Further growth ahead

FirstGroup plc
Annual Report and Accounts 2025

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We are FirstGroup

FirstGroup is a leading private sector provider of public transport. We create solutions that reduce complexity, making travel smoother and life easier. Our businesses are at the heart of our communities and the essential services we provide are critical to delivering wider economic, social and environmental goals.

Visit our website at www.firstgroupplc.com and follow us @firstgroupplc on X.

Find out more about FirstGroup online

Read this report online

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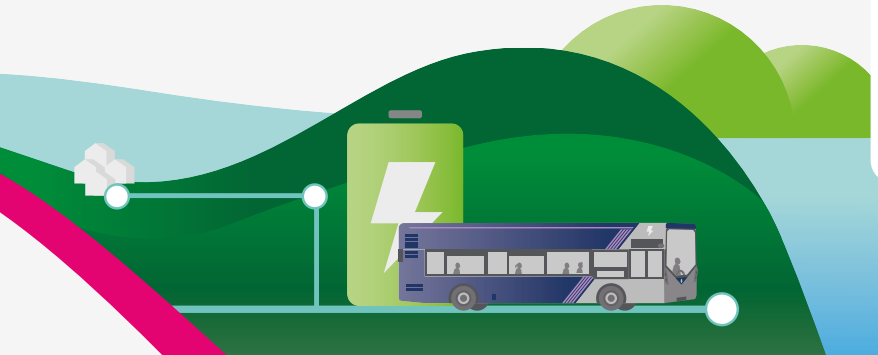


Highlights of the year

Further progress across rail and bus divisions positioning the Group well ahead of industry transition:

£1,370.0m (↑7%)
FY 2025 Group adjusted revenue of £1,370.0m (FY 2024: £1,279.6m) reflects strong underlying First Bus performance, higher variable fees in First Rail DfT-contracted Train Operating Companies (DfT TOCs) and further growth in open access rail

£222.8m (↑9%)
Group adjusted operating profit increased to £222.8m (FY 2024: £204.3m), driven by First Bus rising £12.4m to £96.0m and First Rail up £5.5m to £148.8m

19.4p (↑16%)
Adjusted EPS growth to 19.4p (FY 2024: 16.7p) with earnings growth further supported by repurchases of 54.8m shares during FY 2025

6.5p (↑18%)
Final dividend of 4.8p per share proposed with FY total of 6.5p (FY 2024 total: 5.5p) and additional £50m buyback programme

c.£92m
returned to shareholders via buyback programmes in FY 2025

£86.9m
Strong cash conversion and balance sheet strength maintained; adjusted year-end net debt of £86.9m

Significant investment in growth, diversification and decarbonisation:

£90m
acquisition of RATP London with a c.12% share of London bus market

c.£31m
further c.£31m of bolt-on acquisitions to grow First Bus's Adjacent services market share

£88m
investment in First Bus, mostly on decarbonisation in FY 2025 net of £22m of government co-funding

new open access
acquisition of track access rights for two new open access rail services to double existing capacity

c.£500m
c.£500m order for 14 new, UK-manufactured Hitachi trains to facilitate First Rail open access growth, with an option to invest an additional c.£460m should our ongoing applications be approved

Highlights of the year continued

"I am pleased to report another positive set of results for our 2025 financial year. We have further strengthened our businesses and continued to deliver against our strategy, including growing and diversifying our earnings in both First Bus and First Rail. This leaves us well placed to at least maintain our adjusted earnings per share in FY 2026, from a stronger base, as we continue to successfully navigate a period of transition in bus and rail in the UK.

Our focus remains on operational excellence and the disciplined deployment of capital to maintain our accelerated investment in decarbonisation and continuing to build a diverse, sustainable earnings base, while returning any excess capital to shareholders."

Graham Sutherland
Chief Executive Officer

Performance summary

	FY 2025 (£m)			FY 2024 (£m)		
	Cont.	**Disc.**	**Total**	Cont.	Disc.	Total
Adjusted Revenue[1]	**1,370.0**	**–**	**1,370.0**	1,279.6	–	1,279.6
Adjusted operating profit/(loss)[2]	**222.8**	**(0.6)**	**222.2**	204.3	(1.9)	202.4
Adjusted operating profit margin	**16.3%**		**16.2%**	16.0%		15.8%
Adjusted profit/(loss) before tax[2]	**165.1**	**(0.8)**	**164.3**	139.0	(2.2)	136.8
Adjusted EPS[3,4]	**19.4p**	**(0.1)p**	**19.3p**	16.7p	(0.3)p	16.4p
Dividend per share			**6.5p**			5.5p
Adjusted net debt/(cash)[5]			**86.9**			(64.1)

	FY 2025 (£m)			FY 2024 (£m)		
Statutory	**Cont.**	**Disc.**	**Total**	Cont.	Disc.	Total
Revenue	**5,066.3**	**–**	**5,066.3**	4,715.1	–	4,715.1
Operating profit/(loss)	**222.6**	**4.9**	**227.5**	46.5	(5.3)	41.2
Profit/(loss) before tax[6]			**169.6**			(24.4)
Total comprehensive income for the year			**161.7**			49.0
EPS[4]			**21.3p**			(2.4)p
Net debt			**974.8**			1,144.8
– Bonds, bank and other debt net of (cash)			**(228.8)**			(313.7)
– IFRS 16 lease liabilities			**1,203.6**			1,458.5

'Cont.' refers to the continuing operations comprising First Bus, First Rail, and Group items. 'Disc.' refers to discontinued operations, being First Student, First Transit and Greyhound US.

1 'Adjusted revenue' is defined as revenue excluding that element of DfT TOC revenue, and related intercompany eliminations, where the Group takes substantially no revenue risk. The Adjusted revenue measure includes management and performance fee income earned by the Group from its DfT TOC contracts.
2 'Adjusted operating profit/(loss)' and 'Adjusted profit/(loss) before tax' are before adjusting items as set out in note 3 to the financial statements.
3 'Adjusted earnings' are shown before net adjusting items and excludes IFRS 16 impacts in First Rail management fee operations.
4 'Adjusted EPS' and EPS are based on the weighted average number of shares in the period of 597.7m (FY 2024: 662.9m) reflecting the current year and prior year share buybacks.
5 'Adjusted net debt/(cash)' is bonds, bank and other debt net of free cash (i.e. excludes IFRS 16 lease liabilities and ring-fenced cash).
6 'FY 2024 statutory operating loss of £(24.4)m included predominantly non-cash charges of £142.3m relating to the Group's termination of its participation in two Local Government Pension Schemes during the year, with an offsetting £160.4m gain in the Condensed Consolidated Statement of Comprehensive Income.

Operational highlights

↑15% **First Bus adjusted operating profit grew 15% in FY 2025 due to further data-led operational and yield improvements, cost efficiencies, and improved driver availability offsetting inflationary pressures and lower funding.**

↑23% **First Bus Adjacent services revenue increased by 23% in FY 2025 due to contract wins, extensions and the contribution of recently acquired businesses.**

20% **At the end of March 2025 First Bus had c.1,115 electric buses in operation (c.20% of the fleet), with three fully electric depots and a further ten depots substantially electrified outside London.**

2.9m **Hull Trains and Lumo reported 2.9m passenger journeys in FY 2025, up from 2.7m in FY 2024, with very high levels of customer satisfaction; the two operators received a joint NPS score of 60 for the 2024 calendar year. Adjusted operating profit was up 14% reflecting strong demand and effective yield management.**

£110.7m **The DfT TOCs' financial performance in FY 2025 was ahead of expectations and First Rail's Additional services businesses grew revenue by 13% to £110.7m.**

At a glance

Find out more about FirstGroup online

FirstGroup

Who we are
FirstGroup is one of the UK's leading private sector operators of public transport, with two divisions, First Bus and First Rail, operating a diverse portfolio of transport services. We have c.30,000 employees and carry almost 2 million passengers a day.

Our purpose
We provide efficient, reliable, safe and increasingly sustainable transport links that connect communities. Our businesses are at the heart of our communities and the services we provide are critical to ensuring local economies are vibrant and robust.

Our strategy
Our four strategic pillars help us to drive value and sustainable growth for all our stakeholders.

Read more about our strategy on page 13

Deliver day in, day out

Drive modal shift

Lead in environmental and social sustainability

Diversify our portfolio

Business split
First Bus · First Rail

Adjusted revenue share (as % of Group)

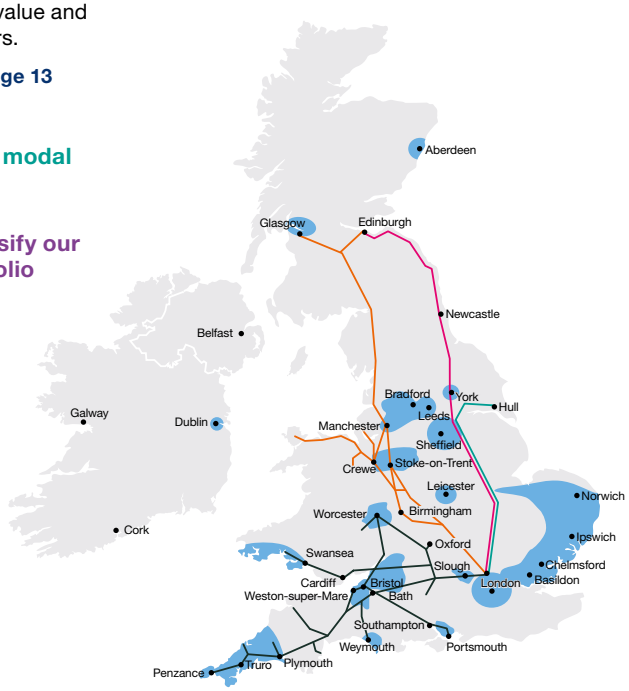
78% 22%

Adjusted EPS contribution (pence)

12.0p 5.2p 6.6p

First Bus · Open Access/Other rail · DfT TOCs

Where we operate
- Avanti West Coast (Avanti)
- Great Western Railway (GWR)
- Hull Trains
- Lumo
- First Bus operations



First Bus

First Bus is one of the largest bus companies in the UK, with decades of experience working closely with local authorities and partners across the UK and Ireland. We carry more than a million passengers a day and serve more than 25% of the UK population with our regional and London bus services.

Regional bus services
We provide tendered bus services for local authorities and are a leading operator in the majority of our local areas, including major urban centres such as Glasgow, Bristol and Leeds.

First Bus London
First Bus London was established in February 2025 following the acquisition of RATP London. We operate c.90 Transport for London routes in west and central London from ten depots, serving 180 million passengers annually.

Adjacent services
Alongside the operation of our commercial networks, our Adjacent services business provides a range of bus and coach services including for schools, private tour operators, airports and airlines, distribution centres and major construction sites.

1.13m passenger journeys a day

c.5,800 buses and coaches (includes 1,115 zero emission buses)

c.14,500 employees

c.70 depots

First Rail

First Rail has more than 25 years of experience in the rail sector, including as one of the UK's leading operators for a number of years.

Open access
We have two open access rail operations, Hull Trains and Lumo. We also operate the Heathrow Express rail service on behalf of Heathrow Airport.

Government-contracted operations
We have two DfT TOCs, Great Western Railway (GWR) and West Coast Partnership (WCP), which includes Avanti West Coast, and we operated South Western Railway (SWR) from May 2021 to 25 May 2025, when it transferred to the DfT.

Transport for London contracts
We operate London Trams and the London Cable Car on behalf of Transport for London.

Additional services
First Rail's Additional services businesses, First Customer Contact, Mistral Data and First Rail Consultancy, offer a variety of solutions for the rail industry, bringing experience, expertise and benefits to the sector.

800,000 passenger journeys a day

c.3,819 locomotives and carriages (includes 3,358 bi-mode or electric trains)

c.16,000 employees

c.383 stations

Chair's statement

A vital sector with huge potential

"FirstGroup has long been instrumental in benefiting the communities where we operate, and we have delivered unique and significant levels of private sector investment into our businesses, aligned to the Government's aims for UK economic growth."

Lena Wilson CBE
Chair

I am very pleased to have joined the Board of FirstGroup as Chair this year. I am excited about the opportunities that exist to deliver great public transport services for our customers and employees in a sector that is vitally important to the nation's economy and to continue the good progress the Group has made over recent years.

Since my appointment in February 2025, I have visited many of our bus and rail operations across the country and have spent time with the Board and with senior management teams to discuss their plans and priorities for our businesses.

Read more on page 79

I have also met our major shareholders to understand their views of the Group and the opportunities available to us, as well as a number of political stakeholders from various parties to hear their range of opinions and perspectives.

It is clear to me from these discussions that public transport is a sector that has huge potential as a key driver for the UK's economy, contributing to the Government's growth agenda. Our strong societal purpose was one of the key aspects of FirstGroup that attracted me to the position of Chair. First Rail and First Bus play a vital role in the lives of our customers as we deliver for them, day in and day out. We are able to show, on a daily basis, how we connect communities and help local economies thrive, as well as accelerating the transition to a zero-carbon world.

Investment

FirstGroup has long been instrumental in benefiting the communities where we operate, and we have delivered unique and significant levels of private sector investment into our businesses, aligned to the Government's aims for UK economic growth. This includes more than £100m a year on electric buses and infrastructure in First Bus, and you can read elsewhere in this report how we have reached a milestone of more than 1,000 zero emission vehicles during the year. We now have zero emission fleets based across the country, from Hampshire to Aberdeen, Somerset to East Anglia, demonstrating our national reach. We will continue to capitalise on the benefits of our electrification programme and leverage this expertise and capability as we participate in bus franchising and other partnership opportunities.

In First Rail, we placed a landmark £500m order for new, UK-manufactured trains for our Hull Trains and Lumo businesses, which are setting a new benchmark for reliability and customer satisfaction as well as delivering billions of pounds of economic benefits along their routes, taking customers out of cars and off planes onto rail. Approval by the Office of Rail and Road for our other applications would see a similar level of investment by the Group, securing jobs in UK manufacturing and contributing further to UK economic growth.

These examples demonstrate that private sector investment can play a key role in public transport and we are keen to make ongoing UK investments. However, we will continue to monitor all opportunities for investing into other markets.

Chair's statement continued

Diversification

The Group's strategy, introduced in FY 2024, is underpinned by four strategic pillars which will drive the Group forward over the next period, diversification of our portfolio being one. For some time, the Group has been working on creating a diverse, quality and sustainable earnings base that is less affected by changes in government policy. With this in mind, we have completed a number of strategic acquisitions in the year, of which the largest was our re-entry into the London bus market with a strong position.

Our cash-generative businesses and strong balance sheet allow us to invest in the transport sector and continue to deliver returns for shareholders. FirstGroup aims to keep growing through both organic and inorganic activity. We will continue to look for value-accretive opportunities to grow and diversify our portfolio that fits with our disciplined capital allocation policy and strict set of investment and risk criteria. I believe the management, supported by the Board, is well placed to deliver this outcome.

Sustainability

Leading in environmental and social sustainability is also a pillar of the Group's strategy. I am delighted that the Group published its first Climate Transition Plan in March. As a leading public transport operator, we have a critical role to play in the climate transition, and setting out our structured and ambitious approach to help achieve this is an important step in our sustainability journey.

I was pleased that First Bus has become a Real Living Wage employer, the largest bus operator in the country to do so. The Group's First Connections programme for women and ethnically diverse employees has gone from strength to strength, and I was delighted to take part in an event marking International Women's Day in the first few weeks of my tenure. The Group's apprenticeship programmes are also well established and are delivering results. For example, 95% of Lumo's operational workforce began on apprenticeships.

Our people

I am deeply impressed by the unwavering commitment and dedication of our more than 30,000 colleagues in delivering essential transport services that millions of our customers depend on. On a personal level, I'd like to thank everyone I have met throughout the Group for making me feel welcome, and on behalf of the Board, I extend my heartfelt gratitude to all our employees for their hard work throughout the year and for their continued support of our customers and developing effective local relationships in our communities.

The Board and corporate activity

You can read more about the Board evaluation which took place in the year on page 81. We held Board meetings in several locations this year, including a visit to GWR's battery train testing site and First Bus's Bramley depot, which you can read more about on page 78.

I would also thank my predecessor as Non-executive Chairman, David Martin, for his service to the Group during his five-year term.

We have a disciplined capital allocation policy which allows us to maintain our investment in decarbonisation and continue to diversify our earnings, while delivering returns to shareholders.

The £115m on-market share buyback programme was completed during the year and our subsequent £50m programme was completed in March 2025.

In light of the Group's strong performance in FY 2025, the Board has proposed a final dividend of 4.8p per share, which is subject to shareholder approval at the Group's 2025 AGM. Our positive cash generation and strong balance sheet allow us to capitalise on opportunities to grow our business as our industries transition, to continue to grow our dividend, and to provide further potential returns to shareholders.

Conclusion

With a large reach in the bus and rail sectors across the country, a strong balance sheet and our vital purpose, I am confident in the opportunities ahead for FirstGroup. There is no doubt that public transport is in a period of transition as a result of the policies of the new Government and devolved administrations, but the Group is in a good position to respond to these changing dynamics through our work to strengthen our businesses and invest, to diversify and to grow.

I can already see huge potential after my first four months – not least because we are fortunate to have so many dedicated and experienced colleagues who are working together to shape a bright and sustainable future. The Group is in a strong position and well placed to deliver against our strategy in both First Bus and First Rail.

Lena Wilson CBE
Chair

10 June 2025

£230m
in acquisitions and investment in bus fleet and infrastructure

c.1,115
zero emission buses

6.5p
Proposed total dividend

Our addressable markets

The UK bus market

Industry revenue in 2024

£7.0bn

2.2bn

passenger journeys made per annum

New government policy

Bus Services Bill

The Government launched its Bus Services Bill in late 2024. Designed to improve bus services and provide enhanced connections, the new legislation will give all local authorities the opportunity to take back control of local bus services, by supporting them to introduce bus franchising. The Bill will also remove the current ban on municipal ownership. Enhanced partnerships remain an option for local authorities to work with operators to deliver similar improvements in bus services.

Contracts overview

In London, bus operations are regulated by Transport for London, with each individual route forming a contract which is bid for by authorised private sector operators. Transport for London (TfL) decides the contract specifications for a given bus route, controls ticket prices and collects passenger revenue. Operators own the buses and depots, and recruit and employ drivers to run routes.

Outside of London, for the majority of services aside from franchising and enhanced partnerships, operators set timetables and fares on a commercial basis. A small proportion of services are operated on behalf of local authorities on a contract basis, where revenues are insufficient to support the operators. In England, following the introduction of franchising in Manchester, a number of mayoral authorities have indicated that franchising is their preferred future option taking control of the bus routes, services, timetables and service quality standards.

Adjacent services

The Adjacent services market in the UK bus sector includes bus and coach services that complement traditional bus operations. These include private hire services for events, school transport and tours, airport services, workplace shuttles, scheduled express services and rail replacement services.

The UK rail market

Industry revenue in 2024

£10.3bn

1.6bn

passenger journeys made per annum

New government policy

Rail Services Bill

The Government launched a consultation on its draft Railways Bill in February 2025. If passed, the legislation will include the establishment of a new public body, Great British Railways (GBR). The aim of GBR is to simplify and streamline the UK's rail system, improve customer experience with modernised ticketing systems and fares, lower costs and improve the overall efficiency of the network. Headquartered in Derby, GBR will oversee the operation of the Department for Transport's (DfT's) passenger rail contracts, which do not include open access operations and c.20% of passenger rail services, mainly in Scotland and Wales, and assume the ownership and management of most railway infrastructure.

Contracts overview

Under the terms of the DfT concession-based National Rail Contracts, operators bear no revenue risk and very limited cost risk. Operators earn an annual management fee for service delivery, with the opportunity to earn additional performance-based revenue. The Government passed legislation in November 2024 allowing for the nationalisation of passenger train operators; as a result, the DfT-contracted train operating companies will be transferred to Great British Railways over the next few years.

Open access – there are currently five open access train operating companies in the UK (three long-distance operators, Heathrow Express and Eurostar). Open access operators bear all commercial risk and opportunity. They make all commercial decisions including ticket pricing, and set working terms and conditions. The track access charging regime for open access operators takes into account the fact that they do not receive government subsidies. Data shows that, in 2025/26, Lumo will pay around 10% more than LNER per train mile and around 35% more than Avanti West Coast.

Open access Track Access Agreements are currently awarded by the Office of Rail and Road (ORR), typically for ten years, with scope for renewal. Routes are awarded where there is a clear business case they will promote competition for the benefit of passengers, generate sufficient new revenue and provide wider economic benefits for the communities they serve.

Open access rail operators are connecting communities, stimulating demand and delivering economic and environmental benefits across the UK.
Open access has been a hugely successful aspect of the rail industry over the last 25 years, connecting previously under-served places and providing additional capacity, which helps drive more people towards rail and away from less sustainable forms of transport. Services are provided entirely at the operator's own commercial risk and bring private investment into the sector. They create jobs and millions of pounds in economic benefit to the UK, while driving modal shift in public transport.

Our market drivers

Theme

Decarbonisation

Public transport plays a critical role in supporting decarbonisation and environmental objectives. By investing in the decarbonisation of fleets and infrastructure and actively incentivising and accelerating modal shift from private cars to buses and trains, especially zero and low emission ones, we can reduce congestion, improve air quality and create green jobs.

Our actions

In First Bus, we continue to commit significant investment and make use of innovative financing and strategic partnerships to deliver our decarbonisation programme. We have more than 1,000 zero emission buses, with three fully and a further ten substantially electrified depots outside London. In First Rail, we are leading trials of battery train technologies, low-carbon fuels, and collaborating with Network Rail to improve energy efficiency and expand track electrification. Our open access rail operations are helping to drive modal shift from car and air travel to rail, and thanks to Lumo's fully electric fleet and Hull Trains' bi-mode fleet, our emissions are lower than most other UK rail companies.

Lowering emissions

The transport sector represents 26% of the UK's annual carbon emissions and is the single largest contributor to it. Private car usage alone accounts for 52% of these transport emissions. In contrast, buses, coaches and trains collectively contribute only 4%.[1]

1 www.gov.uk/government/statistics/transport-andenvironment-statistics-2023/transport-and-environmentstatistics-2023

Theme

Modal shift

Modal shift is crucial for reducing congestion, lowering emissions, and improving air quality. By encouraging people to switch from private cars and air travel to bus, coach and rail, we can reduce congestion and significantly reduce the carbon footprint of the transport sector.

Our actions

We are expanding our portfolio to extend our reach and services, adding capacity to existing operations and repositioning and improving our customer proposition to encourage more people to travel on our services. We are also working closely with local authorities and communities to develop tailored solutions that meet the specific transport needs of different regions.

Read more on what we're doing to drive modal shift on page 14

Theme

Favourable demographics

As the UK population grows and cities become more densely populated, the demand for efficient and reliable public transport increases. Car ownership is also declining in the youth demographic and customers are increasingly environmentally aware, preferring more sustainable modes of transport.

Our actions

A key area of focus for the Group is to enhance our engagement with customers and to make our services more attractive and accessible to all age groups. We are also expanding our services to meet and stimulate demand, delivering infrastructure projects to enhance facilities and working alongside our partners to create integrated transport systems to make it easier for customers to switch between different modes of transport.

Theme

New technologies

The innovative use of new technologies is transforming public transport services. Operators have increased visibility of large numbers of customers and can stimulate demand with real-time information, contactless payments, smart ticketing and enhanced customer service. Data analysis and tools are also being used to improve service reliability and efficiency and to support sustainability initiatives, such as optimising the use of zero or low emission buses and trains.

Our actions

First Bus was the first regional bus operator in the UK to roll out 'Tap On, Tap Off' (TOTO) payment technology across our entire fleet. We are also using our real-time granular data and software tools to improve service delivery, continuously enhance our networks and timetables, and introduce new ticketing options that better match customer demand and preferences. In First Rail, we are making use of new digital tools in our customer contact centre and our Mistral Data business is providing industry-leading products and services to a number of train operating companies, including operational, staff messaging and customer engagement systems.

Mistral Data at the forefront of innovation

First Rail's Mistral Data integrates customers' datasets, providing a range of cloud-based, real-time tools for transport operators, infrastructure providers and manufacturers. This leaves Mistral well positioned to support the delivery of effective and cohesive data and tools across the industry as it transitions, and beyond.

Data-led ticketing improvements

First Bus offers TOTO ticketing on its services. This allows customers to use their contactless bank card or phone to pay their fares, which are calculated based on taps made when boarding and alighting the bus. Fares are capped at the price of a daily or weekly ticket. This allows First Bus to charge more granular fares, better reflecting the journey distance, which avoids pricing people out of shorter journeys.

Our market drivers continued

Theme

Funding

Sustained, long-term funding supports the delivery of vital public transport services and infrastructure, and brings certainty, which can leverage significant investment and expertise from the private sector, including in decarbonisation. Looking ahead, transport authorities will need capital funding to support bus priority and tackle congestion, and authorities looking to pursue franchising will need more generous and sustainable capital allocations to deliver their programmes, to purchase assets and deliver on their decarbonisation ambitions.

Our actions

We have already invested over £300m in the decarbonisation of our fleet and depot infrastructure in First Bus, having secured over £125m in government co-funding. In rail, industry data for 2023/24 showed that collectively private sector train companies reduced their government subsidy by over a quarter (c.£550m) against the prior year, compared with public sector train companies which increased their subsidy by 0.45%.

Theme

Electrification

Alongside environmental benefits, the electrification of fleets and infrastructure can reduce operating costs, improve energy efficiency, and enhance reliability and performance. Electrification can also unlock adjacent revenue streams including third party charging, battery storage, and recycling and consultancy opportunities.

Our actions

In First Bus, we are starting to see the benefits of operating a fully electric bus depot. We were also the UK's first bus operator to offer access to our electric vehicle charging infrastructure to other organisations, including DPD, Openreach and Centrica, as well as to eHGVs and smaller bus operators. Through our joint venture with Hitachi we are using smart software to optimise our energy use and battery charging and we will retain much of the residual value of the batteries financed through the partnership when they are taken off our buses with material second-life value.

Theme

Creating value in the supply chain

By sourcing goods and services locally bus and rail operators support and help to grow UK suppliers and manufacturing. Public transport networks also enhance the efficiency, reliability and sustainability of supply chains, creating significant value for businesses and communities alike.

Our actions

FirstGroup generated £1.44bn of Gross Value Added (GVA) contribution to the UK economy in its 2022 financial year, spending £2.44bn on goods and services provided by UK firms. Looking ahead, in December 2024 we announced that we had signed an agreement to lease 14 new Hitachi electric, battery electric or bi-mode trains at a cost of c.£500m to facilitate the growth of our open access services. The trains will be manufactured by Hitachi in County Durham, securing the skills base and jobs in the local area.

A landmark £500m train order to support UK manufacturing

Significant investment and expertise from the private sector alongside long-term funding supports the delivery of vital public transport services and infrastructure, and brings certainty to the sector. FirstGroup's landmark c.£500m train order will allow the Group to expand its open access portfolio and, importantly, will help to secure the factory's future and create certainty for the skills base and jobs in the local area. The lease agreement also provides the Group the option to invest another c.£460m, on a further 13 trains, should its ongoing applications for new open access services be successful.

Theme

Social and economic growth

Public transport networks are the lifeblood of vibrant towns and cities, and can stimulate local economies by improving access to markets, leisure destinations, jobs and services. This can lead to increased economic activity and the creation of new business opportunities along transport routes.

Our actions

Our businesses are at the heart of our communities, with the vast majority of our workforce recruited from our local areas, including some with high rates of unemployment. In April 2024, First Bus became a Real Living Wage employer, the first major bus operator to do so, and based on independent research, our two open access rail operations, Hull Trains and Lumo, are on track to contribute a collective £1.4bn in economic benefits by the end of their track access agreements in 2032 and 2033.

Theme

Government policy

There is significant government support and recognition that bus and rail travel is a cost-effective and quick mechanism to achieve modal shift from private car use, to lower emissions, improve congestion in our towns and cities and to support governments' levelling-up and growth agendas.

Our actions

In First Bus we have taken part in the government's £2 and subsequent £3 fare cap schemes in England and the free travel scheme for under 22s in Scotland, and believe that targeted funding for young people can encourage life long bus use. In First Rail, we have delivered a number of multi-million pound fleet upgrades and infrastructure projects for the DfT to enhance services and customer experience, and to improve station and integrated travel facilities.

Our business model

We are a leader in transport and a key partner to a wide range of stakeholders. Our business model leverages our strengths and resources to create value for all of our stakeholders and to continue to grow and diversify our business.

Strengths and resources

Our people
Our c.30,000 employees are at the heart of our business and have the skills, expertise and knowledge to drive our future success.

Read more about our people on page 39

Our network and fleets
We operate c.5,800 buses and more than 3,700 locomotives and rail carriages across the UK.

New technologies
We embrace new technologies and ways of working to deliver easier, more convenient, efficient and sustainable mobility solutions for our customers and partners.

Read more about innovation on page 37

Our expertise
We have a depth of experience and proven expertise in bus and rail transport, and an unwavering focus on safety and reliability.

Our relationships
Establishing new and maintaining long-held relationships with local and national government decision makers at all levels are essential to our success as a partner of choice.

Our stable financial platform
Our business is cash generative, and we have balance sheet capacity to enable long-term service continuity and allow us to grow and diversify our portfolio.

Read more about our financial platform on page 26

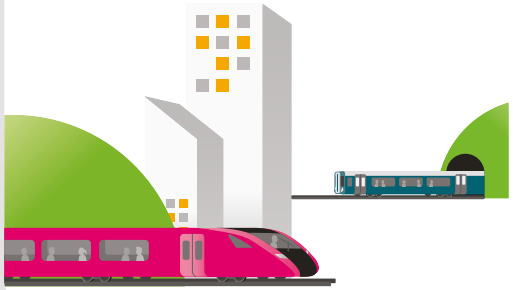
Our operations

First Bus

A leading, experienced and commercially agile operator with a large and diverse portfolio.

First Rail

Deep sector experience and expertise, with cash-generative operations including increasing contribution from open access and additional services.



Our diverse portfolio

Revenues are mainly derived from passenger ticket sales and concessionary fare schemes (reimbursements by local authorities for passengers entitled to free or reduced fares).

Income is also generated through tendered local bus services and bespoke bus and coach contracts for businesses or one-off events, as well as services for local authorities such as Park & Ride schemes. Bus operators also receive funding to support the affordability and availability of services, including the Bus Services Operators Grant in England, with similar schemes in Scotland and Wales.

Read more about the bus market and First Bus on pages 06 and 20

In our two successful open access operations, Hull Trains and Lumo, we make all commercial decisions and retain all revenue cost opportunity and risk. Our two DfT-TOCs, GWR and WCP are operated under National Rail Contracts, where operators bear no revenue risk and very limited cost risk. Operators earn an annual management fee and additional revenue based on performance.

First Rail also generates income through its Additional services businesses, which we are looking to scale as we believe private sector ancillary services suppliers will continue to be vital to the success of the rail industry, bringing experience, expertise and benefits to the sector.

Read more about the rail market and First Rail on pages 06 and 23

Read more about open access on page 24

Delivering for our stakeholders

Customers
Safe, reliable, value-for-money and easy-to-use travel services for millions of passengers each year.

Employees
A workforce representative of our communities. Quality jobs with opportunities to grow and learn in a safe, supportive and inclusive working environment.

Communities
Stronger economies and local communities through good local services and community engagement activities.

Government
Efficient and reliable transport services that meet wider policy objectives such as social and economic growth, decarbonisation and improved air quality.

Strategic partners and suppliers
Long-term relationships that optimise value, mitigate risk and increase sustainability and ethical standards in our value chain.

Investors
Sustainable financial performance and long-term value creation underpinned by a disciplined capital allocation policy balanced between investment, growth and shareholder returns.

Read more about engaging with our stakeholders on page 54

United by our Values

Find out more about FirstGroup online

Committed to our customers

Supportive of each other

Dedicated to safety

Setting the highest standards

Accountable for performance

Chief Executive Officer's review

Further growth and diversification

"In FY 2025 we have successfully executed our strategy, further strengthened our businesses and grown and diversified our portfolio despite high inflation and the impact of public policy changes."

Graham Sutherland
Chief Executive Officer

Introduction

FY 2025 has been another year of strong performance, further reinforcing our track record for delivery. Our adjusted operating profit has grown to £222.8m, from £204.3m in FY 2024, and our adjusted earnings per share ('EPS') has increased to 19.4p (FY 2024: 16.7p), with higher earnings benefiting from the buyback programmes we completed during the year. We have also recently completed a corporate restructuring to deliver significant cost savings and are well placed to at least maintain our adjusted EPS in FY 2026, off a stronger more diversified earnings base.

Continued growth in First Bus

We have improved our First Bus business over the last few years, growing revenues from £790m in FY 2022 to over £1bn in FY 2025 despite lower government funding. This is a great achievement and testament to the hard work and actions the team has taken to strengthen and grow the business.

In H2 2025 we delivered on our adjusted operating margin target of 10.0% excluding the contribution from London. For the full year First Bus has reported revenue of £1,081.5m (FY 2024: £1,012.2m) and adjusted operating profit of £96.0m (FY 2024: £83.6m), despite a £17m reduction in funding. This reflects further operational improvements, network and cost efficiencies, increased driver numbers, our newer electric fleet and the contribution of the businesses we acquired in FY 2025 and FY 2024.

16%
growth in Adjusted EPS

£90m
acquisition of RATP London

2
new rail open access routes acquired

Following the introduction of the £3 fare cap in England in January 2025, replacing the £2 cap, we introduced a clear and simple distance-based fare structure and the resulting yield increases outpaced a slight decline in passenger volumes in H2 2025. For the full year, passenger volumes grew by c.2% (excluding the extra week in FY 2024).

Entering the London bus market at scale

At the end of February, we completed the £90m acquisition of RATP London. This was a significant acquisition for the Group as the market recovers and has allowed us to enter London with a c.12% market share. The business, now named First Bus London contributed revenue of c.£23.2m and adjusted operating profit of £0.6m in March 2025. As the route contracts evolve over the next five years, we anticipate annual revenues of £300-£350m, with operating margins in line with historical London levels of 6-7%. We are very pleased to welcome RATP London's employees to the Group and the integration of the business is progressing well.

Increased revenue contribution from Adjacent services

As a result of further contract wins and extensions, and the contribution of the businesses we have acquired over the last two years, our Adjacent services revenue has grown from £219.8m in FY 2024 to £270.8m in FY 2025. We have continued to bolster our portfolio during the year, with the acquisitions of Anderson Travel, Lakeside Coaches and Matthews Coach Hire in Ireland, and a new contract with Flixbus.

Leaders in electrification

We invested c.£88m in First Bus in FY 2025, mostly in decarbonisation, net of c.£22m of government co-funding. At the end of March 2025, c.20% of our bus fleet was zero emission and we now have three fully electric depots and a further ten substantially electrified depots and electrification underway at a further five depots outside of London. As well as lowering emissions we are benefiting from electrification operational and cost efficiencies and making use of smart technologies to optimise our battery charging and energy use.

Chief Executive Officer's review continued

We were the first operator to allow access to third party organisations and businesses to the charging facilities at our depots. During FY 2025 we have announced further third party charging partnerships, including with Centrica and a number of eHGV operators. We also continue to share our expertise with other operators and local authorities, including hosting regular knowledge-sharing sessions.

Focus on operational delivery in First Rail

In First Rail, we remain focused on delivering for our customers and partners. The division's financial performance for FY 2025 was ahead of expectations due to higher than previously forecast variable fees from the DfT TOCs. Adjusted operating profit increased to £148.8m (FY 2024: £143.3m).

Our open access operations, Hull Trains and Lumo, have continued to perform well thanks to strong demand, effective yield management and continued high levels of customer satisfaction. They have delivered adjusted operating profit of £34.1m in FY 2025, up from £30.0m in FY 2024.

Our Additional services businesses, FCC, Mistral Data and First Rail Consultancy continue to perform well. They contributed revenues of £110.7m in FY 2025, up from £98.2m in FY 2024.

In line with the Government's announced policy, the DfT took over the operation of South Western Railway ('SWR') on 25 May 2025. Improving the infrastructure, customer experience and rolling stock across SWR's services during our eight-year stewardship has enabled us to deliver for our passengers, who make more than 150 million journeys each year. I would like to thank our teams for their hard work and support to ensure a successful transition.

Driving modal shift

Driving modal shift from car and air travel to bus and train is a key strategic priority and commercial driver for the Group, and crucial for reducing congestion and improving air quality. To encourage modal shift we strive to deliver the best possible customer experience, with reliable, cost-efficient services, and we are growing our businesses to increase capacity.

Highlights during the year have included the launch of the 'Everyday Actions' internal programme in First Bus to drive service improvements. This was complemented by a major brand refresh to deliver a consistent look and feel for customers and re-focus the business on its people and customers. A new external campaign, 'Moving the everyday' was launched alongside the brand refresh, to inspire people to switch from cars to buses, highlighting the role buses play in unlocking environmental, social, economic and health benefits.

In First Rail, we are adding capacity and applying for new routes in open access and participating in other contract opportunities. We successfully took over the operation of the London Cable Car at the end of June 2024. Our team is now focused on working with Transport for London to enhance the customer proposition and place the service at the heart of its local community.

Leading in sustainability

Leading in environmental and social sustainability has long been a priority for the Group. We are committed to the safety of our customers, our employees and all third parties in contact with our businesses. We are investing in decarbonisation, enhancing our operations and driving modal shift to reduce our environmental impact and support growth and prosperity across the UK. During FY 2025, we have again been recognised for our achievements and progress to date, including our inclusion in the most recent S&P Sustainability Yearbook and Clean200 report as well as receiving MSCI's highest possible ESG rating of AAA. We are also very pleased to have just been ranked among Corporate Knights' Europe 50 Most Sustainable Corporations.

In March, we were pleased to publish our first Climate Transition Plan, marking another important step in our sustainability journey. It sets out our comprehensive strategy to meaningfully reduce emissions, manage climate-related risks, drive modal shift and contribute to social and economic growth in the communities we serve.

Building a diverse, quality and sustainable earnings base

Our cash-generative businesses and balance sheet capacity allow us to invest in value-accretive opportunities to grow and diversify our portfolio, creating a diverse, quality and sustainable earnings base that is less affected by changes in government policy.

In First Bus, we have bolstered our Adjacent services business to grow our market share and extend our geographical reach. We have demonstrated that we have the capability to successfully integrate new businesses and there is still considerable scope for us to grow in this market, specifically in airport services, workplace shuttles and coach services, which offer stable earnings with attractive margins. As I mentioned above, the acquisition of RATP London was significant for the Group, allowing us to enter London in a strong position, with anticipated material earnings contribution in the medium term.

In First Rail, we have made very good progress in growing our UK open access capacity. We have acquired track access rights for two new services, between London and South Wales and between London and Stirling which will double our current seat capacity and treble Lumo's services in two to three years' time, creating a national brand. We have also submitted applications to the ORR for extensions to our existing services and for new routes where we have identified there is capacity and demand. Should these applications be successful, we will treble our existing capacity.

We have a disciplined capital allocation policy and a strict set of criteria when assessing investment opportunities. They must be complementary to our existing portfolio and the Group's strategy, thoroughly assessed for risks and opportunities and operated within a well-understood contractual, political and regulatory environment with an appropriate balance of risk and reward.

A strong cash conversion and balance sheet enables progressive shareholder returns

We have reported a year-end adjusted net debt of £86.9m, having invested c.£88m in decarbonisation and c.£140m on acquisitions and returned £126m to shareholders via dividends and our buyback programmes.

We repurchased the remainder of our 2024 bonds, extended our £300m Revolving Credit Facility for five years and agreed a new £150m Term Loan Facility to fund the continued electrification of our bus fleet. We also fully discharged our remaining legacy Greyhound pension obligations.

In light of the Group's strong performance in FY 2025, the Board has proposed a final dividend of 4.8p per share (FY 2024: 4.0p per share) in line with the current policy of around three times adjusted EPS cover ratio. This will result in a dividend payment of c.£27m, to be paid on 8 August 2025 to shareholders on the register at 4 July 2025. We have also announced an additional £50m buyback programme today.

Our positive cash generation and strong balance sheet allow us to capitalise on opportunities to grow our business as our industries transition, to maintain our progressive dividend policy and for further potential returns to shareholders.

A period of significant change in UK bus and rail

The rail and bus industries in the UK will see significant change over the next few years, with the National Rail Contracts moving to public ownership, and in the bus sector, a number of regions outside London planning to adopt the franchising model.

First Rail has been one of the largest operators for more than 25 years, working successfully with a wide range of partners and stakeholders under various contract types and delivering various significant rail infrastructure projects and fleet upgrades. Companies such as ours can bring innovation, enhanced service delivery, private investment and focus on cost control. Our DfT TOCs have saved more than £360m for the DfT in their annual business plans over the last four years. Hull Trains and Lumo have delivered substantial economic growth and created jobs in the communities they serve, grown demand and contributed to the funding of the rail network.

Chief Executive Officer's review continued

Enhancing rail connections is critical to boosting economic growth in the UK and we believe that, delivered effectively, rail reform will ensure the industry can grow passenger numbers, generate greater revenues and develop the value of rail in a customer-focused, dynamic and efficient environment. We believe that any future rail policy must fully embrace open access. It has been a hugely successful aspect of the rail industry over the last 25 years, connecting previously under-served places and providing additional capacity, which helps drive more people towards rail and away from less sustainable forms of transport at no cost to the tax payer. Services are provided entirely at the operator's own commercial risk and bring private investment into the sector. They create jobs and over £1bn in economic benefit to the UK, while driving modal shift to rail over more carbon intense transport modes such as car or plane.

In bus, we are one of the largest operators in the UK, carrying more than a million passengers a day. We are well placed to support the transformation of the bus sector, leveraging our expertise to work in close partnership with national, regional and local governments, in every regulatory environment, to ensure the best outcomes for customers. We believe this can be achieved with a focus on bus priority and congestion tackling measures, 'bus first' planning decisions, targeted fare initiatives for young people to support life long bus usage, improved reliability, enhanced facilities and accessibility, attracting workers to the sector and making bus a leading visible indicator in the green transition.

Well positioned to navigate the industry transition

Over the last few years we have worked to transform, grow and diversify our businesses, including a recently completed corporate restructuring. Coupled with our strong balance sheet and leading positions, this leaves us well placed to navigate the industry transition ahead.

In First Bus we intend to win our fair share of the regional franchise market, develop our existing commercial bus business and grow our Adjacent services market share, and we will continue to actively evaluate a pipeline of inorganic growth opportunities in existing and new areas across the UK. We will also make use of our property portfolio and decarbonisation credentials to drive innovation, leverage electrification efficiencies and generate new revenue streams in the energy sector.

In First Rail, we are focused on growing our successful open access business, identifying where we can scale our Additional services businesses, bidding for new contracts and identifying new open access opportunities in the UK, as well as monitoring open access opportunities in Europe as the market continues to liberalise.

Board changes

At our AGM in July 2024, David Martin announced his intention to retire from the Board. I am grateful to David for his contribution to the Group and the strategic progress that he has overseen.

On 1 February 2025, Lena Wilson CBE joined the Board as Chair. Lena is currently Senior Independent Director at NatWest Group plc, and has held senior and Board roles at a number of listed and private companies. She was also Chief Executive of Scottish Enterprise from 2009 to 2017 and prior to that a Senior Investment Adviser to The World Bank in Washington DC. We are delighted that Lena has joined the Group and there is no doubt that we will benefit from her substantial experience in both the public and private sectors.

Outlook

We have entered FY 2026 with a stronger and more diversified earnings base and expect to at least maintain our adjusted EPS, with a lower contribution from the DfT TOCs offset by further profit growth in First Bus and lower corporate costs, aided by at least £15m of annualised cost savings as a result of the restructuring of our businesses.

In First Bus, we are restructuring the business to ensure we remain a strong and agile business as we respond to changes in the UK bus market. We anticipate further progress during FY 2026, with incremental yield, network and operational efficiencies, the contribution of the businesses acquired in the last two years and cost savings resulting from the restructuring of the business offsetting continued inflationary pressures and the anticipated c.£15m impact of the increase in employers' National Insurance contributions. We anticipate revenue of c.£1.4bn from First Bus in FY 2026, including c.£300m from First Bus London.

In First Rail, we anticipate lower adjusted revenue and adjusted operating profit, reflecting the transfer of SWR to public ownership, a normalised level of DfT TOC variable fees and mobilisation costs in our new open access operations, offset by continued growth in our current open access operations.

The Government's announced policy is to bring the National Rail Contracts into public ownership at the earliest possible opportunity, with SWR transferring on 25 May 2025, c2c on 20 July and Greater Anglia on 12 October 2025, with subsequent contracts transferring at intervals of approximately three months in the order that their current core contractual terms expire.

As the contracts transition, we anticipate a cash inflow of c.£120m from the DfT TOCs, after any reorganisation cash costs the Group may incur, over a three-year period from April 2025 with cash received from the management fees a year in arrears. The increase in the anticipated cash inflow to the Group has primarily been driven by higher variable fees in FY 2025 combined with GWR now expected to transition in FY 2027. This cash receipt includes the earnings from the division's Additional services businesses which are expected to continue supporting the DfT TOCs for a year or more after the National Rail Contracts end. First Rail continues to support Trans Pennine Trains in a number of areas two years after the transition of the National Rail Contract.

In First Bus, positive free cash flow is anticipated after net cash capital expenditure of c.£150m, mainly on decarbonisation.

Looking further ahead, we anticipate that our First Bus and our First Rail open access businesses will continue to grow from their existing strong bases. We also expect them to be more cash generative following a period of significant investment in the First Bus fleet and open access rail being capital light, with rolling stock funded through operating leases for the duration of the track access agreements.

Conclusion

In FY 2025 we have successfully executed our strategy, further strengthened our businesses and grown and diversified our portfolio despite high inflation and the impact of public policy changes. Our strong performance is testament to the expertise and efforts of our people and I am very grateful to all our teams for their continued hard work to ensure we provide the best possible services for our customers and stakeholders.

Looking ahead, for some time now we have been working to restructure our businesses and cost base ahead of a period of major transition for the Group. We are confident we will at least maintain our adjusted EPS in FY 2026, from a stronger, more diverse earnings base, with scope for material earnings growth in the medium term as we grow revenues in First Bus and open access rail.

As a leading, highly experienced and innovative public transport operator we are well placed to participate in future opportunities in UK bus and rail and to continue our significant investment in growth and decarbonisation. We recognise that we have a critical role to play in the delivery of the country's wider economic, social and environmental goals, and will continue to take a proactive approach, demonstrating our strengths as a trusted, experienced partner for the delivery of public transport services.

Graham Sutherland
Chief Executive Officer

10 June 2025

Progress on our strategic pillars

Deliver day in, day out

Deliver a consistently safe and reliable customer experience

Win/extend key contracts in Bus and Rail

Pricing strategies to enhance customer value, drive demand and improve yield

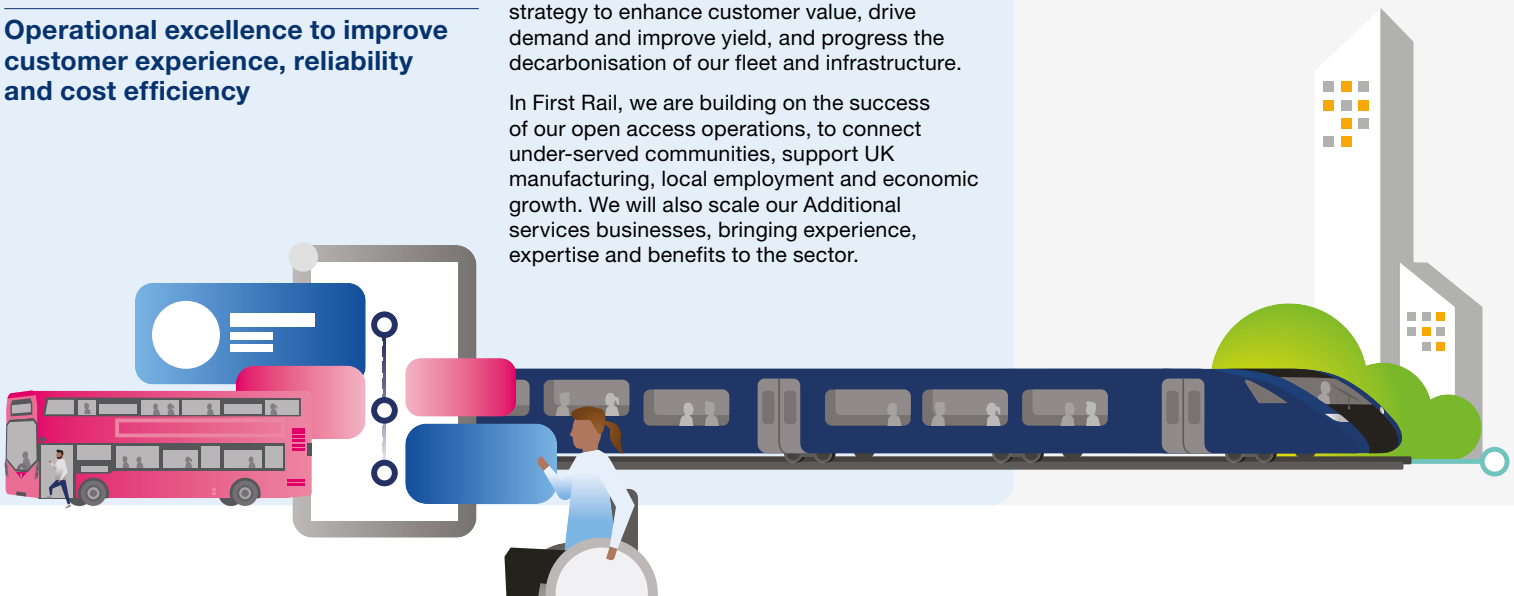
Operational excellence to improve customer experience, reliability and cost efficiency

Delivering and innovating for our customers and partners

We deliver vital services for our partners and communities and our focus remains on operational excellence across our businesses to drive value, provide consistently safe and reliable services and the best possible customer experience.

In First Bus, we continue to drive operational, cost and network efficiencies, evolve our pricing strategy to enhance customer value, drive demand and improve yield, and progress the decarbonisation of our fleet and infrastructure.

In First Rail, we are building on the success of our open access operations, to connect under-served communities, support UK manufacturing, local employment and economic growth. We will also scale our Additional services businesses, bringing experience, expertise and benefits to the sector.



FY 2025 highlights

- First Bus adjusted operating margin of 10% in H2 2025 (excluding London)
- First Rail DfT TOCs FY 2025 variable fees ahead of forecast
- Group adjusted EPS up 16% year-on-year
- Cash generated from operations in FY 2025 increased by 44%, to £207.4m

FY 2026 objectives

- Further progress in First Bus driven by incremental yield, network and operational efficiencies and contribution of new businesses
- Continued revenue and profit growth in First Rail open access operations
- To at least maintain Group adjusted EPS in FY 2026, off a stronger, more diverse earnings base
- Deliver anticipated annualised cost savings of c.£5m following corporate restructuring from H2 2026

Case study

First Bus brand refresh – a major milestone in our transformation journey

In December 2024, First Bus launched a refreshed brand alongside a new campaign, ‘Moving the everyday’, highlighting the integral role buses play in connecting people to their local communities. The launch was the culmination of extensive planning and hard work from teams across the business and incorporates feedback from First Bus’s customers and employees. It represents a key milestone in the transformation of First Bus, reinforcing its focus on its customers and people with a clear, consistent brand that is easier to recognise and engage with.

Progress on our strategic pillars continued

Drive modal shift

Drive a step change from car and air travel to bus and rail

Grow First Rail open access to stimulate demand and provide increased connectivity

Focus the First Bus customer proposition to increase usage

Increase First Bus Adjacent services where the car is becoming less attractive

Growing demand for bus and rail

Driving modal shift from car and air travel to bus and train is not only a key driver of our commercial success, but also crucial for reducing congestion, lowering emissions and improving air quality. To encourage modal shift, we are enhancing and expanding our portfolio, evolving our bidding capability and working closely with local authorities and communities to develop tailored solutions that meet the specific transport needs of different regions.

In First Bus, we have refocused our customer proposition to stimulate demand and increase usage and are growing our Adjacent services business.

In First Rail, we are focused on increasing capacity in our open access operations and identifying new routes and markets with capacity and demand.

FY 2025 highlights

- First Bus underlying passenger revenue up 7% and passenger volumes up 2% vs FY 2024
- First Bus brand refresh focused on an enhanced customer proposition
- Hull Trains and Lumo revenue up 7% vs FY 2024 with passenger volumes up 9%
- Open access rail applications submitted to ORR which, if successful, would significantly increase our capacity

FY 2026 objectives

- Extend and win new contracts in First Bus Adjacent services
- Continue to enhance and grow capacity in First Rail open access operations
- Make use of our expertise and data tools to deliver reliable and value-for-money services to grow demand
- Identify new contract opportunities in bus and rail to grow our businesses and passenger volumes

Case study

Driving modal shift through our open access rail offering

By making rail services accessible, reliable, affordable and attractive to passengers, we are at the forefront of driving modal shift. The increased economic activity and the creation of new business opportunities along transport routes demonstrates the added benefits that open access operations bring to local communities. During FY 2025, we have continued to build on the success of our two open access operations, Hull Trains and Lumo. As well as adding capacity and growing demand in our existing operations, we have acquired and applied for new and complementary routes where there is proven demand. This has included the acquisition of track access rights for two new open access rail services, from London to Stirling and from London to South Wales, which will more than double our existing capacity and establish Lumo as a national brand.

Progress on our strategic pillars continued

Lead in environmental and social sustainability

Deliver our decarbonisation commitments

Continue the First Bus fleet and infrastructure decarbonisation and build out adjacent electrification opportunities

Support prosperity, growth and green jobs in the communities we serve

Contribute to an economy-wide climate transition through modal shift to bus and rail travel

A leader in sustainability

Our ambition is to be the partner of choice for innovative and sustainable transport and we have a comprehensive strategy to meaningfully reduce emissions, drive modal shift and contribute to growth and prosperity in the communities we serve.

In First Bus, we are a leader in decarbonisation and are making good progress towards our commitment of a zero emissions commercial bus fleet by 2035. We are also sharing our expertise and capabilities and were the first UK bus operator to offer access to electric vehicle charging infrastructure to external organisations and operators.

In First Rail, our open access operations are lowering emissions, stimulating demand and supporting growth and job opportunities in our communities and in UK manufacturing.

FY 2025 highlights

- First Bus has over 1,000 electric buses, c.20% of the fleet and three fully electrified depots and a further ten substantially electrified depots outside London
- £500m order placed for new fleet of UK manufactured Hitachi electric, battery electric or bi-mode trains to facilitate growth in our open access operations
- We have onboarded over 1,000 suppliers to our new supplier platform to monitor ESG risks
- FirstGroup upgraded to MSCI's highest possible ESG ranking of AAA
- The Group's first Climate Transition Plan was published in March 2025

FY 2026 objectives

- Maintain our trajectory towards our 2035 zero emission commercial bus fleet in First Bus
- Leverage our leading sustainability credentials and expertise when bidding for new contracts in both divisions
- Foster and maintain strong relationships with our stakeholders, communities and charitable partners, demonstrating the social, economic and environmental benefits our services can deliver
- Continue to develop and progress new and diverse talent through our apprenticeship, recruitment and retention schemes

Case study

Introducing our Climate Transition Plan

As a leading transport operator carrying millions of passengers a day, we have a critical role to play in the climate transition. Investing in decarbonisation, enhancing our operations and driving modal shift reduces our environmental impact and supports growth and prosperity in the communities we serve; it is also a key driver of our commercial success. The publication of our first Climate Transition Plan was an important step in our sustainability journey. It sets out our comprehensive strategy to meaningfully reduce emissions, manage climate-related risks, drive modal shift and contribute to growth and prosperity in the communities we serve.

Progress on our strategic pillars continued

Diversify our portfolio

Invest to grow and diversify our portfolio and ensure our business is resilient

Grow the First Rail open access portfolio and scale the affiliate businesses

Continue to grow our First Bus Adjacent services portfolio and geographical footprint

Actively pursue bus franchise and partnership opportunities

Positioning the business for long-term growth and value creation

We are investing to grow and diversify our revenue streams to create material, sustainable value.

In First Bus, we have entered the London bus market at scale, with a strong medium-term earnings growth profile. We are also actively pursuing attractive opportunities in Adjacent services, franchising and partnerships.

In First Rail, we are growing our open access businesses by adding capacity, acquiring access rights for new services and applying for new routes where we can connect under-served communities and add value for our stakeholders. We are also looking to scale our Additional services offerings, including marketing them to other industry participants and evaluating further rail contract opportunities.

FY 2025 highlights

- Acquisition of RATP London to enter London at scale as the market recovers
- First Bus Adjacent services revenue grew by 23% vs FY 2024
- First Rail successfully took over the operation of the London Cable Car in June 2024
- Acquisition of track access rights for two new open access rail services between London and Stirling and London and South Wales to double existing capacity and establish Lumo as a national brand

FY 2026 objectives

- Actively participate in regional bus franchising and other rail contract opportunities to enter new markets
- Grow our share of the bus and coach Adjacent services market
- Commence the mobilisation of our new open access services between London and Stirling and London and South Wales
- Continue to evaluate strong pipeline of complementary, value-accretive growth opportunities to further build and grow our earnings base

Case study

Entering the London bus market at scale

In February 2025, we completed the acquisition of RATP London, a well-established business with a c.12% market share and a strong operational footprint in West and Central London. Now First Bus London, the business has ten depots, c.1,000 buses, more than a third of which are fully electric, and c.3,700 employees. This was a significant acquisition for the Group that has seen us enter London at scale as the market recovers. It will also transform First Bus, allowing us to diversify and materially grow our earnings in the medium term and will bolster our credentials as we participate in future franchising opportunities across the UK.

Key performance indicators

The Group and our divisions focus on a range of financial and non-financial KPIs linked to our four strategic pillars to measure progress and evaluate performance over time.

We have indicated below each KPI which strategic pillar or pillars it is linked to. In many cases, there is a link to more than one of the strategic pillars. KPIs used in the calculation of variable remuneration in FY 2025 are marked REM

Read more on page 91

1 Adjusted revenue is defined as revenue excluding that element of DfT TOC revenue, and related intercompany eliminations, where the Group takes substantially no revenue risk.
2 Adjusted operating profit is shown before net adjusting items.
3 Adjusted EPS is shown before net adjusting items, excludes IFRS 16 impacts in First Rail management fee operations and uses the weighted average number of shares in the period.
4 Free cash flow is the movement in adjusted net debt excluding proceeds from business disposals and cash outflow from dividends, share buybacks and business acquisitions. Adjusted net debt excludes ring-fenced cash and IFRS 16 lease liabilities.

Key to our strategic pillars

Deliver day in, day out

Drive modal shift

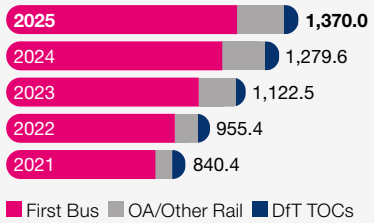
Lead in environmental and social sustainability

Diversify our portfolio

Financial KPIs

Group adjusted revenue (£m)[1]
Continuing operations

£1,370.0m



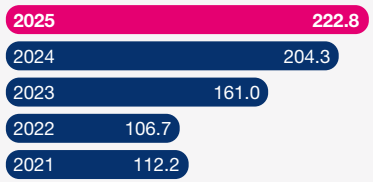
Description
Group adjusted revenue reflects the overall size and health of the business driven by passenger volumes, contract income and DfT TOC management and variable fees.

Performance
Adjusted revenue from continuing operations increased to £1,370.0m (FY 2023: £1,279.6m). Strong performance in First Bus from volume growth, increased yield acquisitions. First Rail continued to grow open access operations and Other Rail Services revenue and maintained a high level of TOC performance fees. The prior year included an extra week of trading in FY 2024 at First Bus.

Link to strategic pillars

Group adjusted operating profit (£m)[2]
Continuing operations REM

£222.8m



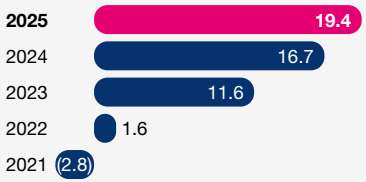
Description
Group adjusted operating profit is a measure of our ability to extract value from our revenue and manage costs.

Performance
Adjusted operating profit from continuing operations was £222.8m (FY 2024: £204.3m). First Bus benefited from increased passenger volumes, further data-led operational and commercial improvements and improved driver availability, which more than offset ongoing inflationary pressures and lower funding levels. In First Rail, open access operations performed strongly and the DfT TOCs' financial performance was ahead of expectations owing to higher than accrued final variable fee awards.

Link to strategic pillars

Adjusted EPS (pence)[3]
Continuing operations REM

19.4p



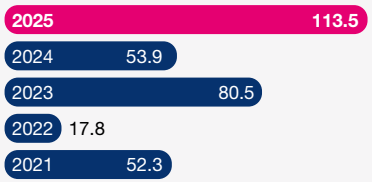
Description
Adjusted EPS summarises the overall financial performance of the Group and profit attributable to shareholders.

Performance
Adjusted EPS for the continuing business increased from 16.7p to 19.4p, due to strong growth in First Bus and First Rail open access EBIT, and the higher than anticipated variable fee in the DfT TOCs.

Link to strategic pillars

Free cash flow (£m)[4]
Continuing operations REM

£113.5m



Description
The level of free cash flow influences our ability to invest and finance the business.

Performance
The Group's free cash flow for FY 2025 more than doubled to £113.5m included growing pre-IFRS 16 EBITDA in First Bus and First Rail open access, and higher working capital cash inflows offset by capital expenditure invested in decarbonisation of the First Bus fleet.

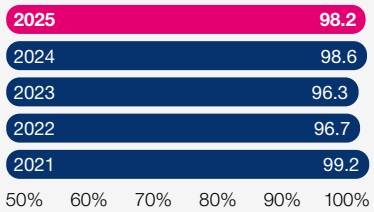
Link to strategic pillars

Key performance indicators continued

Operational performance KPIs

First Bus total operated mileage (%)

98.2%

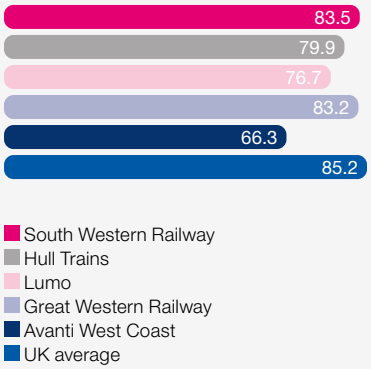


Description
This measures bus miles operated as a percentage of timetabled bus miles. It is an important indicator of service to customers and contract fulfilment.

Performance
There has been an improvement in performance in FY 2024 driven by improved driver availability and the successful implementation of efficiency measures.

Link to strategic pillars

First Rail Public Performance Measure (PPM) (%)



Description
This measures the percentage of passenger trains punctual at final destination[1] by financial period and moving annual average (MAA). Punctual is defined as arriving at the final destination within five minutes of the planned timetable for London and South East, Regional and Scottish operators, or within ten minutes for long-distance operators.

1 Source: Network Rail.

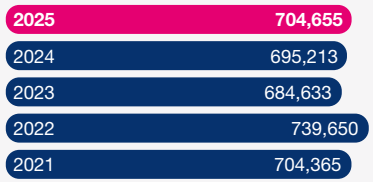
Link to strategic pillars

Responsible business KPIs

Scope 1&2 emissions (tCO_2e)

REM

704,655 tCO_2e



Description
Measures the success of our actions to combat climate change and improve local air quality by delivering low and zero emission mobility solutions and infrastructure for our customers and communities.

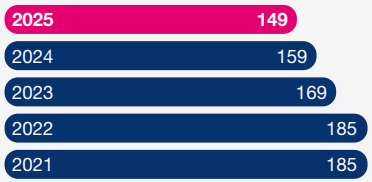
Performance
During FY 2025, we have continued to drive carbon efficiencies across our operations, progressing towards our science-based targets, to reduce Scope 1 and 2 greenhouse gas (GHG) emissions by 63% by FY 2035. Changes in carbon emissions over the past year were partly due to an increase in traction electricity consumption.

Link to strategic pillars

Carbon intensity (tCO_2e/£m revenue)

REM

149 tCO_2e/£m



Description
Normalised measure of our Scope 1, 2, 3 (limited) and out-of-scope emissions, calculated as tonnes of carbon dioxide equivalent per £m of revenue. Also linked to the Group's revolving credit facility.

Performance
Carbon intensity per £m revenue has improved due to strong revenue performance and ongoing decarbonisation efforts across the Group, indicating a de-coupling of GHG emissions from business growth.

Link to strategic pillars

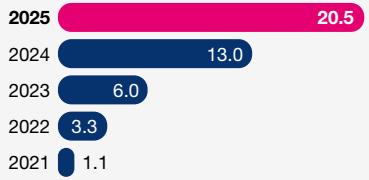
Key performance indicators continued

Responsible business KPIs continued

Zero emission buses (% of fleet)

REM

20.5% of bus fleet



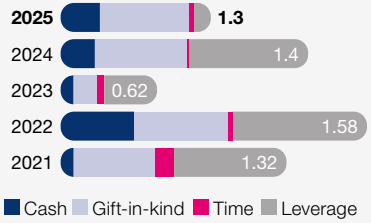
Description
Indicates the speed of investment in decarbonising our bus fleet. Also linked to the Group's revolving credit facility.

Performance
The number of zero emission buses in our fleet continues to increase in line with our ambition to achieve a 100% zero emission bus fleet by 2035.

Link to strategic pillars

Social value – community investment (£m)

£1.3m



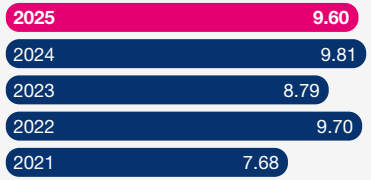
Description
Measures the Group's contribution to local communities using the London Benchmarking Group (LBG) model which tracks direct cash contributions, employee volunteering time, in-kind support, and leverage including employee, customer and supplier contributions.

Performance
This year we contributed over £1.3 million to the communities we serve. Our three divisional charity partners, Railway Children, Macmillan and Samaritans are supported through gift-in-kind advertising spaces and other donations, and other community-based charities are supported via employee matchfunding, volunteering, payroll giving and other donations.

Link to strategic pillars

Employee lost time injury rate (per 1,000 employees)

9.60



Description
Measures the number of lost time injuries per 1,000 employees per year.

Performance
There was a decrease in the lost time injury rate (LTIR) compared to the previous FY. The Group continues to implement several initiatives to improve this rate focused on raising awareness, educating employees, and utilising technology to ensure a smooth journey.

Link to strategic pillars

Passenger injury rate (per million journeys)

4.77

Description
Measures the number of injuries per million journeys per year. Historical data is restated annually to incorporate the most accurate information for the last 36 months.

Performance
There was a slight increase in passenger injuries in FY 2025. The main cause for the increase are the number of slips, trips, and falls in both divisions. The Group's safety plans are concentrating on these areas to reduce risks and maintain a safe environment for all passengers. Emphasising customer-centricity remains a priority for both divisions.

Link to strategic pillars

Business review

First Bus

"Our focus remains on the everyday basics, delivering incremental performance improvements to deliver the best possible services for our customers, drive growth and ensure we are in a strong position to participate in future opportunities."

Janette Bell
Managing Director, First Bus

Key developments

- 10.0% adjusted operating profit margin delivered in H2 2025 and 8.9% for the full year, excluding London (FY 2024: 8.3%) due to further data-led operational and yield improvements, cost efficiencies, and improved driver availability offsetting inflationary pressures and lower funding
- Underlying passenger volumes (excluding extra week in FY 2024) increased c.2% vs. FY 2024
- 1.13m passenger journeys a day (FY 2024: 1.14m)
- Total revenue of £1,081.5m (FY 2024: £1,012.2m) despite a c.£17m reduction in funding; underlying passenger revenue growth of 7% vs. FY 2024
- Adjacent services revenue increased to £270.8m (FY 2024: £219.8m) resulting from contract wins and extensions and the contribution of businesses acquired in FY 2024 and FY 2025
- Acquisition of RATP London completed in February 2025 sees First Bus enter the London bus market at scale with anticipated material medium-term earnings growth; the business now named First Bus London, contributed £23.2m revenue and £0.6m adjusted operating profit contribution in March 2025
- Adjacent services portfolio bolstered by acquisitions of Anderson Travel, Lakeside Coaches and Matthews Coach Hire, and Flixbus contract, with anticipated combined annual revenues of c.£37.2m
- Actively participating in upcoming regional franchising opportunities in England
- Continued progress in electrification:
  - Group net investment of £88m in FY 2025 in First Bus, mostly on electrification, alongside ZEBRA co-funding of £22m, and an additional c.£20m of ZEBRA 2 funding awarded in March 2025
  - c.1,115 electric buses (c.20% of our fleet) in operation including in London at end of March 2025; we now have three fully electric depots and ten further depots substantially electrified outside London
  - 39 diesel to electric 'repowers' ordered in FY 2025 following successful trials
  - third party charging underway at multiple depots outside London with new contracts signed, including with Centrica and a number of eHGV operators
  - continued focus on energy cost efficiencies, including vehicle smart charging and investment in depot energy management systems and controls

	FY 2025 £m	FY 2024 £m	Change
Revenue	**1,081.5**	1,012.2	+69.3
Adjusted operating profit	**96.0**	83.6	+12.4
Adjusted operating margin	**8.9%**	8.3%	+60bps
EBITDA	**160.1**	148.1	+12.0
Adjacent services revenue	**270.8**	219.8	+51.0
Passenger volumes (m)	**412.0**	424.4	(12.4)
Regional revenue per mile (£)	**5.58**	5.38	+0.20
Net operating assets	**813.3**	580.2	+233.1
Net capital expenditure	**88.2**	129.4	(41.2)
Return on Capital Employed[1]	**11.1%**	11.5%	(40)bps

1 Return on capital employed is a measure of capital efficiency and is calculated by dividing adjusted operating profit after tax by average year-end assets and liabilities excluding debt items.

First Bus revenue increased to £1,081.5m in FY 2025 compared with £1,012.2m in FY 2024, which had an extra week of trading and included the operation of the Oldham depot in Manchester. Total passenger revenue grew to £785.6m (FY 2024: £769.1m), with regional revenue per mile up by 4%.

Our adjusted operating profit increased to £96.0m in FY 2025 compared with £83.6m in FY 2024 which included c.£1.4m from the extra week of trading. In H2 2025 we delivered our targeted adjusted operating margin of 10.0%, with a margin of 8.9% for the full year, excluding First Bus London (FY 2024: 8.3%). This reflects the delivery of further operational improvements, network and cost efficiencies, increased driver numbers, our newer electric fleet and the contribution of recently acquired businesses, which offset ongoing inflationary pressures and a £17m reduction in funding.

Revenue from Adjacent services has also grown, to £270.8m from £219.8m in FY 2024 thanks to further contract wins and extensions and the contribution of the businesses we acquired in FY 2024 and FY 2025.

We successfully managed the transition from the £2 fare cap to £3 in England in January 2025, introducing a new fare structure, making use of our 'Tap On, Tap Off' technology that allows us to introduce simple, distance-based fares. The resulting yield increases outpaced a slight decline in passenger volumes in H2 2025. For the full year, excluding the extra week in FY 2024, passenger volumes increased by c.2%, with concessionary volumes up 4% and commercial volumes flat versus the prior year.

The free travel for under-22s scheme in Scotland and the £2, and subsequent £3 fare cap in England continued to support demand during FY 2025. Under the Scottish Government's under-22s scheme, operators are reimbursed a proportion of the cost of a full adult fare. Under the £3 fare cap scheme in England, operators agree a reimbursement schedule in advance with the DfT based on the projected cost to the operator for charging a flat £3 fare for journeys that would otherwise have cost more.

Business review continued

In February 2025 the Welsh Government announced plans for a year-long pilot scheme offering £1 single bus fares and £3 day tickets to under-22s in Wales from September and earlier this month we were very pleased to welcome the Chancellor of the Exchequer to our Huddersfield bus depot as she unveiled details of £15.6bn in funding for local transport projects across England's city regions. We welcome this investment by government and it is good to see that buses are put at the forefront of these projects.

We very much welcome government funding in critical areas and in key demographics, including in air quality, modal shift and economic growth. We are seeing some evidence in Scotland that young people continue to use the bus when they turn 23, reinforcing our support for young person funding schemes to encourage life long bus use.

Our post-tax return on capital employed decreased to 11.1% during the period (FY 2024: 11.5%). This reflects the growth in adjusted operating profit offset by growth investments, and the continued accelerated investment in the electrification of our fleet and infrastructure which, thanks to lower operating costs and potential adjacent revenue streams resulting from electrification, is anticipated to increase future profitability

Focus on continued operational improvement

Our focus remains on the everyday basics, delivering incremental performance improvements to deliver the best possible services for our customers, drive further revenue growth and ensure we are in a strong position to participate in future franchise and commercial opportunities. We remain committed to the safety of our customers, employees and all third parties in contact with our business. In FY 2025, we launched an internal programme, 'Everyday Actions' to drive these improvements. We also continue to make use of our industry-leading data and software tools to improve our service delivery, align services to demand, implement smarter fares and drive operational and cost efficiencies throughout the business.

To manage the transition to the £3 fare cap and the increased employer's National Insurance contributions from 1 April 2025, alongside the new fare structure we introduced in H2 2025, we have delivered further network efficiencies, working with our local authority partners to ensure there is the necessary coverage for local communities.

Thanks to our continued efforts and investment in our recruitment and employee programmes, we have recruited over 100 more drivers during FY 2025. We are also benefiting from our newer electric fleet, with an average fleet age in FY 2025 of 8.8 years, down from 10.1 years in FY 2022 and 9.0 years in FY 2024.

A highlight of the year has been the launch of a ground-breaking new learning agreement with our trade union partner, Unite the Union. It includes six new learning centre hubs, offering all frontline colleagues a dedicated facility that puts continual learning opportunities outside of their day-to-day skillset at the forefront, equipping them with new skills to drive forward their careers and better support First Bus customers. Colleagues will have access to both vocational and non-vocational modules, alongside support from a trained and full-time Trade Union Learning Representative. We are proud of this important initiative, which builds on the strong foundations of an ongoing education partnership with Unite the Union that has spanned over two decades.

Industry-wide inflationary pressures continued during FY 2025. Costs increased due to inflation by c.3.5%, mostly in wages, where there was a 5% average increase in driver pay awards, much of which is carried over from agreements in the previous financial year; this was offset by pricing changes of c.£41m and network and operational efficiencies of c.£10m. In line with our focus on staggered, multi-year pay award settlements, c.16% of our driver pay awards for FY 2026 were previously agreed, at an average increase of c.3%, and we have commenced negotiations for pay awards due in FY 2026.

We have fuel and electricity hedging programmes in place to mitigate in-year cost inflation and overall volatility of fuel and energy costs, and these programmes continue to evolve as we transition the First Bus fleet to zero emission.

A refreshed, unified brand marks a major milestone in our transformation journey

Over the last few years, we have transformed our operational and financial performance and grown our business both organically and inorganically. In December 2024, following extensive planning and incorporating feedback from our customers and employees, we launched a refreshed First Bus brand. This is yet another important milestone in our transformation journey and reinforces our focus on our customers, with a clear, consistent brand that is easier to recognise and engage with. Alongside the brand refresh we launched a campaign 'Moving the everyday', to inspire people to switch from cars to buses, highlighting the role buses play in unlocking environmental, social, economic and health benefits.

In addition to the rebrand, we have launched a major digital transformation programme to improve and streamline a number of our processes and functions. This includes the introduction of new systems in HR, payroll and back office services, new ticket machines and further improvements to our customer app.

Entering the London bus market at scale

At the end of February 2025, we completed the £90m acquisition of RATP London and created First Bus London. This was a significant acquisition for First Bus and has allowed us to enter London with a c.12% market share and strong operational footprint as the market recovers, with anticipated material earnings growth in the medium term. It will also bolster our credentials when bidding in future franchise opportunities.

With ten depots in West and Central London, c.3,700 employees and a fleet of around 1,000 buses, the business, now named First Bus London, contributed revenue of £23.2m and adjusted operating profit of £0.6m in March 2025 and the integration of the business has progressed well. As the route contracts evolve over the next five years, we anticipate annual revenues of £300-350m, with operating margins in line with historical London levels of 6-7%.

A £38m onerous contract provision ('OCP') was recognised on acquisition, covering c.50 contracts of the total of c.90 TfL route contracts. The OCP is expected to unwind over the coming five years as these previously loss-making contracts are replaced by new contracts that reflect the current higher costs of contract delivery given the structural shift that occurred in the cost base, mainly driver wages, as London recovered from the impact of Covid-19. The Group anticipates funding of c.£10m over the next two years to cover the anticipated losses and capital expenditure before the business is cash positive from FY 2027 onwards. This does not include vehicle capital expenditure, where we are evaluating the optimal capital structure going forward.

We are very pleased to welcome RATP London's employees to First Bus to continue the delivery of the proven turnaround plan.

Growing our Adjacent services portfolio and operational footprint

In FY 2025 we have continued to grow our Adjacent services business, through new contract wins and extensions and the targeted acquisitions of complementary, value-accretive businesses that we have successfully integrated into the business. Our Adjacent services revenues have increased by 23% during the year to £270.8m, thanks to new and extended contracts in our workplace shuttle services for a number of high-profile brands as well as a number of Park & Ride contracts and the contribution of the businesses we have acquired in FY 2025 and FY 2024.

As well as growing our coach business and extending our operational footprint in the UK, we anticipate that the acquisitions we have made in Adjacent services over last few years will contribute combined annual revenues of c.£124m and adjusted operating profit of c.£17m on a current run rate basis. In FY 2025 we acquired Anderson Travel, Lakeside Coaches and Matthews Coach Hire in Ireland, all well-established, profitable businesses with attractive margins and excellent growth profiles, for a total acquisition cost of £31m. We also entered into a new, five-year contract with FlixBus to operate eight coach routes across the UK, from May 2025, spanning from Penzance to Newcastle, out of our depots in Bath, Bristol, Slough, Taunton, Truro and Weston-super-Mare as well as in Yorkshire.

Business review continued

We have built a strong regional footprint and a credible market position in adjacent services but there is still considerable scope for us to grow, specifically in airport services, workplace shuttles and B2B and B2C coach services. We have a highly experienced business development team and will continue to leverage our operational strengths, infrastructure and decarbonisation credentials to grow our market share and maximise commercial return through longer-term, higher-value contracts.

A leader in bus fleet and infrastructure decarbonisation

We continue to make good progress towards our target of a zero emission commercial bus fleet by 2035 and remain at the forefront of bus decarbonisation in the UK. The experience and expertise we have built over the last few years places us in a strong position when bidding for new contracts and we are also able to share our learnings, including through our monthly sessions for local authorities and other partners and operators to learn about decarbonisation.

Our progress has been underpinned by our accelerated investment in decarbonisation, alongside available government co-funding. During the year, we continued to secure advance power connections to our sites, to install charging infrastructure and purchase electric vehicles. We invested net capital expenditure of c.£88m in First Bus in FY 2025, mostly on electrification with £22m secured from the UK Government's ZEBRA co-funding scheme. In March 2025, we worked successfully with our local authority partners to secure an additional £20m of ZEBRA 2 funding that had not yet been utilised. In addition to adding more chargers and vehicles to existing electrified depots, we introduced electric buses and infrastructure in Taunton, Basildon, Weston-super-Mare and Bristol. Later in 2025, our Bristol Hengrove depot will be fully electric, a fantastic change for our customers and colleagues in the city.

At the end of March 2025 we had c.1,115 zero emission buses, c.20% of our fleet, including in London, and outside London we now have three fully electrified and ten substantially electrified depots and electrification underway at a further five depots. We have more than 900 charging outlets at our depots outside London and have secured further third-party charging contracts during FY 2025, including with Centrica and a number of eHGV operators. RATP London was an early mover in electrification in the London market. At the end of March 2025, c.35% of the First Bus London fleet was electric, with charging infrastructure installed at five of ten depots.

Following successful trials, in FY 2025 we placed an order for 39 'repowers' with NewPower, a new entity launched by UK manufacturer Wrightbus. These are mid-life diesel or hybrid buses that have been converted to run entirely on electricity. Alongside the benefits of electric buses such as reduced emissions and lower operating costs, repowered vehicles are cheaper than new electric buses, can extend the lifespan of buses and avoid the emissions of manufacturing new vehicles, representing an important, incremental component of our decarbonisation strategy.

