



**Rail people.
Real expertise.**

ANGEL TRAINS GROUP LIMITED
REGISTERED IN JERSEY, COMPANY NO. 100255

**ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**



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Officers and Independent Auditors

Directors

Feriel Feghoul
Mark Russell
Brandon Rennet
Malcom Brown
Alan Lowe
Matthew Prosser
David Jordan
James Marsh
Kai Chen
Lorraine Baldry
Pauline Walsh
Alan Chaplin
Romain Py

Company Secretary

IQEQ Secretaries (Jersey) Limited

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Independent Auditors

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Chartered Accountants
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Strategic Report

1. Review of Business

Angel Trains Group Limited and its subsidiaries (the “Group”) performed strongly during the period with EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) of £434.6m (2024: 452.1m).

The Group has maintained metrics consistent with the Baa2 credit rating throughout the period, confirmed by the Moody’s credit update in Q1 2026, which also noted that the Group “has procured new rolling stock in recent years, which has contributed to decreasing the age of its fleet and reducing concentration on large fleets.”

At 31 December 2025, the Group owned 3,922 (2024: 4,023) vehicles of which 17 (2024: 83) are marked for disposal. During the year, 45 new vehicles were delivered, with a further 115 vehicles in the process of being manufactured for future delivery.

New Trains

In April 2025, Angel Trains announced the procurement of 9 new 5-car Hitachi Class 80x tri-mode trains (electric, diesel and battery) for operation by Arriva Group on its Grand Central open access routes. These trains have the flexibility to run on the electrified and non-electrified rail network and represent an investment of £171m. The investment in tri-mode rolling stock builds on the momentum created by the successful conclusion of our battery trial with Hitachi Rail at the end of 2024 and demonstrates the transformative potential of battery technology in both existing and new fleets.

This followed the announcement, in December 2024, of the procurement of 14 new 5-car Hitachi Class 80x trainsets, which will be leased by FirstGroup for operation on its newly secured London to Carmarthen and other existing open access routes.

The delivery of these new state-of-the-art trains further secures jobs at Hitachi’s Newton Aycliffe facility where the vehicles will be assembled, helping to retain critical skills and drive growth within the local economy.

This investment underpins the Groups’ continued commitment to investing in the UK rail manufacturing and supply chain.

The final 45 Class 720 Alstom Aventra vehicles were accepted during the year, with all 665 vehicles that were procured for use on the Greater Anglia franchise now delivered. The new electric fleet will reduce the proportion of diesel trains that the Group owns, reduce the average age of the portfolio and provide a long-term revenue stream.

Leasing

The following leases were entered into or extended during the year:

- South Western Trains – a new lease for 225 Class 444 and 508 Class 450 vehicles was entered into until May 2030 following the transition of the service into public ownership under the Passenger Railway Services (Public Ownership) Act.
- Northern Trains – a new lease for the 140 Class 150 and 58 Class 156 vehicles was entered into until March 2030 with the option to extend up to 2033.
- Northern Trains – new leases for the 70 Class 158 and 64 Class 333 vehicles were entered into until March 2032 with the option to extend up to 2035.
- Great Western Railway – a new lease was entered into for 68 Class 175 vehicles to December 2032.

Following the publication of the timetable for the transfer of private train operators to be taken into public ownership under the Passenger Railway Services (Public Ownership) Act 2024, the first three operators were successfully renationalised during the year. These were: South Western Railway (May 2025), c2c (July 2025) and Greater Anglia (October 2025).

Strategic Report (continued)

Our well-developed Redelivery Plans for the rolling stock used on these operations were put into place and we worked closely with all parties to ensure a smooth transition to the new lessees. Three further nationalisations are anticipated during 2026, and whilst the timetable for the transition of the remaining private operators into public ownership remains unclear, the Group's pre-existing contracts with train operators continue in force until their existing expiry dates.

The draft Railways Bill, which will establish Great British Railways ("GBR") as a new public body responsible for both infrastructure and most passenger services in England was laid before parliament on 5 November 2025. However, GBR is not expected to be fully operational until around 12 months after the Railways Bill receives Royal Assent.

Refurbishment Projects & Future Developments

Despite a number of challenges to the industry in general, our supply base has continued to support our maintenance requirements over the past year. To aid this, we are working closely with our strategic supply base to ensure continuity of supply through workload consolidation, whilst also promoting retention of competencies and capacity within the rail industry. We continue to enjoy strong and positive relations with our suppliers and seek to identify further ways to develop these relationships for mutual gain.

Other Financial & Business Matters

In August 2025, Amber Infrastructure funds sold 1.85% of their holding in the Group to Arjun Infrastructure Partners, bringing Arjun Infrastructure's total holding to 13.5%. PSP Investments remains the Groups' majority shareholder with 62.6%.

Moody's completed its annual review for 2025 and reaffirmed the Baa2 stable credit rating in March 2026, again stating "strong operational performance since privatisation in 1994, with close to 100% rolling stock utilisation rates", and that "revenue is not linked to passenger volumes or ticket sales" whilst noting "the protective features of Angel Trains' ring-fenced finance structure." Moody's commented that the stable outlook reflected its "expectation of strong cash flow generation supported by rolling stock lease renewals at lease rates that are, at a minimum, in line with base case forecast and that Angel Trains will continue to implement conservative financial policies." Regarding re-lease risk, Moody's also highlighted "that the class 390 fleet includes features to accommodate requirements and specifications associated with the West Coast franchise, the class 450 represents a very significant portion of the fleet serving the South Western franchise, making a replacement difficult to implement, while the class 720 is one of the newest and most modern fleets in the UK."

100% of all vehicles with an economic value are on lease (2024: 98%), with 53 vehicles which were either marked for disposal or being held for spares which had either no economic or book value.

The Group supports the UK Government's target to remove all 'diesel only' trains by 2040. Our portfolio of diesel rolling stock is forecast to dramatically reduce by 2030 but despite this, the Group continues to invest in sustainability projects, including hybrid battery technology as detailed above.

The Group remains insulated from the direct impact of foreign exchange volatility and the senior debt is hedged for interest rates. All of our revenue is generated within the United Kingdom and is denominated in Sterling.

2. Key Performance Indicators

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation), the Group's key measure, for the year ending 31 December 2025 was £434.6m (2024: £452.1m). Revenue for the year was £604.2m (2024: £603.6m). The growth from 2024 is mainly due to more Class 720s being introduced into passenger service, offset in part by the decline in revenue associated with older life expired fleets coming off lease and rail and infrastructure services.

Strategic Report (continued)

The other key performance indicator that the directors consider is the percentage of rolling stock (excluding vehicles held for disposal) on lease, which stood at 100% at 31 December 2025 (2024: 98%) against a target of 95%.

The Group’s total external senior debt at 31 December 2025 was £2,378.1m, compared to £2,498.6m at 31 December 2024. The net decrease of £120.5m (2024: increase £149.6m) was due to the £90.5m (2024: £85.4m) of scheduled debt repayments and a net repayment of the Revolving Credit Facility of £30.0m (2024: net repayment of £15.0m).

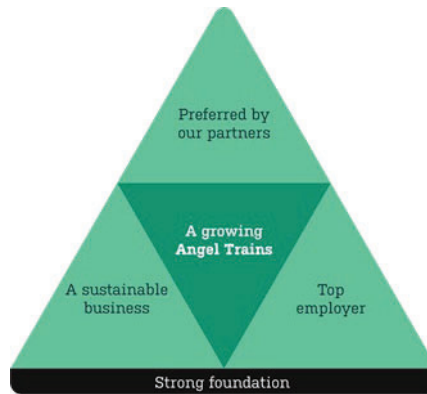
Bank/Bondholder Covenants

All key ratios remain stable and comply with the covenants of the Group’s Senior debt agreements, namely interest cover and leverage (net debt/EBITDA).

| Senior Debt Covenant | Target | Actual |
|----------------------|-----------------------|--------|
| Interest Cover | at least 1.5:1 | 3.3 |
| Leverage | no greater than 8.5:1 | 5.5 |

3. Strategy

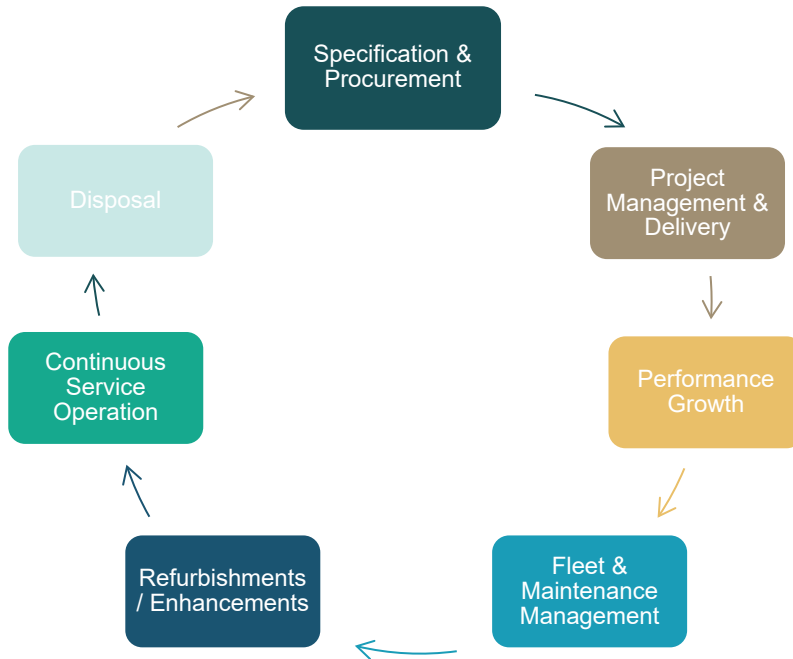
The Group’s strategy is divided across four main themes. The Group aims to be preferred by our partners, a top employer, a sustainable business and a continuously growing business with a strong foundation.



The Group continues to engage and be an active partner in the rail industry. We aim to recruit the best talent and develop our people in order to deliver our commitments for environmental, social responsibility and corporate governance (“ESG”).

The strategy is also supported by meeting our customers’ expectations, re-leasing our existing portfolio and renewing our portfolio, having trains at all stages of the asset lifecycle (as per the diagram below). This approach manages the asset risk profile and helps protect the long-term profitability of the business. This is supported by the spread of the portfolio across different vehicle types, i.e. high speed intercity, regional and urban (commuter) trains. The benefit of this portfolio approach is that we are not beholden to any one market sector.

Strategic Report (continued)



4. Our Key Stakeholders

The Board of directors recognises its responsibility to act in a way that it considers, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole.

We proactively engage with our stakeholders to maximise value and secure long-term success and are continually striving to improve our impact. Details of some of the engagement activities in relation to key stakeholders are provided below:

Employees

Our people are our most valuable assets and we continually engage with them to foster an environment in which they are happy to work in and that best supports their wellbeing.

Employee wellbeing positively impacts our people and our results. It does this through enhanced productivity, reduced stress, talent retention, and a positive organisational culture. Our Wellbeing Strategy has evolved over the last few years, and focuses on initiatives which support employees in physical, mental, social and financial wellbeing. The Wellbeing Strategy is delivered by our Wellbeing Group which has representatives from all areas and levels within the company.

A number of engagement and feedback mechanisms for our employees are well-established, including intranet blogs, monthly business briefings, social media and emails from the Chief Executive, enabling timely and tailored communication to employees. Regular staff surveys (internal and externally facilitated) were undertaken during the year, which again highlighted a strong level of engagement and positive themes around alignment with organisational goals and objectives, customer focus and teamwork in particular. In 2025, the Group achieved an employee net promoter score of 74, equalling the score achieved in 2024 and far exceeding the global benchmark and demonstrating that employees really do believe that Angel Trains is a great place to work. The Group continues to make improvements based on responses received from the surveys and provided feedback to the Board on the areas of focus.

The Intent Based Leadership model, an approach to leadership and management aimed at empowering employees to improve decision making within a safe environment continues to be adopted.

Strategic Report (continued)

During the year Angel Trains' Graduate Engineering Training scheme, the development programme designed to help graduates achieve Chartered Engineer status, received a further three-year accreditation from both the IMechE and IET with no conditions. The re-accreditation was a thorough process that required a very detailed submission in advance and an assessment day, where six assessors from IMechE and IET heard presentations about the scheme and interviewed mentors and graduates on their placements and experience.

Customers

Our customers are fundamental to our business and we continually strive to exceed their expectations. We use the feedback from our annual customer feedback survey to address areas for improvement and support. Our dedicated Customer Service team has regular meetings and engagement events with our customers to anticipate trends and preferences and incorporate them early in new rolling stock procurement.

The Board continued to carefully consider the impact of the economic climate on customers and regularly reviewed additional measures to support them. Feedback from our key customers is discussed at our Operational Asset meetings with senior level employees and critical issues are escalated to the Board for further guidance on effectively meeting our customers' needs. In addition, customer strategic plans, which identify the key underlying drivers that impact each customer's business are discussed at the Board.

Our Product Management team is continually developing ways to reduce costs, improve performance and availability for our customers in re-leasing our existing portfolio.

Suppliers

We develop strong and collaborative long-term relationships with our suppliers, comprising manufacturers and maintainers of rolling stock. We continue to hold regular meetings with suppliers to ensure effective performance from the supply chain. We work closely with our suppliers to satisfy ourselves that they operate to the same standards we set ourselves and to ensure the risks involved in their own supply chains are understood. Major issues are subject to discussion and approval at Board level so that the Board is aware of supplier concerns.

Externally-facilitated annual supplier feedback surveys are carried out and the results of these have been very positive over the last few years, highlighting the engineering expertise, professionalism and collaborative nature as being areas of great strength within the Group. Meetings with senior level executives were scheduled to understand and assist the suppliers to secure the management of our assets.

Shareholders

The Group attaches considerable importance to communications with its direct shareholders and engages with them on a regular basis. Open and frequent dialogue with shareholders enables them to fully understand the Group's strategy, objectives and governance. The Group interfaces with shareholders through strategy day events and through the Group Board, enabling them to establish the issues most important to them. The Board calendar is reviewed and updated as part of setting the Board's priorities with reference to our stakeholder groups.

Shareholders are also invited to attend individual discussions with the executive and non-executive directors throughout the year.

Environment

The state of the environment is of great concern to us and we are always looking for ways to reduce our environmental impact.

