FirstGroup plc
Annual Report
and Accounts 2026

Better journeys

Contents

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 on LinkedIn FirstGroup plc.

Find out more about FirstGroup online

Read this report online

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At a glance

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 nearly 1.5 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.

Business split
Adjusted revenue share (as % of Group)

84% First Bus

16% First Rail

Adjusted EPS contribution (pence)

14.0p First Bus

4.0p Open access and contracted rail

7.9p DfT TOCs and Rail Services

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

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

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

First Bus

1.07m passenger journeys a day[1]

c.6,000 buses and coaches (includes 1,400 zero emission buses)

c.18,000 employees

c.70 depots

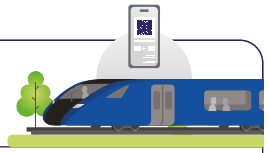
First Bus is one of the largest bus companies in the UK, with decades of experience working closely with local authorities and partners across the UK and Ireland. We carry more than one million passengers a day and serve more than 20% of the UK population with our regional and London bus and coach services.

Regional Bus
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.

Business and Coach
Alongside the operation of our commercial networks, our Business and Coach division provides a range of services including workplace shuttles at distribution centres and major construction sites, school hire, private tour operators, airports and airlines, as well as rail replacement services.

Franchising
In London, First Bus London operates c.90 Transport for London (TfL) routes in west and central London from ten depots, serving 180 million passengers annually. First Bus also operates services in Rochdale on behalf of Transport for Greater Manchester (TfGM).

First Rail



c.365,000 passenger journeys a day

c.320 trains (includes 205 bi-mode or electric trains)

c.12,440 employees

221 stations

First Rail has more than 25 years of experience in the rail sector and has been 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, with three routes in operation (two on the East Coast Main Line and a new Stirling to London service on the West Coast Main Line), with a fourth service between Carmarthen and London Paddington service entering mobilisation.

Transport for London contracts
We have operated London Trams and the London Cable Car for a number of years on behalf of TfL and, in 2025, we were awarded the contract to operate the London Overground from May 2026.

Government-contracted operations
We have two Department for Transport (DfT) train operating companies (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 Operator (DfTO).

Rail Services
Our Rail Services businesses include First Customer Contact, Mistral Data and First Rail Consultancy which offer a variety of solutions for the rail industry, bringing experience, expertise and benefits to the sector.

1 Regional Bus passengers only.

Highlights of the year

Successful execution of our proven UK-focused growth and diversification strategy has driven further earnings and portfolio growth, and material shareholder returns.

£1,716m (↑25%)

Group adjusted revenue, with strong underlying performance in both divisions

£219.4m

Group adjusted operating profit marginally lower:

- Continued profit growth in First Bus with First Rail lower due to additional costs in open access, the transition of SWR in May 2025 and a £7m lower IFRS 16 adjustment in the DfT TOCs
- Excluding the DfT TOCs, Group adjusted operating profit grew 18%

7.2p

Final dividend of 5.0p per share proposed with FY total of 7.2p (FY 2025: 6.5p); policy tightening towards 2.5x cover ratio over time

c.£9m

of Group cost savings delivered in FY 2026 from business restructuring

20.3p

Adjusted EPS (FY 2025: 19.4p)

Strong cash conversion and balance sheet maintained; adjusted year-end net debt of £138m:

- Free cash flow of £73.8m before acquisitions and returns
- c.£35m growth investment and accelerated capex of c.£190m principally on First Bus electrification
- £89m returned to shareholders via dividends and FY 2026 £50m buyback programme

Free cash generation of c.£400m anticipated over the next three years

£100m

further buyback programme announced; expected to complete over next 12 months

First Bus

£1,443.6m

Total revenue up 33%

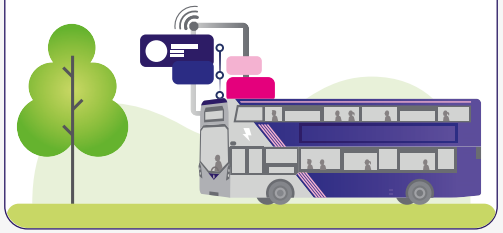
Adjusted operating profit up 7% to £102.8m

26%

of UK bus fleet zero emission (43% of London red buses) at end of March 2026

3

acquisitions of well-established coach businesses to further grow Business and Coach operational and asset footprint in key markets. Two further acquisitions post period end



First Rail

3.1m

open access passenger journeys, up 4%

Open access revenue increased to £109.3m; on course to more than double open access capacity over the next two to three years

Award of London Overground contract in December 2025, with mobilisation on 3 May 2026

DfT TOCs' performance in line with expectations and further growth in Rail Services during FY 2026

Highlights of the year continued

"Our strong performance in FY 2026 against significant headwinds has reinforced our track record for delivery and shareholder returns. Looking ahead, our focus on operational excellence and our diverse portfolio, robust asset base and cash-generative businesses will enable continued growth and scope for further material returns.

As the UK bus and rail industries evolve over the coming years, we will continue to position the Group as a leading UK transport company with the commitment, expertise, scale and financial strength to build active, long-term partnerships to create better transport services."

