Mobico Group PLC ("Mobico" or the "Group"): results for the six months ended 30 June 2023

Strong revenue and passenger growth reflecting growth across all markets

H1 Adjusted Operating Profit affected by £60m reduction in Covid-19 funding, and inflationary costs before the delivery of cost recovery and pricing actions in H2

FY 2023 Operating Profit expected to be between £200m and £215m

First half results, six months ended 30 June 2023

	H1 2023	H1 2022	Change (Constant FX)	Change (Reported)
Group Revenue	**£1.57bn**	£1.32bn	14.4%	18.5%
Group EBITDA[1]	**£166.7m**	£197.8m	(19.3)%	(15.7)%
Group Adjusted[1] Operating Profit	**£57.5m**	£90.5m	(39.7)%	(36.5)%
Group Adjusted[1] Profit Before Tax	**£25.4m**	£68.7m		
Adjusted basic[1,2] EPS	**1.0p**	6.1p		
Dividend per share	**1.7p**	–		
Return on Capital Employed	**5.9%**	5.9%		
Statutory				
Group Operating Profit	**£8.7m**	£42.3m		
Group (Loss)/Profit Before Tax	**£(23.4)m**	£20.5m		
Group (Loss)/Profit After Tax[2]	**£(39.4)m**	£15.2m		
Basic EPS[2]	**(8.3)p**	0.3p		
Free cash flow	**£79.7m**	£63.8m		
Covenant net debt	**£908.5m**	£946.8m		
Covenant gearing	**2.8x**	3.1x		

H1 2023 highlights

- Strong revenue performance up 19%, driven by:
  - Strong growth across all business lines in ALSA
  - North America delivering good price increases of over 13% on the 40% contracts that were up for renewal this bid season
  - UK revenues up 20% reflecting strong growth in passengers in Coach and Bus partly offset by the impact of reduced Bus funding
- Adjusted Operating Profit down on H1 2022 as a result of a reduction in Covid-19 funding of £60m. Excluding this, Group Adjusted Operating Profit has increased by £27m, driven by the strong revenue performance
- Group Operating Profit is £8.7m (H1 2022: £42.3m) as a result of the the reduction in Covid-19 funding
- Cost inflation came before price rises and cost actions that will be delivered in H2. Actions already taken give confidence in stronger than normal H2 weighting
- Annualised cost savings of £30m higher than previously announced (£25m), with £15m savings expected in H2 23
- Strong cash generation in H1 with Free Cash Flow of £79.7m (£63.8m in H1 22) with over 100% FCF generation
- Improved debt maturity and liquidity with a £600m RCF refinanced to 2028, and £400m bond refinancing on track for delivery in Q3 23
- US Leadership change and UK restructure to accelerate Evolve strategy and support growth agenda
- 2023 Full Year Adjusted Operating Profit expected to be between £200m and £215m

Ignacio Garat, Mobico Group Chief Executive, said:

"2023 is a year where the Group transitions away from significant Covid-19 support. We saw strong Revenue growth in the first half, driven by customer demand. The profit result compared to prior year was impacted by a £60m reduction in Covid-19 funding. Although operating profit was down on the year, once the £60m reduction in 2022 Covid support is taken into account, Adjusted Operating Profit grew significantly.

In addition, we have seen significant wage inflation however, we expect this to be recovered - as planned - in the second half. Although there remain some market uncertainties, encouraging passenger growth, pricing power, continued pipeline conversion, high levels of contract retention, the actions we have taken on pricing and costs, and the ongoing successful mobilisation of contracts all support our confident full-year outlook."

“I’d like to pay tribute to all of our employees, customers and partners for their considerable efforts, in a challenging environment, as we continue to lead the modal shift from cars to mass transit, improving social mobility and reducing carbon emissions in the process.”

Notes

1. To supplement IFRS reporting, we also present our results (including EBITDA) on an adjusted basis to show the performance of the business before adjusting items. These are detailed on page 27 and principally comprise intangible amortisation for acquired businesses, re-measurement of historic onerous contract provisions and impairments, re-measurement of the WeDriveU Put Liability, voluntary repayment of UK CJRS grant income ('furlough') and Group wide restructuring and other costs. In addition to performance measures directly observable in the Group financial statements (IFRS measures), alternative financial measures are presented that are used internally by management as key measures to assess performance. Further explanation in relation to these measures can be found on page 13.

For the six months ended 30 June 2023, we have changed this terminology from ‘underlying’ to ‘adjusted’ to make clearer what this performance measure represents. There are no changes to the definition of what is included in these items.

2. H1 2022 restated in respect of correction to deferred tax assets and liabilities. This has changed 2022 Group Profit After Tax from £15.8m to £15.2m and 2022 adjusted EPS from 6.2p to 6.1p and 2022 statutory EPS from 0.4p to 0.3p. Please see note 1 to the Financial Statements.

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

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A live webcast of the analyst meeting taking place today at 9:00am (BST) will be available on the investor page of the Group’s website: www.mobicogroup.com.
The Group plans to release its next Trading Update on 19 October 2023.

Results overview

In the first half, Mobico Group has delivered a strong Revenue performance driven by continuing growth in passenger numbers and contracts across the Group as well as a continuing recovery in School Bus. Compared to prior year, H1 Adjusted Operating Profit was affected by a reduction in Covid-19 funding of £59.6m. H1 2023 was also affected by significant cost inflation – especially in salary and wage costs. Actions taken on pricing and costs will substantially mitigate those extra costs in the second half.

	Adjusted				Statutory		
£m	**H1 2023**	H1 2022	Change	**FY 2022**	**H1 2023**	H1 2022	Change
Revenue							
ALSA	**559.7**	444.2	26.0%	**962.5**	**559.7**	444.2	26.0%
North America	**587.0**	518.7	13.2%	**1,048.2**	**587.0**	518.7	13.2%
UK and Germany	**422.7**	361.4	17.0%	**796.8**	**422.7**	361.4	17.0%
Total	**1,569.4**	1,324.3	18.5%	**2,807.5**	**1,569.4**	1,324.3	18.5%
Operating profit/(loss)							
ALSA	**57.6**	50.3	14.5%	**103.9**	**50.8**	44.1	15.2%
North America	**13.8**	57.4	(76.0)%	**68.4**	**(5.0)**	22.8	(121.9)%
UK & Germany	**(4.9)**	(9.8)	50.0%	**43.2**	**(16.2)**	(15.6)	(3.8)%
Central Functions	**(9.0)**	(7.4)	21.6%	**(18.2)**	**(20.9)**	(9.0)	(132.2)%
Total	**57.5**	90.5	(36.5)%	**197.3**	**8.7**	42.3	(79.4)%
Operating margin	**3.7%**	6.8%	(3.1)%	7.0%	**0.6%**	3.2%	(2.6)%

Revenue grew by £245m or 18.5% on a reported basis, and by 14.4% on a constant currency basis.This reflects two main factors (i) firstly, strong underlying growth in those businesses where we have exposure to passenger demand; and (ii) secondly, a continuing recovery in the School Bus business through pricing and route recovery. However Adjusted Operating Profit is down £33.0m (and Statutory Operating Profit down £33.6m), as a consequence of the reduction in Covid-19 funding of £59.6m and wage inflation, before price recovery and cost actions which will be delivered in H2. Whilst the result of this is that margins are lower than H1 23 (compared to H1 22), we expect a significant re-build in the second half of the year.

ALSA continued to trade well with growth across all lines of business, and with Adjusted Operating Profit up 14.5% driven by revenue growth of 26.0%, with especially strong trading in Long Haul. North America grew revenues by 13.2% as routes rebuilt in School Bus but Adjusted Operating Profit was down £43.6m (76%) mainly as a result of the removal of £38.7m of Covid related CERTS funding and the impact of wage investment ahead of pricing recovery that will deliver in the second half of the year. In the UK and Germany, revenues grew 17.0%, representing strong trading in UK Coach, and UK Bus patronage reaching 97% of pre-covid levels. However, the Adjusted Operating Loss for H1 23 was a result of the pay settlement in UK Bus, which was retrospectively applied to 1 January 2023, however the increased costs will be recovered through a combination of fares increases and additional funding that will benefit the second half of the year.

Strong second half bias to 2023 full year results

During the first half of 2023, Mobico absorbed significant increases in costs – particularly with higher salary and wage rates. It was always expected that such costs would be recovered via a combination of pricing initiatives and the previously announced cost reduction and productivity improvement program. Those measures have now been successfully implemented or are well progressed which will result in a higher weighting to second half profits. Expected annualised cost savings of £30m are higher than the previously announced £25m, with £15m savings expected in the second half of this year.

Balance Sheet, debt maturity and interest costs

As of 30 June 2023, the Group had £0.8bn of cash and undrawn, committed facilities resulting in a covenant gearing ratio of 2.8x, improved from 3.1x at the same time last year. Immediately post the period-end, debt maturity and liquidity were improved with the £527m RCF (the majority of which matured in 2025) being replaced by a £600m RCF facility to 2028. The planned refinancing of the £400m bond, maturing in December 2023, is also progressing well and is expected to be completed in Q3 2023. A bridge-to-bond facility has been in place since December 2022, and can be extended (at the option of the Group) to 2025, although this option is not expected to be utilised.

Interest charges for the Full Year 2023, and subsequent years, will rise as a consequence of higher bond coupons and interest on the RCF when drawn. As rates stand today, the anticipated net interest charge in Full Year 2023 will be c.£75m (£51m in 2022) and will rise by a further c.£7m in 2024, on a pro forma basis. 80% of our debt is fixed, with the 20% that is swapped to floating due to revert to fixed in 2025.

Mobico has made clear its objective to reduce gearing through the growth of EBITDA and Free Cash Flow, and the outlook for delivery of that plan is on track.

Dividend

The Board has announced an interim dividend of 1.7p, which is in line with our previously communicated policy that the Group's interim dividend will be set at a level equivalent to approximately one third of the prior full year dividend.The Group's policy is to maintain a dividend cover ratio in excess of two times. The interim dividend will be paid on 1 September 2023 to shareholders on the register at the close of business on 4 August 2023.

Outlook

Based on current market conditions, Adjusted Operating Profit for 2023 is expected to be within the range of £200m to £215m.

Strategic Commentary

Across all of its divisions, Mobico has delivered good progress with the Evolve strategy as it focusses on delivering the highest standards of safety, reliability, customer satisfaction and financial returns, whilst also being an environmental leader and an employer of choice. These standards are the ones that deliver customer success: they are the factors that drive new business growth and high levels of contract retention.

Trading

The first half results reflect encouraging top-line growth,

- strong pricing power to substantially mitigate inflationary pressures;
- continuing conversion of pipeline opportunities (27 new contracts vs. 16 in prior year) at a ROCE of 28%;
- high levels of retention (98% in School Bus and no significant losses across the rest of the Group); and
- the encouraging mobilisation of £1.4bn of contracts in total contract value terms (£170m annual value)

The programme of cost efficiency measures announced earlier in the year will also help to ensure our operations remain competitive, but without compromising front-line service functions and growth. The original target of £25m annualised savings is now expected to rise to c.£30m, with savings of c.£15m expected in the second half of 2023.

We continue to see strong local and national governmental support for initiatives to drive modal shift towards efficient mass transit. This includes subsidised fares (in Spain, the UK, Morocco and Germany), and funding to maintain networks and frequencies on routes that require continuing passenger growth to be self-sustaining and profitable.

Environmental, Social & Governance

Mobico's Evolve strategy is directly aligned to the most pressing environmental and social needs in society. It plans, mobilises and operates tailored transport solutions that enable communities, cities and countries to transition from low occupancy modes of transport to much more efficient, cleaner and safer mass transit solutions - the adoption of which advances global ambitions for both a low carbon society and greater mobility**.**

The Group is moving at pace to evaluate, adopt, and mobilise Zero Emissions Vehicles (ZEVs) in fleets across the businesses, around the world. Mobico has a cruicial role to play in planning and facilitating the transition to ZEV's.

Mobico has previously set out zero emission fleet targets to hit net zero by 2040 (Scope 1 & 2 emissions). It continues to make excellent progress on its ZEV transition plan and remains on track to secure 1,500 ZEVs by 2024 and 14,500 by 2030.

Divisional Results overview

The following section describes the performance of the Group's continuing businesses for the six month period to 30 June 2023, compared to the same period in 2022.

ALSA

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

m	**H1 2023**	H1 2022	Change %	FY 2022
Revenue	**£559.7**	£444.2	26.0%	£962.5
Adjusted Operating Profit	**£57.6**	£50.3	14.5%	£103.9
Revenue	**€638.8**	€527.5	21.1%	€1,129.3
Adjusted Operating Profit	**€65.7**	€59.7	10.1%	€121.8
Adjusted Operating Margin	**10.3%**	11.3%	(1.0)%	10.8%

Highlights

In its centenary year ALSA continues to grow across all of its lines of business, with a diverse, growing and resilient portfolio. ALSA delivered another strong result in the first half of the year in all its markets:

- Strong constant currency growth with revenues up 21% (26% on a reported basis), and Adjusted Operating Profit growth of 10.1%;
- Statutory Operating Profit of £50.8m, an increase of £6.7m versus the prior period;
- Long Haul revenues were up 34% driven by passenger volume growth (up 28%) and yields (up 4%). Occupancy ratios were 7 percentage points better than H1 22;
- Revenue growth accelerated by Government initiatives to drive modal shift, including multi-discount vouchers;
- Continuing growth in Regional and Urban business with revenues up by 12% and 10% respectively
- Morocco performance ahead of expectations with revenue for H1 2023 growing 8% versus last year
- International business (including Portugal) up 19% on H1 22; and
- Three small but strategic acquisitions in Spain, providing entry to the target Sevilla bus market and complementing our regional bus and tourism business in northern Spain.