The Group's annual Sustainability Report was published in January 2025. The ESG Steering Committee continued to have oversight of sustainability performance and ensure that appropriate ESG risk controls are in place. ESG presentations are given to the Board to ensure such matters remain strategic, current and effective.

Strategic Report (continued)

In 2025 we retained our Global Real Estate Sustainability Benchmark (“GRESB”) rating as a 5-star rated business for the fifth consecutive year, increasing our benchmark score from 99/100 to 100/100 and being ranked 1st out of 650 companies participating in the survey.

Debt Providers

Our debt providers play an important role in our business and we maintain a proactive, open and transparent relationship with them. Regular meetings are held with our diverse group of debt providers and credit rating agency to keep them informed about relevant areas.

5. People & Diversity

The Group recognises the benefit the industry would receive from a more gender balanced workforce and is committed to increasing the number of women throughout the organisation as well as, more generally, to furthering the success of women in the rail sector. Since 2013 the Group has undertaken voluntary gender equality reporting by publishing an annual report on its website. A plan to increase diversity in the workforce beyond gender alone has been presented to the Group Board and continues to be progressed.

Equality, Diversity and Inclusion (“ED&I”) Committee

We are proud of our inclusive and equitable culture, as reflected in our approaches to recruitment and promotion, by our Employee Voice survey scores, our World Class Workplace award and by our Investors in People Platinum accreditation. We also recognise that valuing and fostering diversity improves our business performance. Our ED&I Committee meets monthly and is charged with delivering our ED&I strategy by organising awareness-raising activities, providing an internal advisory service, pro-actively keeping abreast of current best practice, identifying training or development requirements and by regularly reporting on progress towards our ED&I vision.

During 2025, we partnered with The Clear Company, a recognised leader in inclusive workplace practice. Through their Clear Assured framework – a rigorous, evidence-based benchmark – we sought an honest assessment of where we stand and a clear path for how we will continue to grow and were delighted to be awarded Bronze accreditation in just eight months. The speed of this accreditation speaks to the strength of our foundations. It demonstrates what becomes possible when we act with shared purpose, uphold our values, and commit to building a workplace where everyone can belong.

6. Looking Forward

The Group supports the UK Government’s target to remove all ‘diesel only’ trains by 2040. Our portfolio of diesel rolling stock is forecast to dramatically reduce by 2030 but the Group, nevertheless, continues to invest in sustainability projects, including hybrid battery technology, as detailed earlier in the report.

During this time, it will also be necessary to continue to invest in enhancements and modification programmes on selective fleets to ensure the rolling stock maintains its required utility and competitiveness. We employ a strong and committed team whose experience and depth of relationships within the rail industry gives us confidence that these challenges can be achieved.

Approved by the Board of Directors and signed on its behalf:



Ferial Feghoul
Director

16 April 2026

Directors' Report

1. Statement of Directors' Responsibilities in respect of the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Companies (Jersey) Law 1991 requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under Companies (Jersey) Law 1991, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991.

The directors are responsible for the maintenance and integrity of the Group's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Confirmations

In the case of each director in office at the date the directors' report is approved:

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

2. Going Concern

These financial statements are prepared on a going concern basis. The directors of the ultimate parent company, Willow Group Holdings Ltd, have received confirmation that shareholder loans (£382m) will not be redeemed within one year of the date of signing of the financial statements. The directors of the company therefore consider that the onward shareholder loans have received confirmation that the shareholder loans (£481.9m) will not be redeemed within one year of the date of signing the financial statements (noted on page 22).

The Group continues to comply with the requirements of its banking covenants, with performance underpinned by positive cash flows from the Group's operations. Budget and forecast cash flows also indicate the Group will be able to meet its current liability obligations. In particular:

- Strong liquidity position - Committed facilities are available that more than cover all debt repayments coming due within one year from the date of signing the financial statements.

Directors' Report (continued)

- The Group has assessed projected debt covenant compliance under both a normal and stress situation without any breaches being identified.

3. Results & Dividends

Interim dividends of £111.0m were paid during the year (2024: £97.0m). The directors do not propose the payment of a final dividend (2024: £nil).

The Group's financial performance is presented in the income statement on page 19. The profit after tax for the year was £91.1m (2024: £94.4m) and this was transferred to reserves. The decrease reflects lower operating profit and partly offsets by a lower income tax charge.

Revenue increased marginally by 0.1% to £604.2m (2024: £603.6m). Cost of sales increased by 3.2% to £329.0m (2024: £318.8m), driven primarily by higher heavy maintenance costs and increased depreciation. Other income decreased by 49.5% to £5.1m (2024: £10.1m), largely due to lower profit recognition from the Joint Venture. Administrative expenses increased by 7.4% to £56.5m (2024: £52.6m).

These factors resulted in a decrease in operating profit compared to 2024 of 7.6%.

At the end of the year, the financial position showed total assets of £4,165.5m (2024: £4,346.3m) representing an decrease of 4.2%. This includes the net book value of property, plant and equipment of £2,948.6m compared to £2,955.8m at the previous year end. Goodwill remained at £745.4m (2024: £745.4m) and cash and cash equivalents were £76.4m (2024: £80.2m).

4. Directors and Secretary

The present directors and secretary at the date of this report are listed on page 1. During the year the following changes occurred:

| Directors | Appointed | Resigned |
|--------------------|-------------------|------------------|
| James Marsh | 29 August 2025 | |
| Kai Chen | 22 September 2025 | |
| Christopher Morgan | | 29 August 2025 |
| Suyu Wu | | 26 June 2025 |
| Stuart Patterson | | 31 December 2025 |
| Brandon Rennet | 1 January 2026 | |

5. Directors' Indemnities

No directors have been granted Qualifying Third-Party Indemnity Provisions by Willow Group Holdings Limited (the Company's ultimate parent company).

6. Sustainability Report

In recent years, the Group has directed its investment towards electric, bi-mode and hybrid rolling stock which supports the industry effort towards decarbonisation.

Governance

The Group has established a sustainability policy and management system which is supported by a risk assessment of the material climate related physical and transition risks, which are monitored and addressed by our Sustainability Steering Group.

Our decarbonisation road map sets out a plan for projects and initiatives that support more energy efficient rolling stock with lower emissions, in line with the industry strategy.

Directors' Report (continued)

Environmental Performance & Resilience to Climate Related Risks

The Group has not suffered from any minor or major environmental incidents as a result of its operations. We maintain registers of hazardous materials (i.e. refrigerants, toxic chemicals) which are used in the construction, operation and maintenance of our fleets.

7. Financial Risk Management

Financial risk management is carried out by a treasury department under policies approved by the board. The main financial risks the Group faces are interest rate risk and liquidity risk. Interest rate risk is in part mitigated through the use of hedging (see the Notes to the Financial Statements for further details of the Hedging Policy) and liquidity risk is managed by monitoring cash flow forecasts and ensuring the Group's liquidity requirements meet operational needs and ensuring it does not breach covenants on its borrowing facilities. The directors consider that the Group's exposure to price risk or credit risk is less significant given the mitigants it has in place.

8. Principal Risks and Uncertainties

In addition to financial risk management the Group has an Internal Control Framework that is designed to monitor other risks, including operational, regulatory, credit and reputational risks. The Framework includes processes for reviewing the effectiveness of the Group's system of internal control. The Board maintains a corporate risk register that is reviewed and updated as necessary at certain points throughout the year. The Group has an organisational structure with clearly defined lines of responsibility and delegation of authority.

Approved by the Board of Directors and signed on behalf of the Board:

A handwritten signature in black ink that reads "Ferial Feghoul".

Ferial Feghoul
Director

Report on the audit of the group financial statements

Opinion

In our opinion, Angel Trains Group Limited's group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2025 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report & Financial Statements (the "Annual Report"), which comprise:

- the Group Balance Sheet as at 31 December 2025;
- the Group Income Statement for the year then ended;
- the Group Statement of Comprehensive Income for the year then ended;
- the Group Statement of Changes in Equity for the year then ended;
- the Group Cash Flow Statement for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

Independence

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

Our audit approach

Overview

Audit scope

- The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment and other qualitative factors.
- We tailored the scope of our audit to ensure that we performed sufficient work to enable us to opine on the financial statements.
- We identified all material classes of transactions, account balances and disclosures including those that were considered qualitatively material, and conducted our work over those accordingly.

Independent auditor’s report to the members of Angel Trains Group Limited (continued)

Key audit matters

- Rolling stock carrying value.

Materiality

- Overall materiality: £41,595,000 (2024: £43,463,000) based on 1% of Adjusted Total Assets.
- Performance materiality: £31,196,000 (2024: £32,597,000).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors’ professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matter below are consistent with last year.

| Key audit matter | How our audit addressed the key audit matter |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>Rolling stock carrying value</i></p> <p>Rolling stock is the group’s most significant asset, with a net book value of £2,761.7mn at 31 December 2025. Details of the rolling stock are provided in note 11, and the accounting policies for rolling stock and their potential impairment are included within the accounting policies section under ‘Property, plant and equipment’ and ‘Impairment of tangible assets’. We consider the valuation of rolling stock to be a significant audit risk and a key audit matter given the materiality of the balance and the judgement required throughout the asset life cycle in respect of its recoverable value.</p> <p>The recoverable value of rolling stock is dependent on the future income generating capacity of the trains. Trains are typically leased under short or medium-term contracts, meaning that assumptions over the ability of the group to lease trains at the end of the current contract period, and the amount at which the trains are leased for will materially impact the cash flows that underpin the impairment test. Management performs a detailed impairment assessment each year of whether rolling stock is impaired. This includes computing value in use (‘VIU’) via assessments of forecast cash flows (particularly the timing and value of future leases), and calculating the discount rate to be applied, considering the weighted average cost of capital (‘WACC’) as well as computing the fair value less cost of disposal (‘FVLCD’).</p> | <p>We assessed the reasonableness of the key assumptions by considering external factors influencing train usage and replacement such as reduced passenger, comparative pricing of new and existing trains, competitor activity, technological developments, and other macro factors such as the increasing levels of interest rates, increased focus on climate change and the government’s plans to phase out diesel units by 2040 over time.</p> <p>We also independently identified rolling stock we considered at higher risk of impairment by, for example, considering train classes with relatively lower headroom. We assessed the reasonableness of management’s impairment calculation, including compliance with IAS 36. This testing included:</p> <ol style="list-style-type: none"> 1. Calculating a range of discount rates, using our valuation experts to determine a WACC that used independently sourced inputs and that considered the industry the group operates in amongst other factors. We also performed sensitivity analysis to determine the impact of applying the range of our discount rate to determine present value of cash flows. |

Independent auditor’s report to the members of Angel Trains Group Limited (continued)

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Management has also considered the impact of government policy related to diesel only trains and the risk that these will be removed from the network by 2040.</p> <p>There is judgement involved in management’s assumption over future environmental regulation and the ability of these trains to generate revenue beyond this date.</p> <p>Management’s impairment test demonstrated that no further impairment was required on all train classes in 2025.</p> <p>The key judgements are:</p> <ol style="list-style-type: none"> 1. The discount rate applied to management’s impairment analysis to determine present value of future cash flows. 2. The likelihood of future re-lease and the price achieved on future contracts. 3. Determination of FVLCD where VIU is lower than the carrying value. 4. The impact of environmental regulation. | <ol style="list-style-type: none"> 2. Verifying for a sample of rolling stock that the base prices applied in management’s impairment model tied back to existing contracts. We applied sensitivity analyses for any future price assumptions that are higher than contractually agreed rates with train operating companies. We also assessed future re-leasing possibilities in the medium term based on the tenure of existing rail franchises and extensions of rail contracts during the year. 3. Where management used the FVLCD approach to determine the recoverable amount, we tested the key inputs and assumptions used to calculate the FVLCD. We also performed sensitivity analysis on the market value used to determine the impact on the available headroom. 4. We performed independent sensitivity analysis to determine to what extent reasonably possible changes in environmental regulation could result in material changes to the valuation of diesel engine trains which have material revenue projections beyond 2040. Whilst the fleet has the capability to run on an electrified train line, there is some judgement involved in management’s assumption of a favourable government policy with respect to electrification of train lines that would allow these trains to generate revenue beyond 2040. We have performed independent research to consider the likelihood of changes in government policy which could have an unfavourable impact to the recoverable amount of the fleet post 2040. No such indications have been identified which suggest any changes to the government policies in the short to medium term. |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which it operates.

We performed a risk assessment, giving consideration to relevant external and internal factors, including economic risks, relevant accounting and regulatory developments, as well as the group’s strategy. We also considered our knowledge and experience obtained in prior year audits. We continually assessed the risks and updated the scope of our audit where necessary.

In establishing the overall approach to the group audit, we determined the type of work that is required to be performed over the components by us, as the group engagement team, or auditors operating under our instruction (‘component auditors’). Where the work was performed by component auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole. This included regular communication with the component auditors throughout the audit, the issuance of instructions and a review of the results of their work.

With the exception of Readypower Group Limited and its subsidiaries, which we considered as a single component (‘Readypower’) we identified each active legal entity in the group as a separate component for the purpose of the group audit.

Independent auditor’s report to the members of Angel Trains Group Limited (continued)

Components which were considered to be significant due to risk or size in the context of the group's consolidated financial statements were considered full scope components, or specific account balances and disclosures were scoped in based on their financial significance and risk. All audit work was performed by the group engagement team with the exception of Readypower where component auditors were involved.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the process management adopted to assess the extent of the potential impact of climate risk on the entity’s financial statements and support the disclosures made within Directors' Report and published on its website. Management has made commitments to take significant actions to lower harmful emissions which result from rail travel, supporting the government's target to reach net zero by 2050.

We considered the Rolling stock carrying value may be materially impacted as a result of the government's policy to phase out diesel only and bi-mode trains by 2040 to reduce carbon emissions.