Graham Sutherland
Chief Executive Officer

Performance summary

	FY 2026 (£m)			FY 2025 (£m)		
	Cont.	Disc.	Total	Cont.	Disc.	Total
Adjusted revenue[1]	**1,715.7**	**–**	**1,715.7**	1,370.0	–	1,370.0
Adjusted operating profit/(loss)[2]	**219.4**	**2.1**	**221.5**	222.8	(0.6)	222.2
Adjusted operating profit margin	**12.8%**		**12.9%**	16.3%		16.2%
Adjusted profit/(loss) before tax[2]	**156.7**	**2.1**	**158.8**	165.1	(0.8)	164.3
Adjusted EPS[3,4]	**20.3p**	**0.4p**	**20.7**	19.4p	(0.1)p	19.3p
Dividend per share			**7.2p**			6.5p
Adjusted net debt[5]			**137.7**			86.9

	FY 2026 (£m)			FY 2025 (£m) (restated[6])		
Statutory	Cont.	Disc.	Total	Cont.	Disc.	Total
Revenue	**4,751.9**	**–**	**4,751.9**	5,233.9	–	5,233.9
Operating profit	**219.4**	**2.1**	**221.5**	222.6	4.9	227.5
Profit before tax			**158.8**			169.6
EPS[4]			**21.4p**			21.3p
Net debt			**725.3**			985.6
- Bonds, bank and other debt net of (cash)			**(124.7)**			(228.8)
- IFRS 16 lease liabilities			**850.0**			1,214.4

'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 4 to the financial statements.
3 'Adjusted earnings' are shown before net adjusting items and excludes IFRS 16 impacts in First Rail management fee operations. For definitions of alternative performance measures and other key terms, see note 4 on pages 142 to 144.
4 'Adjusted EPS' and EPS are based on the weighted average number of shares in the period of 553.4 million (FY 2025: 597.7 million) reflecting the current year and prior year share buybacks.
5 'Adjusted net debt' is bonds, bank and other debt net of free cash (i.e. excludes IFRS 16 lease liabilities and ring-fenced cash).
6 The restatement of the 2025 income statement relates to the reclassification of a levy expense of £167.6m which had previously been treated as a deduction from revenue. The restatement therefore increases both revenue and expenses by £167.6m. The restatement has no impact on any profitability measure or other primary statements. The finalisation of the First Bus London acquisition accounting exercise increased the value of lease liabilities acquired, resulting in a restatement of the Inception of leases and the prior year closing net debt.

Chair's statement

Seizing opportunities

"The last year has been an important one for FirstGroup as we continue to execute our UK-focused growth strategy, driven by the hard work, dedication and expertise of our people."

Lena Wilson CBE
Chair

Introduction

Change has been the constant theme for all UK businesses over the last twelve months – and no less in our sector, with lots of significant shifts underway, from rail nationalisation to bus franchising.

In moments of major transformation, what's key is how you respond. As Chair of FirstGroup, I've been delighted to see how our teams have adapted to meet and succeed in this shifting external landscape: driving more improvements for customers; further diversifying our range of transport services in the UK; and drawing on the expertise of our people to help us move from being operators to active partners for stakeholders.

I saw this for myself at our Stamford Brook depot, where I had the chance to meet our exceptional teams that are overseeing First Bus London's services. This year I've also seen our electrification projects at our Hengrove and Basildon bus depots, visited our Lawrence Hill and Hadleigh depots, and met with colleagues, shareholders and customers. I'm proud to see how we are using our knowledge, investment and insights to help our partners solve problems, make transport cleaner, improve journeys for people, and better connect the communities we serve.

Strategy

The last year has been an important one for FirstGroup as we continue to execute our UK-focused growth strategy, driven by the hard work, dedication and expertise of our people.

The strategy was introduced in 2024, and it's a measure of its robustness that it remains central as the guide for our future action today. Over the year, we've reshaped and grown the business, and maintained earnings growth for shareholders, while at the same time navigating the far-reaching reforms in the rail and bus industries, rising costs and the effects of inflation.

Our work has been underpinned by strong cash generation and a robust balance sheet which supports continued investment, adding value and further diversifying our service offering, while also delivering on our commitments to shareholder value.

I'm also happy to record significant progress against all four of our strategic priorities.

Making every journey better

The work our teams do day in, day out, to get people where they need to be, fixing problems and creating services that people can depend on, is foundational to FirstGroup's success.

We've achieved some important milestones in the last twelve months on both rail and bus.

According to the Rail Customer Experience Report, Hull Trains was the top scoring operator in the Rail Customer Experience Survey covering the period from October 2025 to January 2026.

First Bus also saw a significant lift in its Net Promoter Score, from 11 in FY 2025 to 17 for FY 2026, which was rooted in improvements in operational performance.

I'm also very pleased to see FirstGroup playing its part in addressing the nationwide challenge of harassment and violence against women and girls (VAWG). Across FirstGroup, including First Bus, GWR, Avanti West Coast, Hull Trains and Lumo, we are now accredited by White Ribbon UK, the UK's leading charity working to end VAWG. This reflects our commitment to helping drive real change. As part of this, we are also rolling out training for our bus and coach drivers to give them the skills to safely intervene, so they can confidently support female passengers if they experience harassment.

Getting more people on buses and trains

Across bus and rail combined, we already take care of nearly 1.5 million UK passengers every single day. That's something I know our team never takes for granted. We want to go further in encouraging more people to choose buses or trains, helping strengthen our communities, cutting UK carbon emissions and delivering business growth in the process.

This requires investment in new rail routes and trains, technological solutions to make it more convenient and easier to choose a bus, and creating adjacent services to better meet passenger needs.

