LLC (de)	100
Quality Bus Service, LLC (dm)	100
Queen City Transportation, LLC (di)	100
Rainbow Management Service, Inc. (dm)	100
Safeway Training and Transportation Services, Inc. (cv)	100
Septran, Inc. (cz)	100
Smith Bus Service, Inc. (do)	100
Suburban Paratransit Services, Inc. (dm)	100
Total Transit Enterprises, LLC (dp)	100
Trans Express, Inc. (dm)	100
Transit Express, Inc. (dl)	100
Transit Express Services, Inc. (dl)	100
Trinity, Inc. (dj)	100
Trinity Cars, Inc. (dj)	100
Trinity Coach LLC (dj)	100
Trinity Management Services Co. LLC (dq)	100
Trinity Student Delivery LLC (dj)	100
TWB Transport, LLC (da)	100
WeDriveU, Inc. (co)	100
WeDriveU America LLC (cz)	100
WeDriveU Canada, Inc. (co)	100
WeDriveU Holdings, Inc. (co)	100
WeDriveU Leasing, Inc (co)	100
White Plains Bus Co., Inc. (dm)	100
Whitetail Bid Co., LLC (de)	100
Wise Coaches, Inc. (ce)	100
Canada	
National Express Canada (Holdings) Limited (dt)	100
National Express Canada Transit Ltd (dt)	100
Stock Transportation Ltd (dt)	100

* These subsidiaries are exempt from the requirements of the UK companies Act 2006 relating to the audit of individual accounts by virtue of S479A of the Act. Outstanding liabilities of the exempt companies at the Balance Sheet date are guaranteed pursuant to Sections 479A-C of the Act.

** National Express Financing LP is exempt from preparing accounts in accordance with Part 2, Regulation 7 of The Partnerships (Accounts) Regulations 2008, as it is included within the Group consolidated financial statements for the year ending 31 December 2024.

38 Subsidiary undertakings and other significant holdings continued

Key	Address
(a)	National Express House, Mill Lane, Digbeth, Birmingham, B5 6DD, UK
(b)	Terminal 1, Office 10, Link Corridor, Mezzanine Level, Dublin Airport, Dublin, K67 KD58, Ireland
(c)	Garage 1087, Road 4025, Isa Town 840, Southern Governorate, Kingdom of Bahrain
(d)	Vogelsanger Weg 38, 40470 Düsseldorf, Germany
(e)	Johannisstrasse 60-64, 50668 Cologne, Germany
(f)	Seifertova 327/85, 130 00 Praha, Zizkov, Czech Republic
(g)	Dr Willem Dreesweg 2, 1st Fl. South Wing, 1185 VB Amstelveen, The Netherlands
(h)	Carrer de la Cúria, s/n, Andorra la Vella
(i)	30 Rue Auguste Piccard – 01630 Saint-Genis-Pouilly
(j)	361 San Francisco Street 4th Floor, SAN JUAN, PR, 00901
(k)	41 Boulevard Poniatowski, 75012, Paris
(l)	498 Avenue des Alpages, 74310 Les Houches
(m)	Twin Center ang Bd Zerktouni Et Al Massira Etg 5 et 6, Casablanca
(n)	Rue De Teheran, Q.I Agadir
(o)	Ahwaz, Ferme Ahzib Achayech Ferkat Ain Dada, Askedjour, Jamaat Et Kiadat Saada, Marrakech
(p)	Rue cadi Srayri et Cadi Ben Hammadi, Quartier de la Pinede – Rabat
(q)	Ferme Ahzib Achayech, Ferkat Ain Dada, Askedjour (MARAKECH MENARA – MAROC)
(r)	No 22 Rue Meknes Hay Haboub, Khouribga
(s)	37 Rue Omar Ibn Khattab, Inmeuble Maspalomas 2, Tanger
(t)	Avenida das Forças Armadas, N 125, 12 Lisboa
(u)	Rua de Pedro Nunes, 39, Lisboa
(v)	Estrada de Algeruz, Cruz de Peixe – 2901-279-Setúbal
(w)	Gran Via de D. Ignacio de Haro, 81, Bilbao
(x)	Avda. Manuel Rodríguez Ayuso, 110 – Zaragoza
(y)	Glorieta de las Tres Culturas, Córdoba
(z)	Muelle de Poniente, Alicante
(aa)	Avenida Juan Pablo II, 33 (Estación de Autobuses), Granada (18013)
(ab)	Pepe Cosmen s/n – Oviedo
(ac)	C/Túnez, 1 (Estación de Autobuses), Cáceres
(ad)	Josefa Valcárcel, 20 – Madrid
(ae)	Pol. San Mateo, Ctra Coll D' En Rabassa, Palma de Mallorca (07002)
(af)	Urbanización Plaza de Roma, F-1, Zaragoza
(ag)	C/Real 116 – Arganda del Rey (Madrid)
(ah)	Gáldar (Las Palmas de Gran Canaria), calle Pedro de Arguello, 10
(ai)	C/Jorge Juan, 19 – 2º Izquierda, Madrid (28001)
(aj)	C/Tellaetxebidea 3, Bilbao
(ak)	Pol. Ind. Vilecha Oeste, León (24192)
(al)	Avenida Ingeniero Saenz de Miera, León (24009)
(am)	C/del Telar 60, Esquina Calle Gramil, Agüimes (Las Palmas)
(an)	Alameda de Urquijo, no 85, 1o – Dcha., Bilbao-Vizaya (48013)
(ao)	Magnus Blikstad 2, Gijón (33207)
(ap)	Ctra. El Burgo-Los Pelamios s/n Culleredo – A Coruña
(aq)	Cedofeita, c/Requiande, 1 – Ribadeo-Lugo
(ar)	Carretera Porto Pi, 8-7º, 07015, Palma de Mallorca
(as)	Avenida de Candina, nº 35, Santander (39011)
(at)	C/Campaneros, 4, 1o Dcha, Palencia (34003)
(au)	Centro de Transportes de Vizcaya, Barrio el Juncal, Naves 3 y 4 (Valle de Trápaga-Trapagaran), Vizcaya (48510)
(av)	Avda Conde de Guadalhorce 123, Aviles (33400)
(aw)	C/Yanguas y Miranda, 2 (Estación de Autobuses), Pamplona
(ax)	Plaza San Cayetano, s/n. Estación Autobuses Taq. 10, Santiago de Compostela (La Coruña)
(ay)	Avda de España, 1, Logroño-La Rioja
(az)	Avda Trovero Marín. Nº 3,(Estación Autobuses), Cartagena (30202)
(ba)	Ctra de Asturias, Ponferrada

