

## THE GO-AHEAD GROUP PLC

("GO-AHEAD" OR "THE GROUP")

### Half year results for the six months ended 2 January 2021

#### Business overview

- Three priorities unchanged through the pandemic: to safeguard the health and wellbeing of our colleagues and customers; to play our role in society; and to protect our business
- Resilient performance against a challenging backdrop with Group adjusted operating profit\* of £56.1m (H1'20: £60.0m)
  - Regional bus operating profit\* of £12.3m (H1'20: £19.1m) – impact of COVID-19 on passenger revenue mitigated by the Government's support for maintaining bus services
  - London & International bus operating profit of £37.3m (H1'20: £26.2m) – stronger year on year performance largely due to a short-term non-cash benefit due to the timing of recognition of Quality Incentive Contract (QIC) income
  - Rail operating profit\* of £6.5m (H1'20: £14.7m) – material cost savings offset reduction in profit from current rail contracts. Year on year movement reflects non-recurrence of prior year benefit from close out of old franchises.
- Our financial expectations for the full year have increased reflecting the short-term benefit relating to the timing of QICs recognition in London & International bus
- German rail operations in Baden-Württemberg performing well and in line with improvement plan. A detailed review of contracts in Bavaria, currently mobilising to commence operation in December 2021 and December 2022, has resulted in an onerous contract provision increase of £25.9m in the period
- Group continues to demonstrate strong fundamentals
  - 90 per cent of revenues secured through contracts with no revenue risk from changes in passenger demand
  - Operations remain cash generative and liquidity is strong with £250.8m of unutilised facilities and unrestricted cash at the half year end
  - Adjusted net debt to EBITDA of 1.87x\*\*, comfortably within target range of 1.5 to 2.5x and well below 3.5x bank covenant
  - Maintained stable investment grade credit ratings
- Board continues to work towards paying a dividend at an appropriate level in the 2021 calendar year
- ESG is embedded in our business model, strategy and culture
  - Environmental credentials recognised by CDP with score uplifted to A-; continue to lead the industry with largest zero emission bus and train fleets in the UK
  - Progress made in increasing gender diversity; gender-equal Board and the number of senior management roles held by women is up from 16% to 21%
  - Industry leading corporate governance acknowledge by Britain's Most Admired Companies survey scoring 7.0 out of 10, compared with a bus and rail average (excluding Go-Ahead) of 5.0
- Public transport remains critical to environmental sustainability, economic recovery, the delivery of health and wellbeing outcomes, and keeping communities connected

\* Before exceptional charges of £20.7m in rail and £0.3m in regional bus. Details are provided in note 5 to the financial statements.

\*\* On a pre-IFRS 16 basis, in line with bank covenants.

## Financial summary

	H1'21	H1'20	Increase/ (decrease) %
Revenue (£m)	<b>2,070.2</b>	2,007.3*	3.1
Adjusted operating profit (£m)	<b>56.1</b>	60.0	(6.5)
Adjusted profit before tax (£m)	<b>45.6</b>	49.0	(6.9)
Adjusted basic earnings per share (p)	<b>74.2</b>	64.6	14.9
Statutory operating profit (£m)	<b>35.1</b>	60.0	(41.5)
Statutory profit before tax (£m)	<b>24.6</b>	49.0	(49.8)
Statutory basic earnings per share (p)	<b>23.9</b>	64.6	(63.0)

Adjusted measures are presented on a pre-exceptional item basis

\* Restated (see note 2)

	H1'21			H1'20		
	Under IFRS 16	Impact of IFRS 16	Under IAS 17	Under IFRS 16	Impact of IFRS 16	Under IAS 17
Cashflow generated from operations (excluding restricted cash) (£m)	<b>316.0</b>	<b>252.5</b>	<b>63.5</b>	274.1	175.6	98.5
Free cashflow (£m)	<b>279.0</b>	<b>246.8</b>	<b>32.2</b>	160.6	168.3	(7.7)
Adjusted net debt (£m) <sup>^</sup>	<b>699.6</b>	<b>399.7</b>	<b>299.9</b>	931.6	625.2	306.4
Adjusted net debt/EBITDA <sup>^</sup>	<b>n/a</b>	<b>n/a</b>	<b>1.87x</b>	n/a	n/a	1.53x

<sup>^</sup> Adjusted net debt excludes restricted cash. Bank covenants continue to be assessed under IAS 17

### David Brown, Group Chief Executive, commented:

“As we continue to deal with the challenges of the pandemic, my thoughts are with those impacted by COVID-19, particularly the families and friends of colleagues who have lost their lives.

“I would like to thank all my colleagues for their hard work in ensuring people can travel safely to work, hospitals, schools and make other essential journeys. They have all played a key role keeping buses and trains running throughout this crisis.

“We are pleased to be supporting the vaccination roll-out in our communities by operating dedicated shuttle services to vaccination centres, transforming buses into mobile centres, and providing free parking in our train station car parks for people travelling to appointments.

“As the economy opens throughout the spring, we expect to see passengers return, with evidence of pent up demand for leisure journeys, including high levels of staycations. Prior to the second lockdown, our regional bus services were up to 60 per cent of normal passenger journeys, and while demand patterns across the day may be different, we anticipate a desire to return to city centres for work and leisure.

“Public transport plays a vital role in the economic recovery by providing access to jobs and education. It is also integral to the Government’s Net Zero ambitions, to improving air quality, and to improving public health, especially in combination with active travel. We expect to see this reflected in the forthcoming National Bus Strategy.

“Private operators are uniquely placed to deliver the passenger growth, innovation and efficiency that customers, communities and the Government want to see as we emerge from the pandemic. The agility and collaboration demonstrated throughout the past 12 months is further evidence of the vital role we play in our communities.”

### For further information, please contact:

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David Brown, Group Chief Executive, and Elodie Brian, Group Chief Financial Officer, will be hosting a Q&A conference call for investors and analysts at 09.00 today, please contact [investorrelations@go-ahead.com](mailto:investorrelations@go-ahead.com) for details.

A video webcast of the presentation is available on Go-Ahead’s website from 07.00 today; [www.go-ahead.com](http://www.go-ahead.com).

# Chief Executive's review

When I wrote my last review, in September 2020, things were starting to look brighter. Restrictions in the UK were at their lightest since the pandemic began, schools were reopening and regional bus passenger volumes had recovered to 50 to 60 per cent of typical levels. Since then, however, we have seen the tightening of restrictions once again, culminating in two further lockdowns in the UK including the closure of schools. The challenges of the pandemic, therefore, dominated the first half of our financial year, but the second half has begun with a more positive outlook and the introduction of a mass vaccination programme.

Amidst these changes, however, the importance of public transport in supporting communities and critical services throughout this crisis has not diminished. The commitment from governments to maintain vital transport networks has remained firm. And the dedication of our 30,000 people hasn't wavered.

The leaders in our business at every level have stepped up in the face of the pandemic and all our colleagues have shown hard work and dedication. I am sincerely proud of them all; but I am equally devastated to have lost more colleagues to COVID-19 during this period. Our thoughts are with their families, friends and close colleagues and we continue to support them in every way we can.

Our priorities have remained the same throughout the crisis: to safeguard the health and wellbeing of our colleagues and customers, to play our role in society in challenging times, and to protect our business.

## Safeguarding health and wellbeing

Safety is always our priority. Throughout the crisis we have responded to the heightened risk posed by the virus and have implemented appropriate measures in all areas of our business to safeguard our colleagues and our customers.

We continue to follow the rules and guidelines set out by local and national governments and have stepped up engagement with our colleagues in our businesses to ensure any concerns are addressed and appropriate measures are taken. We offer additional support to colleagues at greater risk from COVID-19, and continue to support shielding where required. We are using lateral flow testing for colleagues and ensuring self-isolating is taking place where needed.

Regular swab testing of buses, trains and facilities has been carried out, both by Go-Ahead and independent organisations, and minimal presence of the virus has been detected. As well as the physical measures taken, such as protective equipment, enclosed drivers' cabs and enhanced cleaning, we have continually provided information and guidance to support safe working and travelling. Contactless payments have increased, reducing cash handling, and use of our customer apps has continued to grow, providing information about seat availability on services to facilitate social distancing.

Safeguarding the mental health and wellbeing of our colleagues has been an equal priority to protecting physical health and safety. We continue to acknowledge the different circumstances in which people are living and working and aim to provide suitable support to every colleague.

In recent months, representatives from each of our bus businesses in the UK and Ireland have been trained in mental health first aid. The training provides the first-aiders with an in-depth understanding of mental health, enabling the practical skills to spot triggers, reassure a person in distress and guide individuals to further support.

## Playing our role in society

It is humbling to see the fantastic initiatives our teams have been involved in over recent months to support their communities in tackling the effects of COVID-19. Buses have been deployed as shuttles to vaccination centres, providing a safe and reliable travel option, and buses have also been adapted to form mobile vaccination centres, travelling to people in hard-to-reach communities. We have also provided free parking at train stations for people attending nearby vaccination centres.

I have also been delighted to see some more spontaneous examples of our people playing their part. On Christmas Eve, when thousands of lorry drivers were stuck overnight in Operation Brock, our Southeastern team worked alongside Network Rail colleagues to transport excess food from station outlets from London to Kent for stranded drivers.

All of these great initiatives are on top of the bread and butter of our business; keeping people moving. This has continued to be vitally important, enabling key workers to reach their places of work, and people to make essential journeys to buy food and reach medical appointments.

# Chief Executive's review continued

## Protecting our business

Our business model has proved resilient throughout the crisis, with 90 per cent of Group revenues supported by contracts which are not exposed to changes in passenger demand. The remaining 10 per cent continues to be supported by government packages.

We have continued to closely manage cash flows and have maintained liquidity of over £200m throughout the crisis, without the requirement to seek additional facilities. At £27m, capital expenditure was almost half that of the first half of the prior year, and the full year outlook remains materially lower than typical levels at around £65m.

Our balance sheet is as strong today as it was when we entered the crisis. Adjusted net debt to EBITDA has remained in the lower half of our target range, allowing significant headroom on our primary bank covenant.

## Regional bus

In the first half of the year, journeys made on our regional bus services ranged from a high of around 60 per cent of pre-crisis levels in September to a low of around 40 per cent in November, reflecting the changes in restrictions. Despite the volatility in passenger numbers, we continued to operate in excess of 90 per cent of services enabling people to make essential journeys even at the height of the UK's lockdown. These services are supported by the Government through the Coronavirus Bus Services Support Grant (CBSSG) which was established in early April 2020. Not only has this ongoing support kept people moving during the crisis, it has preserved the bus network which will be vital in supporting economic recovery following the pandemic.

Throughout the crisis, we have provided regional bus services on a broadly breakeven basis and while passenger volumes remain at historically low levels, we expect this arrangement to continue. The DfT has confirmed that CBSSG will remain in place until it is no longer required. The strong progress with the vaccine rollout and the Government's phased easing of restrictions gives us optimism that, while travel patterns may change, we will see a near-term recovery in passenger numbers. We are working closely with the DfT to establish transition funding arrangements to follow CBSSG, which are likely to emphasise the importance of partnership working between operators and local authorities.

We look forward to the publication of the Government's National Bus Strategy; something we have consistently called for. We believe this is a key milestone for regional bus services, aligning national and local government and private operators to deliver sustainable outcomes for our communities.

## London & International bus

Our London & International bus business has been resilient throughout the period, with gross cost contracts continuing on pre-crisis terms. The underlying financial performance in the half year was in line with the prior year, with the year on year improvement being driven by a short-term benefit due to the timing of Quality Incentive Contract (QIC) revenue recognition in London as a result of Transport for London (TfL) moving from annual to quarterly settlements.

Services have continued at close to 100 per cent of pre-crisis levels throughout the period to enable safe and socially distanced travel to take place. We continue to work closely with our transport authority clients in our three geographies. In Singapore, where the Government has encouraged people to continue using public transport safely throughout the pandemic, passenger demand is currently at over 80 per cent of pre-crisis levels.

Contract tender processes have been unaffected by the crisis and we continue to secure work in London at similar margins. With 100 per cent of revenue in this division generated through contracts, we have good visibility of financial performance for the remainder of the year, and into next year.

## Rail

The tendering authorities for all of our rail contracts have supported services throughout the crisis enabling a robust timetable to be maintained. As a result, the financial performance of this division has not been materially impacted by the pandemic.

Our UK rail franchises continue to operate under arrangements established with the DfT at the outset of the crisis, and will do so until they come to an end in Autumn 2021. During the half year, operational performance has been strong and financial performance robust, slightly ahead of our expectations. This was driven by GTR's achievement of performance-related incentives within its Emergency Measures Agreement (EMA) contract which ran between March and September 2020. Southeastern continues to operate under its EMA and, while it is performing well, service delivery will not be formally assessed by DfT until the end of the current contract.

We are in discussions with the DfT regarding potential Direct Award Contracts, for both GTR and Southeastern, which could run for as long as six years following the current agreements. Experienced private operators like Go-Ahead can play an important role in the rail industry's recovery following the crisis. Our customer-focused approach will support the return of passengers, delivering revenue growth, and our skills and experience will support the rigorous cost control that is required.

In Germany, the terms of our management contract remain unchanged, with no exposure to revenue risk associated with passenger demand. In Baden-Württemberg improvement plans are progressing in line with our expectations and operational performance remains stable. Financial penalties have continued to reduce, but remain above levels required for these contracts to generate a profit. Our expectations for the financial performance of this contract for the full year are unchanged and we continue to forecast a positive contribution from this business in our 2023 financial year.



# Chief Executive's review continued

## Protecting our business continued

### Rail continued

Mobilisation of the contracts in Bavaria is underway ahead of their respective start dates in December 2021 and December 2022, with a particular focus on driver recruitment and training. Following a detailed review of financial projection for these contracts, we have identified these contracts as onerous and, as a result, have increase the provision by £25.9m in the period. Over the coming months we will assess the effect of mitigation activities, including commercial discussions with the client, and the impact of the pandemic on our ability to recruit drivers.

The end of our half year marked the first anniversary of our Norwegian rail contract. I have been impressed by the resilience of our team and the strength of the relationships forged with the transport authority, which have been vital in protecting this business in throughout the pandemic.

### ESG

Environmental, Social and Governance (ESG) matters have long been part of our DNA and are embedded in our strategy.

As ESG credentials become increasingly important for our stakeholders we strive to communicate about these matters in a more consistent and transparent way.

Our credentials have been acknowledged by respected organisations such as CDP and MSCI where we are proud to have the highest scores and ratings in the UK bus and rail sector. In January 2021, the Britain's Most Admired Companies survey ranked Go-Ahead fifth in the overall transport category and highest among bus and rail companies. I was particularly pleased to achieve a sector-leading score of 7.4 out of 10 for community and environmental responsibility, compared with a sector-average score of 5.21. I am pleased with our achievements to date, but we are not complacent. We continually strengthen the Group for long term sustainability, increasing the wide-ranging value we bring to all of our stakeholders.

We will continue to talk about our activities under the banners of our five responsible business pillars. These areas, which are aligned to the UN's Sustainable Development Goals, represent where we can make the greatest positive impact through our decisions and behaviours. These activities are core to our business, not an add-on, and they enable us to drive sustainable value over the long term.