Chair's statement continued

On the first of those requirements, our plans will see us more than double our open access capacity in the next few years, delivering new routes for Lumo and Hull Trains later this year, and with plans already submitted for further extensions and new routes, such as Cardiff to York.

We already know our open access services are popular, with passenger journeys up by 4% to 3.1 million journeys across Lumo and Hull Trains, and volumes on the East Coast Main Line significantly ahead of pre-pandemic levels.

As part of this, I was thrilled to see the launch of Lumo's West Coast Stirling to London Euston service in May 2026, something that has been praised by local leaders as helping open up inward investment and connect communities, as well as providing a cheaper and more environmentally friendly alternative to domestic short-haul flights.

We are also using technology to help make public transport a convenient alternative to taking the car. AI is now helping manage our bus scheduling and, along with good progress in driver recruitment, we saw a major cut in lost mileage (down by 20% in FY 2026), all helping to improve reliability for customers. As the first nationwide operator to offer Tap on, Tap off payment on all of our buses, over 80% of our ticket transactions are now digital.

Investing in cleaner, smarter transport

The last twelve months have seen FirstGroup make significant strides in our goals for sustainability.

What's exciting about this is the potential for us to improve customer experiences, reduce carbon emissions, strengthen our asset base and unlock future potential revenue streams, all with the same actions.

We've continued to invest in cleaner buses and trains, investing c.£500m over the last four years. This has accelerated the number of zero emission buses in our fleet to over 1,400, just over a quarter of the entire fleet. We now have four fully electric depots and 17 partially electric depots, services that we are also monetising through the launch of First Charge, providing third party access to our charging infrastructure.

Our commitment to sustainability has also won important external recognition in the last year. FirstGroup was ranked the UK's fourth top company and 118th overall in the Carbon Clean 200 list, and we were also recognised as one of Europe's 50 Most Sustainable Corporations, rising 15 places from last year to number 31 in the rankings.

Diversifying our business

The last year has seen us continue to expand into adjacent markets, bringing attractive opportunities for growth of market share in the UK while benefiting from efficiencies of scale and integration.

The opportunity in London is a great example of this. The acquisition of RATP's London operations in 2025 helped First Bus London to capture an 11% market share of the bus network. Already running London Trams, and the London Cable Car, and now with First Rail's appointment as operator of the London Overground from May 2026, these strategic moves have added to our reputation as a key transport partner for the capital.

We continue to diversify our services by acquiring long-standing family run regional coach operators with strong local footprints. Acquisitions during FY 2026 included J&B Travel and Tetley's Coaches in Leeds and Hills Coaches in Wolverhampton – all established businesses that are complementary to our existing operations and reflect our strategy to grow a high-quality, diversified coach portfolio in key regional markets.

In Rail, too, we are looking to build on already existing services to meet additional market opportunities. Lumo's recent expansion on the West Coast Main Line from Stirling to London, along with an extension of our Edinburgh service to Glasgow, opens up new markets for us – and will hopefully bring even more tourists to Glasgow to enjoy the Commonwealth Games this summer.

People

Just as our business grows and adapts, so we need the same from our workforce. As well as providing support for personal development, I'm really pleased that we have continued to enable colleagues from different backgrounds to have their voices heard at all levels in the company. In the last year, we've introduced a new Colleague Advisory Panel which gives the opportunity for colleagues to get together with some of our Non-Executive Directors to discuss their ideas and feed back on what's working well and where we can improve. I am a big fan of this approach, encouraging an open, questioning culture, and a sense of shared responsibility for coming up with the solutions.

I've also been delighted to take part in several Women @ First events. This colleague led network supports and connects women across the business through networking, mentoring and speaker programmes. It helps raise the profile of women at FirstGroup, fosters a strong sense of community, and provides valuable opportunities for colleagues to share experiences, build confidence and support development.

Finally, I am very proud to see FirstGroup ranked 1st in the FTSE 250 for female representation on our Board by the FTSE Women Leaders Review. Women make up two thirds of our Board. We are building a business that values ability and performance more than background and that is open for the full range of talent our industry has to offer.

I wrote in my first statement as Chair last year that I could see huge potential in this business. This year, I see a huge amount of progress achieved and that potential starting to be realised. Together we are creating a stronger, more resilient FirstGroup that's better able to thrive in the new environment and seize the many opportunities in front of us. Thank you to all my colleagues for their brilliant work to ensure we are set to meet the future with confidence.

Lena Wilson CBE
Chair
17 June 2025

First Bus London's electrified Westbourne Park depot

Our markets

The UK bus market

Industry revenue in 2025

£7.7bn

Passenger journeys per annum

4.0bn

The UK bus market is fragmented and competitive, with bus and coach services operated by both major national operators and a large number of small businesses. Revenue sources vary, but most operators earn income from a mix of commercial fares and contracted work. In London, bus routes are franchised by Transport for London (TfL) but operated by private companies under contract. Outside London, a number of mayoral authorities have chosen franchising as their preferred future option for bus delivery so the regional bus market will see significant change over the next few years.

Contracts overview

Franchising

Bus franchising is a regulatory model in which a local authority designs, specifies and controls the local bus network. Operators then compete to run individual routes or a number of routes under a contract.

In London, authorised private sector operators bid for individual route contracts. TfL decides the contract specifications for a given bus route, controls ticket prices and collects passenger revenue. Operators own or lease the buses and depots, and recruit and employ drivers to run routes. The route contracts bear no revenue risk on the base price bid and operator performance is measured and incentivised or penalised through quality of service indicators within the contracts.