Our strategic partner Hitachi Zero Carbon has made further progress in FY 2025. This has included agreements to pilot its ZeroCarbon Battery Manager with Italian bus operator AMT Genoa to maximise fleet energy and battery efficiency, and with Indian bus manufacturer JBM Group to deploy the solution on their electric buses to enhance performance, extend battery life and maximise residual value.

The electrification of our fleet and infrastructure is a key component in the transformation of our business. It will allow us to standardise and reduce the size of our commercial fleet to drive efficiency and lower engineering costs whilst delivering the same mileage. Furthermore, by making use of smart charging software and, where possible, charging our vehicles when electricity prices are lower, we can optimise our energy use, increase battery efficiency and potentially extend battery life. Looking further ahead, in addition to the revenues generated from third party charging at our depots, we are well positioned to benefit from other potential value-accretive, adjacent electrification revenue streams. This includes capacity market trading, on-site battery storage, opportunities on residual battery capacity and efficient battery recycling post commercial use through our joint venture with Hitachi Zero Carbon.

Well positioned to participate in franchising and partnership opportunities

The regional bus market will see considerable change over the next few years, as a number of Mayoral Authorities outside London choose franchising as their preferred future option for bus delivery. This includes some areas where we currently operate, and others where we do not, representing an opportunity for us to enter new markets.

As a leading, highly experienced operator with a large, well-capitalised fleet and depot footprint we are well positioned, and will actively take part in franchising opportunities as they commence. These include in Liverpool City Region, the West Midlands, West Yorkshire, Cambridge and Peterborough and South Yorkshire where locally Mayoral Authorities are progressing with schemes planned to commence in the next two to three years.

We also have good experience operating under the enhanced partnership model and have seen the great benefits these partnerships can deliver. In Leicester and Portsmouth, for example, investments of c.£100m and £76m respectively in their enhanced partnerships between 2022 and 2025 have resulted in passenger growth of 26% and 41% respectively since the start of the period.

Our mission is to drive modal shift and encourage more people to use the bus, and we will continue to adapt our business to deliver great value, to shape networks to suit where and when people want to travel, to serve communities and grow local economies in a sustainable way.

Regardless of the model, close partnerships with local government stakeholders are essential for the thriving local bus networks we all want to see, and we are committed to working with our partners locally and nationally to achieve this. We will participate in future franchise bids and partnership opportunities, positioning First Bus as the partner of choice, capable of consistent and competitive service delivery.

Looking ahead

We are restructuring our business to ensure we remain a strong and agile business as we respond to changes in the UK bus market. We anticipate further progress in First Bus during FY 2026, with further yield, network and operational efficiencies, the contribution of our recently acquired businesses and cost savings resulting from the restructuring of the business offsetting continued inflationary pressures and the anticipated c.£15m impact of the increase in employers' National Insurance contributions. We anticipate revenue of c.£1.4bn in FY 2026, including c.£300m from First Bus London.

We expect net cash capital expenditure of c.£150m in FY 2026, including £20m for accelerated investment in electric buses supported by additional ZEBRA 2 funding, £40m for property and electrification infrastructure projects and c.£10-12m to fund London cash losses before the release of onerous contract provisions.

Looking further ahead, we are well placed to navigate the market transition and to grow and diversify our portfolio and steadily grow our earnings, including from the contribution of First Bus London as the contract portfolio evolves. We intend to win our fair share of the franchise market, develop our existing commercial bus business, grow our Adjacent services earnings and market share, and continue to actively evaluate a pipeline of inorganic growth opportunities in existing and new areas across the UK. We will also make use of our property portfolio and decarbonisation credentials to drive innovation, leverage electrification efficiencies and generate energy-related revenue streams. Underpinning this, we firmly believe that government policy, favourable demographics and environmental and societal trends will support sustainable growth in the UK bus sector going forward.

Business review continued

First Rail

"As the UK rail industry transitions we are focused on growing in open access, identifying where we can scale our Additional services businesses, bidding for new contracts and identifying new open access opportunities."

Steve Montgomery
Managing Director, First Rail

Key developments

- 2.9m open access passenger journeys in FY 2025 (FY 2024: 2.7m)
- Open access revenue increased to £106.4m (FY 2024: £99.8m) with adjusted operating profit of £34.1m (FY 2024: £30.0m)
- DfT TOCs financial performance ahead of expectations due to higher than forecast final variable fees
- First Rail successfully took over the operation of the London Cable Car in June 2024; anticipated revenues of c.£60m over an eight-year contract period
- Acquisition of track access rights for two new open access services between London Euston and Stirling and between London Paddington and South Wales to double existing seat capacity in the next two to three years; anticipated annual revenues of c.£100m with a double digit operating margin, post mobilisation
- Open access applications submitted to Office of Rail and Road for additional paths on our current operations, the extension of Hull Trains to Sheffield and Lumo to Glasgow, a new Lumo Rochdale-London service and for additional services on the Carmarthen route, between London, Paignton and Hereford
- Additional services revenues of £110.7m (FY 2024: £98.2m), with operating profit growth in Mistral Data, First Customer Contact ('FCC') and First Rail Consulting partially offset by higher business development costs
- South Western Railway transitioned to DfT control on 25 May 2025; First Rail's Additional services businesses continue to provide services to SWR

	FY 2025 £m	FY 2024 £m	Change
Adjusted revenue from DfT TOCs[1]	**71.7**	69.8	+1.9
Revenue from open access and Additional services[2]	**217.1**	198.0	+19.1
First Rail Adjusted revenue	**288.8**	267.8	+21.0
Adjusted operating profit from DfT TOCs	**107.3**	105.6	+1.7
Adjusted operating profit from open access and Additional services	**41.5**	37.7	+3.8
First Rail adjusted operating profit	**148.8**	143.3	+5.5
Passenger journeys (m) – open access operations	**2.9**	2.7	+0.2

1 'Adjusted revenue' is revenue excluding that element of DfT TOC revenue, and related intercompany eliminations, where the Group takes substantially no revenue risk. The Adjusted revenue measure includes management and performance fee income earned by the Group from its DfT TOC contracts; refer to note 5 for further detail.
2 Includes intra divisional eliminations related to affiliate trading with the open access operations.

The First Rail division reported total adjusted revenue of £288.8m for FY 2025 (FY 2024: £267.8m) reflecting higher variable fees in the DfT TOCs and further growth in open access and Additional services, including the contribution of the London Cable Car.

The division's two open access operations, Hull Trains and Lumo, delivered revenue of £106.4m in FY 2025, up from £99.8m in FY 2024 and adjusted operating profit of £34.1m (FY 2024: £30.0m). This was driven by strong demand, effective yield management, additional ten-car services on Hull Trains and continued high levels of customer satisfaction, partially offset by slightly higher costs.

Our DfT TOCs operate under National Rail Contracts ('NRCs'), where the DfT retains substantially all revenue and cost risk (including for fuel, energy and wage increases). There is a fixed management fee and the opportunity to earn an additional variable fee. The punctuality and other operational targets required to achieve the maximum level of variable fee under the contracts are designed to incentivise service delivery for customers. The DfT TOCs reported adjusted revenue of £71.7m in FY 2025 (FY 2024: £69.8m) and adjusted operating profit of £107.3m (FY 2024: £105.6m). As previously reported, FY 2025 income includes non-recurring variable fee upside for the year, higher than forecast, and FY 2024 included c.£13m higher final variable payments for FY 2023.

Attributable net income from the DfT TOCs – the Group's share of the management fee income available for distribution from the GWR, SWR and WCP DfT contracts – was £39.0m compared with £39.5m in FY 2024 which included the final variable fee payments for FY 2023 mentioned above, as well as the contribution of TransPennine Express which the Group operated until 28 May 2023.

In line with the Government's announced policy to bring the NRCs into public ownership at the earliest possible opportunity, the DfT took over the operation of SWR on 25 May 2025. In FY 2025, SWR contributed revenue of £1,178m and adjusted operating profit of £25.2m. The IFRS 16 impact comprises operating profit benefit of £7.6m and interest cost of £4.5m. Net attributable fees earned

Business review continued

by the Group were £9.2m after the non-controlling interest of £4.0m. IFRS 16 leases recognised on the balance sheet at the end of FY 2025 were £23.1m (FY 2024: £160.5m), and SWR had £88.1m of ring fenced cash (FY 2024: £30.0m) which is anticipated to be returned following the handover of the contract in May 2025.

The Additional services businesses contributed revenue of £110.7m (FY 2024: £98.2m) and adjusted operating profit of £7.4m (FY 2024: £7.7m) reflecting business development costs of £5.7m (FY 2024: £1.7m).

Another strong year in open access

Our two highly successful open access operations, Hull Trains and Lumo, where we bear all revenue and cost risk and opportunity, continued to perform well during FY 2025, with continued very high levels of customer satisfaction.

Hull Trains has continued to run a ten-car service at peak demand times (typically a five-car service) to match demand, resulting in a 12% increase in passenger revenue in FY 2025 to £48.1m. Seat capacity utilisation remained at a similar level to the prior year, at 67% (FY 2024: 69%).

Lumo's profit is driven predominantly by demand and effective yield management, whilst still offering competitive prices. Passenger revenue increased by 8% in FY 2025, to £54.2m, reflecting better seat utilisation along all of the route coupled with further improvement in yields offsetting slightly higher costs. Seat capacity utilisation rose slightly, from 75% in FY 2024 to 78% in FY 2025.

Growing our open access capacity remains a key strategic priority

Growing our open access business is a key focus for the Group and we are working hard to drive efficiencies, add capacity and apply for new routes where we can connect under-served communities, and support economic growth and employment. The progress we have made during FY 2025 will see us at least doubling our existing seat capacity in the next two to three years and trebling Lumo's services, creating a national brand.

We are also committing significant investment to facilitate a material growth in our open access capacity, including our recently announced c.£500m ten-year lease and maintenance agreements for 14 new five-car class 80X Hitachi electric, battery or bi-mode trains. The trains will be manufactured by Hitachi in County Durham, securing the skills base and jobs in the local area. The lease agreement also contains an option for the Group to procure an additional 13 trains for c.£460m if the applications outlined below are successful.

At the end of 2024, we acquired track access rights for two new open access services, between London Paddington and Carmarthen and between London Euston and Stirling which will double our current capacity in two to three years' time.

The current track access agreement for the Stirling service runs from May 2025 for a period of five years and includes four return services a day between London Euston and Stirling (three on Sundays), and a fifth return service between Euston and Preston seven days a week. The new service will call at a number of intermediate stations in England and Scotland, including Whifflet, Greenfaulds and Larbert, which will have their first direct services to London. It will create around 100 direct jobs and will provide more choice for passengers with significantly increased direct connections to and from London and central and southern Scotland, making use of available capacity on the network. We have entered into a rolling stock lease agreement for five Class 222 six-car diesel trains with Eversholt Rail, with a total seat capacity of c.340 standard class seats per service. Services are currently expected to commence mid-2026 following the delivery of the trains and staff training. Following a c.two-year mobilisation period we expect an annual revenue contribution of c.£50m, with a low double digit adjusted operating margin, pre-IFRS 16.

The new South Wales service includes five services a day between London Paddington and Carmarthen, calling at intermediate stations in England and Wales including Bristol Parkway, Newport, Severn Tunnel Junction, Cardiff Central, Gowerton and Llanelli. Passengers can look forward to low fares with free Wi-Fi and on-board catering, all offered in one comfortable class of travel. The service will create around 100 direct jobs and will create more customer choice and much-needed additional capacity on the route as well as providing the first direct service to London from Severn Tunnel Junction and Gowerton, and a vastly improved connection from Llanelli. The track access commences in December 2027 and following a two-year period of mobilisation the Group expects the service to contribute annual revenues of c.£50m, with a double digit operating margin, pre-IFRS 16.

We have also submitted applications to the ORR for extensions to our existing services and for new routes where we have identified there is capacity and demand. These include a new Lumo service between London and Rochdale, the extension of the Lumo service between Glasgow and Edinburgh, an expansion of the new Lumo Carmarthen services to Paignton and Hereford, and a new Hull Trains service between London and Sheffield via Retford and Worksop. Should these applications be successful we will treble our existing capacity. Discussions on these applications continue with the ORR and Network Rail, supported by detailed business case and performance modelling conducted by our internal teams and third party experts.

Leveraging our expertise and capabilities in Additional services

Our First Rail Additional services businesses – FCC, Mistral Data and First Rail Consultancy, generated revenues of £110.7m in FY 2025, up from £98.2m in FY 2024. Adjusted operating profit was lower, at £7.4m (FY 2024: £7.7m) due to higher business development costs during the year, of £5.7m (FY 2024: £1.1m), including the Elizabeth Line bid and progressing the open access applications.

Our bespoke contact centre FCC provides customer relations, delay repay services and fraud prevention and management services to train operating companies. During FY 2025 FCC implemented a number of artificial intelligence tools to further improve its customer handling experience and continues to support a number of train operating companies, including Transpennine Express and SWR.

Our rail operations and commercial software as a service business, Mistral Data provides a number of cloud-based tools focused on rail transport operations, staff messaging, customer engagement, revenue management, business intelligence and remote asset management. During the year, the team has continued to develop new tools and services, marketing them to UK and international industry participants. New contracts have been entered into with Network Rail Wessex, for the provision of Berth Maps and Sirocco, Mistral's real-time train visualisation and decision support solutions. Our services can enable data sharing across functions and passengers, as well as providing a single view of real-time railway operations for both operators and infrastructure providers.

This leaves us very well positioned to support the delivery of effective and cohesive data and tools across the industry as the operation of rail services and the management of infrastructure and assets transfers to Great British Railways.

First Rail Consultancy provides expertise in all the major facets of transport operations to a range of operating companies, addressing both current services and the cost-effective delivery of major infrastructure projects, rolling stock procurement and upgrades. During FY 2025, the team secured a consultancy contract with its first non-rail client in an adjacent transport market and continued to support a wide range of UK rail industry clients, including West Coast Partnership Development, as they manage a range of deliverables in the developing HS2 project.

We believe that as the UK rail industry evolves the services our businesses provide are well placed to bring experience, expertise and benefits to the sector that will continue to be vital to the success of the industry, and we are looking at ways to scale them.

Business review continued

Continued focus on operational delivery in the DfT TOCs

Alongside our commitment to the safety of our customers, employees and third parties in contact with our business, we have continued to leverage our deep sector experience and expertise to work collaboratively with the DfT, our industry partners and stakeholders to add value, innovate and enhance our service offering.

Avanti West Coast successfully launched its new Evero all electric class 807 and bi-mode class 805 fleet, offering more services on the London to Liverpool route. The trains, rolled out as part of a £350m investment programme, will provide more seats and more services, and have received good customer feedback. Earlier this year, Avanti announced that a third of its new trainee driver recruits are women, following a very successful, targeted recruitment campaign. Since the launch of the campaign in 2023, Avanti has increased the number of female trainee drivers by nearly 60%.

At GWR, a three-year, £10m refurbishment of Great Western Railway's regional and suburban train fleet was completed, providing an improved journey experience for customers. GWR also opened the new Reading West Station and re-opened Ashley Down, which was part of a c.£300m investment by the West of England Mayoral Combined Authority, in partnership with GWR, Network Rail and Bristol City Council.

GWR also continued its industry-first fast-charge battery-only train trial during the year, gathering insights to share with the DfT and wider industry. The work the team has done to date has successfully raised the profile of fast-charge as part of the potential solution for the decarbonisation of lines that are difficult or expensive to reach through traditional electrification.

At SWR, the team continued the roll out of the new, £1bn fleet of 90 Arterio trains. At the end of May, the new trains were serving some of SWR's busiest stations, including Earlsfield, Kingston, Richmond, Twickenham and Wimbledon. Improving the infrastructure, customer experience and rolling stock across SWR's services during our eight-year stewardship enabled us to deliver for our passengers, who make more than 150 million journeys each year. Right up to the final weeks of operation, we continued to innovate, with the introduction of advanced 5G services on 70km of line between Basingstoke and Earlsfield, with best-in-class Wi-Fi experience for customers. I would like to thank our SWR passengers for their custom and our SWR colleagues for their hard work and dedication to customers and the important role they have played in the delivery of improvements to the service.

Transport for London contracts

Having operated London Trams on behalf of TfL for a number of years, we were very pleased to be awarded the contract to operate the London Cable Car on behalf of TfL, with estimated revenues of c.£60m over the eight-year contract period. We successfully took over the operation at the end of June 2024, following several months of mobilisation activity. Our team is now working with TfL to enhance the customer proposition and place the service at the heart of its local community.

As previously announced, in July 2024 we submitted a bid for the Elizabeth Line contract in partnership with Keolis SA. We were disappointed not to have been awarded the contract, having submitted what we believed was a commercially attractive bid. We will however apply our learnings from the process to our future bid processes.

Entering a period of significant change in UK rail

The UK rail industry will see considerable change over the next few years, with the NRCs moving to public ownership and the establishment of GBR.

First Rail has been one of the largest operators for more than 25 years, working successfully with a wide range of partners and stakeholders under various contract types and delivering various significant rail infrastructure projects and fleet upgrades. Companies such as ours can bring innovation, enhanced service delivery, private investment and focus on cost control. Our DfT TOCs have saved more than £360m for the DfT in their annual business plans over the last four years and recent data from the ORR has shown that West Coast Partnership paid £67m to the Treasury in 2023/24 after years of being a subsidised operation.

Hull Trains and Lumo, our two very successful open access operations, have delivered economic growth and created jobs in the communities they serve, grown rail passenger demand and contributed to the funding of the rail network. Lumo for example, is the first open access operator to start paying the Infrastructure Capacity Charge alongside the Variable Usage Charge and from the fourth anniversary of launch in October 2025 will be paying just over £5 per train mile. An independent study earlier this year compared this with similar long-distance operators and confirmed that Lumo will pay more per mile in track access charges than other major operators on the East Coast Mainline, at the same time as growing passenger numbers on the line for all operators. This is a material benefit to taxpayers as the national infrastructure is being more efficiently utilised.

We believe that any future rail policy must fully embrace open access. It has been a hugely successful aspect of the rail industry over the last 25 years, connecting previously under-served places and providing additional capacity which helps drive more people towards rail and away from less sustainable forms of transport. Services are provided entirely at the operator's own commercial risk and bring private investment into the sector. They create jobs and have added over £1bn in economic benefit to the UK, while driving modal shift to rail over more carbon intense transport modes such as car or plane.

Enhancing rail connections is critical to boosting economic growth in the UK and we believe that delivered effectively, reform will ensure the industry can grow passenger numbers, generate greater revenues and develop the value of rail in a customer-focused, dynamic and efficient environment.

Looking ahead

For FY 2026, we anticipate adjusted revenue and adjusted operating profit in First Rail will be marginally lower, reflecting the lower fees following the transfer of SWR to public ownership, a lower impact from IFRS 16 reflecting lease terms and a normalised level of DfT TOC performance fees, offset by continued growth in open access, partially tempered by mobilisation costs for the new open access operations.

The Government's announced policy is to bring the NRCs into public ownership at the earliest possible opportunity, with SWR transferring on 25 May 2025, c2c on 20 July 2025 and Greater Anglia on 12 October 2025, with subsequent contracts transferring at intervals of approximately three months in the order that their current core contractual terms expire.

As the contracts transition, we anticipate a cash inflow of c.£120m from the DfT TOCs, including any reorganisation cash costs the Group may incur, over a three-year period from April 2025 with cash received from the management fees a year in arrears. This cash receipt includes the earnings from the division's Additional services businesses that are expected to continue supporting the DfT TOCs for a year or more after the NRCs end. First Rail continue to support Trans Pennine Trains in a number of areas two years following the transition of the NRC.

As outlined above, we expect our new London to Stirling service to commence operations mid-2026, and following a period of mobilisation, to deliver annual revenues of c.£50m with a low double digit adjusted operating profit margin, pre IFRS 16. Our London to Carmarthen service is expected to begin operations in December 2027 and following a c.two-year mobilisation period, we anticipate annual revenues of c.£50m, again with a low double digit pre IFRS 16 adjusted operating profit margin.

As the UK rail industry transitions, we are focused on growing in open access, identifying where we can scale our Additional services businesses, bidding for new contracts, and identifying new open access opportunities in the UK, as well as monitoring open access opportunities in Europe as the market continues to liberalise.

Financial review

"Our positive cash generation and strong balance sheet allow us to capitalise on opportunities to grow our business as our industries transition, to maintain our progressive dividend policy and for further potential returns to shareholders."

Ryan Mangold
Chief Financial Officer

Capital allocation framework

The Group has a disciplined capital allocation framework to drive further growth and returns:

Maintain a strong balance sheet

- Leverage policy: less than 2.0x adjusted net debt: Rail adjusted EBITDA
- First Bus: a younger fleet and greater reliability and availability of electric buses will drive cost efficiencies and mean fewer buses are required
- First Bus London will be cash generative from FY 2027
- First Rail: anticipated cash inflow of c.£120m over three years from April 2025 as DfT TOCs transition; includes Additional services profit

Invest in future growth

- Strong pipeline of value-accretive organic and inorganic growth opportunities
- Acquisitions must exceed the Group's post-tax weighted average cost of capital ('WACC') (8-9%)
- Strong cash conversion in First Bus enables accelerated decarbonisation investment supported by government co-funding. First Bus: c.£150m net cash capital expenditure for FY 2026 including London, mostly on electrification
- First Rail: continues to be cash capital-light, with any capital expenditure required by the DfT TOCs fully funded under the National Rail Contracts, and open access rolling stock operating leases in line with the track access agreements

Deliver progressive returns

- Dividend policy: c.3x cover of Group adjusted earnings; paid around one-third interim and two-thirds final dividend
- Total dividends have increased from 3.8p in FY 2023 to 6.5p in FY 2025
- FY 2025 final dividend of 4.8p proposed; dividends paid in FY 2025 total £34m

Return surplus cash to shareholders

- £92m returned to shareholders via buyback programmes in FY 2025; additional £50m buyback programme announced
- c.£77m held in escrow for Bus section of the Group's pension scheme; July 2025 triennial valuation deadline
- c.£23m held in escrow for Group section; 2030 valuation
- The Board remains committed to returning surplus cash to shareholders

Adjusted operating performance by division is as follows:

	52 weeks to 29 March 2025			53 weeks to 30 March 2024		
	Adjusted revenue[1] £m	**Adjusted operating profit[2] £m**	**Adjusted operating margin[2] %**	Adjusted revenue £m	Adjusted operating profit[2] £m	Adjusted operating margin[2] %
First Bus	**1,081.5**	**96.0**	**8.9**	1,012.2	83.6	8.3
First Rail	**288.8**	**148.8**	**51.5**	267.8	143.3	53.5
Group items/ eliminations[3]	**(0.3)**	**(22.0)**		(0.4)	(22.6)	
Continuing operations	**1,370.0**	**222.8**	**16.3**	1,279.6	204.3	16.0
Discontinued operations[4]	**–**	**(0.6)**	**N/A**	–	(1.9)	N/A
Total	**1,370.0**	**222.2**	**16.2**	1,279.6	202.4	15.8

Statutory operating performance by division is as follows:

	52 weeks to 29 March 2025			53 weeks to 30 March 2024		
	Revenue £m	Operating profit £m	Operating margin %	Revenue £m	Operating profit/(loss) £m	Operating margin %
First Bus	**1,081.5**	**96.0**	**8.9**	1,012.2	(63.3)	(6.3)
First Rail	**4,013.1**	**148.8**	**3.7**	3,738.4	143.3	3.8
Group items/ eliminations[3]	**(28.3)**	**(22.2)**		(35.5)	(33.5)	
Continuing operations	**5,066.3**	**222.6**	**4.4**	4,715.1	46.5	1.0
Discontinued operations[4]	**–**	**4.9**	**N/A**	–	(5.3)	N/A
Total	**5,066.3**	**227.5**	**4.5**	4,715.1	41.2	0.9

1 Adjusted revenue is revenue excluding DfT TOC revenue, and related intercompany eliminations, where the Group takes substantially no revenue risk.
2 'Adjusted' profit measures throughout this document are before adjusting items as set out in note 4 to the financial statements. The statutory operating profit including discontinued operations for the year was £227.5m (FY 2024: £41.2m) as set out in note 5.
3 Includes elimination of intra-group trading between Bus and Rail divisions, central management and other items.
4 Discontinued operations relates to the Group's residual Greyhound US activities.

Financial review continued

Revenue

Adjusted revenue increased to £1,370.0m (FY 2024: £1,279.6m), reflecting strong underlying First Bus performance including from acquisition growth, higher than accrued variable fees in First Rail DfT TOCs, and further growth in open access rail. The prior year benefited from an extra week of trading at First Bus. Revenue from continuing operations increased to £5,066.3m (FY 2024: £4,715.1m).

Adjusted operating performance

Adjusted operating profit from continuing operations was £222.8m (FY 2024: £204.3m). First Bus benefited from increased passenger volumes, further and data-led operational and yield improvements, cost efficiencies and improved driver availability which more than offset ongoing inflationary pressures and lower funding levels. In First Rail, open access operations performed strongly underpinned by strong demand and effective yield management more than offsetting inflationary increases including access fees now at the full level at Lumo. The DfT TOC business was ahead of expectations owing to higher than forecast variable fee awards despite the additional variable fees recognised in FY 2024 relating to FY 2023.

Central costs were £(22.0)m (FY 2024: £(22.6)m) with the current year including higher costs relating to the strategic growth including the acquisition costs for RATP London. The net impact to operating profit of IFRS 16 in the year was £49.4m (FY 2024: £47.7m), with the increase driven by new rolling stock leases.

	52 weeks to 29 March 2025 adjusted earnings £m	53 weeks to 30 March 2024 adjusted earnings £m
First Bus adjusted operating profit	**96.0**	83.6
First Rail adjusted operating profit	**148.8**	143.3
Group central costs (operating profit basis)	**(22.0)**	(22.6)
Group adjusted operating profit	**222.8**	204.3
Interest	**(57.7)**	(65.3)
Profit before tax	**165.1**	139.0
IFRS 16 DfT contracted TOCs adjustment[1]	**(1.1)**	10.2
Taxation	**(41.1)**	(32.0)
Non-controlling interest	**(7.1)**	(6.5)
Group adjusted earnings[1]	**115.8**	110.7

1 The Group's definition of adjusted earnings excludes the impact of IFRS 16 depreciation and interest charges in relation to its First Rail – DfT contracted TOCs operations, given the Group takes no cost risk on these rolling stock leases.

The Group's adjusted EBITDA, that recognises only the net fees for First Rail DfT TOCs, increased year-on-year and is calculated as follows:

	52 weeks to 29 March 2025 £m	53 weeks to 30 March 2024 £m
First Bus EBITDA[1]	**144.0**	132.5
Attributable net income from First Rail DfT contracted TOCs[2]	**39.0**	39.5
First Rail – open access and Additional services EBITDA[1]	**40.8**	37.6
Group central costs (EBITDA basis[1])	**(21.4)**	(21.8)
Group EBITDA adjusted for First Rail DfT contracted TOCs' management fees	**202.4**	187.8

1 Pre-IFRS 16 basis.
2 A reconciliation to the segmental disclosures is set out in note 4.

Adjusted earnings from continuing operations were £115.8m (FY 2024: £110.7m), primarily driven by the stronger adjusted operating profit performance across the business, partially offset by higher net interest charges (excluding DfT TOC IFRS 16 interest).

Reconciliation to non-GAAP measures and performance

Note 4 to the financial statements sets out the reconciliations of operating profit/(loss) and profit/(loss) before tax to their adjusted equivalents. The principal adjusting items in FY 2025 are as follows:

Greyhound Canada

A net £(0.2)m charge was incurred in the year relating to the continued winding down of Greyhound Canada operations.

The principal adjusting items in relation to the operating profit adjustments – discontinued operations are as follows:

CARES receipt

A credit of £0.4m was recognised in the year on receipt of CARES funding in relation to the discontinued North American operations.

Legacy US pensions scheme buy out

On 16 July 2024, the Group agreed terms with an insurance company to buy out the remaining liabilities of the legacy Greyhound US pension plan, with the plan being terminated thereafter. Following a Group contribution of $6m, gross liabilities valued at $155m (£123m) at the FY 2024 year-end were removed from the Group's balance sheet and the Group recognised a net settlement gain after related costs of £5.1m in the income statement as an adjusting item.

The principal adjusting items in FY 2024 were as follows:

First Bus pension settlement charge and related items

First Bus terminated its participation in two Local Government Pension Schemes on 31 October 2023, with affected employees enrolled into the First Bus Retirement Savings Plan. Adjusting charges of £146.9m were recognised in the prior year for the settlement charge and related termination costs.

A gain of £161.0m was recognised in FY 2024 in Other comprehensive income in relation to the restricted accounting surplus.

Legal claims in North America and the UK

The Group recognised legal provisions in the prior year relating to claims in North America and the UK.

Adjusting items – discontinued operations in FY 2024 were:

First Transit earnout

The final valuation of the First Transit earnout contingent consideration receivable was agreed and settled during the prior year, with the Group receiving cash of $83.8m (£65.3m). The Group incurred an adjusting charge of £2.3m, reflecting the hedging of the cash receipt, translation of the US dollar asset into pounds sterling before settlement, partially offsetting the write-off of the residual asset on settlement.

Group statutory operating profit

Statutory operating profit from continuing operations was £222.6m (FY 2024: £46.5m) as a result of the positive underlying business performance. The prior year included the £146.9m charge recognised as a result of the termination of participation of the Local Government Pension Schemes at First Bus.

Finance costs and investment income

Net finance costs from continuing operations were £57.7m (FY 2024: £65.3m) with the decrease principally due to lower bond interest as the 6.875% bond was repaid on maturity in September 2024, and lower interest received on lower cash balances following the share buyback programme.

Profit before tax

Statutory profit before tax was £164.9m (FY 2024: loss before tax of £(18.8)m). The prior year included the Local Government Pension Scheme (LGPS) pension settlement and related charges. Adjusted profit before tax as set out in note 4 to the financial statements was £164.3m (FY 2024: £136.8m) including discontinued operations.

Financial review continued

Tax

The tax charge, on adjusted profit before tax on continuing operations for the year was £41.1m (FY 2024: £32.0m), representing an effective tax rate of 24.9% (FY 2024: 23.0%) which is in line with the UK corporation tax rate. There was a non-recurring historical tax refund of £3.0m and a deferred credit on recognising deferred tax on losses of £6.8m. The total tax charge, including tax on discontinued operations, was £31.3m (FY 2024: credit of £15.0m). The actual tax paid during the year was £6.0m (FY 2024: £2.2m).

The Group's ongoing effective tax rate is expected to be broadly in line with UK corporation tax levels being 25%, with the cash taxes anticipated to be lower due to the utilisation of the brought forward losses and continued full expensing for capital expenditure.

Cash flow

The Group's adjusted cash flow of £(18.8)m (FY 2024: £(167.7)m) in the year reflects positive cash flow from operations of £828.2m (FY 2024: £626.6m) including working capital inflow of £75.7m. This is offset by net capital invested in the business, mainly in decarbonisation in First Bus and the £86.5m (FY 2024: £16.7m) acquisitions completed during the year, as well as the repayment of lease liabilities, dividends paid and purchases of shares under the share buyback programme. The movement in net debt is set out on the right.

EPS

Total adjusted EPS from continuing operations was 19.4p (FY 2024: 16.7p) with higher adjusted earnings further benefiting from lower shares in issue following the share buyback programme completed in the year. Basic EPS was 21.3p (FY 2024: (2.4)p).

Shares in issue

As at 29 March 2025, there were 565.6m shares in issue (FY 2024: 625.4m), excluding treasury shares and own shares held in trust for employees of 185.1m (FY 2024: 125.3m). The weighted average number of shares in issue for the purpose of basic EPS calculations (excluding treasury shares and own shares held in trust for employees) in the year was 597.7m (FY 2024: 662.9m).

Dividend

The Board is proposing that a final dividend of 4.8p per share, resulting in a total dividend payment of c.£27m, be paid on 8 August 2025 to shareholders on the register at 4 July 2025, subject to approval of shareholders at the 2025 AGM.

Capital expenditure

Non-First Rail gross capital expenditure before government grant funding was £239.4m (FY 2024: £201.1m), comprising First Bus £239.4m and Group items £nil (FY 2024: First Bus £200.8m and Group items £0.3m). In the year, the First Bus average fleet age was 8.8 years (FY 2024: 9.0 years) reflecting continued investment in the fleet, mainly on electric vehicles and related infrastructure. First Rail capital expenditure was £46.9m (FY 2024: £45.5m) and is typically matched by receipts from the DfT under current contractual arrangements or other funding.

During the year asset backed financial liabilities were entered into in First Bus of £36.8m (FY 2024: £22.1m), with a further £43.3m as a result of the First Bus London acquisition. Through the investment in the strategic joint venture with Hitachi Zero Carbon, £9.8m of battery leases have been recognised through the sale and leaseback arrangements for 173 batteries (FY 2024: £13.2m for 257 batteries).

In addition, during the year the Group entered into leases with a right of use value of £50.8m comprising First Rail £27.8m, First Bus £22.0m and Group items £1.0m (FY 2024: £222.5m, comprising First Rail £192.6m, First Bus £27.2m and Group items £2.7m). A further £72.8m of leases were entered into as a result of the First London Bus acquisition (£69.9m) and other First Bus acquisitions (£2.9m).

Gross capital investment (fixed asset and software additions plus rights of use asset additions) was £380.9m (FY 2024: £443.5m) and comprised First Bus £323.4m, First Rail £56.5m and Group items £1.0m (FY 2024: First Bus £208.2m, First Rail £232.6m and Group items £2.7m). The balance between cash capital expenditure and gross capital investment represents new leases, creditor movements and the recognition of additional right of use assets in the year.

	52 weeks to 29 March 2025 £m	53 weeks to 30 March 2024 £m
Adjusted EBITDA	**779.8**	746.8
Other non cash income statement charges	**10.3**	13.7
Working capital	**75.7**	(106.1)
Movement in other provisions	**(27.9)**	(27.9)
(Increase)/decrease in financial assets	**(1.0)**	23.7
Settlement of foreign exchange hedge	**–**	(1.1)
Defined benefit pension payments (greater than)/lower than income statement charge	**(8.7)**	(22.5)
Cash generated by operations	**828.2**	626.6
Capital expenditure	**(156.4)**	(219.3)
Acquisitions	**(86.5)**	(16.7)
Proceeds from disposal of property, plant and equipment	**17.9**	42.8
Proceeds from capital grant funding	**66.4**	94.8
Proceeds from contingent consideration	**–**	65.3
Interest and tax	**(66.3)**	(67.6)
Shares purchased for Employee Benefit Trust	**(16.1)**	(16.5)
Share repurchases from buyback programme including costs	**(91.8)**	(117.6)
External dividends paid	**(34.2)**	(29.5)
Dividends paid to non controlling shareholders	**(3.4)**	(6.5)
Settlement of foreign exchange hedge	**–**	4.1
Fees for finance facilities	**–**	(1.4)
Lease payments now in debt	**(476.6)**	(526.2)
Adjusted cash flow	**(18.8)**	(167.7)
Foreign exchange movements	**0.2**	3.4
Net (inception) and termination/reassessment of leases	**(288.0)**	(237.5)
Lease payments now in debt	**476.6**	526.2
Other non cash movements	**–**	(0.1)
Movement in net debt in the period	**170.0**	124.3
Reconciliation to movement in adjusted net debt		
Ring-fenced cash	**(66.1)**	120.0
IFRS 16 lease liabilities	**(254.9)**	(290.1)
Movement in adjusted net debt	**(151.0)**	(45.8)
Reconciliation to free cash flow		
Add back: Acquisitions and strategic growth	**138.5**	17.9
Add back: Transit earnout	**–**	(65.3)
Add back: Dividends	**34.2**	29.5
Add back: Share buyback	**91.8**	117.6
Free cash flow	**113.5**	53.9

Financial review continued

Free cash flow for the 52 weeks ended 29 March 2025 was as follows:

	Open access & other rail £m	DfT TOCs £m	First Bus £m	Group items £m	Total Group £m
EBITDA	40.8	–	144.0	(21.4)	163.4
DfT TOC management fees	–	37.9	–	–	37.9
Working capital	19.1	–	(7.4)	(5.6)	6.1
Cash flow from operations	59.9	37.9	136.6	(27.0)	207.4
Capital expenditure	(3.9)	–	(88.2)	(0.5)	(92.6)
Disposal proceeds	0.7	–	16.2	0.2	17.1
Defined benefit pension payments higher than Income Statement	(3.0)	–	(2.0)	(3.7)	(8.7)
Interest and tax	–	–	–	(9.5)	(9.5)
Other movements	–	–	–	(0.2)	(0.2)
Free cash flow	53.7	37.9	62.6	(40.7)	113.5

Free cash flow for the 53 weeks ended 30 March 2024 was as follows:

	Open access & other rail £m	DfT TOCs £m	First Bus £m	Group items £m	Total Group £m
EBITDA	37.6	–	132.5	(21.8)	148.3
DfT TOC management fees	–	38.2	–	–	38.2
Working capital	(8.8)	–	(28.5)	(5.5)	(42.8)
Cash flow from operations	28.8	38.2	104.0	(27.3)	143.7
Capital expenditure	–	–	(134.7)	–	(134.7)
Disposal proceeds	–	–	35.8	–	35.8
Defined benefit pension payment lower than Income Statement	–	–	17.2	–	17.2
Interest and tax	–	–	–	(5.3)	(5.3)
Other movements	–	–	–	(2.8)	(2.8)
Free cash flow	28.8	38.2	22.3	(35.4)	53.9

First Bus London

On 28 February 2025, the Group completed its acquisition of London bus operator RATP Dev Transit London Limited and its subsidiaries ('First Bus London') for cash consideration of £47.3m. The Group is currently undertaking the purchase price allocation exercise for First Bus London, and this has identified a number of adjustments to reflect the fair value of the assets and liabilities acquired. IFRS 3 Business Combinations allows the Group 12 months from the date of acquisition to finalise this exercise, and the standard acknowledges that it will be necessary to estimate certain acquisition adjustments and fair values. Owing to the proximity of the acquisition to the reporting date, the acquisition adjustments and closing fair values are therefore disclosed in the financial statements as provisional. These will be finalised within the timeframe permitted by IFRS 3. Note 29 to the financial statements provides more information on these provisional adjustments and fair values, and reflects an initial recognition of £38.0m relating to the onerous contract provision covering c.50 contracts of c.90 TfL route contracts that were entered into before 2024 and which are expected to be replaced over the coming five years.

Net debt/(cash)

The Group's adjusted net debt as at 29 March 2025, which excludes IFRS 16 lease liabilities and ring-fenced cash was £(86.9)m (FY 2024: adjusted net cash of £64.1m). Reported net debt was £(974.8)m (FY 2024: reported net debt of £(1,144.8)m) after IFRS 16 and including ring-fenced cash of £315.7m (FY 2024: £249.6m), as set out below.

Analysis of net (cash)/debt	29 March 2025 Total Group £m	30 March 2024 Total Group £m
Sterling bond (2024)	–	96.2
Bank loans and overdrafts	56.4	27.8
Lease liabilities	1,203.6	1,458.5
Asset backed financial liabilities	115.3	45.6
Bank loans	66.7	–
NextGen (Hitachi JV) facility	19.9	13.2
Gross debt excluding accrued interest	1,461.9	1,641.3
Cash	(171.4)	(246.9)
First Rail ring-fenced cash and deposits	(308.8)	(245.6)
Other ring-fenced cash and deposits	(6.9)	(4.0)
Net debt excluding accrued interest	974.8	1,144.8
IFRS 16 lease liabilities – rail	1,074.4	1,408.9
IFRS 16 lease liabilities – non-rail	129.2	49.6
IFRS 16 lease liabilities – total	1,203.6	1,458.5
Net cash excluding accrued interest (pre-IFRS 16)	(228.8)	(313.7)
Adjusted net debt/(cash) (pre-IFRS 16 and excluding ring-fenced cash)	86.9	(64.1)

Funding

As at the year end, the Group had £295.0m (FY 2024: £300.0m) of undrawn committed borrowing available under its Revolving Credit Facility ('RCF'). In addition, there was £92.4m (FY 2024: £129.8m) of committed headroom available under the Husk Financer Facility, £40.9m (FY 2024: £54.9m) available under the NextGen Battery facility and £85.0m (FY 2024: £nil) under the term loan facility. Total undrawn bank borrowing facilities at year end stood at £523.3m (FY 2024: £501.0m) of which £513.3m (FY 2024: £484.7m) was committed and £10.0m (FY 2024: £16.3m) was uncommitted. The average debt maturity is 4.1 years (FY 2024: 2.4 years).

Under the terms of the First Rail contractual agreements with the DfT, cash can only be distributed by the TOCs either up to the lower amount of their retained profits or the amount determined by prescribed liquidity ratios. £37.9m (FY 2024: £38.2m) has been paid in dividends from the TOCs after finalisation of their FY 2024 statutory accounts to the Group during the year. The ring-fenced cash represents that which is not available for distribution, or the amount required to satisfy the liquidity ratio at the balance sheet date.

Interest rate risk

Exposure to floating interest rates is managed to ensure that at least 50% (but at no time more than 100%) of the Group's pre-IFRS 16 gross debt is fixed rate for the medium term. Based on the current adjusted net debt profile, the variable rate RCF is largely undrawn with only finance leases and the term loan outstanding.

Financial review continued

Fuel and electricity price risk

We use a progressive forward hedging programme to manage commodity risk. As at June 2025, 90% of our 'at risk' UK crude requirement for FY 2026 (84m litres, which is all in First Bus) was hedged at an average rate of 47p per litre, and 61% of our requirements for the year to the end of March 2027 at 44p per litre. We also have an electricity hedge programme in place, with 70% of our consumption (based on current consumption forecasts) hedged for FY 2026 at £89/MWh and 56% for FY 2027 at £70/MWh.

Foreign currency risk

'Certain' and 'highly probable' foreign currency transaction exposures (including fuel purchases for the UK divisions) may be hedged at the time the exposure arises for up to two years at specified levels, or longer if there is a very high degree of certainty. The Group does not hedge the translation of earnings into the Group reporting currency (pounds Sterling) but accepts that reported Group earnings will fluctuate as exchange rates against pounds Sterling fluctuate for the currencies in which the Group does business, although this exposure is materially reduced following the sales of the North American divisions. During the year, the net cash generated in each currency may be converted by Group Treasury into pounds Sterling by way of spot transactions in order to keep the currency composition of net debt broadly constant.

Foreign exchange

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

	29 March 2025		30 March 2024	
	Closing rate	Effective rate	Closing rate	Effective rate
US Dollar	1.29	1.25	1.22	1.11
Canadian Dollar	1.85	1.93	1.68	1.76

Pensions

We have updated our pension assumptions as at 29 March 2025 for the defined benefit schemes in the UK and North America. The net pension deficit of £25.3m at the beginning of the year moved to a net surplus of £22.7m at the end of the year.

The main factors that influence the balance sheet liabilities for pensions and the principal sensitivities to their movement (excluding rail contracts and insurance liabilities) at 29 March 2025 are set out below:

	Movement	Impact
Discount rate	+1.0%	Decrease liabilities by £11m
Inflation	+1.0%	Increase liabilities by £9m
Life expectancy	+1 year	Increase liabilities by £29m

During FY 2025, the Group agreed terms with an insurance company to buy out the remaining liabilities of the legacy Greyhound US pension plan, with the plan being terminated thereafter. Following a Group contribution of $6m, gross liabilities of $155m (£123m) at the FY 2024 year-end were removed from the Group's balance sheet and the Group recognised a net settlement gain after related costs of £5.1m in the Group's income statement as an adjusting item. Also during FY 2025, the merger of the First Bus and FirstGroup pension schemes was completed to drive further efficiencies. The Group Scheme triennial funding valuation as at 5 April 2024 (now comprising legacy Group and Bus pension obligations) will be finalised in FY 2026. The valuation outcome will determine how the £77m currently held in the Bus Scheme Limited Partnership will be distributed, with the balance of £23m relating to the Group scheme to be determined based on the 2030 triennial valuation.

During FY 2024, following a consultation with affected employees, the Group terminated the participation of the relevant First Bus subsidiaries in the two Local Government Pension Schemes in which they were admitted bodies.

An expense of £146.9m was recognised in the prior year as an adjusting income statement item for the settlement charges and other related costs, with gains of £5.0m recognised in income for curtailment gains and £161.0m recognised in Other comprehensive income in relation to the restricted accounting surplus. Also during FY 2024, the Limited Partnership created following the sale of the North American divisions returned £23.7m to the Bus Pension Scheme, and at legacy Greyhound, the Group bought out and settled c.$75m (c.£62m) of Greyhound US pension liabilities, and in addition £153m of pension liabilities in Canada were secured with an annuity buy-in.

Balance sheet

Net assets have increased by £70.8m since 30 March 2024. The principal reasons is the impact of the profit for the year offset by the share buyback programme and dividends paid.

Balance sheets – Net assets/ (liabilities)	As at 29 March 2025 £m	As at 30 March 2024 £m
First Bus	813.3	580.2
First Rail	798.4	1,169.2
Greyhound	(10.5)	(24.7)
Divisional net assets	1,601.2	1,724.7
Group items	91.1	60.7
Net debt	(974.8)	(1,148.3)
Taxation	(5.0)	4.0
Greyhound – Held for sale	–	0.6
Total	712.5	641.7

Post-balance sheet events

The Group's South Western Railway NRC expired on 25 May 2025 and operations transferred to public control under the DfT Operator, in line with the Government's policy and as announced in December 2024.

Going concern

The Board carried out a review of the Group's financial projections for the 18 months to 30 September 2026 and evaluated whether it was appropriate to prepare the full year results on a going concern basis. In doing so the Board considered whether any material uncertainties exist that cast doubt on the Group's and the Company's ability to continue as a going concern over the going concern period.

Consistent with prior years, the Board's going concern assessment is based on a review of future trading projections, including whether banking covenants are likely to be met and whether there is sufficient committed facility headroom to accommodate future cash flows for the going concern period.

Divisional management teams prepared detailed, bottom-up projections for their businesses, including assumptions on passenger volumes and government support arrangements, and having regard to the risks and uncertainties to which the Group is exposed.

Following these reviews the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the 12-month period from the date on which the financial statements were approved. Accordingly, they continue to adopt a going concern basis of accounting in preparing the consolidated financial statements in this full year report.

Ryan Mangold
Chief Financial Officer

10 June 2025

Responsible business

Our approach

Our ambition is to be the partner of choice for innovative and sustainable transport, accelerating the transition to a zero-carbon world.

Our Strategic framework

Leading in environmental and social sustainability is one of our four business strategic pillars, ensuring that sustainability is embedded throughout the Group.

Deliver day in, day out

Deliver a consistently safe and reliable customer experience

Drive modal shift

Drive a step change from car and air travel to bus and rail

Lead in environmental and social sustainability

Deliver our decarbonisation commitments and support prosperity, growth and green jobs in the communities we serve

Diversify our portfolio

Invest to grow and diversify our portfolio and ensure our business is resilient

Our reporting system

Scan the code for our download centre

Environmental Performance Report

Climate Transition Plan 2025

Gender and Ethnicity Pay Gap Report 2025

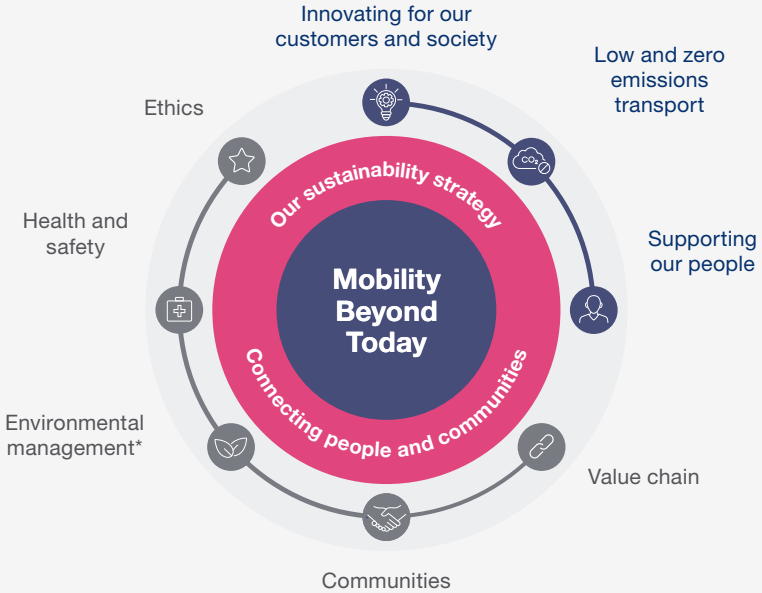
Our Sustainability framework

'Mobility Beyond Today' is our Group-wide strategic framework for sustainability. This framework prioritises our most material ESG topics. This section of the report outlines our progress against our 'Mobility Beyond Today' priorities, including decarbonisation, supporting our people, community investment, safety and business ethics.

Alongside the Annual Report, our Environmental Performance Report and Climate Transition Plan provide a more detailed breakdown of how our business is performing across key environmental metrics including climate change, carbon, energy, water and waste. It also includes examples of biodiversity initiatives taking place across FirstGroup.

Non-financial and sustainability reporting regulations

In accordance with Sections 414CA and 414CB of the Companies Act 2006, our non-financial information and sustainability can be found on the following pages of this Annual Report: relating to environment matters, from page 34; climate-related financial disclosures, from page 45; employees, pages 39 to 40; community, page 41; human rights, pages 43 to 44; and anti-corruption and anti-bribery, pages 43 to 44.



Third party recognition

CLEAN200 2024

Included in the Clean200, the top publicly listed companies by clean revenue

FTSE4Good

Ranked as the top performing bus and rail operator in our sector in the FTSE4Good Index

SUSTAINALYTICS

Included in the 2025 ESG Top-Rated Companies List for Sustainalytics with a 'Low Risk' rating

S&P Global

Included in the 2024 S&P Sustainability Yearbook once again with a score of 59

MSCI

'AAA' ranking on MSCI ESG index

Corporate ESG Performance Prime RATED BY ISS ESG

'Prime' status on the ISS ESG Index and ranked in the top decile in our sector

Proud member of UN Global Compact Network UK

Re-awarded the Green Economy Mark on the London Stock Exchange

CDP

CDP Supporter and maintained our rating of B

Responsible business continued

Our three priority areas

Low and zero emission transport

Zero carbon	Page 34
Climate resilience	Page 45
Carbon and energy	EPR page 5
Low and zero emission transport	EPR page 8
Air quality	EPR page 9
Noise	EPR page 9

Innovating for our customers and society

Driving modal shift	Page 37
Affordability	Page 37
Improving accessibility	Page 37
Data privacy	Page 38
Cybersecurity	Page 38

Supporting our people

Diversity and inclusion	Page 39
Skills for the future	Page 40
Wellbeing	Page 40

Foundations of a responsible business

Communities

Social value	Page 41
Charitable giving	Page 41
Community investment	Page 41

Environment management

Environmental management systems	EPR page 11
Energy management	EPR page 12
Waste management	EPR page 12
Water management	EPR page 13
Culture and engagement	EPR page 13

Safety

Safety management	Page 42
First Bus update	Page 42
First Rail update	Page 42

Value chain

Sustainable supply chain	Page 44 EPR page 15
Economy-wide transition	EPR page 14
Biodiversity	EPR page 15

Ethics

Our policy framework	Page 43
Anti-bribery, fraud and corruption	Page 43
Human rights	Page 43
Whistleblowing	Page 44
Governance	Page 44

Responsible business continued

Our views on sustainability

Q: Why is sustainability one of the pillars of FirstGroup's strategy?

GS: Transport is key to decarbonisation and social mobility. By investing in sustainable transport, we support economic growth while reducing emissions and delivering social value. Our commitment to responsible business ensures we deliver cleaner, safer and more efficient journeys for our customers.

Q: What is the Climate Transition Plan, and why is it important?

GS: This year, we launched our first Climate Transition Plan, setting a clear roadmap to net zero. It focuses on emissions reduction, investment in low-carbon technology, and increasing resilience against climate risks, aligning with UK and global climate goals. It also outlines the ways that we will promote modal shift by growing our services, allowing customers to switch from cars and planes to lower-emission buses and trains.

Q: How is FirstGroup driving modal shift?

GS: Expanding sustainable travel options is crucial. We acquired RATP London and a number of well-established coach businesses to strengthen our bus network, and our partnership with FlixBus is boosting inter-city coach travel. In Rail, we have entered into a contract with Angel Trains and Hitachi Rail for the lease of 14 new open access trains and applied for services between Rochdale and London, providing more low-carbon alternatives to domestic flights and car journeys.

Q: What major environmental milestones have been achieved?

GS: We are investing significantly in fleet electrification, including First Bus working with our local authority partners to secure government co-funding, and pioneering repowered buses, removing the diesel engines to replace them with battery electric alternatives. We now operate three net zero emission depots and have electrified ten more outside of London. This investment has allowed for new revenue opportunities with the expansion of our EV charging network and third party partnerships including with Openreach and Centrica.

In Rail, Avanti West Coast has been introducing new bi-mode Evero trains, which can switch between diesel and electric power, to significantly cut emissions. GWR's fast-charge battery train trial is another step towards lower-emission rail solutions, complementing our investments in electric and bi-mode trains in our open access division.

Graham Sutherland Chief Executive Officer

Q: How is FirstGroup creating opportunities through apprenticeships?

CH: Investing in skills is critical for the future of transport. First Bus has partnered with Reaseheath College to deliver industry-leading engineering apprenticeships. There are currently 75 apprentices learning at the UK's first engineering academy for the next generation of zero emission buses and coaches, specialising in mechanical and electrical engineering. Meanwhile, Lumo is setting new standards in rail, with 95% of its workforce coming through apprenticeships and more female apprentices than male, driving real change in workforce diversity.

Q: What steps are being taken for diversity and inclusion?

CH: Our Responsible Business Committee plays a key role in reviewing the practices and performance of the Group in supporting our people, and in particular our progress towards meeting the Group's goals and objectives with regard to equality, diversity and inclusion (ED&I). We have set gender and ethnicity targets and run a number of personal leadership development programmes, aimed at women and ethnically diverse colleagues, designed to build confidence, capability and skills. Our advocate network 'First Connections' is comprised of nearly 500 colleagues from under-represented groups who have completed one of our development programmes.

Q: What's next for FirstGroup on sustainability?

CH: We are scaling our efforts in modal shift, fleet electrification and workforce development. Our focus is on delivering net zero transport while enhancing accessibility and safety. With ongoing investments in open access rail, zero emission buses and community initiatives, we are committed to leading the industry towards a more sustainable future.

Claire Hawkings Chair, Responsible Business Committee

Responsible business continued

Low and zero emission transport

We are taking action to combat climate change and improve local air quality by delivering low and zero emission mobility solutions for our customers.

Zero carbon

Our Climate Transition Plan

In 2025 we published our first Climate Transition Plan, setting out a comprehensive strategy for achieving our climate transition goals. In it we detail our approach to reducing GHG emissions, managing climate-related risks, and contributing to an economy-wide transition through encouraging more people to switch to lower-impact forms of transportation. It also covers our targets, actions and dependencies across all FirstGroup's operations.

Find out more about our Climate Transition Plan on our website

Our climate ambitions and targets

FirstGroup is aligned to the UK Government's climate change strategy, and committed to making the reductions to meet the Paris Agreement to limit climate warming to 1.5°C by 2050. By encouraging people to switch from private cars and air travel to bus, coach and rail, we can also significantly reduce the carbon footprint of the transport sector.

We have set three near-term science-based targets (SBTs) covering Scope 1, 2 and 3 emissions. These have been validated by the SBTi and are set out in the table below. We are also committed to reaching net zero emissions by 2050.

Our First Bus division and our First Rail open access train operations and DfT TOCs are all in the scope of the FirstGroup SBTs. First Bus is committed to operating a 100% zero emission commercial bus fleet by 2035. First Rail supports the UK Government's target to remove all diesel-only trains from service by 2040 and to deliver a net-zero railway network by 2050. SWR and West Coast Partnership (Avanti) have also set SBTs, which have been validated by the SBTi. GWR is working to set targets that are aligned to the science-based approach.

Progress against our science-based targets

Our near-term target is to reduce Scope 1 and 2 GHG emissions by 63% by FY 2035 from a FY 2020 base year. We also commit to reduce absolute Scope 3 GHG emissions from fuel and energy-related activities (FERA) by 20% by FY 2028 from a FY 2020 base year, and that 75% of our suppliers by emissions covering purchased goods and services and capital goods will have science-based targets by FY 2028.

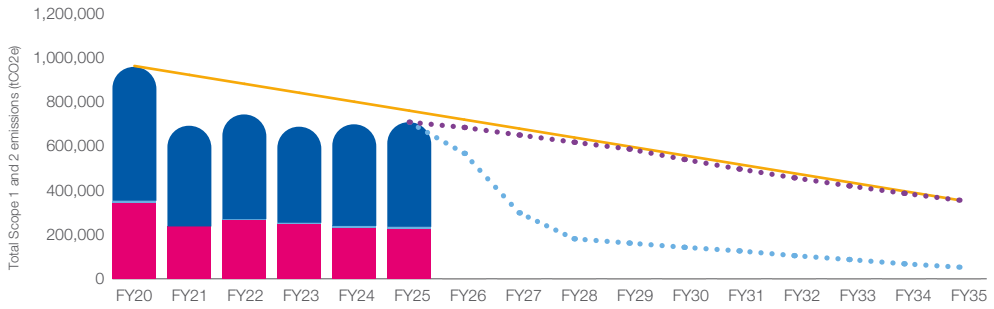
During FY 2025 we continued to progress our three Group SBTs. Our Scope 1 and 2 emissions have decreased 26% since our baseline year in FY 2020. Our future decarbonisation pathway in the short to medium term emissions will be impacted when the DfT TOCs return to public ownership, as well as other acquisitions and divestments such as RATP London, full details of which can be found in our Transition Plan. We are committed to achieving the 63% decrease by 2035. We achieved a 4% decrease in FERA emissions this year compared with our baseline year in FY 2020, and actively engaging suppliers to set their own targets aligned with the science-based approach.

FirstGroup ambitions and targets

Year	Target
by 2050	**Net zero emissions** in line with the UK Government's ambition
by FY 2035	**63% reduction** in Scope 1 and 2 emissions (from a FY 2020 base year)
by FY 2028	**20% reduction** in absolute Scope 3 emissions from fuel and energy-related activities (from a FY 2020 base year)
by FY 2028	**75% of suppliers with SBTs** by emissions, covering purchased goods and services and capital goods

Our progress and trajectories

Short-term (2024-2027) | **Medium-term** (2028-2035)



First Bus | **Open access rail** | **DfT TOCs** | **SBT pathway**

Trajectory | **Estimated emissions trajectory without DfT TOCs**

Responsible business continued

Zero carbon continued

Greenhouse gas emissions

The Group's overall Scope 1 and Scope 2 location-based carbon emissions increased by slightly more than 1% from FY 2024 to FY 2025 and were 26% lower than in FY 2020. Continued investment in our electric bus fleet and the introduction of the new Evero fleet at Avanti decreased diesel use; this was counterbalanced by an increase in rail traction electricity consumption, driven by higher mileage in First Rail. Carbon intensity per £m revenue has improved due to strong revenue performance and ongoing decarbonisation efforts across the Group.

Our market-based Scope 2 emissions increased significantly compared to the previous financial year, following Network Rail's switch from nuclear energy to the standard grid tariff, effective October 2024.

The table below reflects the carbon emissions associated with our global operations and aligns with the UK's Streamlined Energy and Carbon Reporting (SECR) requirements. Our UK operations represent 99% of both our global GHG emissions and our global energy use in the table on page 36.

Our Aircoach operations in Ireland generate only 1% of our total emissions. Scope 1 emissions for these operations amounted to 5,961 tCO_2e (6,844 tCO_2e in FY 2024), while Scope 2 emissions (location based) totalled 18 tCO_2e (25 tCO_2e in FY 2024), a total for Scope 1 and Scope 2 emissions of 5,979 tCO_2e (6,869 tCO_2e in FY 2024), and an intensity ratio of 242 tCO_2 per million revenue (304 in FY 2024). The energy consumption used to calculate these emissions is 25,012 MWh (27,805MWh in FY 2024).

For a more detailed analysis and an understanding of our Group carbon performance, see our Environmental Performance Report 2025.

Tonnes of carbon dioxide equivalent (tCO_2e) for operations:	**2025**	2024	2023	2022	2021	2020
Scope 1	**466,147**	478,705	487,362	524,683	467,773	653,779
Scope 2 location based	**238,508**	216,508	197,271	214,967	236,592	303,628
Total Scope 1 and Scope 2	**704,655**	695,213	684,633	739,650	704,365	957,407
Total Scope 1 and Scope 2 per £m revenue (tCO_2e/£m)	**140**	149	159	178	179	255
Scope 3: Other indirect emissions inclusive of business travel, waste disposal, water use, upstream T&D limited to First Travel Solutions	**9,880**	9,764	8,724	3,227	2,684	12,257
Scope 3: Fuel- and energy- related activities (FERA)	**208,186**	196,753	186,421	216,738	228,549	217,066
Total all scopes (location)[1]	**922,721†**	901,730	879,779	959,615	935,598	1,186,730
Total all scopes (market)[1]	**817,528†**	685,513	682,758	744,673	699,162	884,782
Out of scope (combustion of biofuels)	**33,834**	34,895	32,513	28,496	23,819	22,636
Total all scopes exclusive of FERA emissions plus Out of Scope per revenue (tCO_2e/£m)	**149†**	159	169	185	185	265
Scope 1 and Scope 2 emission % change (2020 baseline)	**-26%**	-27%	-28%	-23%	-26%	

† All assured metrics are highlighted with a † symbol.
1 This includes the aggregated total of Scope 1, Scope 2 and selected Scope 3 (limited to emissions from business travel, waste disposal, water supply and treatment, Fuel- and energy- related activities and upstream transportation and distribution amounts limited to First Travel Solutions).

Methodologies and calculations

Our carbon and energy reporting approach is prepared in accordance with the following standards and guidelines:

- Greenhouse Gas Protocol (GHG Protocol) for Corporate Accounting and Reporting Standard
- UK Government SECR Guidelines

FirstGroup uses an operational control boundary covering 100% of its business activities, with an estimation threshold of 5%.

The reporting period for our carbon data is the same as that for our financial data.

The term 'carbon emissions' in this report refers to GHG emissions as required for a GHG inventory. This includes carbon dioxide alongside six other GHGs calculated in mass of carbon equivalent (CO_2e).

Our GHG inventory is reported in four categories or 'scopes', listing our direct and indirect emissions in accordance with the GHG Protocol:

Scope 1: Direct emissions from road and rail vehicle fuel, heating fuel and fugitive refrigerant gas emissions

Scope 2: Indirect emissions from the generation of electricity purchased for buildings and to power electric road or rail vehicles (location based)

Scope 3: In the Annual Report and Accounts this is limited to categories (Waste, Water, Business Travel, Fuel- and Energy-related activities and upstream transportation and distribution limited to First Travel Solution activities) for which we are currently able to gather actual source data from along our value chain and apply relevant emissions factors.

Out of scope: Relating to the combustion of biofuels.

We have also worked with Watershed – a specialist consultancy, to complete a full Scope 3 emissions assessment and identify all material Scope 3 emissions. We are reporting on all our material Scope 3 emissions in our Environmental Performance Report 2025. For some Scope 3 categories in this assessment, we have relied upon a spend based method to calculate emissions and we will work towards gathering actual emissions data from external partners in our value chain over time.

Our UK carbon and energy emissions are calculated using UK Government-issued emission factors:

- UK Government GHG reporting: Conversion Factors 2024 from Department for Energy Security and Net Zero

There are limited examples where emissions factors have been developed as 'bespoke'.

To calculate underlying energy use for Scope 1 and 2, liquid and gaseous fuels have been converted from a volume to kWh (Gross Calorific Value). The following source has been used to derive fuel energy properties for these calculations:

- UK Government GHG reporting: Conversion Factors 2024 from Department for Energy Security and Net Zero

A detailed understanding of our calculation methodologies is available in our Environmental Performance Report 2025.

Independent assurance

FirstGroup plc has engaged Grant Thornton UK LPP to provide independent limited assurance in accordance with International Standards on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised)), and in accordance with International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements (ISAE 3410), issued by the International Auditing and Assurance Standards Board (IAASB).

All externally assured metrics are highlighted with a † symbol.

Grant Thornton UK LLP issued an unqualified assurance report over the selected metrics and its full report can be found on our website.

Responsible business continued

Zero carbon continued

Delivering on our Transition Plan

Our recently published Climate Transition Plan sets out the implementation timelines and associated actions we have in place to decarbonise our operations and deliver against our SBTs. In the boxes below we describe some of the key actions in our plan by division and associated achievements during FY 2025.

Energy initiatives

FirstGroup tracks and monitors energy-saving initiatives to ensure we continue to focus on energy efficiency alongside switching to low- and zero-carbon energy choices. Major initiatives to drive continuous improvement in our energy and carbon performance are listed below. In addition we have undertaken various energy-efficiency initiatives across our depots and wider property portfolio, including investments in solar panels, energy-efficient bus washes and air compressors, upgraded building control systems and low-energy lighting.

For a more detailed analysis and understanding of our Group energy performance, please see our Environmental Performance Report 2025.

Total energy use (MWh) megawatt hours of energy:
Total by energy source and renewable content

	2025	2024	2023
Non-renewable sources	**2,932,971**	2,867,623	2,929,421
Renewable energy sources	**202,531†**	193,152	163,899
Total all	**3,135,502†**	3,060,776	3,093,320
% change (year-on-year)	**2%**	-1%	9%
Per £m revenue (MWh/£m)	**623**	656	719

First Bus	**2025**	2024	2023
Zero emission buses (electric or hydrogen powered)	**20.5%†**	13%	6%
Total bus fleet	**5,450**	4,425	4,441
Carbon emission per vehicle distance (gCO_2e/vkm) (Scope 1, 2 location based and Out of scope)	**869†**	897	1,103

† All assured metrics are highlighted with a † symbol.

First Bus

Actions

Invest in bus depot power connections and electric vehicle charging infrastructure

Depot infrastructure upgrades are key to supporting our expanding electric fleet. To date, we have electrified ten depots, with work underway at five more, and our York, Leicester and Norwich depots have now achieved verified net-zero status.

Read more about our zero emission fleet and depot upgrades in our Environmental Performance Report.

Replace diesel vehicles with zero emission alternatives, including diesel vehicle repowers

First Bus is on track to achieving a fully zero emission commercial bus fleet by 2035. By the end of FY 2025, our fleet includes 1,115 zero emission buses.

Significant investments in key regions are accelerating this transition. A key FY 2025 milestone was our acquisition of RATP London, a major bus operator in the capital. This acquisition expands our fleet by approximately 1,000 buses, a third of which are electric. We are also investing £70m in a further 160 zero emission buses in the West of England, growing the zero emission local fleet to over 250 vehicles.

We aim to scale up new innovations where possible. First Bus introduced 32 repowered buses into service across the UK early in 2025. These are formerly diesel buses that have been converted into electric buses, which extends their lifespan by six to nine years.

First Rail

Actions

Replace diesel vehicles with low emission alternatives

A major highlight this year was the introduction of the new £350m Evero fleet at Avanti, replacing diesel-powered Voyagers with bi-mode trains capable of switching between electric and diesel, supporting the transition to a lower-carbon rail network.

A significant investment in sustainable rail travel came through our agreement with Angel Trains and Hitachi Rail to lease 14 new five-car electric, battery electric or bi-mode trains. Manufactured in the UK, these trains will increase capacity on Hull Trains and Lumo services and support our new London to Carmarthen route, further enabling modal shift to lower-emission rail travel.

Please read more about our how we've been growing our upgrading our rolling stock and piloting battery train technology in our Environmental Performance Report.

Expand our route portfolio and networks to support the economy-wide transition

We have also expanded our route portfolio. Our acquisition of Grand Union Trains WCML and GWML Holdings secures new London to Stirling and London to Carmarthen services. Hull Trains has applied to launch a new London to Sheffield service, which could provide sustainable transport options for 350,000 passengers annually. Additionally, Lumo has applied to restore the Rochdale to London rail link, a move that could benefit up to 1.6 million people.

Through these strategic investments, FirstGroup is driving the transformation of public transport, making it more sustainable, efficient and accessible. By prioritising low-carbon technologies and expanding high-quality services, we are empowering passengers to choose greener travel options while contributing to the UK's broader net-zero ambitions.

Responsible business continued

Innovating for our customers and society

We are focused on providing accessible, convenient, innovative and sustainable services to encourage more people than ever to travel on our services and to take cars off the road.

Driving modal shift

In this section we detail the actions we are taking to encourage modal shift, including making journeys more accessible, affordable and suited to customers' needs, and expanding some of our operations.

In First Bus we are repositioning our core customer proposition to promote the bus as an affordable, digitalised, accessible and reliable transport option. We are also increasing our share in the adjacent services market, where the car is becoming less attractive.

In our First Rail open access operations, Hull Trains and Lumo, we continue to see strong demand and we are growing our capacity through enhancing our existing services, acquiring access rights for new routes and applying for new routes where there is proven demand. Our DfT TOCs are focused on offering affordable and flexible ticketing, accessibility improvements and integrated onward travel plans to make services more attractive to customers.

Affordability

Affordable public transport is essential for promoting modal shift and supporting the economy-wide transition. We continue to offer a range of ticket options, discounts, offers, rewards and ways to pay.

Discounts and rewards

Customers can benefit from regular discounts and railcards across our services, including for commuters, students, families, groups, disabled persons, veterans, jobseekers and for different ages and locations. Avanti's low-cost Superfares won the 'Passenger experience' category at the 2024 Railway Innovation Awards and was extended to more destinations in 2025. All our rail operators take part in the annual Great British Rail Sale, offering up to 50% ticket discounts including 150,000 tickets at GWR and 100,000 at SWR. Discounts are complemented by offers and rewards, including the Club Avanti loyalty scheme which offers customers discounted travel, food and drink and free tickets to customers. The scheme has attracted 375,000 members since its launch two years ago.

First Bus continued to support the DfT's fare cap scheme, which aims to help the sector support customers at a time when the cost of living has increased whilst also seeking to encourage greater bus use. The £2 fare cap in England was raised to a £3 fare cap in January 2025 and extended until 31 December 2025. First Bus has also continued to operate the free travel for under 22s scheme in Scotland.

Digital and flexible ticketing

We offer our customers bespoke mobile apps to help them find journeys and tickets. The apps save booking fees, finding the cheapest fare available, offering rewards and discounts, and in rail, provide automatic delay repay payments.

These apps often work with TOTO contactless payment technologies and tickets that are being rolled out to new rail and bus services across our networks, including at a further 12 SWR stations during FY 2025. LumoFlex, a digital flexible ticketing service on Lumo's London to Edinburgh routes continues to grow in popularity, allowing users to reserve seating and cancel or amend journeys.

Improving accessibility

We are committed to making our services accessible and continue to support customers with disabilities or restricted mobility through innovative and inclusive initiatives. We publish accessible travel policies and guidance documents on our websites, available in a variety of formats including Braille, audio, large print and easy read upon request.

Accessible by design

Across our networks, we work with industry partners to introduce improvements such as accessible boarding facilities, changing places toilets, lowered service counters, tactile surfaces, and sensory-friendly features. This year SWR has commenced feasibility studies for accessibility upgrades at eight locations as part of the Government's latest Access for All (AfA) funding programme. These improvements, which could unlock up to £60 million in investment, will include new lifts and bridges to enhance station accessibility.

Our bus and rail vehicles include spaces for wheelchairs, mobility aid and scooter users, which comply with the respective industry guidelines.

Passenger assistance

We train colleagues to support passengers with a range of disabilities, including those who have sensory needs, autism, hearing loss and vision impairments. Lumo offers an innovative 360-degree tour of its fleet to help passengers plan journeys, and for passengers who are deaf or have hearing loss, we have introduced schemes to make communication, planning and journeys more accessible, including Avanti partnering with InterpretersLive! for on demand video interpreters.

In First Rail many stations allow passengers to contact a passenger assistance team, or use available Help Points. Once onboard, staff can assist with any customer-related matters and make contact with the driver or destination stations.

Empowering new customers

Our rail companies offer free 'Try the Train' days to community groups, empowering individuals with specific needs to feel confident using rail services. These sessions include guided tours of stations, assistance with purchasing tickets, and an opportunity to experience train travel in a supportive environment. This year, Avanti expanded the 'Train Buddies' initiative, giving young people, including disabled children and young carers, the confidence to navigate stations and experience train travel. Supported by the Customer and Communities Investment Fund, this programme provides young people with opportunities to explore new destinations and learn essential travel skills.

Across the Group we set targets for accessibility and monitor progress as part of the Annual Service Quality Reports.

Responsible business continued

Digitalisation

We provide a range of digital services and apps to make journeys more accessible. We are also developing digital solutions to help staff run train operations more efficiently. For example, Solano is a staff engagement app created by First Rail's Mistral Data that enhances communication and coordination among dispatchers, on-train and platform staff, maintenance, and office teams.

First Bus updated its customer app. Journey planning was improved and real-time information made available, and customers can now see their bus live on a map. Ticket sales using digital payment methods account for 80% of First Bus ticket transactions. Customer usage on our First Bus app and platform has grown to 35% of ticket revenue and through the app we interact with our customers to provide information on service disruption, timetable and fares changes as well as special offers and loyalty programmes.

Whilst Artificial Intelligence (AI) presents new and emerging risks for our business, it also presents opportunities. In First Rail, for example, AI systems have been introduced at stations to improve accessibility. Following a successful six-month trial with SWR at London Waterloo Station, which provided live travel information in British Sign Language for deaf customers, this technology is being rolled out across the wider First Rail network.

In First Bus, we continue to partner with Prospective, an AI company, to optimise timetables, schedules and real-time fleet instructions. This software significantly reduces the time needed to create or adjust timetables and schedules, improving service quality and punctuality. It also identifies where bus priority interventions such as parking restrictions, bus lanes, priority signals and traffic removal would most impact travel times.

Data privacy

At FirstGroup, we are committed to maintaining the highest standards of data privacy and security across our entire operations, including our suppliers. Our comprehensive privacy policy is designed to protect the personal information of our customers, employees and partners, ensuring compliance with all relevant regulations and industry best practices, and applies to all aspects of our operations, including our suppliers and customers.

We have designated a Data Protection Officer who is responsible for overseeing all data and privacy-related issues. Our divisions have also set out their own privacy policies and assigned their own Data Protection Officers. These Officers work closely with our Group-wide Risk and Compliance Management team to ensure that our privacy policy is embedded within our overall risk management framework.

To ensure compliance with our privacy policy, we conduct regular third party and internal audits. These audits help us identify and address any potential vulnerabilities, ensuring that our privacy practices remain robust and effective. We maintain a zero-tolerance policy for breaches of our privacy policy. Any violations are subject to strict disciplinary actions, up to and including termination of employment or contracts.

See the FirstGroup Privacy Policy on our website.

Cybersecurity

Businesses are facing heightened and ever more complex cybersecurity risks both in their own operations and along their wider value chain. The Group's cybersecurity strategy is led by the Chief Information Security Officer (CISO), who reports directly to the Executive management team. The CISO brings expertise in information governance, technology compliance and cybersecurity, with experience across both public and private sectors — including work with critical national infrastructure bodies such as Network Rail and Avanti West Coast.

In addition to internal leadership responsibilities, the CISO actively participates in industry-leading cybersecurity committees and risk forums aligned with the UK transport sector. These include direct engagement with the DfT, Network Rail's cyber forums, and collaborative work with the National Cyber Security Centre (NCSC) and the British Transport Police (BTP) Cyber Team. These partnerships enable the Group to access timely national threat intelligence, contribute to sector-wide cyber resilience efforts, and coordinate effectively in the event of a significant incident.

The Group maintains a comprehensive cybersecurity governance framework, underpinned by a suite of policies covering information security, data protection, privacy and cybersecurity. This year, the Group further enhanced its governance by introducing a dedicated AI Policy. See further details in the risk management section on pages 60 and 66.

A strong security culture is promoted across the organisation through regular cyber awareness training and phishing simulations. A clear escalation process is in place to facilitate swift and effective internal reporting of any suspicious activity or cyber threats.

Through strong leadership, collaborative engagement with national cybersecurity bodies, independently verified security standards, and a commitment to continuous improvement, the Group remains well positioned to manage cyber risks, protect digital assets, and support the delivery of secure, resilient services across all business areas.

Responsible business continued

Supporting our people

We employ around 30,000 people in depots, stations and offices, providing vital services which connect people and communities. Our people are at the heart of our business, and we are extremely proud that they keep customers moving.

Diversity and inclusion

To better understand and meet the needs of the diverse customers and communities we serve, we are committed to increasing the diversity of our workforce. We recognise that attracting and retaining people with different backgrounds and experiences requires an inclusive culture where everyone feels valued and respected. While we are proud of the progress being made in many areas, we acknowledge there is still more to do, therefore, we are committed to making our workplaces inclusive for all our colleagues, regardless of their gender, ethnicity or any other characteristics.

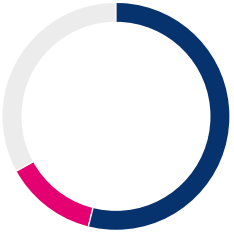
Our Responsible Business Committee plays a key part in reviewing the practices and performance of the Group in supporting our people, and in particular our progress towards meeting the Group's goals and objectives with regard to ED&I, including the Parker Review. We have set targets to be achieved by 2028 for our senior leadership population, where we aim to have 40% of roles filled by women, and to have 11.0% of roles filled by colleagues from a minority ethnic background.

The composition of the Group continues to evolve. As of 31 March 2025, women occupied 20.4% of all roles across the Group and 32.4% of senior leadership roles[1]. Minority ethnic colleagues occupied 12.9% of all roles and 5.9% of senior leadership roles[1]. Over the last 12 months, 20.2% of all hires were women and 29.7% were from a minority ethnic group.

In collecting this sensitive data from our colleagues, over 68% of our colleagues are comfortable to share their ethnicity with us, over 43% their ability status and 46% their sexual orientation. Whilst we still have a way to go, we continue to be committed to increasing disclosure of protected characteristics across the Group, to have a better understanding of the composition of our workforce. We are working with our newly acquired Bus and Coach businesses to capture and report on sensitive data.

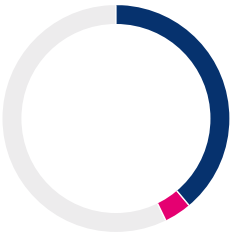
1 The above 'senior leadership' population is an expanded population from the reported Hampton-Alexander population which allows us to evaluate the success of our development programmes and track our progress against targets.

Ethnicity – FY 2025



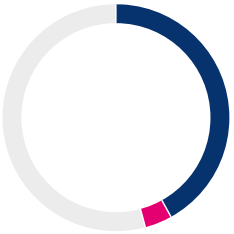
White	54%
Ethnic minority group	13%
Unknown	33%

Disability status – FY 2025



Not disabled	39%
Disabled	4%
Unknown	57%

Sexual orientation – FY 2025



Heterosexual	42%
LGBT	4%
Unknown	54%

	FY 2025				
	Women		Men		Total
	Number	%	Number	%	
Total population	7,260	20.3	28,457	79.7	35,717
Senior management[2]	17	32.7	35	67.3	52
Board	5	56.6	4	44.4	9

	FY 2024[1]				
	Women		Men		Total
	Number	%	Number	%	
Total population	6,442	20.8	24,553	79.2	30,995
Senior management[2]	17	32.8	35	67.2	52
Board	4	44.4	5	55.6	9

Development programmes

We run a number of personal leadership development programmes, aimed at women and ethnically diverse colleagues. Our Senior Women's Leadership programme was refreshed and relaunched in 2023, and our 'Step' and 'Reach' programmes continue to successfully provide a pipeline of talent for our senior and middle management roles.

Our advocate network 'First Connections' has gone from strength to strength this year, with further sessions being held in June 2024 and in February 2025 which were attended by over 250 colleagues. The network includes nearly 500 colleagues from under-represented groups who have completed one of our personal leadership development programmes. The network creates a self-supporting, diverse community of talent to support each other in their careers.

Responsible business continued

Diversity and inclusion continued

Attraction and recruitment

We have an external careers website which collates all live job opportunities from across the Group into one place. It enables visitors to contact our FirstGroup 'Insiders', current colleagues who have volunteered to share their career experiences and answer questions about what it's like working for our brand companies across the Group.

We also have an internal opportunities page, to allow current colleagues to explore what job opportunities exist across the Group, including live roles, secondment and project opportunities. Our careers website and social media channels are continually updated to showcase examples of colleagues from under-represented groups.

We continue to utilise specialist recruitment programmes such as Routes into Rail, Vercida and Diversifying Group, to recruit diverse talent and inspire new transport professionals.