Our audit response is given in the key audit matters section of our audit report to address this risk.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Overall group materiality</i> | £41,595,000 (2024: £43,463,000). |
| <i>How we determined it</i> | 1% of Adjusted Total Assets |
| <i>Rationale for benchmark applied</i> | We consider that Total Assets less Derivative financial instruments ('Adjusted Total Assets') is an appropriate measure to use given volatility in reported profits in recent years and given the importance of the rolling stock asset base to the ability of the group to generate future cash flows. Additionally, this aligns with the approach of the wider group of companies headed by Willow Group Holdings Limited that the group is part of. We used 1% of Adjusted Total assets which is at the higher end of our typical range for this measure. |

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £1,327,000 and £35,680,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

Independent auditor's report to the members of Angel Trains Group Limited (continued)

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%) of overall materiality, amounting to £31,196,000 (2024: £32,597,000) for the group financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £2,080,000 (2024: £2,173,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- Performing a risk assessment to identify factors that could impact the going concern basis of accounting for both the company and the group.
- Understanding the group's liquidity position confirming that sufficient committed facilities are available to meet debt repayments coming due in at least twelve months from the date of signing the financial statements.
- Obtaining evidence that Willow Group Holdings Limited has received assurance from its shareholders that their shareholder loan notes will not need to be repaid for a period of at least twelve months from the date of signing of the financial statements.
- Confirming that appropriate intercompany agreements are in place which enable the company to draw on the group facilities, as required to meet its liabilities as they fall due for at least twelve months from the date of signing the financial statements.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Independent auditor's report to the members of Angel Trains Group Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies (Jersey) Law 1991, and we considered the extent to which non-compliance might have a material effect on the financial statements.

Independent auditor's report to the members of Angel Trains Group Limited (continued)

We also considered those laws and regulations that have a direct impact on the financial statements such as UK Corporation Tax Laws. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in significant accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Enquiries of management and those charged with governance, including review of minutes of meetings in so far as they related to the financial statements and consideration of known or suspected instances of non compliance with laws and regulation and fraud;
- Identifying and testing higher risk journal entries;
- Considering the reasonableness of key judgements and assumptions used by management in developing significant accounting estimates, including a critical assessment as to whether management bias could be present; and
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies (Jersey) Law 1991 exception reporting

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us.
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to read "Jessica Miller".

Jessica Miller
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants
London
17 April 2026

Group Income Statement

| | Note | Year ended 31 December 2025 £'m | Year ended 31 December 2024 £'m |
|----------------------------------------------------|------|------------------------------------------|------------------------------------------|
| Revenue | 2 | 604.2 | 603.6 |
| Cost of sales | 8 | (329.0) | (318.8) |
| Gross profit | | 275.2 | 284.8 |
| Other income | 3 | 5.1 | 10.1 |
| Administrative expenses | 8 | (56.5) | (52.6) |
| Operating profit | | 223.8 | 242.3 |
| Finance income | 4 | 23.7 | 44.8 |
| Other gains – net | 5 | 5.2 | 22.8 |
| Finance costs | 6 | (136.9) | (174.7) |
| Profit before tax | | 115.8 | 135.2 |
| Income tax expense | 7 | (24.7) | (40.8) |
| Profit attributable to owners of the parent | | 91.1 | 94.4 |

All profit and loss items relate to continuing operations of the Group.

The notes on pages 24 to 66 form an integral part of these financial statements.

Group Statement of Comprehensive Income

| | Note | Year ended 31 December 2025 £'m | Year ended 31 December 2024 £'m |
|-------------------------------------------------------------------------------------|------|------------------------------------------|------------------------------------------|
| Profit for the year | | 91.1 | 94.4 |
| Other comprehensive income: | | | |
| <i>Items that will not be reclassified to profit and loss</i> | | | |
| Actuarial gain on defined benefit pension scheme | 31 | 1.5 | 2.3 |
| Income tax relating to these items | 7 | (0.4) | (0.6) |
| <i>Items that are or may be subsequently reclassified to profit and loss</i> | | | |
| <i>Cash flow hedges</i> | | | |
| Gain on cash flow hedge taken to equity | | 14.6 | 106.6 |
| Recycling of amounts from cash flow hedge to profit and loss | | (25.5) | (31.2) |
| Share of other comprehensive income (OCI) of joint venture | 13 | 0.5 | 6.9 |
| Income tax relating to these items | 7 | 2.8 | (18.7) |
| Other comprehensive (expense)/income for the year | | (6.5) | 65.3 |
| Total comprehensive income for the year attributable to owners of the parent | 20 | 84.6 | 159.7 |

The notes on pages 24 to 66 form an integral part of these financial statements.

Group Statement of Changes in Equity

| | Called up share capital | Capital reserve | Cash flow hedge reserves | Retained earnings | Total equity |
|--------------------------------------------------------------|-------------------------------|--------------------|--------------------------------|----------------------|--------------|
| Note | £'m | £'m | £'m | £'m | £'m |
| At 1 January 2024 | - | 25.7 | 153.2 | 133.8 | 312.7 |
| Profit for the year | - | - | - | 94.4 | 94.4 |
| Other comprehensive income | | | | | |
| Actuarial gain on defined benefit pension scheme | 31 | - | - | 2.3 | 2.3 |
| Gain on cash flow hedge taken to equity | | - | 106.6 | - | 106.6 |
| Recycling of amounts from cash flow hedge to profit and loss | | - | (31.2) | - | (31.2) |
| Share of OCI of joint venture | 13 | - | 6.9 | - | 6.9 |
| Income tax relating to these items | 7 | - | (18.7) | (0.6) | (19.3) |
| Total comprehensive income | | - | 63.6 | 96.1 | 159.7 |
| Dividends paid | 32 | - | - | (97.0) | (97.0) |
| Capital contribution - adjustment | 20 | - | (25.7) | 25.7 | - |
| At 31 December 2024 | - | - | 216.8 | 158.6 | 375.4 |
| Profit for the year | - | - | - | 91.1 | 91.1 |
| Other comprehensive income | | | | | |
| Actuarial gain on defined benefit pension scheme | 31 | - | - | 1.5 | 1.5 |
| Gain on cash flow hedge taken to equity | | - | 14.6 | - | 14.6 |
| Recycling of amounts from cash flow hedge to profit and loss | | - | (25.5) | - | (25.5) |
| Share of OCI of joint venture | 13 | - | 0.5 | - | 0.5 |
| Income tax relating to these items | 7 | - | 2.8 | (0.4) | 2.4 |
| Total comprehensive income | | - | (7.6) | 92.2 | 84.6 |
| Dividends paid | 32 | - | - | (111.0) | (111.0) |
| Capital contribution - adjustment | 20 | - | - | - | - |
| At 31 December 2025 | - | - | 209.2 | 139.8 | 349.0 |

The notes on pages 24 to 66 form an integral part of these financial statements.

Group Balance Sheet

| | Note | As at 31 December 2025 £'m | As at 31 December 2024 £'m |
|----------------------------------------------------|-------|-------------------------------------|-------------------------------------|
| Assets | | | |
| <i>Non-current assets</i> | | | |
| Goodwill | 10 | 745.4 | 745.4 |
| Property, plant and equipment | 11 | 2,948.6 | 2,955.8 |
| Derivative financial instruments | 16,23 | 21.0 | 371.2 |
| Investments – joint venture | 13 | 14.8 | 15.8 |
| Loans receivable | 14 | 125.4 | 126.4 |
| Retirement benefit asset | 31 | 7.7 | 5.9 |
| | | 3,862.9 | 4,220.5 |
| <i>Current assets</i> | | | |
| Inventories | 15 | 1.4 | 1.3 |
| Loans receivable | 14 | 5.5 | 4.2 |
| Trade and other receivables | 17 | 210.5 | 34.3 |
| Contract assets | 18 | 3.2 | 4.7 |
| Current tax assets | 24 | 5.6 | 1.1 |
| Cash and cash equivalents | 16 | 76.4 | 80.2 |
| | | 302.6 | 125.8 |
| <i>Current liabilities</i> | | | |
| Trade and other payables | 26 | (158.1) | (153.0) |
| Contract liabilities | 27 | (23.2) | (30.8) |
| Loans payable | 22 | (201.4) | (127.7) |
| | | (382.7) | (311.5) |
| Net current liabilities | | | |
| | | (80.1) | (185.7) |
| Total assets less current liabilities | | | |
| | | 3,782.8 | 4,034.8 |
| <i>Non-current liabilities</i> | | | |
| Loans payable | 22 | 2,898.5 | 3,125.3 |
| Preference shares | 21 | 0.1 | 0.1 |
| Deferred tax liabilities | 24 | 520.2 | 534.0 |
| Derivative financial instruments | 23 | 15.0 | - |
| | | 3,433.8 | 3,659.4 |
| <i>Equity attributable to owners of the parent</i> | | | |
| Called up share capital | 19 | - | - |
| Cash flow hedge reserve | 20 | 209.2 | 216.8 |
| Retained earnings | 20 | 139.8 | 158.6 |
| Total equity | | 349.0 | 375.4 |
| Total equity and non-current liabilities | | | |
| | | 3,782.8 | 4,034.8 |

Approved by the Board of Directors and authorised for issue on 1 April 2026.

They were signed on its behalf by:

Feriel Feghoul

Feriel Feghoul
Director
16 April 2026

The notes on pages 24 to 66 form an integral part of these financial statements.

Group Cash Flow Statement

| | Note | Year ended 31 December 2025 £'m | Year ended 31 December 2024 £'m |
|-------------------------------------------------------------|------|------------------------------------------|------------------------------------------|
| <i>Operating activities</i> | | | |
| Cash receipts from customers | | 600.6 | 622.4 |
| Cash paid to suppliers and employees | | (161.2) | (169.2) |
| Cash generated from operations | | 439.4 | 453.2 |
| Income taxes paid | | (40.6) | (29.1) |
| Interest paid | | (136.6) | (156.2) |
| Net cash generated from operating activities | | 262.2 | 267.9 |
| <i>Investing activities</i> | | | |
| Interest received | | 25.6 | 49.0 |
| Purchase of property, plant and equipment | | (193.6) | (138.7) |
| Proceeds from disposal of property, plant and equipment | | 1.3 | 2.3 |
| Loans to related parties | | - | (131.5) |
| Repayment of loans by related parties | | 1.1 | 1.9 |
| Payment for acquisition of joint venture | | - | (4.3) |
| Acquisition of subsidiary | | - | (3.4) |
| Net cash used in investing activities | | (165.6) | (224.7) |
| <i>Financing activities</i> | | | |
| Equity dividends paid | 32 | (111.0) | (97.0) |
| Repayment of loans | | (388.3) | (228.1) |
| Repayment of lease liabilities | | (1.1) | (3.4) |
| Receipt of new loans | | 232.0 | 304.3 |
| Proceeds from derivative instruments | | 168.0 | - |
| Net cash used in financing activities | | (100.4) | (24.2) |
| Net (decrease)/increase in cash and cash equivalents | | (3.8) | 19.0 |
| Cash and cash equivalents at the beginning of the year | | 80.2 | 61.2 |
| Cash and cash equivalents at the end of the year | | | |
| Bank balances and cash | 16 | 76.4 | 80.2 |

The notes on pages 24 to 66 form an integral part of these financial statements.

Notes to the Financial Statements

1. Significant Accounting Policies

General

Angel Trains Group Limited is a limited company incorporated in Jersey under the Companies (Jersey) Law 1991, is resident in the United Kingdom, and falls entirely within the realm of UK taxes. The address of the registered office is on page 1.

Basis of preparation

The consolidated financial statements of Angel Trains Group Limited are prepared in accordance with International Financial Reporting Standards (“IFRS”) and IFRS Interpretations Committee interpretations as adopted by the European Union (“EU”), and the Companies (Jersey) Law 1991 applicable to companies reporting under IFRS. The Company has no requirement under the Companies (Jersey) Law 1991 to prepare parent company financial statements.

The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of derivative instruments. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below. These policies have been consistently applied to all the years presented, unless otherwise stated, and all material accounting policies have been assessed.

In accordance with IFRS 13, fair value measurements and/or disclosures in these consolidated financial statements are categorised according to the inputs used in valuation techniques into three levels within a fair value hierarchy. The different levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group’s accounting policies, which are described below, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimates (see below) that the directors have made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Revenue recognition

For revenue of non-capital income (i.e. predominantly maintenance lease rentals ‘contract’ or ‘contracts’), the Group’s primary obligation is to maintain customers rolling stock in an operational condition. The Group achieves this by undertaking various maintenance activities over the period of the lease. To determine the correct revenue recognition, the Group determines whether multiple leases with the same customer should be combined and accounted for as one single lease for the purposes of revenue recognition. Equally, the maintenance contracts are assessed, and determinations are made as to

Notes to the Financial Statements (continued)

1. Significant accounting policies (continued)

Revenue recognition (continued)

whether a single or multiple performance obligation exists and to which lease or leases they should be applied to, in accordance with IFRS 15.

To determine the correct revenue recognition of other operating income management takes into account all facts and circumstances when considering recognition. Where purchase contracts of rolling stock are in combination with operating lease contracts management considers the economic substance of the transaction. This is particularly relevant if there is a delay in the manufacture of rolling stock that causes loss of operating lease revenue.

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

As described in the Property, plant and equipment accounting policy note below, the Group periodically reviews the useful economical lives. In recent years, the directors determined that the useful economical lives of certain rolling stock should be shortened or extended, due to either commercial or technical changes.

For the current year, the directors have considered the current estimate of useful economic lives are supportable and reasonable and therefore no material changes have been made during the year. A 5 % increase/(decrease) in depreciation would have resulted in a £10.5m (decrease)/increase operating profit. Because of the long-term nature of rolling stock there is inherent uncertainty, however directors continue to review this periodically.

Forecasts and discount rates

As described in the impairment of tangible assets policy below the Group reviews the carrying amounts of its tangible assets and in particular Property, plant and equipment. The assessment as to whether there are any indications of impairment of Property, plant and equipment, in particular rolling stock are dependent on the estimated future cash flows and the discount rate used to calculate a present value. Because of the long-term nature of rolling stock there is inherent uncertainty, however the Group performs a robust quarterly forecast, which is reviewed by directors.

Maintenance lease rentals

The group has long term maintenance lease contracts that fall into different financial years and can extend into multiple financial years. The estimated revenues are inherently difficult to determine as significant estimates are required to assess the maintenance pattern throughout the life of rolling stock. A significant change in one or more of these estimates may result in increases or decreases in operating profit. A 10% (decrease)/increase in maintenance events would have resulted in an increase/(decrease) in revenue of £6.8m and operating profit of £1.8m.