38 Subsidiary undertakings and other significant holdings continued

Key	Address
(bb)	Avda de Navarra, 80 (Estación Central de Autobuses),Zaragoza (50011)
(bc)	C/Ramón y Cajal, Pola de Siero
(bd)	Avda de Ronda 52 Bis, Aguilar de Campoo (Palencia)
(be)	Avda Valladolid, Aranda de Duero (Burgos)
(bf)	Avda Las Murallas, nº 52, Astorga-León (24700)
(bg)	C/Los Telares (Estación de Autobuses) Aviles (33400)
(bh)	C/Tornavacas, 2, Plasencia
(bi)	Avda Rosalía de Castro, Ribadeo
(bj)	C/Los Herran, 50 (Estación de Autobuses), Alava (Vitoria)
(bk)	Plaza de las Estaciones, Santander (Cantabria)
(bl)	Avda Menéndez Pidal, nº 13 (Estación de Autobuses), Valencia (46009)
(bm)	Rúa Caballeros, 21, 15009 A Coruña
(bn)	Plaza de la Constitución, Estación de Autobuses, 2ª Planta, Oficina 26, Lugo
(bo)	Pol. De Pocomaco, Primera Avenida, 10 Nave Alsa B-15, A Coruña
(bp)	Pol. Ind. Las Fronteras. C/Limite, Torrejón de Ardoz (Madrid)
(bq)	C/Comunicaciones, 10 (P. de Babel), Alicante (03008)
(br)	C/Guillem de Castro, 77, Valencia
(bs)	Avenida de la Hispanidad O-Parking P12, Barajas, Madrid
(bt)	C/Jacques Cousteau, 2 – Arteijo (A Coruña)
(bu)	C/Santa Leonor, 65 –Avalón Parque Empresarial, Edificio A, Madrid
(bv)	C/ Porto Pi, 8 – Palma de Mallorca
(bw)	C/Inglaterra, 20-22, Palencia (34004)
(bx)	Madrid (Las Rozas), Avda de Marsil 33
(by)	C/Musico Gustavo Freire, 1-1° Dcha, Lugo (27001)
(bz)	C/Mendez Álvaro (Estación de Autobuses), Madrid
(ca)	Paseo Colón, 18, Bajo Dcha. Sevilla
(cb)	C/Ali Bei, 80 (Estación de Autobuses), Barcelona (08013)
(cc)	Barrio Ubilluts, Andoaín – Guipuzcoa
(cd)	c/ Santander, 71 – Barcelona
(ce)	Alameda de Mazarredo, 21, Bilbao
(cf)	Gran Vía de D. Ingacio de Haro, 81, Bilbao
(cg)	C/Pepe Cosmen, (Estación de Autobuses), Oviedo (33001)
(ch)	Plaza Coca Piñera, s/n (Estación de Autobuses), Jaén
(ci)	Avda Candina, 35-37, Santander (39011)
(cj)	C/Investigación. Nº 2 – Getafe (Madrid)
(ck)	Pol. Ind. Espírtiu Santo, Oviedo (33010)
(cl)	Paraje de la Asomada, Cartagena (Murcia)
(cm)	Avda Juan Carlos I, s/n. Ronda del Ingeniero, Vélez Málaga (Málaga)
(cn)	Polígono Industrial del Henares, Calle Livorno, 55, Marchamalo, Guadalajara (19180)
(co)	Avenida de Cádiz, número 70, 1º-B, Granada
(cp)	C/ Eduardo Torroja, 57 – Madrid
(cq)	S' Hort den Serral (San Agustín) Sant Josep de sa Talaia, Illes Balears
(cr)	8 Chemin de Morglas, 1214, Genève
(cs)	Rue du Mont Blanc 14, 1201, Genève
(ct)	Chemin de Morglas, 8 – Vernier
(cu)	Chemin Des Aulx 9 – Plan Les Ouates – Switzerland
(cv)	9 Capitol Street, Concord, NH 03301
(cw)	1200 Pine Island Road, Plantation, FL 33324
(cx)	289 Culver Street, Lawrenceville, GA 30046

38 Subsidiary undertakings and other significant holdings continued

Key	Address
(cy)	3867 Plaza Tower Drive, Baton Rouge, LA 70816
(cz)	334 North Senate Avenue, Indianapolis, IN 46204
(da)	208 S. LaSalle Street, Chicago, County of Cook, IL 60604
(db)	8020 Excelsior Drive, Suite 200, Madison, WI 53717
(dc)	600 N. 2nd Street, Suite 401, Harrisburg, PA 17101-1071
(de)	1209 Orange Street, Corporation Trust Center, New Castle County, Wilmington, DE 19801-1120
(df)	4701 Cox Road, Glen Allen, County of Henrico, VA 23060
(dg)	3800 North Central Avenue, Ste. 460 Phoenix, AZ 85012
(dh)	155 Federal Street, Suite 700, Boston, MA 02110
(di)	4400 Easton Commons Way, Suite 125, Columbus, County of Franklin, OH 43219
(dj)	40600 Ann Arbor Road E., Suite 201, Plymouth, MI 48170-4675
(dk)	820 Bear Tavern Road, West Trenton, NJ 08628
(dl)	301 S. Bedford St., Suite 1, Madison, WI 53703
(dm)	28 Liberty Street, New York, NY 10005
(dn)	40 West Lawrence, Suite A, Helena, Montana 59601
(do)	2405 York Road, Ste. 201, Lutherville Timonium, MD 21093-2264
(dp)	3800 North Central Avenue, Suite 460, Phoenix, AZ 85012
(dq)	4624 13th St., Wyandotte, MI 48192
(dr)	333 North Brand Blvd., Suite 700, Glendale, CA 91203
(ds)	300 Montvue Road, Knoxville, TN 37919
(dt)	40 King Street West, Suite 5800, Toronto, ON M5H 3S1 Canada
(du)	Palma de Mallorca, c/ Camp Franc 31, Poligano Son Oms
(dv)	C/ Ruiz Perelló, 15, Madrid
(dw)	Avenida Las Palmeras, S/N, Esquina a C/Las Adelfas, Agüimes (Las Palmas)
(dx)	C/Las Mimosas, 41, Agüimes (Las Palmas)
(dy)	C/Las Mimosas, Parcelas 126-127, Pol. Ind. De Arinaga, Agüimes (Las Palmas)
(dz)	160 Mine Lake Ct., Ste. 200, Raleigh, NC 27615
(ea)	3500 South Dupont Highway, Dover, Kent, DE 19901