We organise various events to attract and recruit diverse talent. Hull Trains teamed up with Northern to inspire the next generation of female train drivers, with a Women in Rail event at its recently launched Learning and Development Academy. College students from across Yorkshire got the chance to learn more about driver careers and to use the operator's new train driver simulator.

Driving inclusion

We have a variety of inclusion networks that colleagues can participate in, which provide a safe space for colleagues to support each other. Many of these networks have senior leader sponsorship.

- First Bus launched a LIFE network to support inclusion and Elevate, an Intentional Allyship programme for ethnic minority colleagues to match them with senior leader mentors
- First Bus hosted an industry first, 'the Inclusive Cab' summit, partnering with Women in Transport to create a gold charter for inclusive bus cab design, which was shortlisted for the National Transport Awards
- GWR launched an inclusion hub with guides, webinars and videos on inclusion, anti-racism, Allyship, LGBTQ+ and gender identity
- In FY 2025 GWR won the Rail Business Award for 'Diversity & Inclusion in Rail' for its achievements in gender inclusion
- FCC established 12 diversity champions to support ED&I

Skills for the future

The changing nature of transport and mobility requires a healthy, engaged, agile and diverse workforce with the skills and expertise for a zero-carbon economy and to deliver mobility for the future.

Our apprenticeship programmes are an important way of growing the engineering and operational skills which are vital to our business. We are running industry-leading programmes that are fully integrated into the fabric of our organisation, working in key areas of the business such as operations engineering, human resources, customer service and business administration.

We have 1,014 apprentices in training across First Bus and First Rail, with 21.8% of apprentices recruited over the last year being women.

95% of Lumo's operational workforce began on apprenticeships. Lumo has partnered with provider Train'd Up for the past five years to deliver apprenticeships for train drivers and other roles.

In August 2024, a new cohort of 36 engineering apprentices began their First Bus journey at our dedicated training academy at Reaseheath College. Reaseheath College offers a unique depot-style environment to help our apprentices transition between college and the workplace. By working with replica equipment, our apprentices can then put the skills they learn straight into practice at our depots. A key part of the apprenticeship is a focus on zero emission vehicles, providing our apprentices with the skills to progress their careers whilst enabling us to future-proof our business.

Wellbeing

The wellbeing of our people remains a key priority for FirstGroup. Our achievements this year include the following:

- Group-wide our employees can access various resources from the wellbeing hub
- We have over 650 Mental Health First Aiders across the Group, with 400 in First Rail and 250 in First Bus
- First Bus rolled out Money First Aid training to colleagues in support roles, enabling them to support colleagues facing financial difficulties
- First Bus has become a Period Positive Workplace, supplying free period products to colleagues
- Tram Operations launched a colleague support service in FY 2025 with strong monthly engagement
- Lumo has expanded its 'Work Well Wednesday' initiatives to promote wellbeing
- Avanti has established wellness action plans for all colleagues, provided mental health eLearning for managers and holds face-to-face training sessions for senior managers and leaders
- SWR was highly commended at the Rail Business Awards for 'Wellbeing in Rail'

Real Living Wage

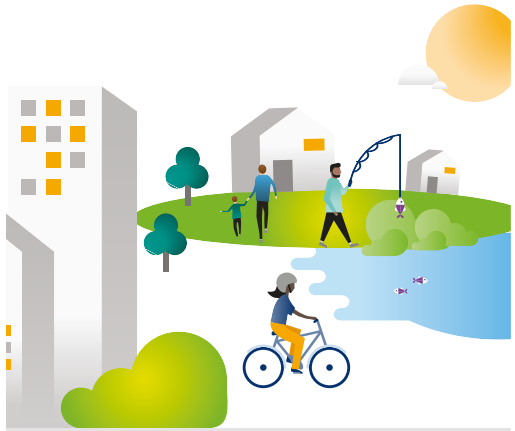
To attract and retain the skills we need, we offer a competitive wage reflecting local market demands and conditions. In First Rail, Avanti and Tram Operations Ltd. are accredited Living Wage Employers and pay the Real Living Wage (RLW) to employees and to third party contractors working directly for the Group, in accordance with the Living Wage Foundation rates of pay. First Bus also became a RLW employer in 2024 and, in line with this new commitment, there is also a commitment (outside of accreditation requirements) to include all First Bus apprentices. GWR and SWR also pay the RLW to directly employed colleagues.

Employee engagement

All our businesses carry out regular 'Your Voice' surveys, giving employees the opportunity to share their views on the way they are managed, and how likely they are to recommend FirstGroup as an employer. These surveys are anonymous and managed by an external specialist company to encourage candid feedback. Surveys from across our businesses conducted in 2025 have shown some improvement in response rates and in engagement levels. In February, First Bus conducted its latest survey, which showed a year-on-year increase of 4% increase in engagement levels to 64%. For all rail divisions that conducted a survey in 2024, engagement levels were all above 60%, with GWR and the open access train operators, Hull Trains and Lumo, all having engagement levels at 70% or above.

Responsible business continued

Foundations of a responsible business



Communities

Social value

Throughout our businesses we report on the social value we create in local communities around the UK. This year Hull Trains and Lumo partnered with the Purpose Coalition to launch the 'Breaking Down Barriers in Rail' impact report which showcases how these open access operators drive social mobility, economic growth and environmental sustainability through their services.

Meanwhile our DfT TOCs also publish annual social value reports and measure their impact using the Rail Safety and Standards Board's (RSSB's) social value tool. Key highlights from this year include supporting young people through schools' programmes, improving accessible travel, enhancing health and wellbeing initiatives for colleagues, and driving up the number of small businesses in our supply chain. Further information can be found in their respective reports as follows:

Our communities | Avanti West Coast
Social Value | Great Western Railway
Social Value Report | South Western Railway

Charitable giving

As a vital part of people's daily lives, our bus and rail networks help amplify charitable efforts. We offer employee matched funding, empowering staff to support causes they care about, and in FY 2025, 222 employees took part in our matched funding scheme, raising funds for over 91 charities. Furthermore, employees can donate directly to a charity of their choice using our payroll giving scheme, which raised over £174,000 in FY 2025 and was awarded a Payroll Giving Silver Award.

Our charity partners, Macmillan (First Bus), Samaritans and Railway Children (First Rail), are chosen by our employees and align with our business values. To support our partners, we run various schemes, including gift-in-kind donations for advertising space totalling £800,000 in media value, customer and employee donations from fundraising initiatives totalling over £210,000, and provide spaces to run events and awareness-raising across our networks. Overall, our total charitable contributions across the Group came to over £1.3m.

Community investment

Community Rail Partnerships (CRPs) are not-for-profit organisations that connect railways with local communities, promoting social inclusion, sustainable travel and economic development. With over 70 partnerships and numerous station adopters, CRPs deliver a range of activities that benefit local communities.

Our DfT TOCs also support communities through the DfT's Customer and Community Improvement Fund (CCIF), funding small and medium-sized rail-related projects on our networks, including accessibility schemes, educational projects and heritage schemes.

Station adopters, including community groups, charities and businesses, play a vital role in local social, cultural and economic development. Our DfT TOCs fund their membership in the Community Rail Network, providing access to grants, training, advice and resources.

Case study

Avanti's Feel-Good Field Trips

Avanti's Feel Good Field Trips initiative provided enriching experiences for school children aged 4-18, promoting social inclusion and educational enrichment. Over 5,250 pupils participated in 215 trips in FY 2025, enhancing learning opportunities and cultural awareness. The initiative successfully connected young people to valuable learning experiences, exemplifying Avanti's commitment to community investment.

Responsible business continued

Safety

The transport industry, by its nature, involves a high volume of journeys across our networks. We take seriously our duty of care to ensure that our customers can safely use our services and that our employees work in an environment where they can perform their duties safely.

We maintain robust safety management systems throughout the Group, ensuring compliance with legislation, policies and procedures. Our Responsible Business Committee oversees our safety performance across all operating companies. We regularly review our health and safety risk profile to ensure continuous improvement and integration of lessons learned. We also leverage technological advancements to mitigate risks and reduce the likelihood of incidents.

Our aim is to reduce our passenger and employee incident and injury rates from their current levels, something we hope will be achieved by these actions, and those in First Bus and First Rail.

First Bus

First Bus continues to enhance safety management, with a strong focus on training, compliance, and engagement. This year:

- Over 800 managers and supervisors completed our industry-leading IOSH-approved Road Passenger Transport-Specific Health & Safety training programme
- We maintained our ISO 45001 and ISO 14001 accreditations, demonstrating our commitment to independently verified safety and environmental standards
- We launched a trade union safety representatives' support programme, equipping representatives with training and a dedicated toolkit
- We aligned safety management systems across new acquisitions to maintain consistency across all sites and services
- We continued to support new drivers through our Thru-Care programme, which provides phased learning and performance tracking
- We strengthened contractor safety with an improved permit system
- Our 'Hold, Look, Land' campaign was reinforced to reduce slips, trips and falls during boarding and alighting
- We concluded an urban fatigue trial, highlighting the need for a proactive focus on wellbeing, shift patterns and preventative measures
- We initiated a review of our ageing driver profile, ensuring our controls remain robust while supporting driver health and wellbeing

Case study

Violence against women and girls (VAWG) initiative

First Bus took significant steps to strengthen our response to VAWG across the bus and coach industry. We mobilised safety representatives with training and resources to support depot-level safety management. We also upgraded ticket machines to record crime incidents, integrated crime reporting apps for colleagues and customers, and developed partnerships with Strut Safe for real-time support.

First Rail

Our rail businesses maintain a comprehensive safety management system, ensuring:

- Regular risk assessments based on changes in legislation, operations and incident learnings
- A focus on a strong health and safety culture through structured induction, training and best practice sharing
- Independent certification of our safety management system, ensuring compliance with ISO 45001 standards
- Safety initiatives targeting the most common risks, such as slips, trips and falls, with tailored campaigns and staff training
- Continuous monitoring and mitigation of Signals Passed at Danger (SPADs) through driver-focused engagement and our 'Respect the Red' campaign
- Enhanced internal railway integrity inspections, ensuring infrastructure safety.
- External recognition such as Hull Trains receiving an 'excellent' rating from the ORR

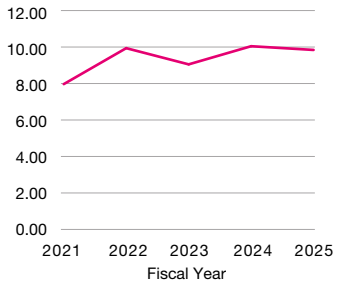
Case study

Fatigue risk management

We concluded a fatigue urban trial, finding low but present fatigue-related risks in urban operations. Our response focuses on driver wellbeing, shift pattern management, and maintaining our stringent drug and alcohol testing procedures. High-speed services will continue using fatigue detection technology.

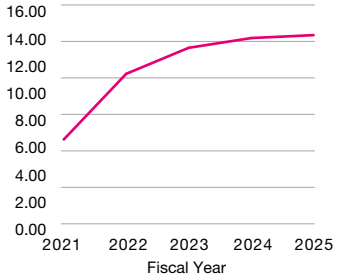
Lost time injury rate

(per 1,000 employees)



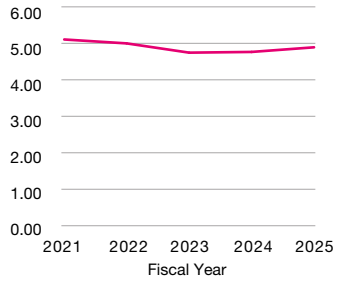
Passenger injury rate

(per million miles)



Passenger injury rate

(per million journeys)



Responsible business continued

Ethics

Our policy framework

Our Group-wide policies are available on our website and cover the whole Group to ensure that all our businesses are performing to the highest ethical standards and are accountable for their performance.

These include our Code of Ethics and Supplier Code of Conduct. These Group-wide policies must be attested to by employees and suppliers respectively on an annual basis. Both policies cover topics including anti-bribery and corruption, modern slavery, health and safety, environment, and other areas of legal and ethical compliance.

Both the Code of Ethics and Supplier Code of Conduct are supported by separate detailed Group-wide policies and procedures, including a Bribery Policy, Fraud Policy, Gifts and Hospitality Policy, Insider Dealing Policy, Procurement Policy and a Modern Slavery Statement. Certain individuals and departments have additional policies such as a Share Dealing Code, which are published on our intranet sites or respective business websites.

These policies are implemented and managed by the senior management team in each of our divisions. Our Code of Ethics and other policies describe the mechanisms employees can take for reporting and investigating concerns about unlawful behaviour or behaviour contrary to the respective policies, further details of which can be found in our whistleblowing section on page 44.

Our employee appraisal system considers compliance with our Policies, including the Code of Conduct. Employees who breach these policies will face disciplinary actions, with potential dismissal for the most serious breaches.

Anti-bribery, fraud and corruption

We have a zero-tolerance approach to bribery, fraud and corruption, and are committed to acting professionally, fairly and with integrity in all our business dealings. We never offer or accept any form of payment or incentive intended to improperly influence a business decision including any political contributions, donations or payments, as outlined under our Group-wide Anti-Bribery and Corruption Policy, Fraud Policy and Code of Ethics, to which all colleagues must attest on an annual basis. Our policies are consistent with our commitments to the UN Global Compact and national commitments to the United Nations Convention against Corruption.

The Group's Anti-bribery Steering Committee has the primary and day-to-day responsibility to ensure that our internal control systems and procedures are effective in countering bribery and corruption.

We expect our suppliers to undertake their work with a similar zero-tolerance approach. This is outlined in the Supplier Code of Conduct that all suppliers must sign. This Code outlines the expectations that suppliers must adhere to all laws, implement and enforce effective systems, and not accept bribes. This year we enhanced the anti-bribery and corruption screening criteria in our supplier onboarding platform, further information of which can be found on page 44.

Human rights

We recognise our responsibility to ensure that FirstGroup operates in a manner that respects, protects and promotes the human rights of all individuals who interact with our operations. We have several Group-wide policies that govern our Human Rights and Modern Slavery commitments to employees, customers, suppliers, contractors and any other stakeholders who interact with our business. The Board has ultimate responsibility for these policies, and they are made in line with the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, the United Nations Universal Declaration of Human Rights and the Children's Rights and Business Principles. They cover fundamental human rights, including human trafficking, forced and child labour, freedom of association, right to collective bargaining, fair and equal remuneration, discrimination and harassment, and safe workplaces.

Our annual Modern Slavery and Human Trafficking Statement outlines our policies and the steps we take to address modern slavery risks in our business and supply chains. You can find this statement on our website. In alignment with our commitment to continuous improvement, we apply this statement to all our businesses, regardless of size, location or turnover, even those not legally required to make such a statement under the Modern Slavery Act or equivalent legislation.

Our Modern Slavery Working Group meets regularly to review the steps being taken by the Group to detect and remedy modern slavery and human rights within our own organisation and our supply chain. We conduct assessments of our human rights and modern slavery risks. This year particular attention was focused on risks associated with human rights in our supply chain, full details of which can be found on page 44.

Responsible business continued

Ethics continued

Whistleblowing

Our Whistleblowing Policy covers all full-time and part-time employees, officers, consultants, contractors, casual workers and agency workers in all FirstGroup companies. It also covers whistleblowing allegations raised by external agencies, including suppliers and customers. The Policy outlines the measures, safeguards and protections put in place to allow an individual to report suspected wrongdoing, irregularities or dangers at work in a confidential and independent manner, along with the process, protection and support they will receive. The policies and procedures include processes to avoid retaliation, respect rights of privacy, data and other protections for anyone whistleblowing.

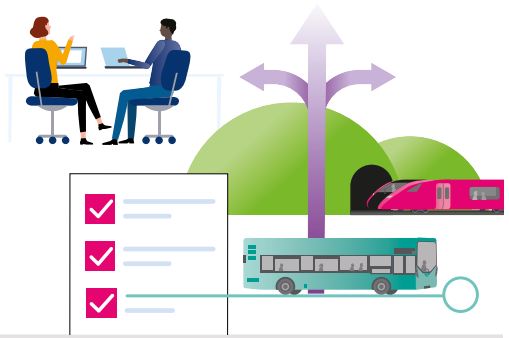
We have an independent and externally managed whistleblowing service available 24/7, 365-days-a-year across the Group with an international, multi-language helpline (online and phone-based), email and web portal, for the anonymous reporting of suspected wrongdoing or dangers at work available to anyone including colleagues, contractors, customers, suppliers and other third parties. The hotline is actively communicated all stakeholder groups via several digital and physical channels, as well as being available via the Code of Ethics, Supplier Code of Conduct and other policy and training materials. Whistleblowing events are logged by the third party and an independent person will be nominated to investigate the matter. Depending on the nature of the matter, the investigator will be an independent manager or someone from our internal audit function or HR team. We aim to complete the investigation within 30 days and provide feedback to the individual who has made the report throughout the process. The Board receives reports on the operation of the whistleblowing hotline and whether reports lodged have been upheld and, if so, how they have been dealt with.

See our Whistleblowing Policy Statement on our website.

Governance, training and implementation

We have mandated centrally a set of minimum requirements for training, testing and policy attestation across a range of ethical and compliance topics, including anti-bribery and corruption, human rights and modern slavery. All non-frontline staff are required to complete an annual attestation confirming that they understand and comply with each of the policies. In addition, senior managers and higher-risk individuals are required to complete training and pass tests annually on topics including bribery and anti-corruption, fraud, insider dealing, human rights, modern slavery and more. Rates of compliance with the mandatory training and attestation requirements are reported monthly to the senior management team and to the Board on a periodic basis. The minimum requirements are reviewed and updated as appropriate to address new or evolving risks.

Divisional management teams are responsible for ensuring that these core requirements are implemented and adhered to within their respective businesses. They are also responsible for assessing whether stricter or additional requirements are appropriate to the particular ethical and legal compliance risks faced by their respective businesses and implementing such further measures as are deemed necessary to mitigate those risks.



Value chain

Sustainable supply chain

We work with more than 4,500 suppliers across our business, spending around £3.2bn each year on goods and services. Collaboration and the sharing of best practice with our key partners helps us understand and respond to the needs of our customers and stakeholders to deliver increased value.

Policies

The Supplier Code of Conduct aligns to our Code of Ethics and sets out the standards our suppliers are expected to adopt in relation to health and safety, business ethics, legal requirements, human rights, labour practices, the environment and reporting concerns. It applies to all suppliers and partners, including subcontractors, service providers, consultants, intermediaries and agents, who supply products or services to FirstGroup and its subsidiaries. All suppliers and employees must also operate in adherence to the Group Procurement Policy, which includes elements relating to environmental and social sustainability.

Screening

We have a robust supplier onboarding process in place to assess a supplier's suitability, financial stability and risk. Critical suppliers are invited to join our supplier assurance platform, where additional information is collected based on their risk level.

This year we have onboarded many of our existing suppliers to the platform, allowing greater transparency. Overall, we have 1,077 registered suppliers, representing 23% of all suppliers in FY 2025, 700 of which are at membership level, providing detailed assurance information, 300 of which are low-risk suppliers onboarded at a lower assurance level.

What this gives us is a detailed view of ESG risks associated with our supply chain, as well as other risk indicators, which enable us to establish collaborative action plans in partnership with our suppliers and internal stakeholders.

Supplier audits

Our supplier assurance platform allows suppliers to be audited for different criteria, including those relating to ESG. The platform provides audit documentation, outcomes and any non-conformances. Audit results are shared not only within the Group but also with other companies on the platform (where appropriate), enabling transparency and collective action.

Climate-related financial disclosures

Our commitments, actions and focus areas

We were the first UK public transport operator to support the Task Force on Climate-related Financial Disclosures (TCFD), and this will be our fifth year of reporting against the framework in our Annual Report. Our business strategy was updated in 2024 to reflect our progress and ambition. Driving modal shift and leading in environmental and social sustainability were both placed at the heart of this new strategy, forming two of the four pillars. This strategy was built upon in 2025 with the release of our first ever Climate Transition Plan (CTP) in line with the Transition Plan Taskforce (TPT) framework, detailing our approach to reducing GHG emissions, managing climate-related risks, and contributing to an economy-wide transition through modal shift and encouraging more people to switch to lower-impact forms of transportation. This plan sets out a comprehensive strategy for achieving our climate transition goals, describing our governance, dependencies, financial planning and risk management approach. It also outlines our ambitious goals and targets along with our progress and future trajectories. These include our science-based targets outlined on page 34 and progress reported on pages 34 and 35.

To ensure the success of our business for the long term, we are focused on climate change adaptation and resilience – understanding the physical and transition impacts climate change can have our business over the short, medium and long term, and taking action to mitigate the risks and capture the opportunities. Climate change is managed and reported as one of our principal risks and has been an integral part of our risk management framework for many years.

Following a qualitative review of climate-related risks and opportunities in FY 2021, and a quantitative scenario analysis and financial impact assessment in FY 2022, for the past three years we have worked with key internal functions to build further understanding of climate risks and opportunities and understand how they are being addressed. This year the publication of our Group-wide CTP takes this a step further by clearly outlining trajectories and plans over the short, medium and long term to 2050.

This TCFD update therefore provides a summary of the key climate-related risks and opportunities already reported for the first time in our Annual Report 2022 (pages 62 to 64), and an overview of what we are doing to continue to reduce our carbon footprint and build climate resilience. We report against the four pillars of TCFD – Governance, Strategy, Risk Management and Metrics & Targets – and the individual requirements of each (see the table on page 46 for the location of relevant disclosures). In line with the UK Listing Rules, we confirm that disclosures are consistent with the TCFD recommendations. Under the metrics and targets section, we explain how limited Scope 3 emissions calculated using actual source data from our value chain are included in the Annual Report and all material Scope 3 emissions calculated using a spend-based method are included in our Environmental Performance Report 2025 which can be found on our website.

In preparing these disclosures, we considered the 2021 TCFD Guidance 'Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures', including the supplementary guidance for the Transportation group. However, we recognise that climate-related risk assessments are subject to data availability, trend projections and underlying business assumptions. It is therefore important to continue to monitor climate-related risks and how they evolve over time, and we will periodically assess the need to update our 2022 impact assessment to account for any significant changes in key parameters.

Finally, we look at our TCFD work not just as a vital mechanism to build long-term business resilience, but also as an important step towards increased transparency around climate as well as broader sustainability-related risks and opportunities, in line with recommendations by the International Sustainability Standards Board. To this end, we have formed a working group comprising Corporate Responsibility and Finance teams that work collaboratively to prepare for any future disclosure requirements for our company that could emerge based upon these newly launched standards: (i) IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information; and (ii) IFRS S2: Climate-related Disclosures.

Climate-related financial disclosures continued

TCFD recommendations	Subheading	Page
Governance		
a) Describe the Board's oversight of climate-related risks and opportunities.	Board oversight	Read more on page 47
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Management's role	Read more on page 47
Strategy		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Climate-related risks and opportunities and scenario analysis	Read more on page 48
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	Impact on strategy and financial planning	Read more on page 49
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Strategy resilience	Read more on page 49
Risk management		
a) Describe the organisation's processes for identifying and assessing climate-related risks.	Approach to risk management	Read more on page 51
b) Describe the organisation's processes for managing climate-related risks.	Risk mitigation actions	Read more on pages 51 and 52
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Approach to risk management	Read more on page 51
Metrics and targets		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Metrics and targets	Read more on page 53
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	Greenhouse gas emissions table Metrics and targets	Read more on page 35 Read more on pages 35 and 36 and our Environmental Performance Report on our website
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Metrics and targets	Read more on page 53

Climate-related financial disclosures continued

Governance

TCFD recommendation: Disclose the organisation's governance around climate-related risks and opportunities

Management of climate-related risks is aligned with the robust corporate governance frameworks and processes in place throughout the Group. The Board, Executive Committee and our individual bus and rail divisions regularly review climate-related risks in accordance with the Group's risk management framework and consider broader sustainability matters in line with duties included in the Corporate Governance Code and Section 172 (see page 57).

Board oversight

The Board is responsible for promoting the Company's long-term sustainable success for the benefit of its shareholders. This aim extends to the setting of our approach to climate-related risks and opportunities and our decarbonisation ambitions, which now form a key part of our broader business strategy. Driving modal shift and leading in environmental and social sustainability are both placed at the heart of this strategy, forming two of the four pillars.

Our Responsible Business Committee of the Board meets four times a year to review the practices and performance of FirstGroup, its companies and joint ventures, with respect to health and safety, our people and communities, the environment and our decarbonisation transition. The Chair has overall responsibility for the Committee, which comprises several Board members with specific climate-related and energy transition expertise, described in more detail on pages 74 to 76.

At each meeting, the Committee receives a detailed performance update from First Bus and First Rail against specific commitments and targets and discusses strategic priorities going forward. Over the last year, the Committee reviewed and guided, for example FirstGroup's plans for further embedding the TCFD recommendations across the business, our work undertaken to integrate sustainability into our procurement approach and our annual performance against our science-based targets.

To further support Board-level oversight of climate-related matters, during FY 2025 we ran an in-depth briefing session for the Board covering the development of our first-ever Group-wide CTP and how it aligns with the reporting requirements of the UK's new TPT framework.

In addition, the Audit Committee supports the Board in the management of risk, including climate-related risks, and is responsible for reviewing the effectiveness of risk management and internal control processes. The Audit Committee reviews climate-related risks as relevant in relation to going concern, viability statement and the assessment of impairment. See page 72 for more information on Board Committees and how our Board operates and pages 58 to 60 for more details on how risks are reviewed and considered in strategic business decisions.

Management's role

The Executive Committee provides leadership and direction for the Group on sustainability matters, including climate change, with material issues presented by the Group Corporate Responsibility and Finance teams for discussion and decision making as they arise throughout the year. The Executive Committee also integrates decarbonisation commitments into strategic decisions, major transactions and risk management, carefully considering any trade-offs. Executive responsibility for sustainability matters is held by the CEO. Executive responsibility for climate-related financial risks and opportunities is held by the CFO, who represents these matters at Board level.

First Bus and First Rail have executive management individuals responsible for driving environmental sustainability across the divisions, leading on the development and implementation of decarbonisation strategies and risk mitigation actions. In First Bus, the Chief Sustainability and Compliance Officer sits on its Executive Committee to oversee this agenda and participates in a cross-functional decarbonisation forum that meets monthly to set policy, drive action and review progress. Similarly, First Rail has a sustainability working group, including senior leaders from sustainability, operations and engineering, who meet quarterly to discuss climate-related matters as part of a broader sustainability strategy for Rail. The Group Executive Committee receives regular divisional updates from Bus and Rail leadership teams.

To strengthen ownership and accountability, climate-related KPIs are embedded into our variable remuneration practices. For example, our Long-Term Incentive Plan (LTIP) awards, made to the CEO, CFO and other senior leaders, include two measures – one related to the number of zero emission vehicles in our bus fleet, and one linked to a reduction in our absolute Scope 1 and 2 emissions (see page 99 for more details). Performance against these targets is reviewed half yearly by the Remuneration Committee of the Board.

Climate-related financial disclosures continued

Strategy

TCFD recommendation: Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.

Climate change is managed as one of our principal risks and is a core consideration in business strategy and decision making. Physical risks include more intense precipitation and extreme temperatures, whilst transition risks include changes in policy, technology, customer and investor expectations. Alongside potential risks, we view a shift in customer preferences towards lower-carbon alternatives and strong governmental and regulatory support for transport decarbonisation and modal shift as key business opportunities.

Climate-related risks and opportunities and scenario analysis

In FY 2022, we worked with a specialist consultancy to model potential physical and transition risks and opportunities to our business over the short, medium and long term, and to estimate cumulative Enterprise Value at Risk over a five-year period (2022-2027). With no significant change to key business parameters and underlying assumptions since our 2022 assessment, this TCFD update provides a summary of impact areas already reported in 2022, and an overview of what we are doing to continue to reduce our carbon footprint and build climate resilience across our operations.

Using a digital twin of FirstGroup, we modelled impacts across five different climate scenarios, from a world where there is little to no climate policy in place and global temperatures increase by a catastrophic 4°C, to a world where there is rapid transition to a low-carbon economy and global temperature increase is limited to 1.5°C above pre-industrial levels. See Table 1 and refer to our ARA 2022 (on pages 61 to 63) for more details on individual scenarios.

Whilst in some of our modelling we considered five individual scenarios, this report focuses on the two most extreme ones and the 'Stated Policy' scenario, to consolidate some of the findings, but still illustrate the full range of estimated impacts. Across these scenarios, we looked at potential transition and physical impacts to our business from 2022 until 2027 (short term), 2035 (medium term) and 2050 (long term). The medium- to long-term scenarios align with First Bus's target of a zero emission commercial bus fleet by 2035 and the UK's net-zero goal by 2050.

Table 1: Climate scenarios considered in risk modelling

Policy Pathway	No Policy	Current Policy	Stated Policy	Paris Agreement	Paris Aspiration
Global temperature increase	>4°C	3°C	2.5°C	2°C	1.5°C
Global emissions reduction target	0% by 2100	50% by 2100	75% by 2100	Net zero by 2070	Net zero by 2050

Transition risks and opportunities

Our analysis of transition risks considered potential impacts on our business from changes in policy (such as carbon pricing), technology (additional capital expenditure required to meet more stringent environmental standards), brand reputation (customer expectations and FirstGroup's environmental credentials and ability to meet carbon-reduction goals), and capital markets (investor expectations and impact on funding access/costs).

Given our industry, we also expect growing opportunities over the coming years to counteract some of these risks, mainly linked to a more rapid modal shift supported by customers' increasing climate consciousness and more stringent climate policy and market incentives. We are working with our bus and rail divisions to understand how the pace at which we electrify our fleet and progress towards our net-zero goals could affect our ability to capture these opportunities.

Our modelling work identified impacts from policy, technology, investor and customer behaviour as the most material to our business, as outlined in Table 2. There is also a detailed description of the impact of each risk or opportunity on our business within the Risk Management section. Risks or opportunities were considered material if they had at least a 'medium' impact under at least one scenario in Table 2. It is important to note that these potential impacts focus on direct risks to FirstGroup, recognising that under the current NRCs some of the wider risks and opportunities for our Rail operations would be shared with or transferred to third parties.

Physical risks

When looking at physical risks, we considered the potential impacts of acute climate events, such as more frequent and more severe floods, storms, rainfall, heatwaves and droughts, as well as the impacts of more chronic and long-term changes such as rising sea levels and a global increase in temperatures. Financial impacts from these events range from operational disruptions and asset damage to health and safety risks, insurance costs and revenue loss.

Climate-related financial disclosures continued

Strategy continued

Our analysis identified flooding as our most immediate and material risk due to potential operational disruptions and asset damage. We therefore carried out a separate, in-depth flood modelling exercise covering riverine, surface water and coastal flooding in FY 2022. The model considered the top 240 most critical property assets owned, leased or managed by FirstGroup or our subsidiary companies and assessed the maximum metres of flooding expected at these locations over different timeframes. The purpose of this exercise was to identify assets at high risk of flooding, assess potential financial impact and strengthen mitigation measures going forward. The model showed that the majority of FirstGroup-owned assets have limited/low exposure to flood risks in the short term and estimated potential financial impacts, cumulative over the period from 2022 until 2027, to range from £20m in a 4°C world to £4m in a 1.5°C world. We have engaged with our bus and rail divisions since this analysis was first carried out in FY 2022 and we remain ready to respond by drawing upon our pre-existing flood response plans and procedures should an incident occur.

Our assessment focused on potential impacts to assets that we own, lease or manage, but our exposure to climate risks critically also depends on assets that are owned and managed by third parties, such as rail tracks owned and managed by Network Rail. In FY 2025, we have worked ever more closely on this agenda with key stakeholders across the rail industry, as part of a new forum on climate change adaptation convened by the DfT, to start sharing our approach to climate risks and facilitate closer collaboration on risk mitigation and climate adaptation.

We plan to again review and assess physical risk across our operations in FY 2026 and will provide an update on this assessment in our disclosures next year.

Impact on strategy, investment decisions and financial planning

We set out the four pillars of our business strategy on pages 3 to 16. Our First Bus and First Rail divisions have aligned around these strategic drivers with clear priorities now in place.

In First Bus we have identified a clear plan to navigate the market transition, to grow and diversify our portfolio and steadily grow our earnings. To do this, we intend to win our fair share of the franchise market across the UK, develop our existing commercial bus business, grow our Adjacent services earnings and market share, and continue to actively evaluate a pipeline of inorganic growth opportunities in existing and new areas across the UK. Coupled with this, we will make use of our property portfolio and decarbonisation credentials to drive innovation, leverage electrification efficiencies and generate new revenue streams in the energy sector.

Transitioning to a 100% zero emission bus fleet involves significant capital expenditure and potential impairment costs, which are both factored into long-term business strategy and financial planning cycles of the Group. Our decisions on capital allocation for new zero emission buses are driven by considering a total cost of ownership (TCO) model. This considers both the upfront purchasing costs and the ongoing operational costs over the typical lifecycle of a vehicle. Our operational teams, vehicle manufacturers and infrastructure partners are working collaboratively to reduce the TCO for electric buses as compared with diesel alternatives, particularly in high-capacity city operations.

Investment will be strategically focused on depots and routes that are most suitable for deployment of electric buses and associated infrastructure, facilitating further emission reductions through cascades across our wider depots of newer Euro VI diesel buses to replace older models. Financing the bus transition will involve generating cash from operations, requiring higher operating margins to support the necessary capital expenditure. We expect this to be achieved through passenger revenue growth, efficiencies from transitioning to an electric fleet, route and fare optimisation, and maximising the use of decarbonisation infrastructure. Please read page 18 of our CTP for more details.

In addition, our earlier TCFD work highlighted a potential increase in future costs from, for example, new environmental regulatory requirements (such as carbon pricing) or technology and supply chain challenges (such as an increase in the cost of zero emission vehicles and green electricity if demand outstrips supply). These factors are considered in our Viability and going concern statement (see pages 69 and 70).

In First Rail, we are focused on growing in open access, identifying where we can scale our Additional services businesses, bidding for new contracts and identifying new open access opportunities in the UK, as well as monitoring open access opportunities in Europe as the market continues to liberalise.

With rail tracks and infrastructure owned and managed by Network Rail, any exposure to climate-related physical risks is shared with them. Any approach to mitigation actions therefore requires close industry collaboration.

Strategy resilience

Within our business strategy, our pillar on leading in environmental and social sustainability includes clear decarbonisation goals, from running a 100% zero emission bus fleet by 2035 to reducing our overall Scope 1 and 2 emissions from bus and rail by 63% by the same year (from a 2020 base year and in line with a 1.5°C science-based carbon reduction pathway). Our pillar on modal shift includes clear goals to add capacity to our First Rail open access business and to reposition the First Bus customer proposition to drive demand away from car usage and increase Adjacent services where car usage is becoming less attractive.

Our first-ever Group-wide Climate Transition Plan sets out in more detail the steps we are taking to deliver on these ambitions and build resilience into our overall business strategy. This includes a description of the specific actions being taken, accountability for these actions and the dependencies we are addressing. The plan also outlines the policy support we feel is required and the engagement we are undertaking with industry bodies and public sector stakeholders to bring it about. Please read our CTP for more details.

Climate-related financial disclosures continued

Strategy continued

Table 2: Transition risks – potential Enterprise Value at Risk, cumulative over five-year period (2022–2027), assessed against different emissions pathways scenarios

Transition risks/opportunities		No Policy	Stated Policy	Paris Aspiration	How we are responding
Policy	Action by central government/regulators, including carbon pricing	**Low impact** ■ Expected carbon price of ~£2 per tonne by 2025 in some regions ■ Low emission zones leading to some route constraints	**Medium impact** ■ Expected carbon price of ~£30 per tonne by 2025 across the UK ■ Zero emission zones leading to further route constraints and potential loss of license to operate	**Medium impact** ■ Expected carbon price of ~£65 per tonne by 2025 across the UK ■ Zero emission zones leading to significant route constraints and potential loss of licence to operate	Please see pages 14, 33, 42 and 48 of our CTP that describe our approach to public sector engagement
Technology	Cost and availability of new technology to support a lower carbon economy	**Low impact** ■ Potential impairment of carbon intensive vehicles ■ Ongoing investment in zero emission fleet to meet current commitments	**Medium impact** ■ Increasing impairment of carbon intensive vehicles ■ Some investment in zero emission fleet ahead of current schedule ■ Some increase in cost of zero-carbon vehicles and green electricity	**High impact** ■ Significant investment in zero emission fleet ahead of schedule ■ Substantial increase in cost of zero-carbon vehicles and green electricity, due to demand outstripping supply	Please see pages 27 to 30, 38 to 39 and 37 of our CTP that describe our decarbonisation actions
Investors	Financing influenced by environmental credentials	**Low impact** ■ Low focus from investors on green credentials	**Medium impact** ■ Moderate focus by investors ■ More favourable interest rates for green companies	**High impact** ■ Significant focus by investors ■ Expected green covenants in financing	Please see page 18 of our CTP that describes our approach to financial planning
Customers	Demand driven by sustainability of products and services, leading to increased modal shift towards public transport	**Low opportunity** ■ Small shift to public transport, due to increasing environmental impacts and customers' climate awareness ■ No transport policy to encourage modal shift to public transport	**Medium opportunity** ■ Increasing shift to public transport due to customers' growing climate consciousness ■ Some transport policy to encourage modal shift to public transport	**High opportunity** ■ Substantial shift to public transport due to customers' high climate consciousness ■ Substantial transport policy to encourage modal shift	Please see pages 17, 31 to 32, 40 to 41 and 48 of our CTP that describe our approach to driving modal shift

Low impact <£20m
Limited opportunity <£20m
Medium impact £20m–£50m
Medium opportunity £20m–£50m
High impact >£50m
High opportunity >£50m

Climate-related financial disclosures continued

Risk management

TCFD recommendation: Disclose how the organisation identifies, assesses and manages climate-related risks.

Approach to risk management

We take a holistic approach to risk management, first building a picture of the principal risks at divisional level, then consolidating these alongside Group-level risks into a Group-wide view (see page 60). The Board assesses the effectiveness of the Group's risk management system and receives reports on principal risks, including climate change. It also reviews the external risk environment, scrutinises assessment of key risks and determines strategic action points.

The Group's Sustainability teams provide regular ESG updates and insights on market developments to relevant stakeholders and functions across the Group. Climate change is managed as a principal risk, with the aspects below identified as most material. We have summarised our mitigation actions below, but these are set out in more detail against clear timelines in our recently launched Group-wide CTP.

Policy risks	More stringent climate policy could result in increased carbon taxes, road pricing in low-emission zones, policy-driven compliance costs and enhanced emissions reporting requirements. An increase in carbon pricing is expected to drive increases in energy, facility and material costs. This would be exacerbated by increasing mandates on the carbon intensity of our fleet and a diminishing secondary market for legacy diesel vehicles. At the same time, transport policies such as road pricing could support an accelerated modal shift from private cars to public transport and create key opportunities for our business.	**Risk mitigation actions** We have set ambitious decarbonisation goals, including achieving a zero emission bus fleet and a 1.5°C aligned science-based carbon reduction target for FirstGroup as a whole, with clear progress reported year-on-year. See pages 34 to 36 for more details. We continue to work closely with governments, industry bodies and other stakeholder groups to monitor regulatory developments, affect and foresee policy changes, and proactively respond to evolving conditions. In summer 2024, First Bus launched a new white paper 'Let's inspire the nation to love and use the bus'. Its key headline was that buses are key to unlocking economic, social and environmental benefits – as they can deliver quickly and effectively across many different challenges, including congestion, carbon and air quality. It set out several fundamental issues with direct relevance to our climate transition with clear asks of government on a policy framework and describes how bus operators can play their part. Please read page 33 of our CTP for more details. First Rail is strongly represented on the Sustainable Rail Executive, convened by RSSB, and also chairs its Sustainable Rail Leadership Group. This has enabled us to be heavily involved in the development of the industry-wide Sustainable Rail Blueprint, the first industry-wide sustainability plan, co-created and facilitated by RSSB with industry and overseen by DfT. The Blueprint provides a framework for aligning strategies and commitments across the industry to establish rail as the backbone of a cleaner future transport system. We are also active members of the industry-wide Climate Change Adaptation Working Group, which leads and defines a collaborative industry approach to weather resilience and climate change.
Technology risks	As we move towards a 'Paris Aspiration' scenario (in which policies are put in place to limit global temperature increase to 1.5°C above pre-industrial levels), the transformation to net-zero operations would have to be significantly accelerated, leading to potential write-offs, asset impairments and/or early retirement of existing fossil fuel-related infrastructure and vehicle assets. There could also be additional supply chain challenges and costs if the transport sector starts competing for the same technology and specialist resources and demand outstrips supply. On the other hand, prices of battery packs are expected to fall due to continuous innovation and increasing economies of scale. In addition, with an increasing number of businesses looking to decarbonise their operations, our investments in electric vehicles and charging infrastructure create significant B2B opportunities.	**Risk mitigation actions** In First Bus, careful planning is taking place to ensure an efficient and effective conversion of our existing infrastructure to one powered by electricity. To help guide our investment decisions, we have constructed a total cost of ownership model that compares an electric bus and infrastructure with the diesel equivalent over its full lifecycle. The total cost of ownership over the life of the electric vehicle, for now, is a little more expensive than diesel. We are aiming to bring this TCO down for our electric buses through several initiatives, including: i) a joint venture with Hitachi to support the purchase of up to 1,000 electric bus batteries; ii) smart charging software; iii) optimisation of 'in day operated' mileage; iv) making our chargers available for use by other businesses and the general public; and v) standardising our fleet. Please read page 28 of our CTP for more details. Within First Rail, a key focus is upgrading our rolling stock to electric or bi-mode trains wherever possible. This year, Avanti launched the new £350 million Evero fleet, replacing diesel-powered Voyagers with bi-mode trains capable of switching between electric and diesel. We have also acquired track access rights to run new open access rail services from London Euston to Stirling and London Paddington to Carmarthen. As part of this, we have entered into a contract with Angel Trains and Hitachi Rail for the lease of 14 new five-car electric, battery electric or bi-mode trains at a cost of around £500m over a ten-year lease period.

Climate-related financial disclosures continued

Risk management continued

Customer and investor risks	Growing awareness of climate change amongst the public is expected to drive demand for more sustainable travel options, whilst climate-related risks and opportunities may increasingly affect investors' priorities and access to capital funds. For our industry, this creates key opportunities to grow our customer base as well as the volume of transport services delivered to our existing customers, subject to the pace of our fleet electrification and the perception of the sustainability of our brand and services in relation to other operators and transport alternatives.	**Risk mitigation actions** Driving modal shift by encouraging a step change from car and air travel to bus and train is a key pillar in our new business strategy. First Rail is focused on growing our open access business by adding capacity, enhancing timetables and applying for new and complementary routes where there is proven demand. Since its launch, Lumo has carried more than four million passengers and Hull Trains has had a faster post-pandemic passenger recovery than any other operator. First Bus is focused on driving modal shift by repositioning its core customer proposition and aligning with changing travel patterns. Its commercial strategy is all about getting people out of their cars and onto the bus. Passenger volumes increased by 2% in FY 2025 compared to FY 2024 as it introduced new routes, improved connections and increased the span of the day for some services. It is promoting the bus as reliable, affordable, digitalised and accessible, such that people choose it over cars to make journeys. Please read pages 31 to 32 and 42 of our CTP for more details. We anticipate that, with the continuing decarbonisation of our bus and rail operations, and the critical role we play in helping to reduce carbon emissions through modal shift to public transport, our business will be considered an increasingly attractive option for 'green' investment and will be well positioned to access green financing. The launch of our CTP this year is an important tool for engaging with investors on climate-related risks and opportunities.
Physical risks	Acute and chronic weather events can affect our infrastructure and operations. More frequent extreme weather events could increase disruption to our services, affecting customer satisfaction and potentially longer-term customer inclination to use bus or rail services. Potential costs include loss of revenue, compensation for disrupted services, increased asset repair and maintenance costs as well as insurance costs for infrastructure and vehicles. Severe weather events could also pose risks to the health, safety and wellbeing of our employees and customers.	**Risk mitigation actions** Robust business continuity plans are in place across the Group to manage the risks from severe weather conditions, including frost and flooding. In First Bus, while physical risks to assets might be limited and buses can be rerouted to avoid road blockages, extreme weather conditions can significantly increase driver absences due to sickness or inability to reach depots. Our weather preparedness plans therefore include both operational as well as behavioural guidance to help employees stay safe and cope with extreme weather events. In First Rail, severe weather events such as storms and heat waves can impact the tracks and overhead lines, and cause significant service disruption. We work closely with Network Rail, which owns and manages the tracks, to resolve disruptions as effectively as possible. We have also started to carry out site-specific impact assessments at individual rail stations to better understand the impact of physical risks and develop focused mitigation plans.

Climate-related financial disclosures continued

Metrics and targets

TCFD recommendation: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

When looking at the results of our 2022 financial impact assessment of climate-related risks and opportunities, the key metric used was Enterprise Value at Risk (EVR), as the measure of the total estimated financial impact of a given scenario over a five-year period, discounted to 2022 values. This, in turn, was affected by other metrics such as our GHG emissions, used to assess our potential exposure to carbon pricing.

We have been measuring and reporting our energy and carbon performance for many years. Please see details of these metrics on pages 34 to 36, including:

- Our absolute carbon footprint and carbon intensity (tCO_2e per £m revenue)
- Our energy consumption and the proportion of renewables in our energy mix
- Our progress against our target of operating a zero emission commercial bus fleet by 2035

The above KPIs give an indication of our exposure to policy risks such as carbon taxes, as well as technology risks related to electric vehicles. They also strengthen our sustainability credentials with customers and investors, enabling us to capture opportunities from modal shift and green financing.

To strengthen ownership and accountability, climate-related KPIs are embedded into our variable remuneration practices. For example, our LTIP awards, made to the CEO, CFO, and other senior leaders, include targets linked to the number of zero emission vehicles in our commercial bus fleet and the reduction in our absolute Scope 1 and 2 emissions. See more details on page 99.

We have set a near-term science-based emissions reduction target aligned with a 1.5°C ambition and approved by the SBTi. Our target is to reduce Scope 1 and 2 GHG emissions by 63% by FY 2035 from a FY 2020 base year. We also commit to reduce absolute Scope 3 GHG emissions from fuel and energy-related activities by 20% by FY 2028, from a FY 2020 base year, and that 75% of our suppliers by emissions, covering purchased goods and services and capital goods, will have science-based targets by FY 2028.

The reporting on our annual performance against all of these targets can be found on pages 34 to 36.

Our Scope 1, Scope 2 and limited Scope 3 GHG emissions are reported in line with the GHG Protocol methodology (see page 35). These metrics have also been subject to independent limited assurance by Grant Thornton. Scope 3 reporting is limited to categories (Waste, Water, Business Travel, Fuel and Energy-related activities and Upstream transportation and distribution amounts limited to First Travel Solutions emissions) for which we are currently able to gather actual source data from along our value chain and apply relevant emissions factors.

For some Scope 3 categories in this assessment, we have relied upon a spend-based method to calculate emissions and we will work towards gathering actual emissions data from external partners in our value chain over time. Our Sustainable Procurement Working Group is currently working to develop a more targeted approach to gathering emissions data and promoting carbon reductions in our value chain.

Please see our Environmental Performance Report 2025 for a more detailed update on our key environmental metrics, performance trends and progress against targets.

Our stakeholders

We interact with a huge range of stakeholders every single day. Building strong relationships with them involves listening and working in partnership.

Engaging with our stakeholders

See page 57 for our Section 172 statement and decisions taken by the Board during the year.

Customers

Delivering for our customers is at the heart of what we do. Their needs are unique to each journey and requirements constantly evolve. Listening, identifying future needs and being able to respond quickly is critical. Our teams use a variety of channels and approaches to engage with customers and passengers, assessing satisfaction and gathering feedback.

Why we engage with them

We engage them in order to respond to feedback and improve customer experience and satisfaction. Longer term, this enables us to continuously be aware of, and adapt to, changing customer needs and build long-lasting and trusted relationships.

How we engage with them

- Regular customer and passenger satisfaction surveys to identify what we do well and where we can improve
- Robust customer feedback processes through online and traditional channels
- Customer panels and events
- Ongoing dialogue with customer representative groups
- Regular customer updates by the CEO to the Board

Our response to matters raised and key activities

- Our second year of achievement under our customer-focused strategic pillar: Deliver day in, day out. See page 13 for more information
- Introduced new customer loyalty schemes, discounts and live train tracking initiatives at our rail operators
- Investment in 14 new five-car electric, battery-electric, or bi-mode trains will increase capacity on Hull Trains and Lumo services
- Avanti introduced the new £350m Evero fleet, replacing diesel-powered Voyagers with bi mode trains capable of switching between electric and diesel
- Implemented various initiatives to increase accessibility of bus and train travel on our networks
- We worked closely with partners to provide travel connections for large events on our networks, for example the Cheltenham Festival; major football matches and Six Nations rugby matches; and Glastonbury, and these events saw bespoke travel campaigns and additional services where necessary

Investors

We welcome open, meaningful discussion with shareholders on all matters. Being fully aware of the range of our shareholders' views is a key aspect of good corporate governance and supports our commitment to ensuring that we promote the success of the Group for the long-term benefit of our members as a whole. We proactively engage throughout the year with institutional, private and employee shareholders on a range of matters.

Why we engage with them

We keep investors informed of key business activities and decisions and we listen and respond to questions and concerns in order to support the long-term success of the Group.

How we engage with them

- Presentations from Executive Directors
- Annual Report, Environmental Performance Report, Group website and regulatory statements
- Ongoing dialogue and individual engagement with shareholders by the Directors, including the Chair
- Engagement via the Investor Relations function with current and potential investors and other market participants
- Attendance at investor and industry conferences
- Annual General Meeting

Our response to matters raised and key activities

- Declaration and payment of FY 2025 full year and FY 2025 half year dividends
- Approved and launched additional share buyback programmes
- Regulatory announcements and management calls following publication of Full Year and Half Year Results and acquisitions completed during the year
- Attendance at a number of investor and industry conferences

Our stakeholders continued

Government

Strong engagement with governments at all levels is essential to our business model, advocating for policy solutions which ensure optimal operation of public transport by private operators. At both Group and operational level, we have long-established relationships with local and national government officials.

Read more on pages 11 and 12

Why we engage with them

We are focused on achieving policy solutions that support sustainable economic growth, social mobility, modal shift and environmental performance.

Engaging with governments ensures clear communication and understanding of the consequences of policy decisions at different levels, and aids effective delivery of public transport at the operational level.

How we engage with them

- Direct engagement with policymakers
- Links with national, devolved, regional and local governments
- Regular surveys of political stakeholders
- Membership of UK and international sector trade bodies who, in turn, engage with governments and regulators to promote a positive policy environment for private sector public transport

Our response to matters raised and key activities

- Engaged with business advocacy organisations, lobby groups and public transport campaigns. Welcomed senior Government and opposition politicians to view our operations, including Chancellor Rachel Reeves and Buses Minister Simon Lightwood
- Prime Minister Sir Keir Starmer and Transport Secretary Heidi Alexander visited Hitachi Rail's Newton Aycliffe factory in December 2024 to celebrate our £500m investment in new trains for open access
- Secured ZEBRA funding for electric buses in several areas including Taunton, Weston-super-Mare and Bristol

Employees

Many thousands of FirstGroup employees work in depots, stations and offices. They are the face of FirstGroup, delivering great service to our millions of passengers. We have a broad range of mechanisms through which our employees have the opportunity to make their voices heard and inform the direction and governance of our business.

Read more about our people on page 39

Why we engage with them

We will achieve success by maximising the benefits of the expertise and experience of our employees in delivering services and improving customer experience and satisfaction.

We engage to ensure our people have the skills and knowledge needed to deliver our services now and in the future; to create a safe and inclusive working environment for all of our employees; and to increase participation and equal opportunities.

How we engage with them

- Regular 'Your Voice' employee engagement surveys
- Dialogue with employee representatives, including Employee Directors and trade unions
- Inductions, onboarding sessions and employee handbooks
- Multiple internal communications channels, including our intranet, briefings, newsletters and our employee mobile apps
- Individual performance reviews and development discussions
- Board and Executive Committee visits to operational sites, and opportunities for direct discussions with employees

Our response to matters raised and key activities

- Second year of delivery under our strategic pillar: Lead in environmental and social sustainability. See page 15 for more information
- Since April 2024, we are now paying all First Bus directly employed staff at or above the Real Living Wage, with a commitment to include all apprentices by April 2026 – the largest bus operator to do so
- Continued growing the 'First Connections' network, a Group-wide personal development programme aimed at women and minority ethnic colleagues
- Embedded our new careers website which collates all live job opportunities across FirstGroup and facilitates contact with current employees to share career opportunities
- Increased collection of diversity data from colleagues: ethnicity, disability status and sexual orientation
- Launched Holiday 'buy and sell' scheme across First Bus and FirstGroup colleagues

Our stakeholders continued

Communities

We are at the heart of our communities and we need to understand community needs in order to improve our services. We have well-developed mechanisms in place to help us listen to and understand the needs of our communities, and we incorporate their feedback into our decision-making processes.

Read more about our communities on page 41

Why we engage with them

We engage with our communities to support social inclusion and respond to local needs for the long-term success of our business.

How we engage with them

- We conduct regular surveys to help us understand a range of views and enhance our activities
- We also commit our time, skills and resources to help charitable causes that are important to our communities, both locally and nationally
- We support national schemes such as the Community Rail Partnerships, not for profit organisations that connect the railways with local communities, and the DfT's Customer and Community Improvement Fund (CCIF) which funds small and medium-sized community projects on our networks
- We commission reports and research to understand the social and economic impacts and value of our operations
- We work with local and national groups to understand and improve affordability and accessibility, to empower our customers

Our response to matters raised and key activities

- First Bus launched a new employee volunteering policy
- Our DfT TOCs created over £1.6bn in social value in 2024 (GWR £638m; SWR £700m; Avanti £346m)
- Hull Trains and Lumo worked with the Purpose Coalition to launch the 'Breaking Barriers in Rail for a Better Future' report
- The Group donated over £1.3m in charitable contributions throughout the year including gift-in-kind, fundraising activities and payroll giving
- Our DfT TOCs supported over 70 Community Rail Partnerships and provided funding through the DfT's Customer and Community Improvement Fund for projects on our networks

Strategic partners and suppliers

We work with more than 4,500 suppliers driving innovation, expertise and value for money from our supply chain to provide the goods and services required to meet and exceed the expectations of our customers and shareholders. Our suppliers range from small, independent companies to global corporations, and we have dedicated teams of procurement specialists centrally, and within our divisions, who develop and maintain strong relationships with our supply chain to drive value and reduce risk.

Why we engage with them

Engaging with suppliers and strategic partners builds long-term relationships and enables us to identify, manage and mitigate risks and ensure environmental and ethical standards in our supply chain.

How we engage with them

- Key suppliers are engaged through collaborative relationship management systems to provide us with clear, consistently applied processes to track performance and generate additional value
- Regular supplier relationship meetings and business reviews are held to strengthen relationships and identify and manage risks
- Our core principles are shared across the entire supply chain via the FirstGroup Supplier Code of Conduct
- We use digital supplier assurance and management tools to allow for onboarding and due diligence
- We offer support, advice and audits for suppliers to meet our expectations

Our response to matters raised and key activities

- Zero breaches of the Supplier Code of Conduct identified in FY 2025
- Our Group Procurement Policy outlines our expectations, processes and due diligence for current and new suppliers including for ESG factors
- The Group has onboarded more than 1,000 suppliers to our new supplier management platform to monitor ESG risks
- Our supplier assurance platform is being fully integrated into the Supplier Onboarding Process
- Our supplier assurance platform allows suppliers to be audited for different criteria, including those relating to ESG

Section 172 statement

The Directors are obliged under Section 172 to promote the success of the Company over the long term for the benefit of shareholders as a whole and having due regard to a range of other key stakeholders.

The Directors take their duties under Section 172 of the Companies Act very seriously, not only because it is a legal requirement but also because the obligations make good business sense and are consistent with the Group's Values. If decisions do not adequately take account of the views of our different stakeholder groups, the Company is unlikely to be successful or sustainable in the medium to long term.

Details of engagement with key stakeholders are set out on pages 54 to 56

The Board is mindful of the matters set out in Section 172 of the Companies Act in all of its discussions and decision making processes. The table to the right and on page sets out how the Company complies with the Act and provides some additional detail, together with the Board's oversight and monitoring of these areas. Additionally, we provide examples of some key decisions taken where the Board was particularly mindful of one element of Section 172, although in reality many of the decisions are nuanced and require the Board to balance outcomes across a number of stakeholders.

Section 172 principles

a) Likely consequence of any decision in the long term	The Board realises that strategic decisions will impact the long-term future, direction and success of the Company and is mindful of the long-term implications of decisions.
b) Foster business relationships with suppliers, customers and others	Oversight provided through the Responsible Business Committee and the Board. At each meeting the Board reviews, at a high level, operational performance throughout the Group, which is aligned to the first strategic pillar and the service provided to customers. In March 2025 a member of the procurement team joined the Responsible Business Committee to explain supplier engagement, particularly in respect of their emissions, and we are working with them to reduce our Scope 3 emissions.
c) Interest of the Company's employees	Janette Bell and Steve Montgomery have updated the Board regarding the initiatives to support employee engagement throughout the year, together with employee engagement scores for the bus division. Ant Green, the Group Employee Director, helps the Board to understand views from the front line of our workforce. Ant spends much of his time visiting different parts of the business to understand the views of the workforce and presents a report on his activities at each Board meeting.
d) Impact of the Company's operations on the community and the environment	The Group delivers key services to its communities, providing public transport and employment in the communities in which we operate. The environmental impact of the Group's operations is at the forefront of the Board's mind.
e) The desirability of the Company maintaining a reputation for high standards of business conduct	The Board recognises the importance of maintaining high standards of conduct. The Board has oversight of the Company's Values, Code of Ethics, and the training programmes led by the legal team covering business ethics, anti-bribery policies, gifts and entertainment. At least twice a year, the Board reviews matters reported to the confidential whistleblowing hotline together with any investigation findings and actions taken.
f) The need to act fairly between members of the Company	The Executive Directors lead the Group's engagement with shareholders, with support from the Investor Relations team. These meetings give investors the opportunity to share their views on the Group's operations, capital allocation policies and strategies. These views are reported to the Board so that they understand the context for their decision making. Additionally, the Chair has met with a number of investors during the year. The AGM provides an opportunity for some of the Company's smaller shareholders to meet the Directors and put questions to the Board.

Key decisions

Buyback

a f

In November 2024, the Board decided to launch an additional buyback programme of £50m. The Board, mindful of shareholder views, considered either a special dividend or buyback and decided that a buyback was most appropriate for shareholders.

Open access acquisitions and train order

a b c d e

The Board considered a range of stakeholders when deciding to purchase the open access rights and making ordering the new trains for the open access business. From a strategic perspective it diversifies future earnings.

ZEBRA funding applications

a b d

The Board took the opportunity to apply for funding to accelerate capital expenditure and increase the size of our fleet of zero emission vehicles.

Review of corporate structure

a c e

In light of the transition of the DfT TOCs to public ownership the Board took the decision to review and make changes to the Group's corporate structure to ensure a suitable level of resource going forward.

First Bus London acquisition

a b c d e

The Board considered a range of stakeholders when deciding to purchase the business from RATP. From a strategic perspective it diversifies future earnings.

Appointment of Chair

a b c d e f

The Board recognised the importance of the appointment and was mindful to select a new Chair who had the ability to lead the Board and create an environment for open debate and the taking of nuanced decisions.

Risk management

To successfully deliver on the Group's four strategic pillars it is essential that we effectively manage the risks facing the business and capitalise on new opportunities. Our risk management framework considers the evolving transportation market and related impacts from government policy changes, together with developments in the wider environment in which our businesses operate. We stay ahead of potential risks by regular horizon-scanning for emerging risks, investing in external expert advice, conducting targeted risk awareness campaigns, implementing risk mitigations and enhancing control procedures, and equipping our people to succeed while reviewing opportunities that emerge as public transport models in the UK evolve. Our principal risks and uncertainties are listed on page 60 and detailed on pages 61 to 68.

Our risk management approach

We take a holistic approach to risk management, first building a picture of the principal risks at the divisional level, then consolidating these with Group risks into a Group view. The Executive Committee continues to dedicate regular meetings to monitor the wider risk environment and review and assess developments impacting the Group's principal risks. These assessment meetings include the identification and analysis of risks and related risk appetites, all of which are considered and approved before being presented to the Audit Committee and Board for review and approval. The objective of this process is to ensure that all key risks to the Group, including emerging risks, are identified and reviewed regularly, are actively monitored and effectively mitigated to ensure that the impact on the organisation is managed within the risk appetite levels set by the Board.

Responsibility

The Board has overall responsibility for the Group's systems of internal control and their effectiveness.

The Audit Committee has a specific responsibility to review and validate the systems of risk management and internal control.

Process

The Board reviews and confirms Group and divisional risks and the Audit Committee reviews the Group's risk management process.

Responsibility

The Executive Committee acts as the Executive Risk Committee and reviews the Group's risk management processes. Internal Audit provides assurance on the key risk mitigating controls and ensures that the audit plan is appropriately risk-based.

Process

The Executive Committee meet quarterly to review and challenge Group and divisional risk submissions, including emerging risks.

Responsibility

Management of the divisions and corporate functions have responsibility for the identification, assessment and management of risks, developing appropriate mitigating actions, and the maintenance of risk registers.

Process

Divisional and Group risk champions maintain and update risk registers for their function or division. Risks and mitigating actions are monitored through normal business management processes.

Risk management continued

Emerging risks

Our risk management approach and methodology include the review and identification of risks which may develop or already exist that may be difficult to quantify and may lead to a significant impact on the Group. Emerging risks are reported to the Executive Committee and the Board to consider whether to establish them as principal risks. To identify and assess emerging risks, we conduct risk workshops and run deep-dive sessions with divisional and Group leadership teams, engage specialists, perform scenario analysis and track industry trends.

Our risk management framework and structure

Whilst some risks, such as the financial resources risk, are managed at a Group level, all our businesses are responsible for identifying, assessing and managing the risks they face with appropriate assistance, review and challenge from Group functions. Our businesses empower front line staff to take ownership of risks within a framework, supported by dedicated risk owners who oversee key operational risks.

Our risk management processes are dynamic, and we continually drive improvements to the quality of risk management processes and information generated by our divisions. The Group has a developed risk appetite framework, which is reviewed annually and communicates the Board's tolerance for certain risks, and a framework for assessing opportunities, guiding the businesses' risk assessment, strategic decisions and mitigation activities.

Our risk management framework is shown in the adjacent diagram.

Our risk management framework

Top down
Strategic risk management

Bottom up
Operational risk management

Board/Audit Committee

- Review external environment
- Robust assessment of principal and emerging risks
- Set risk appetite and parameters
- Determine strategic action points

- Assess effectiveness of risk management system
- Report on principal and emerging risks and uncertainties

Executive Committee

- Regular meeting dedicated to risk management to identify principal and emerging risks
- Direct delivery of strategic actions in line with risk appetite and tolerance levels
- Monitor key risk indicators and provide direction for risk mitigating activities

- Consider completeness of identified risks and adequacy of mitigating actions
- Assess investment in risk assurance activity
- Consider aggregation of risk exposure across the business

Divisions

- Execute strategic actions
- Report on key risk indicators

- Report current and emerging risks
- Identify, evaluate and mitigate operational risks recorded in risk register

Risk management continued

Risks associated with artificial intelligence (AI)

Technological developments, including AI, continue to accelerate and are impacting the workplace, business operations, and our wider environment. FirstGroup continually evaluates and addresses these wider impacts, identifying both opportunities and threats, including their impacts on existing and new risks. The Group seeks to capitalise on commercially appropriate technological opportunities and adapt its responses to mitigate threats posed by technological developments from competitors and in the wider environment, whilst continuing to promote the culture of innovation across the businesses.

This year we launched a new Group-wide AI Policy to support stakeholders in the safe and effective adoption of emerging AI technologies. The Policy provides clear guidance on the secure and responsible use of AI, with particular focus on Generative AI. Use of this technology amplifies a number of risks, including the potential for misinformation, data privacy breaches, and intellectual property concerns. The Policy establishes guard rails for acceptable AI use cases, and sets out compliance and risk management requirements, promoting responsible technology use. The AI Governance Board, a cross-functional team of experts, oversees AI adoption and associated risk mitigation, fosters organisational AI competencies, and evaluates and approves Generative AI use cases. A formal training programme covering the Policy, AI risks and opportunities is in development and will be rolled out during 2025 to further aid and equip teams to deploy AI responsibly. Additionally, we will implement enhanced AI usage monitoring tools to enable further improvements in controls, including cyber and information security practices.

Principal risks and uncertainties

We detail our principal risks on page 61 onwards, with an overview of the associated mitigation activities and corresponding development in the risk. The Board defines the risk appetite for each of these principal risks. The overall risk appetite for the Group is balanced between risk averse for safety and regulatory compliance risks to neutral or risk accepting for strategic areas that drive future growth for the Group.

Our risk management methodology continues to focus on identifying the principal and emerging risks that could:

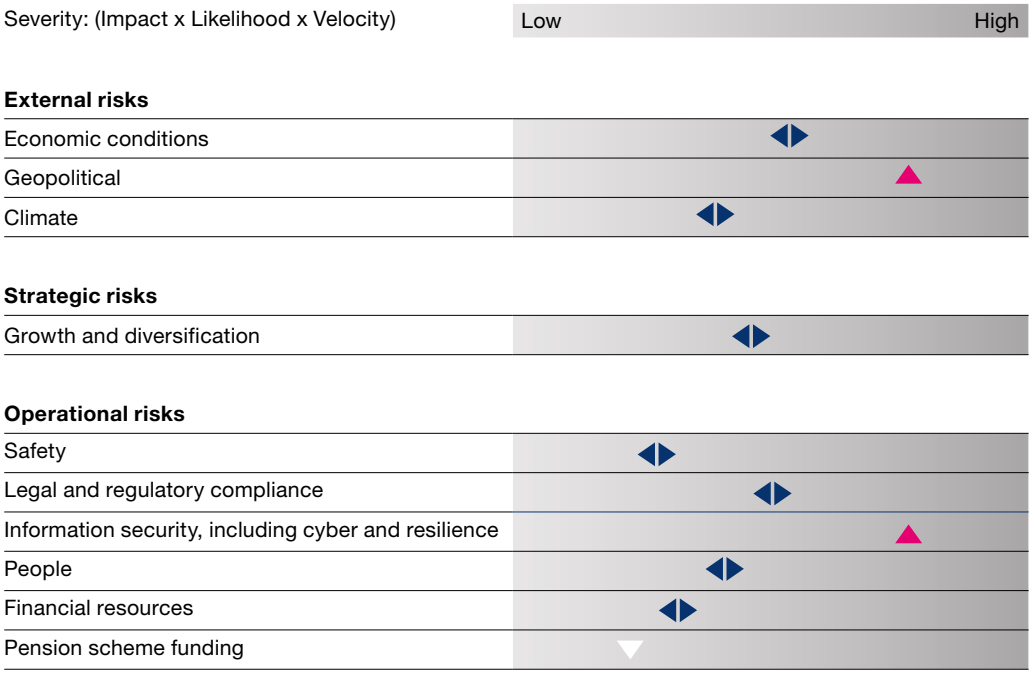
- adversely impact the safety or security of the Group's people, customers and assets
- have a material effect on the financial or operational performance of the Group
- impede achievement of the Group's strategic objectives and financial targets
- adversely impact the Group's reputation or stakeholder expectations

Further information on our risk management processes is contained in the Governance reports on pages 71 to 90.

Principal risks

The following table provides an overview of our principal risks, their risk direction and severity at the year end, using individually assessed impact, likelihood and velocity scores. Understanding these risk parameters aids effective risk management and delivery of our strategy.

Key ◀▶ FY 2025 risk is stable ▽ FY 2025 risk is decreasing ▲ FY 2025 risk is increasing



How to use this scale:

During execution of the review and placement of the principal risks on the above table, the Executive Committee and the Board considered financial impacts to the divisions and the Group. Specifically, the 'High' end of the scale represents a combination of a catastrophic annual financial impact at a level that is expected to be difficult to mitigate being repetitive and the 'Low' end considers financial impacts that are not material.

Risk management continued

Risk description	Mitigation	Developments in the risk profile during the year
External risks		
Economic conditions		
The Group's success depends on adapting to economic fluctuations or uncertainties which may negatively impact performance by increasing costs, changing customer needs, reducing demand and/or reducing opportunities for growth. The global economic outlook is overshadowed by uncertainty in US trade policy, including tariffs. In the UK, the economic outlook continues to be challenging, specifically due to fiscal pressures from non-transport budgets that the Government is committed to funding, as well as uncertainties regarding global trade tariffs. Whilst inflationary pressures have eased, wage expectations continue to exceed CPI. All these market developments have the potential to impact the Group's financial performance and available financial resources to invest capital in innovative solutions that drive demand. Whilst passenger demand in our key markets has been stable, a challenging economic environment could lead to changes in passenger behaviours in the medium term.	■ We actively engage with government departments and sector bodies to ensure an appropriate level of passenger services are delivered whilst at the same time designing and running our operations based on current demand levels ■ We prioritise a customer-focused perspective and seek to provide innovative transport solutions, by adapting to market uncertainties and driving demand ■ We continue to apply our fuel and energy hedging strategy to offset temporary economic impacts driven by inflation and supply chain challenges ■ We continue to focus on developing new innovative service offerings to our customers to diversify our earnings, such as the open access fares model, and deliver on both organic and acquisitive growth to further diversify our businesses to mitigate against the impacts of changing economic conditions	The macroeconomic landscape remains uncertain and, although the inflation outlook has improved over the medium term, the potential impact of tariffs on global trade, together with the limitations of the UK Government's fiscal envelope, pose risks to both domestic demand and future transport funding by the Government. The Group continues hedging exposure to certain foreign exchange, energy and fuel price fluctuations to minimise material impact on costs. This has allowed for a certain level of visibility that can be built into the Group's forecasting models. The reduction in demand for bus services following the Government's reduction in fiscal support for fares in February 2025 has been effectively managed through pricing and yield initiatives.
Geopolitical		
The Group operates in a political landscape with a Labour Government in power since the July 2024 general election. The Government is progressing its transport policy at pace. The 'Better Buses Bill', once enacted, will give local authorities greater control over bus services, including the option to establish municipalised bus services. The Government has also progressed towards the creation of GBR, the central 'directing mind' for the railways that will ultimately manage the operation of the existing DfT TOCs which are planned to return to government control as the existing NRCs expire. GBR is also currently proposed to oversee the approval and allocation of track access rights for new open access services. The GBR developments, together with the Better Buses Bill and the uncertainty of government transport funding, have the potential to cause instability where the Group's operations have a degree of reliance on government funding and local infrastructure initiatives, as well as infrastructure initiatives, as well as on the planned expansion of its open access rail operations. Significant industry reform may result in the contraction of bus services in certain areas and rail contract opportunities. Further, given the current uncertainty in the political landscape, failure to attract and retain resources with the knowledge and skills necessary to maintain/develop government partnerships for rail operations and local government partnerships for bus contracts, may result in an adverse financial impact for the Group. Developments in international affairs, such as international tensions, including trade tariffs and conflicts around the world, as well as changes in regulations in Europe and the UK, may impact the Group's commitments to deliver key investments, or impact the Group's supply chain, resulting in financial loss and potential reputational damage.	■ Whilst the Group collaborates with industry bodies to help influence and anticipate government policy and/or funding regime changes in order to adjust operations, the Group is an apolitical organisation and does not have the ability to control or substantially influence government policy ■ Specifically in Rail, the Group has responded to the consultation on the future Railways Bill, which will enable the establishment of GBR, and will continue to engage with the Government and industry bodies to influence the policies and reforms included in GBR ■ Bus has engaged extensively with government ministers, officials and MPs over the Bus Services Bill and our spending review asks ■ The Group has been able to mitigate resourcing challenges by partnering with third party consultants to support this area ■ Outside of the NRCs which earn fees, flexible operating models enable the business to react quickly and mitigate the impacts from changes in government funding and related customer demand ■ We deploy hedging techniques to counterbalance potential negative impact on certain costs due to adverse developments in international affairs ■ We regularly review and assess our risk environment to ensure that we are able to adapt to any geopolitical developments including focus on supply chain disruption ■ We continue to actively engage with both local and national stakeholders and partners on transport policy that delivers best outcomes for our customers	While the UK political environment is settled following the Labour victory in July 2024 and initial enactment of Labour transport policies, uncertainty remains on future government policy and related funding decisions. Wider afield, this uncertainty is exacerbated by developments from the Trump presidency in the USA, as well as ongoing international tensions and implications for domestic government budgets. Further developments in these areas could impact the Group's operations via a reduction in economic growth and consumer confidence and disruptions in supply chains or inflation. Nonetheless, passenger demand for our services has remained stable, and both national and local governments in the UK continue to support public transport service providers.

Risk management continued

Risk description	Mitigation	Developments in the risk profile during the year
External risks continued		
Climate		
Businesses globally continue to experience increasing pressure and scrutiny from all stakeholders, particularly policymakers and investors, to demonstrate strong progress on their climate-related commitments and performance. Inadequate attention to our climate-related risks and opportunities, as well as emerging technologies, could negatively impact the Group's performance, reputation and growth. The UK Government has set a legally binding target for net zero GHG emissions by 2050, to which we were the first public transport operator to formally commit. Delays in implementing our strategic plans to mitigate climate-related risks, including transitioning our fleets to zero emissions, could result in lost business, reduced revenue, reputational impacts and reduced opportunities from modal shift. Climate change poses both physical and transition risks to our business, from weather events impacting our assets, operations, service delivery and customer demand, to changes in policy, technology and market expectations impacting our capital and operational costs, our reputation and access to funding. **Read more on page 45**	■ Climate change has been an integral part of our risk management framework for many years and is included within our strategic framework for sustainability 'Mobility Beyond Today'. Our business strategy was updated in 2024 to reflect our progress and ambition on addressing climate change. Driving modal shift and leading in environmental and social sustainability were both placed at the heart of this new strategy, forming two of the four key pillars of the Group's strategy ■ FirstGroup was the first bus and rail operator in the UK to formally commit to setting ambitious science-based targets aligned with limiting global warming to 1.5°C and reaching net zero emissions by 2050 or earlier. During FY 2023, we completed our submission of a science-based target and had our target formally approved by the SBTi. Avanti and SWR have also successfully submitted science-based targets ■ We continue to embed the TCFD recommendations to assess and mitigate impacts from climate change onto our business and build long-term climate resilience across our operations ■ More details on our climate-related targets, commitments, mitigation and actions can be found in the TCFD section of this report from page 45	The Group recognises the continued responsibility and opportunity to create a more sustainable world and we maintain our commitment to invest in new technologies and collaborate with partners to help create a cleaner future. Our TCFD implementation work, the climate-related commitments we have made and the strategies we are developing to meet them will ensure we are managing our climate transition risks effectively and continuing to build business resilience for the long term. We continue to focus on opportunities from modal shift and the vital role we play in reducing congestion on the roads, improving air quality and facilitating the transition to a zero-carbon world, whilst recognising the climate and transition risks which impact us as a public transport provider FirstGroup is the only UK Transport operator included in this year's S&P Sustainability Yearbook. During March 2025, the Group published a Group-wide CTP which sets out our comprehensive strategy to meaningfully reduce emissions, manage climate-related risks, drive modal shift and contribute to growth and prosperity in the communities we serve. The CTP can be found on our website. Further highlights on climate and related sustainability initiatives during the year can be found in the responsible business section of this report from page 31, with further details set out on pages 34 to 36. More details on our climate-related performance can be found in our Environmental Performance Report 2025 on our website.

Risk management continued

Risk description	Mitigation	Developments in the risk profile during the year
Strategic risks		
Growth and diversification		
The Group's ability to grow and diversify its businesses is dependent on identifying and converting opportunities to add to our portfolio into operational delivery, which then lead to the delivery of the Group's growth and financial objectives. This includes being able to effectively respond to customer demand, delivering operational efficiencies, identifying and executing acquisitions and transactions in both the Bus and Rail passenger markets, together with the Group's ability to secure and renew contracts on profitable terms, and manage these contracts effectively by delivering in accordance with contractual terms and avoid termination. Failure to identify and/or execute on these opportunities in a timely manner and in accordance with agreed terms could result in negative impact on business operations (contracts, employee retention, etc.), reduced revenue and profitability, the inability to meet financial goals, reputational impacts, and inability to deliver on the Group's strategic objectives.	■ The Group actively seeks out and reviews M&A opportunities that would be beneficial to our portfolio, ensuring existing funding facilities are sufficient ■ We maintain an active dialogue with our shareholders and investors, and gather insights from our strategic advisers and contacts within the business to evaluate potential transactions. In particular, we have strong relationships with banks, which enable us to move fast when opportunities are identified ■ When necessary, we continue to seek external advice and input (e.g., from corporate brokers and other experts) ■ We have evaluation frameworks that include a disciplined and researched approach to acquisitions ■ We actively participate in the wider opportunities arising from the electrification and decarbonisation of First Bus, including the strategic partnership with Hitachi Zero Carbon, and B2B and B2C charging using our charging infrastructure ■ First Rail's Hull Trains and Lumo open access operations have track access agreements in place to 2032 and 2033 respectively ■ We have the extensive operational expertise needed to meet requirements for the contract performance incentives ■ In First Bus, the contracted element of the business has historically been low, although this is likely to rise materially over the coming years as franchising is introduced in more areas, commencing with the Rochdale franchise in the TfGM area in 2024. At Leicester, First Bus delivered an all-electric depot under an Enhanced Partnership model with the City Council	The Group completed the bolt-on acquisitions of Matthews Coach Hire, Lakeside Group and Anderson Travel businesses during the year, broadening the markets of the coach and B2B portfolio, following the acquisition of York Pullman last year. The Group also completed the acquisition of RATP's London Bus business during February 2025, providing access to TfL's London contract market. First Rail continues to leverage its operational structure and depth of experience, and has delivered on opportunities to diversify its portfolio with the acquisition of two track access rights to run open access rail services between London Paddington and Carmarthen, and London Euston to Stirling, with Stirling services expected to commence during spring 2026. The Group also submitted further applications to the ORR to expand open access services and two further routes into London. Rail will continue to participate in bids for new rail contracts. In support of the new open access rights and in preparation for the expansion of Hull Trains and Lumo existing services, the Group placed an order for 14 new trains from Hitachi, with an option to acquire 13 additional units subject to the success of the existing applications with the ORR. Both First Bus and First Rail are expected to benefit from ongoing acquisition opportunities supported by a healthy pipeline in evaluation. We continue to engage with shareholders on strategic direction and growth opportunities. Any material transactions are announced on a timely basis. The remaining two NRC contracts with the DfT will continue to provide consistent cash generation until their transfer to the Government by 2028.

Risk management continued

Risk description	Mitigation	Developments in the risk profile during the year
Operational risks		
Safety		
The Group is strongly committed to fostering and maintaining a culture of safety. However, public transport inherently includes safety-related risks, many of which are out of our control. A safety incident, or a threat of such an incident, could be caused by human error and/or mechanical failures, or malicious intent. Such events may result in reputational damage, and an adverse financial impact due to reduced confidence in public transport services reducing demand for our services. **Read more on page 42**	■ All divisions have extensive safety plans which focus on mitigating risk across the business ■ Safety training is provided for our employees to ensure they are equipped with the knowledge and skills necessary to maintain a safe work environment ■ We work with industry peers to share lessons learnt and collaborate on shared risks ■ Incidents are thoroughly investigated to maintain a learning culture where we continuously improve our safety standards ■ Mechanical safety controls (speed monitoring, cameras, etc.) are implemented across our fleet of vehicles and trains ■ We follow the regulatory regime and comply with statutory inspections and monitoring ■ Whilst the Group has implemented preventative safety measures and procedures, we recognise that certain incidents are ultimately out of our control and do at times result in legal claims. As a result, the Group has dedicated departments, utilising third party experts when needed, to analyse and maintain effective insurance structures and levels ■ The Responsible Business Committee not only reviews and challenges safety performance targets but also delves into material safety matters and risks across the Group ■ Across all our divisions, we implement targeted biannual assurance reviews of our safety management systems, improvements and performance. We use data analysis and insights to prioritise our efforts in improving safety through both technology and behaviour	The Group continues to assess, update and implement safety procedures across our businesses, mitigating risks to reduce the likelihood of safety incidents from occurring, taking into consideration any technological advancements. Specific initiatives include the final implementation phase of the 'Golden Rules' initiative in First Rail focusing on the prevention of specific injury events and associated behaviours, and the rollout of the IOSH accredited 'Safety Management of Road Passenger Transport' training in First Bus, focusing on competence compliance. We continue to invest in safety management systems (including safety audits), engagement and smarter, more efficient safety procedures, such as using Mistral Data's systems for remote condition monitoring, low adhesion and train/track interface. Collaboration within the rail and bus sectors continues to enhance safety by fostering industry-wide learning and sharing innovative solutions for safety improvements. Our safety procedures and protocols continue to be assessed on a regular basis, including certification and accreditation by relevant safety bodies and external expertise. We continue to maintain our ISO 45001 accreditation for our Safety Management System (SMS) across the businesses which currently have it, and are working towards accreditation in others.