Outside London, contracts are typically issued for an operator to run a package of routes within a particular geographical area and will contain the terms on which the authority wants to procure the service. As these are bus operating contracts, the authority generally takes the revenue risk. Regional authorities can own bus depots and fleets under franchising, but they are not required to. Where authorities do opt to own depots and fleets, lower margins will be offset by lower operator capital expenditure. Once the contract comes into effect, no other operators can run bus services on the relevant routes unless the authority has given its approval.

Regional bus operations

Outside of London, for the majority of services, aside from franchising and enhanced partnerships, operators set timetables and fares on a commercial basis. Operators earn commercial fare revenue directly from passengers and concessionary fare revenue where they are reimbursed by local authorities for passengers entitled to free or reduced fares. A small proportion of services are operated on behalf of local authorities on a contract basis, where revenues are insufficient to support the operators.

Under an enhanced partnership the local authority commits to measures and facilities, and all operators are then bound to meet certain standards of service. Facilities and measures can include bus priority lanes, bus stop improvements, fare and ticketing schemes, better or new information including all-operator apps and centralised customer service.

Business and Coach

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

Bus Services Act 2025

The Bus Services Act 2025 received Royal Assent in October 2025. The Act empowers all local transport authorities in England to choose the bus operating model that works for them, be it franchising, enhanced partnerships or local authority bus companies (previously known as municipal bus companies). The Act also includes provision for an end of diesel sale date, as well as a number of mandates including on staff training for disability awareness and anti-social behaviour.

In June 2025, the Government's Spending Review confirmed a three-year settlement for bus, mainly for local transport authorities, introducing greater certainty. The £3 fare cap in England was also extended to January 2027.

Our markets continued

The UK rail market

Industry revenue in 2025

£11.5bn

Passenger journeys per annum

1.7bn

The UK rail industry is transitioning to a more unified structure with the majority of passenger operators, apart from open access, moving to public ownership and ultimately being integrated into Great British Railways (GBR).

Contracts overview

Open access

Open access has been a successful component of the UK rail industry for the past 25 years, improving connectivity to underserved areas and adding capacity that encourages a shift from less sustainable modes of transport. Operated entirely at the provider's commercial risk, open access services attract private investment, create jobs and generate significant economic value.

There are currently five open access train operating companies in the UK, including three long-distance operators, Heathrow Express and Eurostar. These operators take full responsibility for commercial decisions such as pricing and employment terms.

Open access track access agreements are awarded by the Office of Rail and Road (ORR), typically for ten-year periods with potential for renewal. Routes are approved where there is a clear case for enhancing competition, generating new revenue and delivering broader economic benefits to the communities served.

London Overground

Under the terms of the London Overground contract, TfL retains all passenger revenue risk and some cost risk for electricity pricing, regulatory charges and inflation protection up to an agreed amount. The contract also includes a profit margin on concession payments.

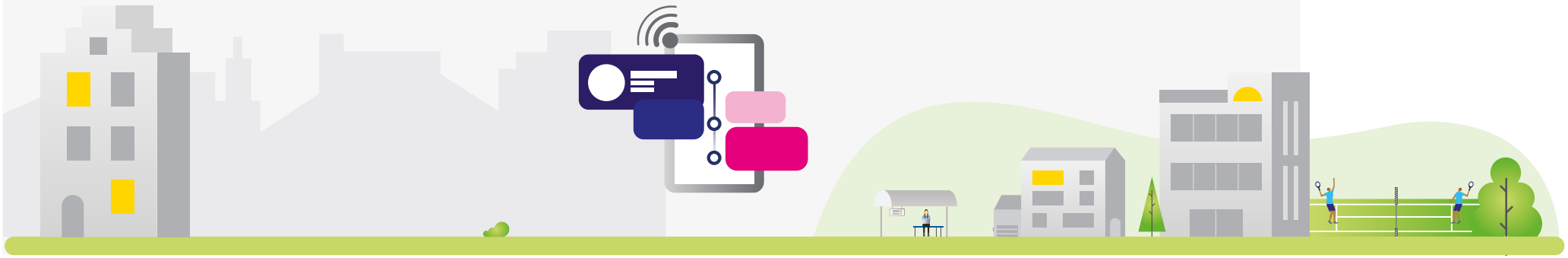
TfL specifies the service levels, with the operator responsible for the delivery of train services and the management of stations. In addition, service quality regimes provide the opportunity to earn additional fees if the operator achieves greater levels of performance in areas such as the delivery of customer service levels, customer satisfaction and ticketless travel.

Government-contracted operations

Under the terms of the DfT concession-based National Rail Contracts (NRCs), 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 TOCs are being transferred to the DfTO, before being absorbed into GBR.

Railways Bill

The principal development in rail policy during FY 2026 has been the introduction of the Railways Bill to Parliament. The Bill was introduced to the House of Commons in November 2025. Its primary purpose is to enable the creation of GBR, which will be the new publicly owned body that takes responsibility for both railway infrastructure and most passenger train services. The stated aims of the Bill are to formally establish GBR and set out its functions and duties; provide funding for GBR; create a statutory role for Mayors to facilitate local influence; enable GBR to set fares and sell tickets; establish a Passenger Watchdog and establish an access regime which will allow GBR to make decisions on which services can access the tracks.