39 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.

Company Balance Sheet

At 31 December 2024

	Note	2024 £m	2023 £m
Non-current assets			
Intangible assets		**0.5**	0.5
Property, plant and equipment		**0.1**	0.1
Investments in subsidiaries	3	**1,987.4**	2,824.0
Other non-current receivables	6	**247.1**	254.4
Deferred tax assets	10	**1.7**	6.0
Total non-current assets		**2,236.8**	3,085.0
Current assets			
Trade and other receivables	5	**35.5**	50.1
Derivative financial instruments	4	**11.1**	6.4
Cash and cash equivalents	7	**122.7**	173.0
Total current assets		**169.3**	229.5
Total assets		**2,406.1**	3,314.5
Non-current liabilities			
Other non-current liabilities	9	**(1,044.8)**	(1,063.9)
Derivative financial instruments	4	**(0.3)**	(8.6)
Provisions		**(0.5)**	(0.5)
Total non-current liabilities		**(1,045.6)**	(1,073.0)
Current liabilities			
Trade and other payables	8	**(248.4)**	(322.8)
Derivative financial instruments	4	**(36.7)**	(21.5)
Provisions		**(0.1)**	(0.4)
Current tax liabilities		**(1.8)**	(0.3)
Total current liabilities		**(287.0)**	(345.0)
Total liabilities		**(1,332.6)**	(1,418.0)
Net assets		**1,073.5**	1,896.5
Shareholders' equity			
Share capital	12	**30.7**	30.7
Share premium		**533.6**	533.6
Own shares	12	**(4.3)**	(3.6)
Hybrid reserve	12	**513.0**	513.0
Other reserves	13	**225.5**	225.3
Retained earnings		**(225.0)**	597.5
Shareholders' equity		**1,073.5**	1,896.5

The Company reported a loss for the financial year ended 31 December 2024 of £789.5m loss (2023: £49.2m profit).

Ignacio Garat

I Garat
Group Chief Executive Officer

H Cowing
Group Chief Financial Officer

28 April 2025

Company Number 02590560

Company Statement of Changes in Equity

For the year ended 31 December 2024

	Share capital (note 12) £m	Share premium £m	Own shares (note 12) £m	Hybrid reserve (note 12) £m	Other reserves (note 13) £m	Retained earnings £m	Total £m
At 1 January 2024	**30.7**	**533.6**	**(3.6)**	**513.0**	**225.3**	**597.5**	**1,896.5**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(789.5)**	**(789.5)**
Revaluation through Other Comprehensive Income	**–**	**–**	**–**	**–**	**1.8**	**–**	**1.8**
Transfers to the Income Statement on cash flow hedges	**–**	**–**	**–**	**–**	**(1.6)**	**–**	**(1.6)**
Total comprehensive income/(loss)	**–**	**–**	**–**	**–**	**0.2**	**(789.5)**	**(789.3)**
Shares purchased	**–**	**–**	**(2.2)**	**–**	**–**	**–**	**(2.2)**
Own shares released to satisfy employee share schemes	**–**	**–**	**1.5**	**–**	**–**	**(1.5)**	**–**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**4.6**	**4.6**
Deferred tax credit on share-based payments	**–**	**–**	**–**	**–**	**–**	**0.6**	**0.6**
Accrued payments on hybrid instrument	**–**	**–**	**–**	**21.3**	**–**	**(21.3)**	**–**
Payments on hybrid instrument	**–**	**–**	**–**	**(21.3)**	**–**	**–**	**(21.3)**
Deferred tax charge on hybrid instrument payments	**–**	**–**	**–**	**–**	**–**	**(15.4)**	**(15.4)**
At 31 December 2024	**30.7**	**533.6**	**(4.3)**	**513.0**	**225.5**	**(225.0)**	**1,073.5**

Details of dividends paid, declared and proposed during the year are given in note 12 to the Group Consolidated Financial Statements.

	Share capital (note 12) £m	Share premium £m	Own shares (note 12) £m	Hybrid reserve (note 12) £m	Other reserves (note 13) £m	Retained earnings £m	Total £m
At 1 January 2023	30.7	533.6	(3.9)	513.0	226.2	604.1	1,903.7
Profit for the year	–	–	–	–	–	49.2	49.2
Revaluation through Other Comprehensive Income	–	–	–	–	(4.7)	–	(4.7)
Transfers to the Income Statement on cash flow hedges	–	–	–	–	3.8	–	3.8
Total comprehensive income	–	–	–	–	(0.9)	49.2	48.3
Own shares released to satisfy employee share schemes	–	–	0.3	–	–	(0.3)	–
Share-based payments	–	–	–	–	–	1.6	1.6
Accrued payments on hybrid instrument	–	–	–	21.3	–	(21.3)	–
Payments on hybrid instrument	–	–	–	(21.3)	–	–	(21.3)
Dividends paid to shareholders of Company	–	–	–	–	–	(41.1)	(41.1)
Deferred tax credit on hybrid instrument payments	–	–	–	–	–	5.3	5.3
At 31 December 2023	30.7	533.6	(3.6)	513.0	225.3	597.5	1,896.5

1 Employee numbers & benefit costs

	2024 £m	2023 £m
Wages and salaries	**16.1**	9.6
Social security costs	**1.8**	1.2
Pension costs	**0.9**	0.8
Share-based payment	**4.6**	1.1
	23.4	12.7

The average number of employees during the year was 73 (2023: 73).