Risk management continued

Risk description	Mitigation	Developments in the risk profile during the year
Operational risks continued		
Legal and regulatory compliance		
The Group's operations are subject to a wide range of legislation and regulation. Failure to comply could lead to financial penalties or other sanctions, investigation expenses, legal costs and/or reputational damage. The need to comply with new or amended laws and regulations may increase the Group's operating costs. The main legal and regulatory compliance risks specific to the Group that are not covered in other principal risks include compliance with data protection legislation, employment law and regulation compliance (employee wages and other terms and conditions of employment, including expanded rights for employees), health and safety compliance, responding to the development of ESG regulations, and key corporate compliance risks such as competition and anti-bribery and corruption legislation. The Group continues to see an increase in its digital interaction with its employees, customers and other stakeholders, including through digital ticket sales. These interactions necessitate the processing of personal data which require safeguards to protect personal data and comply with applicable data protection legislation, including the Data Protection Act 2018 and the UK and EU General Data Protection Regulations (GDPR).	■ To help the Group comply with all applicable legislative and regulatory requirements, we have an in-house legal function which includes dedicated subject-matter experts, who help to ensure relevant national and international laws and regulations are followed ■ Our in-house team is supported by other internal colleagues (including the Information Security and divisional Health & Safety functions) and external legal experts where necessary ■ We have a comprehensive suite of Group-wide policies and procedures, which are implemented and managed locally. These include data protection, modern slavery, anti-bribery and competition law policies ■ To protect our data and comply with our integrity and confidentiality obligations under data protection legislation, the Group has implemented robust IT infrastructure controls across the Company. Additional information about how this risk is managed can be found on page 66 ■ The Group administers a mandatory training and policy attestation programme to employees across key areas of compliance risk, communicating their roles and responsibilities in preventing and mitigating compliance breaches ■ We have a named compliance officer in each division with responsibility for ensuring the delivery of the compliance programme ■ We monitor new legislation across the jurisdictions in which we operate and adapt or introduce policies and processes as required to help ensure compliance ■ We provide a confidential reporting hotline for employees and third parties to report concerns – the hotline is hosted by an independent third party to ensure objectivity and anonymity	Although the Group's legislative and regulatory environment continues to change, the Group maintains its commitment to adapt policies and procedures to detect and prevent non-compliance.

Risk management continued

Risk description	Mitigation	Developments in the risk profile during the year
Operational risks continued		
Information security, including cyber and resilience		
The transport sector is increasingly reliant on technology and data, which has led to an increase in both cybersecurity risks and non-malicious IT failures. We continue to monitor the cyber landscape at Group level, across our divisions, as well as third party suppliers, to ensure we continually enhance our cyber security defences and resilience procedures as new risks emerge. Recent attacks on major retail chains have highlighted the growing volatile threat landscape. Social engineering attacks, which exploit human behaviour to bypass security measures, have seen a significant increase. These attacks manipulate individuals into revealing confidential information or making security mistakes. The human factor in security is crucial, and we emphasise the importance of social engineering resistance. These incidents underscore the importance of robust cybersecurity measures to protect sensitive data and maintain consumer trust. Both malicious and non-malicious cyber and technology incidents could impact our ability to operate services for our customers, increase costs, and have adverse impacts across our businesses. The safeguarding and integrity of data remains a central issue relating to the emerging AI technologies.	■ Business continuity plans continue to evolve and are updated as the transition to greater dependency on technology continues, minimising the impact of both malicious cyber and non-malicious IT failures that have the potential to impact the continuity of our operations ■ We have ransomware procedures and have tested our incident response across Group businesses in the event of a ransomware attack ■ We have a comprehensive Information Security Policy, standards and procedures in place aligned with industry best practice. Several of our businesses have achieved ISO 27001 certification and Cyber Essentials ■ We run regular cyber risk awareness training and phishing prevention campaigns emphasising social engineering resistance ■ Robust due diligence is performed for new critical IT suppliers and IT programmes, with information security obligations as a prerequisite to be included in third party IT contracts ■ Our commitment to continuous improvement in our cyber resilience is further supported by cyber insurance	The risk of a cyber attack for all UK companies remains high. The official UK Government 'Cyber Security Breaches Survey 2024' reported that 74% of UK large businesses were subject to a cyber attack in 2024. 84% of these instances were phishing attacks for large businesses, and around one in five of the respondents identified a more sophisticated attack type such as malware attacks. Amongst those that have identified any breaches or attacks, 33% of large businesses have had some sort of negative outcome from these. Amongst these large businesses, 9% reported user accounts being compromised and 45% said assets, trade secrets or intellectual property were stolen. The NCSC has recently issued (May 2025) a new warning about the threat from state-sponsored cyber attackers targeting critical national infrastructure. These attackers use sophisticated techniques to camouflage their activity on victims' networks, making detection difficult. This highlights the importance of remaining vigilant and implementing advanced security measures to protect against such threats. In 2024, we completed the rollout of sophisticated network detection monitoring.

Risk management continued

Risk description	Mitigation	Developments in the risk profile during the year
Operational risks continued		
People		
Employee costs represent the largest component of the Group's operating costs. These costs include expenses related to recruitment, retention and talent development and are affected by changes in employment markets, regulatory requirements and diversity and inclusion programmes. A failure to effectively recruit and retain a diverse and talented workforce could have adverse financial, operational and reputational impacts. The employment market for drivers and engineering technicians remains challenging under an increasing consumer travel demand and tight labour market. Our employee turnover is also impacted by the wider economic circumstances, particularly wage inflation and wider labour mobility. Read more on page 39	■ We continue to focus on improving communication and engaging our employees. We have focus on investing in a compelling employee value proposition, including diversity and inclusion, linked with market competitive wages and benefits ■ The wellbeing of our employees remains a key priority for FirstGroup. Our employees have access to various wellbeing resources, such as the Wellbeing Hub, accessed through our intranet. First Rail has introduced webinars on neurodiversity and stress awareness and marked Stress Awareness Month. First Bus hosts a weekly Wellbeing Wednesday, and appointed a new Company-wide occupational health provider in the past year and tripled the number of mental health first aiders. We continue to offer training for colleagues who may wish to take up these roles in the future ■ First Rail continues to develop its people strategy, including effective talent management and succession planning, ongoing commitment to apprenticeship and graduate schemes, and a focus on diversity ■ First Rail continues to support efforts to resolve continued industrial action at a national level ■ The First Bus people strategy has a focus on workforce development and culture, including improving communication and frontline management capability, with emphasis on reducing attrition and effective absence management ■ We have an ongoing programme for monitoring KPIs, including leveraging exit interview data in designing improved recruitment activity ■ Employee engagement survey results are reviewed to develop actions to address low-performing depots to further help retain our talent	We continue to focus on our bus and train driver recruitment and retention programmes, and on managing our multi-year pay deals with our union partners. We have developed new programmes to ensure effective communications so that we improve both individual and collective performance. First Bus, Avanti and Tram Operations Ltd (TOL), operator of London Trams on behalf of Transport for London, are accredited Living Wage Employers and pay the RLW to employees. TOL's commitment extends to its supply chain, ensuring third party contractors working directly for the company are paid in accordance with the Living Wage Foundation rates of pay as a minimum, with the London Living Wage being paid for those in London. Living Wage Foundation rates of pay also apply as contracts renew for First Bus and Avanti's third party contractors working directly for the company. GWR also pays the RLW to directly employed colleagues. First London Cableway is a Living Wage Employer and pays London Living Wage.

Risk management continued

Risk description	Mitigation	Developments in the risk profile during the year
Operational risks continued		
Financial resources		
The ability of the Group to service its current debt or other financial obligations relies on the cash generation from the business and its capability to refinance debt as it becomes due and the capital allocation policy being applied. The Group is investment grade credit rated by Standard & Poor's and Fitch. A downgrade in the Group's credit ratings to below current investment grade may lead to increased financing costs and other consequences and affect the Group's ability to obtain financing if required to invest in its operations. The Group's banking arrangements contain financial and other covenants with financial covenants tested semi-annually on 30 September and 31 March. In the event a covenant test level is breached, the Group may not be able to negotiate sufficient debt capacity to allow it to continue to trade.	■ The Group monitors leverage ratios and overall liquidity consistently to ensure we remain within our target range and have adequate financial resources on a two- to three-year period looking forward ■ As at March 2025, the Group has adjusted net debt of £87m and £295m of undrawn committed borrowing available under its revolving credit facility that matures in January 2030 together with a further committed undrawn headroom of £85m on a term loan facility maturing March 2027, and £92m on the Green Hire Purchase Finance Facility that is available to draw to December 2026 for 1,000 EV bus bodies, and £41m undrawn committed borrowing through Hitachi joint venture, a £41m debt facility for the financing of up to 1,000 EV bus batteries ■ We conduct a bi-annual viability assessment of the headroom and ensure this is sufficiently resilient, including cash and financing facilities	The Group maintains strong bank relationships, with good awareness and understanding of debt market trends and regular monitoring of banking covenants and headroom. Our credit rating was affirmed by Fitch on 25 March 2025 and Standard & Poor's on 12 September 2024 as stable 'BBB'. We have experience in raising material amounts of credit facilities, ensuring we plan alternative solutions to mitigate liquidity risk in the event of wider refinancing requirements.
Pension scheme funding		
The Group sponsors three closed defined benefit pension schemes: ■ The FirstGroup Pension Scheme ■ The Hull Trains Section of the Railways Pension Scheme ■ Greyhound Canada Retirement Income Plan As at the balance sheet date, the Group sponsored four sections of the Railways Pension Scheme in respect of TOCs operating under NRCs. Following the termination of the SWR contract, the number of TOC sections sponsored by the Group reduced to two. The Group's future cash contributions and funding requirements in respect of each of the schemes are dependent on investment performance, movements in discount rates, expectations of future inflation and life expectancy, and relevant regulatory requirements. In order to maintain adequate funding for its pension liabilities and prevent adverse financial impacts or reputational damage, the Group continues to monitor the performance of pension fund investments and movements in the factors that affect the value of the related pension liabilities.	■ The Group's pension schemes are adequately funded ■ The Canadian pension plan is in the process of terminating. Its liabilities are fully covered by a group annuity contract ■ The Group uses third party experts to advise on investment strategies and liability management and monitor movements in discount rates, mortality and inflation expectations ■ Interest rate and inflation risks are hedged to a high degree with the use of liability-driven investment strategies ■ The Group TOCs which operate under the NRCs are not responsible for any residual deficit at the end of a contract and First Rail bears no cost risk during the contract ■ Apart from the DfT TOCs operating under NRCs, pension provision for all new employees is provided via defined contribution arrangements ■ We work closely with experienced Trustee boards that are ensuring effective systems of governance are in place to manage risk ■ Pension risks are carefully scrutinised before any new contract or acquisition is approved	The two legacy pension schemes in the UK continue to reduce in risk as they mature (a result of closing to accrual) through ongoing dialogue with Trustees over investment and liability management strategies designed to ensure low dependency on the Group. c.£100m continues to be retained in Limited Partnerships for the Group and Bus schemes following the sale of the North American businesses in 2021. The cash in these arrangements could be returned to the Group in certain scenarios, depending on achieving agreed funding targets over the period 2025–2030.

Viability and going concern

Viability

Time horizon

The Directors have assessed the viability of the Group over a three-year period. This period reflects the Group's corporate planning processes and is considered appropriate for a fast-moving competitive environment such as passenger transport. Beyond three years, forecasts may be affected by changes in government transport policy and/or major contract wins and losses.

Scenario testing

In making their assessment, the Directors have taken into account the potential financial and operational impacts, in severe but plausible scenarios, of the principal and emerging risks which might threaten the Group's viability during the three-year period to 31 March 2028 and the likely degree of effectiveness of current and available mitigating actions that could be taken to avoid or reduce the impact or occurrence of such risks (details of the risks and mitigating actions are set out on pages 60 to 68). The assessment of the available mitigating actions includes the Group's ability to manage its cost base and capital expenditure.

The broad details of the scenarios that were considered in the assessment are:

- a protracted period of weak passenger volumes comprising reductions of up to 10% in First Bus and 25% in non-contracted rail and performance fees on NRCs being 50% lower than budgeted.
- heightened operational, policy and environmental pressures, including increased inflation up to 3% higher than budgeted levels and risk from changes to governmental transport policy (including decarbonisation) of £10m per annum, with operating profit impact increasing to £39m per annum in FY 2028
- one-off safety, regulatory non-compliance, climate or technology incidents leading to short-term reduced revenue and/or additional costs of up to £30m
- loss of NRCs at the end of their core contractual periods, reducing operating profit and cash inflows to the Group

The Group has already renewed the £300m revolving credit facility with a maturity date of January 2030 and put into place additional financing facilities, and considers that it will continue to have access to debt markets to negotiate additional new credit facilities if required. The results of this scenario testing showed that the Group would be able to remain viable and maintain liquidity over the assessment period.

Climate change

The Board has also considered how climate risks could impact the Group's viability. More detail on the Group's assessment of risks and opportunities from climate change is contained in our TCFD disclosure on pages 45 to 53. The key conclusions relating to the viability assessment were that, given the Group's geographic diversity across the UK, the financial impact of extreme weather events over the three-year viability period was not judged to be material.

Transitional risks, related to changes to the Government's decarbonisation policy, were unlikely to cause any material adverse impact over the viability period given that, whilst the vast majority of the Group's emissions are from vehicles, the Group is already targeting industry-leading timescales for transitioning its vehicles to zero emissions.

Corporate planning processes

The Group's corporate planning processes include completion of a strategic review for the rail and bus divisions, preparation of a medium-term business plan and a quarterly reforecast of current year business performance. The plans and projections prepared as part of these corporate planning processes consider the Group's cash flows, committed funding and liquidity positions, forecast future funding requirements, banking covenants and other key financial ratios, including those relevant to maintaining the Group's existing investment grade status. The planning processes also consider the ability of the Group to deploy capital. A key assumption underpinning these corporate planning processes is that credit and asset backed financing markets will be sufficiently available to the Group to put additional new facilities in place, if required.

Viability statement

Based on the results of the analysis explained above, including scenario testing, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2028 and that the likelihood of extreme scenarios which would lead to a breach of covenant is remote.

The Board confirms that, in making this statement, it carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency and/or liquidity.

Viability and going concern continued

Going concern

The Board carried out a review of the Group's financial projections for the 18 months to 30 September 2026 and evaluated whether it was appropriate to prepare the full year results on a going concern basis. In doing so, the Board considered whether any material uncertainties exist that cast doubt on the Group's and the Company's ability to continue as a going concern over the going concern period.

Consistent with prior years, the Board's going concern assessment is based on a review of future trading projections, including whether banking covenants are likely to be met and whether there is sufficient committed facility headroom to accommodate future cash flows for the going concern period.

Divisional management teams prepared detailed, bottom-up projections for their businesses reflecting the impact of macroeconomic considerations on the operating environment, assumptions on passenger volumes and government support, as well as the impact of actions required to address the Group's climate-related targets and ambitions, and having regard to the risks and uncertainties to which the Group is exposed.

Base case scenario

The Board considered the annual budget to 31 March 2026 and medium-term plan to be the base case scenario for the purpose of the going concern assessment for the FY 2025 year end. These projections were the subject of a series of executive management reviews and were used to establish the base case scenario that was used for the purposes of the going concern assessment. The base case assumes modest growth in bus passenger volumes and yields in FY 2026, with some offset from a reduction in direct government funding from the £3 fare cap which end in December 2025. The rail base case also reflects the expiry in May 2025 of the SWR contract and assumes the GWR contract continues beyond March 2026. The macro projections in the updated base case assume that the UK operates in a low-growth economy. The annual budget and medium-term plan also capture the expected financial impact of the actions required to support the Group's climate-related targets and ambitions.

Downside scenario

In addition, a downside case was also modelled which assumes a more adverse macroeconomic recovery profile. In First Bus, the downside case assumes a reduction in passenger volumes driving a 25% reduction in profitability, as well as reduction in First Bus London EBITDA of 50% and the impact of other unexpected cost inflation. In First Rail, the downside case assumes TOC performance fee awards at 50% of expected levels, and volume and revenue reductions in Hull Trains and Lumo driving a 25% reduction in open access profitability. The downside scenario also considers potential impacts of significant climate-related event or unbudgeted decarbonisation costs, as well as the risk of one-off safety, regulatory non-compliance or technology incidents.

Mitigating actions

If the performance of the Group were to be more adversely impacted than assumed in the base case or downside case scenarios, the Group would reduce and defer planned growth capital expenditure, and further reduce costs in line with a lower volume operating environment to the extent that the essential services we operate in First Bus are not required to be run for the governments and communities we support.

Going concern statement

Based on the review of the financial forecasts for the period to September 2026 and having regard to the risks and uncertainties to which the Group is exposed, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the 12-month period from the date on which the financial statements were approved. Accordingly, they continue to adopt a going concern basis of accounting in preparing the consolidated financial statements in this full year report.

The Strategic report was approved on behalf of the Board on 10 June 2025.

Graham Sutherland
Chief Executive Officer

10 June 2025

395 King Street
Aberdeen
AB24 5RP

Corporate Governance report

Sustainable stakeholder outcomes

"I am looking forward to leading the Board to deliver positive sustainable outcomes for all our stakeholders."

Lena Wilson CBE
Chair

Dear Shareholder,

I am delighted to have joined in February and am writing to introduce the Corporate Governance report for FY 2025.

In my statement starting on page 04, you will already have read about the reasons I joined the Group and the opportunities we have available. We have provided some more information about my induction on page 79. I have been very encouraged with what I have seen so far. This report focuses on governance and how your Board operates and makes decisions.

The performance in FY 2025 has been strong and we have further diversified our earnings. The Board is very pleased with the strategic progress and the financial results.

The majority of our meetings are held in London. In September 2024, we incorporated a visit to Ealing to review the battery train testing within our GWR business. In January 2025, the Board meeting was held in Leeds, where the Board met local team members and visited our Bramley depot.

Our Board evaluation exercises are covered in this report on page 81. We provide an update on the areas of focus identified in the external review conducted last year and we report on this year's internal review and the areas of focus for FY 2026.

In this Corporate Governance report you will find an introductory letter from the Chair of each of the Board Committees followed by their report on the Committee.

I welcome your comments on this Corporate Governance report and on the 2025 Annual Report more generally. I have appreciated the time I spent with shareholders and look forward to more engagement in the coming year.

I'd like to thank my colleagues on the Board and all the employees of FirstGroup for making me feel welcome. I look forward to working with them to deliver positive sustainable outcomes for all our stakeholders.

Lena Wilson CBE
Chair

10 June 2025

Compliance with the UK Corporate Governance Code

We have broadly complied with the Provisions of the UK Corporate Governance Code (the Code) throughout the 52 weeks to 29 March 2025.
In this Annual Report, we have included a commentary running throughout the Governance report that summarises how we have complied with the Code and helps guide shareholders to sections of the report where we provide more detail on our approach to compliance with the Code. The Code Principles are represented by letters and the Provisions by numbers. Both the Principles and the Provisions are paraphrased in the interests of space – a copy of the Code can be found on the Financial Reporting Council's website at www.frc.org.uk.

The areas of non-compliance are all associated with the previous Chairman's departure and the interim arrangements put in place. Short explanations are provided in the commentary under the relevant Provisions of the Code.

A Led by an effective Board

The Board's effectiveness review (details of which are set out on page 81) indicates that the Board has operated effectively during the period under review.

B Purpose, values and strategy

This is covered throughout the Strategic report. The Values are on the website and are set out in the Culture section of this Corporate Governance report.

Governance at a glance

Board of FirstGroup PLC

Chair: Lena Wilson CBE

The Board is responsible for the long-term success of the Company for the benefit of its shareholders and stakeholders.

The matters reserved to the Board are set out in writing. They were reviewed in March 2025 and cover the most important decisions that will be taken within the Group. These include strategy, capital structure, capital allocation, financial reporting and controls, risk appetite and risk management, stakeholder engagement, Board membership, remuneration, corporate governance and key policies. The Board Committees assist by reviewing certain matters before recommendations are put to the Board for approval.

Nomination Committee

Chair: Lena Wilson CBE

- Board and Committee membership
- Talent and succession

Audit Committee

Chair: Jane Lodge

- Financial disclosures
- Risk management

Responsible Business Committee

Chair: Claire Hawkings

- Safety
- Environment
- Communities
- People
- Suppliers

Remuneration Committee

Chair: Sally Cabrini

- Executive remuneration
- Structure and fairness of pay

Disclosure Committee

Meets periodically to identify inside information and to oversee the timely and accurate disclosures when required.

Executive Committee

The matters not reserved to the Board are delegated to the Chief Executive Officer, with the Board retaining responsibility for oversight and holding management to account. The Chief Executive Officer has formed an Executive Committee, which is not a Board Committee, to assist him in the day-to-day running of the Company. The Executive Committee meets monthly and its main responsibilities include: developing, implementing and monitoring operational plans; reviewing financial performance, forecasts and targets; prioritising initiatives and allocating resources; developing strategy for submission to the Board; overseeing risk management, including identifying risks and developing risk mitigation strategies; developing and monitoring the internal control strategies; and leading the Group's culture and safety programmes.

The split of responsibilities between the Chair and Chief Executive Officer is set out in writing.

Governance at a glance continued

Roles and responsibilities

The Board has agreed a clear division of responsibilities between the Chair and the Chief Executive Officer, and these roles, as well as those of other Directors and the Company Secretary, are clearly defined so that no single individual has unrestricted powers of decision. At the end of the year the Board comprised the Chair, two Executive Directors, an Employee Director and five Non-Executive Directors.

Chair

Lena Wilson

- Leads and manages the business of the Board
- Provides advice, support and constructive challenge to the Chief Executive Officer
- Provides direction and focus and ensures sufficient time is allocated to promote effective debate and sound decision making
- Promotes the highest standards of integrity and probity and ensures effective governance
- Manages Board composition, performance and succession planning
- Maintains effective communication with shareholders and ensures their views are understood by the Board
- Facilitates effective and constructive relationships and communications between Executive and Non-Executive Directors

Chief Executive Officer

Graham Sutherland

- Provides leadership to the executive and senior management team in the day-to-day running of the Group's businesses
- Develops the Group's objectives and strategy for consideration and approval by the Board, taking into account the interests of shareholders and stakeholders
- Implements the agreed strategy
- Promotes a safe working environment and a safety-focused culture across the Group
- Maintains an active dialogue with shareholders and other stakeholders
- Responsible for implementing effective internal controls and ensuring risk management systems are in place

Chief Financial Officer

Ryan Mangold

- Responsible for the financial stewardship of the Group's resources
- Responsible for the Group's finance, tax, treasury, insurance, legal, risk management and internal control functions
- Supports the Chief Executive Officer in providing executive leadership and developing strategy
- Supports the Chief Executive Officer to implement the agreed strategy
- Reports to the Board on operational and financial performance of the businesses

Senior Independent Director

Peter Lynas

- Acts as an additional point of contact for shareholders to discuss matters of concern
- Provides a sounding board for the Chair and serves as an intermediary for the other Directors
- Leads the annual review of the Chair's performance taking into account the views of the Non-Executive Directors and Executive Directors

Non-Executive Directors (NEDs)

Sally Cabrini
Myrtle Dawes
Claire Hawkings
Jane Lodge
Peter Lynas

- Provide a strong independent element to the Board and collectively provide a broad range of experience, knowledge and individual expertise
- Constructively support and challenge management
- Review management's performance in meeting agreed objectives and deliverables
- Review the integrity of financial information and determine whether internal controls and systems of risk management are robust

Group Employee Director

Anthony Green

- Brings insight into employee engagement and perspectives from the front line to Board deliberations
- Chairs the Employee Director's Forum
- Promotes employee involvement and participation in the affairs of the Group through share ownership, employee surveys and other means of employee involvement
- Promotes the Group's policies and procedures amongst employees, in particular those related to safety, diversity and inclusion, and business ethics

Company Secretary

David Blizzard
(not a Board member)

- Provides advice and support to the Board, its Committees, the Chair and other Directors individually as required, primarily in relation to legal and corporate governance matters
- Responsible, with the Chair, for setting the agenda for Board and Committee meetings and for high-quality and timely information and communication between the Board and its Committees and the Executive Directors and senior management

Board

Key

- (A) Audit Committee
- (R) Remuneration Committee
- (N) Nomination Committee
- (B) Responsible Business Committee
- (E) Executive Committee
- ● Chair

Lena Wilson CBE
Chair

(N)

Appointed:
1 February 2025

Key areas of expertise:
CEO, International, Public Sector and Government, Energy, Transport, Financial Services, Real Estate, Technology Governance, Transformation

Skills and experience:
Lena joined the FirstGroup plc Board as Chair on 1 February 2025. Lena is an experienced Director and Chair having held roles on listed and private companies for more than 15 years. She has served on the boards of Scottish Power Renewables Limited and Intertek Group plc and chaired AGS Airports Limited and Picton Property Income Limited. Lena was Chief Executive of Scottish Enterprise from 2009 to 2017 and prior to that, was a Senior Investment Adviser to The World Bank in Washington DC working in over 40 countries. She has chaired and been a member of numerous Government taskforces and was a member of the Prime Minister's Business Council. Lena has advised a range of international companies on strategy, leadership and governance and is a Visiting Professor at the University of Strathclyde.

Other appointments:
Non-executive director, Senior Independent Director and Remuneration Committee Chair at NatWest Group plc.
Member of the Workday EMEA advisory Board

Nationality:
British

Graham Sutherland
Chief Executive Officer

(E)

Appointed:
16 May 2022

Key areas of expertise:
Business Strategy, Performance Improvement, Government Contracting, Engineering and Infrastructure, Digital Transformation, Corporate Finance/M&A, Governance

Skills and experience:
Graham has a strong track record in the delivery of critical services and in creating value for shareholders in rapidly evolving regulatory and technological environments. Previously, he was Chief Executive Officer of KCOM Group plc, an LSE-listed telecommunications company. Prior to this, Graham held a number of senior executive roles within BT Group PLC over 12 years. These included as Chief Executive Officer of the BT Business and Public Sector division, where he was responsible for profitable growth and led the integration of EE's Business unit, creating a division with £4.6bn in annual revenues and 13,000 employees. Graham was also Chief Executive of BT Ireland where he was responsible for all consumer, business and network activities. Prior to that, he was Chief Executive of NTL Ireland and has also held senior financial roles, including at Bombardier. Graham has an established record in strategic development, as well as delivering enhanced financial and operational performance and engaging a diverse range of stakeholders, including consumer, business and public sector customers.

External appointments:
Non-executive director at HICL Infrastructure PLC

Nationality:
British

Ryan Mangold
Chief Financial Officer

(E)

Appointed:
31 May 2019

Key areas of expertise:
Corporate Finance/M&A, Turnaround, Pensions, Governance

Skills and experience:
Ryan was appointed as CFO in May 2019, having previously been Group Finance Director of Taylor Wimpey Plc for eight years. Ryan has a strong track record of building financial discipline in the organisations he has worked at. During his time at Taylor Wimpey, Ryan played a leading and integral role in strengthening the balance sheet, driving operational improvements, rebuilding the business post the financial crisis (to become a constituent of the FTSE 100), the sale of the North American business and the improvement of its pensions position. Ryan was previously at the Anglo American group of companies, where he was Group Financial Controller at Mondi and played a significant role in its demerger from Anglo American in 2007. Ryan is a chartered accountant and has recent and relevant financial experience.

External appointments:
None

Nationality:
South African/British

Board continued

Key

- (A) Audit Committee
- (R) Remuneration Committee
- (N) Nomination Committee
- (B) Responsible Business Committee
- (E) Executive Committee
- ● Chair

Sally Cabrini

Independent Non-Executive Director

(R) (B) (N)

Appointed:
24 January 2020

Key areas of expertise:
Human Resources, Information Technology, Transformation

Skills and experience:
Sally brings valuable experience in UK regulated utilities, services and manufacturing. She has expertise in delivering business transformation programmes often including internal restructuring, cultural and significant technological changes. As Transformation, IT and People Director at Interserve Group Limited she had a strong focus on effective operational delivery and led a major transformation programme which had significant financial and strategic challenges and prior to that she was a senior executive at FTSE 100 constituent United Utilities with responsibilities for IT, cyber security and people. She was a Non-executive Director and Chair of Remuneration committee at Lookers plc from 2016 to 2020 and at Appreciate Group plc from 2019 to 2023.

Sally is a Fellow of the Chartered Institute of Personnel and Development.

External appointments:
Non-executive director and Chair of the Remuneration committee of Barchester Healthcare Limited. Pro-Chancellor, Senior Independent Governor and Chair of the Remuneration committee at the University of Exeter.

Nationality:
British

Myrtle Dawes

Independent Non-Executive Director

(B) (N)

Appointed:
1 April 2022

Key areas of expertise:
Engineering, Safety, Technology and Digital Transformation, Project Management and Energy Transition

Skills and experience:
Myrtle is an established leader with extensive experience in the Energy sector both in the UK and internationally. A chartered Chemical Engineer, she has held a number of senior safety and engineering project management roles in the offshore Oil and Gas industry, including for BP and BHP Petroleum. Moving to Centrica in 2009, Myrtle performed a number of senior executive roles encompassing engineering, project management, technology and digital transformation, including leading the team responsible for safety-critical, customer-facing residential assignments. She holds a Masters in Chemical Engineering and Chemical Technology from Imperial College. She is a Fellow of the Institution of Chemical Engineers, the Energy Institute, the Forward Institute and Honorary Fellow of the Association for Project Management.

External appointments:
Chief Executive Officer of the Net Zero Technology Centre and Non-executive director for Aquilla European Renewals plc

Nationality:
British

Anthony Green

Group Employee Director

(B) (N)

Appointed:
15 September 2020

Key areas of expertise:
Transportation, Employee Engagement, Safety, Learning and Development

Skills and experience:
Ant is a bus driver and a trainer for First Bus. He has been the Employee Director of First Essex Buses Ltd since 2014, a company he joined in 2009. In 2015, he was seconded to roll out Be Safe, the Group's safety behavioural change programme. Since then, Ant has trained more than 1,900 colleagues and coached leaders on the implementation of successful safety techniques. Prior to joining First Essex, he worked at retailer Homebase for 16 years, including in several managerial positions, and also volunteered at St John Ambulance.

External appointments:
None

Nationality:
British

Board continued

Key
- (A) Audit Committee
- (B) Responsible Business Committee
- (R) Remuneration Committee
- (E) Executive Committee
- (N) Nomination Committee
- ● Chair

Claire Hawkings
Independent Non-Executive Director

(A) (B) (N) (R)

Appointed:
21 January 2022

Key areas of expertise:
Sustainability Strategy, Business Transformation, Governance, Commercial Transactions, Performance Management and Energy Transition

Skills and experience:
Claire has more than 30 years' business experience, principally in the Energy sector, and has held UK and international leadership positions, most recently with Tullow Oil plc and, prior to that, with BG Group plc and British Gas plc. Claire is an environmental scientist and an experienced ESG professional and holds a degree in Environmental Studies awarded by Northumbria University and an MBA from Imperial College Management School. She is also a Fellow of the Energy Institute and a Fellow of Chapter Zero.

External appointments:
Non-executive director and Chair of the ESG Committee of Ibstock plc, a Non-executive director and Senior Independent Director of James Fisher and Sons plc and a Non-executive director of Defence Equipment and Support, a bespoke trading entity and arm's length body of the Ministry of Defence

Nationality:
British

Jane Lodge
Independent Non-Executive Director

(A) (R) (N)

Appointed:
30 June 2021

Key areas of expertise:
Transportation/Travel/Engineering and Infrastructure, Corporate Finance/M&A, Governance

Skills and experience:
Jane spent her executive career with Deloitte, where she spent more than 25 years advising multi-national companies, including businesses in transport, leisure, consumer and technology sectors. Since 2012, she has served as a Non-executive director and audit committee Chair at several UK public companies in a range of sectors. Previous roles include Non-executive director of Sirius Minerals plc (2015–2020), when the company was acquired by Anglo American plc), Costain Group plc and of Devro plc (2012–2020), and Non-executive director and Audit Committee Chair of DCC plc (2012–2022). In addition to broad international experience in a range of sectors, Jane brings substantial audit, risk and audit committee expertise to the Board.

External appointments:
Non-executive director, Audit Committee Chair and member of the ESG Committee of Bakkavor Group plc; Non-executive director and Remuneration Committee Chair of Glanbia plc; and Non-executive director of Morgan Advanced Materials plc.

Nationality:
British

Peter Lynas
Senior Independent Non-Executive Director

(A) (R) (B) (N)

Appointed:
30 June 2021

Key areas of expertise:
Defence and Aerospace, Government Contracting, Turnaround, Corporate Finance/M&A, Pensions, Governance

Skills and experience:
Peter was Group Finance Director of BAE Systems plc (and a Director of BAE Systems, Inc.) from 2011 until his retirement in 2020, having previously served in increasingly senior financial and M&A roles since joining the company in 1999. Peter's early career was spent at De La Rue Systems, which he joined as a trainee accountant, and then, GEC Marconi, where he became Finance Director of Marconi Electric Systems. In addition to his strong strategic and financial background, Peter brings to the Board extensive experience in heavily regulated industries with significant contractual relationships with government.

External appointments:
Non-executive director of Cohort plc

Nationality:
British

Executive Committee members

Graham Sutherland
Chief Executive Officer

Ryan Mangold
Chief Financial Officer

David Blizzard
Group Company Secretary

Janette Bell
Managing Director, First Bus

Steve Montgomery
Managing Director, First Rail

Board continued

Directors

The Company has formal procedures to review and, if appropriate, authorise conflicts of interest. These procedures have operated effectively throughout the year.

The Board carries out an annual review of the independence of its Non-Executive Directors. All the Non-Executive Directors are considered to have the appropriate skills, knowledge, experience and character to bring independent and objective judgement and insight to the Board's deliberations. The Chair was considered to be independent on appointment and we are committed to ensuring that the Board comprises a majority of independent Non-Executive Directors.

Ant Green has served as an Employee Director throughout the year and has continued to act as a channel to put the voice of the workforce into the Boardroom. Ant Green and the Executive Directors are not considered to be independent.

The biographies of all the current Board members are set out on pages 74 to 76.

Following a recommendation from the Nomination Committee, the Board recommends that all Directors are reappointed at the AGM, where they will offer themselves for re-election.

As noted above, the Board has documented a split of responsibilities between the Chair and the Chief Executive Officer, and we have agreed responsibilities for the Committee Chairs, Senior Independent Director and Non-Executive Directors. The Board reviewed and reconfirmed these arrangements in March 2025, and they are summarised on page 73 and available in full on our website.

Culture

FirstGroup is values-based and has five Values:

- Committed to customers
- Dedicated to safety
- Supportive of each other
- Accountable for performance
- Setting the highest standards

These Values underpin decisions taken at all levels of the organisation and are wholly consistent with the duties of Directors. The operating companies also have their own values, consistent with the above but expressed differently for their respective workforces. The Board monitors culture in a variety of ways, receiving information from many sources to enable them to understand and monitor the culture of the organisation.

The primary sources are:

- Regular updates from the CEO, CFO and divisional MDs within their reports to the Board
- The reports from the Group Employee Director
- The results from engagement surveys
- Review calls to the confidential whistleblowing hotline
- People sections of reports to Responsible Business Committee
- Meeting people when the Board visits the Group's operating locations

Additionally, the Board receives updates on adherence with the Ethics and Compliance training programmes, which require employees to complete an ongoing programme of training relevant to their role and includes IT security training, anti-bribery, modern slavery and competition law training. The Responsible Business Committee met five times during the year and considered a range of very important topics. The two divisions report on four main areas at each meeting – safety, people, environment, and community and social impact – which helps them understand the culture within the businesses. The broader work of the Responsible Business Committee is set out in the Strategic report from page 31 and the governance arrangements for the Responsible Business Committee are set out on page 90.

Commitment

All Directors are expected to attend each Board meeting and each Committee meeting for which they are members, unless there are exceptional reasons preventing them from attending. The attendance levels were excellent in FY 2025 and are shown in the table below. The Nomination Committee adopted an over-boarding policy in early 2022 and further detail is provided in the report of the Nomination Committee.

Board and Committee attendance

	Chair		Non–Executive Directors					Employee Director	Executive Directors	
Director	David Martin[1]	Lena Wilson[2]	Sally Cabrini	Myrtle Dawes	Claire Hawkings	Jane Lodge	Peter Lynas[3]	Ant Green	Graham Sutherland	Ryan Mangold
Board	3/3	1/1	7/7	7/7	7/7	7/7	7/7	7/7	7/7	7/7
Audit Committee	–	–	–	–	4/4	4/4	4/4	–	–	–
Remuneration Committee	–	–	5/5	–	5/5	5/5	4/4	–	–	
Nomination Committee	1/1	1/1	5/5	5/5	5/5	5/5	5/5	5/5	–	–
Responsible Business Committee	–	–	5/5	5/5	5/5	–	5/5	5/5	–	–

1 David Martin stepped down as Chairman on 10 September 2024.
2 Lena Wilson was appointed to the Board on 1 February 2025.
3 Mr Lynas was not eligible to attend an additional Remuneration Committee meeting convened to discuss his remuneration arrangements while acting as Chairman and accordingly that meeting has been excluded from his attendance record shown above.

Compliance with the UK Corporate Governance Code

1 Basis on which the company generates and preserves value

This is covered in the Strategic report on pages 04 to 70.

2 The Board should assess and monitor culture

Throughout the year, the Board monitors culture through a variety of sources, and an explanation is given in the columns to the left.

3 Engagement with major shareholders

The regular engagement with shareholders is led by Executive Directors, and regular roadshow events are held with larger shareholders following results announcements. Lena Wilson met major shareholders as part of her induction.

The Chair, Committee Chairs and the Senior Independent Director are available to shareholders on request, and if there is a matter requiring shareholder input, the most appropriate Director will engage with shareholders.

4 Action if 20% of shareholders vote against a proposal

Not applicable in FY 2025 – shareholders overwhelmingly supported all the resolutions at the AGM. The Board would expect to comply with the Code if any resolution received less than 80% support.

5 Views of key stakeholders and S172 Statement

A comprehensive Section 172 statement is set out on page 57 within the Strategic report.

Board continued

Board meetings

Board meetings focus on strategy and financial and business performance. At each meeting, the Board receives an update from any of the Board Committee meetings that have been held since the last meeting together with a presentation from the CEO, the CFO, the head of the rail division, the head of the bus division, the Group Employee Director and the Company Secretary. Other key matters considered by the Board during the scheduled meetings are set out in the table below.

In September 2024, the Board meeting included a visit to Greenford, West London to meet the GWR team responsible for testing the battery train.

In January 2025, the Board met in Leeds and received a presentation from the management team of the North and West Yorkshire team and visited the Bramley Bus Depot to observe the operations and meet colleagues, including some new drivers at the training school.

		Deliver day in, day out	Drive modal shift	Lead in environmental and social sustainability	Diversify our portfolio	Governance/ Other
June	Year-end matters, approval of Results and Annual Report, including the risk disclosures					•
	Cybersecurity update					•
	Strategic review	•	•	•	•	
	Review of whistleblowing					•
	Modern Slavery Statement and actions					•
July	Strategic update	•	•	•	•	
	Deep dive into the Group's public affairs strategy					•
	AI update					•
September	Strategic update	•	•	•	•	
	Battery train visit		•	•		
	Pension, Treasury, Tax and anti-fraud policy updates					•
October	Strategy day – detailed strategy review	•	•	•	•	
	Review of the RATP transaction and open access opportunities		•	•	•	
November	Half year results					•
	Open access approvals		•	•	•	
	Review of whistleblowing					•
January	Budget assumptions					•
	Target operating model review	•				•
	Business presentation from the North and West Yorkshire bus leadership team					•
	Budget review and approval					•
March	Board evaluation					•
	Terms of reference and delegations					•

Compliance with the Corporate Governance Code

C Necessary resources and control framework

The Board has delegated the day-to-day running of the Company to the Chief Executive Officer who, with the Executive Committee, ensures that teams have the necessary resources to meet their objectives.

6 Workforce concerns (known as whistleblowing)

The Board reviews the process and a report covering the matters raised by the workforce twice each year. If a serious concern was substantiated between the reviews, it would be escalated to the Board immediately, rather than waiting until the next report was due.

D Responsibilities and engagement with shareholders and stakeholders

There is a comprehensive programme to engage with shareholders and stakeholders, led by the Executive Directors. The engagement with the different stakeholders is set out in the Strategic report, with the relevant section starting on page 54.

E Workforce policies and practices

The Group has a comprehensive framework of policies and practices that are aligned with the Values and the long-term success of the Company. Examples of the practices are set out within the 'Supporting our people' section of the Strategic report that starts on page 39. The relevant policies are owned by the Human Resources teams and cover the full range of employment issues expected for a diverse workforce.

F Chair leads the Board and is responsible for its effectiveness

The Chair is responsible for leading the Board and its effectiveness. Peter Lynas acted as Chairman from September 2024 until January 2025. The duties are set out in a document published on the Company's website. The Chair reviewed the outputs from the Board effectiveness exercise with the Company Secretary as a precursor to agreeing the areas of focus with the Board.

G Appropriate combination of Executive and Non-Executive Directors

There is an appropriate division of responsibilities between the Executives and Non-Executives. The matters reserved to the Board are clearly defined and the matters reserved to the Board would ensure that any significant potential transaction is put to the Board for approval.

7 Conflicts of interest

The Board reviews all Directors' external appointments twice each year to confirm that they do not create a conflict of interest. If a Director had a conflict in respect of a particular contract or arrangement being considered by the Board, there is a process for the Director to declare that conflict and the Board would decide whether or not it was appropriate for the Director to be involved in discussions on that matter. In most cases, it is likely that the Director would recuse themselves for that item of business.

Board continued

Induction

On appointment, all new Directors receive a comprehensive induction tailored to their experience, background and areas of focus.

The programme is designed to help each new Director become fully effective in their role as quickly as possible and provide them with a good understanding of the Group's businesses, key drivers of operational and financial performance, the role of the Board and its Committees, the approach to corporate governance and the duties and responsibilities of being a Director of a publicly listed company.

The induction programme for Lena Wilson recognised her extensive experience as a Non-executive director and focused on meeting key advisers, shareholders and individuals within the business.

Lena met a number of the largest shareholders in her first few weeks with the Group to understand their views on the business and the opportunities available to the Group.

Meetings were arranged with key external advisers, including the Group's lead audit partner, the corporate brokers and legal advisers.

Lena held one-to-one meetings with each of the Directors and members of the Executive Committee. The meeting with Steve Montgomery included a visit to Lumo Trains in Newcastle to visit its head offices and meet the leadership team. Janette Bell hosted Lena at the Caledonia depot in Glasgow. Lena has also spent time with the GWR team at Paddington.

In addition to the meetings above, Lena has had one-to-one meetings with over a dozen senior leaders in the two divisions and has further meetings arranged for the coming months.

Continuing professional development

From time to time, training sessions are organised for the Board, and in FY 2025 the sessions focused on transition plan requirements and other ESG developments.

From time to time, the Directors attend seminars and round table discussions aligned to their areas of responsibility or interest.

Shareholder engagement

Primary responsibility for shareholder engagement sits with the Executive Directors.

The Executive Directors meet with larger shareholders twice each year, normally shortly after publication of the annual or interim results, and at other times if required. As noted above, Lena Wilson met a number of the top shareholders as part of her induction.

Compliance with the Corporate Governance Code

8 Concerns held by a NED on resignation

No resignations or any such concerns have been raised during the period.

9 Chair independent on appointment

David Martin was independent on appointment. The Board recognises that Mr Martin served as Executive Chair from September 2021 until 30 June 2022. Lena Wilson, appointed on 1 February 2025, was independent on appointment.

10 Identification of independent NEDs

The Board has concluded that Sally Cabrini, Myrtle Dawes, Claire Hawkings, Jane Lodge and Peter Lynas are independent in character and judgement.

11 At least half the Board is independent

Five of the nine Directors (55.6%) are independent and are considered by the Board to be independent.

12 Appointment of Senior Independent Director and review of Chair

Peter Lynas was appointed as the Senior Independent Director on 30 June 2021. During the year, Mr Lynas acted as Chairman in the period of time between David Martin's departure and Lena Wilson joining the Board. Given the timing of the change of Chair, the Board did not review the effectiveness of the Chair, during FY 2025.

13 Non-Executives' role

The Non-Executives hold Executive Directors to account and regularly meet, normally at the conclusion of each Board meeting, without any members of the Executive team. Refer to page 73 for further details.

14 Roles of Chair, Chief Executive and Senior Independent Director and Committee terms of reference

The responsibilities for these roles are set out in writing and the document is available on the Company's website. Each Committee reviewed its terms of reference in March 2025, and recommended changes were approved by the Board. The updated terms of reference for the Committees are also available on the Company's website.

15 See page 83

I The Board, supported by the Company Secretary, should ensure that it has resources to function effectively

16 Access to and appointment of the Company Secretary

The appointment or removal of the Company Secretary is reserved to the Board. Since appointment on 1 April 2022, David Blizzard has worked with the Chair and Committee Chairs to help them discharge their responsibilities.

All Directors have direct access to the Company Secretary, and governance matters are raised with the Board as they arise.

Board continued

Diversity and inclusion

We believe that a diverse workforce that represents the communities in which we operate is vital to the Group's success. We value the differences each colleague brings to their role, making the Group stronger and better able to meet the needs of our customers and the communities in which we operate.

Board diversity

The Group has selected 29 March 2025 as the reference date for the data provided below. Throughout the period under review and on the selected reference date, the Company has complied with the requirements that at least 40% of the Board are women and also at least one member of the Board is from a minority ethnic background, aligned with the Parker Review recommendation.

Following the appointment of Lena Wilson on 1 February 2025, the Company has complied with the external target that at least one of the senior Board positions (Chair, Chief Executive Officer, Senior Independent Director or Chief Financial Officer) is a woman. The Audit Committee, the Remuneration Committee and the Responsible Business Committee are all also chaired by women. The Nomination Committee is committed to a meritocratic appointment process, and as and if any Board role becomes available, it will ensure a diverse longlist of candidates.

There have been no changes to the composition of the Board since 29 March 2025. All Directors and members of the Executive management team are based in the UK and have been willing to freely disclose the information required for the disclosures below. Our approach to collecting the data has been to ask the relevant people for the information.

The required tables reporting on sex/gender and ethnic representation are set out below.

The diversity data for levels below the Board is set out in the Supporting our people section starting on page 39.

Reporting table on sex/gender representation

	FirstGroup plc Board of Directors		Specified senior positions	Executive management (defined as the Executive Committee)	
	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of the executive management
Men	4	44.4%	3	4	80%
Women	5	55.6%	1	1	20%
Not specified/prefer not to say	–	–	–	–	–

Reporting table on ethnicity representation

	FirstGroup plc Board of Directors		Specified senior positions	Executive management (defined as the Executive Committee)	
	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of the executive management
White British or other white (including minority-white groups)	8	88.9%	4	5	100%
Mixed/Multiple ethnic groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	1	11.1%	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

Board continued

Board evaluation

In FY 2024, the Board conducted an external review and this year conducted an internal review.

2024 Board evaluation

In FY 2024, Clare Chalmers conducted an external Board evaluation. The areas of focus for FY 2025 were set out in last year's Annual Report and an update on progress is set out below. The review conducted in respect of FY 2025 provided evidence of progress.

Areas of focus

Further steps to be taken to enhance Board reporting in both the papers and content of the verbal presentations at the meeting	The narrative comments in the 2025 effectiveness review acknowledge improvements made over the last 12 months, with two Directors citing specific improvements with the introduction of a KPI dashboard and a recognition that the heat maps for risk have improved the discussions and the debate. As described below, this will remain an area of focus.
Increase opportunities for the Non-Executive Directors to meet senior leaders below the Executive Committee	Following the evaluation in 2024, there have been opportunities for the Board to meet those below the Executive Committee at each meeting. In 2024, Claire Hawkings and Myrtle Dawes joined the First Connections events to meet some staff on the internal development programmes. In March 2025, Lena Wilson and Sally Cabrini joined the Women@First networking lunch via a Teams call. Additionally, the Board visited the GWR battery train test site at Greenford and met several members of North and West Yorkshire team in January. The narrative comments from the 2025 review acknowledge improvements and a desire to do more.
In light of the potential renationalisation of rail, accelerate continuing discussions on strategic options for the future	The strategic thinking continued at pace in the first half of the year. The earlier than anticipated general election brought issues forward more quickly than expected. The strategy session held in October was recognised by several Directors as being very helpful and the strong execution since then was also recognised in the responses to this year's survey.
Following a complete refresh of the Non-Executives in the period to July 2023, review the succession planning for the Board and Executive Committee during the year	The Chief Executive presented succession plans for the Executive Committee in June 2024. With the Chairman leaving in September, it was agreed that the Board succession planning would be deferred.

2025 Board evaluation

In respect of the FY 2025 evaluation, the Company Secretary was asked to conduct the review. Each of the Directors was asked to complete a questionnaire covering the Board and each Committee. The same broad question set was used in 2025, as in the previous year, and the average score (on a five-point scale) was up slightly at 4.3 (4.2: 2023). Additionally, the Chair discussed the effectiveness of the Board with each of the Non-Executive Directors as part of her induction, and the Company Secretary and Chair prepared a report for discussion at the Board meeting in March 2025.

Strengths

Amongst other things, the report identified the following strengths:

- There was strong alignment on the key strategic issues
- Relationships between the Executives and Non-Executives are generally recognised as being good.
- The findings for the Board Committees are all positive, with strong quantitative scores and positive comments.
- Good oversight and monitoring of the strategic delivery.

Areas of focus

The Board agreed the following areas of focus for FY 2026:

- Quality of papers – further enhancements, with specific clear requests, visual presentation (such as RAG ratings), and generally shorter and more focused papers. There were comments suggesting further improvements, with greater standardisation and shorter clearer requests.
- Increased focus on stakeholders, particularly:
  - Shareholders
  - Customers
  - Employees
  - Suppliers
- Deep dives/spotlights at Board/Board Committee level into key issues and principal risks to support strategic oversight
- Succession/talent management at Board level (to pick up last year's action) and also look at succession for Executive Committee and those reporting to the Executive Committee. Continue finding opportunities to meet members of senior management team below Executive Committee.

Compliance with the Corporate Governance Code

L Annual evaluation process

21 Formal and rigorous annual evaluation

An internal evaluation was conducted in FY 2025 and the process is set out in this report.

22 Act on results of evaluation

The Board agreed actions following the 2024 evaluation and updates are provided on the agreed actions. The areas of focus resulting from the FY 2025 report are set out in this report and the Board intends to report on progress in the Annual Report next year.

Nomination Committee report

Lena Wilson CBE
Chair, Nomination Committee

Main responsibilities

The primary role of the Nomination Committee is to ensure that the Board and its Committees have the appropriate skills, knowledge, experience and diversity to operate effectively and deliver strategy. The Committee is responsible for identifying the skills required, leading the Director appointment process, and considering succession planning for Directors and other senior executives.

The terms of reference are available on the Group's website.

Committee members:

Lena Wilson (Chair)
Sally Cabrini
Myrtle Dawes
Ant Green
Claire Hawkings
Jane Lodge
Peter Lynas

Dear Shareholder,

The main task for the Nomination Committee this year was my appointment. Clearly, all such meetings took place before I joined the Board, and Peter Lynas chaired the Committee for those meetings. Early in the year, the Nomination Committee reviewed the succession plans for the Executive team. The succession plans for the Non-Executive Directors were not reviewed in the second half of the year, as planned, given that former Chair left the business in September.

I am looking forward to working with the Nomination Committee this coming year and we anticipate dedicating time to a detailed review of succession plans to support the delivery of the next stage in the Company's strategic delivery.

Lena Wilson CBE
Chair

10 June 2025

Compliance with the Corporate Governance Code

17 Establish a Nomination committee

The Board has established a Nomination committee and its membership complies with the Code requirements.

18 Annual re-election of all Directors

Following the year end and having reviewed the output from the Board effectiveness review, it was agreed that all Directors would stand for re-election at the Company's AGM in July 2025.

19 Chair's tenure less than nine years

David Martin, the former Chairman, was appointed to the Board in August 2019, and his tenure remained well within the limit set out in the Code until he stepped down in September 2024. Lena Wilson was appointed as Chair of the Board on 1 February 2025.

20 Open advertising/search consultancy for NED roles

An external search consultancy was used for the Chair appointment made during 2024 and the Committee appointed Sam Allen Associates to support the search. The Nomination Committee anticipates that a similar approach would be adopted for future appointments to the Board.

L 21 and 22 see page 81

23 Work of the Nomination Committee

The work of the Nomination Committee is set out in this report.

H Non-Executives have sufficient time to meet responsibilities

The over-boarding policy adopted by the Nomination Committee in 2022 helps ensure that Directors are not too busy to effectively discharge their responsibilities. The high attendance levels at the Board and Committee meetings held during the year also supports this.

15 Time demands considered on new appointments

The over-boarding policy provides guidance which means these issues can be considered consistently and objectively. The table on this page demonstrates that all Directors are in compliance with the policy.

J Appointments subject to a formal, rigorous and transparent process. An effective succession plan should be maintained for the Board and senior management

During the year the Committee undertook a review of succession plans for the senior executive roles in the organisation.

K Board and Committees have combination of skills, experience and knowledge

The Board effectiveness reviews confirmed that the Board and Committees felt they had an appropriate combination of skills, experience and knowledge to discharge their functions. The Directors' key skills are set out in their biographies.

Nomination Committee report continued

Activities during the year

In June 2024, the Nomination Committee considered the Board effectiveness review, the other commitments that the Directors had (in accordance with the over-boarding policy) and recommended to the Board that all Directors standing for re-election had performed well. The Committee reviewed and confirmed the independence of the Non-Executive Directors and recommended to the Board that all Directors should be re-elected at the AGM.

On 26 July 2024, we announced to the market that David Martin had decided to retire from the Board. It was agreed that Peter Lynas would chair the Nomination Committee and lead the search for a new Chair of the Board. The Committee appointed Sam Allen Associates to assist with the search process. The Committee held a formal meeting to consider a longlist of candidates and produced a shortlist for interview. The Committee members interviewed candidates during August and early September. Following another formal meeting of the Committee and the Board, we announced on 11 September the appointment of Lena Wilson. Given other commitments, a start date of 1 February 2025 was agreed.

In March 2025, the Committee reviewed the Board composition and that of the Board Committees in light of the Board evaluation and recommended to the Board that the independent Non-Executive Directors who were not already members of the Audit Committee and Remuneration Committee join them, and these changes were effective from 30 March, the first day of our new financial year. The Committee also considered and recommended to the Board the reappointment of Myrtle Dawes for a further three-year term.

The Executive Directors and the divisional Managing Directors attend meetings by invitation of the Chair. The Committee is supported by the Company Secretary, who has attended all meetings during the year.

Policy on appointments to the Board

The Committee recognises the value that individuals from diverse backgrounds can bring to Board deliberations. The Committee considers diversity in its wider sense, including gender, length of tenure and nationalities. In line with the Committee's diversity policy, when considering the appointment of a new Director, the Committee adopts a formal, rigorous and transparent procedure and due regard is given to ensuring fairness and diversity through the consideration of skills, experience, competencies, sector knowledge, independence and individual characteristics. Prior to any appointment, the Committee evaluates the composition of the Board and, in light of that evaluation, prepares a full description of the role and capabilities required.

In identifying suitable candidates, the Committee:

- uses open advertising or the services of external advisers to facilitate the search
- considers candidates on merit and against objective criteria ensuring appointees have sufficient time to fulfil their Board and Committee responsibilities (giving due consideration to the Company's over-boarding policy described below)
- considers candidates from a wide range of backgrounds

Over-boarding policy

The policy was adopted in 2022 and has been applied when reviewing additional external appointments and will be applied to appointments to the Board. Under the policy, Directors may hold five mandates on publicly listed companies. For the purposes of calculating this limit:

- a non-executive directorship counts as one mandate
- a non-executive chair counts as two mandates
- a position as executive director (or a comparable role) is counted as three mandates

The Company will consider the nature and scope of the various appointments and the companies concerned, and if any exceptional circumstances exist.

The table below shows tenure and total mandates held by the current Directors, including their appointment to the FirstGroup Board.

Position	Members	Appointment date	End of current three-year term	Mandates held[1]
Chair	Lena Wilson	1 February 2025	February 2028	3
Non-Executive Directors	Sally Cabrini	24 January 2020	January 2026	1
	Myrtle Dawes	1 April 2022	April 2028	2
	Claire Hawkings	1 January 2022	January 2028	3
	Jane Lodge	30 June 2021	June 2027	4
	Peter Lynas	30 June 2021	June 2027	2
Employee Director	Ant Green	15 September 2020	March 2027	1
Executive Directors	Graham Sutherland	16 May 2022	N/A	4
	Ryan Mangold	31 May 2019	N/A	3

1 A non-executive directorship on a listed company counts as one mandate; a chairman of a listed company counts as two mandates and a position as an executive director counts as three mandates.

Audit Committee report

Jane Lodge
Chair, Audit Committee

Main responsibilities

The primary role of the Audit Committee is to review and monitor the integrity of the financial reporting by the Company, to review the Group's internal control and risk management systems, to oversee the Group's Internal Audit function, to oversee the relationship with the external auditor and to report to shareholders on its activities.

The terms of reference are available on the Group's website.

Committee members:

Jane Lodge (Chair)
Claire Hawkings
Peter Lynas

Dear Shareholder,

I am delighted to introduce the report from the Audit Committee for the 52 weeks ended 29 March 2025.

The report provides an overview of the activities undertaken by the Committee during the year and explains the significant issues and judgements that the Committee considered during the year and, in particular, when approving this Annual Report.

The Audit Committee has a key governance role and, on behalf of the Board and shareholders, reviews important matters relating to financial reporting, internal controls, risk management and compliance with regulations and legislation.

An overview of the Committee's principal activities and areas of focus during the year, together with the priorities for the year ahead. As part of the half year reporting process, the Committee carefully considered, amongst other things, an assessment that an impairment to the investment in the bus operations was not required, a review of the going concern and viability assessments, a review of the judgements associated with pensions, the insurance and legal exposures, the IFRS 16 lease expiry dates given the Government's plans to nationalise the DfT TOCs adjusting items, and taxation. The Committee also made the required recommendations to the Board.

The primary issues considered at the year end are set out in a table on page 86.

The work on internal controls across the Group which was a priority for this year, has progressed well. The work is ongoing as the new governance regulations come online and we will continue to work on this in the coming year.

We reviewed the Financial Reporting Council's Minimum Standards for Audit Committees and have undertaken activities to meet the requirements.

Jane Lodge
Chair, Audit Committee

10 June 2025

Composition and Committee attendance

The membership of the Committee is set out in the column to the left and attendance is set out on page 77. Jane Lodge and Peter Lynas have recent and relevant financial experience and the requisite competence in accounting. Claire Hawkings, the other member of the Committee, has the necessary skills and financial literacy to discharge her responsibilities.

The Chair of the Board, the Chief Executive Officer, the Chief Financial Officer, the Company Secretary, the Director of Finance, the Head of Internal Audit, the Group Head of Financial Reporting and the external audit partner routinely attend meetings of the Committee. In addition, others are invited to attend all or parts of meetings as required, to provide the Committee with additional insight on relevant matters. Other members of the Board have an open invitation to attend Committee meetings and they did so on a number of occasions during the year. The Committee holds private sessions without management present and regularly meets with the internal and external auditors (again without management present).

Summary of Committee activities throughout the year

The Committee has an extensive agenda of items of business focusing on financial reporting, internal control, risk management, and internal and external audit, in addition to certain standing matters that the Committee considers at each meeting, as well as any specific topical items that arise during the course of the year.

Compliance with the Corporate Governance Code

24 Establish an Audit Committee

The Board has established an Audit Committee. Currently it has three members, all of whom are independent Directors, two of whom (Jane Lodge and Peter Lynas) have recent and relevant financial experience and the requisite competence in accounting to meet the Code requirements. The Committee believes it has sufficient sector-relevant competence to discharge its duties.

25 Committee's role

The Committee's role is summarised in the report that follows. The terms of reference are on the Company's website. The Committee is comfortable that its role meets the Code requirements.

26 Annual Report to describe work of Committee

This report discharges this Code Provision.

Audit Committee report continued

During the year, the Committee fully discharged its responsibilities under the terms of reference, and these broadly fall under three areas:

Accounting, tax and financial reporting

- Reviewed and approved the half year and annual results considering the significant accounting policies, principal estimates and accounting judgements used in their preparation, the transparency and clarity of disclosures and compliance with financial reporting standards
- Reviewed the basis for preparing the half year and full year accounts on a going concern basis with input from the external auditors
- Considered and approved management's assessment of the Group's prospects and longer-term viability contained within the Annual Report
- Received reports from management and the external auditors on accounting, financial reporting regulation and tax issues
- Reviewed and assessed whether the Annual Report, taken as a whole, was fair, balanced and understandable
- Reviewed the Non-Audit Services Policy, Tax Strategy, Treasury Policy and the application of the Adjusted Items Policy
- Reviewed the assumptions such as future growth rates, cash flows and discount rate used in the impairment models and the output from the impairment review
- Reviewed the non-GAAP measures in the Company's reporting
- Reviewed the assumptions used to calculate the pension liabilities

Internal control, risk management and internal audit

- Reviewed the structure and effectiveness of the Group's system of risk management and the related disclosures in the Annual Report and financial statements
- Reviewed the Group's risk management activities undertaken by the divisions and at Group level in order to identify, measure and assess the Group's principal and emerging risks and reviewed the risk appetite statement, developed by management, for recommendation to the Board
- Approved the annual Internal Audit plan and reviewed reports from the Internal Audit team relating to control matters; monitored progress against the plan and any deviations were agreed
- Monitored the Group's insurance arrangements, insured and uninsured claims and material litigation
- Reviewed plans and progress to enhance the internal control environment ahead of expected regulatory and legislative changes

External audit

- Considered and approved the scope, audit plan, terms of engagement and fees for the external audit work to be undertaken in respect of FY 2025
- Received reports from the external auditor on its findings during the half year review and the full year audit
- Considered the objectivity and independence of the external auditor and the effectiveness of the external audit process, taking into account its policies to maintain independence, non-audit work undertaken by the auditors and compliance with the Company's policy on the provision of non-audit services and applicable regulations
- Considered and approved the letters of representation to the external auditors
- Considered and recommended to the Board the reappointment of the external auditor at the AGM

Compliance with the Corporate Governance Code

M Formal transparent policies to ensure independence of audit

The auditors' policies and the Company's Non-Audit Services Policy help ensure the independence of the auditor. The non-audit services policy is reviewed by the Committee on an annual basis and was last reviewed in March 2025.

There is additional commentary on the assessment of the internal auditor on page 89.

Audit Committee report continued

Significant issues and key accounting judgements reviewed during the year

The matters the Committee considers to be significant for the FY 2025 Annual Report and financial statements are as follows:

Significant issues and judgements	How the Audit Committee addressed these issues
Acquisition accounting relating to First Bus London On 28 February 2025, the Group completed its acquisition of London bus operator RATP Dev Transit London Limited. The management team completed a purchase price allocation and acquisition accounting exercise. Key judgements comprised identification and valuation of intangible assets, onerous contract provisions, identification of other liabilities, and tax implications including treatment of brought forward tax losses.	The Committee received accounting judgement papers from the management team and the external auditors. The Committee challenged management's assumptions regarding discount rates used, the classification of goodwill and intangible assets, the magnitude of the onerous contract provision, and the recoverability of deferred tax assets. The Committee considered the disclosure of acquisition accounting exercise as provisional, given the proximity of the transaction date to the Group's year end. The Committee concluded that the acquisition accounting adjustments were reasonable, and the disclosures were appropriate.
National Rail Contract expiry dates During the year, the new Labour Government announced plans to take National Rail Contracts (NRCs) back into public ownership. Judgement relates to the assessment of likely end dates for the NRCs held by the Group's DfT TOCs. This judgement impacts the accounting for useful economic lives of property, plant and equipment, assessment of IFRS 16 lease liabilities, as well as the base case assumptions for the Group's going concern and viability reviews.	The Committee discussed the likely end date with management and the external auditors at several meetings. The Government's NRC timeline proposals for SWR, c2C and Greater Anglia and their implications for subsequent NRCs were considered. The Committee reviewed judgement papers from management and external auditors. In relation to lease liabilities, the Committee considered whether the lessee has "control" over the lease end date and any conditions regarding notice periods. The Committee concluded that management's assumptions were reasonable, and that these had been appropriately incorporated into the going concern and viability reviews.
Pension assumptions and funding The Group participates in a number of defined benefit pension schemes. Management exercises significant judgement when determining the assumptions used to value the pension liabilities as these are particularly sensitive to changes in the underlying assumptions. Scheme valuations were conducted during the year and changes were made to the assumptions which were considered to be in acceptable ranges.	Management engaged with external experts and the Committee considered and challenged the assumptions used for estimating the liabilities. Sensitivity analysis was performed on the key assumptions: inflation, discount rate and mortality. The overall liabilities were assessed for reasonableness. Further detail on pensions is provided in note 35 in the consolidated financial statements.
Going concern and viability The Group regularly prepares an assessment detailing available resources to support the going concern assumption and the long-term viability statements. Management concluded that the financial statements should be prepared on a going concern basis and there were no material uncertainties which require disclosure. We continue to provide essential services to our customers and the communities we serve and anticipate doing so for the foreseeable future.	The Committee reviewed and challenged management's funding forecasts and sensitivity analysis and the impact of various possible downside scenarios, which took into account passenger volume growth in First Bus, Hull Trains and Lumo; DfT TOC NRC contract end dates, the level of performance fees in the Rail Division, and ESG-related risks including climate change. Following the review, which the Committee carried out at its meeting in June 2025, the Committee recommended to the Board the adoption of both the going concern and viability assessment, and the related statements for inclusion in this report.

Audit Committee report continued

Internal control framework/assurance

While the Board retains ultimate responsibility for risk management and the internal control environment, the Committee is responsible for reviewing the robustness and effectiveness of the Group's risk management and internal control systems, including financial, operational, regulatory and compliance controls. Periodic review and ongoing monitoring of risk management and internal control frameworks are essential components of any system of risk management and internal control.

The Committee monitors the Company's risk management and internal control systems and, in addition to periodic reviews by the Committee, the Board undertakes an annual in-depth review of the effectiveness of internal controls, including the operation of financial, operational and compliance controls.

The Committee also guides the Board on the nature and extent of the principal and emerging risks the Company may be willing to take in order to achieve its long-term strategic objectives. The output from this system is the Company's risk appetite policy, which is subsequently reviewed by the Board.

The process the Committee applied in reviewing the effectiveness of the system of risk management and internal control is set out below, together with a summary of the actions that have been or are being taken to improve the overall control environment.

Internal controls

The Committee receives regular updates on the Group's system of internal control, including progress made to the overall programme and conclusions on the design and effectiveness of key controls, mitigating financial, operational and compliance risk. Significant progress has been made to standardise the internal controls framework to give the Committee greater comfort around the effectiveness of the control environment.

During the course of the financial year, any control weaknesses identified through the operation of our risk management and internal control processes were subject to monitoring and resolution in line with our normal business operations. In 2025, no material control weaknesses were identified. Overall, the Committee is satisfied that the Group's internal control framework was operating effectively as at the year end.

The project to set up the ongoing controls assurance in line with regulatory reforms is progressing well, and will continue to be assessed by the Committee. Material financial, operational, compliance and reporting controls have been identified and minor weaknesses addressed. Mitigating alternative controls and processes are in place for any improvements which remain in progress. The attestation methodology is established, and initial testing of material controls will begin in 2027.

Assurance

FirstGroup plc maintains a broad range of assurance over its internal controls through regulatory compliance, governance structures, and oversight mechanisms. This includes internal audits, management reviews, and risk assessments aimed at ensuring key controls are effective in protecting assets, ensuring accurate financial reporting, and meeting legal requirements. As part of the audit process, external auditors provide independent assurance over the accuracy and integrity of financial statements and review the Annual Report. Additionally, Grant Thornton provides independent assurance over the company's climate-related metrics.

Risk management

The Board, through the Committee, is responsible for determining the nature and extent of any significant risks the Group is willing to take in order to achieve its strategic objectives, as well as the nature and extent of the external risk environment.

To fulfil this responsibility, the Committee oversees a Group-wide system of risk management and internal control that identifies and enables management and the Board to evaluate and manage the Group's principal and emerging risks. The system is tailored to the particular needs and risks to which the Company is exposed and is designed to manage rather than eliminate risk. Owing to the limitations inherent in any system of internal control, this system provides robust, but not absolute, assurance against material misstatement or loss.

The Committee assessed the Group's risk management methodology, which is used to identify and manage the principal and emerging risks, as well as the reporting and categorisation of Group risks, and made recommendations for improvement. Changes were implemented with the Committee's oversight. See the Risk management section of the Strategic report starting on page 58 for further information on the Group's risk management system.

The Committee also reviewed the process for assessing the principal and emerging risks that could threaten the Company's business model, future performance, risk appetite, solvency or liquidity to make the long-term viability statement on page 69 and considered the appropriate period for which the Company was viable.

The Company's policies on financial risk management, including the Company's exposure to liquidity risk, credit risk and certain market-based risks, including foreign exchange rates, interest rates and fuel and electricity prices, can be found in note 23 to the consolidated financial statements.

Compliance with the Corporate Governance Code

N Fair, balanced and understandable assessment of prospects

27 The report is fair, balanced and understandable

The Committee, on behalf of the Board, reviews the Annual Report to confirm that it believes it to be fair, balanced and understandable. In addition to its own knowledge and assessment, the Committee takes comfort from the reviews conducted by the Executive Committee, particularly in respect of fairness and balance. The external reviews as part of the preparation and sign-off process give comfort in respect of understandability.

The Board reviewed the Annual Report and each Director confirmed to the best of his or her knowledge that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's and the Group's position and performance, business model and strategy.

O Procedures to oversee internal control framework and identification of principal risks

The procedures are described left.

28 Assessment of emerging and principal risks

The emerging and principal risks are disclosed in the Risk management section of the Strategic report starting on page 58 and the assessment process is also set out in detail in that part of the Annual Report. The Audit Committee reviews the detailed outputs from the work completed by the Executive team.

29 Monitor risk management and internal control

The monitoring of risks together with a description of the internal control system in place is set out in the Strategic report and also within the report from the Audit Committee.

Audit Committee report continued

Key elements of the Group's risk management framework that operated throughout the year are:

- A centrally coordinated internal audit programme to verify that policies and internal control procedures are being correctly implemented and operate to identify any risks at an early stage
- An agreed methodology for ranking the level of risk in each of its business operations and the principal and emerging risks
- Divisions identifying and reviewing their principal and emerging risks, the adequacy of controls for monitoring and managing risks, including and reviews by senior management
- Implementation of appropriate strategies to mitigate principal and emerging risks, including careful internal monitoring, and ensuring external specialists are consulted where necessary
- Updated divisional and Group risks, which are reviewed by the Chief Executive Officer and Chief Financial Officer, are presented to the Executive Committee for assessment on a regular basis
- Reviewing and monitoring the confidential reporting system to allow employees to raise concerns about possible legal, regulatory, financial reporting or any other improprieties
- A Remuneration Policy for executives that motivates them, without delivering excessive benefits or encouraging excessive risk-taking

Twice a year, the Board is presented with an update for its assessment of the principal and emerging risks facing the Group, together with a risk map, highlighting any changes made since the prior update together with the relevant rationale. Each Committee that reports regularly to the Board also provides update on the status of risks considered within its remit.

Financial and business reporting

The Board recognises its responsibility to present a fair, balanced and understandable assessment of the Group's position and prospects in its reporting to shareholders. This responsibility encompasses all published information including, but not limited to, the half year and full year financial statements, regulatory news announcements and other publicly disclosed information.

The quality of the Company's reporting is ensured by having procedures in place for the review of information by management. There are also strict procedures to determine who has authority to release information. A statement of the Directors' responsibilities for preparing the financial statements can be found on page 118.

The Group adopts a financial reporting and information system that complies with generally accepted accounting practice. The Group Finance Manual details the Group's accounting policies and procedures with which subsidiaries must comply. Budgets are prepared by subsidiary company management which are then consolidated into divisional budgets. These are subject to review by both senior management and the Executive Directors followed by formal approval by the Board. Regular forecast updates are completed during the year and compared against actions required. Each subsidiary unit prepares a monthly report of operating performance with a commentary on variances against budget and the prior year, which is reviewed by senior management. Similar reports are prepared at a Group level. KPIs, both financial and operational, are monitored on a weekly basis. In addition, business units participate in strategic reviews, which include consideration of long-term financial projections and the evaluation of business alternatives.

Reviews of internal controls within operating units by Internal Audit have sometimes highlighted control weaknesses, which are discussed with management and, where appropriate, the Committee, and remedial action plans are agreed. Action plans are monitored by Internal Audit and, in some cases, follow-up visits to the operating entity are conducted until such time as the controls that have been put in place are working effectively. No material losses, contingencies or uncertainties that would require disclosure in the Annual Report have been identified during the year by this process.

The Committee, in conjunction with the Executive team, regularly reviews and develops the internal control environment to make continual improvements. No significant internal control failings were identified during the year. Where any gaps were identified, processes were put in place to address them and these are monitored. In addition, as stated above, management intends to continue to improve the standardisation, documentation and testing of internal controls to give the Committee greater comfort around the effectiveness of the control environment.

The process is designed to provide assurance by way of cumulative assessment. It is a risk-based approach.

Compliance with the Corporate Governance Code

30 Going concern basis of accounting

The Audit Committee considered the going concern basis of accounting statement set out on page 70 complies with the Code provision.

31 Assessment of the current position and principal risks/Viability Statement

The principal risks are set out in the Strategic report on pages 60 to 68, together with a description of the risk management processes in place.

The Viability statement complies with the Code Provision and is set out on page 69.

Audit Committee report continued

Internal Audit

The Internal Audit function advises management on the extent to which systems of internal control are adequate and effective to manage business risk, safeguard the Group's resources, and ensure compliance with the Group's policies and legal and regulatory requirements. It provides objective assurance on risk and controls to senior management, the Committee and the Board. Internal Audit's work is focused on the Group's principal and emerging risks.

The mandate and programme of work of the Internal Audit function is considered and approved by the Committee annually and includes a number of internal audits and health checks across the Group's divisions. Findings are reported to relevant operational management and to the Committee. The Internal Audit function follows up on the implementation of recommendations and reports on progress to senior management and to the Committee at each meeting.

The Internal Audit function is a combination of outsourced and insourced resource. The Head of Internal Audit reports functionally to the Chair of the Committee and administratively to the CFO.

The effectiveness of the Internal Audit function's work is continually monitored using a variety of inputs, including the ongoing audit reports received, the Committee's interaction with the function's head, an annual review of the function's internal quality assurance report, a quarterly summary dashboard providing a snapshot of the progress against the Internal Audit plan tabled at each Committee meeting as well as any other ad-hoc quality reporting requested.

Taking all these elements into account, the Committee concluded that the Internal Audit function was an effective provider of assurance over the Company's risks and controls and appropriate resources were available as required.

External audit

External auditor independence and objectivity

PricewaterhouseCoopers LLP (PwC) was appointed the Company's external auditor following a competitive tender process in 2020, and it undertook the FY 2021 audit. Matthew Mullins is the Senior Statutory Auditor.

The independence of the external auditor is essential to the provision of an objective opinion on the true and fair view presented in the financial statements. PwC's independence and objectivity are safeguarded by a number of control measures including:

- Limiting the nature of non-audit services performed by the external auditor
- The external auditor's own internal processes to vet and approve any requests for any non-audit work to be performed by the external auditor
- Monitoring changes in legislation related to auditor independence and objectivity to assist the Company to remain compliant
- The rotation of the lead audit partner after five years
- Independent reporting lines from the external auditor to the Committee and ensuring the external auditor is afforded the opportunity for in-camera sessions with the Committee
- Placing restrictions on the employment by the Group of certain employees of the external auditor
- Providing a confidential helpline that employees can use to report any concerns, including those relating to the relationship between Group employees and the external auditor
- An annual review by the Committee of the policy in place to ensure the objectivity and independence of the external auditor is maintained

Assessing the effectiveness of the external audit process

The Committee, other Board members, senior management in both the corporate functions and within the operations and the Internal Audit team evaluated PwC's performance, and the effectiveness of the external audit process during FY 2025. The Committee also considered the independence and objectivity of PwC. The following factors were considered:

- The quality of the interactions between the audit team and the Committee, other Board members, management and those involved in the preparation of the accounts
- Whether the scope of the audit and the planning process were appropriate for the delivery of an effective audit
- The external auditor's progress achieved against the agreed audit plan and communication of any changes to the plan, including changes in perceived audit risks
- The competence with which the external auditor handled the key accounting and audit judgements and communication of the same with management and the Committee
- The external auditor's compliance with relevant regulatory, ethical and professional guidance on the rotation of partners
- The expertise and resources of the external audit team conducting the audit
- Whether the statutory audit contributed to the integrity of the Group's financial reporting

Taking into account the factors above and feedback from management, members of the Committee and the Board, the Committee concluded that the external audit process and services provided by PwC were satisfactory. The feedback was shared with PwC and any opportunities for improvement will be considered and agreed.

Policy on the provision of non-audit services

The Committee's policy on the use of the external auditor for non-audit services includes the identification of non-audit services that may be provided and those that are prohibited. The policy requires that the external auditor will only be used for non-audit services where regulation permits, the Group benefits in a cost-effective manner and the external auditor maintains the necessary degree of independence and objectivity. The policy provides for a cap on fees for non-audit work of 70% of the average of fees paid to the audit firm over the previous three years for audit services.

The Committee receives regular reports on any non-audit assignments awarded to the external auditor and a breakdown of non-audit fees incurred. The Committee is satisfied that the Company was compliant during the year with both the Code and the FRC's Ethical Standard in respect of the scope and maximum permitted level of fees incurred for non-audit services provided by PwC. Details of amounts paid to the external auditor for audit and non-audit services for the 52 weeks ended 29 March 2025 are set out in note 6 to the consolidated financial statements.

Tax strategy

We believe we have a responsibility to manage our tax affairs in a way that sustainably benefits the customers and communities we serve. We also have a responsibility to shareholders to ensure we pay the right amount of tax and ensure compliance with the tax rules in each country in which we operate. In the UK, HMRC has categorised the Group as low risk given our systems, processes and governance structures. Further information on our tax strategy, which was reviewed by the Committee and subsequently approved by the Board in September 2024, is available on our website. The tax strategy is reviewed annually by the Committee.

Compliance with the Competition and Markets Authority Order

Pursuant to Article 7.1 of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, the Company confirms that it has complied with the provisions during FY 2025, including Part 5 in relation to the role of the Committee.

Responsible Business Committee report

Claire Hawkings
Chair, Responsible Business Committee

Main responsibilities

The Committee has oversight of safety, the people strategy, the environmental impact of the Group's activities, sustainability and community engagement.

The terms of reference are available on the Group's website.

Committee members:

Claire Hawkings (Chair)
Sally Cabrini
Myrtle Dawes
Ant Green
Peter Lynas

Dear Shareholder,

Leading in environmental and social sustainability is a key pillar within the Group's new business strategy, which is overseen and led by our Responsible Business Committee.

The Committee's remit is broad, but has key focus areas: safety; climate and environment; governance; disclosures; and social value covering our people, communities and broader stakeholder groups.

One highlight in the year under review was the publication of our Climate Transition Plan (CTP) in early March 2025. You can read more about the CTP on page 34 of this Annual Report. The publication of our CTP marks a pivotal step in our journey to net zero, providing a clear, science-based roadmap that aligns with the UK's climate goals. This plan is not only a strategic framework but also a demonstration of our commitment to transparency, accountability, and long-term value creation. It sets out how we will decarbonise our operations through targeted investments in zero-emission technologies, electrification of our bus depots, and the deployment of electric and bi-mode rail fleets.