Market drivers

UK public transport is an attractive and strategically important market

Key to our strategic pillars

Deliver day in, day out | Drive modal shift | Lead in environmental and social sustainability | Diversify our portfolio

Trend	Link to strategic pillars	Our actions
Modal shift Buses, coaches and trains contribute less than 5% of the UK's transport emissions, compared to nearly 60% for cars. Encouraging people to switch from car and air travel to bus, coach and rail can help reduce congestion, lower emissions, improve air quality and boost operators' performance.		■ We are extending our existing open access rail services and mobilising and applying for new routes where we can attract more passengers to rail with reliable services and affordable fares ■ Across First Bus, we are using data and customer insights to deliver targeted services and campaigns to encourage more people to use our services ■ In Business and Coach, we are expanding our portfolio and operational footprint and adding more workplace shuttle contracts, transporting thousands of workers to their jobs every day
Decarbonisation Beyond the environmental benefits, decarbonising fleets and infrastructure can lower operating costs, improve energy efficiency, and enhance reliability and performance. In the bus sector, electrification also creates additional revenue opportunities, including third party use of charging infrastructure, consultancy work, capacity trading and the reuse of batteries for on-site energy storage or recycling at end of life.		■ In First Bus, we are expanding third party charging across our network outside London, making use of innovative software to optimise energy consumption and installing battery energy storage facilities at a number of depots ■ First Bus has a partnership and a number of apprentices learning at Reaseheath College Cheshire, the UK's first engineering academy specialising in zero emission mechanical and electrical engineering ■ In First Rail, we have made a significant investment to grow our environmentally friendly open access fleet and have successfully trialled and introduced a battery-electric train into service
Social and economic growth Public transport networks are the lifeblood of vibrant towns and cities. By improving access to jobs, services, leisure destinations and local markets, they help strengthen economic activity and encourage innovation. New and enhanced transport links can also support local communities by creating jobs and new business opportunities.		■ Much of our workforce is recruited from our local areas, including some with high rates of unemployment and, in 2024, First Bus was the first major bus operator to become a Real Living Wage employer ■ We invest in careers, apprenticeships and lifelong learning. At Lumo, for example, nearly 90% of employees have completed an apprenticeship ■ Hull Trains and Lumo are on track to contribute a collective £1.4bn in economic benefits by the end of their current track access agreements in 2032 and 2033
New technologies Technology is reshaping the public transport sector and how passengers engage. Operators now have a better understanding of passenger needs and can encourage people to travel by offering real-time updates, contactless payments, smart tickets and better customer support. Data tools are also helping to make services more reliable and efficient, and to get the most out of zero and low emission buses and trains.		■ First Bus was the first regional bus operator in the UK to roll out Tap On, Tap Off (TOTO) payment technology across its entire commercial bus fleet ■ We use 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, Mistral Data provides industry-leading products and services to a number of TOCs, including operational, staff messaging and customer engagement systems
Supply chain value creation Transport operators are major purchasers of goods and services – from engineering, construction, manufacturing and technology to professional services. When they source these locally, operators support and help to grow UK supply chains. Public transport networks also make supply chains more efficient, reliable and sustainable, creating benefits for both businesses and communities.		■ FirstGroup spends c.£2.8bn annually on goods and services, working with over 4,000, mostly UK suppliers, ranging from small independent companies to global corporations ■ We engage with our key suppliers through collaborative relationship management systems, regular meetings, and business reviews to strengthen relationships, manage risks, and ensure environmental and ethical standards ■ Our £500m open access Hitachi train order created certainty for the factory in County Durham, where the trains are being manufactured, securing the skills base and jobs in the local area
Demographics With a growing UK population and increasingly congested cities, demand for dependable public transport is rising. Young people are also choosing public transport more often, influenced by the rising cost of car ownership and insurance, cheaper fare options, better digital tools and a preference for more sustainable travel choices.		■ We participate in fare incentive schemes to encourage more people to use our services ■ We are expanding our open access rail services and offering affordable fares to meet and stimulate demand ■ We are enhancing our facilities and working alongside our partners to create integrated transport systems to make it easier for customers to switch between different modes of transport

Our business model

Our business model leverages our strengths and resources to continue to grow and diversify our business and create value for all our stakeholders.

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 43

Our network and fleets
We operate c.6,000 buses and coaches and c.320 trains across the UK.

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 decision makers at all levels are essential to our success as a partner of choice.

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

Read more about innovation on page 25

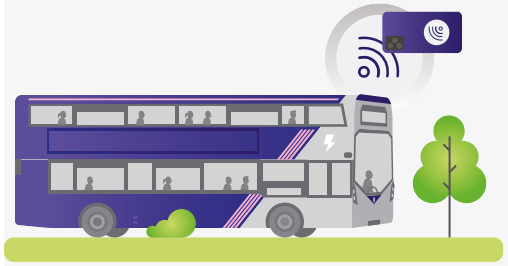
Our stable financial platform
Our business is cash generative and we have balance sheet capacity to enable long-term service continuity and to invest in our assets, growth and returns.

Read more about our financial platform on page 24

Our operations

First Bus

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



Our revenues are mainly derived from passenger ticket sales and concessionary fare schemes (with reimbursements by local authorities for passengers entitled to free or reduced fares) or from commercial partnerships with local authorities (enhanced partnerships and franchise contracts).