2 Directors' emoluments

Detailed information concerning Directors' emoluments, shareholdings and options is shown in the Directors' Remuneration Report.

3 Investments in subsidiaries

	£m
Cost or valuation:	
At 1 January 2024	**3,615.6**
Additions	**–**
At 31 December 2024	**3,615.6**
Provisions:	
At 1 January 2024	**791.6**
Charge in the year	**836.6**
At 31 December 2024	**1,628.2**
Net carrying amount:	
At 31 December 2024	**1,987.4**
At 1 January 2024	2,824.0

The Company assesses its investments in subsidiaries annually for indicators of impairment. The Company has performed a detailed assessment in the current year given that the Group's market capitalisation value remains below the net carrying amount of investments in subsidiaries, which is seen as an indicator of potential impairment.

This assessment for National Express Intermediate Holdings Limited, the principal holding company for the Group's trading subsidiaries, showed that the value in use was lower than the net carrying value of the investment in subsidiaries, and, as a result, an impairment charge of £836.6m has been recorded. The recoverable amount has been determined with reference to the value in use of each of the underlying trading companies, calculated on the same basis as detailed in note 14 to the Group Consolidated Financial Statements.

Sensitivities are as follows:

		(Decrease)/Increase in carrying value £m	
Investments in subsidiaries	**Sensitivity**	**2024**	**2023**
Pre-tax discount rate	Increase of 1.5 percentage points	**(370.9)**	n/a[1]
Long term growth rate	Decrease of 1.0 percentage point	**(292.4)**	n/a[1]
Adjusted Operating Profit Margin throughout the assessment period	Decrease of 1.5 percentage point	**(841.0)**	n/a[1]
Free cash flow in the terminal value	Decrease by 10%	**(183.9)**	n/a[1]

1 Sensitivities are not disclosed in the prior year as impairment of investments in subsidiaries was not a key source of estimation uncertainty in 2023.

A full list of principal subsidiaries of the Company can be found in note 16 to the Group Consolidated Financial Statements.

4 Derivative financial instruments

	2024 £m	2023 £m
Cross currency swaps	**0.4**	0.4
Foreign exchange forward contracts	**10.7**	6.0
Current derivative financial assets	**11.1**	6.4
Interest rate derivatives	**–**	(7.0)
Cross currency swaps	**(0.3)**	(1.6)
Non-current derivative financial liabilities	**(0.3)**	(8.6)
Interest rate derivatives	**(9.9)**	(10.8)
Foreign exchange forward contracts	**(26.8)**	(10.7)
Current derivative financial liabilities	**(36.7)**	(21.5)

Full details of the Group's financial risk management objectives and policies can be found in note 29 to the Group Consolidated Financial Statements. As the holding company for the Group, the Company faces similar risks over foreign currency and interest rate movements.

5 Trade and other receivables

	2024 £m	2023 £m
Amounts owed by subsidiary undertakings	**32.3**	43.3
Prepayments and other debtors	**3.2**	6.8
	35.5	50.1

Expected credit losses in respect of amounts owed by subsidiary undertakings due within one year were £nil (2023: £nil) at the reporting date. Amounts owed by subsidiary undertakings due within one year are short term in nature and settlement is expected within 30 days.

6 Other non-current receivables

	2024 £m	2023 £m
Amounts owed by subsidiary undertakings	**244.4**	251.1
Prepayments and other debtors	**2.7**	3.3
	247.1	254.4

Expected credit losses in respect of amounts owed by subsidiary undertakings due after more than one year were £nil (2023: £nil) at the reporting date. For the purpose of the impairment assessment, amounts owed by subsidiary undertakings are considered low credit risk and therefore, the Company measures the provision at an amount equal to 12-month expected credit losses. The subsidiary undertakings with amounts owing to the Company are all solvent and hence the probability of default is considered to be insignificant.

7 Cash and cash equivalents

	2024 £m	2023 £m
Cash at bank and in hand	**7.7**	3.0
Other short-term deposits	**115.0**	170.0
	122.7	173.0

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 Company, and earn interest at the respective short-term deposit rates. The fair value of cash equals the carrying value.

8 Trade and other payables

	2024 £m	2023 £m
Trade creditors	**1.8**	9.3
Amounts owed to subsidiary undertakings	**211.6**	277.9
Accruals and deferred income	**19.1**	8.0
Accrued interest on borrowings	**7.1**	7.0
Bank overdrafts	**8.8**	20.6
	248.4	322.8

Trade creditors are non-interest bearing and are normally settled on 30-day terms.

9 Other non-current liabilities

	2024 £m	2023 £m
Bonds	**648.3**	659.2
Private placements	**396.5**	404.7
	1,044.8	1,063.9

10 Deferred tax

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit is probable through the reversal of deferred tax liabilities and forecast future taxable profits.

Deferred tax assets and liabilities have been included in the Balance Sheet is as follows:

	2024 £m	2023 £m
Deferred tax assets	**1.7**	6.0
Deferred tax liabilities	**–**	–
Net deferred tax assets	**1.7**	6.0

The major components of the net deferred tax asset are as follows:

	2024 £m	2023 £m
Tax losses carried forward	**–**	5.8
Other short-term temporary differences	**1.7**	0.1
Accelerated tax depreciation	**–**	0.1
Net deferred tax assets	**1.7**	6.0

A reconciliation of the movement in deferred tax balances is as follows:

	Deferred tax assets £m
At 1 January 2024	**6.0**
Tax charged to Income Statement	**10.5**
Tax credited to Other Comprehensive Income	**(14.8)**
At 31 December 2024	**1.7**

Unrecognised deferred tax assets

The Company did not recognise deferred tax assets in respect of tax losses carried forward of £25.2m (2023: £20.9m) and restricted interest expenses of £23.3m (2023: £9.6m). The benefits in respect of the tax losses and restricted interest expenses do not time expire.