Since 2020, we have already achieved a 27% reduction in Scope 1 and 2 emissions and made meaningful progress on Scope 3. In 2024 over 80% (£108m) of our capital expenditure went to decarbonisation projects. With over 1,115 zero-emission buses in service and three verified net-zero depots, we are delivering tangible results. The Plan also outlines how we are enabling a broader economy-wide transition by promoting modal shift, encouraging more people to choose lower-impact public transport options. This is a critical lever in reducing transport emissions and supporting the UK's net-zero ambitions.

The Group continued to make progress with commitments to its people, communities and diversity and inclusion targets. This was driven by strong activities at local level.

The Committee ensures our responsible business activities are supported by robust plans and performance metrics. Performance reports are shared with the Committee at each meeting and provide an essential mechanism for understanding progress and taking action.

This report focuses on the governance of the Responsible Business Committee and the key governance matters are set out in the paragraphs below.

I look forward to working with the Executive team in the coming year as we continue to implement the four-pillar strategy for the Group.

Claire Hawkings
Chair, Responsible Business Committee

10 June 2025

Membership and attendance

The Committee membership is set out in the column to the left and the attendance records are shown on page 77.

The Company Secretary attended all meetings during the year and, at the invitation of the Committee Chair, the Chair of the Board, the Chief Executive Officer, the Group HR Director, the Director of Corporate Responsibility, the Divisional Managing Directors, the General Counsel and the Head of Internal Audit attended relevant sections of meetings to support the work of the Committee with inputs on their areas of responsibility or expertise.

Meetings during the year

The Responsible Business Committee met on four occasions and in each meeting received a report from the Chief Executive Officer on safety matters. Senior representatives from First Rail and First Bus attended and each presented progress in four areas: safety, people, environment and community.

The Committee oversees the focus on safety performance across the Group, with positive trends in most key indicators. The Committee received detailed reports on significant safety matters and reviewed investigation findings including root causes and corrective action plans. Lessons learnt were also routinely discussed.

In addition, when the Committee met in March 2024 and June 2024 it reviewed the Responsible Business disclosures in the Annual Report for 2024.

In June 2024, the Committee reviewed the Group safety policy and received a report on TCFD alignment and steps being taken to develop a Group-wide CTP.

In September 2024, the Committee received an update on Transition Planning. The Committee also received a briefing on the key considerations for setting new targets following the implications of major divestments. The Committee also reviewed the external recognition from external bodies and areas in which to focus effort to improve any such ratings.

In November 2024, the Committee received an extensive training session on transition planning and the Transition Plan Taskforce from EY.

In January 2025, the Committee met in Leeds. The formal meeting covered a follow-up on the new Group strategy. The Committee also reviewed the Group's ethnic, diversity and inclusion targets and the Group's ethnic and gender pay gap reporting, with noting the Group's commitment to the Parker Review.

In March 2025, the Committee received an update on science-based targets, along with a review of Scope 3 and our supply chain, approved the Group's Safety Policy, and received an update on the publication of the CTP.

Throughout the year, the Committee has worked with the Remuneration Committee to oversee the development of and performance against key performance measures that form part of the variable remuneration of the Executive team.

FY 2026

At the meeting in June 2025, the Committee reviewed the Responsible Business disclosures, the TCFD reporting and reviewed the carbon footprint disclosures and the assurance work undertaken by Grant Thornton. During FY 2026, the Committee will continue to provide oversight on safety, the people strategy, the environmental impact of the Group's activities and our community engagement.

Remuneration Committee report

Sally Cabrini
Chair, Remuneration Committee

Main responsibilities

The Remuneration Committee is primarily responsible for determining the policy for Executive Director remuneration and setting the remuneration for the Chair, the Executive Directors and senior management.

The Committee also reviews wider workforce remuneration, related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive Director remuneration.

The terms of reference are available on the Group's website.

Committee members:

Sally Cabrini (Chair)
Claire Hawkings
Jane Lodge
Peter Lynas

Dear Shareholder,

I am pleased to present the Directors' Remuneration report for the 52 weeks ended 29 March 2025.

The Directors' Remuneration report covers the required regulatory information and provides further context and insight into our pay arrangements for Directors and other Group employees. We set out our key decisions since last year, the assessment of FY 2025 performance and determination of pay, and our approach to ensuring executive pay outcomes are fair in the context of wider employee pay.

FY 2025 was another year in which we have had strong operational and financial performance as well as strong cash conversion for the Group. The strong performance has been driven by successful execution of the Group's strategy, leading to increased profit and further diversification.

With the acquisition of RATP London, now named First Bus London, in February 2025, we now have a c.12% share of the London bus market. First Bus London contributed revenue of c.£23m in FY 2025, and we anticipate annual revenues of £300–350m as the route contracts evolve over the next five years. Adjacent services revenue increased to £270.8m (FY 2024: £219.8m), as a result of contract wins and extensions as well as recent acquisitions of coach companies, further supporting the Group's strategy of growing and diversifying our revenue base.

First Bus passenger volumes increased by c.2% (excluding the extra week in FY 2024). In FY 2025 we had underlying passenger revenue growth of 7% compared with FY 2024, despite a c.£17m reduction in funding. In First Bus we have continued our significant investment in sustainable growth and decarbonisation. At the end of March 2025 we had c.1,115 electric buses in operation (c.20% of our fleet).

In First Rail, open access continues to perform extremely well with strong demand and high-levels of customer satisfaction. Open access revenue increased to £106.4m (FY 2024: £99.8m) and adjusted operating profit of £34.1m (FY 2024: £30.0m). We have also acquired access rights for two new open access services between London Euston and Stirling and London Paddington and South Wales, doubling existing capacity. Following a period of mobilisation we anticipate annual revenue of c.£50m from each of these services.

In First Rail, our Additional services businesses, First Customer Contact, Mistral Data and First Rail Consultancy continue to perform well and will continue to support the DfT TOCs in FY 2026, including TPE, which left the Group in May 2023, and SWR, which we ceased operating on 25 May 2025.

The UK rail and bus industries will see significant change over the next few years as National Rail Contracts move to public ownership as well as a significant increase in bus franchising outside of London. Over the past few years we have worked to transform, grow and diversify our businesses. With a strong balance sheet and leading positions, we are well placed to navigate the industry changes.

Directorate changes

David Martin retired from the Board as Chairman on 10 September 2024. Peter Lynas, Senior Independent Director, acted as Chairman from 10 September 2024 until the appointment of Lena Wilson as Chair on 1 February 2025. Full details of fees paid are set out in the table on page 101.

Principles

The principles that underpin the Committee's approach to executive remuneration are set out in the Directors' Remuneration Policy. Our new Remuneration Policy was put to shareholders for approval at the 2024 AGM and received the support of the vast majority of shareholders. A summary of shareholder voting is on page 108. A summary of the Policy is on pages 109 to 112. The full Policy can be found on the FirstGroup plc website and pages 144 to 155 of the 2024 Annual Report.

Overview of financial performance, operating achievements and strategic progress

FY 2025 has been another year of strong operational and financial performance:

- Group adjusted operating profit increased significantly to £222.8m (FY 2024: £204.3m)
- FY 2025 final dividend of 4.8p recommended in line with the progressive dividend policy
- We completed the £115m share buyback programme in August 2024 and the subsequent £50m programme in March 2025
- We entered the London bus market with the acquisition of RATP London, now named First Bus London
- Revenue and profits from open access rail businesses exceeded expectations

As a Committee, we believe it is imperative to strike the right balance between incentivising the management team, rewarding strong performance and being equitable in the broader context, taking into account the experience of our wider stakeholders, including our employees and shareholders.

We remain committed to our ED&I initiatives, as evidenced by diversity and inclusion metrics in our 2024 and 2025 Long-Term Incentive Plans (LTIPs).

FY 2025 Executive Annual Bonus Plan (EABP): The FY 2025 EABP was based 70% on financial metrics (60% Group adjusted operating profit, 10% Group adjusted cash flow), 30% on non-financial metrics (20% operational scorecard), and 10% on personal objectives.

The Committee carefully considered performance against each of the financial and non-financial targets and then a broader consideration of overall performance. Group adjusted operating profit and cash flow were both between on-target and maximum for an achievement of 87.5% of maximum and 96.4% of maximum, respectively. We introduced an operational scorecard in the FY 2025 EABP, made up of key business priorities. Overall achievement against the operational scorecard was 60% of maximum. In respect of personal objectives, the Committee awarded both Graham Sutherland and Ryan Mangold 80% of maximum.

Remuneration Committee report continued

The formulaic EABP award for the Executive Directors resulted in awards of 82.1% of maximum for both Graham Sutherland and Ryan Mangold. The Committee reviewed the overall outcome in the context of the Group's underlying performance and was satisfied with this level of payout.

Full details of targets and performance achieved are set out on pages 97 and 98.

2022 LTIP: The vesting of the LTIP granted in 2022 was subject to the following performance measures:

- 50% EPS
- 35% relative total shareholder return (TSR) vs FTSE 250
- 7.5% zero emission (ZE) fleet transformation
- 7.5% Scope 1&2 emissions (tCO_2e) reduction

Performance against the 2022 measures is as follows:

- The Company delivered strong earnings growth, with EPS of 19.4p, resulting in 100% vesting under this element (50% of the overall award)
- Relative TSR vs FTSE 250 performance was at the 93rd percentile versus the peer group, resulting in 100% vesting under this element (35% of the overall award)
- The Company outperformed against our ZE fleet transformation target, with a total of 951 new ZE buses by 29 March 2025, resulting in 100% vesting under this element (7.5% of the overall award)
- The Company outperformed against our emissions reduction target, with an outturn of 704,655 tCO_2e, resulting in 100% vesting under this element (7.5% of the overall award)

Therefore, the formulaic vesting of the 2022 LTIP award was 100%. The Committee carefully reviewed the overall formulaic vesting outcome in the context of the Group's underlying financial performance and was satisfied that there was no need to exercise discretion. The shares will be held for an additional two years to provide alignment with our shareholders.

Full details of the 2022 LTIP are set out on page 98.

2024 LTIP: The Committee determined that the 2024 LTIP award made to the CEO, CFO and other senior leaders would be measured against EPS, relative TSR and an ESG Scorecard (comprising two environmental measures and two ED&I measures), over a three-year period.

Full details of targets are set out on page 99.

Remuneration for FY 2026

The Committee carefully considered base salary increases for the Executive Directors holistically, taking into account FY 2026 base salary increases applied to the wider workforce, the competitive market and investor guidance that base salary increases for Executive Directors should be aligned with those provided to the wider workforce.

Therefore, the Committee approved an increase of 2.8% for Graham Sutherland and Ryan Mangold, effective 1 April 2025. See page 102 for more information.

The Executive Directors have an opportunity to receive a maximum of 150% (half of which is deferred into shares for three years) of base salary under the FY 2026 EABP.

The FY 2026 EABP is based on the following metrics:

- 50% Group adjusted operating profit
- 20% Group adjusted cash flow
- 20% operational scorecard
- 10% personal objectives

Details on the metrics are set out on page 102. The Committee considers the forward-looking annual bonus targets to be commercially sensitive, but full disclosure of targets and performance outcome will be set out in next year's Annual report on remuneration.

It is the Committee's intention to make awards under the LTIP this year, and it is anticipated that the approach regarding metrics will be similar to the 2024 LTIP. The 2025 LTIP consists of 50% EPS, 30% relative TSR and 20% on an ESG Scorecard. The targets for these awards are set out on page 102.

Remuneration fairness

As a Remuneration Committee, we consider senior team pay in the context of wider workforce pay, policies and practices, and a number of items are tabled at Committee meetings every year to ensure the approach throughout the Group is fair.

The 'Remuneration in context' section of the report on pages 94 and 95 provides a summary of the items and the factors that the Committee considers when making executive reward decisions.

What the Remuneration Committee has looked at in the last 12 months

The Committee has:

- approved a temporary increase in fees for Peter Lynas in his role acting as Chairman
- approved the fee for Lena Wilson CBE as Chair, effective 1 February 2025
- approved FY 2025 EABP payout for Executive Directors and other senior employees
- determined the vesting of the 2022 LTIP
- reviewed and approved the FY 2025 Directors' Remuneration report
- approved the 2024 LTIP awards
- agreed the FY 2026 EABP approach
- reviewed wider workforce remuneration and related policies
- approved the launch of the 2024 Save as You Earn (SAYE) scheme
- reviewed its terms of reference

Governance

The Committee actively monitors developments in corporate governance and the guidelines produced by shareholders and their representative bodies.

We have provided further details on our approach to pay throughout the Group on pages 94 and 95.

In conclusion

We will continue to monitor governance developments and are committed to maintaining an open and transparent dialogue with our shareholders on executive remuneration. We consider ongoing engagement to be vital in ensuring that our approach to remuneration continues to be aligned with the long-term interests of the Group's shareholders and wider stakeholders.

We welcome the feedback received during the year and hope to receive your support at our upcoming AGM.

Sally Cabrini

Chair, Remuneration Committee

10 June 2025

Remuneration at a glance

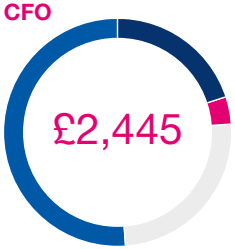
This section summarises the pay our Executive Directors received in FY 2025.

FY 2025 single figure total remuneration (£'000s)

CEO

Base salary	19%
Pensions and benefits	1%
EABP	24%
LTIP	56%

CFO



Base salary	20%
Pensions and benefits	4%
EABP	25%
LTIP	51%

Read more on pages 96 to 98

Shareholding requirement – progress in FY 2025

Requirement

200%

of base salary within 5 years of appointment

At 29 March 2025

CEO 143% **CFO** 715%

FY 2025 single figure total remuneration

FY 2025 Executive Annual Bonus Plan (EABP)

Weighting	Measure	Threshold (0% payment)	Target (50% payment)	Maximum (100% payment)	Outcome as % of maximum award	Link to strategy
60%	**Group adjusted operating profit**				**52.5%**	
	Target	149.2	161.3	177.4		
	Performance		£173.4m			
10%	**Group adjusted cash flow**				**9.6%**	
	Target	110.8	117.6	135.7		
	Performance		£134.4m			
20%	**Operational score card**				**12.0%**	
	Performance		60%			
10%	**Personal objectives**					
	CEO		80%		**8.0%**	
	CFO		80%		**8.0%**	
	Total bonus achieved (as % of maximum)					
	CEO				**82.1%**	
	CFO				**82.1%**	

2022 Long-Term Incentive Plan (LTIP) vesting outcome

Weighting	Measure	Threshold (0% payment)	Maximum (100% payment)	Outcome as % of maximum award	Link to strategy
50%	**EPS**			**100%**	
	Target	9.4	13.6		
	Performance		19.4p		
35%	**Relative TSR**			**100%**	
	Target	Median	Upper quartile		
	Performance		93rd percentile		
7.5%	**ZE Fleet**			**100%**	
	Target	340	550		
	Performance		951		
7.5%	**Emissions Reduction**			**100%**	
	Target	1,030,000	990,000		
	Performance		704,655		
	Total (as % of maximum)			**100%**	

Spend on pay (£m)

- Total employee pay
- Adjusted operating profit
- Distributions to shareholders
- Spend on zero emission vehicles
- Total Executive Director Pay

Key to our strategic pillars

Deliver day in, day out

Drive modal shift

Lead in environmental and social sustainability

Diversify our portfolio

Remuneration in context

In setting the remuneration for Executive Directors, the Committee takes account of the overall approach to rewarding employees across the Group. Due to the varied nature of the operations of our divisions and their respective employment markets, we have a range of remuneration practices across the organisation. These are designed to be relevant to each individual market. Almost 85% of our employees are covered by collective bargaining arrangements.

A number of items are tabled at Committee meetings each year to ensure the approach throughout the organisation is consistent and fair:

- A report summarising wider workforce pay policies and practices, with updates provided on a regular basis
- Gender and ethnicity pay gap reports, including statistics from each UK reporting entity
- The actions management is taking to improve diversity in the workforce and close pay gaps where they exist
- The CEO pay ratio and underlying statistics

The table on page 95 (Wider workforce remuneration) summarises the approach to pay at FirstGroup. The main difference between the structure of our most senior employees' remuneration and that of the wider workforce is that senior employee remuneration is more heavily weighted to variable pay, linked to business performance.

Treating our people fairly

Effective 1 April 2024, First Bus became a Real Living Wage employer. As a result, on 1 April 2025, any colleague on hourly pay below £12.60 had their pay increased to £12.60, in line with the recent announcement from the Living Wage Foundation. Outside the accreditation requirements, we have committed to pay all apprentices the Real Living Wage by 1 April 2026.

We have varied approaches to pay across the Group. The approach to pay rises for non-collectively bargained employees in First Bus has been to position the salary increase budget to have a greater impact on lower earners in recent years.

In addition to base salary, we also offer other benefits to our employees, including extensive retail discounts through our shopping portal and discounts of 4-5% at several large supermarkets. In FY 2025, colleagues saved over £521,600 on their shopping bills.

For FY 2025, we continued the annual invitation to the SAYE scheme, which allows colleagues to purchase discounted shares at the end of a three-year savings contract. We had applications for c.10 million options from c.3,000 applicants in FY 2025, and will be launching the scheme again for FY 2026.

TOCs provide free travel for employees and their families across their own network. First Bus provides employees and their families with free travel on the First Bus network. All employees, regardless of employer, receive discounted rail travel across our network. All employees have access to our Employee Assistance Programme which, among other things, provides free, individual and confidential financial advice.

We have two healthcare benefit schemes that are available to all of our First Bus colleagues. The Simply Health scheme allows First Bus colleagues to claim back healthcare costs, including optical, dental and muscular health, as well as contributions for health diagnostics. The SmartHealth scheme is a free app that provides access to a number of services, including GP appointments, mental health support, second medical opinion, nutrition advice, fitness plans and health checks.

Employee engagement

While the Committee does not formally consult with employees on Executive Director remuneration, a number of different mechanisms are in place to gather feedback and insights from employees across a range of issues.

Information on how we engage our employees is set out on page 55.

The Group also engaged with its workforce through our Employee Directors. The Group Employee Director is invited to attend all of the Committee's meetings, and regularly does so. Our Committee Chair, Sally Cabrini, attended the Employee Director Forum meeting in September 2024 to explain how executive remuneration is structured and answered questions.

The Committee believes that it is important for our employees to understand how the remuneration of our Executive Directors is determined and utilises the different communication channels operating across the Group to ensure our employees are aware of the information available in the Directors' Remuneration report.

Remuneration in context continued

Wider workforce remuneration

Eligibility	Element	Overview
All employees (c.30,000)	Base salary	■ Base salaries are reviewed annually ■ When considering salary for Executive Directors and Executive Committee members, the Committee considers increases available to the wider workforce
	Pension	■ We are committed to helping our colleagues save for retirement through a variety of Company pension arrangements, designed in line with market practice. We operate a number of different pension plans, including defined benefit pension schemes, that reflect the history and requirements of our various businesses
	All-employee share scheme	■ All UK employees with at least six months of service are eligible to participate in our HMRC-approved all-employee share plans. Under SAYE, eligible employees can make monthly savings over a period of three years, with the option to purchase FirstGroup shares at a discount of up to 20% of the market value of shares on grant. Under Buy as You Earn (BAYE), our Share Incentive Plan (SIP), eligible employees can purchase shares from their pre-tax salary and become shareholders in the Company
	Benefits	■ Our Employee Assistance Programme offers all employees access to free, 24/7 confidential telephone, online and face-to-face advice for problems they may be experiencing at home or work. Other benefits include discounted travel on our rail and bus services, discounts on shopping, entertainment and eating out ■ Our larger businesses have dedicated in-house Occupational Health teams and our other businesses use external specialist advisers to support employees with health problems that may affect performance ■ All divisions run workplace health and wellbeing programmes to support employees in staying fit and healthy
Senior executives and management (c.1,250)	Annual bonus	■ Senior executives and management population – incentivises successful execution of our business strategy and operational goals with participants, including both corporate centre and divisional roles ■ Our TOC businesses also offer commission schemes for Customer Hosts, Guards and Revenue Protection staff to drive revenue
Senior executives (c.120)	LTIP	■ Senior executives with sufficient line of sight to drive long-term sustained value creation for our shareholders
Executive Committee and Executive Directors (5)	Shareholding guidelines	■ Senior executives are required to hold a material percentage of their salary in Company shares within five years of appointment, ensuring alignment with the shareholder experience

Strategic alignment of remuneration

The table below sets out how each of the performance metrics used in our incentive plans for FY 2025 is aligned to the Company's strategy. See pages 13 to 16 for more information on our strategy.

	Measure	Deliver day in, day out	Drive modal shift	Lead in environmental and social sustainability	Diversify our portfolio
EABP[1]	Group adjusted operating profit	●	●		●
	Group adjusted cash flow	●	●		●
	Operational performance	●	●	●	●
	Personal objectives	●	●	●	●
LTIP	EPS	●	●		●
	Relative TSR	●			
	ESG Scorecard	●	●	●	

1 The Remuneration Committee makes a holistic safety assessment at each year end, which can reduce the formulaic outturn to reflect safety performance.

Annual report on remuneration

The annual report on remuneration sets out

- Directors' remuneration for FY 2025, on pages 96 to 101
- The statement of the planned implementation of policy in FY 2026, on page 102

This part of the Directors' Remuneration report has been prepared in accordance with Part 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). The annual report on remuneration and Chair's statement will be put to an advisory shareholder vote at the 2025 AGM.

Single total figure of remuneration for Executive Directors (audited)

	Salaries	Taxable benefits	Pension	Total fixed remuneration	Annual bonus cash	Annual bonus value of deferred shares	LTIP[1,2]	Other[3,4]	Total variable remuneration	Total remuneration
Graham Sutherland – CEO										
FY 2025 £'000s	**589**	**1**	**29**	**619**	**363**	**363**	**1,709**	**1**	**2,436**	**3,055**
FY 2024 £'000s	567	1	28	596	399	399	–	4	802	1,398
Ryan Mangold – CFO										
FY 2025 £'000s	**494**	**14**	**74**	**582**	**304**	**304**	**1,254**	**1**	**1,863**	**2,445**
FY 2024 £'000s	475	14	71	560	335	335	1,650	4	2,324	2,884

1 The value of the 2022 LTIP, which had a three-year performance period ending 29 March 2025, was calculated using the average share price over the last three months of FY 2025 (164.7p). In line with reporting requirements, the LTIP values include dividend equivalent amounts of £106,985 and £78,515 for the Chief Executive Officer and Chief Financial Officer, respectively. £501,963 and £368,383 of the value for the Chief Executive Officer and Chief Financial Officer, respectively, is attributed to share price growth as the share price at award was 113.1p in 2022.

2 The value for FY 2024 relates to the 2021 LTIP, which had a three-year performance period ending 30 March 2024. The value of Ryan Mangold's 2021 LTIP reported in the 2024 report (£1.623m) was an estimate based on the average share price over the last three months of FY 2024 (167.3p). The actual value of the 2021 LTIP on the 2 August 2024 vesting date was £1.650m (based on adjusted closing share price of 166.2p); this includes actual dividend equivalents received of £97,164.

3 Graham Sutherland and Ryan Mangold both participate in the 2024 SAYE scheme. More detail on the scheme can be found on page 95. The value of their options under the 2024 scheme has been valued as the number of options subscribed for, multiplied by the difference between the closing share price on the date before grant (153.4p) and the option price (123.0p), which is a 20% discount.

4 Graham Sutherland and Ryan Mangold both participate in the 2023 SAYE scheme. More detail on the scheme can be found on page 95. The value of their options under the 2023 scheme has been valued as the number of options subscribed for, multiplied by the difference between the closing share price on the date before grant (137.6p) and the option price (111.0p), which is a 20% discount.

More detail can be found on pages 96 to 98.

Benefits (audited)

Benefits for Executive Directors include the provision of a company car allowance and private medical cover. Graham Sutherland's benefits for the year comprised £911 for UK private medical insurance. Ryan Mangold's benefits for the year comprised a £12,000 car allowance and £2,279 for UK private medical insurance.

Pension (audited)

Graham Sutherland received a pension allowance of 5% of his base salary, £29,460. Ryan Mangold received a pension allowance of 15% of his base salary, £74,145.

We operate a number of different pension arrangements across the Group, including defined benefit pension schemes. No Director has a prospective benefit under a defined benefit pension.

Annual report on remuneration continued

FY 2025 performance and reward decisions

As a Committee, we believe it is imperative to strike the right balance between incentivising the management team, rewarding strong performance, and being equitable in the broader context.

When assessing the performance of the Executive Directors, the Remuneration Committee takes a broad view of financial performance delivered, the shareholder experience and the outcome for the Company's stakeholders, including customers, employees and the communities in which we operate. When considering remuneration outcomes, the Committee takes into account performance against specific metrics on safety, including workplace fatalities and injuries, and customer satisfaction, as well as environmental, social and governance matters such as significant environmental incidents, large or serial fines or sanctions from regulatory bodies, and significant adverse legal judgements or settlements. The Committee has broad discretion to ensure incentive outcomes are appropriate.

FY 2025 Executive Directors' annual bonus (audited)

For FY 2025, the annual bonus maximum opportunity was 150% of salary for both Executive Directors. As in previous years, the EABP aimed to incentivise improved performance against a range of financial and non-financial metrics. The structure of the bonus was weighted so that 70% was based on financial metrics and 30% on non-financial metrics. The Committee retains overriding discretion to adjust the overall bonus outturn (including to £nil) if a serious safety failing or deterioration is identified.

The chart below sets out the targets, performance achieved and corresponding bonus outturns on a formulaic basis against the financial and qualitative targets.

FY 2025 annual bonus outcome

Measure	Weighting	Threshold: 0%	On target: 50%	Maximum: 100%	Outturn	Bonus achievement	Payout %
Group adjusted operating profit (pre-IFRS 16 basis)[1]	60%	£149.2m	£161.3m	£177.4m	£173.4m	87.5%	52.5%
Group adjusted cash flow[2]	10%	£110.8m	£117.6m	£135.7m	£134.4m	96.4%	9.6%
Operational scorecard:							
First Bus Net Promoter Score	3.5%	12.4	13.4	14.4	6.3	0%	0%
First Bus employee engagement score	3.5%	60%	62%	64%	64%	100%	3.5%
First Bus overall fleet MPG	3.0%	7.9	8.0	8.1	8.2	100%	3.0%
First Rail average TOC scorecard score	10%	<2	2	3	2.1	55%	5.5%
Personal objectives	10%	N/A	N/A	N/A	See below	80%	8%

1 Group adjusted operating profit is assessed on a pre-IFRS 16 basis, as this more appropriately reflects the underlying risk given that the majority of IFRS 16 impacts are not for our account. Pre-IFRS 16 basis is readily understood by management teams and is used in banking covenants. Group operating profit post-IFRS 16 is £222.8m. See note 4 for the reconciliation.

2 Group adjusted cash flow is assessed from continuing operations on a pre-IFRS 16 basis. It excludes growth investments (-£138.5m), interest and tax (-£1.7m), North America cash flows (-£11.3m), dividends to shareholders (-£34.2m), and share buyback (-£91.8m).

Personal objectives

The Committee considered performance against personal strategic objectives for both Graham Sutherland and Ryan Mangold. The Committee sought feedback from the Chair of the Board and the Senior Independent Director in determining the achievement of the personal objectives element of the EABP for Graham Sutherland. It was noted that Graham Sutherland has had a strong year as CEO, where he has overseen strong financial performance ahead of market and the completion of five acquisitions in the year. Some specific achievements include:

- Strong progress in diversifying our portfolio, including leading on the successful completion of the RATP London acquisition, where we entered the London bus market with c.12% share as well as the acquisition of track access rights for two new open access services
- Significant progress towards our commitment for a 100% zero emission commercial bus fleet by 2035 with c.20% of our fleet now zero emission

Ryan Mangold has shown strong personal performance in the year. Some specific achievements include:

- Significant developments on pension fund objectives, including fully discharging our remaining legacy Greyhound positions
- Strong performance in leading on financial aspects of the five acquisitions completed in the year

As noted in the Chief Executive Officer's review, performance on the financial measures was strong for the Group as a whole. There was also strong performance in respect of the non-financial measures (as detailed above). The Committee determined that Graham and Ryan had delivered their personal objectives to a high standard. The Committee accordingly awarded both Graham Sutherland and Ryan Mangold 8% out of a possible 10% for their personal objectives.

Annual report on remuneration continued

Taking into account the above outcomes, the formulaic EABP award for both Graham Sutherland and Ryan Mangold resulted in a potential award of 82.1% of the maximum. The Committee considered this formulaic performance in the context of the Group's wider performance and decided that it did not need to exercise any discretion to reduce this outcome. Under the approved policy, 50% of the award is normally paid in cash, with 50% deferred into shares (deferred share awards vest after three years, subject to continued employment, and are not subject to any further performance conditions).

The overall bonus payout for FY 2025 was therefore as follows:

	Graham Sutherland	Ryan Mangold
Maximum EABP opportunity (% of salary)	150%	150%
EABP achieved (as % of maximum)	82.1%	82.1%
EABP (% of salary)	123.2%	123.2%
Total EABP	£725,600	£608,730
EABP – Cash	£362,800	£304,365
EABP – Deferred shares	£362,800	£304,365

Long-Term Incentive Plan

The vesting of 2022 LTIP awards was subject to achieving the following performance conditions over a three-year performance period ending 29 March 2025.

Vesting of 2022 Long-Term Incentive Awards (audited)

Metrics	Weighting	Threshold: 20%	Maximum: 100%	Outturn	% of award which vested
EPS	50%	9.4p	13.6p	19.4p	100%
Relative TSR vs FTSE 250	35%	Median	Upper quartile	93rd percentile	100%
Sustainability Scorecard					
ZE fleet (# vehicles)	7.5%	340	550	951	100%
Emissions reduction: Scope 1&2 emissions (tCO_2e) reduction	7.5%	1,030,000	990,000	704,655	100%
Total					100%

As a result of this outcome, awards vested as follows:

Executive Director	Total number of shares granted	Proportion of award vesting (% max)	Face value of shares vesting (£'000)[1]	Value attributable to share price movement (£'000)[2]	Value of dividend equivalents due (£'000)	Value of resultant award (£'000)
Graham Sutherland	972,590	100%	£1,602	£502	£107	£1,709
Ryan Mangold	713,770	100%	£1,176	£368	£79	£1,254

1 The face value of the 2022 LTIP at vesting has been calculated based on the average share price over the last three months of FY 2025 (164.7p).
2 At vesting, £501,963 and £368,383 of the value for Graham Sutherland and Ryan Mangold, respectively, is attributed to share price growth (the share price at award was 113.1p in 2022).

Annual report on remuneration continued

Long-Term Incentive Awards made during the year

The Committee determined that the 2024 awards would be measured against EPS, relative TSR and an ESG Scorecard (comprising two environmental measures and two diversity and inclusion metrics), over a three-year period. The measures of the 2024 LTIP are consistent with our recent LTIP awards. The only difference is the inclusion of two diversity and inclusion metrics, aligned with our strategy.

Awards were made in June 2024 and are subject to an additional two-year holding period as well as malus and clawback. Before an award vests, the Committee must be satisfied that the underlying performance of the Group is satisfactory and has the ability to amend the formulaic vesting outcome if it believes this is appropriate. The Committee believes that having a performance override is an important feature of the plan, as it mitigates the risk of unwarranted vesting outcomes.

The targets in the 2024 LTIP were set based on information known at the time. The Committee is mindful of the impact that renationalisation of the DfT TOCs may have on the 2024 LTIP targets. The Committee will consider if any adjustments to the 2024 LTIP (either positive or negative) are necessary due to factors outside of management's control. Full disclosure of any adjustments made will be provided in the relevant remuneration report.

Details of the performance metrics, targets and comparator group for the 2024 LTIP awards are set out below.

2024 Long-Term Incentive Plan performance metrics (audited)

			ESG Scorecard			
	Adjusted EPS[2]	Relative TSR vs FTSE 250[3]	Additional ZE[4] buses in service/on order by 31 March 2027	Scope 1&2 emissions (tCO_2e)[5] reduction[6]	Gender diversity in senior leadership	Ethnic diversity in senior leadership
Weighting	50%	30%	7.5%	7.5%	2.5%	2.5%
Threshold (20% vesting)[1]	16.7p	Median	700	24%	37.4%	8.2%
Maximum (100% vesting)	21.4p	Upper quartile	990	26%	38.7%	9.6%

1 Vesting will be on a straight-line basis between threshold and maximum.
2 EPS will be assessed on a pre-IFRS 16 basis, as this aligns with how performance is measured internally and is most readily understood by management teams (Group adjusted operating profit in the EABP is measured on a pre-IFRS 16 basis for the same reason). A reconciliation from IAS 17 to post-IFRS 16 EPS will be included in the FY 2027 Directors' Remuneration report so as to provide clarity between the LTIP targets and achievement relative to the reported EPS on a statutory basis.
3 Relative TSR will be assessed against the FTSE 250 Index, excluding investment trusts.
4 Zero emission.
5 Tonnes of carbon dioxide equivalent (tCO_2e).
6 From SBT base year 2020.

An LTIP award of 200% and 175% of salary were granted to Graham Sutherland and Ryan Mangold, respectively, on 12 June 2024.

Annual report on remuneration continued

2024 Long-Term Incentive Plan grants (audited)

Details of Graham Sutherland's and Ryan Mangold's awards (granted in the form of conditional share awards) are set out below:

Executive Director	Share price at date of grant[1]	Face value (% of base salary)	Number of shares awarded	Face value of award	% of award which vests at threshold	Performance period
Graham Sutherland	164.8p	200%	715,048	£1,178,400	20%	1.4.24 – 31.3.27
Ryan Mangold	164.8p	175%	524,893	£865,025	20%	1.4.24 – 31.3.27

1 The share price at grant for the LTIP awards is closing mid-market share price for the day preceding the grant date.

As is normal practice, the Committee will ensure that any vesting is appropriate in the context of underlying financial performance and the experience of our wider stakeholders. The Committee retains the ability to apply discretion in the event that the value at vesting is considered to be an unjustified windfall gain taking into account the performance of the Group.

Directorate changes

David Martin retired from the Board and his position as Chairman on 10 September 2024. Peter Lynas, Senior Independent Director, acted as Chairman from 10 September 2024 until 1 February 2025 at which time he returned to his role as Senior Independent Director. He received an additional fee of £22,005 (see page 101 for further details.

Lena Wilson was appointed to the Board and became Chair on 1 February 2025. Lena's fee was set at £290,000, 10% lower than the previous Chairman's. Lena's fees are commensurate with a Group that is now focused on UK public transport operations.

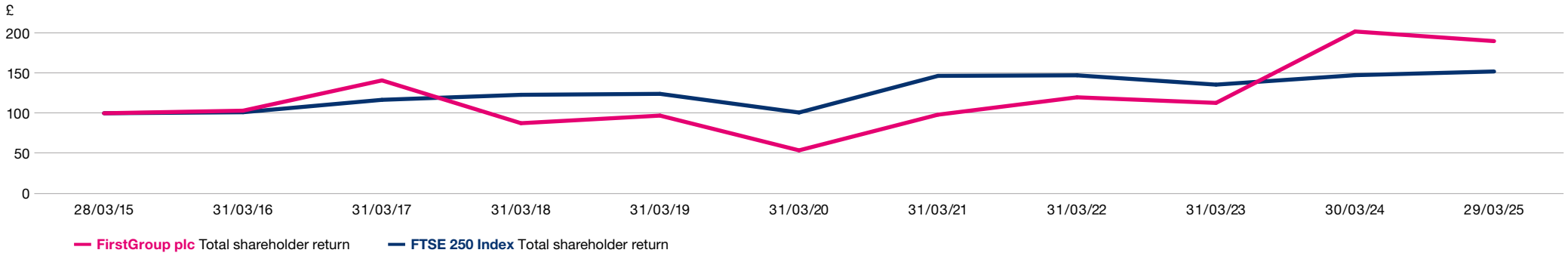
Payments for loss of office (audited)

No payments for loss of office were made during FY 2025.

Payments to past Directors (audited)

No payments to past Directors were made during FY 2025.

Performance graphs



The graph above shows the TSR performance of £100 invested in FirstGroup plc shares over the past ten years compared with an equivalent investment in the FTSE 250. The FTSE 250 Index has been selected as it provides an established and broad-based index, of which the Company is a constituent.

Annual report on remuneration continued

Remuneration of the Chief Executive Officer

The table below shows the total remuneration figure for the Chief Executive Officer, during each of the past ten years. The total remuneration figure includes the annual bonus and LTIP awards that vested based on performance in those years. The annual bonus percentages show the payout for each year as a percentage of the maximum.

	2016 Tim O'Toole	2017 Tim O'Toole	2018 Tim O'Toole	2019 Tim O'Toole	2019 Wolfhart Hauser	2019 Matthew Gregory	2020 Matthew Gregory	2021 Matthew Gregory	2022 Matthew Gregory	2022 David Martin	2023 David Martin	2023 Graham Sutherland	2024 Graham Sutherland	2025 Graham Sutherland
Total remuneration (£'000s)	1,243	1,267	1,100	175[3]	266[4]	422[5]	788	840	2,246[6]	320[7]	134[8]	1,191[9]	1,398	3,055
EABP (% of maximum potential)	15.9	–[1]	–[2]	–	N/A	33.4	–	–	97	N/A	N/A	94	94	82.1
LTIP vesting (% of maximum potential)	–	16.3	–	–	N/A	12.5	12	14.6	88.5	N/A	N/A	–	–	100

1 No EABP was paid to Tim O'Toole in 2017. He received a conditional deferred share award instead.
2 No EABP was paid to Tim O'Toole in 2018.
3 Remuneration for Tim O'Toole until he stepped down as CEO on 31 May 2018. Tim O'Toole was not eligible for an annual bonus or LTIP awards.
4 Remuneration for Wolfhart Hauser for his period as Executive Chairman, 1 June to 12 November 2018. Wolfhart Hauser was not eligible for EABP or LTIP awards.
5 Remuneration for Matthew Gregory as Chief Executive from 13 November 2018 to 31 March 2019.
6 Remuneration for Matthew Gregory as Chief Executive from 1 April 2021 to 13 September 2021.
7 Remuneration for David Martin for his period as Interim Executive Chairman from 13 September 2021. David Martin was not eligible for EABP or LTIP awards.
8 Remuneration for David Martin for his period as Interim Executive Chairman until 30 June 2022. David Martin was not eligible for EABP or LTIP awards.
9 Remuneration of Graham Sutherland from his appointment as Chief Executive Officer on 16 May 2022. Salary and EABP have been pro-rated for time served.

Chair and Non-Executive Directors' fees (audited)

NED fees were increased by 4% effective 1 April 2024, resulting in NEDs' fees of £62,130 p.a. with additional fees of £12,860 p.a. payable to the Senior Independent Director and the Chairs of the Audit, Responsible Business and Remuneration Committees. From 1 April 2025 NED fees increased by 2.8%, taking the basic fee to £63,870 and additional fee for the Committee Chairs and Senior Independent Director to £13,220.

	FY 2025					FY 2024				
£'000	Basic fee	Committee Chair	SID	Taxable benefits[1]	Total	Basic fee	Committee Chair	SID	Taxable benefits[1]	Total
Lena Wilson[2]	**48**	**–**	**–**	**4**	**52**	N/A	N/A	N/A	N/A	N/A
David Martin[3]	**142**	**–**	**–**	**14**	**156**	310	–	–	30	340
Sally Cabrini	**62**	**13**	**–**	**3**	**78**	60	12	–	2	74
Myrtle Dawes	**62**	**–**	**–**	**9**	**71**	60	–	–	6	66
Claire Hawkings	**62**	**13**	**–**	**2**	**77**	60	12	–	2	74
Jane Lodge	**62**	**13**	**–**	**6**	**81**	60	12	–	4	76
Peter Lynas[4]	**84**	**–**	**13**	**2**	**99**	60	–	12	1	73
Anthony Green[5]	**62**	**–**	**–**	**–**	**62**	60	–	–	–	60

1 The Company meets all reasonable travel, subsistence, accommodation and other expenses, including any tax where such expenses are deemed taxable, incurred by the Chair of the Board and NEDs in the course of performing their duties.
2 Lena Wilson was appointed to the Board as Chair on 1 February 2025, with a fee of £290,000, and her fees for FY 2025 were pro-rated. Lena Wilson's annual fee represents a 10% decrease in fee from the former Chairman, David Martin. The fee she receives is commensurate with a Group now focused on UK public transport operations.
3 David Martin retired from the Board and his position of Chairman on 10 September 2024 and his fees were pro-rated.
4 Peter Lynas, Senior Independent Director, acted as Chairman from 10 September 2024 until the appointment of Lena Wilson on 1 February 2025. For this period, he was paid an additional fee of £22,005, bringing his total fees to £96,995.
5 Anthony Green was appointed as Group Employee Director on 15 September 2020. In addition to his fee as Group Employee Director, Anthony Green received earnings from the Group as an employee amounting to £29,810 in FY 2024 and £32,024 in FY 2025.

Annual report on remuneration continued

Implementation of Remuneration Policy for FY 2026

Annual base salary

The Committee carefully considered base salary increases for the Executive Directors holistically, taking into account FY 2026 base salary increases applied to the wider workforce (see page 94 for more information), investor guidance, the Group's strong performance in FY 2025 as well as the macroeconomic environment.

The Committee decided it would be appropriate to award a base salary increase of 2.8% for Graham Sutherland and Ryan Mangold, increasing their base salary to £605,700 and £508,200, respectively, from 1 April 2025.

FY 2026 Executive Directors' annual bonus

For FY 2026, the EABP will continue to incentivise improved performance against a range of financial and non-financial metrics. The financial targets are set by the Committee based on a number of factors such as the Group's business plan, individual business unit level performance, consensus and expectations for FY 2026. Changes from FY 2025 include a change in the weighting of the Group adjusted operating profit from 60% to 50% and of the Group adjusted cash flow from 10% to 20%, as well as the addition of a First Rail open access operational metric to reflect the future of our rail business. The precise measures under the operational scorecard may change each year depending on annual business priorities. The performance measures for FY 2026 are:

Measure	Weighting
Group adjusted operating profit (pre-IFRS 16)	50%
Group adjusted cash flow	20%
Operational scorecard:	
First Bus Net Promoter Score	3.5%
First Bus employee engagement score	3.5%
First Bus overall fleet MPG	3.0%
First Rail average TOC scorecard score	5%
First Rail open access TOC on self cancellations	5%
Personal objectives	10%

The targets for FY 2026 will be disclosed in next year's report when they are no longer commercially sensitive.

The FY 2026 annual bonus maximum and threshold levels of bonus as a percentage of base salary will be as follows:

Executive Director	Maximum	Threshold
Graham Sutherland	150%	0%
Ryan Mangold	150%	0%

All payouts will be subject to the Committee's discretion as well as malus and clawback provisions. 50% of any bonus earned will be deferred into the Company's shares for three years, conditional upon continued employment. The Committee has demonstrated, in assessing bonus outcomes, including in respect of FY 2021 and FY 2020, that it is prepared to set aside the formulaic outcome and reduce awards or introduce a further condition, to ensure that business performance or the impact of a significant event is properly reflected.

2025 Long-Term Incentive Awards

It is the Committee's intention to make awards under the LTIP this year. Awards of 200% and 175% of salary will be made to the Chief Executive Officer and Chief Financial Officer, respectively. The measures of the 2025 LTIP will be consistent with the 2024 LTIP.

Details of the performance metrics, targets and comparator group for the 2025 LTIP awards are set out below. The Committee is mindful of the importance of ensuring that any awards under the 2025 LTIP are aligned with shareholder value. Therefore, given the renationalisation of the DfT TOCs, which will remove the equivalent of 6.6p from our FY 2025 EPS outturn of 19.4p, the Committee has set the EPS target range from 17.5p to 21.5p.

			ESG Scorecard			
	Adjusted EPS	Relative TSR vs FTSE 250[2]	Additional ZE[4] buses in service/ on order by 31 March 2028	Scope 1&2 emissions (tCO_2e)[5] reduction[6]	Gender diversity in senior leadership	Ethnic diversity in senior leadership
Weighting	50%	30%	7.5%	7.5%	2.5%	2.5%
Threshold (20% vesting)[1]	17.5p	Median	590	29% reduction	38.7%	9.6%
Maximum (100% vesting)	21.5p	Upper quartile	890	34% reduction	40.0%	11.0%

1 Vesting will be on a straight-line basis between threshold and maximum.
2 Relative TSR will be assessed against the FTSE 250 Index (excluding Investment Trusts).
4 Zero emission.
5 Tonnes of carbon dioxide equivalent (tCO_2e).
6 From SBT base year 2020.

Annual report on remuneration continued

Directors' interests in share awards (audited)

The outstanding LTIP, deferred share bonus awards of Directors are set out in the table below. There have been no changes to the terms of any share awards granted to Directors.

Director	Plan[1]	Date of grant	Number of shares under award as at 31.03.24	During year: Awards granted	During year: Awards exercised	During year: Awards lapsed	Number of shares under award as at 29.03.25[2]	Exercise price (£)	Face value of awards (£)[3]	Date on which awards vest/ become exercisable[4]	Expiry date
Graham Sutherland	LTIP	18.08.22	972,590	–	–	–	972,590	nil	1,100,000	18.08.25	N/A
		09.06.23	838,017	–	–	–	838,017	nil	1,133,000	09.06.26	N/A
		12.06.24	–	715,048	–	–	715,048	nil	1,178,400	12.06.27	N/A
	Deferred bonus shares	09.06.23	252,191		–	–	252,191	nil	340,963	09.06.26	N/A
		12.06.24	–	242,343	–	–	242,343	nil	399,381	12.06.27	N/A
	SAYE	13.07.23	13,621		–	–	13,621	1.11	18,743	01.09.26	01.03.27
		11.07.24	–	2,413	–	–	2,413	1.23	3,701	01.09.27	01.03.28
Ryan Mangold	LTIP	02.08.21	934,274	–	934,274[5]	–	–	nil	787,500	02.08.24	02.08.25
		18.08.22	713,770	–	–	–	713,770	nil	807,275	18.08.25	N/A
		09.06.23	615,088		–	–	615,088	nil	831,600	09.06.26	N/A
		12.06.24	–	524,893	–	–	524,893	nil	865,025	12.06.27	N/A
	Deferred bonus shares	18.08.22	289,456	–	–	–	289,456	nil	327,375	18.08.25	18.08.32
		09.06.23	240,545	–	–	–	240,545	nil	325,217	09.06.26	09.06.33
		12.06.24	–	203,286	–	–	203,286	nil	335,015	12.06.27	N/A
	SAYE	13.07.23	13,621	–	–	–	13,621	1.11	18,743	01.09.26	01.03.27
		11.07.24	–	2,413	–	–	2,413	1.23	3,701	01.09.27	01.03.28
Anthony Green	SAYE	13.07.23	1,945	–	–	–	1,945	1.11	2,676	01.09.26	01.03.27
		11.07.24	–	1,508	–	–	1,508	1.23	2,313	01.09.27	01.03.28

1 LTIP – granted in the from of nil cost options or conditional share awards granted under the Long-Term Incentive Plan. From FY 2023, awards were made as conditional share awards. Awards are subject to clawback and malus and subject to an additional two-year holding period.
Deferred bonus shares – 50% of the bonus awarded. Awards made after FY 2023 are made as conditional share awards under the EABP. Awards are subject to clawback and malus.
SAYE – options granted under the all-employee share scheme.
Participants are entitled to receive accrued dividends or dividend equivalents under the LTIP and EABP pro-rated in proportion to the amount of the award that vests.

2 The table above shows the maximum number of shares that could be released if awards were to vest in full. In respect of LTIP and deferred bonus awards, participants are entitled to receive dividends or dividend equivalent amounts, once the share awards have vested.

3 The face value of LTIP and deferred bonus awards made has been calculated by multiplying the maximum number of shares that could vest by or become exercisable by the average closing mid-market share price on the day preceding the grant date. For deferred bonus and LTIP awards made on 12.06.24, this is 164.8p. For SAYE awards, the face value of options under the 2023 scheme is determined by multiplying the number of options subscribed for by the closing mid-market share price on the date before grant (137.6p). The face value of the 2024 SAYE awards is determined by multiplying the number of options subscribed for, including the tax-free savings bonus, by the closing mid-market share price on the date before grant (153.4p).

4 LTIP awards will not vest until the date the Committee determines whether performance conditions have been met, or if later, the date specified above. If dealing restrictions apply on the date of vesting, then vesting will occur on the first date after dealing restrictions cease to apply.

5 The market share price on the date of exercise, 7 August 2024, was 158.0p for a total market value of £1,484,283.

Annual report on remuneration continued

Directors' shareholding, shareholding guidelines and summary of outstanding share interests (audited)

Under the terms of the Policy approved by shareholders at the 2024 AGM, Executive Directors are expected to hold shares, or rights to shares in the Company, equivalent to a minimum of 200% of base salary within a five-year period from their date of appointment to create greater alignment of the Executive Directors' interests with those of shareholders. Executive Directors are also normally expected to hold the in-employment guideline (or full actual holding if lower) in the first year following cessation of employment and 50% (or full actual holding if lower) in the second year following cessation of employment.

The Committee reserves the right to relax or waive the application of such guidelines in certain circumstances, including the impending retirement of an Executive Director.

The table below sets out the shareholdings of the Executive Directors and their connected persons' shareholdings (including beneficial interests) and a summary of outstanding and unvested share awards as at 29 March 2025. It shows that Graham Sutherland's current shareholding is 142.5% of his base salary and Ryan Mangold's current shareholding is 715.2% of his base salary.

The Committee believes that it is an essential part of the Policy that Executive Directors build significant shareholdings. The retention and build-up of equity is important in a long-term business such as FirstGroup, as it encourages decisions to be made on a long-term, sustainable basis for the benefit of customers and shareholders.

There has been no change in the Directors' interests in the ordinary share capital of the Company between those set out below and the date of approval of this report. The beneficial interests of Directors who served during the year ending 29 March 2025 and their connected persons in the shares of the Company as at that date and 30 March 2024 are shown below.

	Ordinary shares beneficially owned								
Directors	Date of appointment	At 30.03.24 or appointment date if later	At 29.03.25[1]	Unvested EABP/SAYE/ SIP shares[3,4]	Unvested LTIP shares[5]	Vested but not exercised EABP/ LTIP awards	Shareholding requirement as % of salary	Current shareholding as % of salary[6,7,8]	% shareholding requirement achieved
Executive Directors									
Graham Sutherland	16 May 22	230,005	250,005	510,568	2,525,655	N/A	200%	142.5%	71.3%
Ryan Mangold[2]	31 May 19	1,270,689	1,766,290	750,092	1,853,751	N/A	200%	715.2%	357.6%
Non-Executive Directors[9]									
Lena Wilson	1 Feb 25	–	14,000	–	–	–	–	–	–
David Martin[10]	15 Aug 19	–	–	–	–	–	–	–	–
Sally Cabrini	24 Jan 20	10,000	10,000	–	–	–	–	–	–
Myrtle Dawes	1 Apr 22	3,497	3,497	–	–	–	–	–	–
Anthony Green	15 Sep 20	1,615	1,674	3,453	–	–	–	–	–
Claire Hawkings	21 Jan 22	10,000	10,000	–	–	–	–	–	–
Jane Lodge	30 June 21	15,000	15,000	–	–	–	–	–	–
Peter Lynas	30 June 21	80,000	80,000	–	–	–	–	–	–

1 Or date of leaving, if earlier.
2 Ryan Mangold participates in the all-employee SIP. His partnership shares are held in trust and are not at risk of forfeiture. Ryan Mangold acquired an additional 178 partnership shares between 29 March 2025 and the date of approval of this Report.
3 EABP shares are deferred shares that are subject to continued employment, but not subject to further performance conditions.
4 SIP matching shares awarded to Ryan Mangold are held in trust and are at risk of forfeiture if the corresponding partnership shares are withdrawn from trust within three years. No matching shares were awarded between 29 March 2025 and the date of approval of this Report.
5 LTIP awards are conditional share awards and nil cost options subject to ongoing performance conditions.
6 Based on the closing share price on 29 March 2025 (164.0p).
7 Graham Sutherland has until 16 May 2027 to meet his current shareholding guideline.
8 The percentage shown includes the after-tax value of vested but unexercised awards and the after-tax value of unvested EABP awards that are subject to continued employment.
9 Shares for Non-Executive Directors are held outright, with no attaching performance conditions.
10 A person closely associated with David Martin beneficially owned 200,000 shares on 30 March 2024 and also upon retirement from the Board on 10 September 2024.

Annual report on remuneration continued

Dilution

The Company ensures that the level of shares granted under the Company's share plans and the means of satisfying such awards remains within best practice guidelines, so that dilution from employee share awards does not exceed 10% of the Company's issued share capital for all share plans and 5% in respect of executive share plans in any ten-year rolling period. The Committee monitors dilution levels at least once a year. At 29 March 2025, 3.75% of the Company's issued share capital had been issued for the purpose of the SAYE, BAYE and LTIP over a ten-year period.

Employee Benefit Trust (EBT)

The FirstGroup EBT has been established to acquire ordinary shares in the Company, by subscription or purchase, from funds provided by the Group to satisfy rights to shares arising on the exercise or vesting of awards under the Group's share-based incentive plans. As at 29 March 2025, 19,401,442 shares were held by the EBT to hedge outstanding awards of 48,284,221. This means that the EBT holds sufficient shares to satisfy approximately 40.2% of outstanding awards.

External board appointments

Where Board approval is given for an Executive Director to accept an outside non-executive directorship, the Director is entitled to retain any fees received, unless the appointment is in connection with the business of the Group. None of the Executive Directors currently sit on any other external company boards in FY 2025. Graham Sutherland was appointed as Non-Executive Director of HICL Infrastructure PLC with effect from 21 May 2025.

Percentage change in remuneration levels

The table below shows the movement in the salary, benefits and annual bonus for all Directors between the current and previous financial year compared with that for the average UK employee (First Bus and First Rail, but excluding the Corporate centre). For the benefits and bonus per employee, the figures are based on those employees eligible to participate in such schemes.

			Executive Directors		Non-Executive Directors							
		Average UK employees[1]	GS[2]	RM[3]	LW[4]	DM[5,6]	SC[5]	MD[7]	CH[8]	JL[8]	PL[8,9]	AG[5]
% change to FY 2025	Salary/fees	4.0%	4.0%	4.0%	N/A	3.2%	4.0%	4.0%	4.0%	4.0	4.0%	4.0%
	Benefits[10]	135.6%	51.0%	5.7%	N/A	(53.9%)	10.9%	40.8%	(30.7)%	67.2%	67.6%	0%
	Annual bonus	(19.0)%	(9.2)%	(9.1)%	–	–	–	–	–	–	–	–
% change to FY 2024	Salary/fees	6.0%	3.0%	3.0%	N/A	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	Benefits[10]	(15.6%)	(46.2%)	(2.6%)	N/A	(41.5%)	102%	(4.8%)	(30.9%)	48.8%	(47.5%)	0.0%
	Annual bonus	9.1%	3.0%	3.0%	–	–	–	–	–	–	–	–
% change to FY 2023	Salary/fees	5.9%	N/A	2.4%	N/A	0.0%	0.0%	N/A	0.0%	0.0%	(14.6%)	0.0%
	Benefits	(7.3%)	N/A	0.0%	N/A	56.5%	(41.8%)	N/A	N/A	24.0%	116.2%	0.0%
	Annual bonus	(32.3%)	N/A	(0.7%)	–	–	–	–	–	–	–	–
% change to FY 2022	Salary/fees[11]	11.1%	N/A	7.1%	N/A	7.1%	6.1%	N/A	N/A	N/A	N/A	0.0%
	Benefits	4.2%	N/A	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0%
	Annual bonus	576.6%	N/A	N/A	–	–	–	–	–	–	–	–
% change to FY 2021	Salary/fees[11]	(2.4%)	N/A	(6.7%)	N/A	(6.7)%	(5.7)%	N/A	N/A	N/A	N/A	0.0%
	Benefits	9.4%	N/A	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0%
	Annual bonus	(66.2%)	N/A	N/A	–	–	–	–	–	–	–	–

1 We use all UK employees as a reference, as we believe this provides a more accurate reference point. Pay increases for the majority of UK employees in First Bus and First Rail are collectively bargained with trade unions in individual operating companies in First Bus and First Rail. Some of these agreements are multi-year deals. The increase in benefits in FY 2021 reflects the inclusion of Avanti employees for a full year. The decrease in annual bonus in FY 2021 reflects no management bonuses being paid in the Rail business in FY 2021.
2 Graham Sutherland was appointed to the Board as Chief Executive Officer on 16 May 2022. As such, no comparison to FY 2022 is available and his FY 2023 pay has been annualised for comparison purposes.
3 Ryan Mangold was appointed to the Board as Chief Financial Officer on 31 May 2019, therefore, his FY 2020 pay has been annualised for comparison purposes. Bonuses were not paid in FY 2020 or FY 2021, therefore, the percentage change in annual bonus to FY 2022 is 'N/A', meaning that the year-on-year change cannot be calculated.
4 Lena Wilson was appointed as Chair on 1 February 2025. As such, no comparison to FY 2024 is available.
5 David Martin, Sally Cabrini and Anthony Green were appointed to the Board in FY 2020. FY 2020 fees have been annualised for comparison purposes.
6 David Martin was appointed Interim Executive Chairman on 13 September 2021 and he received a temporary fee increase to £535,000 per annum. David Martin resumed the role of Non-Executive Chairman from 1 July 2022 and his fees returned to £310,000 per annum. For comparison purposes, FY 2022 and FY 2023 fees relate to the fees he receives as Non-Executive Chairman. David Martin did not have any taxable benefits relating to FY 2021, therefore, the percentage change in benefits to FY 2022 is 'N/A', meaning that the year-on-year change cannot be calculated. David Martin retired from the Board and his position of Chairman on 10 September 2024. FY 2025 fees have been annualised for comparison purposes.
7 Myrtle Dawes was appointed to the Board on 1 April 2022. As such, no comparison to FY 2022 is available.
8 Claire Hawkings, Jane Lodge and Peter Lynas were appointed to the Board in FY 2022. FY 2022 fees have been annualised for comparison purposes.
9 Peter Lynas served as Chair of Board Safety Committee from September 2021 to March 2022 For comparison purposes, the fee he received as Committee Chair has been annualised. Peter Lynas' fees decreased in FY 2023 compared with FY 2022 as he no longer served as Chair of a Committee. Peter Lynas acted as Chairman from 10 September 2024 until the appointment of Lena Wilson as Chair on 1 February 2025. As such, he received a fee of £22,005 for this role. Peter Lynas resumed the role of Senior Independent Director on 1 February 2025. For comparison purposes, FY 2025 fees relate to the fees he receives as a Senior Independent Director.
10 Private medical insurance premium rates for all employees, including the Executive Directors, were lower in FY 2024 compared with previous years due to a Covid rebate. Likewise, premium rates increased by 51% for all employees in FY 2025.
11 Directors' salary/fee figures for FY 2021 reflect the voluntary 20% reduction between April to July 2020. There were no changes to NED fees between FY 2020 and FY 2023, but an increase of 3.0% in FY 2024 and 4.0% in FY 2025.

Annual report on remuneration continued

CEO pay ratio

In line with reporting requirements, the table below sets out the ratio at the median, 25th and 75th percentiles of the total remuneration received by the Chief Executive Officer, compared with the total remuneration received by our UK employees. The Company has calculated the ratios in accordance with the methodology of Option B as it was deemed the most reasonable and practical approach given the collation of data exercise required for gender pay gap reporting. There has been no departure from this methodology and no element of pay has been omitted. It should be noted that the pay ratio may vary year-on-year and the incentive outcomes for the Chief Executive Officer can impact the results significantly. We will provide an explanation in each year's report around the change in the ratio as well as any additional context, where helpful, to understand variance. The UK employees at the lower quartile, median and upper quartiles were identified as at 5 April 2024 and their salary and total remuneration were calculated in respect of actual pay data from 1 April 2024 to 29 March 2025.

The Committee is satisfied that these pay ratios are consistent with our pay, reward and progression policies and that these colleagues are representative of the relevant percentiles across the organisation, as they represent frontline workers in our First Bus and First Rail divisions, i.e., the large majority of our UK workforce receiving basic pay, overtime, holiday pay and employer pension contributions. The figures also include sick pay (where relevant).

There has been a significant increase in the CEO pay ratio between FY 2024 and FY 2025, this is largely due to FY 2025 being the first year in which the current CEO has an LTIP vesting, which vested at 100% of maximum (200% of base salary). Year on year changes in the pay ratio are driven by the fact that CEO remuneration is heavily weighted towards performance-based pay.

The Committee is satisfied that the data included in the CEO Pay Ratio table reflect the goals of the Group's Remuneration Policy to support colleagues in the performance of their roles in collectively delivering the Group's strategy. In particular, the performance-based framework that rewards employees for their individual efforts and the performance of the Company, and to structure pay in a simple and transparent manner, have been applied consistently.

		Pay ratio				Remuneration values			
Year	Method	25th percentile	50th percentile	75th percentile	Population	CEO	25th percentile	Median	75th percentile
FY 2025	Option B	96:1	74:1	50:1	Total remuneration	£3,054,852	£31,949	£41,025	£60,680
					Salary only	£589,200	£25,966	£39,310	£49,736
FY 2024	Option B	42:1	40:1	26:1	Total remuneration	£1,397,817	£33,279	£35,182	£53,996
					Salary only	£556,500	£28,715	£30,311	£49,240
FY 2023	Option B	34:1	30:1	22:1	Total remuneration	£1,190,865	£35,189	£40,145	£54,283
					Salary only	£483,635	£23,018	£27,592	£46,518
FY 2022	Option B	68:1	62:1	41:1	Total remuneration	£2,246,181	£33,073	£36,395	£55,051
					Salary only	£288,795	£22,179	£29,254	£45,703
FY 2021	Option B	30:1	25:1	16:1	Total remuneration	£839,822	£27,560	£34,002	£53,437
					Salary only	£592,667	£22,274	£17,210	£38,480

Annual report on remuneration continued

Relative importance of spend on pay

The table below illustrates the Company's expenditure on pay in comparison to adjusted operating profit and distributions to shareholders by way of dividend payments and share buyback.

	FY 2025 £m	FY 2024 £m	% change
Adjusted operating profit[1]	**222.2**	202.4	9.8%
Distributions to shareholders[2]	**84.2**	103.7	(18.8)%
Spend on zero emission vehicles[3]	**38.9**	99.3	(60.8)%
Total employee pay[4]	**1,710.9**	1,572.0	8.8%

1 Group adjusted operating profit, as reported in note 5 in the notes to the consolidated financial statements, has been used as a comparison as it is a key financial metric that the Board considers when assessing Company performance.
2 Distributions to shareholders, as reported in the consolidated statement of changes in equity, of £84.2m in FY 2025 consists of £34.2m in dividends (£37.6m including non-controlling interests) and £50m share buyback (£50.4m including related costs). Distributions to shareholders in FY 2024 of £103.7m consists of £29.5m in dividends (£36m including non-controlling interests) and £74.2m share buyback (£74.7m including related costs). In FY 2024 there was an additional £41.1m in liability related to the share buyback, for a total share buyback of £115.3m (£115.8m including related costs), this was completed in August 2024.
3 Spend on zero emission vehicles is our spend, net of grant funding.
4 Total employee pay is the total pay for all Group employees, including pension and social security costs. The average monthly number of employees in FY 2025 was 30,763 (FY 2024: 29,339).

Committee membership and attendance

The membership of the Committee is shown on page 91 and attendance is set out on page 77. After each meeting, the Chair of the Committee presents a report on its activities to the Board. The Chair, Chief Executive Officer, Group HR Director and Company Secretary will normally attend meetings by invitation, to provide advice and respond to specific questions. Other attendees may include the Chief Financial Officer, the Group Head of Reward, the Employee Director and the Committee's external remuneration adviser. Attendees are not involved in any decisions and are specifically excluded from any matter concerning their own remuneration. The Company Secretary acts as secretary to the Committee.

Who supports the Committee?

The Committee continues to receive advice from independent external remuneration adviser, Willis Towers Watson (WTW), which was appointed by the Committee in FY 2020. The Committee is solely responsible for its appointment, retention and termination, and for approval of the basis of its fees and other terms. The Chair of the Committee agrees the protocols under which WTW provides advice.

WTW is a member of the Remuneration Consultants Group Code of Conduct and adheres to this Code in its dealings with the Committee. The Committee reviews the appointment of its advisers annually and is satisfied that the advice it receives is objective and independent.

During the course of the year, WTW provided independent advice and commentary on a range of topics including Directors' remuneration discretionary share plans, and corporate governance and executive remuneration trends. WTW fees for advice provided to the Committee were £60,040 (FY 2024: £136,670), charged on a time-spent basis. WTW provides remuneration advice, including the provision of benchmark data, to the Company.

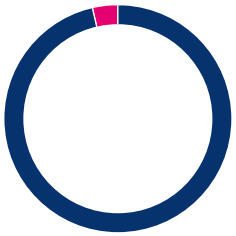
Annual report on remuneration continued

Shareholder voting on remuneration

At the 2024 AGM, shareholders approved the Directors' Remuneration report and Directors' Remuneration Policy, which were published in the FY 2024 Annual Report and Accounts. The results of these votes are shown below, as well as the result of previous shareholder votes on remuneration resolutions since 2017.

To approve the Directors' Remuneration report at the 2024 AGM

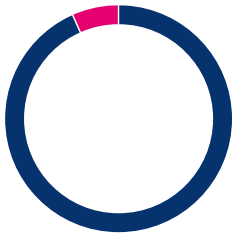
2024 AGM voting



Votes for	441,012,155
Votes against	15,310,095
Votes withheld	198,405

To approve the Directors' Remuneration Policy at the 2024 AGM

2024 AGM voting



Votes for	426,755,092
Votes against	29,479,055
Votes withheld	286,508

Note: A 'Vote withheld' is not a vote in law and is not counted in the calculation of the votes 'for' and 'against' a resolution.

To approve the relevant Directors' Remuneration report	Votes for	Votes against
2024 AGM	96.64%	3.36%
2023 AGM	95.85%	4.15%
2022 AGM	84.16%	15.84%
2021 AGM	98.43%	1.57%
2020 AGM	99.99%	0.01%
2019 AGM	76.32%	23.68%
2018 AGM	96.37%	3.63%
2017 AGM	91.32%	8.68%

Note: A 'Vote withheld' is not a vote in law and is not counted in the calculation of the votes 'for' and 'against' a resolution.

To approve the Directors' Remuneration Policy	Votes for	Votes against
2024 AGM	93.54%	6.46%
2021 AGM	95.84%	4.16%
2018 AGM	84.52%	15.48%

Further engagement

The Committee values its continued dialogue with shareholders and engages directly with them and their representative bodies at the earliest opportunity. Shareholder feedback received in relation to the AGM, as well as any additional feedback and guidance received during the year, is considered by the Committee as it develops the Company's remuneration framework and practices.

In line with Provision 3 of the Code, the Committee Chair welcomes questions from shareholders on the Committee's activities.

Remuneration Policy summary

The current Remuneration Policy was approved at the 2024 Annual General Meeting on 26 July 2024. The full Policy can be found on the FirstGroup plc website and on pages 144 to 155 in the FY 2024 Directors' Remuneration report.

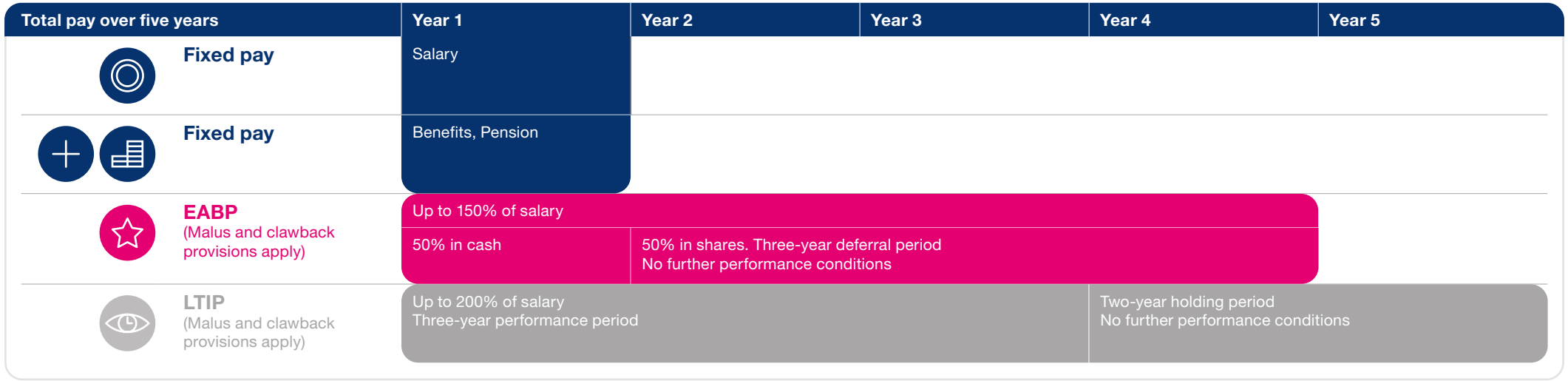
The following table sets out how the agreed Remuneration Policy addresses the factors set out in Provision 40 of the 2018 UK Corporate Governance Code:

Clarity	The Committee considers that FirstGroup's remuneration structures are transparent and welcomes open and frequent dialogue with shareholders on its approach to remuneration. Major shareholders have been consulted on the Committee's approach to remuneration.
Simplicity	The overall Remuneration Policy is designed to be comprehensive without becoming overcomplicated and to encourage the Executive Directors to concentrate on providing easy and convenient mobility, improving quality of life by connecting people and communities, and delivering ongoing shareholder value through an attractive annual dividend.
Risk	One of the Committee's principles is that the majority of the reward opportunity for Executive Directors should be provided through performance-related incentives linked to the Group's strategic goals and taking account of the Group's attitude to risk. Reward under these incentives is linked to both individual and Group performance. The Committee is satisfied that the structures of the incentive arrangements do not encourage inappropriate risk taking. In addition, the following best-practice measures are in place to minimise risks: ■ EABP deferral, the LTIP holding period and shareholding requirement, including post-cessation provisions, provide a clear link to the Group's ongoing performance and shareholder experience ■ The Committee has discretion to adjust the formulaic incentive outcomes if it considers that they are not reflective of the underlying performance of the Group or any individual, and has demonstrated in recent years that it is prepared to use its discretion to reduce a formula driven outcome where this does not reflect broader Group performance or the shareholder experience ■ Malus and clawback provisions apply to EABP and LTIP awards
Predictability	The Remuneration Policy gives maximum values under the EABP and LTIP.
Proportionality	Performance measures and target ranges under the EABP and LTIP are designed to be sufficiently stretching in order to ensure outturns are fully aligned with Group performance. As above, the Committee has discretion, and has demonstrated in recent years, that it is prepared to use its discretion to override formulaic outcomes in order to ensure performance is reflective of FirstGroup's underlying performance.
Alignment to culture	The Committee believes in an approach to executive pay that is commensurate with value creation for shareholders. The Remuneration Policy and the Company's incentive schemes have been designed to drive appropriate behaviours consistent with FirstGroup's purpose, Values and strategy and are aligned to wider workforce policies and practice.

The Company's Policy remains to attract, retain and motivate its leaders and to ensure they are focused on delivering business priorities within a framework designed to promote the long-term success of FirstGroup and align with shareholder interests. In order to prevent any conflicts of interest, the Committee is composed entirely of independent Non-Executive Directors. No individual is involved in deciding their own remuneration.

Remuneration Policy summary continued

The diagram below illustrates the balance of pay and time period of each element of the Policy for Executive Directors.



The table below sets out an overview of the key areas of the Policy and summarises how the Committee applied the Policy in FY 2025, together with details of how the Committee intends to implement the Policy in FY 2026.

Purpose and link to strategy	Operation	Maximum opportunity	How we implemented the Policy in FY 2025	How we plan to implement the Policy in FY 2026
Salary To attract and maintain high calibre executives with the attributes, skills and experience required to deliver the Group's strategy.	Typically reviewed annually, effective from 1 April. Any increases take account of: ■ Company and individual performance and experience ■ role and responsibilities ■ market positioning ■ external indicators, such as inflation and market conditions, and ■ pay increases made to the wider workforce No recovery or withholding applies.	Salary increases (in percentage terms) for Executive Directors will normally be with reference to increases made to the wider workforce, however, there is no formal maximum. Where the Committee considers it necessary or appropriate, larger increases may be awarded in individual circumstances, including, but not limited to, factors such as an increase in the size or scope of the role, or the individual's development and performance in the role. The Committee has the flexibility to set the salary of a new hire at a discount to the market level and to realign it in subsequent years as the individual gains experience in the role. In exceptional circumstances, the Committee may agree to pay above market levels to secure or retain an individual who is considered by the Committee to possess significant and relevant experience that is critical to the delivery of the Company's strategy.	An increase of 4% was applied to the CEO and CFO from 1 April 2024. This increase was aligned to the general non-collectively bargained employee salary increase.	An increase of 2.8% was applied to the CEO and CFO from 1 April 2025. This increase was aligned to the increase for the general non-collectively bargained employee salary increase. See page 102 for more information.

Remuneration Policy summary continued

Purpose and link to strategy	Operation	Maximum opportunity	How we implemented the Policy in FY 2025	How we plan to implement the Policy in FY 2026
Benefits Provide market competitive benefits to assist in attracting and retaining executives and to support them in the performance of their roles.	A range of benefits may be provided, including, but not limited to, private medical insurance, life assurance, long-term disability insurance, company car allowance, general employee benefits, including participation in our all-employee share plans and travel and related expenses.	The cost of benefits is not pre-determined, reflecting the need to allow for increases associated with the provision of benefits. As such, there is no formal maximum.	Normal Company benefit provision.	No change to FY 2025.
Pension benefits Allows executives to build long-term savings for their retirement and ensures the total remuneration package is competitive.	Payment may be made into a pension scheme or delivered as a cash allowance.	Executive Directors receive a pension contribution, or cash allowance, of up to the average pension benefit for the wider UK workforce, up to a maximum of 15% of base salary.	The CEO receives a pension contribution or cash allowance of 5% of base salary. The CFO pension contribution remains at 15% of base salary.	No change to FY 2025.
Annual bonus To focus on the delivery of annual goals, to strive for superior performance and to achieve specific targets which support the strategy. The deferred share element provides alignment with shareholders and supports retention.	Bonuses are awarded annually under the Executive Annual Bonus Plan (EABP). At least half the bonus awarded in any year will be deferred into shares, normally for a period of three years. The EABP is reviewed annually to ensure performance measures and targets are appropriate and support the strategy. Dividend equivalent payments may accrue on shares which vest under the EABP. The Committee retains the discretion, acting fairly and reasonably, to alter the bonus outcome in light of the underlying performance of the Group, taking account any factors it considers relevant. Malus and clawback provisions apply.	The maximum annual bonus opportunity for the Executive Directors is 150% of salary.	Performance measures (as a % of maximum): Operating profit – 60% Cash flow – 10% Operational – 20% Personal objectives – 10% FY 2025 bonus awards of 123.2% of base salary (82.1% of maximum) for both the CEO and CFO. See pages 97 and 98 for further details.	No change to the maximum opportunity for FY 2026. Performance measures (as a % of maximum): Operating profit – 50% Cash flow – 20% Operational – 20% Personal objectives – 10% See page 102 for further details.

Remuneration Policy summary continued

Purpose and link to strategy	Operation	Maximum opportunity	How we implemented the Policy in FY 2025	How we plan to implement the Policy in FY 2026
Long-Term Incentive Plan (LTIP) Incentivises the execution of strategy, and drives long-term value creation and alignment with shareholders.	Awards under the LTIP are conditional rights to receive shares or nil cost options over shares, subject to continued employment or good leaver status and the achievement of performance conditions. Up to 20% of the maximum may be payable for threshold performance, with maximum vesting being equal to 100% of any award made. Shares which vest under the LTIP are typically subject to an additional holding period of two years. Dividend equivalent payments may accrue on shares which vest under the LTIP. The Committee retains the discretion, acting fairly and reasonably, to alter the LTIP outcome in light of the underlying performance of the Group, taking account any factors it considers relevant. Malus and clawback provisions apply.	Normal award policy is for a maximum annual award opportunity of 200% of base salary for the Chief Executive Officer and 175% for other Executive Directors. In exceptional circumstances, awards of up to 300% of base salary may be made, such as to aid recruitment.	Performance measures (as a % of maximum): EPS – 50% Relative TSR – 30% ESG Scorecard – 20% Grant levels: CEO – 200% of salary CFO – 175% of salary See page 99 for details of the targets for the 2024 LTIP awards granted in the year. The 2022 LTIP had a vesting outcome of 100%. See page 98 for further details.	No change to maximum LTIP opportunities or the performance conditions. See page 102 for detail on LTIP awards to be granted for FY 2026.
Shareholding guidelines To ensure that Executive Directors' interests are aligned with those of shareholders.	**During employment** The Executive Directors are expected to hold shares, or rights to shares, equivalent in value to a minimum of 200% of base salary within a five-year period from the later of their date of appointment. **Post-employment** Following cessation, Executive Directors are normally expected to hold: ■ The in-employment guideline (or full actual holding if lower) for the first year following cessation of employment, and ■ 50% of the in-employment guideline (or full actual holding if lower) for the second year following cessation of employment The post-employment guideline will apply to share awards granted under incentive plans from the 2021 AGM onwards and will not include shares purchased outright by an Executive Director.	Not applicable.	CEO – 200% of salary CFO – 200% of salary See page 104 for further details on shareholding requirements and outstanding share awards.	No change to requirements.

Remuneration Policy summary continued

Compliance with the Corporate Governance Code

P Remuneration policies and practices designed to support strategy

The Directors' Remuneration Policy, which was approved at the 2024 AGM, was designed with consideration of the UK Corporate Governance Code. The majority of the Executive Directors' remuneration is through performance-related incentives linked to the Group's strategic goals. Half of any Executive Director's annual bonus that vests under the EABP is deferred into shares that vest after three years. Any awards that vest under the LTIP are subject to a further two-year holding period. Additionally, the Executive Directors have shareholding guidelines and post-cessation shareholding guidelines provide a clear link to the Group's ongoing performance and shareholder experience. See pages 144 to 155 of the 2024 Annual Report for the 2024 Policy.

Q Formal and transparent procedure for developing policy on executive remuneration

FirstGroup welcomes open and frequent dialogue with shareholders on its approach to remuneration. Major shareholders have been consulted on the Committee's approach to remuneration.

R Directors to exercise independent judgement and discretion when authorising remuneration outcomes

The Remuneration Policy allows for the use of discretion to adjust the formulaic incentive outcomes if they are not reflective of underlying performance of the Group. As noted under Provision 37, discretion has been applied to reduce formulaic outcomes under the EABP in FY 2020 and FY 2021, resulting in no bonus being awarded in either year. The Committee also used its discretion to apply a downward adjustment resulting in an overall reduction of 10% of the 2020 LTIP award that vested in June 2023.

32 Establish a remuneration committee

The Company has a Remuneration Committee in accordance with the requirements of the Code.

33 Delegation of responsibilities and review of workforce remuneration and related policies

When determining senior team pay, the Committee considers it in the context of wider workforce pay, policies and practices. Each year, a number of items are tabled at Committee meetings to ensure the approach throughout the Group is fair. See pages 94 and 95 for further information.

34 Non-executive director remuneration

The Company's NEDs each receive an annual fee reflecting the time commitment for their roles. An additional fee is paid to the Senior Independent Director and Chairs of the Audit, Remuneration and Responsible Business Committees to reflect the additional time commitment associated with these roles. The NEDs do not receive any performance-related pay or equity awards. NEDs are permitted to buy shares in the Company, subject to the Company's share dealing code. See page 101 for fees paid to NEDs and the Chair.

35 Consultants appointed by the committee

Willis Towers Watson was appointed by the Committee in FY 2020.

Remuneration Policy summary continued

Compliance with the Corporate Governance Code

36 Remuneration schemes should promote long-term holdings by executive directors

Executive Directors are required to hold shares to the value of 200% of base salary within five years of appointment. Post-cessation, Executive Directors must maintain 100% of their in-employment shareholding guideline in the first year following employment, dropping to 50% in the second year (or the full actual holding if lower).

37 Use of discretion

As noted in Principle R, the Committee has the ability to use discretion to override formulaic outcomes.
The Committee used its discretion to reduce formulaic outcomes under the FY 2020 and FY 2021 EABP, resulting in no payout in both years, to ensure performance is reflective of the Company's underlying performance and aligned with the shareholder experience. The Committee also used its discretion to apply a downward adjustment resulting in an overall reduction of 10% of the 2020 LTIP award that vested in June 2023. Additionally, malus and clawback provisions apply to both the EABP and LTIP.

38 Only basic salary to be pensionable

The Company complies with this provision and pension contributions are aligned with the wider workforce. See page 95 for further information.