## Responsible business areas

### Better teams

We are a people business and have continued to welcome colleagues into the Group despite the challenges presented by COVID-19. In 2020, we recruited 650 apprentices and we plan to increase this to 1,100 in 2021. Our apprenticeship scheme offers comprehensive training and equips people with fundamental life skills and qualifications, including Maths, English and IT up to GCSE standard. By investing in our apprentices, we are investing in the Group's future, ensuring a strong base of highly trained people. Retention rates of colleagues coming through the apprenticeship scheme are higher than for individuals who join us via other routes. The scheme, members of which range from 16 years old to 76 years old, has helped increase diversity in our workforce with representation of women and ethnic minority groups being higher than the Group-average.

Aligned with our aim to increase gender diversity in our businesses, this year's cohort of graduates demonstrates that progress is being made, with over 80 per cent of new graduates being female. GTR doubled the number of female applicants for their train driver roles, and Southeastern was awarded 'Top Employer' at the Women in Rail awards.

We want a workforce that represents the communities we serve and, while I am pleased with the progress we are making in diversity, there is still much to achieve. We are targeting 20 per cent female representation in bus by 2025 and 21 per cent female representation in rail by the end of 2021. We are also focused on improving BAME representation and targets are currently under development.

### Happier customers

Owing to the pandemic, we had many fewer passengers travelling on our services during this period, but our focus on our customers has remained as strong as ever. We have delivered high levels of punctuality across our services, ensuring key workers can start their shifts on time. We have also made it even easier for people to pay for their journeys, extending mobile ticketing on our rail services and Tap On Tap Off contactless in our bus division. Around 65 per cent of bus and rail tickets are now sold through smart, digital or contactless channels.

We are focused on developing the customer experience as more people return to our services. We expect to see flexible rail ticketing introduced soon, acknowledging the likelihood that office workers will travel at different times and with less regularity than before the pandemic.

# Chief Executive's review continued

## Stronger communities

As well as playing a key role in our communities as major local employers and through the economic activity we support through transport links to employment, education, and leisure activities, we are aiming to strengthen our support of local suppliers. We have a target that a minimum of 33 per cent of our controllable expenditure will be spent with local SMEs by 2023.

All of our businesses have a range of different projects ongoing at all times, reflecting the needs of their communities. They include initiatives to support homeless people in our rail business and celebrating local 'lockdown heroes' on the side of our buses.

## Safer working

Safety is our priority and is embedded in our culture. We continuously run safety campaigns across the business and have reward and recognition schemes to incentivise safe driving.

GTR's Zero Harm Strategy, for example, integrates the responsibility for safety within every business area. This strategy has had far-reaching successes, including reducing fatalities on the network by 40 per cent year on year and increasing life-saving interventions by 57 per cent.

In addition to cultural change, we continue to explore new ways for technology to ensure the safety of colleagues and passengers. In-house solutions are under development that will improve reporting and enable a more sophisticated level of trend analysis. Innovations such as camera technology replacing standard wing mirrors, "intelligent speed adaptation", automated braking systems and acoustic vehicle alert systems on quiet electric and hybrid buses have been introduced or trialled on our buses.

In the period, we introduced a Safety Culture Steering Group in UK rail involving Trade Union representatives and Network Rail to support our journey and challenge our thinking.

## Cleaner environment

We have a dual role as we strive towards a cleaner environment. The first is improving the environmental credentials of our operations, predominantly through the transition to greener fleets. The second, and more impactful, is driving a shift from private car use to public transport.

We are the largest operator of electric buses in the UK, with over 200 electric vehicles now in operation in our UK businesses. In London, we run routes from our Waterloo depot, Europe's first all-electric bus depot, and Northumberland Park, one of the largest overnight charging depots in Europe. We are keen to secure more work on behalf of TfL, utilising our expertise in this field. In regional bus, our vehicle replacement programme continues to reduce our reliance on vehicles that are not low emission, and we are targeting a zero-emission bus fleet by 2035. Oxford has been named by the Government as one of two cities to have the opportunity to become all-electric. We are working with Oxford City Council and Oxfordshire County Council to develop a business case for this funding.

I was delighted that our latest CDP score increased to A-, the highest in our sector. This score reflects the focus we have placed on improving our environmental credentials and the great progress we are making.

We have five priorities under our *cleaner environment* pillar relating to decarbonisation, air quality, waste, water and adaptation to weather related impacts. Our climate change strategy is being developed and will be shared later in the year, along with an update on activities aligned with the Task force on Climate-related Financial Disclosures (TCFD) framework, ahead of mandatory reporting taking effect in our next financial year.

## Outlook

We welcome the news that the UK Government hopes to end all social restrictions in June of this year and the progress that is being made in the vaccination programme, and look forward to welcoming our customers back onto our services again. While uncertainty remains about future travel patterns, we have reasons for confidence in the strength of our business as we look to the future.

In the brief periods of lesser restrictions, we saw a reassuring recovery of volumes on our bus services in particular, and there is a growing sense of pent up demand with people looking forward to getting back to office settings, pubs, restaurants and shops.

Travel patterns will undoubtedly change, at least in the short term, but we have a flexible model that will enable us to move with these trends and continue delivering the highest level of service for our customers.

Our business remains in a strong position. Our financial performance has been resilient, and our full year expectations have increased as a result of stronger profitability in our London & International division. Our liquidity levels and balance sheet strength will provide resilience as we emerge from the crisis and give us the flexibility to explore development opportunities.

I firmly believe that a flexible, reliable and customer-focused public transport network will be vital to the UK as we rebuild the economy, work towards ambitious climate change targets and improve physical and mental health coming out of the pandemic.

# Business and finance review

All references to operating profit, EBITDA and margins are on a pre-exceptional basis unless otherwise detailed. Following adoption of IFRS 16 Leases in the prior year, all results are presented on this basis, unless otherwise stated.

There were 27 weeks in H1'21 compared with 26 in H1'20. Results have not been adjusted for the impact of the extra week.

## Prior year restatement

During the 2019/20 financial year, there was a change to how certain revenue streams were recognised in the rail division in relation to GTR and Southeastern, in accordance with IFRS 15. As explained further in note 2, revenue and costs for half year ended 28 December 2019 were restated by £34.7m (increase to both). There is no impact to operating profit and no impact on the other primary statements as a result of this restatement.

## Financial overview

Revenue for the half year was £2,070.2m, up £62.9m, or 3.1%, on last year (H1'20: £2,007.3m). This increase was primarily attributable to the commencement of operations in our international rail franchises, partially offset by the impact of the COVID-19 crisis on the Group.

Operating profit of £35.1m (H1'20: £60.0m profit) includes (£21.0m) of exceptional items and reflects the impact of timing of recognition with respect to QICs income in London offset by the impact of COVID-19 on our regional bus business and losses in the German rail business.

Profit attributable to shareholders (excluding exceptional items), increased by £4.2m or 15.1% to £32.0m (H1'20: £27.8m) and earnings per share by 14.9% to 74.2p (H1'20: 64.6p). Including a net exceptional charge of £21.0m (H1'20: nil) relating to regional bus and German rail, profit attributable to shareholders for the year decreased by £17.5m, or 62.9%, to a profit of £10.3m (H1'20: £27.8m) and earnings per share fell by 63.0% to 23.9p (H1'20: 64.6p).

Adjusted net debt (excluding restricted cash) on a pre-IFRS 16 basis at the half year was £299.9m (27 June 2020: £321.6m). The reduction in net debt reflects measures taken to mitigate the impact of COVID-19 including lower capital investment and suspension of the dividend. A reconciliation of net debt to adjusted net debt is included below.

The pre-IFRS 16 adjusted net debt (excluding restricted cash) to EBITDA ratio of 1.87x (27 June 2020: 1.96x) is in the lower half of our 1.5x to 2.5x target range, well below our primary bank covenant of 3.5x.

## Group overview

	H1'21 £m	H1'20 £m
Regional bus operating profit	12.3	19.1
London & International bus operating profit	37.3	26.2
<b>Total bus operating profit<sup>1</sup></b>	<b>49.6</b>	45.3
Rail operating profit <sup>1</sup>	6.5	14.7
<b>Group operating profit (pre-exceptional items)</b>	<b>56.1</b>	60.0
Exceptional Items	(21.0)	—
<b>Group operating profit (post-exceptional items)</b>	<b>35.1</b>	60.0
Share of result of joint venture	(0.5)	(0.3)
Net finance costs	(10.0)	(10.7)
<b>Profit before tax</b>	<b>24.6</b>	49.0
Total tax expense <sup>2</sup>	(8.4)	(12.2)
<b>Profit for the period</b>	<b>16.2</b>	36.8
Non-controlling interests	(5.9)	(9.0)
<b>Profit attributable to shareholders</b>	<b>10.3</b>	27.8
<b>Profit attributable to shareholders pre-exceptional items</b>	<b>32.0</b>	27.8
Weighted average number of shares (m)	43.2	43.0
Proposed dividend per share (p)	—	30.17 <sup>3</sup>

1. Here and throughout, H1'21 operating profit is stated before exceptional items.

2. Includes the taxation impact of the H1'21 exceptional items.

3. Subsequently suspended due to COVID-19.

# Business and finance review continued

## BUS

### Bus overview

	H1'21	H1'20
<b>Revenue</b>		
Regional bus	<b>£214.5m</b>	£233.6m
London & International bus	<b>£335.6m</b>	£306.7m
Total bus	<b>£550.1m</b>	£540.3m
<b>Operating profit</b>		
Regional bus	<b>£12.3m</b>	£19.1m
London & International bus	<b>£37.3m</b>	£26.2m
Total bus	<b>£49.6m</b>	£45.3m
<b>Operating profit margin</b>		
Regional bus	<b>5.7%</b>	8.2%
London & International bus	<b>11.1%</b>	8.5%
Total bus	<b>9.0%</b>	8.4%
<b>Revenue growth</b>		
Regional bus	<b>(8.2)%</b>	2.3%
London & International bus	<b>9.4%</b>	7.3%
<b>Volume growth</b>		
Regional bus – passenger journeys	<b>(52.9)%</b>	0.2%
London & International bus – miles operated	<b>5.6%<sup>1</sup></b>	3.9%
London & International bus – peak vehicle requirement (PVR) <sup>2</sup>	<b>1.2%</b>	5.1%

1. There were 27 weeks in H1'21 compared with 26 in H1'20. Adjusting for the extra week, mileage growth was 2.0%.

2. The number of vehicles required to operate the highest service frequency on a route. This measure provides a useful indication of the volume of contract work being operated from one year to the next. This metric excludes international operations.

### Overall bus performance

Total bus operating profit growth of 9.5% was supported by revenue growth of 1.8% and resulted in an operating profit margin increase of 0.6ppts to 9.0% (H1'20: 8.4%). This improvement is driven by a short-term benefit relating to the timing of recognition of Quality Incentive Contract (QICs) income in London & International Bus, as a result of TfL moving from annual to quarterly settlement, partially offset by lower regional bus profit due to the impact of COVID-19. The regional bus performance includes £7.2m of income relating to the prior year, recognised following the settlement of the Coronavirus Bus Services Support Grant (CBSSG) reconciliation. This was identified as a contingent asset as at 27 June 2020.

### Regional bus

Regional bus performance in the first half of the year reflects the continued impact of COVID-19 on travel patterns. Passenger volumes were down by 52.9% in the first half, reflecting the varying restrictions throughout the period. Revenue fell less materially, by 8.2%, reflecting the financial support provided by CBSSG.

At the start of the second half of the year, a third national lockdown was introduced, resulting in a further reduction in passenger journeys to current levels of around 20% of typical journeys.

The UK Government has maintained CBSSG since its inception in April 2020, back dated to 17 March 2020. The amount of CBSSG funding receivable for all bus operators is subject to a reconciliation process every 12-16 weeks. At the year end, the first reconciliation process covering the period from 17 March 2020 to 8 June 2020 had not yet concluded and visibility of the outcome was limited. The expected outcome of the reconciliation in respect of this period was, therefore, not recognised and a contingent asset of £7.3m was disclosed in the financial statements. Following completion of the first reconciliation, £7.2m has been recognised in the first half of the 2020/21 year in respect of services delivered in the second half of 2019/20. While reconciliations from 9 June 2020 onwards have not yet concluded, improved clarity around the process has resulted in £47.7m of expected CBSSG reconciliation income being recognised for these periods in the results for the first half of the year.

Reflecting the requirements of CBSSG, regional bus has utilised the Government's Coronavirus Job Retention Scheme (CJRS) mainly to support a small number of vulnerable colleagues not working during the period. As service levels continued at largely normal levels throughout the period, including additional school services, the level of CJRS in the first half has been relatively low, at £7.2m.

The year on year reduction in operating profit in the regional bus division of £6.8m, or 35.6%, to £12.3m (H1'20: £19.1m), reflects the breakeven performance of bus operations under the CBSSG mechanism partially offset by the one-off recognition of the aforementioned prior year CBSSG of £7.2m and property income in respect of Go-Ahead-owned facilities.

# Business and finance review continued

## BUS continued

### Regional bus continued

The majority of coach services in England are not covered by CBSSG. In 2019/20, some coach carrying values were impaired as services which were no longer viable were either suspended or terminated. In the first half of this year, additional coach vehicles were impaired following additional reductions or suspension of services. This impairment has been offset by a gain on coach assets impaired in 2019/20 which were subsequently sold at a price above their written down value. The net impact of these items is a loss of £0.3m.

Around 70% of pre-crisis regional bus revenues related to services that fall within CBSSG. The remaining 30% continues to be derived from contracts and concessionary income. In the vast majority of cases, local authorities across the country have also continued to fund these services at pre-crisis levels. The Bus Services Operators Grant (BSOG), relating to fuel duty, also continues to be paid at pre-COVID-19 levels.

As a result of the third national lockdown across England which began to ease on 8 March with the reopening of schools, we expect our regional bus services to require support for longer than we had previously anticipated. It is the Group's expectation that CBSSG funding will remain in place until the end of the Group's financial year.

	£m
H1'20 operating profit	19.1
Change:	
CBSSG Revenue	47.7
CBSSG Prior Year Settlement	7.2
CJRS	7.2
COVID Revenue impact	(74.0)
Other - including savings from service changes	5.1
<b>H1'21 operating profit</b>	<b>12.3</b>

### London & International bus

The London & International bus division, which includes our operations in London, Singapore and Ireland, performed well in the first half of the year. Our contracts, which run on a gross cost basis without exposure to changes in passenger demand, have continued to generate revenues at pre-crisis levels, with the variable cost savings associated with the temporary service reductions returned to our transport authority clients, including Transport for London (TfL).

In the period, mileage for the division increased by 5.6% mainly due to the additional week of operations and our second contract in Ireland which started in December 2019.

Divisional revenue grew by 9.4%, to £335.6m in the year (H1'20: £306.7m), reflecting a short-term benefit due to the timing of Quality Incentive Contract (QICs) revenue recognition, introduction of new contracts in London and the impact of full operation of the contracts in Ireland. During the period, TfL moved from annual to quarterly settlement of QICs income. This created greater levels of certainty and accelerated the recognition of this revenue, giving a significant timing benefit in the first half of the year.

Operating profit in the London & International bus division was £37.3m (H1'20: £26.2m), up £11.1m, or 42.4%, resulting in a corresponding increase in operating profit margin to 11.1% (H1'20: 8.5%). This reflects the higher level of QICs income recognised in London, up £10.2m to £18.7m (H1'20: £8.5m).