Timing differences associated with investments

No deferred tax (2023: £nil) has been recognised on the unremitted earnings of subsidiaries and associates, as no dividends have been accrued as receivable and no binding agreement to distribute the past earnings in the future has been entered into by the subsidiaries and as dividends received by the Company are generally exempt from UK corporation tax.

11 Interest-bearing loans and borrowings

The effective interest rates at the balance sheet date were as follows:

	2024 £m	Maturity	Effective interest rate	2023 £m	Maturity	Effective interest rate
Current						
Bank overdrafts	**8.8**	**–**	**–**	20.6	–	–
Accrued interest on borrowings	**7.1**	**–**	**–**	7.0	–	–
Total current	**15.9**			27.6		
Non-current						
9-year Sterling bond	**239.7**	**November 2028**	**GBP SONIA + 3.23%[1]**	231.6	November 2028	GBP SONIA + 1.98%[1]
8-year Euro bond	**408.6**	**September 2031**	**4.875%**	427.6	September 2031	4.875%
Private placements	**396.5**	**2027–2032**	**1.92%**	404.7	2027–2032	1.92%
Total non-current	**1,044.8**			1,063.9		

2 There is a currently a fixed to floating interest rate swap in place until November 2025. Subsequent to this the bond reverts to a fixed rate of 3.63% until maturity. During the year, following a change in the Group's credit rating, the fixed rate on this bond increased from 2.38% to 3.63% effective from November 2024.

The Company currently has £600.0m of unsecured committed revolving credit facilities, details of which are set out in the liquidity risk section of note 29 of the Consolidated Accounts. Details of the Company's interest rate management strategy and interest rate swaps are included in notes 29 and 30 to the Group Consolidated Financial Statements.

12 Share capital

Authorised, issued and fully paid:	No. of shares	2024 £m	No. of shares	2023 £m
At 1 January and 31 December	**614,086,377**	**30.7**	614,086,377	30.7

Each share has a par value of 5p.

The total number of share options exercised in the year was 825,839 (2023: 162,261) of which 776,967 (2023: all) exercises were satisfied by transferring shares from the National Express Employee Benefit Trust.

Own shares (2024: (£4.3m), 2023: (£3.6m))

Own shares comprises 3,742,873 (2023: 1,108,461) ordinary shares in the Company that have been purchased by the trustees of the National Express Employee Benefit Trust (the Trust). During the year, the Trust purchased 3,411,379 (2023: 2,419 shares), and 776,967 (2023: 162,261) shares were used to satisfy options granted under a number of the Company's share schemes. Nil shares (2023: nil) were sold during the year to the open market.

The market value of the shares held by the Trust at 31 December 2024 was £3.0m (2023: £0.9m). Dividends are payable on nil (2023: 283,688).

Hybrid reserves (2024: £513.0m, 2023: £513.0m)

The Group has in issue a Sterling denominated hybrid instrument of £500m, with an annual coupon rate of 4.25%. The contractual terms of the instrument allow the Group to defer coupon payments and the repayment of the principal indefinitely. However, any deferred payments must be made in the event of a dividend distribution. The instrument was issued in November 2020 and the terms also allow for the instrument to be redeemed at the option of the Group at five years after issue (first call date) and 10 years (second call date), and subsequently at each coupon date or in the event of highly specific circumstances (such as a change in IFRS or change of control). As the Group has the unconditional right to avoid transferring cash or another financial asset in relation to this instrument, it is classified within equity. The annual coupon rate is fixed for the first five years, and thereafter reset according to the specific terms of the issuance.

13 Other reserves

	Capital redemption reserve £m	Cash flow hedge reserve £m	Cost of hedging reserve £m	Merger reserve £m	Total £m
At 1 January 2024	**0.2**	**1.2**	**(0.2)**	**224.1**	**225.3**
Gains on hedging	**–**	**1.6**	**–**	**–**	**1.6**
Hedging gains reclassified to Income Statement	**–**	**(1.6)**	**–**	**–**	**(1.6)**
Cost of hedging	**–**	**–**	**0.2**	**–**	**0.2**
At 31 December 2024	**0.2**	**1.2**	**–**	**224.1**	**225.5**

	Capital redemption reserve £m	Cash flow hedge reserve £m	Cost of hedging reserve £m	Merger reserve £m	Total £m
At 1 January 2023	0.2	2.4	(0.5)	224.1	226.2
Losses on hedging	–	(5.0)	–	–	(5.0)
Hedging losses reclassified to Income Statement	–	3.8	–	–	3.8
Cost of hedging	–	–	0.3	–	0.3
At 31 December 2023	0.2	1.2	(0.2)	224.1	225.3

The nature and purpose of the other reserves are as follows:

- The cash flow hedge reserve records the movements on designated hedging instruments.
- The cost of hedging reserve records the movements in the currency basis, which are excluded from the hedging instrument on the designated hedging instruments in the cash flow hedge reserves.
- The merger reserve included the premium on the share issue in May 2020.

14 Share-based payments

During the year ended 31 December 2024, the Company had a number of share-based payment arrangements, which are described in note 9 to the Consolidated Accounts, along with all required disclosures.