39 Notice and contractual periods

The notice and contractual periods for the Executive Directors are for one year.

40 Matters to be addressed by the committee when determining remuneration

The current remuneration structures address the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture. See page 109 for further detail on how the agreed Remuneration Policy addresses these factors.

41 Report on the work of the committee and reporting requirements

The strategic rationale for our Executive Director remuneration policies and structures is set out in the Remuneration Committee Chair's letter on pages 91 and 92 and in the Annual report on remuneration on pages 96 to 108. The Committee is satisfied that the remuneration outcomes are appropriate, considering internal and external measures and the wider workforce pay.
We encourage an open dialogue with shareholders on executive remuneration matters.
In developing the Remuneration Policy, we consider alignment with the wider workforce pay policies. The Remuneration Committee Chair regularly attends Employee Director Forums and answers questions about executive remuneration.

Directors' report and additional disclosures

The Directors present their report on the affairs of the Group, together with the audited financial statements and the report of the auditor for the 52 weeks ended 29 March 2025. Information required to be disclosed in the Directors' report may be found below and is incorporated into the Directors' report by cross-reference to the following sections of the Annual Report and financial statements in accordance with the Companies Act 2006 (the 2006 Act) and Listing Rule 9.8.4R of the Financial Conduct Authority.

Information	Page
Sustainability governance	90
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Directors

The Directors of the Company who served during the year are shown on pages 74 to 76.

Details of the Directors' interests in shares can be found in the Directors' Remuneration report on page 104.

During the year, no Director had any interest in any shares or debentures in the Company's subsidiaries, or any material interest in any contract with the Company or a subsidiary being a contract of significance in relation to the Company's business.

Powers of the Directors

The Directors are responsible for the management of the business of the Company and may exercise all powers of the Company subject to applicable legislation and regulation and the Company's Articles of Association (Articles).

Conflicts of interest

The Directors have a statutory duty under the Companies Act 2006 to avoid situations in which they have, or can have, a direct or indirect interest that conflicts, or may conflict, with the interests of the Company. This duty is in addition to the existing duty that a Director owes to the Company to disclose to the Board any transaction or arrangement under consideration by the Company. The Company's conflict of interest procedures are reflected in the Articles. In line with the Companies Act 2006, the Articles allow the Directors to authorise conflicts and potential conflicts of interest where appropriate. The decision to authorise a conflict can only be made by non-conflicted Directors. Directors do not participate in decisions concerning their own remuneration or interests.

The Company Secretary minutes the consideration of any conflict or potential conflict of interest and authorisations granted by the Board. On an ongoing basis, the Directors inform the Company Secretary of any new, actual or potential conflict of interest that may arise or if there are any changes in circumstances that may affect an authorisation previously given. Even when authorisation is given, a Director is not absolved from their duty to promote the success of the Company.

Furthermore, the Articles include provisions relating to confidential information, attendance at Board meetings and availability of Board papers to protect a Director from breaching their duty if a conflict of interest arises.

These provisions will only apply where the circumstance giving rise to the potential conflict of interest has previously been authorised by the Directors. The Board considers that the formal procedures for managing conflicts of interest currently in place have operated effectively during the year under review.

Election and re-election of Directors

Directors are required under the Articles to submit themselves for election by shareholders at the AGM following their appointment by the Board. Also, in accordance with best practice and the Code, all Directors put themselves forward for re-election by shareholders annually. This year they will do so at the AGM on 25 July.

Directors' indemnities and liability insurance

FirstGroup maintains liability insurance for its Directors and Officers. The Company has also granted indemnities to the extent permitted by law to each of the Directors, the Company Secretary and a number of other executives and senior managers. These indemnities were in place throughout the period, are uncapped in amount in relation to certain losses and liabilities which they may incur to third parties in the course of acting as a Director or Officer of the Company or any of its associated companies. Neither the indemnity, nor insurance cover provides protection in the event a Director or Officer is proved to have acted fraudulently or dishonestly. The indemnity is categorised as a 'qualifying third party indemnity' for the purposes of the Companies Act 2006 and will continue in force for the benefit of Directors and Officers on an ongoing basis.

Research and development

The Group does not conduct any meaningful research or development.

Disclosure of information to the external auditor

Each of the Directors who held office at the date of approval of this report confirm that, so far as they are aware, there is no relevant audit information (being information needed by the auditor in connection with preparing its audit report), of which the Company's auditor is unaware, and each of the Directors has taken all the steps that they ought reasonably to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Share capital

As at 29 March 2025, the Company's issued share capital was 750,695,015 ordinary shares of 5 pence, each credited as fully paid, and the Company held 165,724,514 of these shares in treasury. The issued share capital of the Company which carries voting rights of one vote per share comprised 584,970,501 ordinary shares. Further details of the Company's issued share capital are shown in note 26 to the Company's financial statements.

The Company's shares are listed on the London Stock Exchange.

Articles of Association

The description in this section summarises certain provisions of the Company's Articles and applicable Scottish law concerning companies. This summary is qualified in its entirety by reference to this Company's Articles and the Companies Act 2006. The Company's Articles may be amended by a special resolution of the Company's shareholders.

Directors' report and additional disclosures continued

Substantial shareholdings

As at 29 March 2025, the Company had been notified under the FCA's Disclosure, Guidance and Transparency Rule of the following interests in its total voting rights of 3% or more:

Name of shareholder	Number of ordinary shares	% of total voting rights	Date of notification
Ameriprise Financial, Inc.	70,766,822	11.84	19 February 2025
Schroders Plc	63,587,135	9.99	29 April 2025
BlackRock, Inc	34,378,093	5.79	5 March 2025
Majedie Asset Management Limited	60,915,714	4.99	3 February 2021
Aberforth Partners LLP	33,717,348	4.97	6 September 2023
Coast Capital Management LP	25,169,383	3.35	20 May 2022

No further notifications have been received since 29 March 2025 and the signing of this report.

Shares

The rights attached to the ordinary shares of the Company are defined in the Company's Articles. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Voting rights

Shareholders are entitled to attend and vote at any general meeting of the Company. It is the Company's practice to hold a poll on every resolution at general meetings. This means that each member present in person or by proxy has one vote for every share held. In the case of joint holders the vote of the senior shareholder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.

Dividend rights

The Directors may declare an interim dividend and shareholders may by ordinary resolution declare final dividends but the amount of the dividend may not exceed the amount recommended by the Board.

Transfer of shares

There are no specific restrictions on the size of a holding, nor on the transfer of shares which are both governed by the general provisions of the Company's Articles and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights at any meeting of the Company.

Going concern and viability

Directors are required to consider if it is appropriate to adopt the going concern basis of accounting. Disclosure of the Directors' deliberations to determine whether it is appropriate to adopt the going concern basis of accounting in addition to consideration of whether there are any material uncertainties which may affect the Group's ability to continue to adopt this basis can be found in the Going concern statement on page 70, the Audit Committee report on starting on page 84 and in note 2 to the financial statements. In summary, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Directors are also required to provide a broader assessment of viability over a longer period, which can be found on page 69.

Employee share plans

The Company operates a number of employee share plans, details of which are set out in note 34 and in the Directors' Remuneration report that starts on page 91.

All of the Company's employee share plans contain provisions relating to change of control. On a change of control, options and awards granted to employees may vest and in the case of options become exercisable, subject to the satisfaction of any applicable performance conditions at the time.

Employment of disabled persons

Applicants with disabilities are given full and fair consideration during recruitment processes. We are committed to supporting employees with disabilities with regard to training, career development and promotion. Our policies on employee consultation and on equal opportunities for all employees can be found on pages 39 to 40.

Employee engagement

We remain committed to employee involvement throughout the Group. Employees are kept well informed of the performance and strategy of the Group and other matters of concern through a variety of means, including personal briefings, regular meetings, email and broadcasts by the Group Chief Executive and other senior managers. Refer to page 40 for further information.

Stakeholder engagement

The Board has determined that the Group's stakeholders are customers, investors, government, employees, communities and our strategic partners and suppliers. The Board is aware that its actions and decisions impact our stakeholders. Effective engagement with stakeholders is important to the Board as it strengthens the business and helps to deliver a positive result for all our stakeholder groups. In order to comply with Section 172 of the Companies Act, the Board is required to take into consideration the interests of stakeholders and include a statement setting out the way in which Directors have discharged this duty during the year. The Group's stakeholders are identified on pages 54 to 56 of the Strategic report and the statement of compliance with Section 172 is set out on page 57. Further information on workforce engagement can also be found on page 40.

Purchase of own shares

During the year, the Company completed a buyback programme of £115m of ordinary shares that was announced on 8 June 2023 and commenced on 3 August 2023. The programme completed on 2 August 2024 and this was completed under authority granted at the 2023 AGM.

At the AGM of the Company in 2024, authority was granted for the Company to purchase up to 14.99% of its ordinary shares. The Company announced a £50m buyback programme on 14 November 2024 under the authority granted at the 2024 AGM and restricted this to 14.99% of the issued share capital on the day before the programme commenced. The £50m buyback programme completed on 20 March 2025. The Company anticipates seeking authority to purchase up to 14.99% of its ordinary shares at the AGM in 2025.

Directors' report and additional disclosures continued

Political donations

At the 2024 AGM, shareholders passed a resolution to authorise the Company and its subsidiaries to make political donations to political parties or independent election candidates, to other political organisations, or to incur political expenditure (as such terms are defined in Sections 362 to 379 of the 2006 Act), in each case in amounts not exceeding £100,000 in aggregate. As the authority granted at the 2024 AGM will expire, renewal of this authority will be sought at this year's AGM. Further details are available in the Notice of AGM.

As a result of the broad definition used in the 2006 Act of matters constituting political donations, it is possible that normal business activities, which might not be thought to be political expenditure in the usual sense, could be covered. Accordingly, authority is being sought as a precaution to ensure that the Company's normal business activities do not infringe the 2006 Act, but it is not the policy of the Company to make donations to UK or EU political organisations, nor to incur other political expenditure in the UK or EU.

No political donation nor expenditure was incurred by the Company and its subsidiaries during FY 2025.

Change of control – significant agreements

Financing agreements

As at 29 March 2025, the Group had a £300m multi-currency revolving credit and guarantee facility between, amongst others, the Company and The Royal Bank of Scotland plc dated 30 January 2025, maturing in January 2030. Following any change of control of the Company, individual lenders may negotiate with the Company with a view to resolving any concerns arising from such change of control. If the matter has not been resolved within 30 days, an individual bank may cancel its commitment and the Company must repay the relevant proportion of any drawdown.

The Group also had a £150m term loan facility between, amongst others, the Company and The Royal Bank of Scotland plc dated 10 March 2025, maturing in March 2027. Following any change of control of the Company, individual lenders may negotiate with the Company with a view to resolving any concerns arising from such change of control. If the matter has not been resolved within 30 days, an individual bank may cancel its commitment and the Company must repay the relevant proportion of any drawdown.

The Group also had a £150m Green Hire Purchase Finance Facility between, amongst others, the Company and Lloyds Bank plc dated 21 December 2023, maturing in December 2026. Following any change of control of the Company, individual lenders may negotiate with the Company with a view to resolving any concerns arising from such change of control. If the matter has not been resolved within 30 days, an individual bank may cancel its remaining available commitment under the facility and immediately terminate any hire agreements already in place.

First Rail

As at 31 March 2025, the Group's contracted passenger rail operators, First Greater Western Limited, First MTR South Western Trains Limited (jointly owned with MTR Corporation) and First Trenitalia West Coast Rail Limited (jointly owned with Trenitalia) are each party to a contractual agreement with the Secretary of State for Transport. These agreements are subject to termination clauses which may apply on a change of control.

First MTR South Western Trains Limited, First Greater Western Limited, First Trenitalia West Coast Rail Limited and the Group's non-contracted rail operators, Hull Trains Company Limited and East Coast Trains Limited, each hold railway licences as required by the Railways Act 1993 (as amended); these licences may be revoked on three months' notice if a change of control occurs without the approval of the ORR. All of these operators also require and hold track access agreements with Network Rail Infrastructure Limited under which they are permitted to access railway infrastructure.

Failure by any of the operators to maintain its railway licence is a potential termination event under the terms of the track access agreements. The Group's railway operators also lease rolling stock from specialist rolling stock leasing companies such as Eversholt Rail Group, Rock Rail Limited, Beacon Rail Limited, Porterbrook Leasing Company Limited and Angel Trains Limited. A material number of the individual leasing agreements include change of control provisions. The Group is also involved from time to time in bidding processes for transport contracts in the UK and further afield which customarily include change in circumstance provisions which would be triggered on a change of control and could result in termination or rejection from further participation in the relevant competitions.

Subsequent to the period reported on above, on 25 May 2025, the operations of First MTR South Western Trains Limited were transferred to the Department for Transport Operator (South Western Railway Limited). SWR's National Rail Contract will remain in force until the final net assets of First MTR South Western Limited have been settled and the company wound down, this process is expected to take a number of years, in line with experience on previous franchises.

In addition, we are mobilising First Rail Stirling Limited to operate services between Stirling & Euston and First Wales & Western Ltd to operate services between Paddington & Carmarthen. Both of these operators hold track access agreements with Network Rail Infrastructure Limited and we are currently progressing the submission of First Rail Stirling Limited's safety certificate as part of its application for the railway licence from ORR with the submission for First Wales & Western Ltd to follow. As with the Group's other railway operators, each of these operators have leases for rolling stock from specialist rolling stock leasing companies in place.

Significant shareholders' agreements

The Group, through First Rail Holdings Limited, has shareholders' agreements governing its relationship with MTR Corporation in relation to the SWR rail operator, and with Trenitalia in relation to the West Coast Partnership rail operator. As is customary, these agreements include provisions addressing change of control. Notwithstanding the transfer of the SWR operations to the Department for Transport Operator the shareholder agreement with MTR Corporation survives this transfer.

FirstGroup plc entered into a strategic partnership with Hitachi Zero Carbon (HZC), via a 50:50 joint venture, to purchase up to 1,000 bus batteries as part of its fleet decarbonisation journey.

Post balance sheet events

Information on material events that occurred from 29 March 2025 to the date of this report can be found on page 11 and in note 37.

Branch disclosure

The Group has a branch in France (First Travel Solutions Ltd), which was established on 28 March 2019.

Streamlined Energy and Carbon Reporting (SECR) compliance

In compliance with the SECR requirements, our GHG emissions and our energy consumption and energy and emissions reduction initiatives are reported on page 35.

Management report

The Strategic and Directors' reports together are the management report for the purposes of the FCA's DGTR 4.1.5R.

The Directors' report was approved by a Board Committee on behalf of the Board on 10 June 2025.

David Blizzard
Company Secretary

10 June 2025

395 King Street
Aberdeen AB24 5RP

Statement of Directors' responsibilities

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and Accounts 2025 and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

Each of the Directors, whose names and functions are listed in Governance report confirm that, to the best of their knowledge:

- The group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- The company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- The Strategic report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

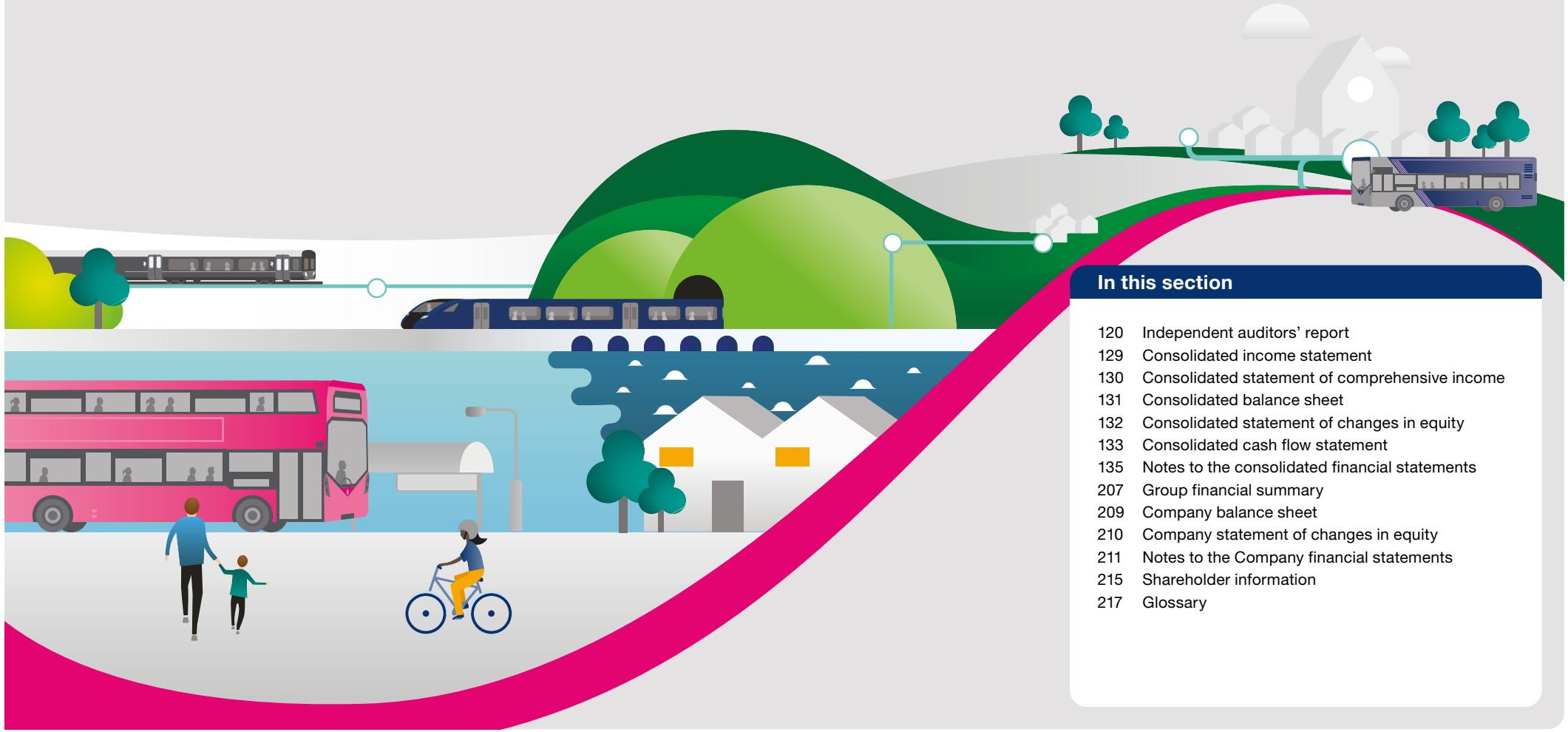
- So far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that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

Ryan Mangold
Chief Financial Officer

10 June 2025

395 King Street
Aberdeen AB24 5RP

Financial Statements



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Independent auditors' report to the members of FirstGroup plc

Report on the audit of the financial statements

Opinion

In our opinion:

- FirstGroup plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 29 March 2025 and of the group's profit and the group's cash flows for the 52 week period then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2025 (the "Annual Report"), which comprise: the Consolidated balance sheet and the Company balance sheet as at 29 March 2025; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Company statement of changes in equity, and the Consolidated cash flow statement for the period then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 6, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Context

The Group consists of two main divisions, Rail and Bus. In the Rail division, all train operating companies ('TOCs') have continued to operate under contracts with the Department for Transport ('DfT') with Great Western Railway ('GWR'), South Western Railway ('SWR') and Avanti West Coast ('AWC') on National Rail Contracts for the full year. Under each contract this has meant a fixed management fee was received to operate at agreed service levels, as well as a performance-based fee element. The structure of the contracts within the Rail division reduces the revenue and cost risk compared to previous franchise arrangements. As anticipated, the Government passed legislation in November 2024 allowing for the nationalisation of passenger train operators. On 4 December 2024, the Government announced its programme to transition passenger rail services into public ownership. The Government confirmed that services currently operated by SWR would be the first to transfer into public ownership when their national rail contract expired on 25 May 2025. The programme is expected to continue with the transfer of other TOCs over the next few years. Outside of the TOCs the Rail Division also includes open access contracts – Hull Trains and East Coast Trains ('Lumo') – which have experienced growth year on year. First Bus continued to receive government support and has continued to receive funding but with a revised £3 bus fare cap in England from December 2024.

Independent auditors' report to the members of FirstGroup plc continued

Overview

Audit scope

- The scope of our audit determines where we go and what we do, the best types of audit evidence to obtain, the right areas of operations to focus on and the resources needed to deliver this. As group auditors we are required to obtain sufficient audit evidence from the components of the group. We have determined there are six in scope components for group reporting purposes:
- Each Train Operating Company ('TOC') is a separate component, with all TOCs operating throughout the whole year in scope for group reporting, being Great Western Railway ('GWR'), South Western Railway ('SWR'), and Avanti West Coast ('AWC').
- First Bus
- Hull Trains
- East Coast Trains ('Lumo')

Key audit matters

- Valuation of pension liabilities driven by salary increase, mortality, discount rate and inflation level assumptions (group)
- Valuation of complex investments within the pension assets (group)
- Recoverability of the company's investments in subsidiary undertakings (parent)

Materiality

- Overall group materiality: £20,000,000 (2024: £20,000,000) based on 0.4% of revenue.
- Overall company materiality: £12,400,000 (2024: £13,600,000) based on 1% of total assets.
- Performance materiality: £15,000,000 (2024: £15,000,000) (group) and £9,300,000 (2024: £10,200,000) (company).

The scope of our audit

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

Independent auditors' report to the members of FirstGroup plc continued

Key audit matters

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

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

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of pension liabilities driven by salary increase, mortality, discount rate and inflation level assumptions (group)	
The group has significant gross defined benefit obligations in the UK and North America. The total liabilities reduced largely due to the buy out of a US Scheme (ATU), the merger of the UK Bus and the First Group Pension Scheme ("FGPS"), and the impact of rising bond yields. The valuation of pension plan liabilities requires estimation in determining appropriate assumptions such as salary increases, mortality rates, discount rates and inflation levels. Movement in these assumptions can have a material impact on the determination of the liability, and these assumptions are considered to be the significant audit risk. Management uses external actuaries to assist in determining these assumptions, and management's actuaries carry out the valuation of the pension liabilities based on these assumptions. In addition to the significant audit risk, there are restrictions under IAS19 and IFRIC 14 as to when a net pension surplus should be recognised, as well as balance sheet adjustments in respect of First Rail due to the Rail contracts. Refer to note 35 and the critical accounting judgements and key sources of estimation uncertainty section in note 2. Refer to the Audit Committee report for a description of its assessment of this significant judgement.	We engaged our PwC Actuarial team as Auditor's Experts to help the audit team assess whether the assumptions used in calculating the defined benefit liabilities for the UK, US and Canadian Schemes were reasonable and that the methodology aligns to appropriate accounting standards. We assessed whether mortality rate assumptions were appropriate for each plan selected for testing and, where applicable, incorporated considerations of relevant national actuarial data. We also assessed whether the discount rate and inflation rates were consistent with our internally developed benchmarks and in line with market information for these schemes. We examined the salary increase assumptions to consider whether they represent management's best estimate. In addition to our significant risk areas, we reviewed the trust deeds and statutory legislation relevant to each plan where applicable. We also assessed management's judgement with regard to the rail 'contract adjustment' and found no exceptions. We evaluated the calculations prepared by the external actuaries to assess whether the disclosed pension liabilities are consistent with the assumptions used. We have performed procedures on the ATU buy-out in the year and obtained support to confirm the closing position of £nil for both assets and liabilities, and subsequent settlement cost related to this. For the merger of the UK Bus and FGPS, we have reviewed settlement payments as a result of the merger to consider the accounting treatment of any payments made and that they are appropriately included in the Income Statement. Based on procedures performed and our materiality, we consider that the assumptions used to value the pension obligation are within an acceptable range. We assessed the appropriateness of the related disclosures in note 35 of the group financial statements and consider them to be materially appropriate.

Independent auditors' report to the members of FirstGroup plc continued

Key audit matter	How our audit addressed the key audit matter
Valuation of complex investments within the pension assets (group)	
As set out in note 35, the group has significant gross defined benefit plan assets in the UK and North America. The pension schemes in which the Group participates hold unquoted pooled investment vehicles which invest in private equity, infrastructure, and property funds. There is significant estimation uncertainty in determining the valuation of these investments which are based on inputs that are not directly observable. The funds where the valuation requires significant judgement and has a higher risk of material error across the group total £316.9m (2024: £475m). The funds are present in the FirstGroup UK Bus Section of the FirstGroup Pension Scheme. There is a potential range of reasonable outcomes to the valuations of these assets greater than our materiality for the financial statements as a whole.	We obtained pricing confirmations directly from investment managers as primary sources of evidence. We performed additional procedures on investments that are more complex in nature and with a higher potential risk of material error to evaluate whether there is any contradictory evidence suggesting that the pricing confirmations do not reflect an appropriate valuation as at the balance sheet date. For those investments these procedures included one or more of the following: ■ Obtained the most recent third party controls assurance reports and bridging letters on the valuation procedures and investment managers' operations; ■ Reviewed the pricing of transactions taking place close to the balance sheet date; ■ Performed look back testing of previous valuations provided by investment managers to their audited financial statements; ■ Performed independent internet based searches for information suggesting any doubts in the investment managers' capability of pricing; and/or ■ Reviewed investment contributions and distributions between the valuation date and the balance sheet date and obtained affirmations from investment managers that the price taken is the latest price available where the valuation date is different to the balance sheet date. Based on the procedures performed we have no findings to report.

Key audit matter	How our audit addressed the key audit matter
Recoverability of the company's investments in subsidiary undertakings (parent)	
As set out in note 5 to the Company financial statements,investments in subsidiaries are £759.3m (2024: £738.2m). Of this balance, £659.3m relates to the direct and indirect ownership of the Bus division. The investments are accounted for at cost less provision for impairment in the Company balance sheet at 29 March 2025. The carrying value of the investment in Bus is supported by the recoverable amount which has historically been calculated on a value in use basis. Investments are tested for impairment if impairment indicators exist. If such indicators exist, the recoverable amounts of the investments in subsidiaries are estimated in order to determine the extent of any impairment loss. Refer to note 5 in the Plc company accounts and the Key sources of estimation uncertainty section in note 1. Management do not consider that there has been an impairment trigger in the year.	First Bus performance in FY25 is in line with budget, and the market capitalisation of the group is broadly comparable to the previous year end date, which suggests that there is not an impairment trigger. As required on an annual basis, management has prepared a value in use model for the purposes of assessing the Bus goodwill. We have reviewed the model, ensuring the calculations were mathematically accurate. The model, once adjusted to consider the fair value of debt within First Bus, shows headroom of £136 million compared to the carrying value of the investment. We considered the key inputs in the value in use calculation including the operating margins forecast to be achieved. We also considered the impact of the work we performed for the purposes of Goodwill including where we used our PwC valuation team as auditors' expert to assess an independent WACC rate range, with reference to comparable businesses, and to assess whether management's rate is within a reasonable range, and also to assess the long term growth rate applied. We considered the extent to which the considerations of climate change, such as capital expenditure on battery, electric and hydrogen fuel cell vehicle fleets had been reflected in the underlying cash flows. We also verified adjustments made to the value in use in respect of external and intercompany debt within the subsidiaries. Based on our procedures performed we did not identify any matters indicating that management's model was inappropriate. Based on the above factors we concur with management that there have not been any impairment triggers in relation to the carrying value of the investment in the Bus division. In addition, we have assessed investments in other statutory entities across the Group and concluded that there are no impairment indicators which would require an impairment assessment. Consideration is also given to whether there are indications that impairments previously booked should be reversed. We have assessed the disclosures provided and consider them to be appropriate.

Independent auditors' report to the members of FirstGroup plc continued

How we tailored the audit scope

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

The Group is organised into two operating divisions, First Bus and First Rail. There are over 130 reporting units within the consolidation, the majority of which are inactive although there is some trading activity in nine reporting units in addition to those included in Group reporting scope. We have defined a component as a business unit where legal entities have been grouped together based on the fact they have the same management, the same control environment and also considering the way the component reports to the group. We have determined there are six components required for Group reporting as follows: SWR, GWR, AWC and First Bus as full scope components, with Hull Trains and Lumo reporting on certain financial statement line items contributing to operating profit. We have also performed audit procedures over significant or large balances outside of the in scope entities.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the process management adopted to assess the extent of the potential impact of climate risk on the Group's financial statements and support the disclosures made within the Note 2 and Note 11.

In addition to enquiries with management, we also:

- Read the governance processes in place to assess climate risk
- Read additional reporting made by the entity on climate including its Environmental Performance Report

We challenged the completeness of management's climate risk assessment by:

- Reading external reporting made by management including the Carbon Disclosure Project submissions
- Reading the entity's website /communications for details of climate related impacts

Management has made commitments to operate a fully zero emission Bus fleet by 2035. Management considers the impact of climate risk does give rise to a potential material financial statement impact.

The key areas of the financial statements where management evaluated that climate risk has a potentially significant impact are disclosures relating to impairment assessment of goodwill and carrying value of investments in subsidiaries.

Using our knowledge of the business we evaluated management's risk assessment, its estimates as set out in note 2 of the financial statements and resulting disclosures where significant. We considered the following areas that could potentially be materially impacted by climate risk and consequently we focused our audit work in these areas:

- Valuation of goodwill
- Carrying value of investment is subsidiaries

To respond to the audit risks identified in these areas we tailored our audit approach to address these, in particular, we:

- Challenged management on how the impact of climate commitments made by the Group would impact the assumptions within the discounted cash flows prepared by management that are used in the Group's and Company's impairment analysis.
- Evaluated whether the impact of both physical and transition risks arising due to climate risk had been appropriately included in the recoverable value of the Group's assets.
- Challenged whether the impact of climate risk in the Directors' assessments and disclosures of going concern and viability were consistent with management's climate impact assessment.

We also considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures (TCFD) section) within the Annual Report with the financial statements and our knowledge obtained from our audit.

Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our key audit matters for the period ended 29 March 2025.

Independent auditors' report to the members of FirstGroup plc continued

Materiality

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

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

	Financial statements – group	Financial statements – company
Overall materiality	£20,000,000 (2024: £20,000,000).	£12,400,000 (2024: £13,600,000).
How we determined it	Based on 0.4% of revenue	Based on 1% of total assets
Rationale for benchmark applied	Revenue is considered to be the most appropriate benchmark for the financial year. In the engagement leader's judgement £20 million is an appropriate materiality for a group of the scale and size of FirstGroup plc.	The entity is a holding company of the rest of the Group and is not a trading entity. Therefore an asset based measure is considered appropriate.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £2,075,200 and £19,00,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%) of overall materiality, amounting to £15,000,000 (2024: £15,000,000) for the group financial statements and £9,300,000 (2024: £10,200,000) for the company financial statements.

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

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1,000,000 (group audit) (2024: £1,000,000) and £620,000 (company audit) (2024: £680,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- obtaining and agreeing management's going concern assessment to the business' board approved plan and ensuring that the base case scenario indicates that the business generates sufficient cash flows to meets its obligations within the going concern assessment period while complying with covenant arrangements;
- considering the extent to which the group's and company's future cash flows might be adversely affected by discontinuation of Government support, return of National Rail Contracts to public ownership, the impact of contingent liabilities, pending litigation, or cost of living;
- reviewing management's cash flow forecasts, assessing the existing sources of finance and considering the overall impact on liquidity;
- ensuring the mathematical accuracy of management's models;
- evaluating management's severe but plausible scenario and ensuring this is appropriately modelled through the cash flows;
- considering the risk of breach of the covenant arrangements in place for external borrowings under the severe but plausible scenario;
- evaluating whether the cash flows in the going concern period include the costs associated with achieving the group's climate change goals such as capital expenditure on battery, electric and hydrogen fuel cell vehicle fleet;
- performing further sensitivity analysis on the severe but plausible scenario;
- considering the adequacy of the disclosures in the financial statements.

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

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

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

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Independent auditors' report to the members of FirstGroup plc continued

Reporting on other information

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

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

With respect to the Strategic report and Directors' report and additional disclosures, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report and additional disclosures

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report and additional disclosures for the period ended 29 March 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report and additional disclosures.

Directors' Remuneration

In our opinion, the part of the Remuneration Committee report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Independent auditors' report to the members of FirstGroup plc continued

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment laws and regulations, and health and safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries including those to increase revenue and management bias within accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Enquiries of management at the Group and divisional levels;
- Enquiries of the Group's legal teams;
- Enquiries with component auditors;
- Review of internal audit reports in so far as they related to the financial statements;
- Identifying and testing journal entries, in particular certain journal entries posted with unusual account combinations which result in an impact to revenue; and
- Challenging estimates and judgements made by management in determining significant accounting estimates, in particular in relation to valuation of pensions liabilities, valuation of complex investments within the pension assets and recoverability of investments held by the parent.

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

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of FirstGroup plc continued

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Remuneration Committee report to be audited are not in agreement with the accounting records and returns; or
- a corporate governance statement has not been prepared by the company.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 5 November 2020 to audit the financial statements for the year ended 27 March 2021 and subsequent financial periods. The period of total uninterrupted engagement is five years, covering the years ended 27 March 2021 to 29 March 2025.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Matthew Mullins (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Watford
10 June 2025

Consolidated income statement

For the 52 weeks ended 29 March 2025/53 weeks ended 30 March 2024

Continuing Operations	Notes	2025 £m	2024 £m
Revenue	3,5	**5,066.3**	4,715.1
Operating costs before LGPS pension settlement and related charges	6	**(4,843.7)**	(4,521.7)
LGPS pension settlement and related charges	4	**–**	(146.9)
Total operating costs	6	**(4,843.7)**	(4,668.6)
Operating profit	5,6	**222.6**	46.5
Investment income	8	**7.7**	16.7
Finance costs	8	**(65.4)**	(82.0)
Profit/(loss) before tax		**164.9**	(18.8)
Tax	9	**(31.3)**	15.1
Profit/(loss) from continuing operations		**133.6**	(3.7)
Profit/(loss) from discontinued operations	20	**4.7**	(5.7)
Profit/(loss) for the year		**138.3**	(9.4)
Attributable to:			
Equity holders of the parent		**127.5**	(15.9)
Non-controlling interests		**10.8**	6.5
		138.3	(9.4)
Earnings per share			
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company			
Basic earnings per share		**20.5p**	(1.5)p
Diluted earnings per share		**19.7p**	(1.5)p
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company			
Basic earnings per share	10	**21.3p**	(2.4)p
Diluted earnings per share	10	**20.5p**	(2.4)p
Adjusted results (from continuing operations)[1]			
Adjusted operating profit	4	**222.8**	204.3
Adjusted profit before tax		**165.1**	139.0
Adjusted EPS	10	**19.4p**	16.7p
Adjusted diluted EPS		**18.6p**	16.1p

1 Adjusted for certain items as set out in note 4.

The accompanying notes form an integral part of this consolidated income statement.

Consolidated statement of comprehensive income

For the 52 weeks ended 29 March 2025/53 weeks ended 30 March 2024

	Notes	2025 £m	2024 £m
Profit/(loss) for the year		**138.3**	(9.4)
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains/(losses) on defined benefit pension schemes	35	**32.9**	(77.7)
Gain on termination of LGPS participation from restricted accounting surplus		**–**	161.0
Deferred tax on actuarial gains on defined benefit pension schemes		**(7.5)**	(20.2)
		25.4	63.1
Items that may be reclassified subsequently to profit or loss			
Hedging instrument movements	27	**(4.0)**	5.1
Deferred tax on hedging instrument movements		**1.0**	(0.5)
Cumulative loss on hedging instruments reclassified to the income statement		**–**	(2.7)
Exchange differences on translation of foreign operations – continuing operations		**(2.1)**	–
Exchange differences on translation of foreign operations – discontinued operations		**3.1**	(6.6)
		(2.0)	(4.7)
Other comprehensive income for the year		**23.4**	58.4
Total comprehensive income for the year		**161.7**	49.0
Attributable to:			
Equity holders of the parent		**150.9**	42.5
Non-controlling interests		**10.8**	6.5
		161.7	49.0
Total comprehensive income/(loss) for the year attributable to owners of FirstGroup plc arises from:			
Attributable to:			
Continuing operations		**151.6**	62.1
Discontinued operations		**10.1**	(13.1)
		161.7	49.0

The accompanying notes form an integral part of this consolidated statement of comprehensive income.

Consolidated balance sheet

As at 29 March 2025/30 March 2024

	Notes	2025 £m	2024 £m
Non-current assets			
Goodwill	11	**148.2**	111.0
Other intangible assets	12	**16.1**	10.4
Property, plant and equipment	13	**2,028.0**	2,155.4
Deferred tax assets	24	**47.2**	39.6
Retirement benefit assets	35	**27.3**	6.4
Derivative financial instruments	23	**0.3**	0.4
Financial asset	23	**104.2**	99.6
Investments	14	**2.6**	2.6
		2,373.9	2,425.4
Current assets			
Inventories	15	**30.8**	25.9
Trade and other receivables	16	**761.6**	852.6
Current tax assets		**7.4**	4.4
Cash and cash equivalents	19	**487.1**	496.5
Derivative financial instruments	23	**0.2**	2.0
		1,287.1	1,381.4
Assets held for sale	17	**–**	0.6
Total assets		**3,661.0**	3,807.4
Current liabilities			
Trade and other payables	18	**1,208.2**	1,258.6
Tax liabilities – Current tax liabilities		**–**	0.4
– Other tax and social security		**59.6**	39.6
Borrowings	21	**482.9**	626.5
Derivative financial instruments	23	**3.0**	3.4
Provisions	25	**96.2**	74.6
Current liabilities		**1,849.9**	2,003.1
Net current liabilities		**(562.8)**	(621.7)

	Notes	2025 £m	2024 £m
Non-current liabilities			
Borrowings	21	**979.0**	1,018.3
Derivative financial instruments	23	**1.0**	1.3
Retirement benefit liabilities	35	**4.6**	31.7
Provisions	25	**114.0**	111.3
		1,098.6	1,162.6
Total liabilities		**2,948.5**	3,165.7
Net assets		**712.5**	641.7
Equity			
Share capital	26	**37.5**	37.5
Share premium		**693.3**	693.3
Hedging reserve	27	**(2.2)**	(1.8)
Other reserves	27	**22.4**	22.4
Own shares	27	**(31.1)**	(20.4)
Translation reserve	28	**(21.9)**	(22.9)
Retained earnings		**(1.3)**	(74.8)
Equity attributable to equity holders of the parent		**696.7**	633.3
Non-controlling interests		**15.8**	8.4
Total equity		**712.5**	641.7

The accompanying notes form an integral part of this consolidated balance sheet.

Ryan Mangold
10 June 2025

Consolidated statement of changes in equity

For the 52 weeks ended 29 March 2025/53 weeks ended 30 March 2024

	Share capital (note 26) £m	Share premium £m	Hedging reserve (note 27) £m	Other reserves (note 27) £m	Own shares (note 27) £m	Translation reserve (note 28) £m	Retained earnings/ (deficit) £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 26 March 2023	37.5	693.2	(0.7)	22.4	(15.4)	(16.3)	19.5	740.2	10.6	750.8
(Loss)/profit for the period	–	–	–	–	–	–	(15.9)	(15.9)	6.5	(9.4)
Other comprehensive income/(loss) for the period	–	–	1.9	–	–	(6.6)	63.1	58.4	–	58.4
Total comprehensive income/(loss) for the period	–	–	1.9	–	–	(6.6)	47.2	42.5	6.5	49.0
Hedging instrument movements transferred to balance sheet (net of tax)	–	–	(3.0)	–	–	–	–	(3.0)	–	(3.0)
Transactions with owners in their capacity as owners										
Shares issued	–	0.1	–	–	–	–	–	0.1	–	0.1
Shares bought back but not yet cancelled	–	–	–	–	–	–	(74.7)	(74.7)	–	(74.7)
Liability for shares not yet bought back	–	–	–	–	–	–	(41.1)	(41.1)	–	(41.1)
Non-controlling interest buy-out	–	–	–	–	–	–	–	–	(2.2)	(2.2)
Dividends paid	–	–	–	–	–	–	(29.5)	(29.5)	(6.5)	(36.0)
Movement in EBT and treasury shares	–	–	–	–	(5.0)	–	(11.5)	(16.5)	–	(16.5)
Share-based payments	–	–	–	–	–	–	15.6	15.6	–	15.6
Deferred tax on share-based payments	–	–	–	–	–	–	(0.3)	(0.3)	–	(0.3)
Balance at 30 March 2024	37.5	693.3	(1.8)	22.4	(20.4)	(22.9)	(74.8)	633.3	8.4	641.7
Balance at 31 March 2024	**37.5**	**693.3**	**(1.8)**	**22.4**	**(20.4)**	**(22.9)**	**(74.8)**	**633.3**	**8.4**	**641.7**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**127.5**	**127.5**	**10.8**	**138.3**
Other comprehensive income/(loss) for the period	**–**	**–**	**(3.0)**	**–**	**–**	**1.0**	**25.4**	**23.4**	**–**	**23.4**
Total comprehensive income/(loss) for the period	**–**	**–**	**(3.0)**	**–**	**–**	**1.0**	**152.9**	**150.9**	**10.8**	**161.7**
Hedging instrument movements transferred to balance sheet (net of tax)	**–**	**–**	**2.6**	**–**	**–**	**–**	**–**	**2.6**	**–**	**2.6**
Transactions with owners in their capacity as owners										
Shares bought back but not yet cancelled	**–**	**–**	**–**	**–**	**–**	**–**	**(50.4)**	**(50.4)**	**–**	**(50.4)**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**(34.2)**	**(34.2)**	**(3.4)**	**(37.6)**
Movement in EBT and treasury shares	**–**	**–**	**–**	**–**	**(10.7)**	**–**	**(5.4)**	**(16.1)**	**–**	**(16.1)**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**10.5**	**10.5**	**–**	**10.5**
Deferred tax on share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**0.1**	**0.1**	**–**	**0.1**
Balance at 29 March 2025	**37.5**	**693.3**	**(2.2)**	**22.4**	**(31.1)**	**(21.9)**	**(1.3)**	**696.7**	**15.8**	**712.5**

The accompanying notes form an integral part of this consolidated statement of changes in equity.

Consolidated cash flow statement

For the 52 weeks ended 29 March 2025/53 weeks ended 30 March 2024

	Notes	2025 £m	2024 £m
Cash generated by operations	30	**828.2**	626.6
Tax paid		**(6.0)**	(2.2)
Interest paid		**(68.0)**	(81.1)
Net cash from operating activities	30	**754.2**	543.3
Investing activities			
Interest received		**7.7**	15.7
Proceeds from disposal of property, plant and equipment		**17.9**	42.8
Purchases of property, plant and equipment		**(150.7)**	(216.9)
Purchases of software		**(5.7)**	(2.4)
Proceeds from capital grant funding		**66.4**	94.8
Proceeds from contingent consideration		**–**	65.3
Settlement of foreign exchange hedge		**–**	4.1
Acquisition of businesses (net of cash acquired)	29	**(86.5)**	(13.6)
Net cash used in investing activities		**(150.9)**	(10.2)
Financing activities			
Shares purchased by Employee Benefit Trust		**(16.1)**	(16.5)
Treasury shares purchased via share buyback scheme and directly associated costs		**(91.8)**	(117.6)
External dividends paid		**(34.2)**	(29.5)
Dividends paid to non-controlling shareholders		**(3.4)**	(6.5)
Non-controlling interest buy-out		**–**	(3.1)
Term loan drawdown		**65.0**	–
Proceeds from rolling credit facility		**80.0**	–
Repayment of rolling credit facility		**(75.0)**	–
Repayment of bond issues		**(96.2)**	(88.0)
Repayment of lease liabilities		**(503.5)**	(506.9)
Repayment of asset backed financial liabilities		**(9.8)**	(19.3)
Proceeds from asset backed financial liabilities		**36.7**	–
Repayment of loan notes		**–**	(0.6)
Proceeds from NextGen facility		**6.8**	13.1
Fees for finance facilities		**–**	(1.4)
Net cash flow used in financing activities		**(641.5)**	(776.3)
Net decrease in cash and cash equivalents before foreign exchange movements		**(38.2)**	(243.2)
Cash and cash equivalents at beginning of year		**468.7**	708.5
Foreign exchange movements		**0.2**	3.4
Cash and cash equivalents at end of year		**430.7**	468.7

Cash flows of discontinued operations are shown in note 20.

	Notes	2025 £m	2024 £m
Reconciliation to cash flow statement			
Cash and cash equivalents – balance sheet	19	**487.1**	496.5
Bank overdraft	21	**(56.4)**	(27.8)
Cash and cash equivalents at end of year per consolidated balance sheet		**430.7**	468.7

Note to the consolidated cash flow statement – reconciliation of net cash flow to movement in net debt

	Notes	2025 £m	2024 £m
Net decrease in cash and cash equivalents in year		**(38.2)**	(243.2)
Decrease in debt excluding leases		**19.4**	75.5
Repayment of lease liabilities and asset backed financial liabilities		**513.3**	526.2
Inception and reassessment of leases and asset backed financial liabilities		**(324.7)**	(237.5)
Foreign exchange movements		**0.2**	3.4
Other non-cash movements		**–**	(0.1)
Movement in net debt in year		**170.0**	124.3
Net debt at beginning of year		**(1,144.8)**	(1,269.1)
Net debt at end of year	31	**974.8**	(1,144.8)

The accompanying notes form an integral part of this consolidated cash flow statement.

Notes to the consolidated financial statements

1 General information

FirstGroup plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 395 King Street, Aberdeen, Scotland, United Kingdom AB24 5RP. The nature of the Group's operations and its principal activities are set out in the Strategic report on pages 04 to 70.

These financial statements are presented in pounds sterling. Foreign operations are included in accordance with the accounting policies set out in note 2.

2 Material accounting policies

Basis of accounting

The consolidated financial statements of FirstGroup plc comply with UK-adopted international accounting standards and with the requirements of the Companies Act 2006. There were no unendorsed standards effective for the period ended 29 March 2025 affecting these consolidated and separate financial statements.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments, and on a going concern basis as described in the going concern statement within the Strategic report on page 70.

As set out on page 69, the Group has undertaken detailed reviews of a range of severe but plausible financial and operational scenarios using financial outlook modelling. Based on their review of the financial forecasts and having regard to the risks and uncertainties to which the Group is exposed, the Directors believe that the Company and the Group have adequate resources to continue in operational existence for at least a 12-month period from the date on which the financial statements were approved. Accordingly, the financial statements have been prepared on a going concern basis.

The financial statements for the 52 weeks ended 29 March 2025 include the results and financial position of the First Rail businesses for the year ended 31 March 2025 and the results and financial position of all the other businesses for the 52 weeks ended 29 March 2025. The financial statements for the 53 weeks ended 30 March 2024 include the results and financial position of the First Rail businesses for the year ended 31 March 2024 and the results and financial position of all the other businesses for the 53 weeks ended 30 March 2024.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control exists when the Company has power over an investee entity, exposure to variable returns from its involvement with the entity and the ability to use its power over the entity to affect its returns.

Non-controlling interests in subsidiaries are identified separately from the Group's equity interest therein. The present ownership interests of non-controlling shareholders entitle their holders to a proportionate share of net assets upon liquidation, and may initially be measured at fair value, or at the non-controlling interests' proportionate share of their fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisitions method. The consideration for each acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the income statement as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair value at the acquisition date.

Notes to the consolidated financial statements continued

2 Significant accounting policies continued

Assets and disposal groups held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year of the date of classification.

Such assets, or disposal groups, are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations; or
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

Goodwill and intangible assets

Goodwill arising on consolidation is recognised as an asset at the date that control is acquired. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units (CGUs) which are tested for impairment annually, or more frequently where there is an indication that the CGU may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the CGU, the impairment loss is allocated to the goodwill of the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Computer software is recognised separately as an intangible asset and is carried at cost less accumulated amortisation and accumulated impairment losses. Costs include software licences, website development, costs attributable to the development, design and implementation of the computer software and internal costs directly attributable to the software. Software is amortised on a straight-line basis over its useful economic life (three to five years).

Revenue recognition

Under IFRS 15 revenue is recognised when control of a good or service transfers to the customer. The point at which goods and services are transferred to the customer is based on the fulfilment of performance obligations.

As the Group has the right to consideration corresponding directly with the value of performance completed to date, customer contract revenue is recognised consistent with the amount that the Group has a right to invoice. The Group is therefore exercising the practical expedient not to explain transaction prices allocated to unsatisfied performance obligations at the end of the reporting period.

Revenue principally comprises revenue from train passenger services, road passenger transport, and certain management and maintenance services in the UK. Where appropriate, amounts are shown net of rebates and sales taxes. An explanation of the types of revenue is set out below.

Note that revenues include contractual and direct fiscal support. This is covered in more detail further on in this note.

Passenger revenues

Passenger revenues primarily relate to ticket sales through First Bus and the First Rail businesses. Passenger revenue is recognised at both a point in time and over time. Ticket sales for journeys of less than one week's duration are recognised on the first date of travel. Ticket sales for season tickets, travel cards and open-return tickets are initially deferred then recognised over the period covered by the relevant ticket. Concessionary amounts are recognised in the period in which the service is provided.

Contract revenues

Contract revenues mainly relate to tenders and route contracts in First Bus. Revenues are recognised as the services are provided over the length of the contract and based on a transaction price which is defined in the terms of the contract.

Rail contract subsidy receipts

Revenue in the First Rail businesses includes subsidy receipts from the Department for Transport (DfT) for National Rail Contracts (NRCs), with amounts receivable under these arrangements including certain funded operational projects. Revenue also includes amounts attributable to the Train Operating Companies (TOCs), predominantly based on models of route usage, by the Railway Settlement Plan in respect of passenger receipts. Revenue is recognised over time as the performance obligations are met as agreed between the individual TOCs and the DfT.

Other revenues

Other revenues mainly relate to non-rail subsidies, revenue arising from ancillary services to other rail and road passenger service providers for maintenance, refuelling and other associated services and to sundry third parties for the use of space at terminals and on-board vehicles for other business activities, e.g. retail outlets, taxi ranks, catering and advertising. Other revenues are recognised at both a point in time and over time.

Notes to the consolidated financial statements continued

2 Significant accounting policies continued

Contractual and direct fiscal support

The principal direct fiscal support recognised during the year comprised £347.8m (2024: £383.5m) of NRC funding in the First Rail businesses, and £15.5m (2024: £25.0m) of funding and concessions (including the £3 fare cap in England) in First Bus. These are recognised within revenue in accordance with IFRS 15 when control of the good or service is transferred to the customer and the Group is entitled to the consideration.

The main direct fiscal support recognised in revenue over time for each division has been as follows:

First Bus

The English, Scottish and Welsh Governments have each supported bus operators, through a variety of funding schemes since March 2020. In England, the BSOG+ scheme provides funding through enhanced BSOG rates per litre and an additional payment per km operated for eligible miles. In addition to this the DfT implemented a £2 cap on all single fares across the country in January 2023, reimbursing operators for any revenue foregone as a result of the reduced ticket prices. This scheme ran until December 2024, whereupon the fare cap increased to £3. In Scotland, funding is provided by the NSG scheme which replaced their BSOG scheme. In Wales funding is provided through BSSG and the tendering of routes which are no longer commercially viable.

The extent to which certain costs are eligible for inclusion in claiming bus support grant income and how certain costs should be determined for the purposes of the schemes remains subject to reconciliation processes. Income is recognised in the income statement in the same period in which the related shortfall of revenue over costs is incurred to the extent there is reasonable certainty that: (a) the Group will comply with the conditions attaching to the grant and (b) the grant will be received and retained by the Group, taking account of the potential adjustments to grant payments as a result of any reconciliation process.

First Rail

The Emergency Measures Agreements (EMAs), the Emergency Recovery Measures Agreement (ERMAs) and the National Rail Contracts (NRCs) transferred substantially all revenue and substantially all cost risk to the government and for the current and prior periods our First Rail contracts were operated under the terms of these arrangements:

- GWR operated under an NRC to June 2028, with a minimum core period to June 2025.
- WCP/Avanti were awarded a nine-year NRC in September 2023, with a minimum core three-year term to October 2026.
- SWR operated under an NRC throughout both periods, with an expiry date of 25 May 2025.
- On 11 May 2023, the DfT confirmed that it would not exercise its option to extend FirstGroup's TPE NRC and the contract expired on 28 May 2023. On that date the DfT appointed its Operator of Last Resort to take over delivery of passenger services on the TPE network.

Under the arrangements, our franchised TOCs are paid a fixed management fee to continue to operate the rail network at a service level agreed with the government. Performance based fees are earned through a combination of scorecards and quantified target methodologies benchmarked off this agreed service level. Net DfT funding including the management and performance fee is recognised as revenue in Rail contracts subsidy receipts, in line with the revenue recognition policy for contract subsidy receipts from the DfT.

Disaggregated revenue by operating segment is set out in note 5.

Leasing

Lease identification

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right of use asset

At the commencement date, the right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the Group to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located.

The right of use asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or current expected contract terms for rail TOCs. In addition, the right of use asset is periodically reduced by impairment losses, if applicable, and adjusted for certain remeasurements of the lease liability.

Lease liability

At the commencement date of the lease, the lease liability is initially measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid by the Group under residual value guarantees. The lease payments also include the exercise price of a purchase option if the Group is reasonably certain to exercise that option. Payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease, are also included. The payments are discounted at the incremental borrowing rate since the rates implicit in the leases are not readily available.

The lease liability is measured by increasing the carrying amount to reflect the interest on the lease liability and reducing the carrying amount to reflect the lease payments made. The carrying value is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

Lease incentives

The Group assesses reimbursements from lessors, to establish whether these represent lease incentives. Where a lease incentive is identified, the income is spread over the term of the related lease.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to selected leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option and where it is not reasonably certain that the lease term will be extended. It also applies the low-value assets recognition exemption to leases of assets of low value based on the value of the asset when it is new, regardless of the age of the asset being leased. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

On the balance sheet, right of use assets have been included in property, plant and equipment and lease liabilities have been included in borrowings.

Notes to the consolidated financial statements continued

2 Significant accounting policies continued

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised within other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised within other comprehensive income.

In order to hedge its exposure to certain foreign exchange risks, the Group holds currency swaps and borrowings in foreign currencies (see note 23 for details of the Group's policies in respect of foreign exchange risks).

On consolidation, the assets and liabilities of the Group's overseas operations are translated at the closing exchange rates on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising from the average exchange rates used and the period end rate, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Borrowing costs

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Non-GAAP measures and performance

In measuring the Group and divisional adjusted operating performance, additional financial measures derived from the reported results have been used by management in order to eliminate factors which distort year-on-year comparisons. The Group's adjusted performance is used to explain year-on-year changes when the effect of certain items is significant, including strategic items (including material M&A and group restructuring projects), costs of acquisitions including aborted acquisitions, and impairment of assets. Other items below £5.0m would not normally be considered as adjusting items unless part of a larger strategic project, but items which distort year-on-year comparisons that exceed this amount could potentially be classified as an adjusting item and are assessed on a case-by-case basis. Such potential adjusting other items may include: restructuring and reorganisation costs; property gains or losses; aged legal and self-insurance claims; movements on insurance discount rates; onerous contract provisions; pension settlement gains or losses; and other items which management has determined as not being relevant to an understanding of the Group's underlying business performance. Subsequent remeasurements of adjusting items are also recognised as an adjusting item in the future period in which the remeasurement occurs.

Management considers that this overall basis supports year-on-year business performance comparisons, to underpin planning and decision making on resource allocation. The Group does not consider the non-GAAP measures to be more important than, or superior to, IFRS measures. See note 4 for the reconciliation to non-GAAP measures and performance.

Retirement benefit costs

The Group operates or participates in a number of pension schemes, which include both defined benefit schemes and defined contribution schemes.

Payments to defined contribution plans are charged as an expense as they fall due. There is no further obligation to pay contributions into a defined contribution plan once the contributions specified in the plan rules have been paid.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial updates being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the income statement and presented in the consolidated statement of other comprehensive income.

All past service costs are recognised immediately in the consolidated income statement.

Where changes to the benefits in payment on defined benefit pension schemes require a change in scheme rules or ratification by the Trustees, the change is recognised as a past service charge or credit in the income statement. Where changes in assumptions can be made without changing the Trustee agreement, these are recognised as a change in assumptions in other comprehensive income.

The retirement benefit position recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets. Any residual asset resulting from this calculation is limited to refunds economically available to the Company, in the form of either a public sector payment or the present value of future service costs recognised via suspension of cash contributions.

Various TOCs in the First Rail business participate in the Railways Pension Scheme (RPS), which is an industry-wide defined benefit scheme. The Group is obligated to fund the relevant section of the scheme over the period for which the contract is held. The full liability is recognised on the balance sheet, which is then reduced by a 'contract adjustment' so that the net liability reflects the Group's obligations to fund the scheme over the contract term, subject to any changes in the schedule of contributions following a statutory valuation.

Retirement benefits are also covered in the Key sources of estimation uncertainty section of note 2 below.

Tax

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date and includes an estimate of the tax which could be payable as a result of differing interpretation of tax laws.

Notes to the consolidated financial statements continued

2 Significant accounting policies continued

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill, or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised and is based on the estimated tax consequences of items that are subject to differing interpretations of tax laws. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income or directly to equity, in which case the deferred tax is also dealt with within other comprehensive income or directly in equity respectively.

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

The Group follows IFRIC 23 Uncertainty over Income Tax Treatments. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires the Group to determine whether uncertain tax positions are assessed separately or as a Group, and

- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - If yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  - If no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

Property, plant and equipment

Properties for provision of services or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Passenger carrying vehicles and other plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets, other than freehold land, the land element of long leasehold properties or on assets in the course of construction, over their estimated useful lives, using the straight-line method, on the following bases:

Freehold buildings	50 years straight-line
Passenger carrying vehicles	seven to 17 years straight-line
Other plant and equipment	three to 25 years straight-line

Assets specific to Train Operating Companies are depreciated over the lesser of their estimated useful lives or the expected rail contract term.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Capital grants

Capital grants relating to property, plant and equipment are held in other payables and released to the income statement over the expected useful lives of the assets concerned. Capital grants are not recognised until there is a reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised as income immediately.

Notes to the consolidated financial statements continued

2 Significant accounting policies continued

Inventories

Inventories of spare parts and consumables are stated at the lower of cost and net realisable value, after making appropriate allowances for obsolete and slow-moving items. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Where the purchase of inventory was the hedged item in a cash flow hedge relationship, the initial carrying amount of the recognised inventory is adjusted by the associated hedging gain or loss transferred from the hedging reserve (a basis adjustment). There are no material inventory allowances.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets can be measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income. The measurement basis is determined by reference to both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

Financial assets are classified into one of three primary categories:

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement within finance costs. Transaction costs arising on initial recognition are expensed in the income statement.

Fair value through other comprehensive income

The Group does not have any financial assets held at fair value through other comprehensive income.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

Financial liabilities

Bank borrowings

Interest-bearing bank loans and overdrafts are measured on an amortised cost basis.

Bonds and loan notes

These are measured either on an amortised cost basis or at fair value, if designated.

Trade payables

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

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to hedge its exposure to foreign exchange, interest rate and commodity risks. Use of such financial instruments is governed by policies and delegated authorities approved by the Board. The Group does not hold or issue derivative financial instruments for trading purposes. The main derivative financial instruments used by the Group are interest rate swaps, fuel swaps, and cross currency interest rate swaps. Such instruments are initially recognised at fair value and subsequently remeasured to fair value at the reported balance sheet date. The fair values are calculated by reference to market exchange rates, interest rates and fuel prices at the period end, and supported by counterparty confirmations. Where derivatives do not qualify for hedge accounting, any gains or losses on remeasurement are immediately recognised in the Group income statement. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedge relationship and the item being hedged. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge, the nature of the risks being hedged and the economic relationship between the item being hedged and the hedging instrument.

Fair value hedging: The fair value change on qualifying hedging instruments is recognised in profit or loss. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss.

Cash flow hedging: The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial item such as inventory, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included as a basis adjustment in the initial measurement of the cost of that item. This transfer does not affect other comprehensive income, however the hedging gains and losses that will subsequently be transferred as basis adjustments are categorised as amounts that may be reclassified subsequently to profit or loss, as such a reclassification may occur in the event that the hedged transaction is no longer expected to occur. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Net investment hedging: Derivative financial instruments are classified as net investment hedges when they hedge the Group's net investment in an overseas operation. The effective element of any foreign exchange gain or loss from remeasuring the derivative instrument is recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Any ineffective element is recognised immediately in the Group income statement. Gains and losses accumulated in the foreign currency translation reserve are included in the Group income statement on the disposal or partial disposal of the foreign operation.

Notes to the consolidated financial statements continued

2 Significant accounting policies continued

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Self-insurance

The Group's policy is to self-insure high-frequency, low-value claims within the businesses. In addition there are typically a smaller number of major claims during a financial year for which cover is obtained through third party insurance policies subject to an insurance deductible. Where the Group holds legacy self-insurance exposures related to disposed businesses, insurance and re-insurance policies have been purchased to de-risk this exposure. Provision is made under IAS 37 Provisions, Contingent Liabilities and Contingent Assets for the estimated cost of settling uninsured claims for incidents occurring prior to the balance sheet date. The provision is discounted to appropriately reflect the timing of future cash claims settlements. Self-insurance is also covered in the Key sources of estimation uncertainty section of note 2 below.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value is expensed over the vesting period, based on the Group's estimate of shares that will eventually vest and is adjusted for the effects of non-market-based vesting conditions.

Fair value is measured by use of a Black-Scholes or other appropriate valuation models. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Joint operations

Where the Group assesses a joint arrangement to be a joint operation, it recognises its direct right to the assets, liabilities, revenue and expenses of the joint operation, and its share of any jointly held or incurred assets, liabilities, revenue and expenses. These have been incorporated in the financial statements under the appropriate headings.

Dividend distributions

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

Adoption of new and revised standards

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

The following amended standards and interpretations were adopted by the Group during the year:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

There has been no material change as a result of applying these amendments. No significant impact is expected from any of the future standards and amendments that are visible, with the exception of IFRS 18 Presentation and Disclosure in Financial Statements, which is effective from 1 January 2027, which is expected to change the presentation of the consolidated financial statements.

Key sources of estimation uncertainty and significant judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The following are the critical estimates and judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Acquisition accounting adjustments relating to First Bus London

On 28 February 2025, the Group completed its acquisition of London bus operator RATP Dev Transit London Limited and its subsidiaries (First Bus London).

The Group is currently undertaking the purchase price allocation exercise for First Bus London, and this has identified a number of adjustments to reflect the fair value of the assets and liabilities acquired. IFRS 3 Business Combinations allows the Group 12 months from the date of acquisition to finalise this exercise, and the standard acknowledges that it will be necessary to estimate certain acquisition adjustments and fair values. Owing to the proximity of the acquisition to the reporting date, the acquisition adjustments and closing fair values are therefore disclosed in the financial statements as provisional. These will be finalised within the timeframe permitted by IFRS 3.

The key sources of estimation uncertainty and significant judgements resulting from the transaction relate to the acquisition accounting exercise, and the recognition and measurement of assets acquired and liabilities assumed. Key areas of judgement include, but are not limited to, the measurement of contract intangibles and onerous contract provisions, the valuations of property, plant and equipment (including freehold land and buildings), recognition of other liabilities and provisions, recognition and valuation of deferred tax assets, and the resulting goodwill arising from the transaction. Note 29 provides more details on the provisional acquisition accounting.

Impairment of assets in CGUs

The key sources of estimation uncertainty in relation to the potential risk of impairment of assets in CGUs relate to the cash flow forecasts including significant judgements in deciding what assumptions to make regarding the future financial performance of the CGU, the ongoing macroeconomic uncertainty, and the Group's future climate-related targets and ambitions. This is covered in more detail in note 11.

Defined benefit pension arrangements

Railway Pension Scheme

As at the balance sheet date, the Group sponsored four sections of the Railway Pension Scheme (RPS), relating to its obligations for its contracted TOCs, and a further section for Hull Trains, its open access operator. The RPS is a defined benefit pension scheme which covers the whole of the UK rail industry. The RPS is partitioned into sections and, for the sections that relate to contracts, the Group is responsible for the funding of these sections only while it operates the relevant contract. In contrast to the pension schemes operated by most businesses, the RPS is a shared cost scheme which means that costs are formally shared 60% employer and 40% employee. The Group only recognises amounts in relation to its share of costs in the income statement, and for the contracted TOCs, those amounts are then reimbursed to the TOCs as part of the overall allowable contracted operating expenses. Management of the RPS is not the responsibility of the Group, nor is it able to benefit from any future surplus, or liable for any deficit, of those funds.

Notes to the consolidated financial statements continued

2 Significant accounting policies continued

At the end of the contract term, responsibility for funding the relevant section of the scheme, and consequentially any deficit or surplus existing at that date, is passed to the next contractor. At each balance sheet date a contract adjustment is recognised against the IAS 19 net pension asset or liability to reflect that portion expected to pass to the next contractor.

The Directors view this arrangement as analogous to the circumstances described in paragraphs 92-94 of IAS 19 (Revised) with a third party taking on the obligation for future contributions. As there is no requirement to make contributions to fund the current deficit, it is assumed that all of the current deficit will be funded by another party and hence none of that deficit is attributable to the current contractor. In respect of the future service costs, there is currently no pension obligation in respect of those costs. When the costs are recognised in the income statement, the extent to which the committed contributions fall short determines the amount that is to be covered by contributions of another party in future, which is recognised as an adjustment to service cost in the income statement. Under circumstances where contributions are renegotiated, such as following a statutory valuation, an adjustment will be recognised in the income statement, whilst changes in actuarial assumptions continue to be recognised through other comprehensive income.

The Directors consider this judgement to be the most appropriate interpretation of IAS 19 to reflect the specific circumstances of the RPS where the contract commitment is only to pay contributions during the period in which we run the contract.

Actuarial assumptions

The UK schemes' retirement benefit obligations are discounted at a rate set by reference to market yields at the end of the reporting period on high-quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. Management follows actuarial advice from a third party when determining these judgements. Another key estimate is the longevity of members. We take specialist advice on this from our actuarial advisers which aims to consider the likely experience taking into account each scheme's characteristics. Our approach is to review these assumptions for each scheme following completion of their funding valuations, and more frequently only if appropriate to do so. Given pay increases for employees in the rail division are under negotiation, the gross figures for the contract rail pensions disclosures may be under- or overstated, but there will be nil impact on the balance sheet as a result of the contract adjustment.

The Pension Regulator (TPR) has been in discussions with the RPS (the Scheme) regarding the long-term funding strategy of the Scheme. Whilst TPR believes that the Scheme should be funded on a more prudent basis, it is not possible at this stage to determine the impact to ongoing contribution requirements.

The carrying amount of the Group's continuing retirement benefit arrangements at 29 March 2025 was an asset of £22.7m (2024: liability of £(25.3)m). Further details and sensitivities are set out in note 35.

Self-insurance

Provision is made for all known incidents for which there is self-insurance using management's best estimate of the likely settlement of these incidents. The estimated settlement is reviewed on a regular basis with independent actuarial advice and the amount provided (including the Incurred But Not Reported (IBNR) element) is adjusted as required. Given the diversity of claim types, their size, the range of possible outcomes and the time involved in settling these claims, a material change could be required to the carrying value of claims provisions in the next financial year. These factors also make it impractical to provide sensitivity analysis on one single measure and its potential impact on overall insurance provisions. The Group's total self-insurance provisions as at the balance sheet date were £94.3m (2024: £100.2m) as set out in note 25. Of this £34.7m relates to North America of which £31.0m is de-risked with insurance, leaving £3.7m which is in excess of the actuarial range by £0.5m (2024: £4.9m and actuarial range £4.7m to £5.3m). A receivable matching the value of the de-risked provision of £31.0m is recorded within Other receivables to account for the recovery from the third party insurer. While the range of reasonably possible outcomes within the next 12 months is not expected to be materially different from the estimate at the balance sheet date, there remains inherent risk as this balance is realised over time.

Determining the incremental borrowing rate used to measure lease liabilities

The Group is required to determine its incremental borrowing rate (IBR) to measure its lease liabilities. Judgement is required to determine the components of the IBR used for each lease, including risk-free rates, credit risk and any lease-specific adjustments.

IBRs applied to new (or modified) leases are determined quarterly or at the time of a new franchise. They depend on the term, country and start and end date of the lease. They are estimated based on several factors which include the risk-free rate based on government bond rates, a country-specific adjustment and a credit risk adjustment based on the average credit spread of entities with similar ratings to the Group, and these IBR components may be subject to future volatility and sensitivities based on macroeconomic factors such as interest rate changes.

Determining First Rail National Rail Contract (NRC) expiry dates

On 28 November 2024, the Passenger Railway Services (Public Ownership) Act 2024 received Royal Assent, allowing passenger train operators with contracts with the DfT to be brought into public ownership.

An initial timetable for this process was published in December 2024. Of the Group's NRCs, only South Western Railway was attributed a specific expiry date (May 2025, in line with the end of the NRC). The timetable indicated that other TOCs would be taken into public ownership by October 2027, but with no dates specified for Great Western Railway or West Coast Partnership. The Group is therefore required to make judgements to assess the most likely expiry dates for these NRCs.

These expiry date judgements are then used to identify lease terms in certain situations and useful lives of property, plant and equipment for TOCs. If there were to be a change in the judgement regarding lease expiry dates, this would result in a reassessment of the right of use asset and lease liabilities. Similarly, a change in useful lives for TOC property, plant and equipment would result in a change to the carrying value of those assets.

Climate change

In the preparation of the Group's consolidated financial statements, management has considered the potential impact of climate change, particularly in the context of the disclosures included in the Strategic report (including the Task Force for Climate-related Disclosures), and the Group's own climate-related ambitions and targets, including its stated Sustainability strategic pillar. This includes an assessment of how the Group's accounting estimates and judgements are impacted by the Group's pathway to achieving its stated ambitions and targets and delivering on its Sustainability strategic pillar, as well as by climate-related risks and opportunities for the Group.

Actions required to drive the Group's climate-related ambitions and targets and to deliver on its Sustainability strategic pillar, including their financial impacts, are factored into the longer-term business planning cycles of the Group. The following areas of estimation have been considered as part of these planning cycles, in addition to those detailed in the Key sources of estimation uncertainty section. Management do not believe that these areas will have a material impact on financial reporting estimates and judgements in the next year. Owing to the inherent medium/longer-term uncertainty with regard to climate-related risks and opportunities, it is not currently possible to assess whether in the future, these areas of estimation and judgement may have a more material impact on carrying values of assets and liabilities. Management will continue to regularly assess climate-related risks in the context of the estimates and judgements made in the preparation of the Group's financial statements.

Notes to the consolidated financial statements continued

2 Significant accounting policies continued

Going concern and viability

There may be a risk of increased future costs and capital investment requirements to ensure compliance with environmental regulatory requirements (for example carbon taxes/charges, or other emissions-related restrictions), and to achieve the Group's stated sustainability targets and ambitions. However, the Group believes that there is likely to be an increasing modal shift towards public transport, as awareness grows among customers of climate-related issues, and with governmental support for transport decarbonisation, which could create new opportunities for the Group.

Carrying value of non-current assets

Environmental regulatory requirements, in parallel with the Group's climate-related targets and ambitions, may further accelerate the transition to electrification of vehicle fleets. Transitional risks relating to the evolution of climate-related technologies may alter the expected obsolescence profile of existing vehicle fleets. These factors may impact the Group's estimates of the useful lives of existing assets, their residual values, and the risk of asset impairment. The Group monitors closely the accounting estimates in relation to its vehicle fleets to ensure they remain reasonable.

Provisions

Climate-related legislative and regulatory changes may, in future, require the Group to assess whether environmental provisions are necessary, for example the potential introduction of carbon taxes/charges. In parallel with the work towards achieving its climate-related ambitions and targets, the Group tracks such legislative changes to ensure the impact on the business is well understood and managed effectively.

Other areas of the financial statements which may also be impacted by climate-related risks and opportunities include:

- Share-based payments – certain of the Group's share-based payments arrangements include a sustainability target (see note 34), and the Group's ability to meet these targets may impact the amount or timing of any share-based payments.
- Deferred tax assets – recoverability of deferred tax assets is dependent on future profitability, which may be impacted by climate-related factors.
- Borrowing facilities – during the year, the Group has entered into innovative funding arrangements for the future purchase of both electric bus batteries and electric bus bodies (chassis and drivetrain). The timing of the utilisation of these facilities to support the Group's decarbonisation and sustainability targets may impact levels of borrowing and finance costs for the Group.

Going concern

The Board carried out a review of the Group's financial projections for the 18 months to 30 September 2025 and evaluated whether it was appropriate to prepare the full year results on a going concern basis. In doing so, the Board considered whether any material uncertainties exist that cast doubt on the Group's and the Company's ability to continue as a going concern over the going concern period.

Consistent with prior years, the Board's going concern assessment is based on a review of future trading projections, including whether banking covenants are likely to be met and whether there is sufficient committed facility headroom to accommodate future cash flows for the going concern period.

Divisional management teams prepared detailed, bottom-up projections for their businesses reflecting the impact of macroeconomic considerations on the operating environment, assumptions on passenger volumes and government support, as well as the impact of actions required to address the Group's climate-related targets and ambitions, and having regard to the risks and uncertainties to which the Group is exposed.

Base case scenario

The Board considered the annual budget to 31 March 2026 and medium-term plan including the period to September 2026 to be the base case scenario for the purpose of the going concern assessment for the FY 2025 year end. These projections were the subject of a series of executive management reviews and were used to establish the base case scenario that was used for the purposes of the going concern assessment. The Bus base case assumes a gradual increase in passenger volumes and yields in FY 2026, with some offset from a reduction in direct government funding, the impact of the increase in employer's national insurance, as well as the impact of the acquisitions completed in FY 2025, including First Bus London. The Rail base case also reflects the expiry in May 2025 of the South Western Railway contract and the uncertainty relating to the expiry dates of the Group's other NRCs. The macro projections in the updated base case assume that the UK operates in a low-growth, cautiously recovering economy. The annual budget and medium-term plan also capture the expected financial impact of the actions required to support the Group's climate-related targets and ambitions, and the cash flow impact of other capital allocation decisions which the Group may consider.

Downside scenario

In addition, a downside case was also modelled which assumes a more adverse macroeconomic recovery profile. In First Bus the downside case assumes a reduction in passenger volumes as well as the impact of other unexpected cost inflation, driving a 25% reduction in Bus profitability. In First Rail, the downside case assumes TOC performance fee awards at 50% of expected levels and volume and revenue reductions in Hull Trains and Lumo driving a 25% reduction in open access profitability. The downside scenario also considers potential impacts of a significant climate-related event or unbudgeted decarbonisation costs, as well as the risk of one-off safety, regulatory non-compliance or technology incidents.

Mitigating actions

If the performance of the Group were to be more adversely impacted than assumed in the base case or downside case scenarios, the Group would reduce and defer planned growth capital expenditure and further reduce costs in line with a lower-volume operating environment to the extent that the essential services we operate in First Bus are not required to be run for the governments and communities we support.

Going concern statement

Based on the review of the financial forecasts for the period to September 2026 and having regard to the risks and uncertainties to which the Group is exposed, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the 12-month period from the date on which the financial statements were approved, including compliance with banking covenants under both the base case and downside scenarios. Accordingly, they continue to adopt a going concern basis of accounting in preparing the consolidated financial statements in this full year report.

Notes to the consolidated financial statements continued

3 Revenue

	2025 £m	2024 £m
Services rendered	**4,317.2**	3,952.1
First Rail contract subsidy receipts	**412.8**	456.8
Other revenues	**336.3**	306.2
Revenue from continuing operations	**5,066.3**	4,715.1
Discontinued operations	**–**	–
Revenue	**5,066.3**	4,715.1

Disaggregated revenue by operating segment is set out in note 5.

Other revenues principally represent funding mechanisms in First Bus and the First Rail businesses.

4 Reconciliation to non-GAAP measures and performance

In measuring the Group and divisional adjusted operating performance, additional financial measures derived from the reported results have been used by management in order to eliminate factors which distort year-on-year comparisons, and to enable the like-for-like monitoring of the Group's recurring operations over time. The Group's adjusted performance is used to explain year-on-year changes when the effect of certain items is significant, including strategic items (including material M&A and group restructuring projects), costs of acquisitions including aborted acquisitions, and impairment of assets. Other items below £5.0m would not normally be considered as adjusting items unless part of a larger strategic project, but items which distort year-on-year comparisons that exceed this amount could potentially be classified as an adjusting item and are assessed on a case-by-case basis. Such potential adjusting other items may include: restructuring and reorganisation costs; property gains or losses; aged legal and self-insurance claims; movements on insurance discount rates; onerous contract provisions; pension settlement gains or losses; and other items which management has determined as not being relevant to an understanding of the Group's underlying business performance. Subsequent remeasurements of adjusting items are also recognised as an adjusting item in the future period in which the remeasurement occurs.

The Group's statutory revenue measure will be impacted as National Rail Contracts (NRCs) are taken into public ownership. As a result, during FY 2025 the Group has identified Adjusted revenue as a new performance measure, to provide an indication of the Group's revenue excluding that from NRCs. Adjusted revenue is defined as revenue excluding that element to DfT TOC revenue, and related intercompany eliminations, where the Group takes substantially no revenue risk. The Adjusted revenue measure includes management and performance fee income earned by the Group from its DfT TOC contracts.

Reconciliation of operating profit to adjusted operating profit on a continuing basis	2025 £m	2024 £m
Operating profit on a continuing basis	**222.6**	46.5
Adjustments for:		
LGPS pension settlement and related charges	**–**	146.9
Legal claims in North America and the UK	**–**	10.5
Greyhound Canada	**0.2**	0.4
Total operating profit adjustments on a continuing basis	**0.2**	157.8
Adjusted operating profit on a continuing basis (note 5)	**222.8**	204.3

Reconciliation of operating profit/(loss) to adjusted operating (loss) on a discontinued basis	2025 £m	2024 £m
Operating profit/(loss) from discontinued operations	**4.9**	(5.3)
Adjustments for:		
CARES receipt	**(0.4)**	–
Retirement benefit restructuring (credits)/charges	**(5.1)**	1.1
Transit earnout charge	**–**	2.3
Total operating profit adjustments from discontinued operations	**(5.5)**	3.4
Adjusted operating loss from discontinued operations	**(0.6)**	(1.9)

Reconciliation of profit/(loss) before tax to adjusted profit before tax and adjusted earnings	2025 £m	2024 £m
Profit/(loss) before tax (including discontinued operations)	**169.6**	(24.4)
Adjusting operating profit items – continuing operations	**0.2**	157.8
Adjusting operating profit items – discontinued operations	**(5.5)**	3.4
Adjusted operating profit items – total operations	**(5.3)**	161.2
Adjusted profit before tax including discontinued operations	**164.3**	136.8
Rail management fee-based operations – IFRS 16 adjustment	**(1.1)**	10.2
Adjusted tax charge	**(41.1)**	(32.1)
Non-controlling interests[1]	**(7.1)**	(6.5)
Adjusted earnings including discontinued operations	**115.0**	108.4

1 Statutory non-controlling interests in 2025 and 2024 reflect Avanti West Coast and South Western Railway.

Notes to the consolidated financial statements continued

4 Reconciliation to non-GAAP measures and performance continued

Reconciliation of tax charge to adjusted tax charge	2025 £m	2024 £m
Tax charge/(credit) (note 9)	**31.3**	(15.0)
Tax effect of adjusting items (note 10)	**–**	42.5
Non-recurring historical tax refund (note 9)	**3.0**	–
Write-back of previously unrecognised deferred tax assets (note 9)	**6.8**	5.3
Write-down of previously recognised deferred tax assets (note 9)	**–**	(0.7)
Adjusted tax charge (including discontinued)	**41.1**	32.1
Adjusted tax charge – continuing operations	**41.1**	32.0
Adjusted tax charge – discontinued operations	**–**	0.1

Adjusting items – 2025

The principal adjusting items in the year for the continuing business are as follows:

Greyhound Canada

A net £0.2m charge was incurred in the period relating to the continued winding down of Greyhound Canada operations.

Adjusting items – discontinued operations

CARES receipt

A credit of £0.4m was recognised in the period on receipt of CARES funding in relation to the discontinued North American operations.

Legacy US pensions scheme buy out

On 16 July 2024, the Group agreed terms with an insurance company to buy out the remaining liabilities of the legacy Greyhound US pension plan, with the plan being terminated thereafter. Following a Group contribution of $6m, gross liabilities valued at $155m (£123m) at the FY 2024 year-end were removed from the Group's balance sheet and the Group recognised a net settlement gain after related costs of £5.1m in the income statement as an adjusting item.