	£m
H1'20 operating profit	26.2
Change:	
QICs	10.2
International bus	2.4
Other	(1.5)
<b>H1'21 operating profit</b>	<b>37.3</b>

### Capital expenditure and depreciation

Tangible capital expenditure for the bus division was £25.8m (H1'20: £43.2m), of which £24.7m (H1'20: £31.4m) related to regional bus. This expenditure largely related to the purchase of 90 buses (H1'20: 126 buses), the majority of which were deferred from 2019/20 when cash conservation measures and disruption in the supply chain as a result of COVID-19 limited purchases. Of these, 9 were pure electric and 24 range-extended electrics, together representing over a third of the total purchases. Regional bus capital expenditure in the second half of the year is expected to be considerably lower.

The majority of the remaining capital expenditure for the year will relate to London & International bus, reflecting the timing of contract wins and renewals in London.

The average age of our buses is 7.7 years (27 June 2020: 7.6 years).



# Business and finance review continued

## BUS continued

### Capital expenditure and depreciation continued

Depreciation on owned assets for the division was £32.7m (H1'20: £33.4m), reflecting the net impact of prior year coach impairments and the higher cost of vehicles as we transition to a greener fleet. Depreciation on right of use assets was £12.8m (H1'20: £9.9m) reflecting the additional assets associated with our bus contract in Cornwall which commenced operation in April 2020.

For the full year, we expect total capital expenditure for the bus division to be around £55m.

### Fuel

In the period, the bus division required around 56 million litres of fuel, with a net cost of £46.8m. (H1'20: 64 million litres of fuel, with a net cost of £56.2m)

### Bus fuel hedging prices

We have continued our bus fuel hedging programme which uses fuel swaps to fix the price of our diesel fuel in advance. Our core policy is to be fully hedged for the next financial year before the start of that year, at which point we aim to have also fixed 50% of the following year and 25% of the year after that. This hedging profile is then maintained on a month by month basis.

The table below reflects the year end position; no significant purchases have been made following the half year.

	2021	2022	2023	2024
% Hedged	<b>Fully</b>	75%	37%	12%
Price (pence per litre)	<b>35.3</b>	32.9	32.0	29.2

### Bus financial outlook

In regional bus, while we have greater clarity around the Government's plans for the easing of COVID-19 restrictions, we expect market conditions to remain challenging as uncertainty remains around the recovery of travel patterns.

We remain unable to provide meaningful full year financial guidance for regional bus. However, we continue to expect this division to make a positive contribution in the year, reflecting first half profits and continued intra-group property rental income in the second half.

The DfT has maintained regional bus funding in line with its commitment in August 2020 that it will continue until no longer required. It is assumed that CBSSG funding will deliver a breakeven operating result for the period it covers. In our going concern assessment, in note 2, our base case scenario assumes this funding will run until the end of June 2021.

Our London & International bus division is expected to deliver a full year operating result ahead of previous expectations, largely reflecting the significant short-term benefit relating to QICs recognition. The division has secured all of its expected revenue for the current year through successful contract bidding in London.

## RAIL

### Rail overview

	H1'21	H1'20
<b>Total revenue</b>	<b>£1,520.1m</b>	£1,467.0m
<b>Operating profit</b>	<b>£6.5m</b>	£14.7m
<b>Operating profit margin</b>	<b>0.4%</b>	1.0%

Total rail revenue increased by 3.6%, or £53.1m, to £1,520.1m (H1'20: £1,467.0m) reflecting the introduction of new international rail services.

Operating profit was significantly lower than the prior year at £6.5m (H1'20: £14.7m). The year on year movement was driven in part by the non-recurrence of one-off gains from old franchises in the prior year, less favourable contractual terms in Southeastern and losses in our German business. These adverse movements were mitigated by improved performance in GTR, reflecting strong operational performance and the consequent achievement of the EMA performance payment, and also significant cost control measures. These factors resulted in operating profit margin decreasing by 0.6ppts to 0.4% (H1'20: 1.0%)

	£m
H1'20 operating profit	14.7
Change:	
Southeastern	(7.4)
GTR	3.9
Germany	(4.2)
Head office and bid costs	7.1
Close out of old franchises	(7.6)
<b>H1'21 operating profit</b>	<b>6.5</b>

# Business and finance review continued

## RAIL continued

### GTR

GTR began the financial year operating under the Emergency Measures Agreement (EMA) that had been in place since April 2020 and, along with the majority of UK rail franchises, transitioned to an Emergency Recovery Measures Agreement (ERMA) on 19 September 2020. Like the EMA, GTR's ERMA is a management contract with no revenue or cost risk. While the maximum margin under the EMA was 2.0%, with a 1.5% fixed fee and 0.5% performance related element, the ERMA's margin is capped at 1.5% comprising a 0.5% fee and 1.0% performance incentive. Operational performance has been strong, resulting in the achievement of the majority of the 0.5% performance payment under the EMA, which has been recognised in the period.

GTR was not subject to any termination sum payable to the DfT on transition to the ERMA agreement. The current agreement is due to end in September 2021, in line with the original franchise's planned end date. Discussions with the DfT are underway relating to a potential Direct Award Contract of up to six years.

### Southeastern

Throughout the period, Southeastern has continued to operate under the EMA contract introduced in April 2020. Unlike the majority of UK rail franchises which moved to ERMA contracts, Southeastern will operate under its EMA terms, with operating profit margins capped at 2.0%, until its end date. The core period of the current contract is scheduled to end in October 2021.

As with GTR, no termination sums were payable to the DfT in relation to Southeastern, and discussions are taking place regarding a potential Direct Award Contract of up to six years.

### Germany

Financial performance for our German rail operations in Baden-Württemberg in the first half of the year has been in line with our expectations.

Operational performance in our Baden-Württemberg contracts, which has been challenging since the contracts began in June 2019, stabilised in the period following decisive management action during the second half of 2019/20. Initial operational challenges relating to the availability and reliability of rolling stock have been resolved and driver training and recruitment programmes are underway to rectify challenges associated with driver shortages. In the meantime, we continue to rely on a number of third-party drivers. As a result, financial penalties have significantly reduced but remain above levels required for these contracts to generate a profit.

As previously reported, we expect losses from these operations to diminish over the 2020/21 and 2021/22 financial years and continue to forecast a positive contribution from this business in our 2022.23 financial year. These services operate within management contracts and are not exposed to changes in passenger demand.

As a result, the impact of COVID-19 on the financial performance of the business has been limited. Liquidated and consequential damage claims against the rolling stock provider remain ongoing and are not recognised as an asset or as a contingent asset in the notes to the financial statements due to their current status. The maximum upside in relation to these claims remains £26m.

While still in the mobilisation phase for the two contracts in Bavaria commencing in December 2021 and December 2022, we have refined our financial projections based on contractual developments, progress with the mobilisation workstreams and our experience in Baden-Württemberg. Our projections indicate an increase in the level of expected losses and, therefore, the onerous contract provision has been increased by £25.9m in the period. Both of the contracts are in the pre-operational phase and the provision reflects our best assessment of financial projections following a rigorous and detailed review. The model on which the provision is based is most sensitive to changes in costs assumptions in respect of penalties, driver recruitment and training, as well as contractual revenue and infrastructure assumptions that may change as the scheduled routes and operational plans are finalised. Whilst a significant proportion of the cost base of these contracts is fixed, providing visibility and certainty, we continue to manage risk and seek to reduce the extent of expected losses. The level of provision will remain under review as we progress through the mobilisation period and into the start of operations over the next 12-24 months.

The provision is included within franchise commitments and further details can be found in note 13 of the interim financial statements.

### Norway

Our rail contract in Norway, which celebrated its first year of operation towards the end of the half year, continued to deliver a full service throughout the majority of the period at the request of the Norwegian Government despite local lockdowns heavily impacting travel. The no net loss, no net gain arrangement in place with the Government was confirmed until December 2020. Subsequently the Norwegian government has confirmed that it will continue to support operations until at least June 2021. The level of support may reduce slightly from the current position, however this is not expected to have material impact on the division's full year performance.

# Business and finance review continued

## **RAIL continued**

### **Bidding and international developments**

Bidding and international development costs in the half year were £2.4m (H1'20: £3.7m), primarily relating to the Nordics and Australasia. We expect full year costs of around £6.1m, with ongoing bidding activity in these target markets.

### **Capital expenditure**

Tangible capital expenditure for the rail division was £1.2m (H1'20: £5.8m).

For the full year, we expect total capital expenditure for the rail division to be around £10m.

### **Rail financial outlook**

In the UK, GTR and Southeastern will operate under ERMA and EMA contracts respectively for the remainder of their contractual terms; GTR's contract runs to September 2021 and Southeastern's to October 2021. This provides visibility of financial performance with a tight operating profit margin range. Discussions relating to potential Direct Award Contracts to follow the current GTR and Southeastern contracts are taking place with the DfT.

In Germany, we continue to deliver against our improvement plans to reduce financial penalties and costs in Baden-Württemberg, and full year financial expectations for these contracts remain unchanged. Beyond the current financial year, the first of the two contracts in Bavaria will begin in December 2021. Our financial expectations relating to the Baden-Württemberg contracts remain unchanged and we forecast a positive contribution in 2022/23.

Discussions with the Norwegian Government continue regarding the ongoing support of rail services.

Overall, in 2021, we continue to expect the rail division to deliver a breakeven operating result before exceptional items.

# Financial review

## Earnings per share

Excluding exceptional items, earnings were £32.0m (H1'20: £27.8m), resulting in an increase of pre-exceptional earnings per share from 64.6p in H1'20 to 74.2p. Post-exceptional earnings were £10.3m (H1'20: £27.8m), resulting in a decrease in earnings per share from 64.6p to a profit per share of 23.9p. The weighted average number of shares was 43.2 million and the number of shares in issue, net of treasury shares, was 43.2 million.

## Dividend

No dividends have been paid or proposed in the period. The Board is working towards paying a dividend at an appropriate level in the 2021 calendar year.

Dividends paid to non-controlling interests were £nil (H1'20: £12.4m). The prior year payment represents the 35% share of the UK rail business owned by Keolis through our subsidiary, Govia Ltd.

## Summary cashflow

	H1'21			H1'20		
	IFRS 16 basis £m	Impact of IFRS 16 £m	IAS 17 basis £m	IFRS 16 basis £m	Impact of IFRS 16 £m	IAS 17 basis £m
EBITDA <sup>1</sup>	350.5	252.4	98.1	277.1	176.0	101.1
Working capital/other items (excluding restricted cash movements)	(34.5)	0.1	(34.6)	(3.0)	(0.4)	(2.6)
<b>Cashflow generated from operations (excluding movement in restricted cash)</b>	<b>316.0</b>	<b>252.5</b>	<b>63.5</b>	274.1	175.6	98.5
Tax paid	(2.9)	—	(2.9)	(24.4)	—	(24.4)
Net interest paid	(13.0)	(5.7)	(7.3)	(13.7)	(7.3)	(6.4)
Net capital investment	(21.1)	—	(21.1)	(63.0)	—	(63.0)
Dividends paid – minority partner	—	—	—	(12.4)	—	(12.4)
<b>Free cashflow</b>	<b>279.0</b>	<b>246.8</b>	<b>32.2</b>	160.6	168.3	(7.7)
Proceeds from issue of shares	—	—	—	0.6	—	0.6
Payment to acquire treasury shares	(0.1)	—	(0.1)	(0.5)	—	(0.5)
Dividends paid	—	—	—	(30.9)	—	(30.9)
Inception of new leases	(12.8)	(12.8)	—	(12.2)	(12.2)	—
IFRS 16 Right of Use asset on to balance sheet	—	—	—	(781.1)	(781.1)	—
Other	0.2	10.6	(10.4)	2.2	(0.2)	2.4
<b>Movement in adjusted net debt<sup>2</sup></b>	<b>266.3</b>	<b>244.6</b>	<b>21.7</b>	(661.3)	(625.2)	(36.1)
Opening adjusted net debt <sup>2</sup>	(965.9)	(644.3)	(321.6)	(270.3)	—	(270.3)
Closing adjusted net debt <sup>2</sup>	(699.6)	(399.7)	(299.9)	(931.6)	(625.2)	(306.4)

1. EBITDA is profit after tax excluding, amortisation, depreciation, results of joint ventures and exceptional items as disclosed in the Interim consolidated cashflow statement in the financial statements
2. Adjusted net debt is net debt less restricted cash

	H1'21 £m	H1'20 £m	FY'20 £m
Reconciliation of adjusted net debt			
Net debt	273.5	421.4	491.1
Restricted cash	426.1	510.2	474.8
Adjusted net debt	699.6	931.6	965.9
IFRS 16 lease liability*	(399.7)	(625.2)	(644.3)
Adjusted net debt (IAS 17 basis)	299.9	306.4	321.6

\* IFRS 16 lease liability excludes leases that were recognised as finance leases prior to the adoption of IFRS 16

## Cashflow

Cash generated from operations before tax and excluding movements in restricted cash was £316.0m (H1'20: £274.1m) reflecting increased EBITDA and a negative movement in working capital and other items of £34.5m (H1'20: working capital movement of £3.0m). The increase in EBITDA is primarily driven by the impact of IFRS 16 which includes right of use assets in Southeastern which were previously outside of scope but are now in scope as a result of the 18-month Direct Award Contract award.

Tax paid of £2.9m (H1'20: £24.4m) comprised payments on account in respect of the current and prior years' liabilities with the reduction in the current half year reflecting the impact of prior year overpayments. Net interest paid was £13.0m (H1'20: £13.7m).

Total capital expenditure, net of sale proceeds and including spend on intangible costs was £41.9m lower in the year at £21.1m (H1'20: £63.0m). This reflects the swift management action to reduce expenditure since the outset of the pandemic. Net Group capital investment is expected to be around £65m in 2021, lower than typical levels in response to the ongoing impact of COVID-19.

# Financial review continued

## Capital investment

Expenditure on capital during the period can be summarised as:

	H1'21 £m	H1'20 £m	Increase/ (decrease) £m
Regional bus	<b>24.7</b>	31.4	(6.7)
London & International bus	<b>1.1</b>	11.8	(10.7)
<b>Total bus</b>	<b>25.8</b>	43.2	(17.4)
Rail	<b>1.2</b>	5.8	(4.6)
<b>Total tangible capital investment</b>	<b>27.0</b>	49.0	(22.0)

In addition, leases with a capital value of £12.8m were entered into during the period (H1'20 £12.2m). Of these, £7.6m related to the regional bus division, £4.6m related to the London & International bus division and £0.6m related to the rail division.

## Net debt

Net debt of £273.5m (27 June 2020: £491.1m) has reduced primarily due to the reduction in IFRS 16 lease liabilities as we approach the end of GTR and Southeastern contracts.

Adjusted net debt comprised debt arising from the £250m sterling bond, amounts drawn down against the £280m five year syndicate facility of £146.6m (27 June 2020: £147.4m), amounts drawn down against the Euro loan facilities of £14.3m (27 June 2020: £14.9m), and lease agreements of £403.4m (27 June 2020: £648.6m), offset by cash and short term deposits of £540.8m (27 June 2020: £569.8m) including £426.1m of restricted cash in rail (27 June 2020: £474.8m). There were no overdrafts in use (27 June 2020: £nil).

Our primary financial covenant under the syndicated facility is an adjusted net debt to EBITDA ratio of not more than 3.5x. Adjusted net debt (excluding restricted cash) to EBITDA of 1.87x, on a pre-IFRS 16 basis, (27 June 2020: 1.96x) is comfortably within our target range of 1.5x to 2.5x.