North America

The North America business operates in thirty-four states and three Canadian provinces. **School Bus** operates through medium term contracts awarded by local school boards. **Transit** focuses predominantly on paratransit (the transportation of passengers with special needs). **Shuttle** offers corporate employee shuttle services to a range of sectors including Technology, Biotechnology, Manufacturing and Universities.

m	**H1 2023**	H1 2022	Change %	FY 2022
Revenue	**£587.0**	£518.7	13.2%	£1,048.2
Adjusted Operating Profit	**£13.8**	£57.4	(76.0)%	£68.4
Revenue	**$724.3**	$673.5	7.5%	$1,296.8
Adjusted Operating Profit	**$17.1**	$74.6	(77.1)%	$84.7
Adjusted Operating Margin	**2.4%**	11.1%	(8.7)%	6.5%

Highlights

In School Bus the first half of 2023 has been characterised by good recovery in pricing, an improvement in driver availability and a narrower risk outlook for the important new school year start in September. Prior year H1 profits benefitted from £38.7m of CERTS and £1m wage subsidy funding that was not repeated in H1 23. Pricing recovery on 40% of School Bus contracts that were subject to renewal will benefit H2 23.

In June 2023 a new CEO, Tim Werner, joined the Group to lead the North American School Bus business, and to refocus efforts on driving both operational excellence and growth. With more than 30 years experience, Tim brings significant leadership experience in transport and complex logistics having served in various senior roles at Fedex.

In Transit and Shuttle, the business has continued to offset the impact of cyclical weakness in the Technology industry by winning business in new sectors, including manufacturing and education. The business won nine new contracts in the half including a fixed route and paratransit contract in Charleston, new university shuttle services in Boston and the San Francisco Bay Area and new corporate shuttle work in manufacturing with Tesla in Buffalo. The multi-modal city hub in Chicago was also expanded.

Key highlights include:

- Revenue growth of 13% as services continue to rebuild;
- Operating profit lagging due to:
  - CERTS funding (in H1 22) of $50m ($nil in H1 23); and
  - Pricing recovery on 40% of the portfolio to benefit H2 from school restart in September 2023
- Statutory Operating Loss of £(5.0)m in the period compared to a Profit of £22.8m in H1 22.
- School Bus pricing better than expected at +13% on contracts due for renewal and +7.4% across the portfolio;
- Clear evidence that driver hiring and retention is working well, with 277 net driver hires in H1 (vs. 4 in H1 22 and a loss of 569 in H1 21) demonstrating the effectiveness of our re-invigorated hiring and training processes; and
- Acquired final 20% of WeDriveU on 7 July 2023 for $57m, in line with expectations.

UK & Germany

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

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

UK

m	**H1 2023**	H1 2022	Change %	FY 2022
Revenue	**£285.4**	£237.3	20.3%	£528.3
Adjusted Operating (Loss)	**£(10.8)**	£(12.8)	15.6%	£25.6
Adjusted Operating Margin	**(3.8)%**	(5.4)%	1.6%	4.8%

Germany

m	**H1 2023**	H1 2022	Change %	FY 2022
Revenue	**£137.3**	£124.1	10.6%	£268.5
Adjusted Operating Profit	**£5.9**	£3.0	96.7%	£17.6
Revenue	**€156.7**	€147.3	6.4%	€315.0
Adjusted Operating Profit	**€6.7**	€3.5	91.4%	€20.7
Adjusted Operating Margin	**4.3%**	2.4%	1.9%	6.6%

Highlights

The UK Bus and Coach businesses have been combined into a “one-UK” structure to drive efficiencies and best practice across the division. Statutory Operating Loss in the UK is £(21.2)m versus a loss of £(13.2)m in the prior period, impacted by the voluntary repayment of furlough monies in H1 23.

UK Coach:

- Strong growth in UK Coach Revenue resulting from good passenger recovery (+42%) and yields (+11%);
- National Express's UK scheduled coach network has grown eight times faster than the rest of the market (in terms of volume of service added);
- 12% of first-time users on a rail-strike day have since used National Express again; and
- Net Promoter Score of 40% despite operational challenges due to rail strikes demonstrating one of the benefits from actions taken to re-design the network.

UK Bus

- UK Bus significantly impacted by drivers' strike in Q1 and associated wage settlement, retrospectively effective from 1 January 2023;
- Significant additional and confirmed funding package from West Midlands Combined Authority to protect services will deliver further benefits in H2 and extends to the end of FY24;
- 12.5% fares increase implemented from 3 July 2023, assisting in recovering cost increases;
- Customer complaints reduced by 18%; and
- Closed the driver vacancy gap.

Germany:

- Constant currency Revenue growth of 6%, with passenger volumes boosted by German Government's €49 monthly travel initiative;
- Statutory Operating Profit in Germany of £5.0m (H1 22: loss of £(2.4)m);
- Preparation for mobilisation of RRX Lot 1 continues, with operations continuing on the emergency award basis; and
- Successfully concluded contract renegotiations for key maintenance agreements, which will boost lifetime contract profitability.

Group Chief Financial Officer's review

Summary Income Statement

	Six months to 30 June					
	Adjusted result[1] 2023 £m	**Adjusting items[1] 2023 £m**	**Statutory Total 2023 £m**	Adjusted result[2] 2022 £m	Adjusting items[2] 2022 £m	Statutory Total 2022 £m
Revenue	**1,569.4**	**-**	**1,569.4**	1,324.3	-	1,324.3
Operating costs	**(1,511.9)**	**(48.8)**	**(1,560.7)**	(1,233.8)	(48.2)	(1,282.0)
Operating profit/(loss)	**57.5**	**(48.8)**	**8.7**	90.5	(48.2)	42.3
Share of results from associates	**-**	**-**	**-**	(0.1)	-	(0.1)
Net finance costs	**(32.1)**	**-**	**(32.1)**	(21.7)	-	(21.7)
Profit/(loss) before tax	**25.4**	**(48.8)**	**(23.4)**	68.7	(48.2)	20.5
Tax	**(7.2)**	**(8.8)**	**(16.0)**	(17.3)	12.0	(5.3)
Profit/(loss) for the year	**18.2**	**(57.6)**	**(39.4)**	51.4	(36.2)	15.2

1: To supplement IFRS reporting, we also present our results on an adjusted basis to show the performance of the business before adjusting items. These are detailed on page 27 and principally comprise for the six months to 30 June 2023; intangible amortisation for acquired businesses, re-measurement of historic onerous contract provisions and impairments, re-measurement of the WeDriveU Put Liability, repayment of UK CJRS grant income ('furlough') and Group wide restructuring and other costs. In addition to performance measures directly observable in the Group financial statements (IFRS measures), alternative financial measures are presented that are used internally by management as key measures to assess performance. Further explanation in relation to these measures can be found on page 13.

2: Restated for correction to deferred tax assets and liabilities, see note 1 in the Financial Statements for further information.

The Group has seen strong passenger growth (as shown in the below table) and demand for its services in the period resulting in Group revenue increasing by 18.5% to £1,569.4m (H1 2022: £1,324.3m), with double-digit topline revenue growth across all operating segments.

	H1 2023 vs H1 2022 passenger growth %
UK Bus	6%
ALSA urban bus	22%
UK scheduled coach	42%
ALSA long haul	28%
Shuttle	57%

The Group’s Adjusted Operating Profit was £57.5m (H1 2022: £90.5m) a reduction of £33.0m compared to the the prior period with an increase in passenger demand in the period, being more than offset by a reduction in Covid-19 Government support of £59.6m, and the impact of inflation – particularly on driver wages – that will start to be recovered in the second half of the year.

During the period, the Group recognised £6.7m relating to Covid-19 government compensation in ALSA (H1 2022: £8.4m). No amounts were recognised in North America, compared to £38.7m related to the Coronavirus Economic Relief for Transportation Services (CERTS) grant and £1.0m recorded in respect of wage subsidy schemes in North America in the prior year.

The Group recognised £8.6m of UK Bus recovery funding in the period (H1 2022: £23.4m), with no amounts received in Germany (H1 2022: £3.4m).

	Revenue Support £m	Cost Support £m	Total £m
ALSA	6.7	-	6.7
North America	-	-	-
UK	-	8.6	8.6
German Rail	-	-	-
Total – Six months to 30 June 2023	**6.7**	**8.6**	**15.3**
Total – Six months to 30 June 2022	26.7	48.2	74.9

Excluding the impact of reduced government compensation, the Group's Adjusted Operating Profit increased by £26.6m, which was a result of growth and the increase in passenger demand seen across all segments, as noted previously, and increases in pricing and route recovery improvement in North America, which has been partially offset by the UK Bus front line strike action resulting in a network closure for six days and an associated pay settlement.

Savings relating to the productivity improvement and cost-reduction programme announced in the Q1 trading statement are expected to start to be delivered in H2.

After £48.8m (H1 2022: £48.2m) of adjusting items, statutory operating profit was £8.7m (H1 2022: £42.3m).

Adjusted Net Finance Costs increased by £10.4m to £32.1m (H1 2022: £21.7m) due to an increase in the Sterling Overnight Index Average (SONIA) rate resulting in a higher interest charge on interest rate swaps (used to swap the fixed interest coupons on the £250m bond into a floating rate) and additional utilisation of the Revolving Credit Facility. The Group recorded an Adjusted Profit Before Tax of £25.4m (H1 2022: £68.7m).

The adjusted effective tax rate of 28.3% (H1 2022: 25.2%) resulted in an adjusted tax charge of £7.2m (H1 2022: £17.3m). The statutory tax charge was £16.0m (H1 2022: £5.3m), with an adjusting tax charge of £8.8m (H1 2022: £12.0m credit) consisting of a charge of £20.9m relating to the write-off of a deferred tax asset on pre 2017 UK tax losses, which are restricted in their use, offset by a £12.1m credit relating to tax on adjusting items.

The statutory loss for the period, after the adjusting items noted below, was £39.4m (H1 2022: £15.2m profit).

Adjusting items

Adjusting operating items of £48.8m (H1 2022: £48.2m) were recorded as a net cost before tax in the Income Statement, of which £23.5m (H1 2022: £23.2m) were cash outflows in the period.

Adjusting items	**Income Statement Six months to 30 June 2023 £m**	Income Statement Six months to 30 June 2022 £m	**Cash Six months to 30 June 2023 £m**	Cash Six months to 30 June 2022 £m
Intangible amortisation for acquired businesses	**(17.3)**	(18.7)	**-**	-
Re-measurements of onerous contracts and impairments resulting from the Covid-19 pandemic	**(0.9)**	(3.3)	**(2.5)**	(8.3)
Re-measurement of the Rhine-Ruhr onerous contract provision	**(0.4)**	(4.9)	**(1.4)**	(4.7)
Re-measurement of onerous contract provisions and impairments in respect of North America driver shortages	**(4.9)**	(19.7)	**(7.0)**	(2.7)
Final re-measurement of WeDriveU put liability	**(2.3)**	-	**-**	-
Repayment of UK Coronavirus Job Retention Scheme grant ('Furlough')	**(8.9)**	-	**-**	-
Restructuring and other costs	**(14.1)**	(1.6)	**(12.6)**	(7.5)
Adjusting operating items	**(48.8)**	(48.2)	**(23.5)**	(23.2)
Tax (charge)/credit	**(8.8)**	12.0		
Total Adjusting items	**(57.6)**	(36.2)		

Non-cash intangible amortisation in respect of acquired businesses reduced by £1.4m in the period. Charges relating to the impact of the re-measurement of onerous contracts and impairments were significantly reduced at a total of £6.2m (H1 2022: £27.9m). The WeDriveU put liability charge of £2.3m represents the final true-up of the final 20% tranche of shares, and effective from 7th July 2023, the Group now owns 100% of that business. Repayment of the UK Coronavirus Job Retention Scheme grant of £8.9m reflects the commitment made to voluntarily repay furlough funding at the time the dividend was reinstated to shareholders. Restructuring and other costs of £14.1m includes the impact of Group wide strategic initiatives and restructuring.

Segmental performance

	Six months to 30 June					
	Adjusted Operating Profit/(Loss) 2023 £m	**Adjusting items 2023 £m**	**Segment result 2023 £m**	Adjusted Operating Profit/(Loss) 2022 £m	Adjusting items 2022 £m	Segment result 2022 £m
ALSA	**57.6**	**(6.8)**	**50.8**	50.3	(6.2)	44.1
North America	**13.8**	**(18.8)**	**(5.0)**	57.4	(34.6)	22.8
UK	**(10.8)**	**(10.4)**	**(21.2)**	(12.8)	(0.4)	(13.2)
German Rail	**5.9**	**(0.9)**	**5.0**	3.0	(5.4)	(2.4)
Central functions	**(9.0)**	**(11.9)**	**(20.9)**	(7.4)	(1.6)	(9.0)
Operating profit/(loss)	**57.5**	**(48.8)**	**8.7**	90.5	(48.2)	42.3

ALSA's Adjusted Operating Profit has increased by £7.3m to £57.6m as a result of strong passenger demand with Spanish long haul performing particularly well with high levels of occupancy. The Regional and Urban business has also seen continuing growth boosted by increased mobility, network increases and protected contracts.