Adjusting items – 2024

The principal adjusting items in the prior year for the continuing business are as follows:

First Bus pension settlement charge and related items

In September 2023, First Bus concluded a period of consultation with regard to its two Local Government Pension Schemes and subsequently terminated its participation in these funds on 31 October 2023, with affected employees enrolled into the First Bus Retirement Savings Plan. Adjusting charges of £146.9m relating to the settlement charge and other costs relating to the termination were recognised during FY 2024. A gain of £161.0m was recognised in Other comprehensive income in relation to the restricted accounting surplus.

Legal claims in North America and the UK

The Group has recognised legal provisions relating to claims in North America and the UK.

Adjusting items – discontinued operations

First Transit earnout

The final valuation of the First Transit earnout contingent consideration receivable was agreed and settled during FY 2024, with the Group receiving cash of $83.8m (£65.3m). The Group incurred an adjusting charge of £2.3m, reflecting the hedging of the cash receipt, translation of the US dollar asset into pounds sterling before settlement, offsetting the small write-off of the residual asset on settlement.

Notes to the consolidated financial statements continued

4 Reconciliation to non-GAAP measures and performance continued

First Bus EBITDA comprises:	2025 £m	2024 £m
Pre-IFRS 16 EBITDA	**144.0**	132.5
IFRS 16 adjustments[1]	**16.1**	15.6
First Bus adjusted EBITDA per segmental results table (note 5)	**160.1**	148.1

First Rail EBITDA comprises:	2025 £m	2024 £m
Non-management fees-based TOCs pre-IFRS 16 EBITDA	**40.8**	37.6
Group's share of management fee income available for dividends (net of tax and non-controlling interest)	**39.0**	39.5
Tax on management fee income	**15.4**	15.0
Non-controlling interest	**7.2**	6.5
IFRS 16 adjustments[1]	**537.3**	521.9
First Rail adjusted EBITDA per segmental results table (note 5)	**639.7**	620.5

Group items EBITDA comprises:		
Pre-IFRS 16 EBITDA	**(21.4)**	(21.8)
IFRS 16 adjustments[1]	**2.0**	1.9
Group items adjusted EBITDA per segmental results table (note 5)	**(19.4)**	(19.9)

First Rail adjusted operating profit comprises:		
Non-management fees-based TOCs	**40.3**	36.4
Group's share of management fee income available for dividends (net of tax and non-controlling interest)	**39.0**	39.5
Tax on management fee income	**15.4**	15.0
Non-controlling interest	**7.2**	6.5
IFRS 16 adjustments[1]	**46.9**	45.9
First Rail adjusted operating profit per segmental results table (note 5)	**148.8**	143.3

Reconciliation of pre-IFRS 16 adjusted EBIT to post-IFRS 16 adjusted EBIT		
Pre-IFRS 16 adjusted EBIT	**173.4**	156.6
IFRS 16 adjustments[1]	**49.4**	47.7
Post-IFRS 16 adjusted EBIT	**222.8**	204.3

Reconciliation of statutory revenue to adjusted revenue[2]	2025 £m	2024 £m
Revenue – statutory basis	**5,066.3**	4,715.1
Deduct: DfT TOC revenue	**(3,881.0)**	(3,626.5)
Add back: DfT TOC management and performance fees	**71.7**	69.8
Add back: Intercompany eliminations related to DfT TOCs	**113.0**	121.2
Adjusted revenue	**1,370.0**	1,279.6

Notes to the consolidated financial statements continued

4 Reconciliation to non-GAAP measures and performance continued

Reconciliation of reported net debt to adjusted net debt/(cash)	2025 £m	2024 £m
Reported net debt (note 31)	974.8	1,144.8
IFRS 16 lease liabilities (note 22)	(1,203.6)	(1,458.5)
Ring-fenced cash (note 19)	315.7	249.6
Adjusted net debt/(cash)	86.9	(64.1)

1 IFRS 16 adjustments to EBITDA principally reflect the add back of operating lease rental costs charged to the income statement before the adoption of IFRS 16. IFRS 16 adjustments to operating profit reflect operating lease rental costs less depreciation charges on right of use assets.
2 Adjusted revenue is revenue excluding DfT TOC revenue, and related intercompany eliminations, where the Group takes substantially no revenue risk. The Adjusted revenue measure includes management and performance fee income earned by the Group from its DfT TOC contracts.

5 Business segments and geographical information

For management purposes, the Group is organised into three operating divisions – First Bus, First Rail and Greyhound. Greyhound Canada is categorised as a Continuing Operation, although trading operations have ceased.

The divisions are managed separately in line with the differing services that they provide and the geographical markets in which they operate. There is a clear distinction between each division and no judgement is required to identify each reportable segment.

The segment results for the 52 weeks ended 29 March 2025 are as follows:

	Continuing Operations					Discontinued Operations	
	First Bus £m	First Rail £m	Greyhound £m	Group items/ eliminations[1] £m	Continuing Operations £m	Greyhound £m	Total £m
Passenger revenue	785.6	3,310.7	–	–	4,096.3	–	4,096.3
Contract revenue	249.2	–	–	(28.3)	220.9	–	220.9
Rail contract subsidy receipts	–	412.8	–	–	412.8	–	412.8
Other revenues	46.7	289.6	–	–	336.3	–	336.3
Revenue	1,081.5	4,013.1	–	(28.3)	5,066.3	–	5,066.3
Rail TOC revenue adjustments	–	(3,724.3)	–	28.0	(3,696.3)	–	(3,696.3)
Adjusted revenue[2]	1,081.5	288.8	–	(0.3)	1,370.0	–	1,370.0
EBITDA[3]	160.1	639.7	–	(19.4)	780.4	(0.6)	779.8
Depreciation	(77.0)	(541.1)	–	(2.1)	(620.2)	–	(620.2)
Software amortisation	(0.9)	(1.3)	–	(0.5)	(2.7)	–	(2.7)
Capital grant amortisation	13.8	51.5	–	–	65.3	–	65.3
Segment results	96.0	148.8	–	(22.0)	222.8	(0.6)	222.2
Other adjustments (note 4)	–	–	(0.2)	–	(0.2)	5.5	5.3
Operating profit/(loss)[4]	96.0	148.8	(0.2)	(22.0)	222.6	4.9	227.5
Investment income	0.5	0.2	–	7.0	7.7	0.1	7.8
Finance costs	(9.5)	(47.8)	–	(8.1)	(65.4)	(0.3)	(65.7)
Profit/(loss) before tax	87.0	101.2	(0.2)	(23.1)	164.9	4.7	169.6
Tax							(31.3)
Profit after tax							138.3

Notes to the consolidated financial statements continued

5 Business segments and geographical information continued

	Continuing Operations					Discontinued Operations	
	First Bus £m	First Rail £m	Greyhound £m	Group items/ eliminations[1] £m	Continuing Operations £m	Greyhound £m	Total £m
Capital additions	243.0	47.0	–	–	290.0	–	290.0

Capital additions comprises intangible asset additions and acquisitions (note 12) and property, plant and equipment acquisitions and additions (note 13).

Balance sheet[5]	Total assets £m	Total liabilities £m	Net assets/ (liabilities) £m
Greyhound retained	34.3	(44.8)	(10.5)
First Bus	1,194.4	(381.1)	813.3
First Rail	1,745.4	(947.0)	798.4
	2,974.1	(1,372.9)	1,601.2
Group items	145.2	(54.1)	91.1
Borrowings and cash	487.1	(1,461.9)	(974.8)
Taxation	54.6	(59.6)	(5.0)
Total	3,661.0	(2,948.5)	712.5

1 Group items comprise central management and other items.
2 Adjusted revenue is revenue excluding DfT TOC revenue, and related intercompany eliminations, where the Group takes substantially no revenue risk.
3 EBITDA is adjusted operating profit less capital grant amortisation plus depreciation plus software amortisation.
4 Although the segment results are used by management to measure performance, statutory operating profit by operating division is also disclosed for completeness.
5 Segment assets and liabilities are determined by identifying the assets and liabilities that relate to the business of each segment but excluding intercompany balances, net debt and taxation.

Notes to the consolidated financial statements continued

5 Business segments and geographical information continued

The segment results for the 53 weeks ended 30 March 2024 were as follows:

	Continuing Operations					Discontinued Operations		
	First Bus £m	First Rail £m	Greyhound £m	Group items/ eliminations[1] £m	Continuing Operations £m	Greyhound £m	Group items[1] £m	Total £m
Passenger revenue	769.1	3,030.1	–	–	3,799.2	–	–	3,799.2
Contract revenue	188.4	–	–	(35.5)	152.9	–	–	152.9
Rail contract subsidy receipts	–	456.8	–	–	456.8	–	–	456.8
Other revenues	54.7	251.5	–	–	306.2	–	–	306.2
Revenue	1,012.2	3,738.4	–	(35.5)	4,715.1	–	–	4,715.1
Rail TOC revenue adjustments	–	(3,470.6)	–	35.1	(3,435.5)	–	–	(3,435.5)
Adjusted revenue[2]	1,012.2	267.8	–	(0.4)	1,279.6	–	–	1,279.6
EBITDA[3]	148.1	620.5	–	(20.0)	748.6	(1.8)	–	746.8
Depreciation	(73.9)	(513.8)	–	(2.0)	(589.7)	(0.1)	–	(589.8)
Software amortisation	(1.0)	(1.7)	–	(0.6)	(3.3)	–	–	(3.3)
Capital grant amortisation	10.4	38.3	–	–	48.7	–	–	48.7
Segment results	83.6	143.3	–	(22.6)	204.3	(1.9)	–	202.4
Other adjustments (note 4)	(146.9)	–	(0.4)	(10.5)	(157.8)	(1.1)	(2.3)	(161.2)
Operating profit/(loss)[4]	(63.3)	143.3	(0.4)	(33.1)	46.5	(3.0)	(2.3)	41.2
Investment income	1.7	1.6	–	13.4	16.7	0.1	–	16.8
Finance costs	(4.2)	(61.5)	–	(16.3)	(82.0)	(0.4)	–	(82.4)
(Loss)/profit before tax	(65.8)	83.4	(0.4)	(36.0)	(18.8)	(3.3)	(2.3)	(24.4)
Tax								15.0
Loss after tax								(9.4)

	Continuing Operations					Discontinued Operations		
	First Bus £m	First Rail £m	Greyhound £m	Group items/ eliminations[1] £m	Continuing Operations £m	Greyhound £m	Group items[1] £m	Total £m
Capital additions	200.8	45.5	–	0.3	246.6	–	–	246.6

Capital additions comprises intangible asset additions and acquisitions (note 12) and property, plant and equipment acquisitions and additions (note 13).

Notes to the consolidated financial statements continued

5 Business segments and geographical information continued

Balance sheet[5]	Total assets £m	Total liabilities £m	Net assets/ (liabilities) £m
Greyhound retained	54.2	(78.9)	(24.7)
First Bus	895.5	(315.3)	580.2
First Rail	2,164.1	(994.9)	1,169.2
	3,113.8	(1,389.1)	1,724.7
Group items	152.5	(91.8)	60.7
Borrowings and cash	496.5	(1,644.8)	(1,148.3)
Taxation	44.0	(40.0)	4.0
Total	3,806.8	(3,165.7)	641.1
Greyhound (held for sale)	0.6	–	0.6
Total	3,807.4	(3,165.7)	641.7

1 Group items comprise central management and other items.
2 Adjusted revenue is revenue excluding DfT TOC revenue, and related intercompany eliminations, where the Group takes substantially no revenue risk.
3 EBITDA is adjusted operating profit less capital grant amortisation plus depreciation plus software amortisation.
4 Although the segment results are used by management to measure performance, statutory operating profit by operating division is also disclosed for completeness.
5 Segment assets and liabilities are determined by identifying the assets and liabilities that relate to the business of each segment but excluding intercompany balances, net debt and taxation.

Geographical information

The Group's operations are located predominantly in the United Kingdom, with the prior year also including residual United States of America and Canada segment assets.
The following table provides an analysis of the Group's revenue by geographical market:

Revenue	2025 £m	2024 £m
United Kingdom/Republic of Ireland	**5,066.3**	4,715.1
Total continuing operations	**5,066.3**	4,715.1
United States of America – discontinued operations	**–**	–
Total discontinued operations	**–**	–
Total revenue	**5,066.3**	4,715.1

The following is an analysis of non-current assets excluding financial instruments, deferred tax and pensions, the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located:

	Non-current assets excluding financial instruments deferred tax and pensions		Additions to property, plant and equipment and intangible assets		Carrying amount of segment total assets	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m
United Kingdom/Republic of Ireland	**2,296.5**	2,376.4	**290.0**	246.6	**3,572.1**	3,708.6
Canada – continuing operations	**–**	–	**–**	–	**0.5**	1.1
Unallocated corporate items	**–**	–	**–**	–	**54.6**	44.0
Total – continuing operations	**2,296.5**	2,376.4	**290.0**	246.6	**3,627.2**	3,753.7
United States of America – discontinued operations	**2.6**	2.6	**–**	–	**33.8**	53.7
Total – discontinued operations	**2.6**	2.6	**–**	–	**33.8**	53.7
	2,299.1	2,379.0	**290.0**	246.6	**3,661.0**	3,807.4

Notes to the consolidated financial statements continued

6 Operating profit

Operating profit has been arrived at after charging/(crediting):

	2025 £m	2024 £m
Depreciation – owned assets	**113.8**	98.6
Depreciation – right of use assets	**506.4**	491.1
Operating commitments	**505.8**	496.6
Other intangible asset amortisation charges	**2.7**	3.3
Capital grant amortisation	**(65.3)**	(48.7)
Cost of inventories recognised as an expense	**236.0**	261.4
Employee costs (note 7)	**1,710.7**	1,572.0
Gain on disposal of property, plant and equipment	**(0.2)**	(5.7)
Impairment charges	**–**	3.8
Auditor's remuneration (see below)	**3.6**	3.4
Rail franchise payments	**0.6**	1.1
LGPS pension settlement and related charges	**–**	146.9
Foreign exchange	**0.3**	2.8
Other operating costs[1]	**1,829.3**	1,642.0
Operating costs – continuing operations	**4,843.7**	4,668.6
Operating (income)/costs – discontinued operations	**(4.9)**	5.3
Operating costs – continuing and discontinued operations	**4,838.8**	4,673.9

1 Other operating costs includes £40.9m (2024: £46.4m) received or receivable from government bodies in respect of bus service operator grants and fuel duty rebates.

Amounts payable to PricewaterhouseCoopers LLP and its associates by the Company and its subsidiary undertakings for continuing and discontinued operations in respect of audit and non-audit services are shown below:

	2025 £m	2024 £m
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**0.2**	0.2
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries pursuant to legislation	**3.2**	3.0
Total audit fees	**3.4**	3.2
Audit-related assurance services	**0.1**	0.1
Other non-audit services	**0.1**	0.1
Total non-audit fees	**0.2**	0.2

Fees payable to PricewaterhouseCoopers LLP and its associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

Details of the Group's policy on the use of auditors for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity were safeguarded are set out in the Corporate Governance report on page 89. No services were provided pursuant to contingent fee arrangements.

Non-audit services principally reflect the review of the half yearly financial information and other regulatory reporting.

Notes to the consolidated financial statements continued

7 Employee costs

The average monthly number of employees including discontinued operations (including Executive Directors) was:

	2025 Number	2024 Number
Operational	**27,698**	25,913
Administration	**3,065**	3,426
	30,763	29,339

The aggregate remuneration including discontinued operations (including Executive Directors) comprised:

	2025 £m	2024 £m
Wages and salaries	**1,486.4**	1,354.9
Social security costs	**149.1**	136.0
Pension costs (note 35)	**75.2**	81.1
	1,710.7	1,572.0

Wages and salaries include a charge in respect of share-based payments of £10.5m (2024: £15.6m).

Disclosures on Directors' remuneration, share options, long-term incentive schemes and pension entitlements required by the Companies Act 2006 and those specified for audit by the Financial Conduct Authority (FCA) are contained in the tables/notes within the Annual report on remuneration on pages 96 to 108. Directors' emoluments in aggregate were £6.1m (2024: £5.0m).

8 Investment income and finance costs

	2025 £m	2024 £m
Bank interest receivable	**(7.2)**	(14.7)
Interest on pensions	**(0.6)**	(2.1)
Total investment income (including discontinued operations)	**(7.8)**	(16.8)
Bonds	**3.1**	11.9
Bank interest and facility fees	**8.2**	5.8
Finance charges payable in respect of lease liabilities	**49.6**	62.1
Finance charges payable in respect of asset backed financial liabilities	**3.7**	1.4
Interest on long-term provisions	**1.0**	0.8
Interest on pensions	**0.1**	0.4
Total finance costs (including discontinued operations)	**65.7**	82.4

Finance costs are stated after charging fee expenses of £1.1m (2024: £0.7m). There was no interest capitalised into qualifying assets in either the current or prior period.

Investment income of £0.1m (2024: £0.1m) and finance costs of £0.3m (2024: £0.4m) relate to discontinued operations (note 20).

Notes to the consolidated financial statements continued

9 Tax on profit/(loss) on ordinary activities

	2025 £m	2024 £m
Current tax charge	**6.6**	1.3
Adjustments with respect to prior years	**(2.8)**	(3.0)
Total current tax charge/(credit) (including discontinued operations)	**3.8**	(1.7)
Origination and reversal of temporary differences	**36.2**	(11.0)
Adjustment in respect of prior years	**(1.9)**	2.3
Writing down of previously recognised deferred tax assets	**–**	0.7
Write back of previously unrecognised deferred tax assets	**(6.8)**	(5.3)
Total deferred tax charge/(credit) (note 24)	**27.5**	(13.3)
Total tax charge/(credit) (including discontinued operations)	**31.3**	(15.0)
Tax charge/(credit) attributable to:		
Profit/(loss) from continuing operations	**31.3**	(15.1)
Profit from discontinued operations	**–**	0.1

UK corporation tax is calculated at 25% (2024: 25%) of the estimated assessable profit for the year. Tax for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Deferred tax has been provided at 25% on temporary differences at the balance sheet date.

Notes to the consolidated financial statements continued

9 Tax on profit/(loss) on ordinary activities continued

As the Group's parent company is domiciled and listed in the UK, the Group uses the UK corporation tax rate to reconcile its effective tax rate. The tax charge for the year can be reconciled to the UK corporation tax rate as follows:

	2025 £m	2025 %	2024 £m	2024 %
Profit/(loss) from continuing operations before income tax expense	164.9	N/A	(18.8)	N/A
Profit/(loss) from discontinued operations before income tax expense	4.7	N/A	(5.6)	N/A
Profit(loss) from total operations	169.6	100.0	(24.4)	100.0
Tax at the UK corporation tax rate of 25% (2024: 25%)	42.4	(25.0)	(6.1)	25.0
Non-deductible expenditure	–	–	0.7	(2.9)
Non-taxable income	–	–	(5.8)	23.8
Tax rates outside of the UK	0.1	(0.1)	0.5	(2.0)
Unrecognised losses	0.3	(0.2)	0.9	(3.7)
Non-recurring historical tax refund	(3.0)	1.8	–	–
Other adjustments in relation to prior years	(1.7)	1.0	(0.6)	2.5
Writing-down of previously recognised deferred tax assets	–	–	0.7	(2.9)
Write-back of previously unrecognised deferred tax assets	(6.8)	4.0	(5.3)	21.7
Tax charge/(credit) and effective tax rate for the year	31.3	(18.5)	(15.0)	61.5

Future years' tax charges would be impacted if the final liability for currently open years is different from the amount currently provided for. The future tax charge may also be affected by the levels and mix of profits in the countries in which we operate including differing foreign exchange rates that apply to those profits. Changes to the prevailing tax rates and tax rules in any of the countries in which we operate may also impact future tax charges.

The UK's enactment on 11 July 2023 of the Organisation for Economic Co-operation and Development's Global Anti-Base Erosion Model Rules (Pillar Two) became effective for the Group for the first time in 2025 and the Group is within the scope of these rules. Management has performed an assessment of the Group's exposure to Pillar Two income taxes in the jurisdictions in which it operates and no material exposure to Pillar Two taxes is expected.

A current tax expense of £nil has been recognised in the income statement in respect of Pillar Two income taxes. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities relating to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

In addition to the amount charged/(credited) to the income statement, deferred tax relating to actuarial gains/(losses) on defined benefit pension schemes of £7.5m (2024: £20.2m) and cash flow hedges of £(1.0)m (2024: £0.5m) have been (credited)/charged) to comprehensive income together with a further £0.8m (2024: £(1.0)m) on cash flow hedges and £0.1m (2024: £0.3m) on share-based payments taken directly to equity. These amount to a total charge of £7.2m (2024: £20.0m) recognised in other comprehensive income and equity.

Notes to the consolidated financial statements continued

10 Earnings per share (EPS)

EPS is calculated by dividing the profit/loss attributable to equity shareholders of £127.5m (2024: loss of £(15.9)m) by the weighted average number of ordinary shares of 597.7m (2024: 662.9m). The number of ordinary shares used for the basic and diluted calculations is shown in the table below.

The difference in the number of shares between the basic calculation and the diluted calculation represents the weighted average number of potentially dilutive ordinary share options.

	2025 Number m	2024 Number m
Weighted average number of shares used in basic calculation	**597.7**	662.9
Executive share options	**25.0**	26.2
Weighted average number of shares used in the diluted calculation	**622.7**	689.1

The adjusted EPS is intended to highlight the recurring operating results of the Group before certain other adjustments as set out in note 4, and before IFRS 16 charges relating to the Group's management fee-based Rail operations. A reconciliation is set out below:

	2025		2024	
	£m	**EPS (pence)**	£m	EPS (pence)
Basic profit/(loss)/EPS	**127.5**	**21.3**	(15.9)	(2.4)
Management fee-based Rail operations – IFRS 16 adjustments	**0.5**	**0.1**	10.2	1.5
Other adjustments (note 4)	**(5.3)**	**(0.9)**	161.2	24.3
Non-controlling interest	**2.1**	**0.4**	–	–
Tax effect of other adjustments	**–**	**–**	(42.5)	(6.4)
Non-recurring historical tax refund	**(3.0)**	**(0.5)**	–	–
Write down of previously recognised deferred tax assets	**–**	**–**	0.7	0.1
Write back of previously unrecognised deferred tax assets	**(6.8)**	**(1.1)**	(5.3)	(0.8)
Adjusted profit and EPS attributable to the ordinary equity holders of the Company	**115.0**	**19.3**	108.4	16.4
Adjusted (loss)/EPS from discontinued operations	**(0.8)**	**(0.1)**	(2.3)	(0.3)
Adjusted profit/EPS from continuing operations	**115.8**	**19.4**	110.7	16.7

	2025 pence	2024 pence
Diluted EPS	**20.5**	(2.4)
Adjusted diluted EPS	**18.5**	15.7

Notes to the consolidated financial statements continued

10 Earnings per share (EPS) continued

The adjusted EPS on a continuing basis is set out below:

	2025		2024	
	£m	EPS (pence)	£m	EPS (pence)
Basic profit/(loss)/EPS	122.8	20.5	(10.2)	(1.5)
Management fee-based Rail operations – IFRS 16 adjustments	0.5	0.1	10.2	1.5
Other adjustments (note 4)	0.2	–	157.8	23.7
Non-controlling interest	2.1	0.4	–	–
Tax effect of other adjustments	–	–	(42.5)	(6.3)
Non-recurring historical tax refund	(3.0)	(0.5)	–	–
Write-down of previously recognised deferred tax assets	–	–	0.7	0.1
Write back of previously unrecognised deferred tax assets	(6.8)	(1.1)	(5.3)	(0.8)
Adjusted profit/EPS from continuing operations	115.8	19.4	110.7	16.7

	2025 pence	2024 pence
Diluted EPS	19.7	(1.5)
Adjusted diluted EPS	18.6	16.1

Notes to the consolidated financial statements continued

11 Goodwill

	2025 £m
Cost	
At 31 March 2024	111.0
Additions (note 29)	37.2
At 29 March 2025	148.2
Accumulated impairment losses	
At 31 March 2024	–
At 29 March 2025	–
Carrying amount	
At 29 March 2025	148.2
At 31 March 2024	111.0

Impairment testing

At the year end, the carrying value of goodwill was reviewed for impairment in accordance with IAS 36 Impairment of Assets.

In carrying out this review, climate-related impacts were considered, in line with the TCFD disclosures. This work assessed FirstGroup's potential exposure to climate-related transition and physical risks, across different climate scenarios, over the short, medium and long term, and estimated cumulative Enterprise Value at Risk over the period FY 2025 to FY 2029.

Transition risks included potential impacts from increased carbon prices and route constraints due to new zero emission zones, as well as technology costs from an accelerated shift to a zero emission fleet and the impairment of carbon-intensive vehicles. Physical risks concentrated mainly on flooding as the most material impact. Key findings are outlined on pages 48 to 52 of this Report and focus on direct risks to FirstGroup.

For impairment calculations, the 2.5°C (Stated Policy) scenario modelled by Marsh was used, which identified technology risks as 'medium impact' and flooding risks as 'low impact' over the next four years.

Full detailed impairment testing has been performed on a value in use basis on First Bus. The value of the Franchised TOC asset base is protected by the passthrough and termination arrangements of the respective EMA/ERMAs or NRCs, such that no impairment is expected to arise on these assets.

The Group prepares cash flow forecasts derived from the Board-approved plan for 2024/25 to 2026/27 which takes account of both past performance and expectations for future developments. Cash flows beyond the plan period are extrapolated using estimated long-term growth rates which do not exceed the long-term average growth rate for the market. Cash flows are discounted using a pre-tax discount rate derived from a market participant's weighted average cost of capital, benchmarked to externally available data.

Impairment testing – First Bus

First Bus value in use has been assessed based on the projected cash flows for 2025/26 to 2027/28 from the Board-approved forecasts. These have been extrapolated to perpetuity cash flows and discounted to a net present value based on the following assumptions.

First Bus has £277m of positive headroom at 29 March 2025 (30 March 2024: £412m) based on a 11.2% discount rate (2024: 10.3%) and 9.8% terminal margin (2024: 10.8%), which reflects the impact of expected future passenger volumes and yields, as well as planned resizing of the network.

Break-even would arise at:

- 14.5% discount rate (with a 9.8% terminal margin);
- 6.5% terminal margin (applying the cap to just the final year/terminal value) using a 11.2% discount rate; or
- 7.6% terminal margin throughout the forecast period and terminal margin (applying the cap in all years at 7.6%, not just in the terminal years) using a 11.2% discount rate.

As the break-even points lie outside management's range of reasonable expectation, no impairment of First Bus is proposed.

Notes to the consolidated financial statements continued

12 Other intangible assets

	Customers contracts £m	Software £m	Total £m
Cost			
At 26 March 2023	–	39.8	39.8
Additions	–	2.4	2.4
Disposals	–	(5.2)	(5.2)
Transfers	–	4.0	4.0
At 30 March 2024	–	41.0	41.0
At 31 March 2024	–	41.0	41.0
Acquisitions	3.6	0.3	3.9
Additions	–	5.7	5.7
Disposals	–	(1.2)	(1.2)
Reclassifications[1]	–	(2.7)	(2.7)
At 29 March 2025	3.6	43.1	46.7
Accumulated amortisation and impairment			
At 26 March 2023	–	29.0	29.0
Charge for year	–	3.3	3.3
Disposals	–	(4.2)	(4.2)
Transfers	–	2.5	2.5
At 30 March 2024	–	30.6	30.6
At 31 March 2024	–	30.6	30.6
Charge for year	–	2.7	2.7
Reclassifications[1]	–	(2.7)	(2.7)
At 29 March 2025	–	30.6	30.6
Carrying amount			
At 29 March 2025	3.6	12.5	16.1
At 30 March 2024	–	10.4	10.4

1 As part of the Group's continuing efforts to streamline reporting processes it was identified that £2.7m had been incorrectly classified between cost and accumulated amortisation.

Notes to the consolidated financial statements continued

13 Property, plant and equipment
Owned assets

	Land and buildings £m	Passenger carrying vehicle fleet £m	Other plant and equipment £m	Total £m
Cost				
At 26 March 2023	213.1	753.5	711.6	1,678.2
Acquisitions	–	3.1	0.1	3.2
Additions	31.1	135.5	74.4	241.0
Disposals	(7.3)	(74.5)	(76.1)	(157.9)
Reclassifications	(1.8)	13.4	(5.7)	5.9
Transfers to right of use assets	–	(2.7)	(14.7)	(17.4)
At 30 March 2024	235.1	828.3	689.6	1,753.0
At 31 March 2024	235.1	828.3	689.6	1,753.0
Acquisitions (note 29)	49.5	56.4	14.0	119.9
Additions	31.4	60.0	69.1	160.5
Disposals	(1.4)	(44.1)	(10.9)	(56.4)
Reclassifications[1]	16.3	–	(13.6)	2.7
Transfers to right of use assets	–	(2.3)	(8.4)	(10.7)
Foreign exchange movements	–	(0.3)	–	(0.3)
At 29 March 2025	**330.9**	**898.0**	**739.8**	**1,968.7**
Accumulated depreciation and impairment				
At 26 March 2023	60.5	432.9	546.1	1,039.5
Charge for year	11.5	53.2	33.9	98.6
Disposals	(3.2)	(67.6)	(59.7)	(130.5)
Impairment[2]	–	–	2.6	2.6
Reclassifications	(5.9)	8.3	(7.7)	(5.3)
At 30 March 2024	62.9	426.8	515.2	1,004.9
At 31 March 2024	62.9	426.8	515.2	1,004.9
Charge for year	10.8	53.4	49.6	113.8
Disposals	(0.6)	(41.1)	(7.4)	(49.1)
Reclassifications[1]	–	–	2.7	2.7
Foreign exchange movements	–	(0.1)	–	(0.1)
At 29 March 2025	**73.1**	**439.0**	**560.1**	**1,072.2**
Carrying amount				
At 29 March 2025	**257.8**	**459.0**	**179.7**	**896.5**
At 30 March 2024	172.2	401.5	174.4	748.1

1 As part of the Group's continuing efforts to streamline reporting processes it was identified that £16.3m of assets had been incorrectly classified between Land and buildings, and Other plant and equipment, and that £2.7m had been incorrectly classified between cost and accumulated depreciation.
2 The impairment charge in the prior year of £2.6m relates to Rail contracts.

Notes to the consolidated financial statements continued

13 Property, plant and equipment continued

An amount of £58.0m (2024: £0.8m) in respect of assets under construction is included in the carrying amount of land and buildings and other plant and equipment, mainly relating to development of electric charging infrastructure in First Bus.

At 29 March 2025 the Group had entered into contractual capital commitments amounting to £341.5m (2024: £61.8m), principally representing purchase of passenger carrying vehicles, electrical infrastructure and TOC and open access operation commitments.

Right of use assets

	Rolling stock £m	Land and buildings £m	Passenger carrying vehicle fleet £m	Other plant and equipment £m	Total £m
Cost					
At 26 March 2023	3,781.7	71.4	51.7	8.5	3,913.3
Additions	183.3	4.3	6.5	2.8	196.9
Disposals	(221.6)	(10.6)	(0.5)	(0.4)	(233.1)
Transfers from owned assets	–	–	2.7	14.7	17.4
At 30 March 2024	3,743.4	65.1	60.4	25.6	3,894.5
At 31 March 2024	3,743.4	65.1	60.4	25.6	3,894.5
Additions	6.5	6.2	8.0	1.2	21.9
Acquisitions	–	19.5	53.3	–	72.8
Disposals	(75.5)	(3.3)	(10.0)	(1.5)	(90.3)
Reassessment	124.6	1.0	–	–	125.6
Transfers from owned assets	–	–	2.3	8.4	10.7
At 29 March 2025	**3,799.0**	**88.5**	**114.0**	**33.7**	**4,035.2**
Accumulated depreciation and impairment					
At 26 March 2023	2,144.7	30.9	40.3	6.4	2,222.3
Charge for period	470.3	8.7	10.2	1.9	491.1
Lease impairment	1.2	–	–	–	1.2
Disposals	(220.6)	(6.4)	(0.3)	(0.1)	(227.4)
At 30 March 2024	2,395.6	33.2	50.2	8.2	2,487.2
At 31 March 2024	2,395.6	33.2	50.2	8.2	2,487.2
Charge for period	485.4	8.8	8.3	3.9	506.4
Disposals	(75.2)	(3.3)	(9.9)	(1.5)	(89.9)
At 29 March 2025	**2,805.8**	**38.7**	**48.6**	**10.6**	**2,903.7**
Carrying amount					
At 29 March 2025	**993.2**	**49.8**	**65.4**	**23.1**	**1,131.5**
At 30 March 2024	1,347.8	31.9	10.2	17.4	1,407.3

The discounted lease liability relating to the right of use assets included above is shown in note 22.

Notes to the consolidated financial statements continued

13 Property, plant and equipment continued

Owned assets and right of use assets	Rolling stock £m	Land and buildings £m	Passenger carrying vehicle fleet £m	Other plant and equipment £m	Total £m
Carrying amount					
At 29 March 2025	**993.2**	**307.6**	**524.4**	**202.8**	**2,028.0**
At 30 March 2024	1,347.8	204.1	411.7	191.8	2,155.4

The maturity analysis of lease liabilities is presented in note 22.

Amounts recognised in income statement (including discontinued operations)	**2025 £m**	2024 £m
Depreciation expense on right of use assets	**506.4**	491.1
Interest expense on lease liabilities	**49.6**	62.1
Impairment charge	**–**	1.2
Expense relating to leases of low-value assets	**–**	0.1
	556.0	554.5

14 Investments

	2025 £m	2024 £m
Other investments	**2.6**	2.6

Notes to the consolidated financial statements continued

15 Inventories

	2025 £m	2024 £m
Spare parts and consumables from continuing operations	**30.8**	25.9

In the opinion of the Directors there is no material difference between the balance sheet value of inventories and their replacement cost. There was no material write-down of inventories during the current or prior year.

16 Trade and other receivables

Amounts due within one year (from continuing operations)	2025 £m	2024 £m
Trade receivables	**364.1**	400.1
Loss allowance	**(10.6)**	(41.7)
Trade receivables net	**353.5**	358.4
Other receivables	**171.0**	187.6
Amounts recoverable on contracts	**57.5**	38.9
Prepayments	**37.2**	38.7
Accrued income	**142.4**	229.0
	761.6	852.6

Movement in accrued income:	2025 £m	2024 £m
Balance as at 31 March 2024/26 March 2023	**229.0**	187.6
Additions	**382.1**	222.5
Accrued income invoiced during the year	**(468.7)**	(181.1)
Balance as at 29 March 2025/30 March 2024	**142.4**	229.0

The loss allowance relates solely to credit loss allowances arising from contracts with customers.

Other receivables includes £60.4m (2024: £64.5m) of VAT receivables, £13.8m (2024: £14.1m) of receivables from government bodies for fuel duty rebates, and £31.0m (2024: £50.8m) of insurance recoveries.

Amounts recoverable on contracts relates to amounts due from governmental and similar bodies for agreed contractual changes.

Accrued income principally comprises amounts relating to contracts with customers billed each month. Any amount previously recognised as accrued income is reclassified to trade receivables at the point at which it is invoiced to the customer.

Notes to the consolidated financial statements continued

16 Trade and other receivables continued

Credit risk

Credit risk is the risk that financial loss arises from failure by a customer or counterparty to meet its obligations under a contract.

Credit risk exists in relation to the Group's financial assets, which comprise trade receivables, amounts recoverable on contracts and accrued income of £564.0m (2024: £668.0m), cash and cash equivalents of £487.1m (2024: £496.5m) and derivative financial instruments of £0.5m (2024: £2.4m).

The Group's maximum exposure to credit risk for all financial assets at the balance sheet date was £1,051.6m (2024: £1,166.9m). The exposure is spread over a large number of unconnected counterparties and the maximum single concentration with any one counterparty was £228.0m (2024: £215.0m) at the balance sheet date.

The Group's credit risk is primarily attributable to its trade receivables, amounts recoverable on contracts and accrued income. The amounts presented in the balance sheet are net of credit loss allowances, estimated by the Group's management based on prior experience and their assessment of the current economic environment. The credit loss allowance at the balance sheet date was £10.6m (2024: £41.7m).

Most trade receivables, amounts recoverable on contracts and accrued income are with public or quasi-public bodies, principally the DfT, Network Rail and local authorities in the UK. The Group does not consider any of these counterparties to be a significant risk. Each division within the Group has a policy governing credit risk management on receivables.

The counterparties for bank balances and derivative financial instruments are mainly represented by lending banks and large banks with a minimum of 'A' credit ratings assigned by international credit rating agencies. These counterparties are subject to approval by the Board. Group Treasury policy limits the maximum deposit with any one counterparty to £150.0m and limits the maximum term to three months.

Impairment of trade receivables amounts recoverable on contracts and accrued income

The Group applies the IFRS 9 simplified approach to measuring expected credit losses for all trade receivables, amounts recoverable on contracts and accrued income at each reporting date.

Provision matrices are used to measure expected losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns, such as geographical region, service type, and customer type and rating. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade receivables, amounts recoverable on contracts and accrued income are written off when there is no reasonable expectation of recovery.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The majority of the Group's customers are governmental or similar bodies and hence there are not considered to be any issues with the recoverability of these receivables. Further there have not been any significant issues with the recoverability of non-governmental receivables.

Notes to the consolidated financial statements continued

16 Trade and other receivables continued

The gross carrying amount of trade receivables, amounts recoverable on contracts and accrued income for which the loss allowance is measured at an amount equal to the lifetime expected credit losses under the simplified method, is analysed below:

			Days past due: 2025			
	Carrying amount £m	Current £m	Less than 30 days £m	30-90 days £m	90-180 days £m	Over 180 days £m
Expected credit loss rate	1.9%	–	0.1%	–	–	19.8%
Gross carrying amount of trade receivables, amounts recoverable on contracts and accrued income	564.0	354.3	98.3	44.1	14.2	53.1
Loss allowance (from continuing operations)	10.6	–	0.1	–	–	10.5

			Days past due: 2024			
	Carrying amount £m	Current £m	Less than 30 days £m	30-90 days £m	90-180 days £m	Over 180 days £m
Expected credit loss rate	6.2%	–	0.4%	1.0%	1.2%	84.9%
Gross carrying amount of trade receivables, amounts recoverable on contracts and accrued income	668.0	478.7	103.5	28.9	8.7	48.2
Loss allowance (from continuing operations)	41.7	–	0.4	0.3	0.1	40.9

The table above is an aggregation of different provision matrices for each of the customer segment groupings, as outlined above. The expected loss rate for each ageing category is the weighted average loss rate across these groupings. The 'current' category consists primarily of receivables from groupings for which, based on historical losses and both the current and forecast economic conditions, the expected credit losses are negligible, resulting in the application of a close to 0% loss rate.

Movement in the loss allowance for trade receivables	2025 £m	2024 £m
At 31 March 2024/26 March 2023	41.7	49.0
Amounts written-off during the year	–	(1.2)
Increase in allowance recognised in the income statement	2.5	13.6
Amounts recovered during the year	(1.6)	(0.6)
Reversal of provision	(32.0)	(19.1)
At 29 March 2025/30 March 2024	10.6	41.7

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

Notes to the consolidated financial statements continued

17 Assets held for sale

Movement in assets held for sale	£m
At 31 March 2024	**0.6**
Net book value of disposals	**(0.6)**
At 29 March 2025	**–**

18 Trade and other payables

Amounts falling due within one year (from continuing operations)	2025 £m	2024 £m
Trade payables	**352.2**	277.4
Other payables	**210.9**	291.2
Accruals	**480.1**	539.9
Deferred income	**140.2**	129.0
Season ticket deferred income – Rail	**24.8**	21.1
	1,208.2	1,258.6

Movement in deferred income	2025 £m	2024 £m
Balance as at 31 March 2024/26 March 2023	**129.0**	125.5
Additions	**208.2**	177.2
Recognised during the period	**(198.4)**	(162.9)
Business acquisitions	**1.4**	–
Loss of TPE operations	**–**	(10.8)
Balance as at 29 March 2025/30 March 2024	**140.2**	129.0

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. Deferred income and season ticket deferred income principally comprises amounts relating to contracts with customers.

Other payables includes £32.0m (2024: £21.7m) for the purchase of property, plant and equipment where increased payment terms have been agreed with the supplier due to the nature of the payable. Other payables also include deferred capital grants from government or other public bodies of £163.4m (2024: £162.2m).

The average credit period taken for trade purchases is 39 days (2024: 41 days). The Group has controls in place to ensure that all payments are paid within the appropriate credit timeframe. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Notes to the consolidated financial statements continued

19 Cash and cash equivalents

	2025 £m	2024 £m
Cash and cash equivalents	**487.1**	496.5

The fair value of cash and cash equivalents approximates to the carrying value. Cash and cash equivalents includes ring-fenced cash of £315.7m (2024: £249.6m). Ring-fenced cash is cash held in the Group which has restrictions around its use or distribution. The most significant ring-fenced cash balances are held by the Group's First Rail subsidiaries. All non-distributable cash in franchised Rail subsidiaries is considered ring-fenced under the terms of the National Rail Contract. Ring-fenced cash balances of £6.9m (2024: £4.0m) are held outside the First Rail subsidiaries. These balances primarily reflect funds withheld from the de-risking insurer as permitted under the de-risking agreement.

20 Discontinued operations

Discontinued operations	2025 £m	2024 £m
Revenue	**–**	–
Operating income/(costs)	**4.9**	(5.3)
Operating profit/(loss)	**4.9**	(5.3)
Investment income	**0.1**	0.1
Finance costs	**(0.3)**	(0.4)
Profit/(loss) before tax	**4.7**	(5.6)
Tax	**–**	(0.1)
Profit/(loss) for the year after tax	**4.7**	(5.7)
Attributable to:		
Equity holders of the parent	**4.7**	(5.7)
Non-controlling interests	**–**	–
	4.7	(5.7)

EPS	2025 pence	2024 pence
Basic EPS	**0.8**	(0.9)
Diluted EPS	**0.8**	(0.9)

Notes to the consolidated financial statements continued

20 Discontinued operations continued

Cash flow	2025 £m	2024 £m
Net cash outflow from operating activities	**(8.0)**	(4.2)
Net cash inflow from investing activities	**0.7**	74.7
Net cash flow from financing activities	**–**	–
Net (decrease)/increase in cash generated	**(7.3)**	70.5

Other comprehensive income/(loss)	2025 £m	2024 £m
Actuarial gain/(loss) on defined benefit pension schemes	**1.9**	(1.2)
Hedging instrument movements	**–**	0.4
Exchange differences on translation of discontinued operations	**3.1**	(6.6)
Total	**5.0**	(7.4)

Notes to the consolidated financial statements continued

21 Borrowings

	2025 £m	2024 £m
On demand or within one year		
Lease liabilities (note 22)[1,2]	**410.3**	492.8
Asset backed financial liabilities (note 22)[2]	**16.2**	6.2
Bank overdraft	**56.4**	27.8
Bond 6.875% (repayable 2024)	**–**	99.7
Total current liabilities	**482.9**	626.5
Within one to two years		
Lease liabilities (note 22)[1,2]	**393.6**	385.0
Asset backed financial liabilities (note 22)[2]	**12.9**	7.9
Syndicated loan facilities	**64.3**	–
	470.8	392.9
Within two to five years		
Lease liabilities (note 22)[1,2]	**352.1**	546.2
NextGen battery debt	**15.0**	3.0
Asset backed financial liabilities (note 22)[2]	**39.8**	13.6
Syndicated loan facilities	**2.4**	–
	409.3	562.8
Over five years		
Lease liabilities (note 22)[1,2]	**47.6**	34.5
NextGen battery debt	**4.9**	10.2
Asset backed financial liabilities (note 22)[2]	**46.4**	17.9
	98.9	62.6
Total non-current liabilities at amortised cost	**979.0**	1,018.3

1 The right of use assets relating to lease liabilities are shown in note 13.
2 The maturity analysis of lease liabilities and asset backed financial liabilities is presented in note 22.

Notes to the consolidated financial statements continued

21 Borrowings continued

Fair value of bonds issued

Cash flow	Par value £m	Interest payable	Month	2025 Fair value £m	2024 Fair value £m
Bond 6.875% (repayable 2024)	nil	Annually	September	**nil**	100.1

The 6.875% bond matured in September 2024 and was repaid.

Effective interest rates

The effective interest rates at the balance sheet dates were as follows:

	2025	Maturity	2024	Maturity
Bank overdraft	**SONIA +1%**	**–**	SONIA + 1%	–
Revolving credit facility	**SONIA + 0.75%**	**January 2030**	SONIA + 0.73%	August 2026
Term loan facility	**SONIA + 1.35%**	**March 2027**	–	–
Bond 2024	**–**	**–**	6.94%	September 2024
Asset backed financial liabilities	**Average fixed rate of 4.6%**	**Various**	Average fixed rate of 4.1%	Various

	2025 £m	2024 £m
Pounds sterling	**916.6**	1,644.7
Euro	**0.2**	–
	916.8	1,644.7

Borrowing facilities

The Group had £295.0m (2024: £300.0m) of undrawn committed borrowing available under its Revolving Credit facility as at March 2025. In addition there was £92.4m (2024: £129.8m) committed headroom available under the Husk Financer facility and £40.9m (2024: £54.9m) under the NextGen Battery facility, and £85.0m (2024: £nil) under the term loan facility. Total undrawn bank borrowing facilities at year end stood at £523.3m (2024: £501.0m) of which £513.3m (2024: £484.7m) was committed and £10.0m (2024: £16.3m) was uncommitted.

Capital management

The Group aims to maintain an investment grade credit rating and appropriate balance sheet liquidity headroom. The Group has a net debt to EBITDA ratio of 1.2 times as at March 2025 for the continuing Group (2024: 1.5 times).

Liquidity within the Group has remained strong. At year end there was £628.3m (2024: £705.2m) of committed headroom and free cash. The Group's Treasury policy requires a minimum of £250m of committed headroom at the year end and half year for the budget year, and £200m for year two of the three-year plan. The Group's net debt, excluding accrued bond interest, at 29 March 2025, was £974.8m (2024: £1,144.8m) as set out in the Financial review on page 29.

The Group's primary objectives of capital management is to ensure that the Group is able to continue as a going concern, to maintain an optimal capital structure and adequate liquidity headroom to deliver on shareholder and stakeholder expectations. The Group's capital structure consists of equity and net debt. The Group actively manages its capital structure and will adjust it when appropriate should economic conditions change. The Group's debt is monitored on the basis of a gearing ratio, being net debt divided by EBITDA, further details of which are provided in the Chief Financial Officer's review.

Notes to the consolidated financial statements continued

22 Lease liabilities and asset backed financial liabilities

The Group had the following lease liabilities and asset backed financial liabilities at the balance sheet dates, excluding liabilities relating to the discontinued operations:

	Lease liabilities		Asset backed financial liabilities	
Maturity analysis	**2025 £m**	2024 £m	**2025 £m**	2024 £m
Due in less than one year	**450.9**	539.4	**16.9**	6.5
Due in more than one year but not more than two years	**418.5**	414.1	**14.2**	8.5
Due in more than two years but not more than five years	**370.0**	574.6	**47.8**	16.2
Due in more than five years	**64.4**	44.9	**68.7**	23.7
	1,303.8	1,573.0	**147.6**	54.9
Less future financing charges	**(100.2)**	(114.5)	**(32.2)**	(9.3)
	1,203.6	1,458.5	**115.4**	45.6

The total cash outflow for the lease liabilities and asset backed financial liabilities recorded on the balance sheet amounted to £553.3m and £13.8m respectively (2024: £506.9m and £19.3m).

The right of use assets related to the lease liabilities is presented in note 13.

Notes to the consolidated financial statements continued

23 Financial instruments

Non-derivative financial assets

	2025 £m	2024 £m
Total non-derivatives		
Total non-current assets	**104.2**	99.6
Total assets	**104.2**	99.6

Certain pension partnership structures were implemented during 2022. These structures involved the creation of special purpose vehicles (SPVs) to hold cash to fund the Bus and Group pension schemes if required based on a designated funding mechanism. Management have concluded that these amounts represent financial assets under IAS 32. During the year, FirstGroup Energy Limited purchased a £1.0m fixed rate unsecured convertible loan note in KleanDrive Limited. Management have concluded that this represents a financial asset under IAS 32.

Derivative financial instruments

	2025 £m	2024 £m
Total derivatives		
Total non-current assets	**0.3**	0.4
Total current assets	**0.2**	2.0
Total assets from continuing operations	**0.5**	2.4
Total current liabilities	**3.0**	3.4
Total non-current liabilities	**1.0**	1.3
Total liabilities from continuing operations	**4.0**	4.7

Derivatives designated and effective as hedging instruments carried at fair value		
Non-current assets		
Fuel derivatives (cash flow hedge)	**0.3**	0.4
Current assets		
Fuel derivatives (cash flow hedge)	**0.2**	2.0
Current liabilities		
Fuel derivatives (cash flow hedge)	**2.1**	2.7
Currency forwards (cash flow hedge)	**0.9**	0.7
	3.0	3.4
Non-current liabilities		
Currency forwards (cash flow hedge)	**0.3**	0.2
Interest rate swaps (NextGen)	**0.3**	0.5
Fuel derivatives (cash flow hedge)	**0.4**	0.6
	1.0	1.3

The Group enters into derivative transactions under International Swaps and Derivatives Association Master Agreements that allow for the related amounts to be set-off in certain circumstances. The amounts set out as Fuel derivatives and Currency forwards in the table above represent the derivative financial assets and liabilities of the Group that may be subject to the above arrangements and are presented on a gross basis. Derivative liabilities of £nil (2024: £nil) were subject to netting arrangements. Total cash flow hedges are a liability of £3.5m (2024: £2.3m asset).

Notes to the consolidated financial statements continued

23 Financial instruments continued

The following losses/(profits) were transferred from equity into inventory as basis adjustments during the year:

	2025 £m	2024 £m
Operating losses/(profits)	3.3	(4.0)

Fair value of the Group's financial assets and financial liabilities (including trade and other receivables and trade and other payables) on a continuing basis:

	2025				
	Fair value				Carrying value
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Total £m
Financial assets and derivatives					
Trade and other receivables[1]	–	564.0	–	564.0	564.0
Derivative financial instruments	–	0.5	–	0.5	0.5
Financial liabilities and derivatives					
Borrowings[2]	–	214.9	–	214.9	201.9
Trade and other payables[3]	–	1,044.8	–	1,044.8	1,044.8
Derivative financial instruments	–	4.0	–	4.0	4.0

1 Trade receivables, amounts recoverable under contracts and accrued income (note 16).
2 Includes asset backed financial liabilities as set out in note 22. Excludes lease liabilities.
3 Excludes deferred capital grants (note 18).

The estimated fair value of cash and cash equivalents, financial assets and bank overdrafts are a reasonable approximation to the carrying value of these items.

	2024				
	Fair value				Carrying value
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Total £m
Financial assets and derivatives					
Trade and other receivables[1]	–	668.0	–	668.0	668.0
Derivative financial instruments	–	2.4	–	2.4	2.4
Financial liabilities and derivatives					
Borrowings[2]	–	162.5	–	162.5	158.4
Trade and other payables[3]	–	1,096.4	–	1,096.4	1,096.4
Derivative financial instruments	–	4.7	–	4.7	4.7

1 Trade receivables, amounts recoverable under contracts and accrued income (note 16).
2 Includes asset backed financial liabilities as set out in note 22. Excludes lease liabilities.
3 Excludes deferred capital grants (note 18).

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data.

Notes to the consolidated financial statements continued

23 Financial instruments continued

The estimated fair value of cash and cash equivalents and bank overdrafts are a reasonable approximation to the carrying value of these items.

Financial assets/(liabilities)	Fair values at 29 March 2025 £m	Fair values at 30 March 2024 £m	Fair value hierarchy	Valuation technique(s) and key inputs
Derivative contracts				
1) Fuel derivatives	(2.0)	(0.9)	Level 2	Discounted cash flow; future cash flows are estimated based on forward fuel prices and contract rates and then discounted at a rate that reflects the credit risk of the various counterparties.
2) Currency forwards	(1.2)	(0.9)	Level 2	Discounted cash flow; future cash flows are estimated based on forward foreign exchange rates and contract rates and then discounted at a rate that reflects the credit risk of the various counterparties.
3) Interest rate swaps	(0.3)	(0.5)	Level 2	Future cash flows are estimated based on interest rates and then discounted at a rate that reflects the credit risk of the various counterparties.

The following table illustrates the carrying value of all financial assets and liabilities held by the Group on a continuing basis.

	2025				
Classification of financial instruments	Assets and liabilities at amortised costs £m	At fair value through profit and loss £m	At fair value through OCI £m	Derivatives used for hedging £m	Total £m
Financial assets and derivatives					
Cash and cash equivalents	487.1	–	–	–	487.1
Trade receivables, amounts recoverable under contracts and accrued income	564.0	–	–	–	564.0
Non-derivative financial instruments	104.2	–	–	–	104.2
Derivative financial instruments	–	–	–	0.5	0.5
	1,155.3	–	–	0.5	1,155.8
Financial liabilities and derivatives					
Interest bearing loans and borrowings[1]	1,461.9	–	–	–	1,461.9
Trade and other payables	1,044.8	–	–	–	1,044.8
Derivative financial instruments	–	–	–	4.0	4.0
	2,506.7	–	–	4.0	2,510.7

1 Includes lease liabilities and asset backed financial liabilities as set out in note 22.

Notes to the consolidated financial statements continued

23 Financial instruments continued

Classification of financial instruments	2024 Assets and liabilities at amortised costs £m	At fair value through profit and loss £m	At fair value through OCI £m	Total £m
Financial assets and derivatives				
Cash and cash equivalents	496.5	–	–	496.5
Trade receivables, amounts recoverable under contracts and accrued income	668.0	–	–	668.0
Non-derivative financial instruments	99.6	–	–	99.6
Derivative financial instruments	–	–	2.4	2.4
	1,264.1	–	2.4	1,266.5
Financial liabilities and derivatives				
Interest bearing loans and borrowings	1,621.0	–	–	1,621.0
Trade and other payables	1,096.4	–	–	1,096.4
Derivative financial instruments	–	–	4.7	4.7
	2,717.4	–	4.7	2,722.1

As at 29 March 2025	Commodity price risk	Electricity price risk	Foreign exchange price risk
Nominal amount of hedging	0.74m bbls	70,104 MWh	$69.3m
< 1 year	0.46m bbls	43,800 MWh	$44.4m
1 – 2 years	0.28m bbls	26,304 MWh	$24.9m
2 – 5 years	–	–	–
> 5 years	–	–	–
Average hedged rate	$92.85/bbl	£81.7/MWh	1.267
Maturity	Apr25-Mar27	Apr25-Mar27	Apr25-Mar27
Carrying amount of hedging instruments			
Assets – Derivatives (£m)	0.5	–	–
Liabilities – Derivatives (£m)	(2.2)	(0.3)	(1.2)
(Liabilities – Borrowings (£m)	–	–	–
Carrying amount of hedged item			
Liabilities – Borrowings (£m)	N/A	N/A	N/A
Accumulated amount of fair value hedging adjustments included in carrying amount of hedged item			
Liabilities – Borrowings (£m)	N/A	N/A	N/A
Changes in fair value of hedged item used for calculating hedge effectiveness	4.3	(1.2)	1.1
Changes in fair value of hedging instrument used in calculating hedge effectiveness	(4.3)	1.2	(1.1)
Changes in fair value of hedging instrument accumulated in cash flow hedge reserve	(2.6)	2.0	(0.2)

No gains and losses on derivatives designated for hedge accounting have been charged through the consolidated income statement in either the current or prior year.

Notes to the consolidated financial statements continued

23 Financial instruments continued

Financial risk management

The Group is exposed to financial risks including liquidity risk, credit risk and certain market-based risks principally being the effects of changes in foreign exchange rates, interest rates and fuel prices. The Group manages these risks within the context of a set of formal policies established by the Board. Certain risk management responsibilities are formally delegated by the Board, principally to a sub-committee of the Board and to the Chief Financial Officer and to the Treasury Committee. The Treasury Committee comprises the Chief Financial Officer and certain senior finance employees and is responsible for approving hedging transactions permitted under Board-approved policies, monitoring compliance against policy and recommending changes to existing policies.

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting obligations associated with financial liabilities. The objective of the Group's liquidity risk management is to ensure sufficient committed liquidity resources exist. The Group has a diversified debt structure largely represented by medium-term unsecured syndicated committed bank facilities, medium- to long-term unsecured bond debt and finance leases. It is a policy requirement that debt obligations must be addressed well in advance of their due dates.

The Group's Treasury policy requires a minimum of £250m of committed headroom at the year end and half year for the budget year, and £200m for year two of the three-year plan. At year end, the total amount of these facilities stood at £682.4m (2024: £532.4m), and committed headroom was £513.3m (2024: £484.7m), in addition to free cash balances of £115.3m (2024: £220.5m). The next material contractual expiry of revolver bank facilities is in January 2030.

The average duration of net debt (excluding ring-fenced cash) at 29 March 2025 was 4.1 years (2024: 2.4 years).

The following tables detail, on a continuing basis, the Group's expected maturity of payables for its borrowings, derivative financial instruments and trade and other payables. The amounts shown in these tables are prepared on an undiscounted cash flow basis and include future interest payments in the years in which they fall due for payment.

	2025				
	< 1 year £m	1-2 years £m	2-5 years £m	> 5 years £m	Total £m
Borrowings[1]	524.2	497.0	435.2	138.9	1,595.3
Fuel derivatives	2.1	0.4	–	–	2.5
FX forwards	0.9	0.3	–	–	1.2
Interest rate derivatives	–	0.3	–	–	0.3
Trade and other payables	1,044.8	–	–	–	1,044.8
	1,572.0	498.0	435.2	138.9	2,644.1

	2024				
	< 1 year £m	1-2 years £m	2-5 years £m	> 5 years £m	Total £m
Borrowings[1]	677.4	423.5	596.7	79.7	1,777.3
Fuel derivatives	2.7	0.6	–	–	3.3
FX forwards	0.7	0.2	–	–	0.9
Interest rate derivatives	–	0.5	–	–	0.5
Trade and other payables	1,096.4	–	–	–	1,096.4
	1,777.2	424.8	596.7	79.7	2,878.4

1 Includes lease liabilities and asset backed financial liabilities as set out in note 22.

No derivative financial instruments had collateral requirements or were due on demand in any of the years. Derivative financial instruments are net settled.

Notes to the consolidated financial statements continued

23 Financial instruments continued

Currency risk

Currency risk is the risk of financial loss to foreign currency net assets, earnings and cash flows reported in pounds sterling due to movements in exchange rates.

'Certain' and 'highly probable' foreign currency transaction exposures may be hedged at the time the exposure arises for up to two years at specified levels, or longer if there is a very high degree of certainty. The Group is also exposed to currency risk relating to its UK fuel costs which are denominated in US dollars. This is hedged through entering a series of average rate forward contracts on a similar profile to our fuel hedging programme. Forward currency risk is designated in the cash flow hedges, however valuation movements arising from changes in currency-basis spreads are excluded from the relationships as costs of hedging. At the balance sheet date the value to be recorded in a separate component of equity was immaterial, and as such no separate reserve has been shown within the primary financial statements.

IFRS 7 requires the Group to show the impact on profit after tax and hedging reserve on financial instruments from a movement in exchange rates. The following analysis details the Group's sensitivity to a 10% strengthening in pounds sterling against the US dollar. A 10% weakening in pounds sterling against the US dollar would have an equal but opposite effect to that shown below. The analysis has been prepared based on the change taking place at the beginning of the financial year and being held constant throughout the reporting period. A positive number indicates an increase in earnings or equity where pounds sterling strengthens against the US dollar.

	2025 £m	2024 £m
Impact on profit after tax	**0.4**	0.4
Impact on hedging reserve	**0.2**	(0.1)

Interest rate risk

The Group has variable rate debt and cash and therefore net income is exposed to the effects of changes to interest rates. The Group Treasury policy objective is to maintain fixed interest rates at a minimum of 50% of on-balance sheet net debt over the medium term, so that volatility is substantially reduced year-on-year to EPS. The policy objective is primarily achieved through fixed rate debt. The policy on interest rate risk within operating leases is to hedge 100% by agreeing fixed rentals with the lessors. The main floating rate benchmarks on variable rate debt are US dollar SONIA and sterling SONIA.

At 29 March 2025, 87% (2024: 100%) of gross debt (pre-IFRS 16 and overdraft) was fixed. This fixed rate protection had an average duration of 4.0 years (2024: 2.3 years).

Interest rate risk within operating leases is hedged 100% by agreeing fixed rentals with the lessors prior to inception of the lease contracts.

The following sensitivity analysis details the Group's sensitivity to a 100 basis points (1%) increase in interest rates throughout the reporting period with all other variables held constant.

	2025 £m	2024 £m
Impact on profit after tax	**1.2**	4.8

Diesel fuel price risk

The Group purchases its fuel on a floating price basis and is therefore exposed to changes in diesel prices, primarily in relation to First Bus operations. The Group's policy objective is to maintain a significant degree of fixed price protection in the short term with lower levels of protection in the medium term, so that the businesses affected are protected from any sudden and significant increases and have time to prepare for potentially higher costs, whilst retaining some access for potentially lower costs over the medium term. To achieve this the Group operates a progressive hedging policy. The policy hedge target levels differ by division but are monitored monthly and appropriate actions taken to maintain satisfactory hedge levels. Diesel derivatives are used to hedge UK exposure. Risk component hedging has been adopted under IFRS 9, meaning that the hedged price risk component of the purchased diesel matches that of the underlying derivative commodity. The hedged risk component is considered to be separately identifiable and reliably measurable. Variances in pricing of the derivative commodities and the purchased fuel are primarily driven by further refinement of the fuel or the associated transportation costs which were excluded from the hedge relationship. Currently First Bus diesel exposure is hedged 90% to March 2026 and 60% to March 2027.

Notes to the consolidated financial statements continued

23 Financial instruments continued

The Group has entered into swaps for periods from April 2025 to March 2027 with the majority of these swaps relating to the 52 weeks ending 31 March 2026. The swaps give rise to monthly cash flow exchanges with counterparties to offset the underlying settlement of floating price costs, except where they have a deferred start date. Gains or losses on fuel derivatives are recycled from equity into inventory on qualifying hedges to achieve fixed rate fuel costs within operating results.

The following analysis details the Group's sensitivity on profit after tax and equity if the price of diesel fuel had been $10 per barrel higher during the 53 weeks ending 30 March 2024 and at the year end:

	2025 £m	2024 £m
Impact on profit after tax	**(0.4)**	(0.5)
Impact on hedging reserve	**4.3**	2.7

Electricity price risk

The Group purchases electricity on a floating price basis and is therefore exposed to changes in electricity prices, primarily in relation to First Bus and Group operations. The Group's policy objective is to maintain a significant degree of fixed price protection in the short term, so that the businesses affected have time to prepare for prices after the current hedge period expires. To achieve this the Group uses cash flow hedge financial instruments to achieve significant fixed price certainty.

The Group has entered into swaps for periods from April 2025 to March 2027, with the majority of these swaps relating to the 52 weeks ending 31 March 2026. The swaps give rise to monthly cash flow exchanges with counterparties to offset the underlying settlement of floating price costs, except where they have a deferred start date. Gains or losses on electricity derivatives will be recycled from equity to the income statement on qualifying hedges to achieve fixed rate electricity costs within operating results.

The following analysis details the Group's sensitivity on profit after tax and equity if the price of electricity had been £50 per MWh higher during the 52 weeks ending 29 March 2025 and at the year end:

	2025 £m	2024 £m
Impact on profit after tax	**(0.4)**	(0.2)
Impact on hedging reserve	**2.6**	2.6

Notes to the consolidated financial statements continued

24 Deferred tax

The major deferred tax (assets)/liabilities recognised by the Group and movements thereon during the current and prior reporting periods are as follows:

	Accelerated tax depreciation £m	Retirement benefit schemes £m	Other temporary differences £m	Tax losses £m	Total £m
At 25 March 2023	24.7	8.6	(41.4)	(38.9)	(47.0)
Charge/(credit) to income statement	7.0	(33.4)	14.2	(1.1)	(13.3)
Charge/(credit) to other comprehensive income and equity	–	20.2	(0.2)	–	20.0
Acquisitions and disposals of subsidiaries	0.7	–	–	–	0.7
At 30 March 2024	**32.4**	**(4.6)**	**(27.4)**	**(40.0)**	**(39.6)**
Charge/(credit) to income statement	**(0.1)**	**1.9**	**16.6**	**9.1**	**27.5**
Charge/(credit) to other comprehensive income and equity	**–**	**7.5**	**(0.3)**	**–**	**7.2**
Acquisitions and disposals of subsidiaries	**11.1**	**–**	**(4.0)**	**(49.4)**	**(42.3)**
At 29 March 2025	**43.4**	**4.8**	**(15.1)**	**(80.3)**	**(47.2)**

With respect to the total net deferred tax asset of £47.2m, UK net deferred tax assets of £46.3m have been recognised as the Group forecasts sufficient taxable profits in future periods and a deferred tax asset of £0.9m relating to the US is recognised because it is probable that book gains will arise on the remaining US property portfolio.

No deferred tax has been recognised on tax losses of £413.9m (2024: tax losses of £457.9m) as there are insufficient future profits forecast in North America and some UK entities may cease to trade before their tax losses can be utilised.

Notes to the consolidated financial statements continued

25 Provisions

	Onerous contracts £m	Insurance claims £m	Legal and other £m	Total £m
At 30 March 2024	–	100.2	85.7	185.9
Charged/(credited) to the income statement	–	14.7	(1.4)	13.3
Utilised in the year	(1.5)	(34.9)	(4.5)	(40.9)
Business acquisitions	38.0	16.0	0.2	54.2
Notional interest	–	(0.2)	–	(0.2)
Foreign exchange movements	–	(1.5)	(0.6)	(2.1)
At 29 March 2025	36.5	94.3	79.4	210.2
Current liabilities	20.8	32.6	42.8	96.2
Non-current liabilities	15.7	61.7	36.6	114.0
At 29 March 2025	36.5	94.3	79.4	210.2
Current liabilities	–	35.7	38.9	74.6
Non-current liabilities	–	64.5	46.8	111.3
At 30 March 2024	–	100.2	85.7	185.9

The insurance claims provision arises from estimated exposures for incidents occurring prior to the balance sheet date. It is anticipated that the majority of such claims will be settled within the next four years although certain liabilities in respect of lifetime obligations of £1.0m (2024: £1.1m) can extend for more than 25 years. The utilisation of £34.9m (2024: £37.0m) represents payments made against the current liability of the preceding year as well as the settlement of claims resulting from incidents occurring in the current year.

The insurance claims provisions, of which £34.7m (2024: £55.7m) relates to legacy Greyhound claims, includes £31.0m (2024: £50.8m) which is recoverable from insurance companies and a receivable is included within other receivables in note 16.

Legal and other provisions relate to estimated exposures for cases filed or thought highly likely to be filed for incidents that occurred prior to the balance sheet date. It is anticipated that most of these items will be settled within ten years. Also included are provisions in respect of costs anticipated on the exit of surplus properties which are expected to be settled over the remaining terms of the respective leases and dilapidation, other provisions in respect of contractual obligations under rail franchises and restructuring costs. The dilapidation provisions are expected to be settled at the end of the respective franchise.

The onerous contract provision of £38.0m was recognised on acquisition of London bus operator RATP Dev Transit London Limited and its subsidiaries. The provision recognises that a number of contracts between the acquired business and TfL are loss making and therefore the Group has provided for the expected shortfall in these contracts, where the unavoidable costs of fulfilling these contracts outweigh the expected benefits.

Notes to the consolidated financial statements continued

26 Called up share capital

	Number of shares million	£m
Allotted, called up and fully paid (ordinary shares of 5p each)		
Balance as at 31 March 2024	750.7	37.5
Balance as at 29 March 2025 (ordinary shares of 5p each)	**750.7**	**37.5**

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

On 8 June 2023, the Company announced a share buyback programme to purchase up to £115m of ordinary shares. This buyback programme completed on 5 August 2024 having repurchased 71,200,278 shares for a total consideration of £115.8m including transaction costs.

On 14 November 2024, the Company announced a share buyback programme to purchase up to £50m or ordinary shares. This buyback programme completed on 21 March 2025 having repurchased 30,498,221 shares for a total consideration of £50.4m including transaction costs.

Notes to the consolidated financial statements continued

27 Reserves

The share premium account represents the premium on shares issued since 1999 and arose principally on the rights issue on the Ryder acquisition in 1999 and the share placings in 2007 and 2008. The reserve is non-distributable. The hedging reserve records the movement on designated hedging items. The own shares reserve represents the cost of shares in FirstGroup plc purchased in the market and either held as treasury shares or held in trust to satisfy the exercise of share options.

Hedging reserve

The movements in the hedging reserve were as follows:

	2025 £m	2024 £m
Balance at 30 March 2024/25 March 2023	(1.8)	(0.7)
Transfer to hedging reserve through consolidated statement of comprehensive income		
Diesel derivatives	(4.3)	8.1
Electricity derivatives	1.2	(3.8)
Interest rate swaps – NextGen	0.2	(0.5)
Currency forwards	(1.1)	1.3
	(4.0)	5.1
Tax on derivative hedging instrument movements through statement of comprehensive income	1.0	(0.5)
Transfer from hedging reserve to the balance sheet:		
Diesel derivatives	0.9	(5.5)
Electricity derivatives	1.6	2.1
Currency forwards	0.9	(0.6)
	3.4	(4.0)
Tax on derivative hedging instrument movements to the balance sheet	(0.8)	1.0
	(2.2)	0.9
Cumulative loss on hedging instruments reclassified to the income statement	–	(2.7)
Balance at 29 March 2025/30 March 2024	(2.2)	(1.8)

Own shares

The number of own shares held by the Group at the end of the year was 185,125,956 (2024: 125,292,999) FirstGroup plc ordinary shares of 5p each. Of these, 19,401,442 (2024: 14,379,907) were held by the FirstGroup plc Employee Benefit Trust, nil (2024: 32,520) by the FirstGroup plc Qualifying Employee Share Ownership Trust and 157,229 (2024: 157,229) were held as treasury shares, with a further 165,567,285 (2024: 110,723,343 held as treasury shares as part of the share buyback programmes. Both trusts and treasury shares have waived the rights to dividend income from the FirstGroup plc ordinary shares. The market value of the shares at 29 March 2025 was £303.6m (2024: £226.0m).

	Capital redemption reserve £m	Capital reserve £m	Total other reserves £m
Balance at 29 March 2025/30 March 2024	19.7	2.7	22.4

The capital redemption reserve represents the cumulative par value of all shares bought back and cancelled, less the associated transaction costs and stamp duty. The capital reserve arose on acquisitions made in 2000. Neither reserve is distributable.

Notes to the consolidated financial statements continued

28 Translation reserve

	2025 £m	2024 £m
At 30 March 2024/25 March 2023	(22.9)	(16.3)
Movement for the financial year	1.0	(6.6)
At 29 March 2025/30 March 2024	(21.9)	(22.9)

The translation reserve records exchange differences arising from the translation of the balance sheets of foreign currency denominated subsidiaries offset by movements on loans used to hedge the net investment in those foreign subsidiaries.

29 Acquisition of businesses and subsidiary undertakings

	RATP London	Andersons Travel	Lakeside Group	Matthews Coach Hire	Open access – Stirling	Open access – Carmarthen	Total £m
Provisional fair value of net assets acquired							
Intangible assets	3.9	–	–	–	–	–	3.9
Property, plant and equipment	169.9	10.0	8.1	4.7	–	–	192.7
Deferred tax	44.3	(0.9)	(1.1)	–	–	–	42.3
Inventories	2.0	0.1	0.2	0.2	–	–	2.5
Trade and other receivables	12.0	5.1	1.7	0.6	–	–	19.4
Cash and cash equivalents	0.4	0.6	2.0	1.1	–	–	4.1
Trade and other payables	(24.7)	(4.9)	(0.6)	(0.7)	–	–	(30.9)
Taxation	(3.9)	(0.3)	0.1	(0.5)	–	–	(4.6)
Provisions	(54.2)	–	–	–	–	–	(54.2)
Lease liabilities	(69.9)	(2.9)	–	–	–	–	(72.8)
Asset backed financial liabilities	(43.3)	(3.6)	(2.1)	–	–	–	(49.0)
Net identifiable assets acquired	36.5	3.2	8.3	5.4	–	–	53.4
Goodwill	10.8	3.9	7.5	6.5	1.5	7.0	37.2
Net assets acquired	47.3	7.1	15.8	11.9	1.5	7.0	90.6
Satisfied by:							
Cash consideration	47.3	7.1	15.8	11.9	1.5	7.0	90.6
Less: cash and cash equivalents acquired	(0.4)	(0.6)	(2.0)	(1.1)	–	–	(4.1)
Net cash outflow in respect of acquisitions	46.9	6.5	13.8	10.8	1.5	7.0	86.5

Acquisitions in 52 weeks to 29 March 2025

On 21 October 2024, the Group announced its acquisition of Anderson Travel, a coach operator providing contracted school, private hire, mini coach and tour services in and around London. The acquisition will extend First Bus's operational footprint and forms part of the Group's strategy of targeted acquisitions to grow its share of the UK Adjacent services market.

On 25 October 2024, the Group announced its acquisition of Lakeside Group, a Shropshire and Cheshire-based company that provides school, B2B and B2C private hire services, with a fleet of around 145 buses and coaches. The acquisition will grow the Group's coaching business and offers the potential to increase our presence in the West Midlands.

On 4 February 2025, the Group announced its acquisition of Matthews Coach Hire Limited, a coach and bus operator in Ireland with a fleet of more than 40 vehicles. The acquisition will allow the Group to expand its presence in non-airport commuter and B2B markets in Ireland.

On 28 February 2025, the Group acquired the acquisition of London bus operator RATP Dev Transit London Limited and its subsidiaries ('First Bus London'). The acquisition facilitated the Group's entry into the London bus market and supports the Group's strategy of growing and diversifying its revenue base.

On 19 August 2024, the Group acquired Grand Union Trains WCML Holdings Limited and its subsidiary companies, which owns the open access track access rights for the London Euston – Stirling route. On 4 December 2024, the Group acquired Grand Union Trains GWML Holdings Limited and its subsidiary companies, which owns the open access track access right for the London Paddington – Carmarthen route.

Notes to the consolidated financial statements continued

29 Acquisition of businesses and subsidiary undertakings continued

The businesses acquired during the year contributed £34.6m to Group revenue and £2.2m profit to Group operating profit from the date of acquisition.

If the acquisitions had been completed on the first day of the financial year, revenue from the acquisitions for the year would have been £315.7m and operating losses from the acquisitions would have been £(17.7)m.

The Group is currently undertaking the purchase price allocation exercise for First Bus London, and this has identified a number of adjustments to reflect the fair value of the assets and liabilities acquired. IFRS 3 Business Combinations allows the Group 12 months from the date of acquisition to finalise this exercise, and the standard acknowledges that it will be necessary to estimate certain acquisition adjustments and fair values. Owing to the proximity of the acquisition to the reporting date, the acquisition adjustments and closing fair values are therefore disclosed in the financial statements as provisional. These will be finalised within the timeframe permitted by IFRS 3.

Acquisitions in 53 weeks to 30 March 2024

On 23 February 2024, the Group completed the acquisition of York Pullman Bus Company Ltd for total consideration of £15.5m, which operates five coach services brands providing home-to-school and college contracted services, private hire operations including rail replacement services, and a small number of local bus routes on behalf of several local authorities. Net assets acquired were £4.2m, with goodwill arising of £11.3m.

30 Net cash from operating activities

	2025 £m	2024 £m
Operating profit from:		
Continuing operations	**222.6**	46.5
Discontinued operations	**4.9**	(5.3)
Total operations	**227.5**	41.2
Adjustments for:		
Depreciation charges	**620.2**	589.7
Capital grant amortisation	**(65.3)**	(48.7)
Software amortisation charges	**2.7**	3.4
Impairment	**–**	3.8
Share-based payments	**10.5**	15.6
Profit on disposal of property, plant and equipment	**(0.2)**	(5.7)
Operating cash flows before working capital and pensions	**795.4**	599.3
(Increase)/decrease in inventories	**(2.4)**	0.1
Decrease/(increase) in receivables	**109.4**	(3.1)
Decrease in payables due within one year	**(31.3)**	(103.1)
(Increase)/decrease in financial assets	**(1.0)**	23.7
Decrease in provisions due within one year	**(13.9)**	(12.4)
Decrease in provisions due over one year	**(14.0)**	(15.5)
Settlement of foreign exchange hedge	**–**	(1.1)
Local Government Pension Scheme refund	**–**	23.1
Defined benefit pension payments (greater)/lower than income statement charge	**(14.0)**	115.6
Cash generated by operations	**828.2**	626.6
Tax paid	**(6.0)**	(2.2)
Interest paid[1]	**(68.0)**	(81.1)
Net cash from operating activities[2]	**754.2**	543.3

1 Interest paid includes £49.6m relating to lease liabilities (2024: £62.1m).
2 Net cash from operating activities is stated after an outflow of £3.2m (2024: inflow of £5.1m) in relation to financial derivative settlement.

Notes to the consolidated financial statements continued

31 Analysis of changes in net debt

	At 30 March 2024 £m	Cash flow £m	Foreign exchange movements £m	Other[3] £m	At 29 March 2025 £m
Components of financing activities:					
Bank loans	–	(70.0)	–	3.3	(66.7)
Bonds	(96.2)	102.8	–	(6.6)	–
Lease liabilities[1]	(1,458.5)	553.3	–	(298.4)	(1,203.6)
Asset backed financial liabilities[2]	(45.6)	(22.9)	–	(46.8)	(115.3)
Share of NextGen battery debt	(13.2)	(6.8)	–	0.1	(19.9)
Total components of financing activities	(1,613.5)	556.4	–	(348.4)	(1,405.5)
Cash	246.9	(75.7)	0.2	–	171.4
Bank overdrafts	(27.8)	(28.1)	–	(0.5)	(56.4)
Ring-fenced cash	249.6	66.1	–	–	315.7
Cash and cash equivalents	468.7	(37.7)	0.2	(0.5)	430.7
Net debt (including held for sale – discontinued operations)	(1,144.8)	518.7	0.2	(348.9)	(974.8)

1 Lease liabilities 'other' of £298.4m comprises £125.6m from lease term reassessments and £0.4m termination of leases. In addition there is £50.8m inception of new leases, being £24.7m of rolling stock leases, £10.3m of passenger carrying vehicle leases and £15.8m of property and other leases, and interest charges of £49.6m. A further £69.9m of lease liabilities were recognised as a result of the First Bus London acquisition and £2.9m as a result of other acquisitions.
2 Asset backed financial liabilities 'other' of £46.8m comprises £43.3m passenger carrying vehicle asset backed financial liabilities on acquisition of First Bus London, and interest charges of £3.5m.
3 The 'other' column for debt items consists of the net inception/acquisition of new leases, as well as interest charges. The 'cash flow' column consists of repayments of principal and interest (financing activities and operating activities respectively in the consolidated cash flow statement).

	At 25 March 2023 £m	Cash flow £m	Foreign exchange movements £m	Other £m	At 30 March 2024 £m
Components of financing activities:					
Bonds	(184.2)	102.9	–	(14.9)	(96.2)
Lease liabilities[1]	(1,748.6)	569.0	–	(278.9)	(1,458.5)
Asset backed financial liabilities	(44.2)	20.7	–	(22.1)	(45.6)
Share of NextGen battery debt	–	(13.1)	–	(0.1)	(13.2)
Other debt	(0.6)	0.6	–	–	–
Total components of financing activities	(1,977.6)	680.1	–	(316.0)	(1,613.5)
Cash	421.8	(178.3)	3.4	–	246.9
Bank overdrafts	(82.9)	56.0	–	(0.9)	(27.8)
Ring-fenced cash	369.6	(120.0)	–	–	249.6
Cash and cash equivalents	708.5	(242.3)	3.4	(0.9)	468.7
Net debt (including held for sale – discontinued operations)	(1,269.1)	437.8	3.4	(316.9)	(1,144.8)

1 Lease liabilities 'other' in the prior year included £216.8m net inception of new leases. This comprised £222.5m inception of new leases, being £191.7m of rolling stock leases, £9.2m of passenger carrying vehicle leases and £21.6m of property and other leases, offset by £5.7m termination of leases.
2 The 'other' column for debt items consists of the net inception/acquisition of new leases, as well as interest charges. The 'cash flow' column consists of repayments of principal and interest (financing activities and operating activities respectively in the consolidated cash flow statement). Interest charges have been reclassified from the 'cash flow' column to the 'other' column in this table compared to the 2024 Annual Report.

Accrued interest of £nil (2024: £3.5m) is excluded from the values above and derivative valuations are presented as the clean values.