## Capital structure

	H1'21 £m	H1'20 £m	FY'20 £m
5 year revolving credit facility (RCF) 2024	<b>280.0</b>	280.0	280.0
7 year £250m 2.5% sterling bond 2024	<b>250.0</b>	250.0	250.0
Euro financing facility	<b>17.0</b>	16.0	17.1
Total core facilities	<b>547.0</b>	546.0	547.1
Amount drawn down at period end	<b>410.9</b>	411.7	412.3
<b>Balance available</b>	<b>136.1</b>	134.3	134.8
Restricted cash	<b>426.1</b>	510.2	474.8
Net debt	<b>273.5</b>	421.4	491.1
Adjusted net debt	<b>699.6</b>	931.6	965.9
EBITDA (12 month rolling basis)	<b>620.7</b>	277.1	547.8
Adjusted net debt/EBITDA (12 month rolling basis)*	<b>1.13x</b>	1.53x	1.76x

\* For H1'20 the adjusted net debt/EBITDA ratio is on an IAS 17 basis as the rolling twelve months EBITDA data incorporating IFRS 16 is not available at the half year

At the half year end, significant medium-term finance was available through a £280m five year syndicated facility and a £250m sterling bond. A further one year extension is available which, if exercised, would extend the maturity to July 2025.

## Exceptional operating items

In the year ended 27 June 2020 asset impairments were recognised in regional bus following action taken as a result of the COVID-19 crisis and a pre-COVID-19 strategic review. The asset impairments particularly impacted coaching assets where no government support was provided to maintain services during periods of reduced demand. Following the year end, further reductions in coach services have resulted in the impairment of additional coaching assets. These write downs have been partially offset by gains made on the disposal of coaching assets previously written down. In regional bus the net additional impairment is £0.3m comprising a £1.1m additional impairment offset by a £0.8m gain.

As referenced above in the German rail section, £25.9m has been provided in the first half of the year in respect of the contracts due to commence in December 2021 and December 2022 in Bavaria, acknowledging the onerous nature of these contracts.

In the year ended 27 June 2020, asset impairments were recognised in respect of planning and land related to the construction of a depot for the operations in Bavaria. These assets that had previously been impaired were sold for an amount greater than the previously estimated recoverable amount. This has resulted in an exceptional gain of £5.2m.



# Financial review continued

## Amortisation

A non-cash amortisation charge of £3.3m (H1'20: £3.5m) related to software costs, franchise mobilisation costs and customer contracts.

## Net finance costs

Net finance costs for the period were slightly lower than the prior year at £10.0m (2020: £10.7m). Finance costs of £11.2m (H1'20: £13.4m) reduced due to lower IFRS 16 interest charges and finance revenue of £1.2m (H1'20: £2.7m) fell due to lower cash deposits held by the Group's rail businesses as a result of COVID-19. The average net interest rate for the period was 3.4% (H1'20: 2.9%).

## Non-controlling interests

The non-controlling interest in the income statement of £5.9m (H1'20: £9.0m) arises from our 65% holding in Govia Limited, which owns 100% of our current UK rail operations and therefore represents 35% of the profit after taxation of these operations.

## Pensions

Operating profit includes the net cost of the Group's defined benefit pension plans for the period of £22.2m (H1'20: £18.7m) comprising bus costs of £1.9m (H1'20: £0.9m) and rail costs of £20.3m (H1'20: £17.8m). Group contributions to the schemes totalled £24.6m (H1'20: £21.8m).

## Bus Pensions

Under accounting valuations, the net surplus after taxation on the bus defined benefit schemes was £6.2m (27 June 2020: a surplus of £42.9m), consisting of pre-tax assets of £7.7m (27 June 2020: £53.0m) less a deferred tax liability of £1.5m (27 June 2020: £10.1m). The pre-tax asset consisted of assets of £937.4m (27 June 2020: £934.4m) less estimated liabilities of £929.7m (27 June 2020: £881.4m). The percentage of assets held in higher risk, return seeking assets was 33.5% (27 June 2020: 33.8%).

An asset backed funding arrangement is in place which gives the bus pension scheme trustees a right to the income generated from some Group properties. This reduces the actuarial deficit in the scheme at triennial scheme valuations which are used to determine future contribution levels. For the purposes of IAS 19 (revised) this interest has nil value within scheme assets as the properties involved are included in property, plant and equipment in the Group financial statements.

## Rail Pensions

As the long-term responsibility for the rail pension schemes rests with the DfT, the Group only recognises the share of surplus or deficit expected to be realised over the life of each franchise. As a result, our pre-tax liability at the half year end continues to be £nil (27 June 2020: £nil).

## Impact of the UK leaving the EU

While uncertainty has reduced following the trading agreement between the UK and the EU, risks remain around the impact of the new arrangements on the reliability of the supply chain. The Group will continue to monitor the situation and will update the outcomes of its risk review process and revise mitigation measures if required.

## Risk management

Details about the going concern risks can be found in note 2 in the notes to the interim consolidated financial statements.

During the period, the Board reviewed the risks and uncertainties described in the Group's Annual report and Accounts for the year ended 27 June 2020 and identified principal risks and uncertainties affecting the Group's business. These key risks and uncertainties include external, strategic and operational factors as outlined in note 3 in the notes to the interim consolidated financial statements.

More details about these risks can be found on pages 50-58 of the 'Risk Management' section of the Group Annual Report and Accounts for the year ended 27 June 2020, available on our website at [www.go-ahead.com](http://www.go-ahead.com)

# Interim consolidated income statement

for the six months ended 2 January 2021

	Note	Six months to 2 Jan 21			Six months to 28 Dec 19*	Year to 27 Jun 20		
		Pre- exceptional £m Unaudited	Exceptional items £m Unaudited	Post- exceptional £m Unaudited	£m Unaudited	Pre- exceptional £m Audited	Exceptional items £m Audited	Post- exceptional £m Audited
<b>Group revenue</b>	4	<b>2,070.2</b>	<b>—</b>	<b>2,070.2</b>	2,007.3	3,898.4	—	3,898.4
Operating costs	5	<b>(2,014.1)</b>	<b>(21.0)</b>	<b>(2,035.1)</b>	(1,947.3)	(3,820.5)	(57.1)	(3,877.6)
<b>Group operating profit</b>		<b>56.1</b>	<b>(21.0)</b>	<b>35.1</b>	60.0	77.9	(57.1)	20.8
Share of result of joint venture		<b>(0.5)</b>	<b>—</b>	<b>(0.5)</b>	(0.3)	(0.6)	—	(0.6)
Finance revenue		<b>1.2</b>	<b>—</b>	<b>1.2</b>	2.7	5.4	—	5.4
Finance costs		<b>(11.2)</b>	<b>—</b>	<b>(11.2)</b>	(13.4)	(25.8)	—	(25.8)
<b>Profit/(loss) before taxation</b>		<b>45.6</b>	<b>(21.0)</b>	<b>24.6</b>	49.0	56.9	(57.1)	(0.2)
Tax expense	6	<b>(7.7)</b>	<b>(0.7)</b>	<b>(8.4)</b>	(12.2)	(18.2)	6.3	(11.9)
<b>Profit/(loss) for the period from continuing operations</b>		<b>37.9</b>	<b>(21.7)</b>	<b>16.2</b>	36.8	38.7	(50.8)	(12.1)
Attributable to:								
Equity holders of the parent		<b>32.0</b>	<b>(21.7)</b>	<b>10.3</b>	27.8	22.2	(50.8)	(28.6)
Non-controlling interests		<b>5.9</b>	<b>—</b>	<b>5.9</b>	9.0	16.5	—	16.5
		<b>37.9</b>	<b>(21.7)</b>	<b>16.2</b>	36.8	38.7	(50.8)	(12.1)
Earnings per share								
– basic	7	<b>74.2p</b>	<b>(50.3)p</b>	<b>23.9p</b>	64.6p	51.6p	(118.1)p	(66.5)p
– diluted	7	<b>74.2p</b>	<b>(50.3)p</b>	<b>23.9p</b>	64.5p	51.5p	(117.9)p	(66.4)p
Dividend paid (pence per share)	10	<b>nil</b>	<b>nil</b>	<b>nil</b>	71.91p	—	—	71.91p
Dividend proposed (pence per share)	10	<b>nil</b>	<b>nil</b>	<b>nil</b>	30.17p**	—	—	—

\* Restated (see note 2)

\*\* Subsequently suspended due to COVID-19

# Interim consolidated statement of comprehensive income

for the six months ended 2 January 2021

	Notes	Six months to 2 Jan 21 £m Unaudited	Six months to 28 Dec 19 £m Unaudited	Year to 27 Jun 20 £m Audited
<b>Profit/(loss) for the period</b>		<b>16.2</b>	36.8	(12.1)
<b>Other comprehensive (expenses)/income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurements on defined benefit retirement plans		<b>(48.2)</b>	(58.2)	(3.1)
Tax relating to items that will not be reclassified	6	<b>9.2</b>	9.9	0.4
		<b>(39.0)</b>	(48.3)	(2.7)
<b>Items that may subsequently be reclassified to profit or loss</b>				
Unrealised losses on cashflow hedges		<b>(0.9)</b>	(1.9)	(25.3)
Losses/(gains) on cashflow hedges taken to income statement – operating costs		<b>6.1</b>	(1.5)	5.7
Tax relating to items that may be reclassified	6	<b>(0.9)</b>	0.7	3.8
Foreign exchange differences on translation of foreign operations		<b>0.4</b>	1.1	(1.8)
		<b>4.7</b>	(1.6)	(17.6)
<b>Other comprehensive expenses for the period, net of tax</b>		<b>(34.3)</b>	(49.9)	(20.3)
<b>Total comprehensive expenses/(losses) for the period</b>		<b>(18.1)</b>	(13.1)	(32.4)
Attributable to:				
Equity holders of the parent		<b>(24.0)</b>	(22.1)	(48.9)
Non-controlling interests		<b>5.9</b>	9.0	16.5
		<b>(18.1)</b>	(13.1)	(32.4)

# Interim consolidated statement of changes in equity

for the six months ended 2 January 2021

	Share capital £m	Reserve for own shares £m	Hedging reserve £m	Other reserve £m	Capital redemption reserve £m	Translation reserve £m	Retained earnings £m	Total shareholders' equity £m	Non-controlling interests £m	Total £m
At 30 June 2019	74.7	(71.3)	3.5	1.6	0.7	—	300.9	310.1	35.1	345.2
(Loss)/profit for the year	—	—	—	—	—	—	(28.6)	(28.6)	16.5	(12.1)
Net movement on hedges (net of tax) (note 12)	—	—	(15.8)	—	—	—	—	(15.8)	—	(15.8)
Remeasurement on defined benefit retirement plans (net of tax)	—	—	—	—	—	—	(2.7)	(2.7)	—	(2.7)
Foreign exchange	—	—	—	—	—	(1.8)	—	(1.8)	—	(1.8)
Total comprehensive (expenses)/income	—	—	(15.8)	—	—	(1.8)	(31.3)	(48.9)	16.5	(32.4)
Exercise of share options	—	0.7	—	—	—	—	(0.7)	—	—	—
Share based payment charge (and associated tax)	—	—	—	—	—	—	1.6	1.6	—	1.6
Acquisition of own shares	—	(0.7)	—	—	—	—	—	(0.7)	—	(0.7)
Share issue	0.5	—	—	—	—	—	—	0.5	—	0.5
Dividends (note 10)	—	—	—	—	—	—	(30.9)	(30.9)	(14.7)	(45.6)
At 27 June 2020	75.2	(71.3)	(12.3)	1.6	0.7	(1.8)	239.6	231.7	36.9	268.6
Profit for the period	—	—	—	—	—	—	10.3	10.3	5.9	16.2
Net movement on hedges (net of tax) (note 12)	—	—	4.3	—	—	—	—	4.3	—	4.3
Remeasurements on defined benefit retirement plans (net of tax)	—	—	—	—	—	—	(39.0)	(39.0)	—	(39.0)
Foreign exchange	—	—	—	—	—	0.4	—	0.4	—	0.4
Total comprehensive (expenses)/income	—	—	4.3	—	—	0.4	(28.7)	(24.0)	5.9	(18.1)
Exercise of share options	—	0.6	—	—	—	—	(0.6)	—	—	—
Share based payment charge (and associated tax)	—	—	—	—	—	—	0.2	0.2	—	0.2
Acquisition of own shares	—	(0.1)	—	—	—	—	—	(0.1)	—	(0.1)
At 2 January 2021	75.2	(70.8)	(8.0)	1.6	0.7	(1.4)	210.5	207.8	42.8	250.6

## for the six months ended 28 December 2019

	Share capital £m	Reserve for own shares £m	Hedging reserve £m	Other reserve £m	Capital redemption reserve £m	Translation reserve £m	Retained earnings £m	Total shareholders' equity £m	Non-controlling interests £m	Total £m
At 30 June 2019	74.7	(71.3)	3.5	1.6	0.7	—	300.9	310.1	35.1	345.2
Profit for the period	—	—	—	—	—	—	27.8	27.8	9.0	36.8
Net movement on hedges (net of tax) (note 12)	—	—	(2.7)	—	—	—	—	(2.7)	—	(2.7)
Remeasurements on defined benefit retirement plans (net of tax)	—	—	—	—	—	—	(48.3)	(48.3)	—	(48.3)
Foreign exchange	—	—	—	—	—	1.1	—	1.1	—	1.1
Total comprehensive (expenses)/income	—	—	(2.7)	—	—	1.1	(20.5)	(22.1)	9.0	(13.1)
Exercise of share options	—	0.7	—	—	—	—	(0.7)	—	—	—
Share based payment charge (and associated tax)	—	—	—	—	—	—	0.6	0.6	—	0.6
Acquisition of own shares	—	(0.5)	—	—	—	—	—	(0.5)	—	(0.5)
Share issue	0.5	—	—	—	—	—	—	0.5	—	0.5
Dividends (note 10)	—	—	—	—	—	—	(30.9)	(30.9)	(12.5)	(43.4)
At 28 December 2019	75.2	(71.1)	0.8	1.6	0.7	1.1	249.4	257.7	31.6	289.3

# Interim consolidated balance sheet

as at 2 January 2021

	Notes	2 Jan 21 £m Unaudited	28 Dec 19 £m Unaudited	27 Jun 20 £m Audited
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		570.3	636.2	589.0
Right of use assets		414.2	624.3	648.9
Intangible assets		94.1	118.6	96.1
Deferred tax assets		2.2	1.3	2.9
Other financial assets	12	0.4	0.6	0.1
Trade and other receivables		1.4	—	—
Retirement benefit asset	8	18.4	1.7	63.3
		<b>1,101.0</b>	1,382.7	1,400.3
<b>Current assets</b>				
Inventories		20.8	18.0	19.7
Trade and other receivables		353.0	335.0	268.5
Other financial assets	12	0.3	2.7	0.1
Assets classified as held for sale	11	0.3	3.3	7.2
Current tax asset		—	—	4.9
Finance lease receivables		10.6	—	—
Cash and cash equivalents		540.8	620.7	569.8
		<b>925.8</b>	979.7	870.2
<b>Total assets</b>		<b>2,026.8</b>	2,362.4	2,270.5
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		(729.9)	(852.2)	(718.0)
Other financial liabilities	12	(6.7)	(0.8)	(9.9)
Interest-bearing loans and borrowings		(5.1)	(4.9)	(6.1)
Lease liabilities		(347.8)	(342.2)	(517.3)
Current tax liabilities		(2.4)	(1.0)	(0.9)
Provisions	13	(89.2)	(45.2)	(46.1)
		<b>(1,181.1)</b>	(1,246.3)	(1,298.3)
<b>Non-current liabilities</b>				
Trade and other payables		(14.6)	(13.5)	(15.6)
Other financial liabilities	12	(4.0)	(1.6)	(5.6)
Interest-bearing loans and borrowings		(403.9)	(403.9)	(403.9)
Lease liabilities		(55.6)	(288.2)	(131.3)
Retirement benefit obligations	8	(10.7)	(7.4)	(10.3)
Deferred tax liabilities		(39.0)	(40.0)	(49.0)
Provisions	13	(67.3)	(72.2)	(87.9)
		<b>(595.1)</b>	(826.8)	(703.6)
<b>Total liabilities</b>		<b>(1,776.2)</b>	(2,073.1)	(2,001.9)
<b>Net assets</b>		<b>250.6</b>	289.3	268.6
<b>Capital &amp; reserves</b>				
Share capital		75.2	75.2	75.2
Reserve for own shares		(70.8)	(71.1)	(71.3)
Hedging reserve		(8.0)	0.8	(12.3)
Share premium reserve		1.6	1.6	1.6
Capital redemption reserve		0.7	0.7	0.7
Translation reserve		(1.4)	1.1	(1.8)
Retained earnings		210.5	249.4	239.6
<b>Total shareholders' equity</b>		<b>207.8</b>	257.7	231.7
Non-controlling interests		42.8	31.6	36.9
<b>Total equity</b>		<b>250.6</b>	289.3	268.6