North America Adjusted Operating Profit has decreased by £43.6m, with revenue growth of 13% as services rebuild, being fully offset by the 2022 CERTS grant income which was recognised in the prior period (£38.7m). School Bus pricing increases in the period for expiring contracts at c.13% has been better than expected with driver recruitment progressing well.

In the UK, the Coach business has made significant recoveries following the impact of the Omicron variant in the early part of 2022 with passenger volumes up 42%, with high levels of occupancy. UK Bus passenger volumes have increased (6%), but Adjusted Operating Profit has been significantly impacted by the drivers' strike in the first quarter of 2023 and the associated 16% wage settlement which was effective from 1 January, which meant that the UK recorded an Adjusted Operating Loss of £10.8m in the period (H1 2022: £12.8m). The segment result has been impacted by the voluntary repayment of UK Coronavirus Job Retention Scheme grant ('Furlough') funding of £8.9m as described above.

German Rail Adjusted Operating Profit is up £2.9m on prior year, benefitting from a full six months of the Lot 1 Rhine-Ruhr contract (2022 only included five months) and increased passenger demand.

Cash management

Funds flow	**Six months to 30 June 2023 £m**	Six months to 30 June 2022 £m
Adjusted Operating Profit	**57.5**	90.5
Depreciation and other non-cash items	**109.2**	107.3
EBITDA	**166.7**	197.8
Net maintenance capital expenditure*	**(55.0)**	(88.3)
Working capital movement	**(3.6)**	(24.9)
Pension contributions above normal charge	**(3.7)**	(3.6)
Operating cash flow	**104.4**	81.0
Net interest paid	**(16.0)**	(13.2)
Tax paid	**(8.7)**	(4.0)
Free cash flow	**79.7**	63.8
Growth capital expenditure*	**3.0**	(29.2)
Acquisitions and disposals (net of cash acquired/disposed)	**(6.4)**	(25.6)
Adjusting items	**(23.5)**	(23.2)
Payment on hybrid instrument	**(21.3)**	(21.3)
Dividend	**(30.7)**	-
Other, including foreign exchange	**38.2**	(62.2)
Net funds flow	**39.0**	(97.7)
Net Debt	**(1,168.9)**	(1,167.5)

* Net maintenance capital expenditure and growth capital expenditure are defined in the glossary of Alternative Performance Measures on page 13

The Group generated EBITDA of £166.7m in the period (H1 2022: £197.8m) which was impacted by the £59.6m reduction in Covid-19 government grant support noted previously.

£55.0m of maintenance capital expenditure is principally related to asset purchases in North America and ALSA and is £33.3m less than H1 2022 as the Group accelerated capital expenditure at the end of December 2022, to secure production slots, resulting in a lower cash outflow in H1 2023. Working capital is well controlled with an outflow of £3.6 million, compared to an outflow of £24.9m in the previous period due to CERTS receipts being received in 2021.

Free cash inflow is £79.7m in the period (H1 2022: £63.8m), representing strong free cash flow conversion of 138% (H1 2022: 70%).

Growth capital expenditure is a net receipt of £3.0m in the period (H1 2022: £29.2m expenditure) due to funding from the local authority of £11.9m relating to the new Casablanca fleet, which was purchased for the Casablanca contract in the prior year, and assets purchased on new business primarily in North America and ALSA. Acquisition costs of £6.4m (H1 2022: £25.6m) relate mainly to small acquisitions in ALSA, as well as earn-out consideration paid for previous acquisitions, with the prior period including £18.2m for the purchase of a further 10% of WeDriveU and £6.0m for the acquisition of Vitalia in Spain.

A cash outflow of £23.5m was recorded in respect of the items excluded from adjusted results as explained above. £21.1m of coupon payments on the hybrid instrument were made in the period and £30.7m in respect of the dividend that was reinstated following the 2022 full year results at 5.0p per share. Other inflows of £38.0m principally reflect the movement in exchange rates and settlement of foreign exchange derivatives.

Net funds inflow for the period of £39.0m (H1 2022: £97.7m outflow) resulted in Net Debt of £1,168.9m (H1 2022: £1,167.5m).

Please see page 14 for a reconciliation to the statutory cash flow statement.

Dividend

The Board has announced an interim dividend of 1.7p, which is in line with our previously communicated policy that the Group's interim dividend will be set at a level equivalent to approximately one third of the prior full year dividend. The Group's policy is to maintain a dividend cover ratio in excess of two times.

Treasury management

The Group maintains a disciplined approach to its financing and is committed to an investment grade credit rating.

In light of the impact of the Covid-19 pandemic on EBITDA generation, the Group had previously renegotiated its covenants to obtain waivers from, or amendments to, the normal covenant tests, from 2020 to 2022. This period has now ended and the usual covenant tests apply from 30 June 2023 onwards, being a <3.5x test for gearing and a >3.5x test for interest cover. At 30 June 2023, covenant gearing was 2.8x (31 December 2022: 2.8x) and interest cover was 6.3x (31 December 2022: 8.6x); both comfortably within their covenants.

At 30 June 2023, the Group had utilised £1.1bn of debt capital and committed facilities, with an average maturity of 3.7 years. At 30 June 2023, the Group's RCFs were undrawn and the Group had available a total of £0.8bn in cash and undrawn committed facilities. The table below sets out the composition of these facilities:

Funding facilities	Facility £m	Utilised at 30 June 2023 £m	Headroom at 30 June 2023 £m	Maturity year
Core RCFs*	527*	-	527*	2024-2025*
2023 bond	400	400	-	2023
2028 bond	250	250	-	2028
Private placement	404	404	-	2027-2032
Divisional bank loans	139	139	-	Various
Leases	176	176	-	Various
Funding facilities excluding cash	1,896	1,369	527	
Net cash and cash equivalents		(311)	311	
Total		**1,058**	**838**	

** Figures shown as at 30 June 2023. Subsequent to the period end the Group completed the refinancing of its Core RCF facility, with the signing of a new £600m, 5 year committed revolving credit facility, with options to extend for two further years.*

In November 2023, the £400m 2023 bond matures, and the Group anticipates refinancing this with a new bond in Q3 2023. In anticipation of this refinancing, the Group previously entered into a £400m bridge-to-bond facility in December 2022 in order to maintain liquidity headroom; this facility is for an initial period of 18 months and includes committed options to extend the maturity date until December 2025 if required.

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

At 30 June 2023, the Group had foreign currency debt and swaps held as net investment hedges. These help mitigate volatility in the foreign currency translation of our overseas net assets. The Group also hedges its exposure to interest rate movements to maintain an appropriate balance between fixed and floating interest rates on borrowings. At 30 June 2023, the proportion of Group debt at floating rates was 18% (31 December 2022: 19%).

Return on capital employed

The return on capital employed at the end of the period was 5.9% (31 December 2022: 7.7%; 30 June 2022: 5.9%).

Group tax policy

We adopt a prudent approach to our tax affairs, aligned to business transactions and economic activity. We have a constructive and good working relationship with the tax authorities in the countries in which we operate and there are no outstanding tax audits in any of our main three markets of the UK, Spain and North America. The Group's tax strategy is published on the Group website in accordance with UK tax law.

Pensions

The Group's principal defined benefit pension scheme is in the UK. The combined deficit under IAS 19 on 30 June 2023 was £34.6m (December 2022: £42.1m), with the IAS 19 deficit for the Group main's scheme, West Midlands Bus being £32.1m (December 2022: £39.7m)

The agreed deficit repayments on the West Midlands Bus plan are £7.5m, £7.7m and £7.8m per annum for the three years from 1 April 2023.

Fuel costs

Fuel cost represents approximately 9% of revenue (30 June 2022: 8%). At 30 June 2023 the Group is fully hedged for 2023 at an average price of 48.5p per litre; around 75% hedged for 2024 at an average price of 51.1p; and around 35% hedged for 2025 at an average price of 52.3p. This compares to an average hedged price in 2020, 2021 and 2022 of 37.2p, 37.8p and 37.5p respectively.

Going concern

The Financial Statements have been prepared on a going concern basis as the Directors are satisfied that the Group has adequate resources to continue in operational existence for a period of not less than 12 months from the date of approval of the financial statements. Details of the Board's assessment of the Group's 'base case', 'reasonable worse case', and 'reverse stress tests' are detailed in note 1 of the Financial Statements on pages 22 to 23.

Risks and uncertainties

In the 2022 Annual Report the Board set out what it considered to be the principal risks and uncertainties. Having subsequently reviewed these again the Board considers them to remain relevant. The principal risks are summarised below:

- Unprecedented external factors threatening the resilience of the business: the risk being the Group is not able to identify and therefore sufficiently prepare and test appropriately for such events and therefore lead to significant financial and reputational damage.
- Economic conditions: declining economic conditions with very high inflation, high energy prices and cost pressures may impact demand for travel and increase pressure on labour costs.
- Political and geopolitical environment: the Group's profitability and operational flexibility are impacted by the threat of recession and political instability driven by new elections in the UK and Spain, bringing potential political and regulatory changes to countries we operate in.
- Regulatory landscape and ability to comply: our industry is highly regulated and we need to ensure compliance with not only existing, but also new regulation to avoid operational, financial and reputational damage.
- Climate changes (physical): Widespread events such as extreme weather can interrupt operations and cause revenue loss even if the Group's assets are undamaged.
- Changing customer expectations in a digital world: failure to adapt to changing customer expectations, especially in the digital environment, could affect customer satisfaction and the business's ability to capitalise on valuable customer data and commercial initiatives.
- Climate changes and transition to ZEV: increased political and customer demand for ZEVs; increased execution risk as part of this transition; and significant change in infrastructure.
- Competition and market dynamics: increased competition from other modes of transport and/or in terms of increased price competition.
- Attractions/retention of talent/HR/labour relations: increased unionisation, industrial action and/or poor labour relation results in strike action; increased wages costs; ability to retain management talent and leadership skills; shortage in drivers leads to operational disruption and wage cost inflation.
- Cyber/IT failures/Data Protection: loss of confidential data causing damage to brand reputation and incurring penalties; major IT failure causing severe or sustained disruption to the business.
- Safety incidents, litigations and claims: a major safety or security-related incident could impact the Group both financially and reputationally.
- Credit/financing: Group liquidity could be impacted by a material increase in borrowing costs; and a material tightening of credit markets

James Stamp
Group Chief Financial Officer
27 July 2023

Alternative performance measures

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

Measure	Closest IFRS measure	Definition and reconciliation	Purpose
EBITDA	Operating profit[1]	Earnings Before Interest and Tax plus Depreciation and Amortisation. It is calculated by taking Adjusted Operating Profit and adding back depreciation, fixed asset grant amortisation, and share-based payments. This is illustrated in the Group Chief Financial Officer's Report on page 10.	EBITDA is used as a key measure to understand profit and cash generation before the impact of investments (such as capital expenditure and working capital). It is also used to derive the Group's gearing ratio.
Gearing	No direct equivalent	The ratio of Covenant Net Debt to EBITDA over the last 12 months, after making the following adjustments to EBITDA: including any pre-acquisition EBITDA generated in that 12-month period by businesses acquired by the Group during that period; the reversal of IFRS 16 accounting; the exclusion of the profit or loss from associates; the exclusion of the profit or loss attributable to minority interest; and the add back of interest costs arising from the unwind of the discount on provisions.	The gearing ratio is considered a key measure of balance sheet strength and financial stability by which the Group and interested stakeholders assesses its financial position.
Free cash flow	Net cash generated from operating activities	The cash flow equivalent of Adjusted Profit After Tax. A reconciliation of Adjusted Operating Profit and net cash flow from operating activities to free cash flow is set out in the supporting tables below.	Free cash flow allows us and external parties to evaluate the cash generated by the Group's operations and is also a key performance measure for the Executive Directors' annual bonus structure and management remuneration.
Net maintenance capital expenditure	No direct equivalent	Comprises the purchase of property, plant and equipment and intangible assets, other than growth capital expenditure, less proceeds from their disposal. It excludes capital expenditure arising from discontinued operations. It includes the capitalisation of leases initiated in the year in respect of existing business. A reconciliation of capital expenditure in the statutory cash flow statement to net maintenance capital expenditure (as presented in the Group Chief Financial Officer's Report) is set out in the supporting tables below.	Net maintenance capital expenditure is a measure by which the Group and interested stakeholders assesses the level of investment in new/existing capital assets to maintain the Group's profit.
Growth capital expenditure	No direct equivalent	Growth capital expenditure represents the cash investment in new or nascent parts of the business, including new contracts and concessions, which drive enhanced profit growth. It includes the capitalisation of leases initiated in the year in respect of new business.	Growth capital expenditure is a measure by which the Group and interested stakeholders assesses the level of capital investment in new capital assets to drive profit growth.
Net Debt	Borrowings less cash and related hedges	Cash and cash equivalents (cash overnight deposits, other short-term deposits) and other debt receivables, offset by borrowings (loan notes, bank loans and finance lease obligations) and other debt payable (excluding accrued interest). The components of Net Debt as they reconcile to the primary financial statements and notes to the accounts is disclosed in note 14.	Net Debt is the measure by which the Group and interested stakeholders assesses its level of overall indebtedness.
Covenant Net Debt	Borrowings less cash and related hedges	Net Debt adjusted for certain items agreed with the Group's lenders as being excluded for the purposes of calculating Net Debt for covenant assessment. The adjustments principally comprise the exclusion of IFRS 16 liabilities, the exclusion of amounts owing under arrangements to factor advance subsidy payments, the add back of trapped cash, and an adjustment to retranslate any borrowing denominated in foreign currency to the average foreign currency exchange rates over the preceding 12 months.	Covenant Net Debt is the measure that is applicable in the covenant gearing test.
Adjusted earnings	Profit after tax	Is the Adjusted Profit attributable to equity shareholders for the period, and can be found on the face of the Group Income Statement in the first column.	Adjusted earnings is a key measure used in the calculation of Adjusted earnings per share.
Adjusted earnings per share	Basic earnings per share	Is Adjusted earnings divided by the weighted average number of shares in issue, excluding those held in the Employee Benefit Trust which are treated as cancelled. A reconciliation of statutory profit to Adjusted profit for the purpose of this calculation is provided within note 8 of the financial statements.	Adjusted earnings per share is widely used by external stakeholders, particularly in the investment community.
Adjusted Operating Profit	Operating profit[1]	Statutory operating profit excluding adjusting items, and can be found on the face of the Group Income Statement in the first column.	Adjusted Operating Profit is a key performance measure for the Executive Directors' annual bonus structure and management remuneration. It also allows for ongoing trends and performance of the Group to be measured by the Directors, management and interested stakeholders.
Adjusted Operating Margin	Operating profit[1] *divided by revenue*	Adjusted Operating Profit/(Loss) divided by revenue	Adjusted Operating Margin is a measure used to assess and compare profitability. It also allows for ongoing trends and performance of the Group to be measured by the Directors, management and interested stakeholders
Adjusted Profit Before Tax	Profit before tax	Statutory profit before tax excluding adjusting items, and can be found on the face of the Group Income Statement in the first column.	Adjusted Profit before tax allows a view of the profit before tax after taking account of the Adjusting items