Adoption of the new and revised Standards

New and amended IFRS standards that are effective for the current year

At the date of authorisation of these financial statements, the following amended standards were effective for accounting periods beginning on 1 January 2025 but did not have a material impact on the Company's financial statements:

IAS 21 (amendments) - Lack of Exchangeability

Amendments to the SASB standards to enhance their international applicability

Notes to the Financial Statements (continued)

1. Significant accounting policies (continued)

Adoption of the new and revised Standards(continued)

New and amended IFRS standards that are effective for the current year (continued)

The following standards, amendments and interpretations to existing standards have been issued but are effective for accounting periods beginning after 1 January 2025, the Group has not early adopted them, and does not consider they will have a significant impact:

IFRS 9 and IFRS 7 (amendments) - Classification and measurement of financial instruments
 IFRS 9 and IFRS 7 (amendments) – Power purchase arrangements
 Annual Improvements to IFRS Accounting Standards — Volume 11
 IFRS 18 Presentation and Disclosures in Financial Statements
 IFRS 19 Subsidiaries without Public Accountability: Disclosures

The Directors anticipate that the adoption of these standards, amendments and interpretations are either not applicable to the Company's operations or will have no material impact on the financial statements of the Company. The Company has not chosen to early adopt any other standards, amendments and interpretations to existing standards during the year.

Going concern

These financial statements are prepared on a going concern basis. The Group has reached retained earnings position in the reserves and is expected to continue over time due to the future continued profitability of the Group. The Group continues to comply with the requirements of its banking covenants, with performance underpinned by strong, positive cash flows from the Group's operations.

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December 2025. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The results of subsidiaries acquired during the year are included in the consolidated income statement from the date on which control is transferred to the Group. All intra-group transactions, balances, income and expenses and unrealised gains are eliminated on consolidation. The consolidated financial statements are prepared using uniform accounting policies.

Joint ventures

Interest in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Business combinations

The acquisition of subsidiaries not under common control is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Costs directly attributable to the acquisition are expensed in the year they occur.

The acquiree's identifiable assets, liabilities and contingent liabilities are measured initially at their fair value at the acquisition date, except for non-current (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Notes to the Financial Statements (continued)

1. Significant accounting policies (continued)

Business combinations (continued)

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

The acquisition of subsidiaries under common control and management is accounted for using the predecessor accounting method. The acquiree's identifiable assets and liabilities are initially measured at predecessor carrying values. Fair Value measurement is not required and no new goodwill arises in predecessor accounting.

Any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of transaction is included in equity in retained earnings or in a separate reserve.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating unit expected to benefit from the synergies of the combination. The cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

An impairment loss recognised for goodwill is not reversed in a subsequent period. The directors believe that no impairment is required as at 31 December 2025 (2024: £nil).

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, rebates and sales-related taxes. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. In the event the lessee terminates early an operating lease, a penalty settlement (if applicable) is agreed, which is recognised as revenue in the period of termination.

Leases

The Group as lessor

The Group has no leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Accordingly, all leases are classified as operating leases.

Payments received under operating leases (net of any incentives) are credited to the income statement on a straight-line basis over the period of the lease. Rent-free periods and payments made in advance are accounted for in a way such that the revenue income is consistent each year over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. In the event the lessee terminates early an operating lease, a penalty settlement (if applicable) is agreed, which is recognised as revenue in the period of termination.

Notes to the Financial Statements (continued)

1. Significant accounting policies (continued)

Maintenance lease rentals

For most maintenance lease rentals, the customer contracts the Group to provide various maintenance activities over the period of the contract. These activities are a complex service integrating a set of tasks that could be over multiple rolling stock vehicles.

The entire contract or combination of contracts is considered as one performance obligation unless more than one performance obligation exists in accordance with IFRS15. Because of control transferring over time, revenue is recognised based on the extent of progress towards completion of the performance obligation.

The Group also considers the potential risk where estimates may affect more than one customer contract. For each performance obligation to be recognised over time, the Group recognises revenue using an input method, based on costs incurred during the period. Revenue and the associated margin are calculated by the reliable estimates of transaction price, total expected costs and a reasonable allowance for potential risks.

The Group as lessee

In accordance with IFRS 16, the Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as small items of office furniture and printers). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed lease payments less any lease incentives receivable.

The lease liability is presented in the line item Loans payable in the Group Balance Sheet, with further disclosure in the notes to the financial statements. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Right-of-use assets are presented in the line Property, plant and equipment in the Group's Balance Sheet, with further disclosure in the notes to the financial statements. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of tangible assets' policy.

Finance income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Notes to the Financial Statements (continued)

1. Significant accounting policies (continued)

Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Foreign currencies

The financial statements of the Group are presented in Sterling, which is the currency of the primary economic environment in which the Group operates (its functional currency). In preparing the financial statements, transactions in currencies other than the Group's functional currency (foreign currencies) are recorded using the exchange rates prevailing at the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary assets and liabilities, and on the retranslation of monetary assets and liabilities, are presented in the income statement within 'other gains/(losses)-net'. In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and options (see below for details of the Group's accounting policies in respect of such derivative financial instruments).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. The interest rate is capitalised at the average swap rate plus the weighted average margin of the Group external debt. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Retirement benefit costs

Benefits for the Group's employees are provided by an Angel Trains Shared Cost Section (the 'Main Scheme'), a defined benefit scheme which is part of the Railways Pension Scheme, whose assets and liabilities are identified separately, and defined contribution retirement benefit plans.

Main Scheme

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately to the extent that the benefits have already vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which benefits will be paid, and that have terms of maturity approximating to the terms of the related pension liability.

Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Defined Contribution

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Notes to the Financial Statements (continued)

1. Significant accounting policies (continued)

Current and deferred tax

Tax expense represents current tax and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and further excludes items that are never taxable or deductible. The Group's liability for current and deferred tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are substantively enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The group has applied the temporary exception, introduced in May 2024, from the accounting requirements for deferred taxes in IAS 12, so that the group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

In June 2024, the government of the United Kingdom, enacted the Pillar Two income taxes legislation effective from 1 January 2024, including the UK domestic minimum top-up tax. These rules apply to multinational groups with a consolidated turnover exceeding €750m in at least two of the preceding four financial years. Under the legislation, the group will be required to pay top-up tax on profits of its subsidiaries that are taxed at an effective tax rate of less than 15 per cent. The legislation has no impact to these financial statements.

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

Property, plant and equipment

Property, plant and equipment are shown at historical cost or valuation less any subsequent accumulated depreciation. Depreciation of these assets is charged to cost of sales. Depreciation is charged so as to write off the cost or valuation of these assets over their estimated useful lives, using the straight-line method.

Notes to the Financial Statements (continued)

1. Significant accounting policies (continued)

Property, plant and equipment(continued)

The following rates are used for the depreciation of property, plant and equipment:

| | <u>Years</u> |
|--------------------------------------------------|-----------------|
| Rolling stock | 25 to 40 |
| Yellow plant and machinery | 4 to 10 |
| Yellow plant and machinery (right-of-use assets) | Lease term |
| Other: | |
| Office fixtures and fittings | 5 to 10 |
| Computer equipment | 3 |
| IT System upgrade | 10 |
| Buildings, land and cars (right-of-use assets) | Lease term |
| Buildings (owned) | 50 |
| Land | Not depreciated |

Rolling stock and yellow plant and machinery in the course of construction for rental purposes is carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other rolling stock, commences when the assets are ready for their intended use.

The useful economical lives and residual values are reviewed on a periodic basis, and adjusted if appropriate. Depreciation is accelerated in the event the useful economic life is shortened. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual value exposure is the net book value of leased assets at the end of the lease term. This exposure is monitored periodically with any changes in the useful economic life of rolling stock being an adjustment to the period over which the assets are depreciated which will increase or decrease residual value at the end of the lease term.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised as other income or losses in the income statement.

Impairment of tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset (cash-generating unit).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Notes to the Financial Statements (continued)

1. Significant accounting policies (continued)

Impairment of tangible assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories represent spares used in rolling stock maintenance and are stated at the lower of cost and net realisable value. Cost represents the purchase price of the spares and net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial assets

The Company classifies financial assets in the following measurement categories: those to be subsequently measured at fair value (either through OCI or through profit or loss), and those to be measured at amortised cost. The classification is determined on initial recognition. Financial assets or financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets at amortised cost

Financial assets at amortised cost are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Investments

Investments are initially measured at fair value, plus directly attributable transaction costs. At subsequent reporting dates, Equity investments that do not have a quoted market price and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Contract assets

Contract assets are balances due from the customers that arise when performance obligations are performed in line with the contract. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Impairment of financial assets

The Group has adopted the simplified approach to provide for Expected Credit Losses (ECLs) in accordance IFRS 9 Financial Instruments. The Group measures, at the end of each reporting period the loss allowance at a probability weighted amount that considers reasonable and supportable information about past events, current conditions and forecasts of future economic conditions of customers. The ECLs are updated at each reporting if there is evidence of changes in credit risk since initial recognition.

Financial liabilities

Financial liabilities issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. The accounting policies adopted for specific financial liabilities are set out below.

Notes to the Financial Statements (continued)

1. Significant accounting policies (continued)

Borrowings

Interest-bearing loans are initially measured at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost, using the effective interest rate method.

Any difference between the proceeds (net of transaction costs) and the settlement or redemption value of borrowings is recognised in the income statement over the term of the borrowings using the effective interest method.

Where there is any substantial change in the terms of the loans payable, it is considered whether this is a modification or extinguishment of a financial liability in accordance with IFRS 9.

If a modification is deemed to have taken place, the carrying value of the loan is amended to include any modification gain or loss, new transaction costs and subsequently re-measured at amortised cost, using the effective interest rate method. The modification gains or loss is calculated as the difference between the original carrying value and the modified carrying value, calculated using the modified cash flows discounted at the original effective interest rate. Where it is considered an extinguishment has taken place, the carrying value is removed from the balance sheet, with any difference to the consideration paid recognised in the income statement.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes. The significant interest rate risk arises from the variability of cash flows on floating rate loans. The Group's policy is to convert a proportion of its floating rate debt to fixed rates. The Group designates these as cash flow hedges of interest rate risk.

For an interest rate swap to be treated as a hedge, the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a variable rate to a fixed rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts.

Derivative financial instruments are initially measured at fair value on the contract date, and subsequently re-measured to fair value at subsequent reporting dates. Credit and Debit valuation adjustments are made if the impact is considered material. Gains and losses arising from changes in the fair value of a derivative are recognised as they arise in the income statement unless the derivative is the hedging instrument in a qualifying hedge.

Hedge relationships are formally documented at inception. The documentation includes the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking hedge transactions.

Details the risk that is being hedged and the way in which effectiveness will be assessed at inception and during the period of the hedge. If a hedge relationship no longer meets the documented risk management objective or other qualifying criteria such as existence of economic relationship, credit risk not dominating value changes or the hedge ratio no longer being consistent with the risk management strategy, hedge accounting must be discontinued.

Notes to the Financial Statements (continued)

1. Significant accounting policies (continued)

Derivative financial instruments and hedge accounting (continued)

Cash flow hedges that qualify for hedge accounting

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction, the effective portion of the gain or loss on the hedging instrument is recognised directly in cash flow hedge reserve. The ineffective portion is recognised in profit and loss. Hedge accounting is discontinued entirely when the hedge relationship no longer meets the risk management objective or no longer complies with the qualifying criteria, when the hedging instrument is sold or terminated. Hedge accounting is discontinued for only part of the hedge relationship, where part of the volume of a forecast transaction is no longer highly probable.

On the discontinuance of hedge accounting (except where a forecast transaction is no longer expected to occur), the cumulative unrealised gain or loss recognised in equity is recognised in profit or loss (Other gains/(losses) – net) when the hedged cash flow occurs or, if the forecast transaction results in the recognition of a financial asset or financial liability, in the same periods during which the asset or liability affects profit or loss.

Where the forecast transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in profit or loss immediately. If the hedge of a forecast transaction results in the recognition of a non-financial asset, the associated gains and losses are not recognised in other comprehensive income but included in the initial cost of the asset. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy.

Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit and loss and are included in 'other gains/(losses) – net'.

Contract liabilities

Contract liabilities relating to maintenance lease rentals are balances due to customers. These arise if a maintenance lease rental exceeds the revenue recognised to date.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and the amount has been reliably measured.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

Share capital

Ordinary shares are classified as equity and have rights to receive all dividends and other distributions, made or paid on the ordinary share capital of the company.

Notes to the Financial Statements (continued)

2. Revenue

| | Year ended 31 December 2025 | Year ended 31 December 2024 |
|----------------------------------|-----------------------------------|-----------------------------------|
| | £'m | £'m |
| Operating lease rentals | 431.5 | 417.0 |
| Maintenance lease rentals | 71.8 | 71.8 |
| Rail and infrastructure services | 87.8 | 97.0 |
| Management fees | 0.4 | 0.5 |
| Other revenue | 12.7 | 17.3 |
| | 604.2 | 603.6 |

All revenue relates to United Kingdom operations and is earned over time.

3. Other income

| | Year ended 31 December 2025 | Year ended 31 December 2024 |
|------------------------------------------------------|-----------------------------------|-----------------------------------|
| | £'m | £'m |
| Interest income | 6.6 | 5.6 |
| Share of (losses)/retained earnings of joint venture | (1.5) | 4.5 |
| | 5.1 | 10.1 |

As the joint venture has a reporting date that differs from that of the Group, the Group recognises its share of the joint venture's profit or loss and other comprehensive income based on the joint venture's unaudited December management accounts. Upon finalisation and audit of the joint venture's annual financial statements, any immaterial adjustments arising to the Group's share of losses or retained earnings are recognised in the period in which the updated information (if any) is received.

4. Finance income

| | Year ended 31 December 2025 | Year ended 31 December 2024 |
|-----------------------------|-----------------------------------|-----------------------------------|
| | £'m | £'m |
| Swap interest receivable | 16.8 | 41.4 |
| Interest receivable – bank | 1.5 | 3.4 |
| Interest receivable – other | 5.4 | - |
| | 23.7 | 44.8 |

Notes to the Financial Statements (continued)

5. Other gains-net

| | Year ended 31 December 2025 | Year ended 31 December 2024 |
|-----------------------------------------------------|-----------------------------------|-----------------------------------|
| | £'m | £'m |
| Fair value gains on derivative instruments | 4.8 | 22.2 |
| Ineffectiveness on cash flow hedges ("CFH") | 1.4 | 2.7 |
| Recycling of amount from CFH from terminated hedges | 9.7 | |
| Recycling of amounts from CFH to profit and loss | 12.4 | (2.1) |
| Termination loss on derivative instruments | (23.1) | - |
| | 5.2 | 22.8 |

During the year ended 31 December 2025, the Group recognised a termination loss of £23.1m (2024: £nil) arising from the early settlement of interest rate swaps. These instruments had previously been entered into to hedge the Group's exposure to variability in cash flows associated with floating-rate borrowings.