# Interim consolidated cashflow statement

for the six months ended 2 January 2021

	Notes	Six months to 2 Jan 21 £m Unaudited	Six months to 28 Dec 19 £m Unaudited	Year to 27 Jun 20 £m Audited
<b>Profit/(loss) after tax for the period</b>		<b>16.2</b>	36.8	(12.1)
Net finance costs		<b>10.0</b>	10.7	20.4
Tax expense	6	<b>8.4</b>	12.2	11.9
Depreciation of property, plant and equipment		<b>43.2</b>	42.8	84.1
Depreciation of right of use assets		<b>247.9</b>	170.8	375.5
Amortisation of intangible assets		<b>3.3</b>	3.5	9.4
Asset impairment		<b>—</b>	—	0.9
Share of result of joint venture		<b>0.5</b>	0.3	0.6
Loss/(profit) on sale of property, plant and equipment		<b>0.2</b>	—	(0.9)
Share based payment charges		<b>0.2</b>	0.6	1.6
Difference between pension contributions paid and amounts recognised in the income statement		<b>(2.9)</b>	(3.9)	(7.3)
Exceptional items		<b>21.0</b>	—	57.1
Increase in inventories		<b>(1.1)</b>	(1.2)	(2.9)
(Increase)/decrease in trade and other receivables		<b>(87.0)</b>	11.5	78.4
Increase/(decrease) in trade and other payables		<b>9.7</b>	14.7	(128.1)
Movement in provisions, excluding exceptional items		<b>(2.2)</b>	0.6	9.9
<b>Cashflow generated from operations</b>		<b>267.4</b>	299.4	498.5
Taxation paid		<b>(2.9)</b>	(24.4)	(28.2)
<b>Net cashflows from operating activities</b>		<b>264.5</b>	275.0	470.3
Interest received		<b>1.3</b>	2.7	5.5
Proceeds from sale of property, plant and equipment		<b>4.5</b>	0.8	0.7
Proceeds from sale of property, plant and equipment held for sale		<b>7.2</b>	2.2	2.0
Purchase of property, plant and equipment		<b>(27.0)</b>	(49.0)	(72.6)
Purchase of property, plant and equipment held for sale		<b>(4.8)</b>	(2.7)	(4.8)
Purchase of intangible assets		<b>(1.0)</b>	(14.3)	(18.4)
<b>Net cashflows used in investing activities</b>		<b>(19.8)</b>	(60.3)	(87.6)
Interest paid on lease liabilities		<b>(5.7)</b>	(7.3)	(13.9)
Other interest paid		<b>(8.6)</b>	(9.1)	(11.5)
Dividends paid to members of the parent	10	<b>—</b>	(30.9)	(30.9)
Dividends paid to non-controlling interests		<b>—</b>	(12.4)	(14.6)
Payment to acquire own shares		<b>(0.1)</b>	(0.5)	(0.7)
Foreign exchange gain		<b>—</b>	1.4	—
Repayment of borrowings		<b>(0.9)</b>	(0.6)	(0.8)
Proceeds from borrowings		<b>—</b>	3.6	2.5
Proceeds from issue of shares		<b>—</b>	0.6	0.5
Payment of lease liabilities		<b>(258.0)</b>	(169.1)	(374.3)
<b>Net cashflows used in financing activities</b>		<b>(273.3)</b>	(224.3)	(443.7)
Net decrease in cash and cash equivalents		<b>(28.6)</b>	(9.6)	(61.0)
<b>Cash and cash equivalents at start of period</b>	9	<b>569.8</b>	630.8	630.8
Effect of foreign exchange rate changes		<b>(0.4)</b>	(0.5)	—
<b>Cash and cash equivalents at end of period</b>	9	<b>540.8</b>	620.7	569.8

# Notes to the consolidated financial statements

for the six months ended 2 January 2021

## 1. Corporate information

The Go-Ahead Group plc is a public limited company that is incorporated, domiciled and has its registered office in England and Wales. Its ordinary shares are publicly traded and it is not under the control of any single shareholder.

## 2. Basis of preparation

The condensed financial statements for the six months ended 2 January 2021 have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority and IAS 34, 'Interim Financial Reporting', in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002. The financial statements have also been prepared in accordance with International Financial Reporting Standards as issued by the IASB. The condensed financial statements have been prepared using the same accounting policies and methods of computation used to prepare the Group's 2020 Annual Report and Accounts as described on pages 145 to 156 of that report which can be found on the Group's website at [www.go-ahead.com](http://www.go-ahead.com) and the adoption of new standards and interpretations, noted below. The annual financial statements of the Group are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial statements have also been prepared in accordance with International Financial Reporting Standards as issued by the IASB.

The financial statements for the six months ended 2 January 2021 and the comparative financial statements for the six months ended 28 December 2019 have not been audited, but have been reviewed by the auditor, Deloitte LLP. The comparative financial statements for the year ended 27 June 2020 have been extracted from the 2020 Annual Report and Accounts. The financial statements contained in this interim report do not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and do not reflect all of the information contained in the Group's 2020 Annual Report and Accounts. The statutory accounts for the year ended 27 June 2020, which were approved by the Board of Directors on 23 September 2020 and have been filed with the Registrar of Companies, received an unqualified audit report which did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The preparation of the financial statements requires the use of estimates and assumptions. Although these estimates are based on management's best knowledge, actual results ultimately may differ from these estimates. The key sources of estimation uncertainty are consistent with those disclosed in the Group's 2020 Annual Report and Accounts, except for the estimation uncertainty associated with the Bavarian rail franchise onerous contract provision, which is discussed further in note 13.

The Group's operations do not suffer from significant seasonal demand fluctuations.

### New standards

The following new standards or interpretations are mandatory for the first time for the financial year ending 3 July 2021:

- Amendments to IFRS 9 and IFRS 7 Interest Rate Benchmark Reform
- Amendments to References to the Conceptual Framework in IFRS standards
- Amendments to IFRS 3 Definition of a business
- Amendments to IAS 1 and IAS 8 Definition of material

### New standards and interpretations not yet applied

The International Accounting Standards Board ('IASB') has issued the following standards and interpretations with an effective date after the date of these financial statements:

International Accounting Standards (IAS/IFRSs)	Effective date (periods beginning on or after)
IFRS 17 Insurance contracts	1 January 2023
IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet announced by IASB
Amendments to IAS 1 Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to IFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle	1 January 2022

The directors do not anticipate adoption of the remaining standards and interpretations will have a material impact on the Group's financial statements.

# Notes to the consolidated financial statements continued

for the six months ended 2 January 2021

## 2. Basis of preparation continued

### New standards and interpretations not yet applied continued

#### Prior year restatement

During the year ended 27 June 2020, there was a change to how certain revenue streams in the rail division were recognised. For the period ended 28 December 2019, the amounts payable to the DfT exceeded the amounts receivable from the DfT in relation to the GTR franchise. In accordance with IFRS 15 Revenue from Contracts with Customers, the financial statements should have reflected the amounts received from passengers as income and the net payments to the DfT as an expense. During the period ended 28 December 2019, £41.1m was incorrectly recorded as an adjustment (decrease) to revenue. In relation to the Southeastern franchise, it was also noted that a net amount of £6.4m payable to the DfT (relating to profit share and Schedule 7.1 payments) should have been netted against subsidy revenue in accordance with IFRS 15.70, rather than presented as an operating cost, as this amount was not paid in respect of goods/services that were distinct from the operation of the rail franchise itself.

These changes have resulted in a prior year restatement of £34.7m within revenue and operating costs (increase to both) in the consolidated income statement and the corresponding notes. There is no impact to operating profit and no impact on the other primary statements.

### Going concern

#### (i) Going concern assessment

The COVID-19 pandemic continues to have a significant impact on the business of the Group with focus continuing to be on three priorities: to safeguard the health and wellbeing of our colleagues and customers; to play our role in society in challenging times; and to protect our business.

The Group has a resilient business model with limited exposure to changes in passenger demand. In addition, we continue to receive various forms of government support in all divisions with governments and our clients continuing to recognise that it is critical to maintain essential services and to provide appropriate funding to sustain those services.

Our decisive action to protect our business by continuing to reduce our cost base, managing capital expenditure and reducing the effect of the revenue downturn on our cashflow through supportive relationships with our government and local authority partners has contributed to positive pre-tax profit for the first half of the financial year.

In all our geographies, the ongoing impact of COVID-19 continues to provide a level of uncertainty with government guidelines and restrictions continuing to impact public transport usage. The quantum and duration of government support measures, particularly in our regional bus business, also remain uncertain and will evolve throughout the coming months as the countries in which we operate gradually ease the levels of restrictions.

The Board considered the financial forecasts prepared for business modelling and liquidity projection purposes as the basis for its assessment of the Group's ability to continue as a going concern for at least 12 months from the date of this announcement.

They considered the liquidity position in the Group's financial forecasts, recognising in particular the challenges around reliably estimating and forecasting the continued effects of COVID-19 on our business.

The key areas of forecasting uncertainty include:

- The extent and duration of COVID-19 restrictions in the UK and across the world.
- The duration and scale of government support measures to the bus sector, including the COVID-19 Bus Services Support Grant and any subsequent recovery support measures for eligible local bus services in England.
- Revenue recovery rates in Norwegian rail operations along with the duration and scale of government support.
- Recovery rates in regional bus passenger demand, including airline and coach services, and the size of the network required to support that level of passenger demand.
- Financial performance of our German rail contracts following the challenging operational performance which has impacted the franchise since the commencement of its operations.
- Recovery rates in Norwegian rail operations along with the duration and scale of government support.

While the most recent liquidity review is based on the Group's Corporate Plan approved by the Board in July 2020, this has been updated to reflect changes since the year end with revised estimates for 2021 based on the Quarter 2 forecast prepared in January 2021 by all operating companies.

Due to the continuing extreme effects of COVID-19 and the variability of impacts across the Group, this process developed a number of scenarios focused on three main variables: the evolution of passenger demand, the level of service operated and the level of public funding received.

# Notes to the consolidated financial statements continued

for the six months ended 2 January 2021

## 2. Basis of preparation continued

### Going concern continued

#### (i) Going concern assessment continued

Our base case forecast assumes that:

- Regional bus vehicle mileage for the six months to 3 July 2021 is maintained at levels consistent with those required to qualify for government support and will be circa 90% of pre-COVID-19 levels in the year ending 2 July 2022.
- It also assumes that regional bus passenger revenue returns to above 70% of pre-COVID levels by July 2021, increasing to 85% of pre-COVID levels in the year ending 2 July 2022 reflecting the assumed return in patronage as the country emerges from the pandemic.
- The UK Government's Coronavirus Job Retention Scheme ceases at the end of April 2021, giving a prudent view in light of the recent government extension to the scheme to September 2021, and the COVID-19 Bus Services Support Grant (CBSSG) continues to the end of June 2021 in line with the current date for recently announced plan for the full easing of lockdown restrictions. The government continues to be committed to the continuation of funding for as long as it is required.

In the London & International bus division, passenger demand risk continues to be borne by our transport authority clients with contractual payments maintained through the crisis at pre-COVID-19 levels with variable cost savings being returned to the clients and funding towards additional costs provided where necessary. The base case therefore continues to assume that the performance for the London & International bus division is consistent with pre-COVID-19 operational performance.

In rail, Southeastern and GTR are both contracted to remain under their EMA/ERMA agreements for the remaining duration of their franchises. Both contracts are currently contractually due to end during the going concern assessment period.

In our German rail operations contractual payments continue to be protected and passenger revenue risk is borne by the transport authority client. Our forecasts assume that revenue support from the Norwegian Government will continue but at a reduced rate with 85% of losses covered.

Plausible and severe downside scenarios relate to our principal risks, notably the extent to which the recovery in passenger demand and levels of government support are less favourable than assumed in our base case forecasts.

The reasonable downside scenario assumptions used were:

- Slower recovery of passenger demand in regional bus with passenger demand increasing to only 70% of pre-COVID-19 levels and service levels at 90% with that demand. CBSSG funding ceases at the end of May 2021 plus £7.5m one-off restructuring costs.
- Continuing operational issues in our German rail operation leading to higher operational losses than those included in the base case.
- Government support for our Norwegian rail operations reduces and passenger demand recovers more slowly than our base case assumes.

In addition to the base case and the reasonable worst case scenario as detailed, the Board has reviewed reverse stress tests, which assess the set of circumstances that would be necessary for the Group to breach the limits of its covenant tests. These are explained in the section of liquidity headroom detailed below.

#### (ii) Liquidity headroom

The Group has no debt maturities ahead of 2024, a strong balance sheet and good liquidity with adjusted net debt at 2 January 2021 of £699.6m (£299.9m on a pre-IFRS 16 basis) and unutilised facilities and cash of £250.8m at the half year end.

Funding is covered by a £250m corporate bond, which matures on 6 July 2024, and the Revolving Credit Facility of £280m which matures in July 2024 (a further one-year extension is available which, if exercised, would extend the maturity to July 2025).

Our primary bank covenant continues to be assessed on a pre-IFRS 16 basis with an adjusted net debt to EBITDA ratio of 1.87 times at the half year position, comfortably within our target range and allowing adequate headroom on our primary bank covenant of 3.5 times. Our covenants are measured twice a year, at half year and full year, and are measured under frozen accounting standards.

Under all of the modelled scenarios, positive liquidity headroom exists throughout the going concern assessment period and the Group remains in compliance with its covenants.

In addition to the base case and the reasonable worst case scenario, the Board has reviewed reverse stress tests, in which the Group has assessed the set of circumstances that would be necessary for the Group to breach the limits of its covenant tests.

Even in the most severe of the downside scenarios there remains sufficient liquidity with minimum thresholds achieved throughout the going concern assessment period after taking account of controllable mitigating actions.

In applying the reverse stress test to this the directors have concluded that the set of circumstances required to exhaust this level of liquidity headroom is considered to be remote.

# Notes to the consolidated financial statements continued

for the six months ended 2 January 2021

## 2. Basis of preparation continued

### Going concern continued

#### (iii) Mitigating actions

The Board continues to consider all mitigations that would be within its control if faced with a short-term material EBITDA reduction that would reduce covenant headroom.