Income is also generated through bus and coach contracts for workplace shuttles, schools, events and rail replacement services, as well as tendered local bus routes and 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 on page 06 and First Bus on page 18

First Rail

Deep sector experience and expertise, with cash-generative operations and a focus on growth in open access

In our open access operations, Hull Trains and Lumo, we make all commercial decisions and retain all revenue, cost opportunity and risk.

Under the terms of the London Overground contract, TfL retains all revenue risk and specifies the service levels, with the operator responsible for the delivery of train services and management of stations.

Our two DfT TOCs, GWR and WCP, are operated under National Rail Contracts where operators bear no revenue risk and very limited cost risk, earning an annual management fee and additional revenue based on performance.

First Rail also generates income through its Rail Services businesses. We believe private ancillary services suppliers will continue to be vital to the success of the industry as it transitions, bringing experience, expertise and benefits to the sector.

Read more about the rail market on page 07 and First Rail on page 21.

Delivering for our stakeholders

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

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

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

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 better connections, good local services and community engagement activities.

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

Read more about engaging with our stakeholders on page 56

Chief Executive Officer's review

Consistent strategic execution

"The transformation of our businesses over the last few years has strengthened performance and grown our portfolio in attractive markets, positioning the Group for sustained growth and material returns as our industries continue to evolve."

Graham Sutherland
Chief Executive Officer

FY 2026 performance reinforces track record of delivery and returns

I am pleased to report another strong set of results for our 2026 financial year. Consistent strategic execution has delivered further earnings growth and diversification despite a challenging operating environment in First Bus and the transfer of SWR to the DfTO in May 2025.

Group adjusted revenue grew by £346m to £1.7bn and adjusted earnings per share has grown from 19.4p in the prior year, to 20.3p, aided by the £50m buyback programme we completed during the year.

We have maintained our robust balance sheet and our disciplined capital allocation policy remains unchanged, incorporating investment in future growth, progressive shareholder dividends, which over time, will move from our current 3x cover ratio towards 2.5x, and a commitment to return surplus cash to shareholders.

In FY 2026 we returned nearly £90m to our shareholders and, as a result of the Group's strong financial performance and cash generation in FY 2026, supported by a well-capitalised fleet strengthening cash conversion in First Bus and a capital-light profile in First Rail, the Board has proposed a full year dividend of 7.2p (FY 2025: 6.5p) and a further £100m share buyback programme which we expect to complete over the next twelve months.

First Bus earnings growth despite significant headwinds

Our First Bus division has grown revenues from c.£800m to over £1.4bn over the last four years and is a very different and more diverse business today. In FY 2026, adjusted operating profit grew by 7% to £102.8m despite a £26m reduction in fare funding and a decrease in passenger volumes following the transition to the £3 fare cap in England and a c.£15m impact from increased employer National Insurance contributions.

Regional Bus – an agile business focused on service delivery

In Regional Bus, our expertise and strong focus on continuous improvement allowed us to act quickly to manage the unprecedented headwinds referenced above. We have also continued to manage cost inflation with multi-year wage settlements and our fuel and electricity hedging programme. Revenue grew 3% with further improvement in our revenue per mile and lost mileage metrics and we saw a marked improvement in our Net Promoter Score, from 11 in FY 2025 to 17 for FY 2026.

Business and Coach – building a diverse portfolio and asset footprint

In Business and Coach, revenue growth has continued due to contract wins and extensions, the launch of our Flixbus operations and the contribution of our recently acquired businesses. We have continued to bolster our operational and depot footprint through the acquisition of well-established, profitable businesses in key markets, and we now have a fleet of over 1,000 vehicles, including around 550 coaches and operate from around 25 coach depots. Looking ahead, we still have a strong pipeline of opportunities across the UK to grow our share of this attractive market.

A material contribution from First Bus London

We have successfully integrated First Bus London into the Group and the business is performing ahead of our expectations, contributing revenues of £310m in FY 2026, supported by disciplined contract bidding and strong operational performance. Looking ahead, the addition of the depot in Wandsworth following the acquisition of RATP's UK sightseeing operations in December 2025 provides scope to grow our London route contracts over time.

Chief Executive Officer's review continued

A pivotal year for First Rail

We have made considerable progress against our strategic priorities in First Rail in FY 2026. We expanded our open access capacity, delivered on our National Rail Contracts, including the successful transition of SWR to the DfTO in May 2025, grew earnings in Rail Services and secured the London Overground contract, transforming our rail portfolio.

Growing our attractive open access proposition

Our open access operators Hull Trains and Lumo have continued to see positive growth in passenger journeys during FY 2026, to just over three million, and their seat capacity utilisation and customer satisfaction ratings remain well above the industry averages.

Following the December 2025 timetable change on the East Coast Main Line our yields have seen some downward pressure due to increased LNER capacity and pricing competition, and lower consumer confidence impacting leisure passenger demand. Looking ahead, our attractive proposition remains clear and we are confident we will remain competitive and continue to attract demand.

We have successfully grown our open access capacity in FY 2026, with the introduction of extra paths on both Hull Trains and Lumo and the extension of some of Lumo's services from Edinburgh to Glasgow and we remain on course to more than double our capacity in the next two to three years. We have also now launched Lumo on the West Coast with the mobilisation of our Stirling service which will be fully operational from July. This new route links Stirling directly to London Euston and will provide the first ever direct rail services to the capital for communities in Greenfaulds and Larbert. We officially opened our headquarters in Preston in March, creating over 90 new jobs, including 16 apprentice drivers.