The termination loss represents the difference between the carrying fair value of the derivative instruments at the date of termination and the settlement amounts agreed with the counterparties. The decision to terminate these positions was driven by the Group's refinancing activities and the restructuring of its interest rate risk management portfolio.

Upon termination, the cumulative fair value movements previously recognised in equity within the cash flow hedge reserve were assessed in accordance with the requirements of IFRS 9. Amounts relating to hedged items that remained highly probable continued to be deferred in equity and will be reclassified to profit or loss over the period of the originally hedged cash flows. To the extent that the hedged cash flows were no longer expected to occur, the relevant portion of the reserve was reclassified immediately to profit or loss.

6. Finance costs

| | Year ended 31 December 2025 | Year ended 31 December 2024 |
|------------------------------------------------------|-----------------------------------|-----------------------------------|
| | £'m | £'m |
| Interest payable to parent company | 9.2 | 12.8 |
| Amortisation of loan fees to parent | 0.2 | 0.3 |
| Effective interest on interest free loan from parent | - | 25.7 |
| Loan interest payable | 126.3 | 137.6 |
| Amortisation of loan fees | 2.8 | 3.0 |
| Interest capitalised | (5.1) | (7.6) |
| Interest on lease liabilities | 3.5 | 2.9 |
| | 136.9 | 174.7 |

Notes to the Financial Statements (continued)

7. Income tax expense

Angel Trains Group Limited and its subsidiary undertakings are resident in the United Kingdom. Jersey incorporated entities fall within the realm of United Kingdom taxes as they are centrally managed and controlled in the United Kingdom.

The charge for profit before income tax is based on United Kingdom corporation tax at 25.0% (2024: 25.0%) and comprises:

| | Year ended 31 December 2025 | Year ended 31 December 2024 |
|---------------------------------------------------|-----------------------------------|-----------------------------------|
| | £'m | £'m |
| Current tax | | |
| Current tax charge on profits for the year | (37.3) | (33.5) |
| Adjustments in respect of prior year | 1.4 | 0.4 |
| Total current tax | (35.9) | (33.1) |
| Deferred tax (note 24) | | |
| Origination and reversal of temporary differences | 7.2 | (7.9) |
| Adjustments in respect of prior years | 4.0 | 0.2 |
| Effect of tax rate change | - | - |
| Total deferred tax | 11.2 | (7.7) |
| Income tax expense | (24.7) | (40.8) |

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group as follows:

| | Year ended 31 December 2025 | Year ended 31 December 2024 |
|--------------------------------------------|-----------------------------------|-----------------------------------|
| | £'m | £'m |
| Profit before taxation | 115.8 | 135.2 |
| Expected tax charge at 25.0% (2024: 25.0%) | (29.0) | (33.8) |
| Other tax adjustments | (1.1) | (7.6) |
| Effect of change in tax rate | - | - |
| Adjustment in respect of prior years | 5.4 | 0.6 |
| Total taxation expense for the year | (24.7) | (40.8) |

Notes to the Financial Statements (continued)

7. Income tax expense (continued)

In addition to the amount charged to profit and loss, the following amounts relating to tax have been recognised in other comprehensive income:

| | Year ended 31 December 2025 | Year ended 31 December 2024 |
|------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| | £'m | £'m |
| Current tax | | |
| <i>Items that are or may be subsequently reclassified to profit and loss</i> | | |
| Cash flow hedges – reclassified to profit and loss | (0.2) | (0.4) |
| Total current tax | <u>(0.2)</u> | <u>(0.4)</u> |
| Deferred tax | | |
| <i>Items that will not be reclassified to profit and loss</i> | | |
| Actuarial gain on defined benefit pension scheme | (0.4) | (0.6) |
| <i>Items that are or may be subsequently reclassified to profit and loss</i> | | |
| Cash flow hedges | 3.0 | (18.3) |
| Total deferred tax | <u>2.6</u> | <u>(18.9)</u> |
| Total taxation credit/(expense) recognised in OCI for the year | <u>2.4</u> | <u>(19.3)</u> |

The Group's profits for this accounting year are taxed at an enacted corporation tax rate of 25.0% (2024: 25.0%).

8. Expenses by nature

| | Year ended 31 December 2025 | Year ended 31 December 2024 |
|--------------------------------------------------------|-----------------------------------|-----------------------------------|
| | £'m | £'m |
| Changes in inventories (note 15) | - | 0.1 |
| Employees' emoluments (note 9) | 60.3 | 58.3 |
| Depreciation and impairments (note 11) | 210.8 | 209.8 |
| Other expenses | 114.4 | 103.2 |
| Total cost of sales and administrative expenses | <u>385.5</u> | <u>371.4</u> |

Auditors' remuneration for audit services during the year for the audit of parent company and consolidated financial statements was £66,394 (2024: £84,460) and audit of the Company's subsidiaries pursuant to legislation was £803,257 (2024: £777,130) of which £nil (2024: £1,000) relates to the audit for the prior year ending 31 December 2024. In the year, it was identified that audit fees relating to the audit of the ReadyPower subsidiary entities had not been included in the audit fee disclosures for the year ended 31 December 2024. The comparative disclosures have been restated to correct this omission. Fees charged by the auditors for other non-audit services during the year were £60,150 (2024: £4,050). All amounts disclosed above exclude VAT.

Notes to the Financial Statements (continued)

9. Employees' emoluments

The average monthly number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

| | Year ended 31 December 2025 | Year ended 31 December 2024 |
|---------------------------------|-----------------------------------|-----------------------------------|
| | Number | Number |
| Executive and support functions | 179 | 178 |
| Customer-facing staff | 362 | 359 |
| Engineering and technical | 117 | 109 |
| Directors on service contracts | 4 | 4 |
| | 662 | 650 |

Employee costs during the year amounted to:

| | Year ended 31 December 2025 | Year ended 31 December 2024 |
|-----------------------|-----------------------------------|-----------------------------------|
| | £'m | £'m |
| Wages and salaries | 50.7 | 49.6 |
| Social security costs | 6.5 | 5.8 |
| Other pension costs | 3.1 | 2.9 |
| | 60.3 | 58.3 |

10. Goodwill

| | £'m |
|----------------------------------------------|---------------------|
| Cost and net book value At 1 January 2024 | <u>745.4</u> |
| At 31 December 2024 | <u>745.4</u> |
| At 31 December 2025 | <u>745.4</u> |

During the financial year presented, the Group had two cash generating units (CGUs) being the Angel Trains Group and the Readypower Group. For the year ending 31 December 2025 the recoverable amount has been determined based on a Value in Use methodology, for both the Angel Trains Group and Readypower Group.

Key assumptions

The expected lease rentals are projected until the end of the expected economic useful life of the train vehicle assets and useful economic lives are therefore a key assumption in the model.

The projection of lease rental income is based on expected lease rentals, which rely on contracted rental rates and periods, together with assumptions regarding extensions and future periods beyond the current contractual agreements.

Notes to the Financial Statements (continued)

10. Goodwill (continued)

Sensitivities

The Value in Use calculation requires the exercise of significant judgement by management; if the estimates prove to be incorrect or performance does not meet expectations, goodwill may become impaired in future periods. In determining the VIU management discounted its forecast cash flows using a discount rate based on what it considers to be a market pre-tax weighted average cost of capital ("WACC") of 7.6%.

The net present value determined by the Value in Use model is sensitive mainly to changes in the discount rate. A 1% increase in discount rate would result in a £288.0m change in the net present value. Utilising a discount rate of 8.6% on the main cash generating unit and 9.2% on the other cash generating unit would reduce the headroom calculated by the Value in Use model to zero.

The Value in Use calculation is, to a lesser extent, sensitive to assumptions around useful economic lives assumed. Assuming discount factors are unchanged, headroom would be reduced to zero should the useful economic lives of train vehicles from balance sheet date be capped at 21 years.

11. Property, plant and equipment

| | Rolling Stock | Other | Yellow Plant & Machinery | Total |
|---------------------------------|----------------|--------------|--------------------------|----------------|
| | £'m | £'m | £'m | £'m |
| Cost | | | | |
| At 1 January 2024 * | 4,961.7 | 80.1 | 78.6 | 5,120.4 |
| Additions * | 90.4 | 28.8 | 30.7 | 149.9 |
| Reclassifications * | - | (3.1) | 3.1 | - |
| Disposals * | (59.0) | - | (5.6) | (64.6) |
| At 31 December 2024 * | 4,993.1 | 105.8 | 106.8 | 5,205.7 |
| Additions | 161.6 | 30.3 | 13.6 | 205.5 |
| Reclassifications | - | - | - | - |
| Disposals | (105.4) | (0.7) | (6.5) | (112.6) |
| At 31 December 2025 | 5,049.3 | 135.4 | 113.9 | 5,298.6 |
| Accumulated depreciation | | | | |
| At 1 January 2024 * | 2,075.6 | 16.0 | 13.2 | 2,104.8 |
| Charge for the year * | 189.6 | 3.8 | 19.9 | 213.3 |
| Reclassifications * | - | 2.2 | (2.2) | - |
| Disposals * | (59.4) | (4.3) | (4.5) | (68.2) |
| At 31 December 2024 | 2,205.8 | 17.7 | 26.4 | 2,249.9 |
| Charge for the year | 188.0 | 4.6 | 18.2 | 210.8 |
| Reclassifications | - | 2.1 | (2.1) | - |
| Disposals | (106.2) | (0.5) | (4.0) | (110.7) |
| At 31 December 2025 | 2,287.6 | 23.9 | 38.5 | 2,350.0 |
| Net book value | | | | |
| At 31 December 2025 | 2,761.7 | 111.5 | 75.4 | 2,948.6 |
| At 31 December 2024 * | 2,787.3 | 88.1 | 80.4 | 2,955.8 |

Notes to the Financial Statements (continued)

11. Property, plant and equipment (continued)

* In December 2025, the Company discovered a classification error between Other Assets and Yellow Plant & Machinery amounting to £1.7m of cost and £2.5m of accumulated depreciation. As a result, the opening balances for cost and accumulated depreciation have been restated for 1 January 2024 and the additions, reclassifications, disposals and depreciation charge for the year ended 31 December 2024 have been restated. There was no impact to the carrying net book value on the balance sheet.

During the year ended 31 December 2025, the Group recognised a write off £0.8m (2024: £nil) included in charge for the year in respect of 6 rolling stock vehicles that were involved in incidents. The extent of the damage meant that it was not economical to repair the vehicles, and they were impaired to their recoverable amount. No other impairments were recognised. Management assessed the remainder of the rolling stock fleet by using the higher of the asset's value in use ("VIU") or its fair value less costs of disposal. In determining VIU, management discounted forecast cash flows using a pre-tax weighted average cost of capital ("WACC") of 7.6% (2024: 8.0%), which it considers to be a market-based rate.

The cash flow projections considered current contracted rent, extension rent i.e. where an option exists to extend the lease and estimates of future re-lease rents. Forecast future rent was estimated taking into account current market conditions and past experience. Whilst management considers the future cash flows to be highly subjective due to the longevity of the forecast period, it considers the VIU of assets to be most sensitive to changes in the discount rate assumption. If all other variables remained constant and the discount rate had been 0.25% higher or lower there would have been no material impairment or impairment reversal recorded. If all other variables remained constant and the cash flows had been 5% lower, no material impairment would have been considered.

In determining fair value management used a depreciated equivalent new build cost. Management considers the fair value determination is most sensitive to the equivalent new build price. If all other variables remained constant and the equivalent new build price had been 5% lower no impairment is still considered.

Finance costs capitalised during the year were £5.1m (2024: £7.6m). Cumulative finance costs capitalised and included in the cost of property, plant and equipment amounts to £192.4m (2024: £187.3m).

Included in rolling stock and other are assets under the course of construction of £127.9m (2024: £155.6m). No depreciation has been charged on these assets.

All rolling stock is acquired and held for use in operating leases. Other assets include office fixtures and fittings and computer equipment and right-of-use assets. Buildings, Depot, Machinery (right-of-use assets) of £69.2m (2024: £69.5m) are also included in Other.

12. Residual value exposures

The residual value exposure is the net book value of leased assets (excludes assets that are under the course of construction) at the end of each expected lease term. Residual value exposure is monitored by lease on a periodic basis with any corrections being made through depreciation.

Notes to the Financial Statements (continued)

Expected net book value at lease expiry date

| | Rolling Stock 2025 | Rolling Stock 2024 |
|----------------------------|-----------------------|-----------------------|
| | £'m | £'m |
| Within one year | 1,657.9 | 1,174.5 |
| Between one and two years | 160.5 | 753.7 |
| Between two and four years | 65.2 | 153.4 |
| More than four years | 403.6 | 238.5 |
| | <u>2,287.2</u> | <u>2,320.1</u> |

13. Investments – joint venture

Investments accounted for using equity method:

| | £'m |
|-------------------------------------|-------------|
| At 1 January 2024 | - |
| Additions | 4.4 |
| Share of retained earnings (note 3) | 4.5 |
| Share of other comprehensive income | 6.9 |
| | <u>15.8</u> |
| At 1 January 2025 | - |
| Additions | (1.5) |
| Share of losses (note 3) | 0.5 |
| Share of other comprehensive income | 0.5 |
| | <u>14.8</u> |
| At 31 December 2025 | 14.8 |

During the year ended 31 December 2024, the Group acquired a 50% ownership interest in Mithras Rail Holdings Limited (“MRH”).

Summarised financial information of MRH is as follows:

| | Year ended 31 December 2025 | 9 months ended 31 December 2024 |
|--------------------------------------------------------------------|-----------------------------------|------------------------------------------|
| | £'m | £'m |
| <i>Revenue</i> | 20.8 | 32.7 |
| <i>(Loss)/profit and total comprehensive income for the period</i> | (1.5) | 7.0 |
| Profit for the period included the following: | | |
| Interest income | 20.4 | 21.2 |
| Interest expense | (21.0) | (23.2) |
| Income tax expense | (0.4) | (0.6) |

Notes to the Financial Statements (continued)

13. Investments – joint venture (continued)

| | 31 December 2025 | 31 December 2024 |
|----------------------------------------------------------|---------------------|---------------------|
| | £'m | £'m |
| <i>Non-current assets</i> | 581.6 | 541.0 |
| <i>Current assets</i> | 13.0 | 16.3 |
| <i>Current liabilities</i> | (3.5) | (4.2) |
| <i>Non-current liabilities</i> | (561.5) | (521.5) |
| <i>Net assets</i> | <u>29.6</u> | <u>31.6</u> |
| Included in the above is the following: | | |
| Cash and cash equivalents | 11.4 | 8.8 |
| Current financial liabilities (excluding trade payables) | 3.5 | 2.8 |
| Non-current financial liabilities | <u>561.5</u> | <u>521.5</u> |

Reconciliation to carrying amounts:

| | 31 December 2025 | 31 December 2024 |
|-----------------------------------------|---------------------|---------------------|
| | £'m | £'m |
| Ownership interest | 50% | 50% |
| <i>Groups share of net assets above</i> | 14.8 | 15.8 |

MRH is incorporated and registered in England and Wales. The registered office is 123 Victoria Street, London, SW1E 6DE. The financial reporting period ends 31 March 2026.