To the extent any severe downside scenarios materialised, we consider that the Group would have sufficient controllable, mitigating actions to avoid a breach of the covenant tests. We have no expectation of needing to request waivers of the net debt to EBITDA and EBITDA to interest covenant tests in our committed bank facilities.

The key mitigations available would be to further reduce the Group's cost base, in particular reducing vehicle mileage to better match customer demand, which would result in variable cost savings and the reduction of capital expenditure. In addition, the following mitigations could be available to the Group, the benefits of which have not been reflected in our going concern assessment: further extensions to the period of time covered by CBSSG Restart or potential Recovery Partnership funding; issuing new share capital for cash; asset sale and leasebacks; and obtaining covenant waivers.

#### (iv) Going concern conclusion

The consolidated interim financial information for the half-year ended 2 January 2021 has been prepared on a going concern basis.

In applying the going concern basis, the directors recognised that the uncertainty caused by the COVID-19 pandemic required a higher level of judgement in assessing whether the Group is a going concern. The directors have considered the expected operational performance of the Group, the significant liquidity headroom, the risk of downside scenarios and Identified possible mitigating actions as outlined above and have a reasonable expectation that the Group will continue as a going concern.

The directors confirm they are satisfied that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of this announcement.

## 3. Risks and uncertainties

The Board has undertaken a review of the principal risks and uncertainties affecting the Group for the six months ended 2 January 2021. The Board consider that the principal risks and uncertainties (as discussed in the 'Risk management' section on pages 50 to 58 of the Group Annual Report and Accounts for the year ended 27 June 2020, available on the Group's website [www.go-ahead.com](http://www.go-ahead.com)), remain relevant, with only minor changes made to the explanatory narrative.

The COVID-19 pandemic continues to significantly impact financial performance and pose challenges and risks to the Group. The Group's devolved structure has enabled its individual operating companies to respond quickly and decisively which has ensured the Group has been able to continue to deliver essential transport services through the disruption caused by the pandemic. The mitigating actions taken as the pandemic continued to evolve are described more fully in the Strategic report on pages 16–17 of the Group Annual Report and Accounts for the year ended 27 June 2020. The developments resulting from the pandemic may shape the operating context for Go-Ahead for years to come and they have been a key focus area in our more recent assessments of risk. The Group continues to monitor the ongoing situation and to develop plans to respond appropriately. A summary of the key risks, discussed and agreed during the Board's half-year risk review in March 2021, together with their mitigating actions, are set out below:

### External risks

#### 1. Economic environment and society post COVID-19 outbreak

Slow recovery from the COVID-19 pandemic. Reduction in economic activity and passenger demand accelerated by the pandemic.

#### Mitigating actions

- 90% of revenue currently contract based; discussing continuation of funding with clients and governments. Main area of exposure is regional bus and Norwegian rail
- Take all required actions to provide a safe environment and reassure about public transport
- Continue to focus our operations in more resilient geographical areas
- Promote public transport as a safe and accessible form of travel
- Constantly assess the needs of local markets and design services and products accordingly
- Optimise the network and cost base through route rationalisation, proactive cost control and back-office synergies; supported by robust scenario modelling in regional bus
- Group fuel hedging in place



# Notes to the consolidated financial statements continued

for the six months ended 2 January 2021

## 3. Risks and uncertainties continued

### 2. Political and regulatory framework

Changes to the legal and regulatory framework, impact of the UK leaving the EU, momentum around air quality agenda and national bus strategy. Potential increased appetite for state control of key industries including transport.

#### Mitigating actions

- Maintain strong levels of punctuality and customer satisfaction
- Limit exposure to local authority funding through optimisation of network and cost base and stimulation of passenger demand
- Active participation in key industry, trade and Government steering and policy development groups, including the Williams Rail Review, national bus strategy and bus franchising
- Collaboration and partnership working with local authorities
- Strong track record on air quality initiatives: electric bus depots in London, air filtering bus, climate change taskforce, fleet conversion to cleaner emission standards
- Brexit contingency measures in place including operational plan in Southeastern, increased stock levels of spare parts maintained across bus and rail, apprenticeships and colleague engagement plans to support recruitment and retention

#### Strategic risks

### 3. Sustainability of UK rail profits

Failure to retain UK rail franchises on acceptable terms

#### Mitigating actions

- Current EMA/ERMA contracts withdrawing revenue and cost risk
- Flexible and experienced management team which responds quickly and expertly to changing circumstances
- Shared risk through the Govia joint venture, which is 65% owned by Go-Ahead and 35% by Keolis
- Close involvement through RDG and SE/GTR to influence shape of National Rail Contracts

### 4. Inappropriate investment

Failure to deliver strategy or make appropriate investment decisions. Failure to deliver expected returns in German rail. Failure to build sufficient investment capability to manage decarbonisation of the bus fleet

#### Mitigating actions

- Comprehensive strategic discussions with main Board and advisors
- Extensive valuation and due diligence, supported by external expertise, and strong financial discipline when assessing viability of opportunities
- Restructure of the German business; decision to cease business development activities in Germany and rail business development in new geographies; early focus on Bavarian mobilisation
- Cautious approach to investment opportunities overseas and outside our core operating areas
- Clear risk appetite statement that governs the acceptable level of risk in pursuit of strategic objectives
- Thorough review of underperforming parts of the business, e.g. closure of PickMeUp and route rationalisation across the business
- Decarbonisation plan informing discussions with industry partners

### 5. Competition

Competition from existing and new market participants, loss of business to other modes and threats from market disruptors.

#### Mitigating actions

- Promote safe use of public transport
- Disciplined and focused bidding
- Adapt to changing customer requirements and technological advancements
- Foster close relationships with stakeholders to ensure we are meeting requirements including service quality and price
- Work in partnership with local authorities and other operators, including through interoperability
- Promote multi-modal travel, improving the overall door-to-door experience for passengers

# Notes to the consolidated financial statements continued

for the six months ended 2 January 2021

- Focus on customer needs and expectations, including improved channels for ticket purchase and journey planning

# Notes to the consolidated financial statements continued

for the six months ended 2 January 2021

## 3. Risks and uncertainties continued

### Operational risks

#### **6. Catastrophic incident or severe infrastructure failure**

An incident, such as a major accident, an act of terrorism, a pandemic, or a severe failure of rail infrastructure.

##### **Mitigating actions**

- Rigorous, high profile health and safety programme throughout the Group; high levels of safety performance; promotion of safety culture; and reassurance over the use of public transport
- Crisis management policy updated and rolled out across the operating companies
- Appropriate and regularly reviewed and tested contingency and disaster recovery plans
- Thorough and regular training of colleagues
- Work closely with our industry partners, such as rail infrastructure provider Network Rail and government agencies
- COVID-19 has created a precedent for strong Government support to the industry and reinforced its role within local communities

#### **7. Large scale infrastructure projects**

Disruption caused by large scale infrastructure projects on and around the networks on which we operate, such as HS2, Gatwick Airport station and major roadworks.

##### **Mitigating actions**

- Work constructively with industry partners, such as Network Rail, to minimise the impact of any disruption on our passengers
- Strong engagement with stakeholders, including our customers, to enable effective communication, especially during structural change programmes and disruption to the service
- Good relationships with local authorities and industry bodies, such as the DfT

#### **8. Employee relations, resource planning and talent management**

Failure to effectively engage with our people and trade unions in providing reassurance, managing costs and driving change. Failure to attract, retain and develop talent

##### **Mitigating actions**

- People Strategy focusing on leadership, talent & succession, management, culture & organisation, diversity & inclusion and employee experience
- Succession planning exercise carried out annually
- Apprenticeship, graduate and leadership development programmes
- High level of colleague engagement across our businesses supported by surveys and action planning; strong response and relationships during the COVID-19 crisis
- Robust and regularly reviewed recruitment and retention policies, training schemes, resource planning and working practices
- Experienced approach to wage negotiations and proactive engagement on driver fatigue
- Proactive management of pension risks including active engagement with The Pension Regulator and DfT over the review of the Railways Pension Scheme
- Widening the recruitment pool through initiatives aimed at attracting diverse talent, for example the launch of the Women in Bus network and active recruitment of female drivers

# Notes to the consolidated financial statements continued

for the six months ended 2 January 2021

## 3. Risks and uncertainties continued

### 9. Information technology failure/interruption/security breach

Prolonged or major failure of the Group's IT systems, or a significant data breach.

#### Mitigating actions

- Data protection officers in place in all operating companies to monitor Group-wide GDPR compliance
- Robust processes and procedures in place to ensure compliance with the relevant laws and best practices; process standardisation and continued investment in best practice systems
- Continued investment in and maintenance of IT systems across the Group
- Design Authority Board in place for change control
- Clear and tested business continuity plans; test scenarios conducted across the Group
- Achieved Cyber Essentials standard
- Restructured IT function to refocus on operational delivery; now effectively implementing action plan following external maturity assessment
- GTR and Southeastern successfully audited against the NIS framework
- Adoption of cyber security strategy and information security management (ISMS) framework across the Group, with the publication of monthly KPIs measuring mitigating measures

### 10. Mobilisation of international rail contracts

Failure to fully mobilise contracts within contractual timescales, especially driver recruitment and delivery of rolling stock, and to deliver required levels of operational performance.

#### Mitigating actions

- Experienced local teams; ability to mobilise internal UK Rail & Bus expertise
- Building strong relationships with local authorities
- Compliance with strong local regulation, established Safety Management Systems and Group Safety Audits
- Lessons being learnt from Baden-Württemberg mobilisation to avoid repeat in Bavaria
- Appointment of restructuring consultancy and new CEO to transform performance in Germany

#### Critical accounting judgements and key sources of estimation uncertainty

The critical accounting judgements and key sources of estimation uncertainty disclosed on pages 142–144 of the Group Annual Report and Accounts for the year ended 27 June 2020 continue to apply together with the estimation uncertainty associated with the Bavarian rail franchise onerous contract provision, which is discussed further in note 13. In particular the key sources of estimation uncertainty associated with the Coronavirus Bus Services Support Grant (CBSSG) accounting in the regional bus division, German rail franchises and contract and franchise accounting continue to apply. Contract and franchise accounting is specific to the rail business as disclosed in the segmental analysis in note 4, with judgements made on a continuing basis.

## 4. Segmental analysis

The Group's businesses are managed on a divisional basis. Selected financial data is presented on this basis below.

For management purposes, the Group is organised into three reportable segments: regional bus, London & International bus and rail. Operating segments are reported to the chief operating decision maker, considered to be the Group Chief Executive, on a periodic basis for the purposes of resource allocation and assessment of segmental performance. Segments are organised based on the long term economic characteristics as well as the similar nature of the business activities and are reported as follows:

The regional bus division comprises UK bus operations outside London.

The London & International bus division comprises bus operations in London under control of Transport for London (TfL), rail replacement and other contracted services in London, bus operations in Singapore under control of the Land Transport Authority (LTA) of Singapore and bus operations in Ireland under the control of the National Transport Authority (NTA) of Ireland. These are aggregated as a segment for internal management purposes given the similar contractual nature of the services and how these services are provided, the type of customer, the similar economic characteristics and the similar regulatory environment. The operations are also governed and controlled by a distinct management team.

The rail division comprises UK and overseas rail operations. The UK rail operation, through an intermediate holding company, Govia Limited, is 65% owned by Go-Ahead and 35% by Keolis and comprises two rail franchises: Southeastern and GTR. The registered office of Keolis (UK) Limited is in England and Wales. Overseas rail operations commenced on 15 June 2019 in

# Notes to the consolidated financial statements continued

for the six months ended 2 January 2021

Germany and on 15 December 2019 in Norway. A further two contracts are being mobilised in Germany. These operations are 100% owned by the Group.

Rail operating companies have similar business activities and objectives, to provide passenger rail services and to achieve a modest profit margin through franchise arrangements with the relevant local transport authorities in their respective countries. Each company targets similar margins, has similar economic risks and operates services under heavily controlled regimes and specifications, set by the local transport authorities. The operations are internally controlled and governed by a distinct management team and are viewed as one segment by the chief operating decision maker.

Management will continue to assess the appropriateness of the operating reporting segments going forward, in accordance with the requirements of IFRS 8 Operating Segments.

The information reported to the Group Chief Executive in his capacity as chief operating decision maker does not include an analysis of assets and liabilities by segment and accordingly IFRS 8 does not require this information to be presented. Segment performance is evaluated based on operating profit or loss, on a pre and post-exceptional basis as presented below.

Transfer prices between operating segments are on an arm's length basis similar to transactions with third parties.

The following tables present information regarding the Group's reportable segments for the six months ended 2 January 2021, the six months ended 28 December 2019 and the year ended 27 June 2020.

## Six months ended 2 January 2021 (unaudited)

	Regional bus £m	London & International bus £m	Total bus £m	Rail £m	Total operations £m
Passenger revenue	136.6	—	136.6	357.1	493.7
Contract revenue	36.0	346.7	382.7	0.3	383.0
Other revenue	58.4	0.8	59.2	67.6	126.8
Franchise subsidy	—	—	—	1,116.5	1,116.5
Segment revenue	231.0	347.5	578.5	1,541.5	2,120.0
Inter-segment revenue	(16.5)	(11.9)	(28.4)	(21.4)	(49.8)
<b>Group revenue</b>	<b>214.5</b>	<b>335.6</b>	<b>550.1</b>	<b>1,520.1</b>	<b>2,070.2</b>
Operating costs	(202.2)	(298.3)	(500.5)	(1,513.6)	(2,014.1)
<b>Group operating profit (pre-exceptional items)</b>	<b>12.3</b>	<b>37.3</b>	<b>49.6</b>	<b>6.5</b>	<b>56.1</b>
Exceptional operating items	(0.3)	—	(0.3)	(20.7)	(21.0)
<b>Group operating profit (post-exceptional items)</b>					<b>35.1</b>
Share of result of joint venture					(0.5)
Net finance costs					(10.0)
<b>Profit before tax and non-controlling interests</b>					<b>24.6</b>
Tax expense					(8.4)
<b>Profit for the period</b>					<b>16.2</b>

Further information on exceptional operating items is disclosed in note 5.

Inter-segment revenue relates to transactions between the Group's operating segments and includes rail replacement services.

During the six months ended 2 January 2021, segment revenue of £113.6m (H1'20: £64.0m; 2020: £160.2m), related to external customers outside the United Kingdom, from the Singapore and Irish bus operations and the German and Nordic rail operations.