London Overground contract award recognises deep sector expertise

We were delighted to have been awarded the contract to operate the London Overground from May 2026, representing revenue of c.£3bn over the eight-year contract and two-year optional extension period.

We were able to make use of our in-house consultancy team for both the bid and mobilisation process and we have a new, First Rail London team in place with appointments from First Rail and senior management from the previous concession. We successfully took over the operation on 3 May 2026 and are very pleased to welcome the employees who have now joined the Group.

The London Overground network has greatly improved connectivity in London, with around four million passengers now using the service every week. We look forward to working on behalf of TfL to deliver a range of benefits for everyone who uses the network.

An experienced, active partner to support the evolution of UK bus and rail

The UK bus and rail industries have entered a period of transition, with the National Rail Contracts transferring to public ownership, the formation of Great British Railways and a number of regions outside London adopting the bus franchising model.

We have decades of experience and proven expertise, a strong focus on service delivery underpinned by robust safety management systems, and significant capital commitments in decarbonisation and open access rail. This will allow us to play an active role in the evolution of both the bus and rail industries.

In First Rail, we have shown how companies such as ours can bring innovation, enhanced service delivery, private investment and effective cost control. Our DfT TOCs have saved more than £400m for the DfT in their annual business plans over the last five years, and Hull Trains and Lumo have demonstrated the benefits open access can bring to the rail industry, as well as the UK taxpayer.

Case Study

Launching Lumo on the West Coast Main Line: connecting communities, driving growth

FY 2026 has been another important year for Lumo. Not only have we extended our existing service from Edinburgh to Glasgow, but we have also been getting ready to launch our Stirling–London service, marking Lumo's expansion to the West Coast Main Line.

The new route links London Euston directly to Stirling, calling at Milton Keynes, Nuneaton, Crewe, Preston, Carlisle, Lockerbie, Motherwell and Whifflet, as well as Greenfaulds and Larbert which will have their first ever direct rail services to London.

Our current track access agreement runs to 2030 and includes four return services a day (three on Sundays) and an additional, fifth daily return service between Preston and London, seven days a week. Operating refurbished Class 222 trains, with refreshed interiors and new seating, it is a single-class standard service designed to offer low-cost fares, as on Lumo's East Coast service.

The benefits of open access rail and our new Lumo service have been recognised by a range of local stakeholders, including Dr Liz Cameron, former Chief Executive of the Scottish Chambers of Commerce, who said "Operators are not only broadening choice for passengers but are also driving economic growth – delivering benefits for our businesses, people and communities, forging stronger links between Scotland and key economic hubs across England."

Thanks to the hard work of our team, in March 2026 we opened our new operational headquarters in Preston, creating over 90 skilled jobs. Speaking about the new HQ at the launch, Sir Mark Hendrick MP for Preston, said: "This new rail hub will bring jobs for local people, quality apprenticeships, low-cost rail fares, more route options and better connectivity for all rail passengers."

We are proud to have recruited apprentice drivers from the local area. Following a rigorous training scheme provided by specialist provider Train'd Up at the Lumo head office in Newcastle, which houses Lumo's cutting-edge training simulator, the apprentices have now obtained their Level 3 Train Driver apprenticeships. Lewis Gow, now a fully qualified driver, said: "The support from Lumo throughout this process has been amazing, with the Customer Driver Managers in particular offering invaluable guidance to myself and the other apprentices."

We look forward to bringing the benefits of open access to our local communities on the West Coast Main Line, with a reliable and value-for-money service, as Lumo has done very successfully on the East Coast Main Line.

Chief Executive Officer's review continued

Open access services use spare timetable capacity to operate additional services and to connect previously under-served communities. They provide additional passenger choice and support modal shift to rail from less sustainable forms of transport. They operate without government subsidy, bring considerable private investment, pay for access to the infrastructure, drive productivity in the sector, create jobs and support economic growth in the areas they serve. Although representing just 1% of services, open access has accounted for nearly 20% of new train orders in recent years, and Hull Trains and Lumo are on track to deliver £1.4bn in economic benefits by the end of their current track access agreements, with the introduction of our new Lumo Stirling and Carmarthen services set to grow this contribution.

As Great British Railways takes shape over the next few years, we firmly believe there is a continued role for private sector operators in the future railway, with competition on a level playing field bringing significant benefits to passengers in terms of affordable fares, greater choice and investment in new, environmentally friendly fleets.

In First Bus, regardless of the model, we know that active partnerships with local and national stakeholders are essential for thriving bus networks and are committed to working with our current and prospective partners to achieve this. We will continue to participate in value accretive franchise and partnership opportunities, making use of our scale and expertise to position First Bus as the partner of choice, capable of consistently high-quality service delivery.

On track to generate over £400m free cash flow over the next three years

Looking ahead, as we continue to grow earnings, capital expenditure in First Bus is expected to normalise to c.£80–100m from FY 2028 and First Rail remains capital light, we anticipate free cash generation after capital expenditure in excess of £400m over the next three years.

In line with our UK-focused growth strategy, we will continue to evaluate a strong pipeline of value accretive growth opportunities in bus and rail. We will deploy capital under a strict set of criteria to ensure we retain a diverse, high quality earnings base, and the Board remains committed to returning any surplus cash to our shareholders. This will include the anticipated return of c.£100m during FY 2027 and FY 2028 through the buyback programme announced today.