14. Loans receivable

| | 31 December 2025 | 31 December 2024 |
|--------------------------------------------|---------------------|---------------------|
| | £'m | £'m |
| Amounts falling due within one year | | |
| Loans to related parties | 5.5 | 4.2 |
| Amounts falling due after one year | | |
| Loans to related parties | 125.4 | 126.4 |
| | <u>130.9</u> | <u>130.6</u> |

Closing loss allowance as at 31 December 2025 is £40,000 (2024: £40,000).

Notes to the Financial Statements (continued)

15. Inventories

| | 31 December 2025 | 31 December 2024 |
|--------------------------|---------------------|---------------------|
| | £'m | £'m |
| Spares for rolling stock | <u>1.4</u> | <u>1.3</u> |

During the year £nil (2024: £0.1m) of inventories were recognised as expenses and an additional £0.1m (2024: £nil) was purchased.

16. Financial assets

Financial assets by category

31 December 2025

| | Derivatives held for trading at FVPL* | Derivatives used for hedging | Financial assets at amortised cost | Total |
|--------------------------------------------------------|------------------------------------------------|------------------------------------|---------------------------------------------|--------------|
| | £'m | £'m | £'m | £'m |
| Derivative financial instruments | 2.0 | 19.0 | - | 21.0 |
| Loans to related parties | - | - | 130.9 | 130.9 |
| Trade and other receivables (excluding prepayments) | - | - | 205.3 | 205.3 |
| Contract assets | - | - | 3.2 | 3.2 |
| Cash and cash equivalents | - | - | 76.4 | 76.4 |
| | <u>2.0</u> | <u>19.0</u> | <u>415.8</u> | <u>436.8</u> |

31 December 2024

| | Derivatives held for trading at FVPL* | Derivatives used for hedging | Financial assets at amortised cost | Total |
|--------------------------------------------------------|------------------------------------------------|------------------------------------|---------------------------------------------|--------------|
| | £'m | £'m | £'m | £'m |
| Derivative financial instruments | 86.6 | 284.6 | - | 371.2 |
| Loans to related parties | - | - | 130.7 | 130.7 |
| Trade and other receivables (excluding prepayments) | - | - | 31.6 | 31.6 |
| Contract assets | - | - | 4.7 | 4.7 |
| Cash and cash equivalents | - | - | 80.2 | 80.2 |
| | <u>86.6</u> | <u>284.6</u> | <u>247.2</u> | <u>618.4</u> |

* Fair Value through Profit and Loss ('FVPL').

Notes to the Financial Statements (continued)

16. Financial assets (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

17. Trade and other receivables

Trade and other receivables

| | 31 December 2025 | 31 December 2024 |
|-------------------------------------|---------------------|---------------------|
| | £'m | £'m |
| Amounts falling due within one year | | |
| Trade receivables | 2.3 | 4.1 |
| Other receivables | 203.0 | 27.6 |
| Prepayments | 5.2 | 2.6 |
| | 210.5 | 34.3 |

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

18. Contract assets

| | 31 December 2025 | 31 December 2024 |
|-------------------------------------|---------------------|---------------------|
| | £'m | £'m |
| Amounts falling due within one year | | |
| Maintenance services | 3.2 | 4.7 |

Amounts relating to contract assets are balances due from customers under maintenance contracts that arise when the Group completes performance related obligations. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. The directors consider that the carrying amount of contract assets approximates to their fair value.

19. Called up share capital

| | 31 December 2025 | 31 December 2024 |
|-----------------------------------------------------------|---------------------|---------------------|
| | £ | £ |
| Authorised: | | |
| 100,000,000 (2024:100,000,000) Ordinary shares of £1 each | 100,000,000 | 100,000,000 |
| Issued, called up and fully paid: | | |
| 12,360 (2024: 12,360) Ordinary shares of £1 each | 12,360 | 12,360 |

The Company has one class of ordinary shares which carry no right to fixed income.

Notes to the Financial Statements (continued)

20. Reserves

| | Capital reserve | Cash flow hedge reserves | Retained earnings | Total |
|--------------------------------------------|--------------------|-----------------------------|----------------------|---------|
| | £'m | £'m | £'m | £'m |
| At 1 January 2024 | 25.7 | 153.2 | 133.8 | 312.7 |
| Total comprehensive income for the year | - | 63.6 | 96.1 | 159.7 |
| Capital contribution – adjustment | (25.7) | - | 25.7 | - |
| Dividends paid | - | - | (97.0) | (97.0) |
| At 31 December 2024 | - | 216.8 | 158.6 | 375.4 |
| Total comprehensive income for the year | - | (7.6) | 92.2 | 84.6 |
| Capital contribution – adjustment | - | - | - | - |
| Dividends paid | - | - | (111.0) | (111.0) |
| At 31 December 2025 | - | 209.2 | 139.8 | 349.0 |

The capital reserve and cash flow hedge reserves are not available for distribution to the Group's shareholders. Cash flow hedge reserves include continuing Cash flow hedges of £40.7m (2024: £221.7m).

21. Preference shares

| | 31 December 2025 £ | 31 December 2024 £ |
|----------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Authorised: 100,000 (2024: 100,000) participating preference shares of £1 | 100,000 | 100,000 |
| Issued, called up and fully paid: 100,000 (2024: 100,000) participating preference shares of £1 | 100,000 | 100,000 |

The Company has one class of preference share which has no voting rights. The shareholders hold an entitlement to receive annual dividends at the higher of one month SONIA at the start of the financial year plus 2% or 0.0099% of Angel Trains Group Limited's post tax distributable profit for the financial year.

Notes to the Financial Statements (continued)

22. Loans payable

| | 31 December 2025 £'m | 31 December 2024 £'m |
|------------------------------------------------|----------------------------|----------------------------|
| Amounts falling due within one year | | |
| External loans | 197.3 | 122.9 |
| Loans from parent company | - | - |
| Lease liabilities | 4.1 | 4.8 |
| | 201.4 | 127.7 |
| Amounts falling due after one year | | |
| External loans | 2,192.2 | 2,389.3 |
| Less unamortised loan fees | (11.2) | (13.6) |
| Loans from parent company | 656.7 | 689.7 |
| Less unamortised loan fees from parent company | (0.1) | (0.3) |
| Lease liabilities | 60.9 | 60.2 |
| | 2,898.5 | 3,125.3 |
| | 3,099.9 | 3,253.0 |

The loans from the parent company are unsecured and have no fixed maturity date. The directors have received confirmation from the parent company that they will not call for repayment of the loans within a period of at least twelve months from the date of signing of the financial statements. It is therefore appropriate that the classification of such in the financial statements is within amounts falling due after one year.

The external loans included above are repayable as follows:

| | 31 December 2025 £'m | 31 December 2024 £'m |
|---------------------------------------------------------------------------------------|----------------------------|----------------------------|
| Within one year | 201.4 | 127.7 |
| Between one and two years | 589.3 | 201.4 |
| Between two and five years | 629.6 | 1,215.5 |
| Over five years | 1,034.2 | 1,032.6 |
| | 2,454.5 | 2,577.2 |
| Less: Amount due for settlement within 12 months (shown under current liabilities) | (201.4) | (127.7) |
| Amount due for settlement after 12 months | 2,253.1 | 2,449.5 |

The effective interest rates recognised were as follows:

| | 31 December 2025 | 31 December 2024 |
|---------------------------|---------------------|---------------------|
| External loans – fixed | 4.49% | 4.55% |
| External loans – floating | 5.76% | 6.68% |
| Loans from parent company | 4.68% | 5.53% |

External borrowings of £1,307.8m (2024: £1,362.2m) are arranged at fixed interest rates and expose the Group to fair value interest rate risk. Borrowings of £481.9m (2024: £481.9m) from the parent company are arranged interest free.

Notes to the Financial Statements (continued)

22. Loans payable (continued)

For the year ending 31 December 2025, the directors estimate the fair value of the Group's fixed rate and interest free borrowings to be as follows:

| | Year ended 31 December 2025 | Year ended 31 December 2024 |
|-------------------------------------------|-----------------------------------|-----------------------------------|
| | £'m | £'m |
| External loans – fixed | 1,275.8 | 1,307.4 |
| Loans from parent company – fixed | 124.2 | 119.4 |
| Loans from parent company – interest free | 481.9 | 481.9 |

In the context of the fair value hierarchy set out in IFRS13, these fixed and interest free borrowings are included within Level 2.

The directors consider that the carrying amount of the Group's variable rate borrowings approximates to their fair value. In the context of the fair value hierarchy set out in IFRS13, these variable rate borrowings are included within Level 2.

| Borrowings | Maturity | Repayment* | Nominal interest rate | 31 December 2025 | 31 December 2024 |
|---------------------------------|----------|------------|-----------------------|---------------------|---------------------|
| | | | | £'m | £'m |
| Secured Bonds | | | | | |
| £500m Notes | 2035 | Amortising | 6.875% | 222.6 | 247.0 |
| £400m Notes | 2031 | Amortising | 6.500% | 260.0 | 276.0 |
| £60m Notes | 2031 | Amortising | 6.500% | 39.0 | 41.4 |
| Bank Loans and Notes | | | | | |
| Senior Notes £30m | 2031 | Bullet | Fixed coupon | 30.0 | 30.0 |
| Senior Notes £200m | 2034 | Amortising | Fixed coupon | 200.0 | 200.0 |
| Senior Notes £100m | 2037 | Amortising | Fixed coupon | 100.0 | 100.0 |
| Senior Notes £85m | 2032 | Amortising | Fixed coupon | 85.0 | 85.0 |
| Senior Notes £300m | 2033 | Amortising | SONIA + margin | 228.6 | 257.1 |
| Senior Notes £430.5m | 2027 | Amortising | Fixed coupon | 371.6 | 382.8 |
| Senior £450.0m | 2031 | Amortising | SONIA + margin | 450.0 | 450.0 |
| Senior £150.0m | 2031 | Amortising | SONIA + margin | 150.0 | 150.0 |
| Revolver Facility (£500m limit) | 2029 | Amortising | SONIA + margin | - | 30.0 |
| Senior £250m | 2033 | Amortising | SONIA + margin | 250.0 | 250.0 |

*Where amortising borrowings have not changed from prior year, amortisation is due to start in future years.

Also included is a financial instrument classified as Borrowings with a carrying value of £2.6m (2024: £12.8m).

Notes to the Financial Statements (continued)

23. Derivative financial instruments

| | 31 December 2025 | | 31 December 2024 | |
|----------------------------------------|------------------|-------------|------------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| | £'m | £'m | £'m | £'m |
| Interest rate swaps – used for hedging | 19.0 | 13.4 | 284.6 | - |
| Interest rate swaps – held for trading | 2.0 | 1.6 | 86.6 | - |
| | 21.0 | 15.0 | 371.2 | - |
| Analysed as: | | | | |
| Current | - | - | - | - |
| Non-current | 21.0 | 15.0 | 371.2 | - |
| | 21.0 | 15.0 | 371.2 | - |

In the context of the fair value hierarchy set out in IFRS13, these instruments are included within Level 2. Further details of derivative financial instruments are provided in note 30. As at year end, the Group had interest rate swap assets of £nil (2024: £nil) that are subject to master netting arrangements that can be offset against interest rate swap liabilities on default.

24. Current & Deferred taxation

Current tax asset

| | 31 December 2025 | 31 December 2024 |
|-------------------|------------------|------------------|
| | £'m | £'m |
| Current tax asset | 5.6 | 1.1 |

As at 31 December 2025 the Group had current tax assets of £5.6m receivable from HMRC (2024: assets of £1.1m receivable from HMRC).

Deferred tax assets and liabilities

| | 31 December 2025 | 31 December 2024 |
|--------------------------|------------------|------------------|
| | £'m | £'m |
| Deferred tax assets | 2.1 | 3.2 |
| Deferred tax liabilities | (522.3) | (537.2) |
| | (520.2) | (534.0) |

The following are the major deferred tax liabilities and assets recognised by the Group, and the movements thereon, during the current year.

Notes to the Financial Statements (continued)

24. Current & Deferred taxation (continued)

Deferred tax assets

| | Other | Tax losses | Total |
|-----------------------------------------------|------------|------------|------------|
| | £'m | £'m | £'m |
| At 1 January 2024 | 0.8 | 2.2 | 3.0 |
| (Charged)/credited to the income statement | 0.3 | (0.8) | (0.5) |
| - adjustments to prior years | 0.5 | 0.2 | 0.7 |
| At 31 December 2024 | 1.6 | 1.6 | 3.2 |
| (Charged)/credited to the income statement | (0.2) | (0.4) | (0.6) |
| - adjustments to prior years | (0.6) | 0.1 | (0.5) |
| At 31 December 2025 | 0.8 | 1.3 | 2.1 |

Deferred tax liabilities

| | Accelerated capital allowances | Retirement Benefit Scheme | Fair value of derivative instruments | Total |
|-----------------------------------------------|--------------------------------------|---------------------------------|--------------------------------------------|--------------|
| | £'m | £'m | £'m | £'m |
| At 1 January 2024 | 434.6 | 0.8 | 74.9 | 510.3 |
| Charged/(credited) to the income statement | 0.1 | 0.1 | 7.2 | 7.4 |
| - adjustments to prior years | 0.5 | - | - | 0.5 |
| to other comprehensive income | - | 0.6 | 18.4 | 19.0 |
| At 31 December 2024 | 435.2 | 1.5 | 100.5 | 537.2 |
| Charged/(credited) to the income statement | (2.9) | - | (4.9) | (7.8) |
| - adjustments to prior years | (0.1) | - | (4.4) | (4.5) |
| to other comprehensive income | - | 0.4 | (3.0) | (2.6) |
| At 31 December 2025 | 432.2 | 1.9 | 88.2 | 522.3 |

The opening deferred tax balances are reflected at a rate of 25.0%, to reflect the projected average rate that deferred tax was expected to unwind at the 31 December 2024 balance sheet date. In the Finance (No. 2) Act 2024, which received Royal Assent on 24 May 2024, the main rate of corporation tax remained at 25.0% for the financial year 2025.