Return on capital employed (ROCE)	Operating profit[1] and net assets	Adjusted Operating Profit divided by average capital employed. Capital employed is net assets excluding Net Debt and derivative financial instruments, and for the purposes of this calculation is translated using average exchange rates. The calculation of ROCE is set out in the reconciliation tables below.	ROCE gives an indication of the Group's capital efficiency and is a key performance measure for the Executive Directors' remuneration.

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

Supporting reconciliations

Reconciliation of net cash flow from operating activities to free cash flow	Six months to 30 June 2023 £m	Six months to 30 June 2022 £m
Net cash flow from operating activities	**120.6**	92.9
Cash (receipts)/payments in respect of IFRIC 12 asset purchases treated as working capital for statutory cash flow*	**(11.9)**	25.7
Cash expenditure in respect of adjusting items	**23.5**	23.2
Net maintenance capital expenditure	**(55.0)**	(88.3)
Other non-cash movements	**(0.4)**	(0.2)
Profit on disposal of fixed assets	**2.9**	10.5
Free cash flow	**79.7**	63.8

*During the year the Group received cash in respect of a capital grant receivable for assets (principally vehicles) acquired in previous years to fulfil a contract in Morocco that is accounted for under the IFRIC12 financial asset model and for which the statutory cash flow for these purchases and grants receivable are accordingly presented as a movement in working capital, with the assets being recorded as contract assets on the balance sheet rather than in property, plant and equipment or intangible assets. In order to be consistent with the treatment of asset purchases on other contracts, these asset purchases are reclassified to capital expenditure for the purposes of the "funds flow" presented in the CFO report. The grant receipt has been included as growth capital expenditure, consistent with the original asset purchases for new business and consistent with previous years.

Reconciliation of capital expenditure in statutory cash flow to funds flow	Six months to 30 June 2023 £m	Six months to 30 June 2022 £m
Purchase of property, plant and equipment	**(41.8)**	(70.0)
Proceeds from disposal of property, plant and equipment	**3.2**	5.5
Payments to acquire intangible assets	**(4.8)**	(5.7)
Proceeds from disposal of intangible assets	**0.4**	4.1
Net capital expenditure in statutory cash flow statement	**(43.0)**	(66.1)
Profit on disposal of fixed assets	**(2.9)**	(10.5)
Capitalisation of leases initiated in the year, less disposals	**(18.0)**	(15.2)
Cash receipts/payments in respect of IFRIC12 purchases (as explained above)	**11.9**	(25.7)
Net capital expenditure in the funds flow (presented in the Group Chief Financial Officer's Report)	**52.0**	(117.5)
Split as:		
Net maintenance capital expenditure	***(55.0)***	*(88.3)*
Growth capital expenditure	***3.0***	*(29.2)*

Reconciliation of ROCE	12 months to 30 June 2023 £m	12 months to 30 June 2022* £m
Group statutory operating (loss)/profit	**(192.1)**	32.2
Add back: adjusting items	**356.4**	122.4
Return – Adjusted Group Operating Profit	**164.3**	154.6
Average net assets	**1,433.2**	1,580.2
Average net debt	**1,168.2**	1,125.9
Average derivatives (excluding derivatives reported within net debt)	**(21.6)**	(19.7)
Foreign exchange adjustment	**187.0**	(50.2)
Average capital employed	**2,766.8**	2,636.2
Return on capital employed	**5.9%**	5.9%

*Return on capital for the 12 months to 30 June 2022 has been recalculated following the prior year restatement for deferred tax assets and liabilities (see note 1). This has resulted in no change to the previously reported Return on capital employed of 5.9%.

Directors' Responsibilty Statement

The Directors confirm that, to the best of their knowledge:

- the condensed financial statements of the Company have been prepared in accordance with IAS 34; and
- the interim management report of the Company includes:
    - a fair review of the important events during the first six months of the year and their impact on the condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the year, as required by DTR 4.2.7R; and
    - a fair review of related party transactions and changes therein, as required by DTR 4.2.8R.

On behalf of the Board

Ignacio Garat **Chief Executive Officer**	**James Stamp** **Chief Financial Officer**

MOBICO GROUP PLC
CONDENSED GROUP INCOME STATEMENT
For the six months ended 30 June 2023

		Unaudited six months to 30 June						Audited
	Note	**Adjusted result 2023 £m**	**Adjusting Items (note 5) 2023 £m**	**Total 2023 £m**	(Restated) Adjusted result 2022[1] £m	Adjusting Items (note 5) 2022 £m	(Restated) Total 2022[1] £m	Year to 31 December Total 2022 £m
Revenue	3	**1,569.4**	**–**	**1,569.4**	1,324.3	–	1,324.3	2,807.5
Operating costs		**(1,511.9)**	**(48.8)**	**(1,560.7)**	(1,233.8)	(48.2)	(1,282.0)	(2,966.0)
Group operating profit/(loss)		**57.5**	**(48.8)**	**8.7**	90.5	(48.2)	42.3	(158.5)
Share of results from associates and joint ventures		**–**	**–**	**–**	(0.1)	–	(0.1)	(0.4)
Finance income	4	**1.7**	**–**	**1.7**	1.3	–	1.3	2.2
Finance costs	4	**(33.8)**	**–**	**(33.8)**	(23.0)	–	(23.0)	(53.2)
Profit/(loss) before tax		**25.4**	**(48.8)**	**(23.4)**	68.7	(48.2)	20.5	(209.9)
Tax (charge)/credit	6	**(7.2)**	**(8.8)**	**(16.0)**	(17.3)	12.0	(5.3)	(10.8)
Profit/(loss) for the period		**18.2**	**(57.6)**	**(39.4)**	51.4	(36.2)	15.2	(220.7)
Profit/(loss) attributable to equity shareholders		**16.8**	**(57.4)**	**(40.6)**	47.9	(35.7)	12.2	(221.8)
Profit/(loss) attributable to non-controlling interests		**1.4**	**(0.2)**	**1.2**	3.5	(0.5)	3.0	1.1
		18.2	**(57.6)**	**(39.4)**	51.4	(36.2)	15.2	(220.7)
Earnings per share:	8							
– basic earnings per share				**(8.3)p**			0.3p	(39.7)p
– diluted earnings per share				**(8.3)p**			0.3p	(39.7)p

[1] Restated for correction to deferred tax assets and liabilities, see note 1 for further information

MOBICO GROUP PLC
CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2023

	Unaudited six months to 30 June 2023 £m	(Restated) Unaudited six months to 30 June 2022[1] £m	Audited year to 31 December 2022 £m
(Loss)/profit for the period	**(39.4)**	15.2	(220.7)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains on defined benefit pension plans	**4.2**	36.6	53.0
Deferred tax charge on actuarial movements	**(1.0)**	(9.2)	(12.7)
Gains on equity instruments classified as fair value through Other Comprehensive Income	**–**	0.4	1.7
	3.2	27.8	42.0
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on retranslation of foreign operations	**(78.6)**	132.1	146.9
Exchange differences on retranslation of non-controlling interests	**(1.6)**	2.1	3.1
Gains/(losses) on net investment hedges	**33.6**	(44.8)	(57.6)
(Losses)/gains on cash flow hedges	**(45.5)**	96.1	78.6
Cost of hedging	**0.3**	(0.7)	(0.7)
Hedging gains and losses reclassified to Income Statement	**7.0**	(39.2)	(77.7)
Deferred tax (charge)/credit on foreign exchange differences	**(4.2)**	0.1	1.3
Deferred tax credit/(charge) on cash flow hedges	**9.5**	(14.3)	5.2
	(79.5)	131.4	99.1
Other comprehensive (expenditure)/income for the period	**(76.3)**	159.2	141.1
Total comprehensive (expenditure)/income for the period	**(115.7)**	174.4	(79.6)
Total comprehensive (expenditure)/income attributable to:			
Equity shareholders	**(115.3)**	169.3	(83.8)
Non-controlling interests	**(0.4)**	5.1	4.2
	(115.7)	174.4	(79.6)

[1] Restated for correction to deferred tax assets and liabilities, see note 1 for further information

MOBICO GROUP PLC
CONDENSED GROUP BALANCE SHEET
At 30 June 2023

	Note	**Unaudited 30 June 2023 £m**	(Restated) Unaudited 30 June 2022[1] £m	Audited 31 December 2022 £m
Non-current assets				
Intangible assets		**1,545.9**	1,870.1	1,620.9
Property, plant and equipment		**1,121.2**	1,162.3	1,175.3
Non-current financial assets		**19.5**	47.2	26.9
Deferred tax assets		**180.1**	152.7	185.5
Investments accounted for using the equity method		**12.8**	13.8	13.9
Trade and other receivables		**162.7**	167.7	173.5
Finance lease receivable		**7.8**	11.6	9.7
Defined benefit pension assets	12	**0.2**	–	0.4
Total non-current assets		**3,050.2**	3,425.4	3,206.1
Current assets				
Inventories		**32.1**	32.6	32.4
Trade and other receivables		**563.7**	517.3	560.7
Finance lease receivable		**3.7**	4.5	4.3
Derivative financial instruments	11	**40.9**	78.0	37.7
Current tax assets		**2.9**	5.7	2.3
Cash and cash equivalents	9	**356.8**	341.9	291.8
Total current assets		**1,000.1**	980.0	929.2
Assets classified as held for sale	13	**24.5**	19.4	18.6
Total assets		**4,074.8**	4,424.8	4,153.9
Non-current liabilities				
Borrowings		**(854.4)**	(1,294.3)	(886.3)
Derivative financial instruments	11	**(34.4)**	(16.1)	(22.4)
Deferred tax liability		**(26.2)**	(19.6)	(26.9)
Other non-current liabilities		**(111.7)**	(141.3)	(121.2)
Defined benefit pension liabilities	12	**(34.8)**	(61.2)	(42.5)
Provisions		**(59.3)**	(68.0)	(65.7)
Total non-current liabilities		**(1,120.8)**	(1,600.5)	(1,165.0)
Current liabilities				
Trade and other payables		**(923.5)**	(798.4)	(874.5)
Borrowings		**(673.9)**	(202.2)	(602.0)
Derivative financial instruments	11	**(45.3)**	(81.5)	(41.9)
Current tax liabilities		**(4.2)**	(10.2)	(4.2)
Provisions		**(81.0)**	(91.8)	(75.6)
Total current liabilities		**(1,727.9)**	(1,184.1)	(1,598.2)
Total liabilities		**(2,848.7)**	(2,784.6)	(2,763.2)
Net assets		**1,226.1**	1,640.2	1,390.7
Shareholders' equity				
Share capital		**30.7**	30.7	30.7
Share premium		**533.6**	533.6	533.6
Own shares		**(3.6)**	(4.0)	(3.9)
Hybrid reserve		**502.2**	502.2	513.0
Other reserves		**403.8**	513.7	481.7
Retained earnings		**(283.7)**	20.3	(207.4)
Total shareholders' equity		**1,183.0**	1,596.5	1,347.7
Non-controlling interest in equity		**43.1**	43.7	43.0
Total equity		**1,226.1**	1,640.2	1,390.7

[1] Restated for correction to deferred tax assets and liabilities, see note 1 for further information