15 Commitments, contingencies and insurance contracts

Contingent liabilities

Guarantees

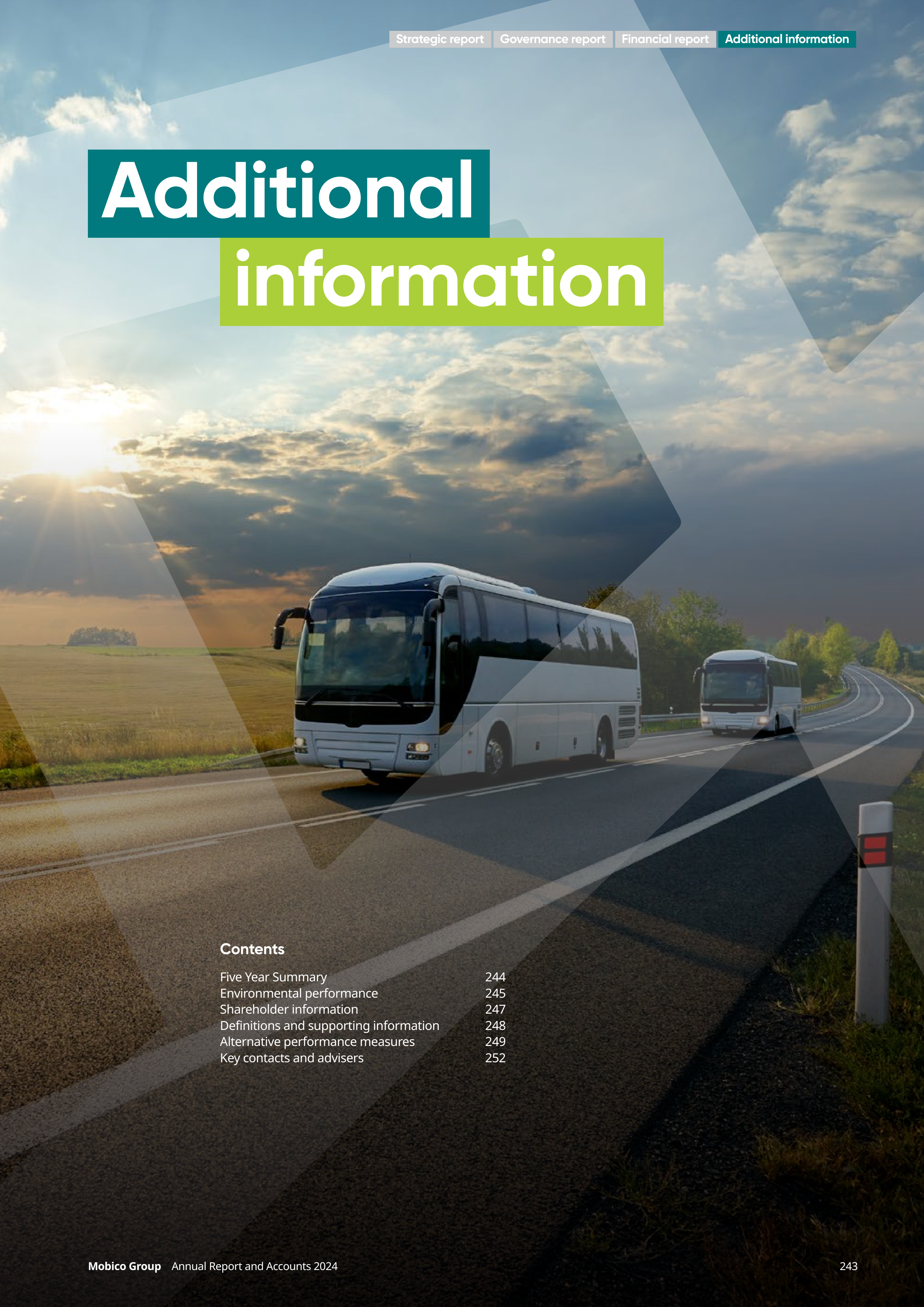
The Company has guaranteed the liabilities of a number of its subsidiaries under Section 479C of the Companies Act 2006 and these subsidiaries are exempt from the requirements of the Act relating to the audit of individual accounts by virtue of section 479A of the Act. These subsidiaries are highlighted in the full subsidiaries listing in note 38 to the Consolidated Accounts.

Insurance contracts

In the ordinary course of business, the Company is required to issue counter-indemnities in support of its operations. These are valued as insurance contracts in scope of IFRS 17 Insurance Contracts from 1 January 2023. Previously these had been disclosed as contingent liabilities in the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

As at 31 December 2024, the Company had performance bonds in respect of businesses in the USA of £207.0m (2023: £197.0m), in Spain of £107.9m (2023: £114.4m), in Germany of £54.9m (2023: £29.6m), and in the Middle East of £6.4m (2023: £6.3m). Letters of credit have been issued to support insurance retentions of £162.5m (2023: £181.3m).

The directors believe that the expected pay out of these contracts is £nil (2023: £nil) and the insurance liability recorded in the Financial Statements at the end of the period is £nil (2023: £nil).



Additional information

Contents

Five Year Summary

	2024	2023	2022	2021	2020
Group Adjusted					
Revenue	**3,412.4**	3,150.9	2,807.5	2,170.3	1,955.9
Adjusted operating profit/(loss)	**187.7**	168.6	197.3	87.0	(50.8)
Return on capital	**10.2%**	7.0%	7.6%	3.4%	(2.0)%
Basic EPS	**4.8**	4.5	15.0	0.2	(14.6)
IFRS					
Revenue	**3,412.4**	3,150.9	2,807.5	2,170.3	1,955.9
Operating loss	**(519.9)**	(43.2)[1]	(173.5)	(36.2)	(381.4)
Loss before tax	**(609.3)**	(120.1)[1]	(225.3)	(84.9)	(447.7)
Basic EPS	**(134.8)**	(33.7)[1]	(41.4)	(16.6)	(57.9)
Dividends per share	**Nil**	1.7	5.0	Nil	Nil
Net (debt)/funds					
Cash	**244.5**	356.3	291.8	508.4	629.8
Bank overdrafts	**(41.4)**	(62.6)	(58.7)	(132.2)	(109.3)
Other debt receivable	**2.7**	2.9	2.7	1.0	1.2
Bonds	**(648.3)**	(659.2)	(621.4)	(640.9)	(647.0)
Bank loans [2]	**(177.5)**	(243.9)	(194.7)	(189.6)	(101.8)
Fair value of derivatives included in net debt	**(9.8)**	(18.6)	(32.0)	(3.7)	(4.7)
Lease liabilities[3]	**(176.2)**	(171.9)	(183.7)	(218.9)	(311.3)
Private placements	**(396.5)**	(404.7)	(411.9)	(393.9)	(476.8)
Adjusted net debt	**(1,202.5)**	(1,201.7)	(1,207.9)	(1,069.8)	(1,019.9)

1 Restated for a correction to the German Rail onerous contract provision, see note 2 for further information
2 Net of arrangement fees totalling £2.7m on bank and other loans
3 Lease liabilities are reported net of finance lease receivables that are reported separately from borrowings on the face of the Group's Balance Sheet

Environmental performance

Absolute emissions commentary on the year-on-year movements in absolute emissions can be found within the Taskforce for Climate-Related Financial Disclosures (TCFD) on pages 68 to 80.