Notes to the consolidated financial statements continued

32 Contingent liabilities

To support subsidiary undertakings in their normal course of business, FirstGroup plc and certain subsidiaries have indemnified certain banks and insurance companies who have issued performance bonds for £47.2m (2024: £59.8m) and letters of credit for £123.3m (2024: £164.3m). The performance bonds primarily relate to First Rail franchise operations of £47.1m and residual North American obligations of £0.1m (2024: £3.2m). The letters of credit relate substantially to insurance arrangements in the UK and North America. The parent company has committed further support facilities of up to £100.9m to First Rail Train Operating Companies of which £76.0m remains undrawn. Letters of credit remain in place to provide collateral for legacy Greyhound insurance and pension obligations.

The Group is party to certain unsecured guarantees granted to banks for overdraft and cash management facilities provided to itself and subsidiary undertakings. The Company has given certain unsecured guarantees for the liabilities of its subsidiary undertakings arising under certain operating arrangements, HP contracts, finance leases, operating leases and certain pension scheme arrangements. It also provides unsecured cross guarantees to certain subsidiary undertakings as required by VAT legislation. First Bus subsidiaries have provided unsecured guarantees on a joint and several basis to the FirstGroup Pension Scheme Trustee.

In its normal course of business the Group has ongoing contractual negotiations with Government and other organisations. The Group is party to legal proceedings and claims which arise in the normal course of business, including but not limited to employment and safety claims. The Group takes legal advice as to the likelihood of success of claims and counterclaims. No provision is made where due to inherent uncertainties, no accurate quantification of any cost, or timing of such cost, which may arise from any of the legal proceedings can be determined.

The Group's operations are required to comply with a wide range of regulations, including environmental and emissions regulations. Failure to comply with a particular regulation could result in a fine or penalty being imposed on that business, as well as potential ancillary claims rooted in non-compliance.

First MTR South Western Trains Limited (FSWT), a subsidiary of the Company and the former operator of the South Western railway contract, is a defendant to collective proceedings before the UK Competition Appeal Tribunal (the CAT) in respect of alleged breaches of UK competition law. Stagecoach South Western Trains Limited (SSWT) (the former operator of the South Western network) is also a defendant to these proceedings, but agreed a settlement of the claim against it with the class representative (CR) which was approved by the CAT in May 2024 and, as a result, the claim that was originally brought against it is not proceeding. Separate sets of proceedings have been issued against London & South Eastern Railway Limited and related entities (LSER) and against Govia Thameslink Railway Limited and related entities (GTR) in respect of the operation of other rail services. The three sets of proceedings are being heard together. The CR alleges that FSWT, LSER and GTR breached their obligations under UK competition law by not making boundary fares sufficiently available for sale, and/or by failing to ensure that customers were aware of the existence of boundary fares and/or bought an appropriate fare in order to avoid being charged twice for part of a journey. A collective proceedings order (CPO) has been made by the CAT in respect of the proceedings. The proceedings have been split into three trials, the first of which took place in June/July 2024. As at 10 June 2025, the CAT had not issued its judgment in relation to the first trial. The proceedings are currently stayed pending the decision in the first trial, meaning that no dates are yet set for the second and third trials. In March 2022, FSWT, the Company and the CR executed an undertaking under which the Company has agreed to pay to the CR any sum of damages and/or costs which FSWT fails to pay, and which FSWT is legally liable to pay to the CR in respect of the claims (pursuant to any judgment, order or award of a court or tribunal), including any sum in relation to any settlement of the claims.

Notes to the consolidated financial statements continued

33 Operating commitments

	2025 £m	2024 £m
Minimum payments made under contractual terms recognised in the income statement for the year:		
Plant and machinery	**5.6**	5.5
Track and station access	**481.3**	473.1
Other assets	**18.9**	18.0
	505.8	496.6

At the balance sheet dates, the Group had outstanding commitments for future payments under non-cancellable operating contracts, which fall due as follows:

	2025 £m	2024 £m
Within one year	**355.6**	484.1
In the second to fifth years inclusive	**175.3**	747.8
After five years	**198.1**	1.1
	729.0	1,233.0

Included in the above commitments are contracts held by the First Rail businesses with Network Rail for access to the railway infrastructure, track, stations and depots of £481.0m (2024: £1,206.9m).

Notes to the consolidated financial statements continued

34 Share-based payments

Equity-settled share option plans

The Group recognised total expenses of £10.5m (2024: £15.6m) related to equity-settled share-based payment transactions.

All Employee Plans

(a) Save as you earn (SAYE)

The Group operates an HMRC-approved savings-related share option scheme. The scheme is based on eligible employees being granted options and their agreement to opening a sharesave account with a nominated savings carrier and to save weekly or monthly over a three-year period. Sharesave accounts are held with Computershare. The right to exercise the option is at the employee's discretion in the six months following the end of the three-year period. The plan rules set out the treatment of those who leave employment before the end of the savings contract. The scheme was offered in FY 2024 and FY 2025. During the current year, 2,980 employees accepted the invitation to join the scheme and just less than 10m options were granted at a price of 123 pence per share. Further information is provided in the table below.

	SAYE 2024 Options Number	SAYE 2023 Options Number
Outstanding at the beginning of the year	–	14,439,530
Granted during the year	9,905,123	–
Exercised during the year	(755)	(42,503)
Lapsed during the year	(577,411)	(1,032,398)
Outstanding at the end of the year	**9,326,957**	**13,364,629**
Exercisable at the end of the year	3,351	15,958
Weighted average exercise price (pence)	123	111
Weighted average share price at date of exercise (pence)	161.7	154.8

(b) Buy as you earn (BAYE)

BAYE enables eligible employees to purchase shares from their gross income. Until August 2023, the Company provided two matching shares for every three shares bought by employees, subject to a maximum Company contribution of shares to the value of £20 per month. If the shares are held in trust for five years or more, no income tax and national insurance will be payable. The matching shares will be forfeited if the corresponding partnership shares are removed from trust within three years of award. Since August 2023 no matching shares have been offered with the Company preferring to allocate the cost to support a larger number of options under the SAYE plan.

In March 2025 there were 2,655 (March 2024: 2,681) participants who purchased share during the month through the BAYE scheme. During the year, scheme participants have purchased 1,252,133 shares.

Discretionary plans

Prior to FY 2022 the discretionary awards were structured as nil cost options. Since that date the awards have been granted as conditional shares, there is no economic difference for the Company or participants following this change.

Notes to the consolidated financial statements continued

34 Share-based payments continued

(c) Deferred bonus shares (DBS)

DBS awards vest over a three-year period following the financial year that they relate to and are typically settled by equity.

	DBS 2014 Options Number	DBS 2015 Options Number	DBS 2016 Options Number	DBS 2017 Options Number	DBS 2018 Options Number	DBS 2019 Options Number	DBS 2020 Options Number	DBS 2021 Options Number	DBS 2022 Conditional shares Number	DBS 2023 Conditional shares Number	DBS 2024 Conditional shares Number
Outstanding at the beginning of the year	66,171	52,621	37,538	12,333	14,779	68,548	148,801	639,710	1,696,455	831,260	–
Granted during the year	–	–	–	–	–	–	–	–	–	–	795,978
Forfeited during the year	–	–	–	–	–	–	–	–	–	–	–
Exercised/released during the year	(50,722)	(16,075)	(10,742)	(5,795)	(525)	(39,257)	(111,770)	(507,765)	(317,527)	–	–
Lapsed during the year	(15,449)	–	–	–	–	–	–	(2,677)	(18,402)	–	–
Outstanding at the end of the year	**nil**	**36,546**	**26,796**	**6,538**	**14,254**	**29,291**	**37,031**	**129,268**	**1,360,526**	**831,260**	**795,978**
Exercisable at the end of the year	nil	36,546	26,796	6,538	14,254	29,291	37,031	129,268	–	–	–
Weighted average share price at date of exercise (pence)	172.7	171.8	168.1	173.4	163.9	166.8	161.9	155.3	156.6	N/A	N/A

(d) Long-Term Incentive Plan (LTIP)

The LTIP awards granted in 2021, 2022, 2023 and 2024 have relative TSR, EPS and sustainability targets. Where the threshold measures are exceeded, the awards are settled by equity.

	LTIP 2021 Options Number	LTIP 2022 Options Number	LTIP 2023 Options Number	LTIP 2024 Options Number
Outstanding at the beginning of the year	2,588,698	7,440,071	7,355,892	–
Granted during the year	–	–	–	6,851,347
Forfeited during the year	–	–	–	(139,483)
Lapsed during the year	–	(216,751)	(265,454)	–
Exercised during the year	(2,557,457)	–	–	–
Outstanding at the end of the year	**31,241**	**7,223,320**	**7,090,438**	**6,711,864**
Exercisable at the end of the year	31,241	–	–	–
Weighted average share price at date of exercise (pence)	155.1	N/A	N/A	N/A

Notes to the consolidated financial statements continued

34 Share-based payments continued

(e) Executive Share Plan (ESP)

ESP awards vest over a three-year period following the financial year that they relate to and are typically settled by equity.

	ESP 2015 Options Number	ESP 2016 Options Number	ESP 2017 Options Number	ESP 2018 Options Number	ESP 2019 Options Number	ESP 2020 Options Number	ESP 2021 Options Number	ESP 2022 Conditional shares Number	ESP 2023 Conditional shares Number	ESP 2024 Conditional shares Number
Outstanding at the beginning of the year	41,391	44,889	57,140	152,540	425,621	283,956	1,126,197	199,358	11,959	–
Granted during the year	–	–	–	–	–	–	–	–	–	467,304
Forfeited during the year	–	–	–	–	–	–	–	–	–	–
Lapsed during the year	–	–	–	(4,387)	(4,130)	–	(33,031)	–	–	–
Exercised/released during the year	(3,224)	(3,445)	(39,832)	(84,496)	(170,610)	(269,238)	(742,334)	(183,357)	(3,987)	–
Outstanding at the end of the year	**38,167**	**41,444**	**17,308**	**63,657**	**250,881**	**14,718**	**350,832**	**16,001**	**7,972**	**467,304**
Exercisable at the end of the year	38,167	41,444	17,308	63,657	250,881	14,718	350,832	16,001	–	–
Weighted average share price at date of exercise/release (pence)	175.4	175.4	171.2	168.8	166.6	167.6	161.8	154.5	152.9	N/A

Notes to the consolidated financial statements continued

34 Share-based payments continued

The fair values of the awards granted during the last two years were measured using a Black-Scholes model except for the TSR element of the LTIPs which were measured using a Monte Carlo model. The inputs into the models were as follows:

	2025 pence	2024 pence
Weighted average share price at grant date (pence)		
– DBS	**164.8**	135.8
– LTIP	**164.5**	136.2
– ESP	**164.4**	138.8
Weighted average exercise price at grant date (pence)		
– DBS	**–**	–
– LTIP	**–**	–
– ESP	**–**	–
Expected volatility (%)		
– DBS	**N/A**	N/A
– LTIP	**59**	59
– ESP	**N/A**	N/A
Expected life (years)		
– DBS	**3.0**	3.0
– SAYE schemes	**N/A**	N/A
– LTIP	**3.0**	3.0
– ESP	**3.0**	3.0
Rate of interest (%)		
– DBS	**N/A**	N/A
– LTIP	**–**	–
– ESP	**–**	–
Expected dividend yield (%)		
– DBS	**3.3%**	–
– LTIP	**3.3%**	–
– ESP	**3.3%**	–

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous five years. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Allowances have been made for the SAYE schemes for the fact that, amongst a group of recipients some are expected to leave before an entitlement vests. The accounting charge is then adjusted over the vesting period to take account of actual forfeitures, so although the total charge is unaffected by the pre-vesting forfeiture assumption, the timing of the recognition of the expense will be sensitive to it. Fair values for the SAYE include a 10% per annum pre-vesting leaver assumption whereas the Executive, LTIP and deferred share plans exclude any allowance for pre-vesting forfeitures.

	2025 pence	2024 pence
Weighted average fair value of options at grant date		
– DBS	**154.4**	135.2
– LTIP	**116.3**	100.5
– ESP	**154.3**	128.2

Notes to the consolidated financial statements continued

35 Retirement benefit schemes

The Group supports defined contribution (DC) and defined benefit (DB) schemes for the benefit of employees across the following business areas:

First Bus

DB schemes: The First UK Bus Pension Scheme and The FirstGroup Pension Scheme. The First UK Bus Pension Scheme is currently being wound up.

DC schemes: The First Bus Retirement Savings Plan and the Enhanced Lifetime Savings Plan.

In the prior year, the Group terminated its participation in two Local Government Pension Schemes, with affected employees enrolled into The First Bus Retirement Savings Plan.

Employees in Group corporate functions participate in the First Bus pension arrangements.

First Rail

DB schemes: Railways Pension Scheme (RPS) Shared Cost Sections. As at the balance sheet date, the Group sponsored four sections of the RPS in respect of TOCs operating under NRCs. Following the expiry of the SWR contract after the balance sheet date, the number of TOCs sections sponsored by the Group reduced to two. Since the obligations to the TOC arrangements are considered to be limited to contributions during the period of the contract, these are fundamentally different to the obligations to the other pension arrangements. Additionally, the Group sponsors a section for its open access Hull Trains business, which closed to new entrants in March 2024.

DC schemes: RPS Industry-Wide Defined Contribution (IWDC) Section. Hull Trains employees who are not eligible for the DB section, and Tram Operations employees, are enrolled into the IWDC Section.

North America

The Group is winding up legacy schemes from operations which have now been sold. During the year, the remaining liabilities in the US were bought out in July 2024, and winding up of the legacy Greyhound US pension plan was completed in December 2024. In Canada, the liabilities of the Greyhound Canada Retirement Income Plan have been secured with a group annuity contract. As the winding up of the plan progresses, this will convert to a buyout.

Each of these groups of arrangements have therefore been shown separately.

Overall, the duration of the Company's obligations is approximately 16 years although the durations of the individual schemes tend to vary.

The pension schemes in the UK are operated independently of the Group by the relevant pension scheme's trustee. All pension scheme assets are held separately from FirstGroup's assets. The managers or trustees (as appropriate) of the pension schemes are responsible for the investment policy, although the sponsor is consulted.

The market value of the assets as at 29 March 2025 for all non-contract rail operation DB schemes totalled £1,135m (2024: £1,413m). The present value of scheme liabilities for all non-contract rail operation defined benefit schemes totalled £1,112m (2024: £1,438m).

Virgin Media case

In June 2023, the High Court made a significant ruling in Virgin Media Ltd vs NTL Pension Trustees regarding the validity of amendments to benefits in DB schemes that were contracted-out between 1997 and 2016 based on meeting the reference scheme test. In July 2024, the Court of Appeal upheld the High Court's decision. Legal analysis of the Group's DB schemes did not locate any evidence to suggest that a confirmation by the scheme actuary for relevant benefit amendments was required but not obtained. Furthermore, it is understood that legislation is being developed that allow the appropriate retrospective confirmations, thereby reducing or removing any potential impact.

(a) First Bus and Group (including open access rail operators)

DC plans (shown on a continuing basis)

Payments to DC plans are charged as an expense as they fall due. There is no further obligation to pay contributions into a DC plan once the contributions specified in the plan rules have been paid. The total expense recognised in the consolidated income statement of £36.0m (2024: £31.6m) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

The Group operates DC plans for all Group and First Bus employees, and First Rail employees who are not eligible to join a DB arrangement. They receive a company match to their contributions, which varies by salary and/or service.

DB plans (shown on a continuing basis)

The Group has full responsibility for the retirement benefits for former and current employees of Group, First Bus and Hull Trains who are members of the schemes described in the following paragraphs, bearing all the risks and responsibilities of sponsorship of these schemes. These comprise three funded DB plans across its First Bus and Group operations (including Hull Trains which, unlike the majority of First Rail operations, is operated under open access), covering approximately 22,200 former and current employees. All of these schemes are closed to new entrants.

Triennial valuations assess the cost of future service (where relevant) and the funding position. The employer and trustees are required to agree on assumptions for the valuations and to agree the contributions that result from these. Deficit recovery contributions may be required in addition to future service contributions. In agreeing contribution rates, reference must be made to the affordability of contributions by the employer.

At their last valuations, the DB schemes had funding levels between 74% and 94% (2024: 74% and 94%).

Surplus after benefits have been paid/secured, can be repaid to the employer, in line with the rules of the schemes.

The First UK Bus Pension Scheme

During the year, the majority of the assets and liabilities of The First UK Bus Pension Scheme were transferred to a newly created Bus Section of the FirstGroup Pension Scheme. Winding up of The First UK Bus Pension Scheme started in September 2024 with a number of small benefits having now been settled with payment of winding-up lump sums. Members' winding-up benefits have been paid out over the course of the year in two tranches, with a total £21.3m of winding-up lump sums paid, extinguishing obligations valued at £24.1m. The resulting gain of £2.8m has been recognised in income for curtailment gains. After the lump sums exercise is completed, and remaining assets and liabilities will be transferred to The FirstGroup Pension Scheme, The First UK Bus Pension Scheme will be wound up.

The FirstGroup Pension Scheme

The FirstGroup Pension Scheme is a legacy DB scheme that is closed to benefit accrual. It now comprises two sections – a Group Section (members already of the FirstGroup Pension Scheme prior to merging with The First UK Bus Pension Scheme) and a Bus Section (members transferring from The First UK Bus Pension Scheme).

The rules governing both these schemes grant the employer influence over the allocation of any residual surplus once the beneficiaries' rights have been secured. Accordingly, the net surplus/deficit is recognised in full for these schemes.

Notes to the consolidated financial statements continued

35 Retirement benefit schemes continued

Local Government Pension Schemes

The Group no longer participates in the LGPS after terminating in the prior year. An adjusting income statement expense for settlement charges and related costs of £146.9m was recognised in the prior year, with gains of £5.0m recognised in income for curtailment gains and £161.0m recognised in Other comprehensive income in relation to the restricted accounting surplus in FY 2024. The termination of participation removed £543.3m and £153.9m of obligations and £679.8m and £159.5m of assets from the Group's balance sheet for the Greater Manchester Pension Fund and North East Scotland Pension Fund respectively during the prior year. From a cash perspective, there were no payments required in relation to the exit from the Greater Manchester Pension Fund, while a payment of £23.1m was made from the North East Scotland Pension Fund to the Group.

The Hull Trains Shared Cost Section of the Railways Pension Scheme

Hull Trains participates in its own Section of the Railways Pension Scheme. This scheme closed to new entrants in March 2024, but remains open to the accrual of salary-related benefits employees who became members before March 2024. Costs relating to accrual and to any deficit are shared with members. Any deficit is now fully borne by the sponsor – the impact of this currently has a negligible impact on the accounting balance sheet.

The table below is set out to show the movements in the fair value of schemes' assets (Assets) along with the movements in the present value of Defined Benefit Obligations (DBO) (Liabilities) for the DB schemes described above:

	2025		2024	
	Assets £m	**Liabilities £m**	Assets £m	Liabilities £m
At beginning of period	**1,147.8**	**1,161.8**	2,166.9	1,972.5
Income statement				
Operating				
– Current service cost	**–**	**5.9**	–	5.8
– Past service gain including curtailments	**–**	**–**	–	(5.0)
– Settlement in relation to winding-up lump sums	**(21.3)**	**(24.1)**	–	–
– Settlement in relation to LGPS participation termination	**–**	**–**	(839.3)	(697.2)
Total operating	**(21.3)**	**(18.2)**	(839.3)	(696.4)
Interest income/cost	**54.8**	**53.8**	81.2	74.8
Total income statement[1]	**33.5**	**35.6**	(758.1)	(621.6)
Amounts paid to/(from) scheme				
Employer contributions	**8.6**	**–**	6.0	–
Employee contributions	**0.4**	**0.4**	0.7	0.7
Benefits paid	**(70.6)**	**(70.6)**	(100.2)	(100.2)
Total	**(61.6)**	**(70.2)**	(93.5)	(99.5)
Expected closing position	**1,119.7**	**1,127.2**	1,315.3	1,251.4
Change in financial assumptions	**–**	**(108.9)**	–	(87.4)
Change in demographic assumptions	**–**	**(2.5)**	–	(14.3)
Employee share of changes	**–**	**–**	–	0.2
Return on assets in excess of discount rate	**(127.2)**	**–**	(167.5)	–
Experience	**–**	**(45.7)**	–	11.9
Total	**(127.2)**	**(157.1)**	(167.5)	(89.6)
At end of period	**992.5**	**970.1**	1,147.8	1,161.8

Notes to the consolidated financial statements continued

35 Retirement benefit schemes continued

	2025		2024	
	Assets £m	**Liabilities £m**	Assets £m	Liabilities £m
Surplus/(deficit) before adjustment		**22.4**		(14.0)
Impact of shared cost		**–**		–
Adjustment for irrecoverable surplus		**–**		–
Surplus/(deficit) in schemes		**22.4**		(14.0)
The amount is presented in the consolidated balance sheet as follows:				
Non-current assets		**27.0**		6.0
Non-current liabilities		**(4.6)**		(20.0)
		22.4		(14.0)

1 In the prior year there was a financing charge of £4.3m relating to the interest on the asset ceiling as shown in the table below.

Adjustment for First Bus irrecoverable surplus

Movements in the adjustment for the First Bus irrecoverable surplus in the prior year were as follows:

	2025 £m	2024 £m
At beginning of period	**–**	(156.7)
Interest on irrecoverable surplus	**–**	(4.3)
Gain on settlement of LGPS arrangements	**–**	161.0
Actuarial gain on irrecoverable surplus	**–**	–
At end of period	**–**	–

Notes to the consolidated financial statements continued

35 Retirement benefit schemes continued

Asset Allocation

At March 2025	Quoted £m	Unquoted £m	Total £m
Equity	17.0	159.3	176.3
Other return seeking assets	–	20.1	20.1
Real estate	–	1.6	1.6
Fixed income/liability driven	553.9	219.9	773.8
Other income generating	–	0.8	0.8
Cash and cash equivalents	19.9	–	19.9
	590.8	401.7	992.5

At March 2024	Quoted £m	Unquoted £m	Total £m
Equity	16.1	163.6	179.7
Other return seeking assets	–	27.2	27.2
Real estate	–	3.5	3.5
Fixed income/liability driven	680.0	243.7	923.7
Other income generating	–	1.0	1.0
Cash and cash equivalents	12.7	–	12.7
	708.8	439.0	1,147.8

(b) North America

Greyhound pension arrangements

The Group has retained certain responsibilities for the provision of retirement benefits for some legacy schemes.

The Group no longer operates a pension plan in the US (2024: one), while in Canada, there is a legacy plan (2024: one) with a DB and a DC section that is currently being wound up, and a small unfunded supplementary executive retirement plan (SERP) with a single beneficiary.

On 18 July 2024, the Group agreed terms with an insurance company to buy out the remaining liabilities of the legacy Greyhound US pension plan, with the plan being terminated thereafter. Following a Group net contribution of $5.3m, gross liabilities of $155m (£123m) at the FY 2024 year-end were removed from the Group's balance sheet and the Group recognised a net settlement gain after related costs of £5.1m in the Group's income statement as an adjusting item.

Notes to the consolidated financial statements continued

35 Retirement benefit schemes continued

The table below is set out to show the movements in the fair value of schemes' assets (Assets) along with the movements in the present value of DBO (Liabilities) for the North American DB schemes:

	2025		2024	
	Assets £m	**Liabilities £m**	Assets £m	Liabilities £m
At beginning of period (including held for sale)	**264.8**	**276.1**	366.8	369.5
Income statement				
Operating				
– Current service cost	**–**	**1.8**	–	3.4
– Past service gain including curtailments and settlements	**(106.7)**	**(113.2)**	(57.7)	(58.9)
Total operating	**(106.7)**	**(111.4)**	(57.7)	(55.5)
Interest income/cost	**8.4**	**8.6**	15.1	15.2
Total income statement	**(98.3)**	**(102.8)**	(42.6)	(40.3)
Amounts paid to/(from) scheme				
Employer contributions	**4.1**	**–**	0.6	–
Employee contributions	**–**	**–**	–	–
Benefits paid	**(23.4)**	**(23.4)**	(43.2)	(43.2)
Total	**(19.3)**	**(23.4)**	(42.6)	(43.2)
Expected closing position	**147.2**	**149.9**	281.6	286.0
Change in financial assumptions	**–**	**4.8**	–	(5.1)
Change in demographic assumptions	**–**	**2.0**	–	4.7
Return on assets in excess of discount rate	**9.8**	**–**	(7.5)	–
Experience	**–**	**0.3**	–	–
Total	**9.8**	**7.1**	(7.5)	(0.4)
Currency gain/loss	**(14.4)**	**(14.7)**	(9.3)	(9.5)
At end of period	**142.6**	**142.3**	264.8	276.1

Notes to the consolidated financial statements continued

35 Retirement benefit schemes continued

	2025		2024	
	Assets £m	**Liabilities £m**	Assets £m	Liabilities £m
Surplus/(deficit)				
Calculated as at 30 March		**0.3**		(11.3)
Opening irrecoverable surplus		**–**		(6.8)
Change in irrecoverable surplus		**–**		6.8
Presented in the consolidated balance sheet as Non-current assets/(liabilities)		**0.3**		(11.3)

Asset Allocation

At March 2025	**Quoted £m**	**Unquoted £m**	**Total £m**
Annuities	**–**	**135.7**	**135.7**
Cash and cash equivalents	**6.9**	**–**	**6.9**
	6.9	**135.7**	**142.6**

At March 2024	Quoted £m	Unquoted £m	Total £m
Fixed income/liability driven	109.4	–	109.4
Annuities	–	148.2	148.2
Cash and cash equivalents	7.2	–	7.2
	116.6	148.2	264.8

Notes to the consolidated financial statements continued

35 Retirement benefit schemes continued

(c) Rail contracts

The Railways Pension Scheme (RPS)

The Group is responsible for collecting and paying contributions for a number of sections of the RPS as part of its obligations under the contracts which it holds for its TOCs. These responsibilities continue for the periods of the TOCs and are passed to future contract holders when those TOCs terminate. Management of the RPS is not the responsibility of the Group, nor is it liable to benefit from any future surplus or fund any deficit of those funds. The RPS is managed by the Railways Pension Trustee Company Limited and is subject to regulation from The Pensions Regulator and relevant UK legislation.

The RPS is a shared cost arrangement. All costs, and any deficit or surplus, are shared 60% by the employer and 40% by the members.

As at the balance sheet date, the Group sponsored four sections of the RPS, relating to its contracting obligations for its TOCs. Following the expiry of the SWR contract after the balance sheet date, the number of TOC sections sponsored by the Group reduced to two. In line with Government policy to take TOCs into public ownership, sponsorship of these remaining sections is expected to transfer to new ownership in due course.

For the TOC sections, under the contractual arrangements with the DfT, the employer's responsibility is to pay the contributions following triennial funding valuations while it operates the contracted services. These contributions are subject to change on consideration of future statutory valuations, though the Group is fully protected from any such changes through its contracts with the DfT. At the end of the contract, any deficit or surplus in the scheme section passes to the subsequent train operating company with no compensating payments from or to the outgoing TOC.

The statutory funding valuations of the various Rail Pension Scheme sections in which the Group is involved (last finalised with an effective date of 31 December 2022) and the IAS 19 actuarial valuations are carried out for different purposes and may result in materially different results. The IAS 19 valuation is set out in the disclosures below.

The accounting treatment for the time-based risk-sharing feature of the Group's participation in the RPS is not explicitly considered by IAS 19 Employee Benefits (Revised). The contributions currently committed to being paid to each TOC section are lower than the share of the service cost (for current and future service) that would normally be calculated under IAS 19 (Revised) and the Group does not account for uncommitted contributions towards the sections' current or expected future deficits. Therefore, the Group does not need to reflect any deficit on its balance sheet. A TOC adjustment (asset) exists that exactly offsets any section deficit that would otherwise remain after reflecting the cost sharing with the members. This reflects the legal position that some of the existing deficit and some of the service costs in the current year will be funded in future years beyond the term of the current contract and committed contributions. The TOC adjustment on the balance sheet date reflects the extent to which the Group is not currently committed to fund the deficit.

Movements in the TOC contract adjustment in a period arise from and are accounted for as follows:

Any service cost for the period for which the contribution schedule requires no contributions from the entity are reflected as an adjustment to the service cost in the income statement, which is considered to be in line with paragraphs 92-94 of IAS 19 (Revised).

Under circumstances where contributions are renegotiated, such as following a statutory valuation, any adjustment necessary to reflect an obligation to fund past service cost will be recognised in the income statement.

Notes to the consolidated financial statements continued

35 Retirement benefit schemes continued

The disclosed information has been set out to illustrate the effect of this on the costs borne by FirstGroup. In particular, 40% of the costs, gains or losses and any deficit are attributed to the members. In addition, the total surplus or deficit is adjusted by way of a 'contract adjustment' which includes an assessment of the changes that will arise from contracted future contributions and which is the portion of the deficit or surplus projected to exist at the end of the contract which the Group will not be required to fund or benefit from.

	Assets £m	Liabilities £m	Adjustment for employee share of RPS deficits (40%) £m	Contract adjustment £m	Net £m
At 1 April 2024	3,722.4	(3,588.7)	(53.4)	(80.3)	–
Income statement					
Operating					
– Service cost	–	(135.2)	54.1	34.4	(46.7)
– Admin cost	–	(6.5)	2.6	–	(3.9)
Total operating	–	(141.7)	56.7	34.4	(50.6)
Financing	180.6	(169.6)	(4.4)	(6.6)	–
Total income statement	180.6	(311.3)	52.3	27.8	(50.6)
Amounts paid to/(from) scheme					
Employer contributions	50.6	–	(20.2)	20.2	50.6
Employee contributions	33.4	–	(13.4)	(20.0)	–
Benefits paid	(157.1)	157.1	–	–	–
Total	(73.1)	157.1	(33.6)	0.2	50.6
Expected closing position	3,829.9	(3,742.9)	(34.7)	(52.3)	–
Change in financial assumptions	–	604.0	(241.6)	(362.4)	–
Change in demographic assumptions	–	9.7	(3.9)	(5.8)	–
Return on assets in excess of discount rate	(171.9)	–	68.7	103.2	–
Experience	–	58.8	(23.5)	(35.3)	–
Total	(171.9)	672.5	(200.3)	(300.3)	–
At 31 March 2025	3,658.0	(3,070.4)	(235.0)	(352.6)	–

Notes to the consolidated financial statements continued

35 Retirement benefit schemes continued

	Assets £m	Liabilities £m	Adjustment for employee share of RPS deficits (40%) £m	Contract adjustment £m	Net £m
At 1 April 2023	3,684.3	(3,814.5)	52.1	78.1	–
Impact from non-renewal of TPE contract	(239.2)	267.7	(11.4)	(17.1)	–
Revised opening position, excluding TPE	3,445.1	(3,546.8)	40.7	61.0	–
Income statement					
Operating					
– Service cost	–	(128.7)	51.5	24.9	(52.3)
– Admin cost	–	(5.8)	2.3	–	(3.5)
Total operating	–	(134.5)	53.8	24.9	(55.8)
Financing	166.1	(165.4)	(0.3)	(0.4)	–
Total income statement	166.1	(299.9)	53.5	24.5	(55.8)
Amounts paid to/(from) scheme					
Employer contributions	55.8	–	(22.3)	22.3	55.8
Employee contributions	36.7	–	(14.7)	(22.0)	–
Benefits paid	(141.7)	141.7	–	–	–
Total	(49.2)	141.7	(37.0)	0.3	55.8
Expected closing position	3,562.0	(3,705.0)	57.1	85.8	–
Change in financial assumptions	–	30.7	(12.3)	(18.4)	–
Change in demographic assumptions		74.6	(29.8)	(44.8)	–
Return on assets in excess of discount rate	160.4	–	(64.1)	(96.3)	–
Experience	–	11.0	(4.4)	(6.6)	–
Total	160.4	116.3	(110.6)	(166.1)	–
At 31 March 2024	3,722.4	(3,588.7)	(53.4)	(80.3)	–

During the year £6.5m (2024: £5.8m) of gross administrative expenses were incurred, included in benefits paid above.

Finance costs above include interest income of £108.4m (2024: £99.7m) and employee share of interest on assets of £72.2m (2024: £66.4m).

Income statement charges on liabilities above of £311.3m (2024: £299.9m) represent:

	2025 £m	2024 £m
Current service costs	**85.0**	80.7
Interest costs	**101.8**	99.2
Employee share of change in DBO (not attributable to contract adjustment)	**124.5**	120.0
	311.3	299.9

Notes to the consolidated financial statements continued

35 Retirement benefit schemes continued

Asset Allocation

At 29 March 2025/31 March 2025	Quoted £m	Unquoted £m	Total £m
Equity	–	1,630.1	1,630.1
Other return seeking assets	–	1,027.2	1,027.2
Real estate	–	335.0	335.0
Fixed income/liability driven	–	654.1	654.1
Cash and cash equivalents	11.6	–	11.6
	11.6	3,646.4	3,658.0

At 30 March 2024/31 March 2024	Quoted £m	Unquoted £m	Total £m
Equity	–	2,106.4	2,106.4
Other return seeking assets	–	1,166.0	1,166.0
Real estate	–	440.1	440.1
Cash and cash equivalents	9.9	–	9.9
	9.9	3,712.5	3,722.4

The Rail contracts' assets are invested in pooled funds created specifically for the Rail schemes. As such, these assets have been categorised as unquoted.

(d) Valuation assumptions

The valuation assumptions used for accounting purposes have been made uniform to Group standards, as appropriate, when each scheme is actuarially valued.

At 29 March 2025/30 March 2024	First Bus 2025 %	First Rail 2025 %	North America 2025 %	First Bus 2024 %	First Rail 2024 %	North America 2024 %
Key assumptions used:						
Discount rate	5.78 – 5.83	5.87	4.50	4.86 – 4.88	4.89	4.85 – 5.16
Expected rate of salary increases	N/A	2.83 – 3.12	N/A	N/A	3.70	N/A
Inflation – CPI	2.61 – 2.62	2.60	2.00	2.61 – 2.62	2.60	2.00
Future pension increases	2.37[2]	2.60	N/A	2.58[2]	2.60	N/A
Post-retirement mortality (life expectancy in years)[1]						
Current pensioners at 65:	19.3	20.1	21.7	19.3	20.1	19.8 – 21.6
Future pensioners at 65 aged 45 now:	19.7	21.5	22.7	19.7	21.5	21.4 – 22.6

1 Life expectancies reflect the largest underlying plans in each region.
2 Weighted average for principal scheme.

The Group reviews its longevity assumptions for each scheme following completion of funding valuations. The assumptions adopted reflect recent scheme experience and views on future longevity which may include industry-specific adjustment where appropriate. The Group obtains specialist actuarial advice before agreeing longevity assumptions.

Notes to the consolidated financial statements continued

35 Retirement benefit schemes continued

(e) Sensitivity of retirement benefit obligations to changes in assumptions

The method used to derive the sensitivities is the same as that used to calculate the main disclosures. The exception is longevity where we have instead applied a general rule that one year's extra life expectancy adds c.3% to the DBO (with resultant impacts on rail and irrecoverable surplus adjustments). This is consistent with the method applied to deriving last year's sensitivities.

A 1.0% movement in the discount rate would impact the balance sheet position by approximately £11m. A 1.0% movement in the inflation rate would impact the balance sheet position by approximately £9m. A one-year movement in life expectancy would impact the balance sheet position by approximately £29m.

Management considers that the figures provide a suitable indication of the potential impact of reasonably possible changes in the financial assumptions and one-year change in the mortality assumption. No allowance has been made for any consequent change in the value of assets held.

(f) Consolidated statement of comprehensive income

Amounts presented in the consolidated statement of comprehensive income comprise:

	2025 £m	2024 £m
Actuarial gain on DBO	**822.9**	206.5
Actuarial (loss) on assets	**(289.6)**	(14.6)
Actuarial (loss) on contract adjustments	**(500.4)**	(276.7)
Gain on settlement of LGPS arrangements	**–**	161.0
Adjustment for irrecoverable surplus	**–**	7.1
Actuarial gains/(losses) on defined benefit schemes	**32.9**	83.3

(g) Cash contributions

The estimated amounts of employer contributions expected to be paid to the DB schemes during the 52 weeks ending 28 March 2026 is £41.3m based on current contributions schedules in force (29 March 2025: £63.4m).

Notes to the consolidated financial statements continued

35 Retirement benefit schemes continued

(h) Risks associated with DB plans

Other than for the First Rail TOCs, the number of employees in defined benefit plans is reducing rapidly, as these plans are closed to new entrants, and plans are being terminated. This will serve to limit the risks associated with DB pension provision by the Group.

Despite remaining open to new entrants and future accrual, the risks posed by the RPS are limited, as under the contractual arrangements with DfT, the First Rail TOCs are not responsible for any residual deficit at the end of a contract. Furthermore, under these contractual arrangements with the DfT, the First Rail TOCs are indemnified against any short-term cash flow risks arising from future triennial valuations.

The key risks relating to the other DB pension arrangements and the steps taken by the Group to mitigate them are as follows:

Risk	Description	Mitigation
Asset volatility	The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The assets held in the DB arrangements are intended to meet the long-term funding objectives of those arrangements, and therefore results in some risk in the short term and has the potential for material adverse movements relative to the liabilities as valued for accounting purposes.	Asset liability modelling has been undertaken to ensure that any risks taken are expected to be rewarded and, in relation to the Company's largest pension exposures, further work is being undertaken to ensure that the investment strategy remains the most appropriate.
Inflation risk	A significant proportion of the UK benefit obligations are linked to inflation and higher inflation will lead to higher liabilities.	Investment strategy reviews have led to increased inflation hedging, mainly through swaps or holding Index Linked Gilts in the UK schemes.
Uncertainty over level of future contributions	Contributions to DB schemes can be unpredictable and volatile as a result of changes in the funding level revealed at each valuation.	The Group engages with the trustees to consider how contribution requirements can be made more stable. The level of volatility and the Group's ability to control contribution levels varies between arrangements.
Life expectancy	The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.	Linking retirement age to State Pension Age (as in The FirstGroup Pension Scheme) has mitigated this risk to some extent.
Legislative risk	Future legislative changes are uncertain. In the past these have led to increases in obligations, through introducing pension increases, vesting of deferred pensions, equalisation of certain benefits for men and women or reduced investment return through the ability to reclaim Advance Corporation Tax.	The Group receives professional advice on the impact of legislative changes.

Notes to the consolidated financial statements continued

36 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Remuneration of key management personnel

The remuneration of the Directors, which comprise the plc Board who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the Annual report on remuneration on pages 96 to 108.

	2025 £m	2024 £m
Basic salaries[1]	**1.8**	1.8
Fees	**0.6**	0.7
Post-employment benefits	**0.1**	0.1
Share-based payment	**3.6**	2.4
	6.1	5.0

1 Basic salaries include cash emoluments in lieu of retirement benefits, bonuses and car allowances.

37 Events after the reporting period

The Group's South Western Railway NRC expired on 25 May 2025 and operations transferred to public control under the DfT operator, in line with the Government's policy and as announced in December 2024.

Notes to the consolidated financial statements continued

38 Information about related undertakings

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries and equity accounted investments as at 29 March 2025 is disclosed below. Unless otherwise stated, the Group's shareholding represents ordinary shares held indirectly by FirstGroup plc, the entities are unlisted, and have one type of ordinary share capital, the year end is 29 March. The Group's interest in the voting share capital is 100% unless otherwise stated. No subsidiary undertakings have been excluded from the consolidation:

Subsidiaries – wholly owned and incorporated in the United Kingdom

Anderson Tours Limited,[7] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
Anderson Tours Holdings Limited,[3,4] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
Anderson Travel Limited,[7] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
Anderson Travel Holdings Limited,[3,4] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
Airport Buses Limited,[3,5] Bus Depot, Westway, Chelmsford, Essex, CM1 3AR
Airport Coaches Limited,[3,5] Bus Depot, Westway, Chelmsford, Essex, CM1 3AR
Airporter Limited,[3,7] 21 Arthur Street, Belfast, BT1 4GA
A.T. Brown (Coaches) Limited,[7] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
Butler Woodhouse Limited,[5] Bus Depot, Westway, Chelmsford, Essex, CM1 3AR
CCB Holdings Limited,[3,4,5] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
CentreWest Limited,[3,5] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
CentreWest London Buses Limited,[3,5] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
Chester City Transport Limited,[3,5] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
Crosville Limited,[5] Bus Depot, Wallshaw Street, Oldham, OL1 3TR
East Coast Trains Limited,[7,9] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
ECOC (Holdings) Limited,[1,5] Bus Depot, Westway, Chelmsford, Essex, CM1 3AR
Ensign Bus Company Limited,[3,7] The Rifle Range, Juliette Close, Purfleet Industrial Park, Aveley, South Ockendon, Essex, RM15 4YF
Evolutionary Rail Limited,[3,9] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
FB Canada Holdings Limited,[3,4] 395 King Street, Aberdeen, AB24 5RP
FG Canada Investments Limited,[3,4] 395 King Street, Aberdeen, AB24 5RP
FG Properties Limited,[3,8] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
FGI Canada Holdings Limited,[3,4] 395 King Street, Aberdeen, AB24 5RP
FK Cross London Limited,[7] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First Aberdeen Limited,[3,7] 395 King Street, Aberdeen, AB24 5RP
First Beeline Buses Limited,[3,7] Hoeford, Gosport Road, Fareham, Hampshire, PO16 0ST
First Bus Central Services Limited,[3,8] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First Bus London Limited,[4] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First Bus Pension GP Limited,[4] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First Bus Retirement Savings Plan Trustee Limited,[3,4] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First Capital Connect Limited,[3,9] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First Capital East Limited,[3,5] Bus Depot, Westway, Chelmsford, Essex, CM1 3AR
First City Line Ltd,[3,5] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First Customer Contact Limited,[8,9] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First Cymru Buses Limited,[3,7] Heol Gwyrosydd, Penlan, Swansea, SA5 7BN
First Eastern Counties Buses Limited,[3,7] Davey House, 7b Castle Meadow, Norwich, Norfolk, NR1 3DE
First Essex Buses Limited,[3,7] Bus Depot, Westway, Chelmsford, Essex, CM1 3AR
First Glasgow (No.1) Limited,[7] 100 Cathcart Road, Glasgow, G42 7BH
First Glasgow (No.2) Limited,[3,7] 100 Cathcart Road, Glasgow, G42 7BH
First Hampshire & Dorset Limited,[3,7] Hoeford, Gosport Road, Fareham, Hampshire, PO16 0ST
First International (Holdings) Limited),[1,3,4] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First International No.1 Limited,[3,4] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First London Cableway Limited,[3,7] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First Manchester Limited,[3,7] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First Midland Red Buses Limited,[3,7] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First North West Limited,[3,4] Wallshaw Street, Oldham, OL1 3TR
First Northern Ireland Limited,[3,7] 21 Arthur Street, Belfast, BT1 4GA
First Potteries Limited,[3,7] Abbey Lane, Leicester, England, LE4 0DA
First Provincial Buses Limited,[4,5] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First Rail Holdings Limited,[1,4,9] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First Rail London Limited,[7] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First Rail Open Access Holdings Limited,[1,3,4,9] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First Rail Procurement Limited,[1,3,8,9] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First Rail Stirling Limited,[3,7] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First Rail Stirling Holdings Limited,[3,4] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First Rail Wales and Western Limited,[3,7] Heol Gwyrosydd, Penlan, Swansea SA5 7BN
First Rail Wales and Western Holdings Limited,[3,4] Heol Gwyrosydd, Penlan, Swansea SA5 7BN
First ScotRail Limited,[3,9] 395 King Street, Aberdeen, AB24 5RP
First South West Limited,[3,7] Union Street, Camborne, Cornwall, TR14 8HF
First South Yorkshire Limited,[3,7] Olive Grove, Sheffield, South Yorkshire, S2 3GA
First Student UK Limited,[3,5] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First TransPennine Express Limited,[7,9] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First Travel Solutions Limited,[7] Unit 5 Petre Court, Petre Road Clayton Business Park, Clayton Le Moors, Accrington, BB5 5HY
First West of England Limited,[7] Enterprise House, Easton Road, Bristol, BS5 0DZ
First West Yorkshire Limited,[7] Hunslet Park Depot, Donisthorpe Street, Leeds, West Yorkshire, LS10 1PL
First York Limited,[3,7] Hunslet Park Depot, Donisthorpe Street, Leeds, West Yorkshire, LS10 1PL
FirstBus (North) Limited,[1,3,4] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
FirstBus Group Limited,[3,4,5] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
FirstBus Holdings Limited,[1,3,4] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
FirstBus Investments Limited,[1,3,4] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
FirstGroup American Investments,[3,4] 395 King Street, Aberdeen, AB24 5RP
FirstGroup Canadian Finance Limited,[1,3,6] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
FirstGroup Energy Limited,[4] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
FirstGroup Holdings Limited,[1,8] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
FirstGroup Pension GP Limited,[4] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
FirstGroup US Finance Limited,[1,3,6] 395 King Street, Aberdeen, AB24 5RP

Notes to the consolidated financial statements continued

38 Information about related undertakings continued

FirstGroup US Holdings,[3,4] 395 King Street, Aberdeen, AB24 5RP
Grenville Motors Limited,[5] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
GRT Bus Group Limited,[1,3,4] 395 King Street, Aberdeen, AB24 5RP
Hall and Davies Limited,[3,7] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
Hampshire Books Limited,[3,5] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
Hull Trains Company Limited,[7,9] The Point, 8th Floor, 37 North Wharf Road, London, England, W2 1AF
JR Davies & Son Holdings Limited,[3] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
Lakeside Coaches Limited,[7] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
Lakeside Property Portfolio Limited,[3,8] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
Leicester CityBus Limited,[3,7] Abbey Lane, Leicester, England, LE4 0DA
London Mini Coaches Limited,[7] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
London Mini Coaches Holdings Limited,[3,4] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
London Sovereign Limited,[7] Garrick House, Stamford Brook Bus Garage, 74 Chiswick High Road, London W4 1SY
London Transit Limited,[7] Garrick House, Stamford Brook Bus Garage, 74 Chiswick High Road, London W4 1SY
London United Busways Limited,[7] Garrick House, Stamford Brook Bus Garage, 74 Chiswick High Road, London W4 1SY
Lynton Bus and Coach Limited,[3,5] Bus Depot, Westway, Chelmsford, Essex, CM1 3AR
Lynton Company Services Limited,[3,5] Bus Depot, Westway, Chelmsford, Essex, CM1 3AR
Mainline Partnership Limited,[1,3,4,5] Olive Grove, Sheffield, South Yorkshire, S2 3GA
Mistral Data Limited,[8,9] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
Project Coral Limited,[4] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
Rider Holdings Limited,[3,4] Hunslet Park Depot, Donisthorpe Street, Leeds, West Yorkshire, LS10 1PL
Scott's Hospitality Limited,[3] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
Southampton CityBus Limited,[3,4] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
Southampton City Transport Company Limited,[4,5] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
Specialist Passenger Solutions Ltd,[3,7] J24 Hinkley Point C, Park and Ride, Huntworth Business Park, Bridgwater, TA6 6TS
The FirstGroup Pension Scheme Trustee Limited,[8] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
The First UK Bus Pension Scheme Trustee Limited,[5] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
Totaljourney Limited,[1,3,5,9] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
Tram Operations Limited,[3,7,9] Tramlink Depot, Coomber Way, Croydon, CR0 4TQ
Transportation Claims Limited,[8] Aquis House, 49-51 Blagrave Street, Reading, RG1 1PL
Truronian Limited,[3,5] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
Western National Holdings Limited,[4,5] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
York Pullman Bus Company Limited,[3,7] 2 Clifton Moor Business Village, York, North Yorkshire, YO30 4XG
YPBC Limited,[3,4] 2 Clifton Moor Business Village, York, North Yorkshire, YO30 4XG

Subsidiaries – wholly owned and incorporated in the United States of America

FirstGroup Management,[5] **Inc**. 112 S French Street Suite 105, Wilmington, Delaware 19801
FirstGroup Services,[5] **Inc**. 112 S French Street Suite 105, Wilmington, Delaware 19801
Laidlaw Transportation Holdings,[5] **Inc**. 112 S French Street Suite 105, Wilmington, Delaware 19801
Transit Management of Dutchess County,[7] **Inc**. 112 S French Street Suite 105, Wilmington, Delaware 19801
Transportation Realty Income Partners LP (50%),[7] 600 Vine Street Suite 1400, Cincinnati, Ohio 45202

Subsidiaries – wholly owned and incorporated in Ireland

Aeroporto Limited,[4] 25-28 North Wall Quay, Dublin
First Bus Ireland Limited,[7] 25–28 North Wall Quay, Dublin
Matthews Coach Hire Limited,[7] Callenberg, Inniskeen, Co. Monaghan, Monaghan

Subsidiaries – wholly owned and incorporated in Panama

First Transit de Panama, Inc.[5] Morgan & Morgan, Costa del Este, MMG Tower, 23rd Floor, Panama City

Subsidiaries – wholly owned and incorporated in Canada

GCT Holdings Ltd,[4] Blake, Cassels & Graydon LLP, 3500, 855 – 2 Street SW, Calgary, Alberta, T2P 4J8
GCT Investment Limited Partnership,[4] Blake, Cassels & Graydon LLP, 3500, 855 – 2 Street SW, Calgary, Alberta, T2P 4J8
Greyhound Canada Transportation ULC,[7] Blake, Cassels & Graydon LLP, 595 Burrard Street, P.O. Box 49314, Suite 2600, Three Bentall Centre, Vancouver, British Columbia V7X 1L3
First Rail Canada Inc.,[7] Blake, Cassels & Graydon LLP, 199 Bay Street, Suite 4000, Toronto, Ontario M5L 1A9

Notes to the consolidated financial statements continued

38 Information about related undertakings continued

Subsidiaries – not wholly owned but incorporated in the United Kingdom

First/Keolis Holdings Limited (55%),[1,3,9] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First/Keolis TransPennine Holdings Limited (55%),[3,4,9] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First/Keolis TransPennine Limited (55%),[3,9] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First MTR South Western Trains Limited (70%),[7,9] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
First Trenitalia West Coast Rail Limited (70%),[7,9] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
NextGen AssetCo Limited (50%),[7] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF
NextGen MidCo Limited (50%),[6] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF

1 Directly owned by FirstGroup plc.
2 All shares held in subsidiary undertakings are ordinary shares.
3 For the year ending 29 March 2025 these subsidiaries are exempt from audit of individual accounts under S479A of the UK Companies Act 2006.
4 Primary business is a holding company.
5 Primary business is a dormant company.
6 Primary business is an intragroup financing company.
7 Primary business is the provision of transportation services.
8 Primary business is an administrative or support services company.
9 Rail companies with 31 March year end.

Certain pension partnership structures (FirstBus Pension Limited Partnership and FirstGroup Pension Limited Partnership) were implemented during the 52 weeks ending 26 March 2022. These structures involved the creation of special purpose vehicles (SPVs) to hold cash to fund the Bus and Group pension schemes if required, based on a designated funding mechanism. The first accounting period end for these SPVs was 31 March 2023. The SPVs are consolidated into FirstGroup plc's consolidated accounts, and therefore under Partnership (Accounts) Regulations 2008, Regulation 7, the SPVs are exempt from the requirement to prepare individual entity annual accounts.

Group financial summary

Unaudited

Consolidated income statement (includes discontinued operations)	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Group revenue	**5,066.3**	4,715.1	4,759.0	5,588.0	6,844.8
Adjusted revenue	**1,370.0**	1,279.6	1,122.5	955.4	840.4
Operating profit before amortisation charges and other adjustments	**222.2**	202.4	154.4	226.8	220.4
Amortisation charges	**–**	–	–	(0.4)	(4.1)
Other adjustments	**5.3**	(161.2)	30.8	579.7	69.5
Operating profit	**227.5**	41.2	185.2	806.1	285.8
Finance costs	**(65.7)**	(82.4)	(69.3)	(153.5)	(172.0)
Investment income	**7.8**	16.8	12.8	1.5	2.0
Profit/(loss) before tax	**169.6**	(24.4)	128.7	654.1	115.8
Tax	**(31.3)**	15.0	(33.4)	(12.1)	(24.7)
Profit/(loss) for the year	**138.3**	(9.4)	95.3	642.0	91.1
EBITDA	**779.8**	746.8	755.8	862.1	1,178.9

Per share measures	pence	pence	pence	pence	pence
Adjusted continuing EPS	**19.4**	16.7	11.6	1.6	(2.8)
Basic EPS	**21.3**	(2.4)	11.8	60.2	6.5
Dividend per share	**6.5**	5.5	3.8	1.1	–

Consolidated balance sheet	£m		£m	£m	£m
Non-current assets	**2,373.9**	2,425.4	2,651.9	2,267.2	2,641.2
Net current liabilities	**(562.8)**	(621.7)	(253.9)	(546.8)	(876.8)
Non-current liabilities	**(984.6)**	(1,051.3)	(1,530.9)	(753.1)	(2,817.7)
Held for sale – continuing operations	**–**	–	8.3	–	–
Held for sale – discontinued operations	**–**	0.6	0.6	38.5	2,342.9
Non-current provisions	**(114.0)**	(111.3)	(125.2)	(120.7)	(135.5)
Net assets	**712.5**	641.7	750.8	885.1	1,154.1

Share data Number of shares in issue	millions	millions	millions	millions	millions
At year end	**750.7**	750.7	750.6	750.2	1,221.8
Average (excluding treasury shares and shares in trusts)	**597.7**	662.9	739.5	1,057.5	1,203.6

Share price	pence	pence	pence	pence	pence
At year end	**164**	180	101	107	92
High	**183**	188	140	107	95
Low	**133**	102	94	73	31

Group financial summary continued
Unaudited

Market capitalisation	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
At year end	**959**	1,154	803	1,124	610

Continuing operations	2025 £m	2024 £m	2023 £m	2022 £m	2022 £m
Revenue	**5,066.3**	4,715.1	4,755.0	4,591.1	4,318.8
Adjusted revenue	**1,370.0**	1,279.6	1,122.5	955.4	840.4
Adjusted operating profit	**222.8**	204.3	161.0	106.7	112.2
Operating profit	**222.6**	46.5	153.9	122.8	171.0
EBITDA	**780.4**	748.6	762.4	731.2	782.8

First Bus	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Revenue	**1,081.5**	1,012.2	902.5	789.9	698.9
Adjusted operating profit	**96.0**	83.6	58.4	45.2	36.6
Operating profit/(loss)	**96.0**	(63.3)	51.4	45.2	30.8
EBITDA	**160.1**	148.1	120.9	104.4	100.8

First Rail					
Revenue	**4,013.1**	3,738.4	3,893.2	3,801.2	3,619.9
Adjusted revenue	**288.8**	267.8	220.4	165.5	141.5
Adjusted operating profit	**148.8**	143.3	124.8	87.8	108.1
Operating profit	**148.8**	143.3	124.8	91.8	203.8
EBITDA	**639.7**	620.5	661.0	649.9	711.1

Company balance sheet

As at 29 March 2025/30 March 2024

	Notes	2025 £m	2024 £m
Non-current assets			
Trade and other receivables	3	**425.4**	513.4
Investments	5	**759.3**	738.2
		1,184.7	1,251.6
Current assets			
Cash and cash equivalents		**64.0**	118.9
Trade and other receivables	3	**1.8**	3.3
		65.8	122.2
Total assets		**1,250.5**	1,373.8
Current liabilities			
Trade and other payables	7	**244.4**	357.8
Derivative financial instruments	4	**0.9**	0.7
		245.3	358.5
Net current liabilities		**(179.5)**	(236.3)
Non-current liabilities			
Trade and other payables	7	**65.7**	–
Derivative financial instruments	4	**0.3**	0.2
		66.0	0.2
Total liabilities		**311.3**	358.7
Net assets		**939.2**	1,015.1
Equity			
Share capital	8	**37.5**	37.5
Share premium		**693.3**	693.3
Other reserves		**115.8**	115.9
Own shares	9	**(31.1)**	(20.4)
Retained earnings		**123.7**	188.8
Total equity		**939.2**	1,015.1

The Company reported a profit for the 52 weeks ending 29 March 2025 of £14.4m (2024: profit of £37.6m).

Ryan Mangold
10 June 2025

Company number SC157176

Company statement of changes in equity

For the 52 weeks ended 29 March 2025/53 weeks ended 30 March 2024

	Share capital £m	Share premium £m	Own shares £m	Hedging reserve £m	Merger reserve £m	Capital reserve £m	Capital Redemption reserve £m	Retained earnings £m	Total equity £m
Balance at 26 March 2023	37.5	693.2	(15.4)	(10.2)	13.9	93.8	19.7	295.8	1,128.3
Profit for the year	–	–	–	–	–	–	–	37.6	37.6
Other comprehensive loss for the year	–	–	–	(1.3)	–	–	–	–	(1.3)
Total comprehensive gain/(loss) for the year	–	–	–	(1.3)	–	–	–	37.6	36.3
Transactions with owners in their capacity as owners									
Shares issued	–	0.1	–	–	–	–	–	–	0.1
Shares bought back but not yet cancelled	–	–	–	–	–	–	–	(74.7)	(74.7)
Liability for shares not yet bought back	–	–	–	–	–	–	–	(41.1)	(41.1)
Movement in EBT and treasury shares	–	–	(5.0)	–	–	–	–	(11.5)	(16.5)
Share-based payments	–	–	–	–	–	–	–	12.2	12.2
Dividends paid	–	–	–	–	–	–	–	(29.5)	(29.5)
Balance at 30 March 2024	37.5	693.3	(20.4)	(11.5)	13.9	93.8	19.7	188.8	1,015.1
Balance at 31 March 2024	**37.5**	**693.3**	**(20.4)**	**(11.5)**	**13.9**	**93.8**	**19.7**	**188.8**	**1,015.1**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**14.4**	**14.4**
Other comprehensive loss for the year	**–**	**–**	**–**	**(0.1)**	**–**	**–**	**–**	**–**	**(0.1)**
Total comprehensive gain/(loss) for the year	**–**	**–**	**–**	**(0.1)**	**–**	**–**	**–**	**14.4**	**14.3**
Transactions with owners in their capacity as owners									
Shares bought back but not yet cancelled	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(50.4)**	**(50.4)**
Movement in EBT and treasury shares	**–**	**–**	**(10.7)**	**–**	**–**	**–**	**–**	**(5.4)**	**(16.1)**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**10.5**	**10.5**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(34.2)**	**(34.2)**
Balance at 29 March 2025	**37.5**	**693.3**	**(31.1)**	**(11.6)**	**13.9**	**93.8**	**19.7**	**123.7**	**939.2**

Merger reserves relating to disposal of investments for qualifying consideration, and those relating to the extent related investments are impaired are considered realised and transferred to retained earnings.

Notes to the Company financial statements

1 Material accounting policies

Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. The financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments and on a going concern basis as described in the Going concern statement within the Strategic report on page 70.

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with FRS 101.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement, certain related party transactions and the requirement to present a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of its financial statements.

The financial statements for the current period include the results and financial position of the Company for the 52 weeks ending 29 March 2025. The financial statements for the prior period include the results and financial position of the Company for the 53 weeks ending 30 March 2024.

Where relevant, equivalent disclosures have been given in the consolidated financial statements. The principal accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements except as noted below.

Investments

Investments in subsidiaries and associates are shown at cost less provision for impairment. For investments in subsidiaries acquired for consideration in the form of shares, including the issue of shares qualifying for merger relief, cost is measured by reference to the fair value only of the shares issued.

Dividend distribution

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

Dividends receivable from the Company's subsidiaries are recognised only when they are approved by shareholders.

Key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Investment in subsidiaries

Estimation is required in relation to the recoverability of the investments and is sensitive to changes in cash flow forecasts supporting the recoverable amount. There is a significant risk that material adjustment to the carrying amounts of the investments and receivables could be required within the next financial year, including the reversal of prior year impairments. The carrying value of investments at 29 March 2025 is £759.3m (2024: £738.2m).

2 Profit for the year

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own income statement for the year. The Company reported a profit for the financial year ended 29 March 2025 of £14.4m (2024: profit of £37.6m).

Fees payable to the Company's auditors for the audit of the Company's annual financial statements are disclosed in note 6 of the Group accounts. The Company had no employees in the current or preceding financial year.

3 Trade and other receivables

	2025 £m	2024 £m
Amounts due within one year		
Prepayments	**1.8**	3.3
	1.8	3.3
Amounts due after more than one year		
Amounts due from subsidiary undertakings	**397.4**	475.5
Loss allowance	**(0.7)**	(0.9)
Net amounts due from subsidiary undertakings	**396.7**	474.6
Deferred tax asset (note 6)	**28.7**	38.8
	425.4	513.4

Notes to the Company financial statements continued

4 Derivative financial instruments

	2025 £m	2024 £m
Total derivatives		
Total creditors – amounts falling due within one year	0.9	0.7
Total creditors – amounts falling due after more than one year	0.3	0.2
Total creditors	1.2	0.9
Derivatives classified as held for trading		
Current liabilities		
Currency forwards (cash flow hedge)	0.9	0.7
Non-current liabilities		
Currency forwards (cash flow hedge)	0.3	0.2
Total liabilities	1.2	0.9

Full details of the Group's financial risk management objectives and procedures can be found in note 23 of the Group accounts. As the holding company for the Group, the Company faces similar risks over foreign currency and interest rate movements.

5 Investments in subsidiary undertakings

	Unlisted subsidiary undertakings £m
Cost	
At 30 March 2024	1,188.4
Additions	31.1
At 29 March 2025	1,219.5
Provision for impairment	
At 30 March 2024	450.2
Impairment	16.3
Reversal of impairment	(6.3)
At 29 March 2025	460.2
Carrying amount	
At 29 March 2025	759.3
At 30 March 2024	738.2

The carrying value of the investment in subsidiary undertakings is reviewed for impairment triggers on an annual basis. The recoverable amount is the higher of fair value less cost of disposal or the net present value of future cash flows which are estimated based on the continued use of the asset in the business. The investments of £759.3m principally relate to an investment in the Group's former North American divisions and holding companies of £78.9m, FirstGroup Holdings Limited of £21.1m, and the First Bus business of £659.3m.

The First Bus value in use requires the determination of appropriate assumptions (which are sources of estimation uncertainty) in relation to the cash flow forecasts, the long-term growth rate to be applied and the discount rate used to discount the estimated cash flows to present value.

The reversal of impairment during the year during the year relates to the investment in FirstGroup Holdings Limited, for which the recoverable amount is £31.7m based on the net asset value, and therefore the impact of prior year impairments has been reversed by £6.3m.

The additions in the year include IFRS 2 share-based charges, which have subsequently been fully written down.

The investments in First Bus would break even using a discount rate of 12.4% or a reduction of terminal margin to 8.8%.

A full list of subsidiaries and investments can be found in note 38 to the Group accounts.

Notes to the Company financial statements continued

6 Deferred tax

The deferred tax asset recognised by the Company and the movements thereon are as follows:

	£m
At 30 March 2024	(38.8)
Charge to income statement	10.1
At 29 March 2025	(28.7)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025 £m	2024 £m
Losses	(28.4)	(38.6)
Other timing difference	(0.3)	(0.2)
Deferred tax asset due after more than one year	(28.7)	(38.8)

7 Creditors

	2025 £m	2024 £m
Amounts falling due within one year		
Bank overdraft	56.4	27.8
£200m sterling bond – 6.875% 2024	–	99.7
Amounts due to subsidiary undertakings	185.8	174.0
Accruals and deferred income	2.2	56.3
	244.4	357.8
Amounts falling due after more than one year		
Syndicated loan facilities	65.7	–
	65.7	–

Borrowing facilities

The maturity profile of the Company's undrawn committed borrowing facilities is as follows:

	2025 £m	2024 £m
Facilities maturing:		
Revolving credit facility – due in more than two years	295.0	300.0
Green HP finance facility – due in more than two years	92.4	129.8

Details of the Company's borrowing facilities are given in note 21 to the Group accounts.

8 Called up share capital

	Number of shares million	£m
Allotted, called up and fully paid (ordinary shares of 5p each)		
Balance at 29 March 2025 and 30 March 2024	750.7	37.5

On 8 June 2023, the Company announced a share buyback programme to purchase up to £115m of ordinary shares. This buyback programme completed on 5 August 2024 having repurchased 71,200,278 shares for a total consideration of £115.8m including transaction costs.

On 14 November 2024, the Company announced a share buyback programme to purchase up to £50m of ordinary shares. This buyback programme completed on 21 March 2025 having repurchased 30,498,221 shares for a total consideration of £50.4m including transaction costs.

The number of ordinary shares of 5p in issue, excluding treasury shares held in trust for employees, at the end of the period was 565.6m (2025: 625.4m). At the end of the period 185.1m shares (2024: 125.3m shares) were being held as treasury shares and own shares held in trust for employees.

9 Own shares

	Own shares £m
At 30 March 2024	(20.4)
Movement in EBT, QUEST and treasury shares during the year	(10.7)
At 29 March 2025	(31.1)

The number of own shares held by the Group at the end of the year was 185,125,956 (2024: 125,292,999) FirstGroup plc ordinary shares of 5p each. Of these, 19,401,442 (2024: 14,379,907) were held by the FirstGroup plc Employee Benefit Trust, nil (2024: 32,520) by the FirstGroup plc Qualifying Employee Share Ownership Trust and 157,229 (2024: 157,229) were held as treasury shares, with a further 165,567,285 (2024: 110,723,343) held as treasury shares as part of the share buyback programmes. Both trusts and treasury shares have waived the rights to dividend income from the FirstGroup plc ordinary shares. The market value of the shares at 29 March 2025 was £303.6m (2024: £226.0m).

Notes to the Company financial statements continued

10 Contingent liabilities

To support subsidiary undertakings in their normal course of business, FirstGroup plc and certain subsidiaries have indemnified certain banks and insurance companies who have issued performance bonds for £47.2m (2024: £59.8m) and letters of credit for £123.3m (2024: £164.3m). The performance bonds primarily relate to First Rail franchise operations of £47.1m and residual North American obligations of £0.1m. The letters of credit relate substantially to insurance arrangements in the UK and North America. The parent company has committed further support facilities of up to £100.9m to First Rail Train Operating Companies of which £76.0m remains undrawn. Letters of credit remain in place to provide collateral for legacy Greyhound insurance and pension obligations.

The Group is party to certain unsecured guarantees granted to banks for overdraft and cash management facilities provided to itself and subsidiary undertakings. The Company has given certain unsecured guarantees for the liabilities of its subsidiary undertakings arising under certain operating arrangements, HP contracts, finance leases, operating leases and certain pension scheme arrangements. It also provides unsecured cross guarantees to certain subsidiary undertakings as required by VAT legislation. First Bus subsidiaries have provided unsecured guarantees on a joint and several basis to the FirstGroup Pension Scheme Trustee.

In its normal course of business the Group has ongoing contractual negotiations with Government and other organisations. The Group is party to legal proceedings and claims which arise in the normal course of business, including but not limited to employment and safety claims. The Group takes legal advice as to the likelihood of success of claims and counterclaims. No provision is made where due to inherent uncertainties, no accurate quantification of any cost, or timing of such cost, which may arise from any of the legal proceedings can be determined.

The Group's operations are required to comply with a wide range of regulations, including environmental and emissions regulations. Failure to comply with a particular regulation could result in a fine or penalty being imposed on that business, as well as potential ancillary claims rooted in non-compliance.

First MTR South Western Trains Limited (FSWT), a subsidiary of the Company and the former operator of the South Western railway contract, is a defendant to collective proceedings before the UK Competition Appeal Tribunal (the CAT) in respect of alleged breaches of UK competition law. Stagecoach South Western Trains Limited (SSWT) (the former operator of the South Western network) is also a defendant to these proceedings, but agreed a settlement of the claim against it with the class representative (CR) which was approved by the CAT in May 2024 and, as a result, the claim that was originally brought against it is not proceeding. Separate sets of proceedings have been issued against London & South Eastern Railway Limited and related entities (LSER) and against Govia Thameslink Railway Limited and related entities (GTR) in respect of the operation of other rail services. The three sets of proceedings are being heard together. The CR alleges that FSWT, LSER and GTR breached their obligations under UK competition law by not making boundary fares sufficiently available for sale, and/or by failing to ensure that customers were aware of the existence of boundary fares and/or bought an appropriate fare in order to avoid being charged twice for part of a journey. A collective proceedings order (CPO) has been made by the CAT in respect of the proceedings. The proceedings have been split into three trials, the first of which took place in June/July 2024. As at 10 June 2025, the CAT had not issued its judgment in relation to the first trial. The proceedings are currently stayed pending the decision in the first trial, meaning that no dates are yet set for the second and third trials. In March 2022, FSWT, the Company and the CR executed an undertaking under which the Company has agreed to pay to the CR any sum of damages and/or costs which FSWT fails to pay, and which FSWT is legally liable to pay to the CR in respect of the claims (pursuant to any judgment, order or award of a court or tribunal), including any sum in relation to any settlement of the claims.

Shareholder information

General Meeting

The AGM will be held on 25 July 2025 at Queen Elizabeth II Centre, Broad Sanctuary, Westminster, London, SW1P 3EE.

The Notice of AGM is available on the Company's website and will have been posted to you if you have chosen to receive hard copy communications from the Company. Either a Form of Proxy or online Voting Card has been posted to all shareholders registered on the Company's register of members.

The AGM will be a physical meeting. Any changes to the arrangements will be communicated to shareholders before the meeting through our website and, where appropriate, by RIS announcement.

Shareholders are encouraged to submit proxies for the 2025 AGM electronically by logging on to www.sharevote.co.uk. Electronic proxy appointments must be received by the Company's Registrar, Equiniti, no later than 48 hours before the time fixed for the AGM.

Shareholders who wish to ask questions relating to the business of the AGM are encouraged to do so by submitting questions in advance of the AGM by email to companysecretariat@firstgroup.co.uk, or by post for the attention of the Company Secretary (see addresses on the next page). We will consider all questions received. For all other queries regarding the AGM, please contact the Company Secretary.

Website and shareholder communications

A wide range of information on FirstGroup is available at the Company's website including:

- financial information – annual and half-yearly reports as well as trading updates;
- share price information – current trading details and historical charts;
- shareholder information – AGM results, details of the Company's advisers and frequently asked questions; and
- news releases – current and historical.

FirstGroup uses its website as its primary means of communication with its shareholders provided that the shareholder has agreed or is deemed to have agreed that communications may be sent or supplied in that manner. Electronic communications allow shareholders to access information instantly as well as helping FirstGroup to reduce its costs and its impact on the environment. Shareholders that have consented or are deemed to have consented to electronic communications can revoke their consent at any time by contacting Equiniti.

Shareholders can sign up for electronic communications online by registering with Shareview, the internet-based platform provided by Equiniti. In addition to enabling shareholders to register to receive communications by email, Shareview provides a facility for shareholders to manage their shareholding online by allowing them to:

- receive trading updates by email;
- view their shareholdings;
- update their records, including change of address;
- view payment and tax information; and
- vote in advance of Company general meetings.

To find out more information about the services offered by Shareview, please visit www.shareview.co.uk.

Shareholder enquiries

The Company's share register is maintained by Equiniti. Shareholders with queries relating to their shareholding should contact Equiniti directly using one of the methods listed below:

Registrar

Equiniti Limited
Aspect House
Spencer Road
Lancing, West Sussex
BN99 6DA

Tel: +44 (0)371 384 2046*

Online: www.shareview.co.uk

* Telephone lines are open from 8.30am to 5.30pm, Monday to Friday.

If you receive more than one copy of the Company's mailings this may indicate that more than one account is held in your name on the register. This happens when the registration details of separate transactions differ slightly. If you believe more than one account exists in your name, please contact Equiniti to request that the accounts are combined. There is no charge for this service.

Equiniti also offers a postal dealing facility for buying and selling FirstGroup plc ordinary shares; please write to them at the address shown above or telephone 0371 384 2248. They also offer a telephone and internet dealing service which provides a simple and convenient way of dealing in FirstGroup shares. For telephone dealing call 0345 603 7037 between 8.30am and 4.30pm, Monday to Friday, and for internet dealing log on to www.shareview.co.uk/dealing.

Shareholder information continued

ShareGift

If shareholders have a small number of shares and the dealing costs or the minimum fee make it uneconomical to sell them, it is possible to donate these to ShareGift, a registered charity, which provides a free service to enable you to dispose charitably of such shares. More information on this service can be found at www.sharegift.org or by calling +44 (0)20 7930 3737. A ShareGift transfer form can also be obtained from Equiniti.

FirstGroup's policy on discounts for shareholders

The Group does not offer travel or other discounts to shareholders.

Unsolicited advice on the Company's shares

Shareholders are advised to be wary of any unsolicited advice, offers to buy shares at a discount, or offers of free reports about the Company. These are typically from overseas-based 'brokers' who target shareholders, offering to sell them what often turn out to be worthless or high risk shares. These operations are commonly known as 'boiler rooms' and the 'brokers' can be very persistent and extremely persuasive.

Shareholders are advised to deal only with financial services firms that are authorised by the FCA. You can check a firm is properly authorised by the FCA before getting involved by visiting www.fca.org.uk/register. If you do deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme if anything goes wrong. For more detailed information on how you can protect yourself from an investment scam, or to report a scam, go to www.fca.org.uk/consumers/report-scam or call 0800 111 6768.

Half-yearly results

The half-yearly results, normally announced to the market in November, will continue to be available on the Company's website in the form of a press release and not issued to shareholders in hard copy.

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Glossary

Set out below is a guide to commonly used financial, industry and Group related terms in the Annual Report and Accounts. These are not precise definitions and are included to provide readers with a guide to the general meaning of the terms.

Adjusted cash flow
Adjusted cash flow is described in the table shown on page 28 of the Financial review

Adjusted net debt/(cash)
Net debt/(cash) excluding ring-fenced cash and IFRS 16 lease liabilities

Adjusted measures (other)
References to 'adjusted operating profit', 'adjusted profit before tax', 'adjusted earnings' and 'adjusted EPS' throughout this document are before items which management has determined as not being relevant to an understanding of the Group's underlying business performance, as set out in note 4 to the financial statements. 'Adjusted earnings' and 'adjusted EPS' also exclude the impact of IFRS 16 depreciation and interest charges in relation to the Group's rail management fee-based operations, given the Group takes no cost risk on these rolling stock leases

Adjusted revenue
Adjusted revenue is defined as revenue excluding that element of DfT TOC revenue, and related intercompany eliminations, where the Group takes substantially no revenue risk. The Adjusted revenue measure includes management and performance fee income earned by the Group from its DfT TOC contracts

AGM
Annual General Meeting

Avanti
Avanti West Coast, a train operating company

B2B/B2C
Business to business/Business to customer

BAYE
Buy As You Earn

Bi-mode train
A train that can be powered either by electricity or by using an onboard diesel engine

The Board
The Board of Directors of the Company

CDP
An international non-profit organisation that helps companies and cities disclose their environmental impact

CEO
Chief Executive Officer

CFO
Chief Financial Officer

CGU
Cash Generating Unit

$tCO_2(e)$
Tonnes of Carbon dioxide equivalent, allowing other volumes of greenhouse gas emissions to be expressed in terms of carbon dioxide based on their relative global warming potential. Usually expressed as per kilometre or per passenger kilometre

Company
FirstGroup plc, a company registered in Scotland with number SC157176 whose registered office is at 395 King Street, Aberdeen AB24 5RP

'Cont' or the 'Continuing operations'
Refer to First Bus, First Rail and Group items

CPI
Consumer price index, an inflation measure that excludes certain housing-related costs

CTP
Our Climate Transition Plan published in March 2025

DfT
Department for Transport (UK Government)

'Disc' or the 'Discontinued' operations
Refer to First Student, First Transit and Greyhound US

Dividend
Amount payable per ordinary share on an interim and final basis

EABP
Executive Annual Bonus Plan

EBITDA
Earnings before interest, tax, depreciation and amortisation, calculated as adjusted operating profit less capital grant amortisation plus depreciation

EBITDA adjusted for First Rail management fees
First Bus and First Rail EBITDA from open access and Additional services, plus First Rail attributable net income from management fee-based operations, minus central costs

EBT
Employee benefit trust

ED&I
Equality, diversity and inclusion

EMA/ERMA
Emergency Measures Agreements and Emergency Recovery Measures Agreements were introduced by the DfT to ensure that rail services could continue to operate during the pandemic

EPS
Earnings per share

ESG
Environmental, social and governance

EV
Electric vehicle

EPR
Our Environmental Performance Report

FCC
First Customer Contact – our customer contact centre

GBR
Great British Railways – the organisation that will oversee the operation of the DfT's passenger rail contracts

GHG
Greenhouse gas emissions

Group
FirstGroup plc and its subsidiaries

GWR
Great Western Railway, a train operating company

IAS
International Accounting Standards

IFRS
International Financial Reporting Standards

IOSH
Institution of Occupational Safety and Health

KPIs
Key performance indicators, financial and non-financial metrics used to define and measure progress towards our strategic objectives

LBG
London Benchmarking Group, an organisation that has created a framework for measuring community impact

LGPS
Local Government Pension Scheme

Local authority
Local government organisations in the UK, including unitary, metropolitan, district and county councils

LTIP
Long-Term Incentive Plan

Glossary continued

LTIR
Lost time injury rate, a measure of safety performance

MAA
Moving annual average – used in rail punctuality data

M&A
Mergers and acquisitions

NRC
National Rail Contract

NED
Non-Executive Director

Net debt
The value of Group external borrowings excluding the fair value adjustment for coupon swaps designated against certain bonds, excluding accrued interest, less cash balances

Network Rail
Owner and operator of Britain's rail infrastructure, a UK public sector company that operates as a regulated monopoly

NPS
Net promoter score – a measure used to assess customer loyalty, satisfaction and enthusiasm

OCP
Onerous contract provision

Ordinary shares
FirstGroup plc ordinary shares of 5p each

Open access
Open access rail operators bear all commercial risk and opportunity. They make all commercial decisions including ticket pricing, and set working terms and conditions on the lines for which they have track access agreements. These agreements are awarded by the ORR, typically for ten years

ORR
Office of Rail and Road

PLC
Public limited company

PPM
The UK rail industry's Public Performance Measure (punctuality and reliability). Trains are punctual if they arrive at their destination, having made all timetabled stops, within five minutes of scheduled time for London and South East and regional/commuter services and ten minutes for long distance trains

RATP London
A well-established bus business with a strong operational footprint in West and Central London. Acquired in February 2025

RCF
Revolving credit facility

RLW
Real Living Wage – an hourly wage amount suggested by the UK Government to sufficiently cover the cost of living

ROCE
Return on capital employed is a measure of capital efficiency and is calculated by dividing adjusted operating profit after tax by average year-end assets and liabilities excluding debt items

RSSB
Rail Safety and Standards Board

SAYE
Save As You Earn

SBT
Science-based target for reducing greenhouse gas emissions

SBTi
Science Based Targets initiative

SECR
Streamlined Energy and Carbon Reporting regulations, which took effect on 1 April 2019

SID
Senior Independent Director

SWR
South Western Railway, a train operating company

S&P
S&P Global Rating Agency

TCFD
Task Force on Climate-Related Financial Disclosures

TfL
Transport for London, the transport authority responsible for most aspects of London's transport system

TOC
Train operating company

TOL
Tram Operations Ltd, the operator of London Trams on behalf of TfL

TOTO
Tap on, Tap off payment technology

TPE
TransPennine Express, a train operating company

TSR
Total shareholder return, the growth in value of a shareholding over a specified period assuming that dividends are reinvested to purchase additional shares

WCP
West Coast Partnership. A train operating company that includes Avanti West Coast

ZEBRA
Zero Emission Bus Regional Areas funding scheme

Cautionary comment concerning forward looking statements

This Annual Report and Accounts includes forward looking statements with respect to the business, strategy and plans of FirstGroup and its current goals, assumptions and expectations relating to its future financial condition, performance and results. Generally, words such as ‘may’, ‘could’, ‘will’, ‘expect’, ‘intend’, ‘estimate’, ‘anticipate’, ‘aim’, ‘outlook’, ‘believe’, ‘plan’, ‘seek’, ‘continue’, ‘potential’, ‘reasonably possible’ or similar expressions are intended to identify forward looking statements.

By their nature, forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause actual results, performance or achievements of FirstGroup to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

Forward looking statements are not guarantees of future performance, and shareholders are cautioned not to place undue reliance on them. Forward looking statements speak only as of the date they are made and except as required by the UK Listing Rules and applicable law, FirstGroup does not undertake any obligation to update or change any forward looking statements to reflect events occurring after the date of this Annual Report and Accounts. Nothing in this Annual Report and Accounts is intended as a profit forecast or estimate for any period.

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