MOBICO GROUP PLC
CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2023

	Share capital £m	Share premium £m	Own shares £m	Hybrid reserve £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 1 January 2023	30.7	533.6	(3.9)	513.0	481.7	(207.4)	1,347.7	43.0	1,390.7
(Loss)/Profit for the period	–	–	–	–	–	(40.6)	(40.6)	1.2	(39.4)
Other comprehensive (expenditure)/income for the period	–	–	–	–	(77.9)	3.2	(74.7)	(1.6)	(76.3)
Total comprehensive expenditure	–	–	–	–	(77.9)	(37.4)	(115.3)	(0.4)	(115.7)
Own shares released to equity employee share schemes	–	–	0.3	–	–	(0.3)	–	–	–
Accrued payments on hybrid instrument	–	–	–	10.5	–	(10.5)	–	–	–
Payments on hybrid instrument	–	–	–	(21.3)	–	–	(21.3)	–	(21.3)
Deferred tax on hybrid bond payments	–	–	–	–	–	2.6	2.6	–	2.6
Dividends	–	–	–	–	–	(30.7)	(30.7)	–	(30.7)
Contributions from non-controlling interests	–	–	–	–	–	–	–	0.4	0.4
Other movements with non-controlling interests	–	–	–	–	–	–	–	0.1	0.1
At 30 June 2023	30.7	533.6	(3.6)	502.2	403.8	(283.7)	1,183.0	43.1	1,226.1

MOBICO GROUP PLC
CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2022

	Share capital £m	Share premium £m	Own shares £m	Hybrid reserve £m	(Restated) Other reserves[1] £m	(Restated) Retained earnings[1] £m	(Restated) Total[1] £m	Non-controlling interests £m	(Restated) Total equity[1] £m
At 1 January 2022	30.7	533.6	(4.5)	513.0	384.0	(16.2)	1,440.6	41.1	1,481.7
Profit for the period	–	–	–	–	–	12.2	12.2	3.0	15.2
Other comprehensive income for the period	–	–	–	–	129.7	27.4	157.1	2.1	159.2
Total comprehensive income	–	–	–	–	129.7	39.6	169.3	5.1	174.4
Shares purchased	–	–	(0.2)	–	–	–	(0.2)	–	(0.2)
Own shares released to equity employee share schemes	–	–	0.7	–	–	(0.7)	–	–	–
Accrued payments on hybrid instrument	–	–	–	10.5	–	(10.5)	–	–	–
Payments on hybrid instrument	–	–	–	(21.3)	–	–	(21.3)	–	(21.3)
Deferred tax on hybrid bond payments	–	–	–	–	–	2.6	2.6	–	2.6
Purchase of subsidiary shares from non-controlling interest	–	–	–	–	–	5.5	5.5	(5.5)	–
Contributions from non-controlling interests	–	–	–	–	–	–	–	3.0	3.0
At 30 June 2022	30.7	533.6	(4.0)	502.2	513.7	20.3	1,596.5	43.7	1,640.2

[1] Restated for correction to deferred tax assets and liabilities, see note 1 for further information

MOBICO GROUP PLC
CONDENSED GROUP STATEMENT OF CASH FLOWS
For the six months ended 30 June 2023

	Note	**Unaudited six months to 30 June 2023 £m**	Unaudited six months to 30 June 2022[1] £m	Audited year to 31 December 2022 £m
Cash generated from operations	15	**144.9**	109.9	284.9
Tax paid		**(8.7)**	(4.0)	(17.6)
Interest paid		**(16.0)**	(13.2)	(48.6)
Interest received		**0.4**	0.2	2.5
Net cash flow from operating activities		**120.6**	92.9	221.2
Cash flows from investing activities				
Payments to acquire businesses, net of cash acquired	13	**(3.2)**	(4.4)	(4.8)
Deferred consideration for businesses acquired	13	**(3.0)**	(1.3)	(3.7)
Purchase of property, plant and equipment		**(41.8)**	(70.0)	(169.0)
Proceeds from disposal of property, plant and equipment		**3.2**	5.5	9.3
Payments to acquire intangible assets		**(4.8)**	(5.7)	(10.7)
Proceeds from disposal of intangible assets		**0.4**	4.1	5.2
Payments to settle net investment hedge derivative contracts		**(0.6)**	(5.0)	(10.5)
Receipts on settlement of net investment hedge derivative contracts		**4.9**	2.9	3.1
Receipts relating to associates and investments		**0.9**	0.3	0.7
Net cash flow from investing activities		**(44.0)**	(73.6)	(180.4)
Cash flows from financing activities				
Dividends paid to holders of hybrid instrument		**(21.3)**	(21.3)	(21.3)
Principal lease payments		**(32.3)**	(37.7)	(85.9)
Increase in borrowings		**163.9**	72.3	128.8
Repayment of borrowings		**(79.7)**	(90.5)	(169.5)
Payments to settle foreign exchange forward contracts		**(11.2)**	(17.6)	(61.7)
Receipts on settlement of foreign exchange forward contracts		**23.1**	7.7	22.3
Purchase of own shares		**(0.2)**	(0.2)	(0.3)
Acquisition of non-controlling interests[2]		–	(18.2)	(19.1)
Contributions from non-controlling interests		**0.4**	3.0	3.2
Disposals of non-controlling interests		–	–	0.6
Dividends paid to shareholders of the Company		**(30.7)**	–	–
Net cash flow from financing activities		**12.0**	(102.5)	(202.9)
Increase/(decrease) in net cash and cash equivalents		**88.6**	(83.2)	(162.1)
Opening net cash and cash equivalents		**233.1**	376.2	376.2
Increase/(decrease) in net cash and cash equivalents		**88.6**	(83.2)	(162.1)
Foreign exchange		**(11.1)**	8.0	19.0
Closing net cash and cash equivalents	9	**310.6**	301.0	233.1

[1] Restated for correction to deferred tax assets and liabilities, see note 1 for further information
[2] Amounts in 2022 include £18.2m paid on exercise of 10% of the WeDriveU put liability

1. General information

Basis of preparation

The condensed interim Financial Statements have been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and with International Accounting Standards 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board. It should be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2022, which were prepared in accordance with applicable law and International Financial Reporting Standards as issued by the International Accounting Standards Board.

These condensed interim Financial Statements for the six months ended 30 June 2023 do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2022 were approved by the Board of Directors on 1 March 2023 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

Figures for the year ended 31 December 2022 have been extracted from the Group's Annual Report and Accounts for the year ended 2022. The interim results are unaudited but have been reviewed by the Group's auditor.

Going concern

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

The Group continues to maintain a strong liquidity position, with £0.8bn in cash and undrawn committed facilities available to it as of 30 June 2023 and total committed facilities of £1.9bn at this date. Within the going concern outlook period, the only expiry of these facilities is a £400m sterling bond maturing in November 2023. In anticipation of this refinancing, the Group entered into a £400m bridge-to-bond facility in December 2022; this is for an initial period of 18 months and includes committed options to extend the maturity date until December 2025. Additionally, on 11 July 2023 the Group refinanced its revolving credit facility ("RCF"), increasing the facility size to £600m. This replaces the existing facility, the majority of which was due to mature in 2025. The new facility is committed for five years (to July 2028), with two annual extension options to July 2030. Covenants and other key terms are consistent with those of the Group's former RCF.
The Group has positive relationships and regular dialogue with its lenders. Certain of the Group's borrowings are subject to covenant tests on gearing and interest cover on a bi-annual basis. A gearing covenant of ≤3.5x and an interest covenant of >3.5x apply to the Group.

The Group has continued to grow throughout the period to June 2023, to deliver record revenue (at constant currency) in the first six months of the year. The outlook for the near term is encouraging, with all divisions due to improve profitability in the latter part of the year. This is driven by ongoing expansion and growth across the business and the impact of the decisive action taken to recover the impact of cost inflation seen in the first half, as well as the benefit from the previously announced cost efficiency programme. Despite the prevailing macroeconomic uncertainty, we are confident in the Group's prospects as a value-for-money provider of essential public services, and therefore consider the business highly resilient to cost-of-living pressures. At the same time the Directors remain confident in the longer term outlook for the Group with an ambition to selectively pursue growth from a strong pipeline of opportunities. This growth ambition is strengthened by government policy which is highly supportive of public transport as part of the solution to climate change.

In the base case projections, which cover the period to August 2024, for the remainder of this year we assume a continuation of the positive momentum seen across the Group in the first half leading to improved profitability in all divisions following recovery of inflation and implementation of targeted cost saving initiatives. For the 2024 projections, we assume ongoing growth in the base business, meaningful upside from pricing renegotiations in excess of wage inflation in North America School Bus, price increases in UK Bus, the impact of our cost reduction program, as well as success in securing new growth contract wins in our chosen markets across the Group.

Consistent with the assessment at 31 December 2022, the reasonable worst case ("RWC") has been formed around the following four themes, all of which relate to the prevailing macroeconomic situation:

1. *Driver shortages:* despite demonstrable progress in closing the driver shortage gap in the year so far, we prudently assume that most divisions will continue to be impacted by further driver shortages in the upcoming 12 months, affecting the Group's ability to deliver services, with a 1% reduction in revenue pertaining to unavailability of drivers applied across several divisions of the Group. In North America, we assume that 75% of the routes due to be recovered between now and the start of the new school year in September are not reinstated due to unavailability of drivers, resulting in lost revenue in both 2023 and 2024.
2. *Reduced demand:* despite the essential nature of many of our services, we prudently assume that lower household disposable incomes due to high inflation, coupled with increasing unemployment, lead to a reduction in demand for our services. This also assumes that contract wins and retention rates suffer as a result of public authorities and businesses cutting budgets. The downside modelled varies between divisions according to the nature of its customer base.
3. *Inflation:* we assume that cost inflation is a further 1% higher than that already modelled in H2 2023 and 5% higher than modelled in 2024, and that only around half of this is passed on to customers in the form of price increases or contractual margin protection mechanisms. For UK Bus, additional incremental cost to take account of the driver pay deal agreed in March 2023 has also been applied to the 2024 projections.
4. *Price rises:* price rise assumptions have only been applied where we are able to control prices, considering other competition factors and contractual indexation mechanisms.

These downsides have been modelled for each division independently, taking into account the current economic situation in each market, including the relative labour market and inflation dynamics between geographies, which has been corroborated against independent external forecasts.

In addition to these wider downside themes described above, we further assume failure to win certain new growth contracts, a shortfall in government funding, and higher interest rates on non-fixed borrowings as a result of central banks' efforts to curtail high inflation.

Consistent with prior assessments, against the RWC the Group has again assumed mitigations in the form of further reductions in expenditure, over and above those reflected in the base case, primarily around discretionary spending and back office cost savings, and curtailment of capital expenditure.

The Directors have reviewed the base case and RWC projections and in both scenarios the Group has a strong liquidity position over the next 12 months and significant headroom on all of its covenant tests.

1. General information continued
In addition to the base case and RWC scenarios, the Directors have reviewed reverse stress tests, in which the Group has assessed the set of circumstances that would be necessary for the Group to either breach the limits of its borrowing facilities or breach any of the covenant tests.
In applying a reverse stress test to liquidity the Directors have concluded that the set of circumstances required to exhaust it are so extreme as to be considered clearly remote. As ever, covenants that include EBITDA as a component are more sensitive to reverse stress testing; the Directors have therefore conducted in-depth stress testing on all covenant tests at December 2023 and June 2024. In doing so, the Directors have considered all cost mitigations that would be within their control if faced with another short-term material EBITDA reduction and no lender support to amend or waive EBITDA-related covenants. Stress tests on both reduced passenger demand and higher irrecoverable cost inflation have been modelled. Taking this into account the Directors concluded that the probability was remote that circumstances arise that cause covenants to be breached.

A stress test on the interest cover covenant has also been performed in light of ongoing high market interest rates and predictions that central bank rates may rise further to curtail inflation. The vast majority of the Group's borrowings are fixed, however a stress test was performed on those which are not yet fixed – principally the new bond planned to be issued later in 2023, and the floating rate interest rate swap. Taking this into account, the Directors conclude that the probability was remote that circumstances arise that cause covenants to be breached.

In conclusion, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the Financial Statements. For this reason, they continue to adopt the going concern basis in preparing the interim Financial Statements for the period ended 30 June 2023.

Accounting policies
The accounting policies adopted in the preparation of the interim condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Group's 2022 Annual Report and Accounts, except for the adoption of new standards effective as of 1 January 2023.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several Standards and amendments apply for the first time in 2023, but do not have an impact on the interim condensed Consolidated Financial Statements of the Group.

Taxes on income in the interim periods are accrued using the tax rate that is expected to apply to total annual earnings.

Adjusted profit, after 'adjusting items' (previously 'Underlying profit', after 'Separately disclosed items')
The Group presents results on a statutory and adjusted basis. The alternative performance measure (APM) 'adjusted profit' represents a change in terminology from the prior period which separately disclosed certain items to show an 'underlying' profit measure. The change in terminology has been adopted to reduce any judgement and interpretation of the meaning 'underlying' profit by users of the Financial Statements. As this is a terminology change only, there has been no change to how the Group determines items to be adjusting, and there has been no change to previously reported comparatives. Any previously 'separately disclosed items', continue to meet the definition of 'adjusting items' following the change in terminology in the current year.

The Group Income Statement has been presented in a columnar format to enable users of the Financial Statements to view the adjusted results of the Group. The Group's policy is to adjust for items that are considered significant in nature and value or not in the normal course of business, or are consistent with items that were treated as adjusting in prior periods. Treatment as adjusting items provides users of the accounts with additional useful information to assess the year-on-year trading performance of the Group. The adjusted profit measures are not recognised profit measures under IFRS and may not be directly comparable with adjusted profit measures used by other companies.
Further details relating to adjusting items are provided in note 5.