Science-based Target initiative metrics

Details of targets are explained on page 78.

	2024				2023			
Tonnes of Carbon Emissions (tCO_2e)	Scope 1	Scope 2 (location-based)	Total Scope 1 & 2	Scope 3	Scope 1	Scope 2 (location-based)	Total Scope 1 & 2	Scope 3
Consolidated Group	**797,111**	**80,221**	**877,332**	**533,252**	811,234	78,295	889,529	491,791
Other investments (Bahrain Joint Venture)	**18,107**	**717**	**18,824**	**7,974**	23,581	827	24,408	5,489
Total tCO_2e	**815,218**	**80,938**	**896,156**	**541,227**	834,815	79,122	913,937	497,280

Emissions by scope

Group tCO_2e by scope	2024	2023	2022	2021	Change (2023 versus 2024)
Scope 1	**815,218**	834,815	830,287	657,239	-2.3%
Scope 2	**80,938**	79,122	83,577	73,649	+2.3%
Scope 3	**541,227**	497,280	600,400[1]	5,762	+8.8%
Total	**1,437,383**	1,411,217	1,514,264	736,650	+1.9%

1 Group completed a full baseline assessment of Group-wide Scope 3 emissions for the first time during the prior year and including all relevant categories in the 2022, 2023 and 2024 numbers. Prior years scope 3 included only business travel, waste, water and certain other upstream emissions. Please refer to the below for the detailed methodology and breakdown of Scope 3 emissions by category.

Emissions by division

Scope 1, 2 and 3 tCO_2e by division	2024	2023	2022[1]	2021	Change (2023 versus 2024)
ALSA	**704,040**	696,851	712,900	368,714	+1.0%
Bahrain	**26,798**	29,898	23,946	17,810	-10.4%
Germany	**91,790**	105,651	122,486	58,939	-13.1%
United Kingdom	**256,949**	256,900	288,524	147,789	-19.3%
North America	**352,807**	318,590	362,514	142,800	+37.3%
Central Functions	**4,999**	3,327	3,894	598	+50.2%
Group total	**1,437,383**	1,411,217	1,514,264	736,650	+1.9%

1 Group completed a full baseline assessment of Group-wide Scope 3 emissions for the first time during the prior year and including all relevant categories in the 2022, 2023 and 2024 numbers. Prior years scope 3 included only business travel, waste, water and certain other upstream emissions. Please refer to the below for the detailed methodology and breakdown of Scope 3 emissions by category.

Scope 3 emissions by Category

Category	2024 Absolute emissions (tCO_2e)	2023 Absolute emissions (tCO_2e)	Change (2023 versus 2024)
1. Purchased goods & services	**86,244**	138,835	N/A*
2. Capital goods	**133,292**	92,435	+44.2%
3. Upstream fuel and energy production and distribution	**209,465**	201,723	+3.8%
4. Upstream transportation & distribution	**38,747**	N/A*	N/A
5. Waste and water	**707**	683	+3.5%
6. Business travel	**3,082**	2,390	+29.0%
7. Employee commuting	**42,594**	43,062	-1.1%
8. Upstream leased assets	**20,662**	15,533	+33.0%
9. Downstream transportation & distribution	**N/A**	N/A	N/A
10. Processing of sold products	**N/A**	N/A	N/A

Category	2024 Absolute emissions (tCO_2e)	2023 Absolute emissions (tCO_2e)	Change (2023 versus 2024)
11. Use of sold products	**N/A**	N/A	N/A
12. End-of-life treatment of sold products	**N/A**	N/A	N/A
13. Downstream leased assets	**101**	1,194	-91.5%
14. Franchises	**N/A**	N/A	N/A
15. Investments	**6,333**	1,425	+344.4%
Total	**541,227**	497,280	+8.8%

* Category 4 emissions have been disaggregated from category 1 in 2024, as above. In the previous year, they were combined in category 1.

Intensity metrics

Intensity metrics	2024	2023	2022	2021	Change (2023 versus 2024)
Group totals (million passenger km)	**39,432**	38,776	37,804	28,932	+1.7%
Scope 1 & 2 tCO_2e/mpkm	**22.73**	23.57	24.17	25.26	-3.5%
Total tCO_2e per million pass.km (Scope 1, 2 & 3)	**36.45**	36.39	40.06	25.34	+0.2%

Emissions reporting methodology

The method we have used to calculate GHG emissions is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), together with appropriate emission factors taken from recognised public sources including, but not limited to, the Department for Business, Energy & Industrial Strategy (BEIS), Defra, the International Energy Agency, the US Energy Information Administration, the US Environmental Protection Agency and the Intergovernmental Panel on Climate Change.

We have used a materiality threshold of 5%, have accounted for all material sources of GHG emissions and have reported emissions for the period 1 January 2024 to 31 December 2024 in line with our Financial Statements.

We are committed to ensuring that our GHG accounting system, results and accompanying reports remain robust, continue to enhance our Group-level emission performance year-on-year and are in compliance with the mandatory requirements of the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (which Regulations implement the Government's policy on Streamlined Energy and Carbon Reporting (SECR)).

Streamlined Energy and Carbon Reporting

SECR regulations require the reporting (in MWh rather than tCO_2 in line with existing standards) of the aggregate of:

- the annual quantity of energy consumed from activities for which the Company is responsible, including the combustion of fuel and the operation of any facility; and
- the annual quantity of energy consumed resulting from the purchase of electricity, heat, steam or cooling by the Company for its own use.