For the year ended 31 December 2025, closing deferred tax assets and liabilities are provided for at 25.0%. A £nil effect of change in tax rate has been reflected in the charge to the income statement for the year because the unwind of deferred tax has occurred during the year at the main rate of corporation tax.

Notes to the Financial Statements (continued)

25. Financial liabilities

Financial liabilities by category

| 31 December 2025 | Derivatives held for trading at FVPL | Derivatives used for Hedging | Other financial liabilities at amortised cost | Total |
|----------------------------------------------------------------|--------------------------------------|------------------------------|-----------------------------------------------|----------------|
| | £'m | £'m | £'m | £'m |
| Derivative financial instruments | 1.6 | 13.4 | - | 15.0 |
| Loans payable | - | - | 3,099.9 | 3,099.9 |
| Trade and other payables (excluding non-financial liabilities) | - | - | 124.8 | 124.8 |
| Total | 1.6 | 13.4 | 3,224.7 | 3,239.7 |
| 31 December 2024 | Derivatives held for trading at FVPL | Derivatives used for Hedging | Other financial liabilities at amortised cost | Total |
| | £'m | £'m | £'m | £'m |
| Derivative financial instruments | - | - | - | - |
| Loans payable | - | - | 3,253.0 | 3,253.0 |
| Trade and other payables (excluding non-financial liabilities) | - | - | 116.5 | 116.5 |
| Total | - | - | 3,369.5 | 3,369.5 |

26. Trade and other payables

| | 31 December 2025 £'m | 31 December 2024 £'m |
|--------------------------------------------|-------------------------|-------------------------|
| Amounts falling due within one year | | |
| Trade payables | 4.1 | 1.4 |
| Other taxation and social security | 17.3 | 14.3 |
| Accruals and deferred income | 136.7 | 137.3 |
| | 158.1 | 153.0 |

Trade and other payables principally comprise amounts outstanding for trade purchases, ongoing costs, deferred income on operating lease rentals and accruals on interest. The directors consider that the carrying amount of trade and other payables approximates to their fair value.

Notes to the Financial Statements (continued)

27. Contract liabilities

| | 31 December 2025 | 31 December 2024 |
|--------------------------------------------|---------------------|---------------------|
| | £'m | £'m |
| Amounts falling due within one year | | |
| Maintenance services | <u>23.2</u> | <u>30.8</u> |

The directors consider that the carrying amount of contract liabilities approximates to their fair value.

28. Capital commitments

| | 31 December 2025 | 31 December 2024 |
|------------------------------------------------------------------|---------------------|---------------------|
| | £'m | £'m |
| Commitments for the acquisition of property, plant and equipment | <u>618.8</u> | <u>489.3</u> |

At 31 December 2025, the Group had capital commitments of £618.8m (2024: £489.3m), being capital expenditure authorised and contracted for but not provided for in the financial statements. These commitments are for the purchase of new rolling stock currently in production, for delivery during 2027 to 2029 and a number of capital modification projects to the existing fleets.

29. Operating lease arrangements

The Group as lessor

At the balance sheet date, the Group has contracted with train operating companies for the following future minimum lease payments:

| | 31 December 2025 | 31 December 2024 |
|-----------------------|---------------------|---------------------|
| | £'m | £'m |
| Within 1 year | 357.1 | 383.7 |
| Between 1 and 2 years | 243.2 | 173.5 |
| Between 2 and 3 years | 191.4 | 109.7 |
| Between 3 and 4 years | 176.7 | 62.0 |
| Between 4 and 5 years | 99.3 | 47.2 |
| Over 5 years | 154.3 | 117.1 |
| | <u>1,222.0</u> | <u>893.2</u> |

Notes to the Financial Statements (continued)

30. Financial Risk Management

The major financial risks associated with the Group's business are market risk, credit risk and liquidity risk. The Group has established a comprehensive framework for managing these risks which are continually evolving as business activities change in response to market, credit, product and other developments.

Market risk

The Group seeks to minimise potential adverse effects on the Group's financial performance due to the unpredictability of financial markets. Market risk includes adverse changes in risk factors including interest rates and foreign exchange.

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

Foreign currency risk management

It is the policy of the Group to enter into forward exchange contracts to mitigate the foreign currency risk of payments. As at the year end the Group had no material exposure to foreign currency risk.

Cash flow interest rate risk management

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group enters into interest rate swaps to mitigate the risk of rising interest rates. The Group's policy is to maintain a minimum fixed rate profile of 75% of its committed senior debt. This is achieved by either issuing fixed rate debt or converting a proportion of its floating rate debt to fixed rate debt.

The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy.

Interest rate swaps with a notional of £802.6m (2024: £998.4m) reference SONIA are designated as cash flow hedges. The Group adopted 'phase two' of the 'Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 9' in 2021. As a result, changes in the IBOR interest rate benchmark arrangements to SONIA are not considered a modification to the hedging instrument and do not impact the hedge relationship.

Where permissible under IFRS 9, the Group designates these as cash flow hedges of interest rate risk. Swaps previously held within hedging relationships that have been discontinued are assessed on an ongoing basis to be included within new hedge relationships.

The Group does not use derivative financial instruments for speculative purposes.

Notes to the Financial Statements (continued)

30. Financial Risk Management (continued)

Market risk (continued)

Effects of hedge accounting on the financial position and performance

The cumulative effect of the interest rate swaps held in designated relationships on the Group's financial position and performance are as follows:

Derivative financial instruments – interest rate swaps:

| | 31 December 2025 | 31 December 2024 |
|-----------------------------------------------------------------------|---------------------|---------------------|
| | £'m | £'m |
| Carrying amount (asset) | 19.0 | 284.6 |
| Carrying amount (liability) | 13.4 | - |
| Notional amounts | 802.6 | 998.4 |
| Notional amount range (from) | 68.6 | 68.6 |
| Notional amount range (to) | 1,553.9 | 1,513.9 |
| Maturity dates | 2027-2056 | 2027-2056 |
| Hedge ratio * | 1:1 | 1:1 |
| Change in fair value of outstanding hedge instruments since 1 January | 23.3 | 81.2 |
| Change in value of hedge item used to determine hedge effectiveness | 24.9 | 83.7 |
| Weighted average hedged rate for the year | 3.7% | 1.8% |

* The notional profile of the designated interest rate swaps and loans matched on inception.

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference date, reset dates, payment dates, maturities, and notional amounts. Prospective testing is carried out using the cumulative dollar offset method with the hypothetical derivative approach whereby the change in fair value of the hedging instrument is compared to the change in fair value of the hedge item attributable to the hedged risk.

Hedge ineffectiveness may occur due to mismatches in critical terms between the hedging instrument and the hedged item such as notional amounts and interest reset frequencies. The lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item is recognised through other comprehensive income, if the effectiveness requirements of IFRS 9 are continued to be met.

The Group does not hedge 100% of its loans, therefore the hedged item is identified as a portion of the outstanding loans up to the notional amount of the swaps that have not been previously included in another hedge designation.

As most of the critical terms matched during the year, the Group's economic relationships were highly effective.

Notes to the Financial Statements (continued)

30. Financial Risk Management (continued)

Market risk (continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date has been outstanding since the beginning of the financial year. A 1% increase or decrease is used as it represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant:

- Group profit for the year ended 31 December 2025 would increase/decrease by £24.4m (2024: increase/decrease £20.9m).
- Cash flow hedge reserves would increase/decrease by £158.6m (2024: £87.8m) respectively. This would occur mainly as a result of the changes in fair value of fixed rate instruments.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating interest rate amounts calculated on agreed notional principal amounts.

Such contracts enable the Group to mitigate the risk of changing interest rates, on the issued variable rate debt cash flow exposures.

The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract and is disclosed below.

The average interest rate is based on the outstanding balances at the end of the financial year. The following tables detail the notional principal amounts and the remaining terms of interest rate swap contracts outstanding as at the reporting date.

Liabilities

Outstanding interest rate swaps

| | Average contracted fixed interest rate 31 December 2025 % | Notional principal amount 31 December 2025 £'m | Fair value liabilities 31 December 2025 £'m |
|--------------|-----------------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------|
| Over 5 years | 4.3 | 1,029.9 | 15.0 |
| | | 1,029.9 | 15.0 |

Liabilities

Outstanding interest rate swaps

| | Average contracted fixed interest rate 31 December 2024 % | Notional principal amount 31 December 2024 £'m | Fair value liabilities 31 December 2024 £'m |
|--------------|-----------------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------|
| Over 5 years | - | - | - |
| | - | - | - |

Notes to the Financial Statements (continued)

30. Financial Risk Management (continued)

Market risk (continued)

Interest rate swap contracts (continued)

Assets

Outstanding interest rate swaps

| | Average contracted fixed interest rate 31 December 2025 % | Notional principal amount 31 December 2025 £'m | Fair value assets 31 December 2025 £'m |
|-----------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------|
| Within 1 year | - | - | - |
| Between 1 and 2 years | - | - | - |
| Between 2 and 5 years | 2.4 | 55.0 | 2.0 |
| Over 5 years | 3.8 | 189.4 | 19.0 |
| | | 244.4 | 21.0 |

Assets

Outstanding interest rate swaps

| | Average contracted fixed interest rate 31 December 2024 % | Notional principal amount 31 December 2024 £'m | Fair value assets 31 December 2024 £'m |
|-----------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------|
| Within 1 year | - | - | - |
| Between 1 and 2 years | - | - | - |
| Between 2 and 5 years | 1.4 | 324.6 | 23.0 |
| Over 5 years | 2.0 | 1,251.6 | 348.2 |
| | | 1,576.2 | 371.2 |

The interest rate swaps settle on a 3 and 6 month basis. The floating rate on the interest rate swaps is 3 and 6 month SONIA during the year. The Group settles the difference between the fixed and floating interest on a net basis.

Credit risk

Credit risk is the risk arising from the possibility that the Group will incur losses from the failure of customers to meet their obligations.

The Group's principal financial assets are cash and cash equivalents, financial derivatives and trade and other receivables and contract assets. The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk. The Group does not hold collateral over these balances.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. For derivative financial instruments refer to notes 16, 23 and 25.

Notes to the Financial Statements (continued)

30. Financial Risk Management (continued)

Credit risk (continued)

The Group's credit risk is primarily attributable to its trade operating lease receivables and contract assets, although this is also considered limited as rentals are mainly payable in advance.

Trade and other receivables and contract assets are aged as follows:

| | 31 December 2025 | 31 December 2024 |
|----------|---------------------|---------------------|
| | £'m | £'m |
| >90 days | 0.3 | - |
| >30 days | 0.1 | - |
| >1 day | 2.4 | 4.1 |
| Not due | 205.7 | 32.3 |
| | 208.5 | 36.4 |

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations as they fall due.

Liquidity management within the Group focuses on both overall balance sheet structure and control, within prudent limits, of risk arising from the mismatch of maturities across the balance sheet and from the undrawn commitments and other contingent obligations. For loans payable refer to note 22. For trade and other payables refer to note 26. The Group policy is to negotiate and agree terms and conditions with its suppliers.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts included in the table are the contractual undiscounted cash flows, except for net settled derivative financial instruments, which are included at their fair value. As a result, these amounts will not reconcile to the amounts disclosed on the balance sheet.

Notes to the Financial Statements (continued)

30. Financial Risk Management (continued)

Liquidity risk (continued)

The following table details the remaining maturity for financial liabilities.

| | Within one year | Between one and two years | Between two and five years | Over five years | Total |
|-------------------------------------------------------------------|-----------------------|------------------------------------|----------------------------------|--------------------|----------------|
| 2025 | £'m | £'m | £'m | £'m | £'m |
| Trade and other payables (excluding non-financial liabilities) | 124.8 | - | - | - | 124.8 |
| Loans payable external | 201.4 | 589.3 | 629.6 | 1,034.2 | 2,454.5 |
| Interest payable external | 109.6 | 97.1 | 139.4 | 157.0 | 503.1 |
| Loans from parent undertakings | - | 656.7 | - | - | 656.7 |
| Derivative financial instruments | - | - | - | 15.0 | 15.0 |
| | 435.8 | 1,343.1 | 769.0 | 1,206.2 | 3,754.1 |

| | Within one year | Between one and two years | Between two and five years | Over five years | Total |
|-------------------------------------------------------------------|-----------------------|------------------------------------|----------------------------------|--------------------|----------------|
| 2024 | £'m | £'m | £'m | £'m | £'m |
| Trade and other payables (excluding non-financial liabilities) | 116.3 | - | - | - | 116.3 |
| Loans payable external | 127.7 | 201.4 | 1,215.5 | 1,032.6 | 2,577.2 |
| Interest payable external | 126.8 | 114.9 | 244.4 | 158.8 | 644.9 |
| Loans from parent undertakings | - | 689.7 | - | - | 689.7 |
| Derivative financial instruments | - | - | - | - | - |
| | 370.8 | 1,006.0 | 1,459.9 | 1,191.4 | 4,028.1 |

At year end, the Group had access to undrawn borrowing facilities of £500.0m (2024: £470.0m). The table presented above analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts included in the table are the contractual undiscounted cash flows, except for net settled derivative financial instruments, which are included at their fair value. As a result, these amounts will not reconcile to the amounts disclosed on the balance sheet. Included within loans from parent undertakings is £481.9m (2024: £481.9m) of interest free shareholder loan notes that have no fixed maturity date. Although the loans from parent undertakings are within the time band 'Between one and two years' it is expected that these will not fall due until after five years.

Notes to the Financial Statements (continued)

30. Financial Risk Management (continued)

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 22, cash and cash equivalents and equity attributable to owners of the Group, comprising issued capital, reserves and retained earnings as disclosed in notes 19 and 20.

31. Retirement benefit scheme

Defined benefit plan

The Group operates a final salary defined benefit scheme for qualifying employees in the UK, the Angel Trains Shared Cost Section ('Section') of the Railways Pension Scheme (the 'Main Scheme'). The Section has separately identifiable assets and liabilities from the remainder of the Main Scheme.