1. General information continued

Restatement of Deferred Tax Assets and Deferred Tax Liabilities

Consistent with the Group's 2022 Annual Report and Accounts, the prior year comparatives within this report have been restated (as indicated in the table below) for previously unrecognised deferred tax assets, and to de-recognise previously recognised deferred tax liabilities. Please refer to the Group's 2022 Annual Report for the full details regarding the change.

INCOME STATEMENT	30 June 2022 (Reported)			30 June 2022 (Restated)		
	Adjusted result	Adjusting Items	Total	Adjusted result	Adjusting Items	Total
	£m	£m	£m	£m	£m	£m
Profit/(loss) before tax	68.7	(48.2)	20.5	68.7	(48.2)	20.5
Tax (charge)/credit	(16.7)	12.0	(4.7)	(17.3)	12.0	(5.3)
Profit/(loss) for the year	52.0	(36.2)	15.8	51.4	(36.2)	15.2
Profit/(loss) attributable to equity shareholders	48.5	(35.7)	12.8	47.9	(35.7)	12.2
Profit/(loss) attributable to non-controlling interests	3.5	(0.5)	3.0	3.5	(0.5)	3.0
	52.0	(36.2)	15.8	51.4	(36.2)	15.2
Basic EPS			0.4p			0.3p
Diluted EPS			0.4p			0.3p

STATEMENT OF COMPREHENSIVE INCOME	30 June 2022 (Reported)	30 June 2022 (Restated)
Profit for the year	15.8	15.2
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on retranslation of foreign operations	130.7	132.1
Other comprehensive income for the year	157.8	159.2
Total comprehensive income for the year	173.6	174.4
Total comprehensive income attributable to:		
Equity shareholders	168.5	169.3
Non-controlling interests	5.1	5.1
	173.6	174.4

BALANCE SHEET	30 June 2022 (Reported)	30 June 2022 (Restated)
Deferred tax assets	143.0	152.7
Total non-current assets	3,415.7	3,425.4
Total assets	4,415.1	4,424.8
Deferred tax liabilities	(44.2)	(19.6)
Total non-current liabilities	(1,625.1)	(1,600.5)
Total liabilities	(2,809.2)	(2,784.6)
Net assets	1,605.9	1,640.2
Retained earnings	(8.7)	20.3
Other reserves	508.4	513.7
Total equity	1,605.9	1,640.2

Use of judgements and estimates

The critical accounting judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the Group's Annual Report and Accounts for the year ended 2022.

Seasonality

The Group operates a diversified portfolio of bus, coach and rail businesses operating in international markets. The North American bus business is aligned to the school years with profits each half year to 30 June determined by the price rates and routes agreed ahead of each school year. The UK and Spanish coach businesses typically earn lower operating profits for the first half of the year than the second half. This is because of the higher demand created by leisure travellers during the summer months. In recent years the Covid-19 pandemic has impacted the business due to timings of lockdowns and mobility restrictions.

2. Exchange rates

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

	Six months to 30 June 2023		Six months to 30 June 2022		Year to 31 December 2022	
	Closing rate	**Average rate**	Closing rate	Average rate	Closing rate	Average rate
US dollar	**1.27**	**1.23**	1.22	1.30	1.21	1.24
Canadian dollar	**1.68**	**1.66**	1.57	1.65	1.64	1.61
Euro	**1.16**	**1.14**	1.16	1.19	1.13	1.17

If the results for the six months to 30 June 2022 had been retranslated at the average exchange rates for the period to 30 June 2023, North America would have achieved an adjusted operating profit of £60.1m on revenue of £543.5m compared to adjusted operating profit of £57.4m on revenue of £518.7m as reported, and ALSA would have achieved an adjusted operating profit of £52.3m on revenue of £462.1m, compared to adjusted operating profit of £50.3m on revenue of £444.2m as reported.

3. Segmental analysis

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

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

Central functions is not a reportable segment but has been included in the segmental analysis for transparency and to enable a reconciliation to the consolidated Group.

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

	Six months to 30 June 2023					
Analysis by class and reportable segment	**Contract revenues £m**	**Passenger revenues £m**	**Grants and subsidies £m**	**Private hire £m**	**Other revenues £m**	**Total £m**
UK	**17.8**	**222.2**	**21.9**	**12.3**	**11.2**	**285.4**
German Rail	**–**	**24.9**	**112.0**	**–**	**0.4**	**137.3**
ALSA	**114.8**	**292.3**	**92.8**	**31.0**	**28.8**	**559.7**
North America	**552.8**	**–**	**–**	**31.2**	**3.0**	**587.0**
Total	**685.4**	**539.4**	**226.7**	**74.5**	**43.4**	**1,569.4**
Analysis by major service type						
Passenger transport	**685.4**	**539.4**	**226.7**	**74.5**	**8.0**	**1,534.0**
Other products and services	**–**	**–**	**–**	**–**	**35.4**	**35.4**
Total	**685.4**	**539.4**	**226.7**	**74.5**	**43.4**	**1,569.4**

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

Included in grants and subsidies is £6.7m (2022: £8.4m) of government support recognised in ALSA from Public Transport Authorities to compensate for revenue shortfalls due to Covid-19 pandemic.

In the prior year £14.9m of revenue was recognised relating to grant support in response to Covid-19 in the UK. In addition in 2022 grants and subsidies also included £3.4m subsidies in Germany in respect of the Federal Framework Regulation on Aid to Public Transport.

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

In the prior year, a total amount of £12.0m was recognised which represented the pro-rata element of the total three year (April 2022 – March 2025) grant funding available in respect of the BSIP that the UK delivered on in 2022, which totalled £48.0m. This included £4.0m of income recorded in revenue representing the portion of the grant income designed to compensate the business for freezing passenger fares and a further £8.0m recorded to reduce expenditure to reflect the elements of the BSIP programme compensating the business for the costs incurred in maintaining the bus network during that period. The grant funding was awarded during the second half of 2022 and therefore no amounts were recognised in the period to 30 June 2022.

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

For the portion of the funding available for maintaining the bus network, the updated agreement confirmed the income to be received until 31 December 2024. During the year the income has been recognised on a straight-line basis pro-rata based on the total funding available to the business to the end of 2024. This has resulted in further grant income of £6.6m recorded to reduce expenditure to reflect the elements of the BSIP programme compensating the business for the costs incurred in maintaining the bus network during that period.

In addition, there is now also £33.0m of BSIP funding from 1 January 2023 to 31 December 2024 of which £8.2m has been recognised on a pro-rata basis against the costs incurred in maintaining network services.

A total amount of £18.0m of BSIP funding has been recognised in the period to 30 June 2023.

3. Segmental analysis continued

Analysis by class and reportable segment	Contract revenues £m	Passenger revenues £m	Grants and subsidies £m	Private hire £m	Other revenues £m	Total £m
	Six months to 30 June 2022					
UK	20.3	163.7	36.0	9.6	7.7	237.3
German Rail	–	22.9	100.5	–	0.7	124.1
ALSA	86.8	233.8	82.5	21.3	19.8	444.2
North America	492.6	–	–	23.2	2.9	518.7
Total	599.7	420.4	219.0	54.1	31.1	1,324.3
Analysis by major service type						
Passenger transport	599.7	420.4	219.0	54.1	5.5	1,298.7
Other products and services	–	–	–	–	25.6	25.6
Total	599.7	420.4	219.0	54.1	31.1	1,324.3

Operating profit is analysed by reportable segment as follows:

Analysis by class and reportable segment	**Adjusted result 2023[2] £m**	**Adjusting items 2023[2] £m**	**Segment result 2023[2] £m**	Adjusted result 2022 £m	Adjusting items 2022 £m	(Restated) Segment result 2022[1] £m
	Six months to 30 June					
UK	**(10.8)**	**(10.4)**	**(21.2)**	(12.8)	(0.4)	(13.2)
German Rail	**5.9**	**(0.9)**	**5.0**	3.0	(5.4)	(2.4)
ALSA	**57.6**	**(6.8)**	**50.8**	50.3	(6.2)	44.1
North America	**13.8**	**(18.8)**	**(5.0)**	57.4	(34.6)	22.8
Central functions	**(9.0)**	**(11.9)**	**(20.9)**	(7.4)	(1.6)	(9.0)
Operating profit/(loss)	**57.5**	**(48.8)**	**8.7**	90.5	(48.2)	42.3
Share of results from associates and joint ventures			–			(0.1)
Net finance costs			**(32.1)**			(21.7)
(Loss)/profit before tax			**(23.4)**			20.5
Tax charge			**(16.0)**			(5.3)
(Loss)/profit for the period			**(39.4)**			15.2

[1] Restated for correction to deferred tax assets and liabilities, see note 1 for further information

Segmental results for current year shown before internal management recharges on an arms' length basis, consistent with how management review the segmental results internally. Previous year segmental results include an immaterial management recharge.

In addition to revenue related grants, government grants relating to expenses have also been recognised as a credit within operating expenses totalling £8.6m under the Bus Recovery Grant (BRG) which is intended to compensate UK bus operators for continuing bus services during the Covid-19 recovery period.

In the prior year, government grants relating to expenses were also recognised as a credit within operating expenses totalling £48.2m in response to the Covid-19 pandemic. The principle arrangements were the Coronavirus Economic Relief for Transportation Services (CERTS) scheme in North America, whereby £38.7m was recognised during the six months to June 2022, £1.0m in respect of wages subsidy schemes in North America, and Stabilisation Funding of £8.5m in the UK. These arrangements were designed to provide relief to companies in respect of costs for jobs retained, and to cover applicable overhead and operational expenses.

4. Net finance costs

	Six months to 30 June 2023 £m	Six months to 30 June 2022 £m	Year to 31 December 2022 £m
Bank and bond interest payable	**(22.4)**	(15.0)	(35.5)
Lease interest payable	**(4.3)**	(4.1)	(9.4)
Other interest payable	**(4.3)**	(1.5)	(3.0)
Unwind of discounting	**(1.9)**	(1.4)	(3.4)
Interest cost on defined benefit pension obligations	**(0.9)**	(1.0)	(1.9)
Total finance costs	**(33.8)**	(23.0)	(53.2)
Lease interest income	**0.2**	0.3	0.5
Other financial income	**1.5**	1.0	1.7
Total finance income	**1.7**	1.3	2.2
Net finance costs	**(32.1)**	(21.7)	(51.0)

5. Adjusted profit

In order to illustrate the adjusted trading performance of the Group, presentation has been made of performance measures excluding those items to provide a more comparable year-on-year operating performance of the Group.

The Group's policy is to exclude items that are considered significant in nature and quantum, or are not in the normal course of business or are consistent with items that were treated adjusting items in prior periods.

The total adjusting items before tax for the six months to 30 June 2023 is a net charge of £48.8m (2022: £48.2m). The items excluded from adjusted profit are:

	Six months to 30 June 2023 £m	Six months to 30 June 2022 £m	Year to 31 December 2022 £m
Goodwill impairment of ALSA	**–**	–	(260.6)
Intangible amortisation for acquired businesses	**(17.3)**	(18.7)	(37.2)
	(17.3)	(18.7)	(297.8)
Re-measurements of onerous contracts and impairments resulting from the Covid-19 pandemic	**(0.9)**	(3.3)	(7.6)
Re-measurement of the Rhine-Ruhr onerous contract provision	**(0.4)**	(4.9)	(9.3)
Re-measurement of onerous contract provisions and impairments in respect of North America driver shortages	**(4.9)**	(19.7)	(31.4)
Final re-measurement of the WeDriveU put liability	**(2.3)**	–	–
Repayment of UK Coronavirus Job Retention Scheme grant ('Furlough')	**(8.9)**	–	–
Restructuring and other costs	**(14.1)**	(1.6)	(9.7)
	(31.5)	(29.5)	(58.0)
Total adjusting items	**(48.8)**	(48.2)	(355.8)

Intangible amortisation for acquired businesses

Consistent with previous periods the Group classifies the amortisation for acquired intangibles as an adjusting item by virtue of its size and nature. This amounts to £17.3m in the period. Its exclusion from the adjusted result enables comparison and monitoring of divisional performance by the Group Executive Committee regardless of whether through acquisition or organic growth. In addition, by disclosing this separately the Group gives users of the accounts visibility of the amount of amortisation of acquired intangibles which improves comparability of the Group's results with those of peer companies, as this continues to be a common adjustment from profit in comparative companies.

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

The Group continues to operate services in line with its commitments under customer contracts which are loss making. These contracts became onerous due to the impact of the Covid-19 pandemic. For the contracts which the Group is still committed to, the provision has been re-measured. In the UK this re-measurement has resulted in an increase in the provision of £0.9m.The majority of the contracts are expected to have ended within the next 18 months.

Rhine-Ruhr Express onerous contract provision

In German Rail, the RRX contract continues to be onerous. Management have re-assessed the overall losses under the contract taking account of updated energy prices and assumptions. This has led to an increase in the provision of £0.4m. The Group is committed to operating the contract until 2033.

5. Adjusted profit continued

Onerous contract provision charges and impairments in respect of North America driver shortages

During the period, the impact of driver shortages in North America on some of the contracts previously assessed as onerous has been more significant than anticipated as it has resulted in further increases in wages (to retain and recruit) and a slower increase in service levels than expected on those specific contracts. This has led to both an increase in provision of £6.5m to cover these additional losses, and an increase in the utilisation of the provision during the period for losses incurred. This has been partially offset by a provision release of £1.1m on a number of previously onerous contracts which have become profitable where the Group has successfully negotiated price increases for the 2023/24 school year and onwards. In addition, the increased profitability forecast on a number of customer contracts has led to the reversal of £0.5m previous impairments on customer contract intangible assets at 30 June 2023. The remaining onerous contracts end between June 2024 and June 2026.