MWh by division	2024	2023
ALSA	**1,744,819**	1,707,075
North America	**669,230**	782,395
United Kingdom	**665,912**	681,416
Germany	**187,342**	199,759
Bahrain	**65,906**	66,061
All	**3,333,208**	3,436,706
Energy consumed from the activities for which the Company is responsible, including the combustion of fuel and the operation of any facility	**3,083,357**	3,181,141
Energy consumed resulting from the purchase of electricity, heat, steam or cooling	**249,851**	255,565
All	**3,333,208**	3,436,706

Proportion of figure that relates to energy consumed in the UK and offshore area	2024	2023
Offshore	**2,667,297**	2,775,289
United Kingdom	**665,911**	681,416
UK proportion	**20%**	20%

Shareholder information

Ordinary shares
The Company's ordinary shares, each of nominal value 5 pence, are traded on the main market for listed securities on the London Stock Exchange (LON:MCG).

Dividends
Having your dividends paid directly into your bank or building society account is more secure than receiving your dividend by cheque. If you would prefer your dividends to be paid directly into your bank or building society account, further information is available from Equiniti (address and telephone number below). You will still receive an annual dividend confirmation detailing each dividend you receive.

ShareGift
ShareGift is an independent charity share donation scheme administered by the Orr Mackintosh Foundation (registered charity number 1052686). Shareholders who hold only a small number of shares, the value of which makes it uneconomic to sell them, can donate their shares to ShareGift who will sell them and donate the proceeds to a range of charities. Further information may be obtained on 020 7930 3737 or by visiting: www.sharegift.org.

Shareholder security
You should always check that any firm contacting you about potential investment opportunities is properly authorised by the FCA. If you deal with an unauthorised firm, you will not be eligible for compensation under the Financial Services Compensation Scheme. You can find out more about protecting yourself from investment scams by visiting the FCA's website at www.fca.org.uk/consumers, or by calling the FCA's consumer helpline on 0800 111 6768 (overseas callers dial +44 207 066 1000). If you have already paid money to share fraudsters contact Action Fraud immediately on 0300 123 2040, whose website is: www.actionfraud.police.uk.

Company website
The Company website (www.mobicogroup.com) contains information about the Company's operations. Copies of the Company's annual reports, results announcements, notices and other corporate communications, together with information about the Company share price and dividends, can be found there.

e-Communication
We encourage shareholders to receive communications from the Company electronically as this is quicker, more environmentally friendly and more cost effective. To register for this service, you should go to www.shareview.co.uk.

Registrar
The Company's Registrar is Equiniti Limited ("Equiniti") whose registered address is: Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

For assistance and enquiries relating to the administration of shareholdings in Mobico Group PLC, such as lost share certificates, dividend payments or a change of address, please see the Registrar's website for further information and contact details: https://www.shareview.co.uk/4/Info/Portfolio/default/en/home/help/Pages/Help.aspx

Personal data
The Company processes personal data about its shareholders in compliance with applicable laws. A copy of the Shareholder Privacy Notice explaining how the Company processes your personal data and your rights in respect of that processing can be found at: https://www.mobicogroup.com/privacy-centre/.

Definitions and supporting information

AGM	Annual General Meeting
AI	Artificial intelligence
APMs	Alternative performance measures
Board	The Board of Directors of the Company
Code	The UK Corporate Governance Code published by the FRC in 2018
Company	Mobico Group PLC
Consolidated Financial Statements	The Financial Statements for the Group for the year ended 31 December 2024
Constant Currency	Compares current period's results with the prior period's results translated at the current period's exchange rates
CPI	Consumer Price Index
DE&I	Diversity, Ethnicity and Inclusion
CRM	Customer relationship management
Directors	The Directors of the Company
Dividend	Dividend amount payable per ordinary share
DTRs	Disclosure Guidance and Transparency Rules
EDBP	Executive Deferred Bonus Plan
EURIBOR	Euro Interbank Offered Rate
EV	Electric vehicle
Executive Directors	The Executive Directors of the Company
FCA	The Financial Conduct Authority
FRC	The Financial Reporting Council
FWI	Fatalities and Weighted Injuries
GDP	Gross Domestic Product – used to determine the economic performance of a whole country or region
GHG	Greenhouse gas emissions
Group	The Company and its subsidiaries and associates
HMRC	His Majesty's Revenue and Customs
IAS	International Accounting Standards
IFRIC	International Financial Reporting Interpretations Committee

IFRS	International Financial Reporting Standards
KPIs	Key performance indicators
LIBOR	London Interbank Offered Rate
UK Listing Rules	The Listing Rules of the FCA
LTIP	Long-Term Incentive Plan
MaaS	Mobility as a service
Net interest expense	Finance costs less finance income
Non-Executive Directors	The Non-Executive Directors of the Company
Operating margin or 'margin'	Ratio of adjusted operating profit to revenue
Ordinary shares	Ordinary shares of nominal value 5 pence each in the Company
PBT	Profit before tax
RCF	Revolving credit facility
RCP	Representative Concentration Pathway
RME	Rhine-Münster Express
RMS	Revenue Management System
RPI	Retail Prices Index
RRX	Rhine-Ruhr Express
SBTi	Science Based Targets initiative
SDA	Sectoral Decarbonisation Approach
TfWM	Transport for West Midlands
TSR	Total shareholder return – the growth in value of a shareholding over a specified period assuming that dividends are reinvested to purchase additional shares
ZEV	Zero Emission Vehicle

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 37.	Net debt is the measure by which the Group and interested stakeholders assess its level of overall indebtedness.

Measure	Closest IFRS measure	Definition and reconciliation	Purpose
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 13 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 separately disclosed 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 IFRIC 12 asset 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
Statutory operating profit/(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
Remove: Average adjusted net debt	**1,202.1**	1,204.8
Remove: 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%

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

Key contacts and advisers

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Cautionary statement

Certain statements included in this Annual Report are, or may be deemed to be, forward-looking. They appear in a number of places throughout this Annual Report and include statements regarding our intentions, beliefs or current expectations and those of our officers, Directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results referred to in these forward-looking statements. Forward-looking statements are not guarantees of future performance and no assurances can be given that the forward-looking statements in this document will be realised. Unless otherwise required by applicable law, regulation or accounting standard, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

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