Provision for the costs of these benefits is charged to the income statement over the average remaining future service lives of the eligible employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2025 by independent actuaries. The results of these calculations have been based on the results of the last formal actuarial valuation of the Section as at 31 December 2022, allowing for adjustments, on an approximate basis, to allow for differences between the valuation and IAS 19 calculations. The contribution rate during the year for the Group's scheme is split between the Group and the employee at 19.6% and 10.6% respectively (2024: average rate 20.0% and 11.5%) of pensionable salaries.

The discounted mean term of the Section's Defined Benefit Obligation (DBO) was 16 years based on the roll forward results of the formal valuation as at 31 December 2022.

The Group is exposed to a number of risks relating to the Section including assumptions not being borne out in practice. The most significant risks are as follows:

- **Asset volatility:** There is the risk that a fall in asset values is not matched by a corresponding reduction in the value placed on the Section's DBO. The Section holds a proportion of growth assets, which are expected to outperform corporate and government bond yields in the long-term but gives exposure to volatility and risk in the short-term.
- **Change in bond yields:** A decrease in corporate bond yields will increase the value placed on the Section's DBO, although this will be partially offset by an increase in the value of the Section's corporate bond holdings.
- **Inflation risk:** The majority of the Section's DBO is linked to inflation where higher inflation will lead to a higher value being placed on the DBO. Some of the Section's assets are either unaffected by inflation or loosely correlated with inflation (e.g. growth assets), meaning that an increase in inflation will generally decrease the surplus.
- **Life expectancy:** An increase in life expectancy will lead to an increased value being placed on the Section DBO. Future mortality rates cannot be predicted with certainty.
- **Contribution rate:** The Scheme Rules give the Scheme Actuary the power to set the contribution rates for the Group if no agreement can be reached between the Trustee and the Group.

Notes to the Financial Statements (continued)

31. Retirement benefit scheme (continued)

Technical Provision surplus

In February 2024, the full actuarial valuation of the Section as at 31 December 2022 was published and highlighted a Technical Provisions surplus of £1.6m (£1.8m shortfall at last valuation as at 31 December 2019).

The Section is now fully funded, providing a small surplus of £0.5m.

A consultation process with active members to explore moving the Section to a closed status (for funding and investment strategy purposes only) concluded in 2023. This was agreed by the trustees in early 2024, resulting in a decrease in the Future Joint Service Contribution Rate to 19.6% employer and 10.6% employee (65%:35% split) from 1 July 2024 and removal of the final annual instalment of £0.48m due to be paid in 2024 which was part of the preceding deficit recovery plan.

Membership data:

| | 31 December 2025 | 31 December 2024 |
|-----------------------------------------------|---------------------|---------------------|
| Active members | | |
| Number | 43 | 45 |
| Annual payroll (£m) | 3.7 | 3.9 |
| Average age (years) | 53.4 | 52.8 |
| Deferred members | | |
| Number | 105 | 106 |
| Total deferred pension (£'m) | 0.7 | 0.7 |
| Average age (years) | 56.1 | 55.5 |
| Pension members (including dependants) | | |
| Number | 92 | 88 |
| Annual pension payroll (£'m) | 2.3 | 2.2 |
| Average age (years) | 69.0 | 68.4 |

Contribution data

| | 31 December 2025 £'m | 31 December 2024 £'m |
|---------------------------------------------------------|----------------------------|----------------------------|
| Employer contributions paid during the year | 0.6 | 0.6 |
| Employer contributions expected over following year | 0.7 | 0.7 |
| Employee contributions paid during year | 0.3 | 0.4 |
| Employee contributions expected over the following year | 0.4 | 0.4 |

Asset data

The fair value of plan assets at the balance sheet date is analysed as follows:

| | 31 December 2025 £'m | 31 December 2024 £'m |
|--------------------------|----------------------------|----------------------------|
| Growth assets | 42.4 | 42.2 |
| Government bonds | 32.7 | 30.2 |
| Other assets | 0.4 | 0.5 |
| Total asset value | 75.5 | 72.9 |

Notes to the Financial Statements (continued)

31. Retirement benefit scheme (continued)

The plan assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group.

The expected rates of return on individual categories of plan assets are determined by reference to relevant indices published by the London Stock Exchange. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

In terms of the distinction between quoted and unquoted assets; the assets are predominately held in pooled funds with unit prices rather than being classified as directly quoted stocks. This is because there is typically no active market in these funds as units can only be bought from or sold to the fund manager.

Summary of assumptions:

| | 31 December 2025 | 31 December 2024 |
|--------------------------------------|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Discount rate | 5.7% | 5.7% |
| Future price inflation (RPI measure) | 2.8% | 3.0% |
| Future price inflation (CPI measure) | 2.5% | 2.7% |
| Increase in pensions (CPI measure) | 2.5% | 2.7% |
| Pensionable of salary increases | 4.2%, 2.8% and 2.0% respectively for the next 3 years, then 2.8% pa thereafter | 3.3% for 2 years, 2.8% for year 3 then 3.0% pa thereafter |

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in the UK.

The assumed average expectation of life in years for male and female members aged 65 now and 65 in 20 years' time for the Section is as follows:

| | 31 December 2025 | 31 December 2024 |
|--------------------------|-----------------------------|-----------------------------|
| Male currently aged 65 | 22.1 | 21.7 |
| Male currently aged 45 | 23.4 | 22.9 |
| Female currently aged 65 | 22.9 | 22.9 |
| Female currently aged 45 | 24.4 | 24.4 |

Notes to the Financial Statements (continued)

31. Retirement benefit scheme (continued)

Defined benefit asset at end of year

The amount recognised in the balance sheet in respect of the Company's defined benefit retirement benefit plan is as follows:

| | 31 December 2025 | 31 December 2024 |
|-------------------------------------------------|---------------------|---------------------|
| | £'m | £'m |
| Defined Benefit Obligation at end of year | | |
| Active members | (25.1) | (23.7) |
| Deferred members | (15.7) | (15.0) |
| Pensioner members (incl. dependants) | (25.9) | (27.5) |
| Total | (66.7) | (66.2) |
| Value of assets at end of year | 75.5 | 72.9 |
| Funded status at end of year | 8.8 | 6.7 |
| Adjustment for the members' share of surplus | (1.1) | (0.8) |
| Net Defined Benefit Asset at end of year | 7.7 | 5.9 |

Reconciliation of defined benefit asset:

| | 31 December 2025 | 31 December 2024 |
|-------------------------------------------|---------------------|---------------------|
| | £'m | £'m |
| Opening defined benefit asset/(liability) | 5.9 | 3.5 |
| Employers share of pension expense | (0.7) | (0.9) |
| Employer contributions | 1.0 | 1.0 |
| Total gain recognised in OCI | 1.5 | 2.3 |
| Closing defined benefit asset | 7.7 | 5.9 |

Pension expense:

Amounts recognised in the income statement in respect of the defined benefit plan are as follows:

| | Year ended 31 December 2025 | Year ended 31 December 2024 |
|---------------------------------------------------------------|-----------------------------------|-----------------------------------|
| | £'m | £'m |
| Employer's share of service cost | 0.9 | 1.0 |
| Employer's share of administration costs | 0.1 | 0.1 |
| Total employer's share of service cost | 1.0 | 1.1 |
| Employer's share of net interest on net defined benefit asset | (0.3) | (0.2) |
| Employer's share of pension expense | 0.7 | 0.9 |

The charge for the year is included in administrative expenses in the income statement.

Notes to the Financial Statements (continued)

31. Retirement benefit scheme (continued)

Other comprehensive income (OCI)

| | Year ended 31 December 2025 | Year ended 31 December 2024 |
|---------------------------------------------------------|-----------------------------------|-----------------------------------|
| | £'m | £'m |
| Loss/(gain) due to liability experience | 0.2 | (0.2) |
| (Gain) due to liability assumption changes | (1.5) | (7.5) |
| Return on plan assets (greater)/less than discount rate | (0.2) | 5.4 |
| Total gain recognised in the OCI | (1.5) | (2.3) |

Reconciliation of defined benefit obligation (DBO)

| | Year ended 31 December 2025 | Year ended 31 December 2024 |
|----------------------------------------------|-----------------------------------|-----------------------------------|
| | £'m | £'m |
| Opening defined benefit obligation | 66.2 | 72.5 |
| Service cost | 0.9 | 1.1 |
| Interest cost on DBO | 3.7 | 3.4 |
| Loss/(gain) on DBO – experience | 0.2 | (0.3) |
| Loss/(gain) on DBO – demographic assumptions | 0.2 | (0.1) |
| (Gain) on DBO – financial assumption | (1.9) | (8.4) |
| Actual benefits payments | (2.6) | (2.0) |
| Closing defined benefit obligation | 66.7 | 66.2 |

Reconciliation of value of assets:

| | Year ended 31 December 2025 | Year ended 31 December 2024 |
|---------------------------------------------------------|-----------------------------------|-----------------------------------|
| | £'m | £'m |
| Opening value of Section assets | 72.9 | 76.5 |
| Interest income on assets | 4.1 | 3.6 |
| Return on plan assets greater/(less) than discount rate | 0.2 | (6.1) |
| Contributions by employer | 1.0 | 1.0 |
| Actual benefit payments | (2.6) | (2.0) |
| Administration costs | (0.1) | (0.1) |
| Closing fair value of plan assets | 75.5 | 72.9 |

The Reconciliation of Defined Benefit Obligation (DBO) and Reconciliation of Value of Assets tables above show the movement in the assets and DBO of the Section as a whole. Some of the figures therefore differ from those in the other disclosures, which reflect the Group's share of the costs and DBO associated with the Section.

Notes to the Financial Statements (continued)

31. Retirement benefit scheme (continued)

DBO sensitivity analysis to significant actuarial assumptions:

| | Sensitivity | Year ended | Year ended |
|-------------------------------|-------------|-------------|-------------|
| | | 31 December | 31 December |
| | | 2025 | 2024 |
| | | £'m | £'m |
| Discount rate | -0.25% p.a | 2.4 | 2.4 |
| | +0.25% p.a | (2.3) | (2.3) |
| Price inflation (CPI measure) | -0.25% p.a | (2.3) | (2.3) |
| | +0.25% p.a | 2.4 | 2.4 |
| Salary increases | -0.25% p.a | (0.3) | (0.3) |
| | +0.25% p.a | 0.3 | 0.3 |
| Life expectancy | -1 year | (1.8) | (1.9) |
| | +1 year | 1.9 | 1.8 |

The sensitivity figures as at 31 December 2025 are based on the DBO as noted in 'Reconciliation of defined benefit obligation' table above.

32. Dividends

| | Year ended | Year ended | Year ended | Year ended |
|------------------|------------------|------------------|--------------|-------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2025 | 2024 | 2025 | 2024 |
| | Pence per share | Pence per share | £'m | £'m |
| Dividends | <u>898,058.3</u> | <u>784,789.6</u> | <u>111.0</u> | <u>97.0</u> |

Dividends of £111.0m (2024: £97.0m) were paid by the Group during the year ended 31 December 2025.

33. Parent companies

The Company's immediate parent company is Willow Holdco 2 Limited.

The Company's ultimate parent and largest group into which the Company is consolidated is Willow Group Holdings Limited (acquired Willow Topco Limited and its subsidiaries on 14 November 2024), which is incorporated and registered in Jersey. The registered office is 2nd Floor, Gaspé House, 66 – 72 Esplanade, St Helier, JE1 1GH, Jersey.

34. Related party transactions

The Group has related party relationships with the directors and the following fellow parents of the Group, subsidiaries and joint venture of Willow Group Holdings Limited:

Willow Group Midco Limited
 Willow Group Limited
 Willow Topco Limited
 Angel Trains Holdings Limited
 Willow Holdco 1 Limited
 Willow Holdco 2 Limited
 Mithras Rail Holdings Limited

Notes to the Financial Statements (continued)

34. Related party transactions (continued)

Trading transactions

During the year, the Group had the following transactions with related parties:

31 December 2025

| | Income | Purchases/ interest | Amounts owed by related parties | Amounts owed to related parties |
|------------------|------------|------------------------|------------------------------------------|------------------------------------------|
| | £'m | £'m | £'m | £'m |
| Accounts with | | | | |
| Immediate Parent | - | (9.4) | - | (659.0) |
| Other | 0.4 | - | 0.5 | - |
| Joint Venture | 5.1 | - | 130.9 | - |
| Total | 5.5 | (9.4) | 131.4 | (659.0) |

31 December 2024

| | Income | Purchases/ interest | Amounts owed by related parties | Amounts owed to related parties |
|------------------|-------------|------------------------|------------------------------------------|------------------------------------------|
| | £'m | £'m | £'m | £'m |
| Accounts with | | | | |
| Immediate Parent | - | (38.8) | - | (692.4) |
| Other | 0.5 | - | - | - |
| Joint Venture | 10.1 | - | 130.6 | - |
| Total | 10.6 | (38.8) | 130.6 | (692.4) |

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received in respect of the trading transactions.

Compensation of key management personnel

| | Year ended 31 December 2025 £'m | Year ended 31 December 2024 £'m |
|--------------------------|------------------------------------------|------------------------------------------|
| Short term benefits | 10.8 | 2.2 |
| Post-employment benefits | - | - |
| Other long-term benefits | - | - |
| | 10.8 | 2.2 |

For the year ended 31 December 2025, the Group revised its definition of key management personnel to the Senior Leadership Team of the subsidiaries, reflecting those responsible for directing and controlling the Group. Comparative disclosures have not been restated, as the prior-year information reflects the definition applied at that time. Of the directors of the Company, 9 are remunerated by Angel Trains Limited, a subsidiary of the Company with the other directors remunerated by the Company's owners for services rendered. The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Notes to the Financial Statements (continued)

35. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

| | Loans payable (note 22) £'m |
|----------------------------|-----------------------------------|
| 1 January 2024 | 3,141.9 |
| Financing cash flows – net | 72.8 |
| Non-cash changes* | 38.3 |
| 31 December 2024 | 3,253.0 |
| Financing cash flows – net | (157.4) |
| Non-cash changes* | 4.3 |
| 31 December 2025 | 3,099.9 |

* Non-cash items include the amortisation of loan fees, an increase in lease liabilities for right-of-use assets and an adjustment to the shareholders' interest free loan for imputed interest.

36. Events after the balance sheet date

There have been no significant events between the year end and the date of approval of the financial statements which would require a change or an additional disclosure in the financial statements.