Final re-measurement of the WeDriveU put liability

In conjunction with the acquisition of WeDriveU, Inc. during 2019 the Group issued put options to the seller for the remaining shares. The options had three tranches for the remaining 40% of the business (10%, 10%, 20%). The first two tranches were exercised in 2020, and 2021, with settlement in 2021 and 2022 respectively. At 31 December 2022 the final option to sell the remaining 20% shares had been exercised by the non-controlling interest. At 30 June 2023 this has not yet been settled so the Group has a liability for the final settlement.

At 30 June 2023 the put liability for the remaining 20% shareholding in WeDriveU has been re-measured following the final negotiations with the seller. This re-measurement has led to an additional charge of £2.3m.

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

Repayment of Coronavirus Job Retention Scheme (CJRS) support received in respect of the year ended 31 December 2021

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

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

Restructuring and other costs

These costs relate to Group-wide strategic initiatives and restructuring. These are one-off, short-term initiatives expected to last 1-2 years. They are significant in nature and are not considered to be part of the day to day operational costs of the Group and therefore have been treated as adjusting items. These amount to £14.1m at 30 June 2023 compared to £9.7m at 31 December 2022.

6. Taxation

Tax on profit on ordinary activities for the six months to 30 June 2023 has been calculated on the basis of the estimated annual effective rate for the year ending 31 December 2023. The adjusted tax charge of £7.2m (2022 interim restated: £17.3m) represents an effective tax rate of 28.3% on the adjusted result (2022 interim restated: 25.2%).

The total adjusting tax charge of £8.8m (2022 interim: £12.0m credit) is made up of a £7.5m tax credit on tax deductible adjusting operating costs (2022 interim: £7.9m credit), a £4.6m tax credit on adjusting intangible amortisation (2022 interim: £5.1m credit) an additional £20.9m tax charge (2022 interim: £1.0m charge) which is shown as an adjusting item.

This additional adjusting tax charge of £20.9m is relation to the reassessment of the Mobico Group PLC deferred tax asset. This asset relates to (pre 2017) UK tax losses in Mobico Group PLC of £84m as at 30 June 2023. These losses are restricted in their use to certain income within Mobico Group PLC only. As at 31 December 2022 these losses were assumed to start being utilised in 2023 and fully recovered by 2030. Following changes to restructuring of internal debt within the Group and material one-off costs in the interim period, the amount of income in Mobico Group PLC was reduced significantly, which means that the losses would be utilised at a later date than was forecast in prior periods. Given the increased uncertainty in relation to their utilisation and that they are restricted in nature means that they were written down at 30 June 2023. This tax charge has been shown as an adjusting tax item, by virtue of its size and nature, and consistent with how significant deferred tax changes have been presented in prior periods.

The total tax charge of £16.0m (2022 interim restated: £5.3m charge) includes a deferred taxation charge of £7.8m (2022 interim restated: £4.4m credit). Deferred tax asset recoverability has been assessed using the strategic plan projections used for the going concern and impairment assessments.

7. Dividends paid and proposed

Following the conclusion of the Group’s 2022 full year result earlier in the year, the Board announced the reinstatement of the dividend reflecting a strong outlook for the business and recognising it needs to be done prudently and alongside a continued focus on the pace of deleveraging and maintaining sufficient investment capacity for growth, with a full year dividend of 5.0p per share approved at the AGM on 10 May 2023 and paid on 15 May 2023. The dividend payment was £30.7m.

The Group’s Policy is to maintain a dividend policy cover ratio of at least two times. The Board has announced an interim dividend of 1.7p, which is in line with our previously communicated policy that the Group’s interim dividend will be set at a level equivalent to approximately one third of the prior full year dividend.

8. Earnings per share

	Six months to 30 June 2023	(Restated) Six months to 30 June 2022[1]	Year to 31 December 2022
Basic earnings per share	**(8.3)p**	0.3p	(39.7)p
Adjusted basic earnings per share	**1.0p**	6.1p	15.0p
Diluted earnings per share	**(8.3)p**	0.3p	(39.7)p
Adjusted diluted earnings per share	**1.0p**	6.1p	15.0p

[1] Restated for correction to deferred tax assets and liabilities, see note 1 for further information

Basic earnings per share is calculated by dividing the earnings attributable to equity shareholders, a loss of £51.1m (2022 interim (restated): £1.7m profit; 2022 full year: £243.1m loss) by the weighted average number of ordinary shares in issue during the period, excluding those held by employees' share ownership trusts and held as own shares which are both treated as cancelled. Earnings attributable to equity shareholders is inclusive of amounts accruing to the holders of the hybrid instrument and is calculated as follows:

	Six months to 30 June 2023	(Restated) Six months to 30 June 2022[1]	Year to 31 December 2022
(Loss)/profit attributable to equity shareholders	**(40.6)**	12.2	(221.8)
Accrued payments on hybrid instrument	**(10.5)**	(10.5)	(21.3)
Earnings attributable to equity shareholders	**(51.1)**	1.7	(243.1)

[1] Restated for correction to deferred tax assets and liabilities, see note 1 for further information

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to include the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The reconciliation of the weighted average number of ordinary shares is as follows:

	Six months to 30 June 2023	Six months to 30 June 2022	Year to 31 December 2022
Basic weighted average shares	**612,881,204**	612,726,088	612,772,081
Adjustment for dilutive potential ordinary shares[1]	**396,286**	93,690	339,199
Diluted weighted average shares	**613,277,490**	612,819,778	613,111,280

[1] Potential ordinary shares have the effect of being anti-dilutive in 2023 and 2022 full year, and have been excluded from the calculation of diluted earnings per share

Adjusted basic and diluted earnings per share have been calculated since, in the opinion of the Directors, they reflect the adjusted performance of the business' operations more appropriately.

The reconciliation of statutory profit to adjusted profit for the financial period is as follows:

	Six months to 30 June 2023 £m	(Restated) Six months to 30 June 2022[1] £m	Year to 31 December 2022 £m
Earnings attributable to equity shareholders[2]	**(51.1)**	1.7	(243.1)
Adjusting operating items	**48.8**	48.2	355.8
Adjusting tax charge/(credit)	**8.8**	(12.0)	(19.5)
Adjusting items attributable to non-controlling interests	**(0.2)**	(0.5)	(1.1)
Adjusted earnings attributable to equity shareholders[2]	**6.3**	37.4	92.1
Amounts accruing to the holders of the hybrid instrument	**10.5**	10.5	21.3
Adjusted profit attributable to equity shareholders	**16.8**	47.9	113.4

[1] Restated for correction to deferred tax assets and liabilities, see note 1 for further information
[2] Includes amounts accruing to the holders of the hybrid instrument

9. Cash and cash equivalents

	At 30 June 2023 £m	At 30 June 2022 £m	At 31 December 2022 £m
Cash at bank and in hand	**141.0**	117.3	171.7
Overnight deposits	**3.8**	0.4	6.6
Other short term deposits	**212.0**	224.2	113.5
Cash and cash equivalents	**356.8**	341.9	291.8

Included within cash and cash equivalents are certain amounts which are subject to contractual or regulatory restrictions. These amounts held are not readily available for other purposes within the Group and total £0.5m (2022: £13.1m).

9. Cash and cash equivalents continued

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

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

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

	At 30 June 2023 £m	At 30 June 2022 £m	At 31 December 2022 £m
Cash at bank and in hand	**356.8**	341.9	291.8
Bank overdrafts	**(46.2)**	(40.9)	(58.7)
Net cash and cash equivalents	**310.6**	301.0	233.1

10. Impairment

During the current period, in line with the requirements of IAS 34, the Group has performed an assessment for indicators of significant impairment, and has concluded overall that there was not a significant indicator of impairment at 30 June 2023 in either the ALSA or North America cash generating units ("CGUs"). Consequently, a full impairment review was not performed on either CGU. However, the Group has updated the 31 December 2022 impairment assessment for latest critical inputs to determine the level of available headroom when using the latest pre-tax discount rates and long term growth rates as of 30 June 2023, and the Group's latest forecast for 2023. Forecasts for 2024 and beyond remain in line with the board-approved forecast, which has not changed since 31 December 2022.

Consistent with previous years, goodwill has been allocated to individual cash-generating units for annual impairment testing on the basis of the Group's business operations. The carrying value by cash-generating unit is as follows:

	At 30 June 2023 £m	At 30 June 2022 £m	At 31 December 2022 £m
UK	**52.4**	52.4	52.4
North America	**709.4**	742.4	743.2
ALSA	**548.4**	807.4	560.6
	1,310.2	1,602.2	1,356.2

The key assumptions used in the annual impairment assessment at 31 December 2022, and the review performed at 30 June 2023, are as follows:

	Pre-tax discount rate applied to cash flow projections		**Growth rate used to extrapolate cash flows into perpetuity**	
	30 June 2023	31 December 2022	**30 June 2023**	31 December 2022
North America	**9.9%**	10.3%	**3.4%**	3.4%
ALSA	**13.8%**	13.9%	**3.1%**	3.0%

North America

As of 31 December 2022, the value in use of the North America CGU exceeded its carrying amount by £225.9m. At 30 June 2023, the pre-tax discount rate has reduced to 9.9% (31 December 2022: 10.3%), resulting in the value in use now exceeding the carrying amount by £371.7m. The value in use calculation remains highly sensitive to changes in the pre-tax discount rate, long term growth rate and trading assumptions around profit margin. Sensitivity analysis has been conducted on each of these inputs independently. The value in use of the North America CGU would be reduced to its carrying value if i) pre-tax discount rates increased by 190bps (31 December 2022: 110bps); ii) the long term growth rate used to extrapolate the cash flows into perpetuity decreased by 190bps (31 December 2022: 120bps); or iii) the profit margin (defined as earnings before interest, tax and amortisation, divided by revenue) decreased by 200bps (31 December 2022: 130bps).

ALSA

The Group performed its annual impairment assessment on the ALSA CGU at 31 December 2022 and, following a significant increase in the pre-tax discount rate due to ongoing market volatility, the recoverable amount of the CGU had reduced to below its carrying amount, leading to a non-cash impairment charge of £260.6m being recognised at 31 December 2022.

As of 30 June 2023, the pre-tax discount rate has reduced to 13.8% (31 December 2022: 13.9%), resulting in its value in use exceeding its carrying amount by £78.8m as of 30 June 2023 (31 December 2023: £nil). The value in use calculation remains highly sensitive to changes in the pre-tax discount rate, long term growth rate and trading assumptions around profit margin and long haul concession renewals. Sensitivity analysis has been conducted on these inputs independently.

10. Impairment continued
The value in use of the ALSA CGU would be reduced to its carrying value if i) pre-tax discount rates increased by 130bps (31 December 2022: 0bps); ii) the long term growth rate used to extrapolate the cash flows into perpetuity decreased by 120bps (31 December 2022: 0bps); or iii) the profit margin (defined as earnings before interest, tax and amortisation, divided by revenue) decreased by 80bps (31 December 2022: 0bps).

The Directors consider the assumptions used to be consistent with the historical performance of each cash-generating unit and to be realistically achievable in light of economic and industry measures and forecasts. As in prior years, the full annual impairment review will be conducted in late 2023.

11. Derivative financial assets and liabilities
The Group's multi-national transport operations and debt financing expose it to a variety of financial risks, including the effects of changes in fuel prices, foreign currency exchange rates and interest rates. The Group has in place a risk management programme that seeks to limit the adverse effects of these financial risks on the financial performance of the Group by means of derivative financial instruments.

As at 30 June 2023 the Group's portfolio of hedging instruments included fuel price derivatives, cross currency swaps, foreign exchange derivatives and interest rate derivatives. The fuel price derivatives are in place to hedge the changes in price of the different types of fuel used in each division. The cross currency swaps are in place to hedge the risk of changes in foreign exchange rates. The foreign exchange derivatives are in place to hedge the foreign exchange risk on translation of net assets denominated in foreign currency. In addition, the Group holds five £50.0m denominated interest rate derivatives to swap fixed interest on a £250m Sterling bond to a floating rate.

These derivative financial instruments are held in the balance sheet at fair value and are measured using level 2 inputs. The fair value is either determined by the third-party financial institution with which the Group holds the instrument, in line with the market value of similar financial instruments, or by the use of valuation techniques using market data. The Group has no financial instruments with fair values that are determined by reference to significant unobservable inputs i.e. those that would be classified as level 3 in the fair value hierarchy, other than deferred contingent consideration and financial assets at fair value through Other Comprehensive Income. There has not been a significant change in the sensitivities disclosed in the 2022 Annual Report for level 3 items. There have not been any transfers of assets or liabilities between levels of the fair value hierarchy and there are no non-recurring fair value measurements.

The Group applies relevant hedge accounting to the majority of its derivatives outstanding as at 30 June 2023. All designated hedge relationships were effective under IFRS 9.

In respect of fuel hedges, at 30 June 2023 the Group was around 75% hedged for 2024, at an average price of 51.1p/litre and around 35% hedged for 2025 at an average price of 52.3p/litre. Hedged volumes are in line with the normal hedging programme at this stage.