# Notes to the consolidated financial statements continued

for the six months ended 2 January 2021

## 4. Segmental analysis continued

Six months ended 28 December 2019 (unaudited)

	Regional bus £m	London & International bus £m	Total bus £m	Rail* £m	Total operations £m
Passenger revenue	194.1	—	194.1	1,281.0	1,475.1
Contract revenue	34.4	315.2	349.6	—	349.6
Other revenue	8.0	2.6	10.6	130.0	140.6
Franchise subsidy	—	—	—	76.7	76.7
Segment revenue	236.5	317.8	554.3	1,487.7	2,042.0
Inter-segment revenue	(2.9)	(11.1)	(14.0)	(20.7)	(34.7)
<b>Group revenue</b>	233.6	306.7	540.3	1,467.0	2,007.3
Operating costs	(214.5)	(280.5)	(495.0)	(1,452.3)	(1,947.3)
<b>Group operating profit</b>	19.1	26.2	45.3	14.7	60.0
Share of result of joint venture					(0.3)
Net finance costs					(10.7)
<b>Profit before tax and non-controlling interests</b>					49.0
Tax expense					(12.2)
<b>Profit for the period</b>					36.8

\* Restated (see note 2)

Year ended 27 June 2020 (audited)

	Regional bus £m	London & International bus £m	Total bus £m	Rail £m	Total operations £m
Passenger revenue	347.1	—	347.1	1,949.0	2,296.1
Contract revenue	67.6	627.3	694.9	0.6	695.5
Other revenue	31.6	3.7	35.3	211.2	246.5
Franchise subsidy	—	—	—	760.4	760.4
Segment revenue	446.3	631.0	1,077.3	2,921.2	3,998.5
Inter-segment revenue	(37.5)	(26.9)	(64.4)	(35.7)	(100.1)
<b>Group revenue</b>	408.8	604.1	1,012.9	2,885.5	3,898.4
Operating costs	(388.3)	(555.6)	(943.9)	(2,876.6)	(3,820.5)
<b>Group operating profit (pre-exceptional items)</b>	20.5	48.5	69.0	8.9	77.9
Exceptional operating items	(26.7)	—	(26.7)	(30.4)	(57.1)
<b>Group operating profit (post-exceptional items)</b>					20.8
Share of result of joint venture					(0.6)
Net finance costs					(20.4)
<b>Loss before tax and non-controlling interests</b>					(0.2)
Tax expense					(11.9)
<b>Loss for the year</b>					(12.1)

# Notes to the consolidated financial statements continued

## for the six months ended 2 January 2021

### 4. Segmental analysis continued

The capital expenditure and depreciation charges for the Group is as follows:

	<b>Six months to 2 Jan 21 £m Unaudited</b>	Six months to 28 Dec 19 £m Unaudited	Year to 27 Jun 20 £m Audited
<b>Tangible capital expenditure (excluding leases)</b>			
Regional bus	<b>24.7</b>	31.4	39.1
London & International bus	<b>1.1</b>	11.8	17.5
Rail	<b>1.2</b>	5.8	16.0
<b>Total</b>	<b>27.0</b>	49.0	72.6
<b>Leases capital expenditure</b>			
Regional bus	<b>7.6</b>	3.1	8.2
London & International bus	<b>4.6</b>	8.0	23.6
Rail	<b>0.6</b>	1.1	205.1
<b>Total</b>	<b>12.8</b>	12.2	236.9
<b>Depreciation (excluding right-of-use assets)</b>			
Regional bus	<b>18.5</b>	19.3	38.0
London & International bus	<b>14.2</b>	14.1	28.2
Rail	<b>10.5</b>	9.4	17.9
<b>Total</b>	<b>43.2</b>	42.8	84.1
<b>Right-of-use assets depreciation</b>			
Regional bus	<b>2.5</b>	1.8	5.0
London & International bus	<b>10.3</b>	8.1	16.7
Rail	<b>235.1</b>	160.9	353.8
<b>Total</b>	<b>247.9</b>	170.8	375.5

During the six months to 2 January 2021 the carrying value of the Group's right-of-use assets fell to £414.2m (H1'20: £624.3m; 2020: £648.9m). Similarly, in the same period, the Group's total lease liability fell to £403.4m (H1'20: £630.4m; 2020: £648.6m). These decreases can be primarily attributed to the planned end dates of the GTR and Southeastern UK rail franchises in September 2021 and October 2021 respectively. Discussions with the DfT are underway relating to potential direct award contracts of up to six years in both cases.

### 5. Exceptional operating items

This note identifies items of an exceptional nature that have a significant impact on the results of the Group in the period.

	<b>Six months to 2 Jan 21 £m Unaudited</b>	Six months to 28 Dec 19 £m Unaudited	Year to 27 Jun 20 £m Audited
Asset impairments and restructuring costs – regional bus	<b>0.3</b>	—	26.7
Asset impairments, provisions and restructuring costs - rail	<b>20.7</b>	—	30.4
<b>Exceptional operating items</b>	<b>21.0</b>	—	57.1

#### Six months ended 2 January 2021 (unaudited)

Total exceptional operating items in the period ended 2 January 2021 comprised a charge of £21.0m to the income statement.

#### Asset impairments and restructuring costs – regional bus

During the period ended 2 January 2021, further contracts were terminated in the regional bus division resulting in an impairment charge of £1.1m in relation to plant, property and equipment.

This is partially offset by a profit on disposal of assets of £0.8m. During the year ended 27 June 2020, the carrying values of a number of coaches were impaired, some of which have subsequently been sold for an amount greater than the impaired carrying value. This resulted in a profit on disposal and therefore a partial reversal of the previous exceptional impairment charge.



# Notes to the consolidated financial statements continued

for the six months ended 2 January 2021

## 5. Exceptional operating items continued

### Asset impairments, provisions and restructuring costs – rail

As part of the continued mobilisation of the Bavarian franchise in Germany, it has been identified that there are further costs expected over the life of the contract due to uncertainty surrounding the estimated value in use of the contract, based on expected future cashflows and using a risk-adjusted discount rate. These increased costs have led to an increase in the value of the provision of £25.9m in the period ended 2 January 2021.

During the year ended 27 June 2020, freehold land and buildings were impaired by £4.4m in the German rail division and recognised as an exceptional operating item. In the period ended 2 January 2021, a depot that had previously been impaired was sold for an amount greater than the previously estimated recoverable amount. Further, as part of this sale agreement, there is no longer an obligation to pay break fees relating to the depot which were provided for at the year-end, and therefore this provision has been released. This has resulted in an exceptional operating credit of £5.2m in the period ended 2 January 2021.

### Six months ended 28 December 2019 (unaudited)

There were no exceptional items in the period ended 28 December 2019.

### Year ended 27 June 2020 (audited)

Total exceptional operating items in the year comprised a charge of £57.1m to the income statement.

### Asset impairments and restructuring costs – regional bus

During the year end 27 June 2020, strategic reviews were carried out following a decline in the operational performance of the regional bus division and the impact of COVID-19. As a result of these reviews, several restructuring programmes of varying degrees were initiated during 2020 and a number of specific contracts, services and routes were terminated. In addition, COVID-19 had a significant impact on certain bus operations, in particular, coaching contracts, airline and other holiday routes. Related assets were also impaired to reflect the changing environment. An exceptional charge of £26.7m was recognised and comprised £15.9m of plant, property and equipment impairments, £3.8m of intangible asset impairments (including £0.6m of goodwill), £5.5m of restructuring costs, £0.5m impairment of assets held for sale and £1.0m impairment of right of use assets.

### Asset impairments, provisions and restructuring costs – rail

German rail operations commenced on 15 June 2019 and faced a number of challenges during the first year of operation. A comprehensive review of the overall business, including future franchises, was undertaken and this identified indicators for possible impairments across the business. A full impairment review was subsequently carried out and an exceptional charge of £30.4m was recognised during the year. Impairments and provisions have been identified in relation to intangible assets and committed, irrecoverable franchise set-up costs. These include, £23.6m of franchise set-up costs and £0.7m of software, plus a £4.4m impairment of the freehold land and buildings. Restructuring costs of £1.7m were also recognised as an exceptional item.

## 6. Taxation

### a. Tax recognised in the income statement

The total taxation charge recognised in the income statement is made up as follows:

	Six months to 2 Jan 21 £m Unaudited	Six months to 28 Dec 19 £m Unaudited	Year to 27 Jun 20 £m Audited
Current tax charge	9.5	12.1	11.2
Adjustments in respect of current tax of previous years	—	—	(0.1)
Total current tax	9.5	12.1	11.1
Deferred tax relating to origination and reversal of temporary differences in the period at 19% (27 June 2020: 19%; 28 December 2019: 19%)	(1.1)	0.1	(4.4)
Adjustments in respect of deferred tax of a prior period	—	—	(0.3)
Impact of opening deferred tax rate	—	—	5.5
Total deferred tax	(1.1)	0.1	0.8
Tax reported in the consolidated income statement	8.4	12.2	11.9

The taxation charge has been calculated by applying the directors' best estimate of the annual effective tax rate to the profit for the period. The pre-exceptional effective tax rate is 16.5% (H1'20: 24.9%; 2020 (pre-exceptional): 32.0%), lower than the UK statutory rate, this is due to the impact of a half year Marketing Support Payment (MSP) for foreign subsidiaries.

# Notes to the consolidated financial statements continued

for the six months ended 2 January 2021

## 6. Taxation continued

### b. Tax recognised in equity

The tax relating to items charged or credited to the statement of comprehensive income or directly to equity is made up as follows:

	Six months to 2 Jan 21 £m Unaudited	Six months to 28 Dec 19 £m Unaudited	Year to 27 Jun 20 £m Audited
Tax on remeasurements on defined benefit pension plans	(9.2)	(9.9)	(0.4)
Deferred tax on cashflow hedges	0.9	(0.7)	(3.8)
Deferred tax on share based payments (taken directly to equity)	—	—	0.2
Tax reported outside of profit or loss	(8.3)	(10.6)	(4.0)

### c. Factors affecting future tax charges

The standard rate of UK corporation tax is 19.0% and therefore 19.0% applies to the current tax charge arising during the period ended 2 January 2021. Previous legislation advised a reduction in the UK corporation tax rate to 17.0% from 1 April 2020 and this rate was applied, where applicable, to the Group's deferred tax balance at the FY19/20 year end. Legislation substantively enacted in the Finance Bill 2020 amended this rate to 19.0% with effect from April 2020 and therefore 19.0% has been applied, where applicable, to the Group's deferred tax balance as at the balance sheet date.

## 7. Earnings per share

### Basic and diluted earnings per share

	Six months to 2 Jan 21			Six months to 28 Dec 19	Year to 27 Jun 20		
	Pre- exceptional Unaudited	Exceptional items Unaudited	Post- exceptional Unaudited	Unaudited	Pre- exceptional Audited	Exceptional items Audited	Post- exceptional Audited
Net profit attributable to equity holders of the parent (£m)	32.0	(21.7)	10.3	27.8	22.2	(50.8)	(28.6)
Basic weighted average shares in issue ('000)	43,159	—	43,159	43,009	42,998	—	42,998
Dilutive potential share options ('000)	15	—	15	86	104	—	104
Diluted weighted average number of shares in issue ('000)	43,174	—	43,174	43,095	43,102	—	43,102
Earnings per share:							
Basic earnings per share (pence per share)	74.2	(50.3)	23.9	64.6	51.6	(118.1)	(66.5)
Diluted earnings per share (pence per share)	74.2	(50.3)	23.9	64.5	51.5	(117.9)	(66.4)

The weighted average number of shares in issue excludes treasury shares held by the Company, and shares held in trust for the Long Term Incentive Plan (for executive directors only) and the Deferred Share Bonus Plan (for executive directors and certain other senior employees).

No shares were bought back and cancelled by the Group in the period from 3 January 2021 to 10 March 2021.

## 8. Pensions

Retirement benefit assets consist of the following:

	2 Jan 21			27 Jun 20		
	Bus £m Unaudited	Rail £m Unaudited	Total £m Unaudited	Bus £m Audited	Rail £m Audited	Total £m Audited
Pre-tax pension scheme asset	7.7	—	7.7	53.0	—	53.0
Deferred tax liability	(1.5)	—	(1.5)	(10.1)	—	(10.1)
Post-tax pension scheme asset	6.2	—	6.2	42.9	—	42.9

The net surplus before taxation on the bus defined benefit scheme was £7.7m (27 June 2020: surplus of £53.0m), consisting of estimated assets of £937.4m (27 June 2020: £934.4m) less liabilities of £929.7m (27 June 2020: £881.4m).

The net deficit before taxation on the rail schemes was £nil (27 June 2020: £nil). The nature of these schemes means at the end of the franchise, any deficit or surplus in the schemes passes to the subsequent franchisee with no compensating payments from or to the outgoing franchise holder. The Group's obligations are therefore limited to its contributions payable to the schemes during the period over which it operates the franchise.

# Notes to the consolidated financial statements continued

for the six months ended 2 January 2021

## 8. Pensions continued

The net surplus/deficit on the pension schemes was calculated based on the following assumptions.

	Six months to 2 Jan 21 % Unaudited	Year to 27 Jun 20 % Audited
Retail price index inflation	2.9	2.9
Consumer price index inflation	2.4	2.1
Discount rate	1.3	1.5
Rate of increase in salaries*	n/a	n/a
Rate of increase of pensions in payment and deferred pension	2.4	2.2

\* For rail pension schemes only (the defined benefit section of the bus scheme is closed to future accrual for all members).

The most significant non-financial assumption is the assumed rate of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of a male member of each pension scheme at age 65.

	2 Jan 21		27 Jun 20	
	Bus Years Unaudited	Rail Years Unaudited	Bus Years Audited	Rail Years Audited
Pensioner	21	21	21	21
Non-Pensioner	23	23	23	23

## Sensitivity analysis

The following is an approximate sensitivity analysis of the impact of the change in the key assumptions for the bus scheme calculated as at 27 June 2020. In isolation the following adjustments would adjust the pension (deficit)/surplus as shown.

	Bus 2020 Pension surplus/ deficit) %
Discount factor – increase of 0.5%	(7.0)
Price inflation – increase of 0.5%	6.8
Rate of increase of pension in payment – increase of 0.5%	4.8
Increase in life expectancy of pensioners or non-pensioners by 1 year	4.3

## 9. Notes to the cashflow statement

### Analysis of Group net debt (unaudited)

	Cash and cash equivalents £m Unaudited	Syndicated loan facility £m Unaudited	Lease liabilities £m Unaudited	£250m Sterling Bond £m Unaudited	Euro financing facilities £m Unaudited	Total £m Unaudited
At 28 June 2020	569.8	(147.4)	(648.6)	(250.0)	(14.9)	(491.1)
Cashflow	(28.6)	0.3	258.0	—	0.5	230.2
Inception of new leases	—	—	(12.8)	—	—	(12.8)
Effect of foreign exchange rate changes	(0.4)	0.5	—	—	0.1	0.2
<b>At 2 January 2021</b>	<b>540.8</b>	<b>(146.6)</b>	<b>(403.4)</b>	<b>(250.0)</b>	<b>(14.3)</b>	<b>(273.5)</b>

Cash and cash equivalents include overdrafts amounting to £nil (27 June 2020: £nil).

On 16 July 2014, the Group entered into a £280.0m syndicated loan facility. The loan facility is unsecured and interest is charged at LIBOR + Margin, where the margin is dependent upon the gearing of the Group. The original facility was for five years and has had a number of extensions, the most recent was agreed on 9 July 2019, extending the maturity to July 2024. A further one-year extension is available which, if exercised, would extend the maturity to July 2025.

On 6 July 2017, the Group raised a £250.0m bond of 7 years maturing on 6 July 2024 with a coupon rate of 2.5%.

On 24 October 2017, the Group's subsidiary, Go-Ahead Verkehrsgesellschaft Deutschland GmbH, entered into a €8.0m one-year revolving credit facility. The facility is unsecured, renewed annually and interest is charged at 2.1% plus EURIBOR. On 24 October 2017, the Group's subsidiary, Go-Ahead Facility GmbH, entered into a €10.6m 10.5 year loan, which subsequently increased to €10.85m. The facility is secured against the German land and buildings included within plant, property and equipment. Interest is charged at a fixed rate of 2.79%.

Group net debt excludes unamortised issue costs of £2.0m (27 June 2020: £2.3m).