Derivative financial assets and liabilities on the balance sheet are as follows:

	At 30 June 2023 £m	At 30 June 2022 £m	At 31 December 2022 £m
Fuel derivatives	**1.7**	26.1	7.4
Cross currency swaps	**1.4**	5.7	2.7
Non-current derivative financial assets	**3.1**	31.8	10.1
Fuel derivatives	**4.9**	63.7	12.5
Cross currency swaps	**12.0**	2.6	8.0
Foreign exchange derivatives	**24.0**	11.7	17.2
Current derivative financial assets	**40.9**	78.0	37.7
Fuel derivatives	**(9.8)**	(0.1)	(4.8)
Interest rate derivatives	**(24.6)**	(16.0)	(17.6)
Non-current derivative financial liabilities	**(34.4)**	(16.1)	(22.4)
Fuel derivatives	**(20.7)**	(3.1)	(12.6)
Cross currency swaps	**(1.0)**	(33.7)	(15.6)
Interest rate derivatives	**(10.1)**	(1.5)	(9.2)
Foreign exchange derivatives	**(13.5)**	(43.2)	(4.5)
Current derivative financial liabilities	**(45.3)**	(81.5)	(41.9)

In addition to financial derivatives above, non-current financial assets on the Group Balance Sheet at 30 June 2023 also includes £16.4m of financial assets at fair value through Other Comprehensive Income (2022 interim: £15.4m, 2022 full year: £16.8m).

12. Pensions and other post-employment benefits
The UK division operates a defined benefit scheme. The Group also provides certain additional unfunded post-employment benefits to employees in North America and ALSA, and maintains a small, legacy rail defined benefit scheme. The post-employment benefits for these schemes have been combined into the 'Other' category below.

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

The total pension operating cost for the six months to 30 June 2023 was £4.5m (2022 interim: £5.9m; 2022 full year: £9.7m), of which £3.6m (2022 interim: £3.0m; 2022 full year: £6.2m) relates to the defined contribution schemes.

12. Pensions and other post-employment benefits continued

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

	At 30 June 2023 £m	At 30 June 2022 £m	At 31 December 2022 £m
Other	**0.2**	–	0.4
Defined benefit pension assets	**0.2**	–	0.4
UK	**(32.1)**	(58.9)	(39.7)
Other	**(2.7)**	(2.3)	(2.8)
Defined benefit pension liabilities	**(34.8)**	(61.2)	(42.5)
Total	**(34.6)**	(61.2)	(42.1)

The UK net defined benefit pension liability, was calculated based on the following assumptions:

	UK	
	Six months ended 30 June 2023	Year ended 31 December 2022
Rate of increase in salaries	**2.5%**	2.5%
Rate of increase in pensions	**2.6%**	2.5%
Discount rate	**5.3%**	4.8%
Inflation rate (RPI)	**3.2%**	3.1%
Inflation rate (CPI)	**2.6%**	2.5%

The Directors regard the assumptions around pensions in payment, discount rate, inflation and mortality to be the key assumptions in the IAS 19 valuation. The following table provides an approximate sensitivity analysis of a reasonably possible change to these assumptions:

	Six months ended 30 June 2023	Year ended 31 December 2022
	UK	UK
Effect of a 0.5% increase in pensions in payment	**(12.7)**	(17.1)
Effect of a 0.5% increase in the discount rate	**20.1**	24.2
Effect of a 0.5% increase in inflation	**(14.1)**	(19.0)
Effect of a 1 year increase in mortality rates	**(11.7)**	(12.6)

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

13. Business Combinations

(a) Acquisitions – ALSA

During the period, the ALSA division acquired control of Tranvias De Sevilla, a regional transport provider in Andalusia, Spain; Estebanez, a regional transport provider in Castilla & Leon, Spain; and RC Travel, a Spanish travel agency. It also acquired the remaining share capital of ALSA Mirat, a regional transport provider in Extremadura, Spain, previously recognised as an associate. The aggregated values of all four companies are presented below:

	£m
Property, plant and equipment	**1.3**
Inventory	**0.1**
Trade and other receivables	**1.3**
Cash and cash equivalents	**1.7**
Borrowings	**(0.2)**
Trade and other payables	**(2.3)**
Net assets acquired	**1.9**
Goodwill	**3.9**
Total consideration	**5.8**
Represented by:	
Cash consideration	**4.9**
Deferred consideration	**0.9**
	5.8

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

Trade and other receivables had a fair value and a gross contracted value of £1.3m. The best estimate at the acquisition dates of the contractual cash flows not to be collected was £nil.

13. Business Combinations continued

Goodwill of £3.9m arising from the acquisitions consists of certain intangibles that cannot be separately identified and measured due to their nature. This includes control over the acquired businesses and increased scale in our operations in ALSA, along with growth benefits of the regional business in areas not previously operated. None of the goodwill recognised is expected to be deductible for income tax purposes.

The acquired businesses have contributed £2.4m of revenue and £0.2m operating profit to the Group's result for the period between acquisition and the balance sheet date. Had the acquisition been completed on the first day of the financial year, the Group's revenue would have been £1,573.3m and the Group's statutory operating profit for the period would have been £8.5m.

(b) Acquisitions – further information
Deferred consideration of £3.0m was paid in the period relating to acquisitions in earlier years.

Total cash outflow in the period from acquisitions in the ALSA division was £5.8m, comprising consideration for current year acquisitions of £4.9m and deferred consideration of £2.6m, less cash acquired in the businesses of £1.7m. In North America deferred consideration of £0.4m was paid in the period relating to acquisitions in earlier years.

Transaction costs were insignificant in the period to 30 June 2023 (2022 interim: £0.1m).

During the period to 30 June 2023, the movement in the Group's carrying value of goodwill principally relates to the acquisition of Tranvias De Sevilla.

(c) Assets held for sale
At the reporting date the Group had several assets that met the IFRS 5 criteria of held for sale and are therefore included within current assets. These include a building in ALSA with a carrying amount of £18.1m (2022: £18.1m); a bus depot in the UK with a carrying amount of £2.0m; and public service vehicles and right-of-use property leases in North America with a carrying amount of £4.4m. The prior year also included public service vehicles held in the UK at a carrying amount of £1.3m.

14. Net debt

	At 1 January 2023 £m	Cash flow £m	Acquisitions £m	Foreign exchange £m	Other movements £m	At 30 June 2023 £m
Components of financing activities						
Bank and other loans[1]	**(194.7)**	**(41.5)**	**(0.2)**	**7.8**	**–**	**(228.6)**
Bonds	**(621.4)**	**–**	**–**	**–**	**3.2**	**(618.2)**
Fair value of interest rate derivatives	**(26.0)**	**–**	**–**	**–**	**(3.4)**	**(29.4)**
Fair value of fx forward contracts	**11.9**	**(11.8)**	**–**	**6.0**	**–**	**6.1**
Cross currency swaps	**(6.0)**	**1.0**	**–**	**10.5**	**–**	**5.5**
Net lease liabilities[2]	**(183.7)**	**32.3**	**–**	**4.6**	**(18.1)**	**(164.9)**
Other debt payable	**(411.9)**	**(44.3)**	**–**	**9.2**	**(0.1)**	**(447.1)**
Total components of financing facilities	**(1,431.8)**	**(64.3)**	**(0.2)**	**38.1**	**(18.4)**	**(1,476.6)**
Cash	**171.7**	**(21.2)**	**1.5**	**(11.0)**	**–**	**141.0**
Overnight deposits	**6.6**	**(2.9)**	**0.2**	**(0.1)**	**–**	**3.8**
Other short-term deposits	**113.5**	**98.6**	**–**	**(0.1)**	**–**	**212.0**
Bank overdrafts	**(58.7)**	**12.4**	**–**	**0.1**	**–**	**(46.2)**
Net cash and cash equivalents	**233.1**	**86.9**	**1.7**	**(11.1)**	**–**	**310.6**
Other debt receivables	**2.7**	**0.6**	**–**	**(0.1)**	**–**	**3.2**
Remove: fair value of fx forward contracts	**(11.9)**	**11.8**	**–**	**(6.0)**	**–**	**(6.1)**
Net debt[3]	**(1,207.9)**	**35.0**	**1.5**	**20.9**	**(18.4)**	**(1,168.9)**

[1]Net of arrangement fees totalling £1.2m on bank and other loans

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

[3] Excludes accrued interest on long-term borrowings

Borrowings include non-current interest bearing loans and borrowings of £854.4m (2022 interim: £1,294.3m; 2022 full year: £886.3m).

Other non-cash movements represent lease additions and disposals of £18.1m (2022 interim: £15.2m), a £0.3m (2022 interim: £0.4m) reduction from the amortisation of loan and bond arrangement fees, £nil (2022 interim: £0.2m) hedging ineffectiveness recognised in the Income Statement, and a £3.4m change in the fair value of the hedging derivatives, offset by a £3.4m change in fair value of bonds.

14. Net debt continued

	At 1 January 2022 £m	Cash flow £m	Acquisitions £m	Foreign exchange £m	Other movements £m	At 30 June 2022 £m
Components of financing activities						
Bank and other loans[1]	(189.6)	18.3	(1.0)	(10.5)	(0.1)	(182.9)
Bonds	(640.9)	–	–	–	11.0	(629.9)
Fair value of interest rate derivatives	(6.3)	–	–	–	(11.0)	(17.3)
Fair value of fx forward contracts	(9.9)	9.9	–	(25.7)	–	(25.7)
Cross currency swaps	2.6	(0.7)	–	(27.1)	–	(25.2)
Net lease liabilities[2]	(218.9)	37.7	(0.6)	(12.1)	(15.2)	(209.1)
Other debt payable	(393.9)	–	–	(11.6)	(0.2)	(405.7)
Total components of financing facilities	(1,456.9)	65.2	(1.6)	(87.0)	(15.5)	(1,495.8)
Cash	268.1	(158.9)	0.4	7.7	–	117.3
Overnight deposits	0.4	–	–	–	–	0.4
Other short-term deposits	239.9	(16.0)	–	0.3	–	224.2
Bank overdrafts	(132.2)	91.3	–	–	–	(40.9)
Net cash and cash equivalents	376.2	(83.6)	0.4	8.0	–	301.0
Other debt receivables	1.0	0.6	–	–	–	1.6
Remove: fair value of fx forward contracts	9.9	(9.9)	–	25.7	–	25.7
Net debt[3]	(1,069.8)	(27.7)	(1.2)	(53.3)	(15.5)	(1,167.5)

[1]Net of arrangement fees totalling £1.3m on bank and other loans
[2] Includes finance lease receivables which are reported separately from borrowings on the face of the Group's Balance Sheet
[3] Excludes accrued interest on long-term borrowings

15. Cash flow statement
The reconciliation of Group (loss)/profit before tax to cash generated from operations is as follows:

	Six months to 30 June 2023 £m	Six months to 30 June 2022 £m	Year to 31 December 2022 £m
Net cash inflow from operating activities			
(Loss)/profit before tax	**(23.4)**	20.5	(209.9)
Net finance costs	**32.1**	21.7	51.0
Share of results from associates and joint ventures	**–**	0.1	0.4
Depreciation of property, plant and equipment	**101.1**	100.4	203.5
Intangible asset amortisation	**26.6**	26.8	55.5
Amortisation of fixed asset grants	**(1.2)**	(1.2)	(2.1)
Gain on disposal property, plant and equipment	**(2.5)**	(6.5)	(10.5)
Gain on disposal of intangible assets	**(0.4)**	(4.0)	(5.1)
Share-based payments	**–**	–	1.2
Increase in inventories	**(0.6)**	(1.9)	(1.5)
Increase in receivables	**(11.2)**	(93.5)	(118.5)
Increase in payables	**24.1**	48.8	52.5
Receipts on settlement of fuel forward contracts	**–**	–	26.2
Decrease in provisions	**(3.5)**	(7.6)	(23.9)
Decrease in pensions	**(4.2)**	–	(3.2)
Adjusting operating items[1]	**31.5**	29.5	318.6
Cash flows relating to adjusting operating items	**(23.5)**	(23.2)	(49.3)
Cash generated from operations	**144.9**	109.9	284.9

[1] Excludes amortisation from acquired intangibles which is included within 'intangible asset amortisation' above

16. Commitments and contingencies

Capital commitments

Capital commitments contracted but not provided at 30 June 2023 were £159.2m (2022 full year: £166.4m).

Contingent liabilities

Bonds and letters of credit

In the ordinary course of business, the Group is required to issue counter-indemnities in support of its operations. As at 30 June 2023, the Group has performance bonds in respect of businesses in the US of £172.9m (2022 full year: £132.7m), in Spain of £82.9m (2022 full year: £89.9m), in Germany of £29.3m (2022 full year: £25.8m) and in the Middle East of £6.3m (2022 full year: £10.3m). Letters of credit have been issued to support insurance retentions of £183.0m (2022 full year: £179.8m).

Legal

Through the ordinary course of our operations, the Group is party to various litigation, claims and investigations. We do not expect the ultimate resolution of any of these proceedings to have a material adverse effect on the Group’s results, cash flows or financial position.

17. Related party transactions

There have been no material changes to the related party balances disclosed in the Group’s 2022 Annual Report and there have been no transactions which have materially affected the financial position or performance of the Group in the six months to 30 June 2023.

INDEPENDENT REVIEW REPORT TO MOBICO GROUP PLC

Conclusion
We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises the Condensed Group Income Statement, the Condensed Group Statement of Comprehensive Income, the Condensed Group Balance Sheet, the Condensed Group Statement of changes in Equity, Condensed Group Statement of Cash Flows and the related notes 1 to 17.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern
Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors
The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information
In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report
This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
27 July 2023