# Notes to the consolidated financial statements continued

for the six months ended 2 January 2021

## 9. Notes to the cashflow statement continued

As at 2 January 2021 balances amounting to £426.1m (H1'20: £510.2m; 27 June 2020: £474.8m) were restricted, including amounts to cover deferred income for season tickets sold in advance of £16.2m (H1'20: £194.5m; 27 June 2020: £21.3m) and amounts held by rail companies which can only be distributed up to the value of distributable reserves, subject to DfT dispensation.

## 10. Dividends paid and proposed

	Six months to 2 Jan 21 £m Unaudited	Six months to 28 Dec 19 £m Unaudited	Year to 27 Jun 20 £m Audited
<b>Declared and paid during the period</b>			
Equity dividends on ordinary shares:			
Final dividend for 2020: nil per share (2019: 71.91p)	—	30.9	30.9
Interim dividend for 2020: nil per share	—	—	—
	—	30.9	30.9

	Six months to 2 Jan 21 £m Unaudited	Six months to 28 Dec 19 £m Unaudited	Year to 27 Jun 20 £m Audited
<b>Dividend proposed (not recognised as a liability)</b>			
Equity dividends on ordinary shares:			
Interim dividend for 2021: nil per share (2020:30.17p*)	—	12.9	—

\* Subsequently suspended due to COVID-19

## 11. Assets classified as held for sale

At 2 January 2021, assets held for sale had a carrying value of £0.3m (27 June 2020: £7.2m) and related to property, plant and equipment. Assets held for sale, relating to bus rolling stock, had a carrying value of £nil (27 June 2020: £4.8m). Assets held for sale, relating to land and buildings, had a carrying value of £0.3m (27 June 2020: £2.4m).

## 12. Derivatives and financial instruments

### a. Fair values

The fair values of the Group's financial derivatives carried in the financial statements have been reviewed as at 2 January 2021 and 27 June 2020 and are as follows:

	2 Jan 21 £m	27 Jun 20 £m
Non-current financial assets: fuel price derivatives	0.4	0.1
Current financial assets: fuel price derivatives	0.3	0.1
	0.7	0.2
Current financial liabilities: fuel price derivatives	(6.7)	(9.9)
Non-current financial liabilities: fuel price derivatives	(4.0)	(5.6)
	(10.7)	(15.5)
<b>Net financial derivatives</b>	<b>(10.0)</b>	<b>(15.3)</b>

### At 2 January 2021

	Amortised cost £m	Derivatives used for cashflow hedging £m	Total carrying value £m	Fair value £m
Fuel price derivatives	—	(10.0)	(10.0)	(10.0)
Net financial derivatives	—	(10.0)	(10.0)	(10.0)

### At 27 June 2020

	Amortised cost £m	Derivatives used for cashflow hedging £m	Total carrying value £m	Fair value £m
Fuel price derivatives	—	(15.3)	(15.3)	(15.3)
Net financial derivatives	—	(15.3)	(15.3)	(15.3)

# Notes to the consolidated financial statements continued

## for the six months ended 2 January 2021

### 12. Derivatives and financial instruments continued

The fair value of all other financial assets and liabilities is not significantly different from their carrying amount, with the exception of the £250.0m sterling 7 year bond which has a fair value of £255.5m (27 June 2020: £240.3m) but is carried at its amortised cost of £250.0m (27 June 2020: £250.0m). The fair value of the £250m sterling 7 year bond has been determined by reference to the price available from the market on which the bond is traded. The fuel price derivatives were valued externally by the respective banks by comparison with the market fuel price for the relevant date.

All other fair values shown above have been calculated by discounting cash flows at prevailing interest rates.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 2 January 2021, the Group has used a level 2 valuation technique to determine the fair value of the fuel price derivatives. The valuations are based on the external Mark-to-Market (MtM) valuations provided by the derivative providers and are prepared in accordance with the providers own internal models and calculation methods based upon well recognised financial principles, relevant current market conditions and reasonable estimates about relevant future market conditions. There are a small number of foreign currency hedges in place as at 2 January 2021. The foreign currency hedge valuations are based on the external MtM valuations and are currently not material to the Group.

During the period ended 2 January 2021 and year ended 27 June 2020, there were no transfers between valuation levels.

#### b. Hedging activities

##### *Fuel derivatives*

The Group is exposed to commodity price risk as a result of fuel usage. The Group closely monitors fuel prices and uses fuel derivatives to hedge its exposure to increases in fuel prices, when it deems this to be appropriate.

##### **Bus**

As at 2 January 2021 the Group had derivatives against UK bus fuel of 190 million litres for the three and a half years ending June 2024. The fair value of the asset or liability has been recognised on the balance sheet. The value has been generated since the date of acquisition of the instruments due to the movement in market fuel prices.

As at 2 January 2021 the Group's external hedging profile is as follows:

	H2'21	2022*	2023*	2024*
Actual percentage of forecast usage externally hedged	<b>95%</b>	<b>75%</b>	<b>37%</b>	<b>12%</b>
Litres hedged (million)	<b>50.2</b>	<b>79.5</b>	<b>45.8</b>	<b>14.7</b>
Price (pence per litre)	<b>35.3</b>	<b>32.9</b>	<b>32.0</b>	<b>29.2</b>

\* Assuming consistent usage and that hedging is completed at 2 January 2021 market price

The movement during the six months ended 2 January 2021 on the hedging reserve was £4.3m credit (net of tax) (2020: £15.8m debit (net of tax)) taken through other comprehensive income.

# Notes to the consolidated financial statements continued

for the six months ended 2 January 2021

## 13. Provisions

	Franchise commitments £m Unaudited	Uninsured claims £m Unaudited	Other £m Unaudited	Total £m Unaudited
At 27 June 2020	73.6	49.9	10.5	134.0
Provided	27.6	11.7	0.6	39.9
Utilised	(5.0)	(2.5)	(0.6)	(8.1)
Released	(0.6)	(6.7)	(2.0)	(9.3)
<b>At 2 January 2021</b>	<b>95.6</b>	<b>52.4</b>	<b>8.5</b>	<b>156.5</b>

  

	2 Jan 21 £m Unaudited	27 Jun 20 £m Audited
Current	89.2	46.1
Non-current	67.3	87.9
	<b>156.5</b>	134.0

Franchise commitments of £95.6m (27 June 2020: £73.6m) comprise dilapidation provisions on vehicles, depots and stations, mainly across our two active UK rail franchises, as well as a provision for future franchise costs for the onerous Bavarian franchise contract in Germany. Of these provisions, £71.9m (27 June 2020: £26.6m) are classified as current. The Bavarian contract is in its pre-operational phase and the provision reflects our best estimate of financial projections following a rigorous and detailed review. The model on which the provision is based is most sensitive to changes in cost assumptions in respect of penalties, driver recruitment and training, as well as contractual revenue and infrastructure assumptions that may change as the scheduled routes and operational plans are finalised. Whilst a significant proportion of the cost base of these contracts is fixed, providing visibility and certainty, we continue to manage risk and seek to reduce the extent of expected losses. The level of provision will remain under review and this could result in material change to the provision in future periods as we progress through the mobilisation phase and into the start of operations over the next 12-24 months.

Uninsured claims represent the cost to the Group to settle claims for incidents occurring prior to the balance sheet date, together with an estimate of settlements that will be made in respect of incidents that have not yet been reported to the Group by the insurer. Of the uninsured claims, £15.5m (27 June 2020: £17.2m) are classified as current and £36.9m (27 June 2020: £32.7m) are classified as non-current based on past experience of uninsured claims paid out annually. It is estimated that the majority of uninsured claims will be settled within the next six years.

Within other provisions, £8.5m (27 June 2020: £10.5m) relates to dilapidation provisions in the bus division, of which £1.8m (27 June 2020: £2.3m) are classified as current, and £6.7m (27 June 2020: £8.2m) are classified as non-current. It is expected that the dilapidations will be incurred within two to five years.

## 14. Commitments and contingencies

### Capital commitments

Capital commitments contracted but not provided at 2 January 2021 were £17.1m (27 June 2020: £37.4m).

### Performance bonds and other guarantees

The Group has provided bank guaranteed performance bonds of £37.5m (27 June 2020: £70.7m), a loan guarantee bond of £36.3m (27 June 2020: £36.3m) and season ticket bonds of £119.4m (27 June 2020: £165.0m) in favour of the DfT in support of the Group's rail franchise operations. In addition, the Group, together with Keolis, has a joint parental company commitment to provide funds of £136m (27 June 2020: £136.0m) to the DfT in respect of the Govia Thameslink Railway franchise, of which Group has a 65% share equating to £88.4m (27 June 2020: £88.4m). At the period end £nil (27 June 2020: £nil) has been provided.

To support subsidiary companies in their normal course of business, the Group has indemnified certain banks and insurance companies who have issued certain performance bonds and a letter of credit. The letter of credit at 2 January 2021 is £59.8m (27 June 2020: £62.0m).

The Group has a bond of \$4.2m SGD (27 June 2020: \$4.2m SGD) in favour of the Land Transport Authority of Singapore in support of the Group's Singapore bus operations. At the period end exchange rate this equates to £2.3m (27 June 2020: £2.5m).

The Group has bonds of €30.0m (27 June 2020: €30.8m) in favour of the local rail authorities in support of the Group's German rail operations. At the period end exchange rate these equate to £27.0m (27 June 2020: £28.0m). The Group has provided parental company guarantees to provide funds of €143.7m (27 June 2020: €134.3m) in respect of the Germany operations, of which €nil (27 June 2020: €nil) has been provided for at year end. At the period end exchange rate this equates to £129.3m (27 June 2020: £122.1m).

The Group has bonds of €10.0m (27 June 2020: €10.0m) in favour of the National Transport Authority in Ireland in support of the Group's Irish bus operations. At the period end exchange rate this equates to £9.0m (27 June 2020: £9.1m).

The Group has bonds of 271.3m NOK (27 June 2020: 271.3m NOK) in favour of the local rail authorities in Norway in support of the Group's Nordic rail operations. At the period end exchange rate this equates to £23.3m (27 June 2020: £22.5m).



# Notes to the consolidated financial statements continued

for the six months ended 2 January 2021

## 14. Commitments and contingencies continued

### Contingent liabilities

#### Boundary zone fare proceedings

On 27 February 2019 a Collective Proceedings Application was filed at the Competition Appeal Tribunal under Section 47B of the Competition Act 1998 against one of the Group's subsidiary companies, London and Southeastern Railway Limited (LSER). The claim alleges that the Company failed to make Boundary Zone Fares sufficiently available to those rail passengers who held TfL travelcards across its multiple sales channels and failed to ensure that customers were aware of these. Equivalent applications were made against South West Trains and South Western Railway. The proceedings remain at an early stage with the next step being that the Competition Appeal Tribunal will initially decide whether this is a claim that meets the legislative criteria for this type of claim. A hearing in relation to this is expected in March 2021. If the criteria were met, it would allow the claim to proceed to a full trial. The claim is disputed in respect of its technical merits and the basis of the claim appears to be an initial estimate with assumptions that cannot initially be substantiated. No provision associated with the claim (other than legal costs) has accordingly been made. There is no legal precedent both in respect of this type of claim or how it would be valued if found to be a valid claim. Finally, determining how such a claim would be allocated amongst the various parties, and other stakeholders including the Department for Transport (DfT), is highly uncertain. Accordingly, the Group cannot make a reliable estimate of any contingent liability in respect of this matter at the time of publishing the Annual Report and Accounts.

#### Profit share dispute

On 31 March 2020, the Secretary of State for Transport notified one of the Group's subsidiary companies, London and Southeastern Railway Limited (LSER) that it was required to recalculate the Profit Share payable over the period from 12 October 2014 to 29 June 2019 pursuant to the Franchise Agreement dated 10 September 2014. LSER has subsequently provided the Secretary of State for Transport with an explanation for the historical calculation of profit share and has recognised a best estimate of the assessed outcome within these financial statements, with correspondence continuing to be exchanged. Any additional amounts payable are disputed due to LSER's statement of position being supported by express terms of agreement, correspondence between LSER and the Secretary of State for Transport, treatment in practice and the development and terms of the Franchise Agreement. Should the Secretary of State for Transport's notification prove successful then the outflow of resources could be in the region of £8.0m.

## 15. Statement of changes in equity

The reserve for own shares is in respect of 4,051,969 (27 June 2020: 4,071,553) ordinary shares (8.6% of share capital), of which 149,739 (27 June 2020: 169,323) are held for LTIP and DSBP arrangements. The remaining shares were purchased in order to enhance shareholders' returns and are being held as treasury shares for future issue in appropriate circumstances.

During the six months ended 2 January 2021 the Company has repurchased 14,294 shares (27 June 2020: 39,770). No shares were cancelled in the period (27 June 2020: no shares cancelled).

## 16. Related party transactions

There are no related party transactions or changes since the last year end that could have a material effect on the Group's financial position or performance for the period.



# Responsibility and cautionary statements

## Responsibility statements

We confirm that to the best of our knowledge:

- the interim financial statements, which have been prepared in accordance with IAS 34 'Interim Financial Reporting', give a true and fair view of the assets, liabilities, financial position and profit or loss of The Go-Ahead Group plc as required by the Financial Conduct Authority's Disclosure and Transparency Rules ('DTR') 4.2.4R;
- the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

The directors of The Go-Ahead Group plc are listed in the Group Annual Report and Accounts for the year ended 27 June 2020. Following the conclusion of the Group's Annual General Meeting on 24 November 2020, Katherine Innes Ker retired from the Board as a Non-Executive Director. A list of current directors is maintained on Go-Ahead's website: [www.go-ahead.com](http://www.go-ahead.com).

By order of the Board

**Elodie Brian**

**Group Chief Financial Officer**

10 March 2021

## Cautionary statement

This report is addressed to shareholders of The Go-Ahead Group plc and has been prepared solely to provide information to them and should not be relied on by any other party or for any other purpose.

This half yearly report is intended to inform the shareholders of the Group's performance during the six months to 2 January 2021 and this report and the announcement under which it was released do not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any Go-Ahead Group shares or other securities. This report contains forward looking statements based on knowledge and information available to the directors at the date the report was prepared. These statements should be treated with caution due to the inherent uncertainties underlying any such forward looking information and any statements about the future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

# Corporate information

[www.go-ahead.com](http://www.go-ahead.com)

## Secretary and Registered Office

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## Head Office

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Tel switchboard: 0191 232 3123

## Joint Corporate Broker

### Investec Bank plc

30 Gresham Street  
London  
EC2V 7QP

## Joint Corporate Broker

### Peel Hunt LLP

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London  
EC2M 2AT

## Registrar

### Equiniti Ltd

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Spencer Road  
Lancing  
West Sussex  
BN99 6DA

Tel: 0371 384 2193\*

\* Lines are open 9.00am to 5.00pm, Monday to Friday (excluding public holidays in England and Wales).

## Auditor

### Deloitte LLP

1 New Street Square  
London  
EC4A 3HQ

## Principal Banker

### The Royal Bank of Scotland plc

Corporate Banking  
9th Floor  
280 Bishopsgate  
London  
EC2M 4RB

# Independent review report to The Go-Ahead Group plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 2 January 2021 which comprises the interim consolidated income statement, the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity, the interim consolidated balance sheet, the interim consolidated cashflow statement and related notes 1 to 16. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

## Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

## Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 2 January 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

## Use of our report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.



**Deloitte LLP**

**Statutory Auditor**

1 New Street Square  
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10 March 2021