Positioned for growth and long-term value creation

We are on course to maintain Group adjusted earnings per share in FY 2027 and looking ahead, the transformation of our businesses over the last few years has strengthened performance and grown our portfolio in attractive markets, positioning the Group for sustained growth and material returns as our industries continue to evolve.

In First Bus, we will develop our existing commercial bus businesses, grow our Business and Coach market share, leverage electrification efficiencies and unlock adjacent revenue streams. As the regional bus industry transitions, our scale, expertise, substantial, well-capitalised fleet and depot network will enable us to actively participate in upcoming franchise and partnership opportunities. In First Rail, we are focused on growing our successful open access business and identifying adjacent opportunities where we can apply our deep sector expertise.

Earlier this year, Steve Montgomery announced his retirement at the end of this month. Steve has had an outstanding 42-year career in the rail industry, including 11 years leading First Rail. During his time as Managing Director at First Rail he has successfully overseen the significant growth of our open access operations, the expansion and professionalisation of our Rail Services businesses, our TOCs continuing to deliver for customers despite the complexities of moving to National Rail Contracts, significant challenges during Covid and the preparation for renationalisation. It has been a personal privilege to work alongside Steve, and I wish him the best for his retirement.

I would like to close by thanking all employees across the Group for their continued hard work to ensure we provide the best possible services for our customers and whose skill and commitment once again drove a strong performance in FY 2026, despite considerable headwinds.

Graham Sutherland
Chief Executive Officer
17 June 2026

Launching the London Overground service on 3 May 2026

A clear, UK-focused growth strategy, driven by our people and their expertise

Deliver day in, day out

Deliver a consistently safe and reliable customer experience

Win and 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

FY 2026 highlights

- First Bus Net Promoter Score improved from +11 in FY 2025 to +17 in FY 2026
- First Bus lost mileage down 17% vs FY 2025, at 1.5%
- Hull Trains top scoring operator in February 2026 Rail Customer Experience Survey

FY 2027 objectives

- Maintain Group adjusted EPS in FY 2027
- Retain focus on best-in-class service delivery, demonstrating our strengths as a key partner in bus and rail
- Support integration and leverage synergies in new First Bus businesses to drive organic growth

Drive modal shift

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

Grow open access rail to improve connectivity and stimulate demand

Focus the First Bus customer proposition to increase usage

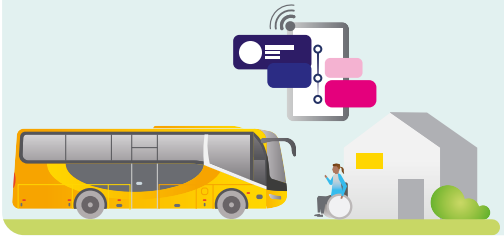
Expand First Bus Business and Coach services where the car is becoming less attractive

FY 2026 highlights

- Growth in Regional Bus operated miles to 158m
- Open access rail timetabled seat miles up 8% following Lumo Glasgow extension and extra paths on both Hull Trains and Lumo
- c.160 vehicles added to Business and Coach fleet

FY 2027 objectives

- Ensure our open access proposition remains attractive, and maximise our increased capacity
- Begin the mobilisation programme for Lumo's new Carmarthen service
- Deliver a digitally focused marketing strategy in First Bus, integrating customer experience and operations



A clear, UK-focused growth strategy, driven by our people and their expertise 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

FY 2026 highlights

- 26% of our UK bus fleet zero emission (c.43% of London red buses)
- MSCI AAA ranking and fourth top UK company in Carbon Clean 200 list
- Third party charging at 15 First Bus depots and battery storage units at five sites

FY 2027 objectives

- Leverage the Group's strong sustainability credentials when bidding for new contracts
- Maintain trajectory towards our target of a zero emission commercial bus fleet by 2035
- Continue to recruit and develop diverse talent through our apprenticeship, talent and retention schemes

Diversify our portfolio

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

Further growth in open access rail

Continue to grow our First Bus Business and Coach portfolio and geographical footprint

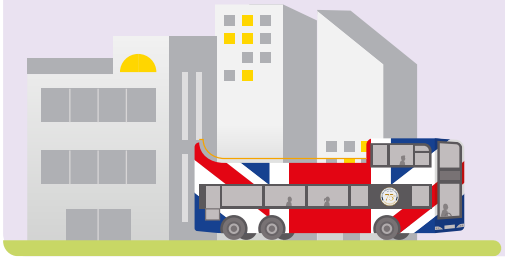
Actively pursue bus franchise and partnership opportunities

FY 2026 highlights

- c.£400m inorganic revenue growth from 10 acquisitions in First Bus over the last three years
- First full year of First Bus London contribution; performance ahead of expectations
- London Overground mobilisation and Stirling open access service launch in May 2026

FY 2027 objectives

- Continue to evaluate strong pipeline of UK growth opportunities
- Leverage and scale Business and Coach UK-wide portfolio to target opportunities in key markets
- Actively participate in franchise and partnership opportunities in Regional Bus



Key performance indicators

The Group and our divisions focus on a range of financial and non-financial key performance indicators (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 2026 are marked REM

Read more on page 92

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 Cash flow from operations comprises pre-IFRS 16 EBITDA, DfT TOC management fees net of interest, tax and non-controlling interests, and working capital cash flows.

Key to our strategic pillars

Deliver day in, day out

Drive modal shift

Lead in environmental and social sustainability

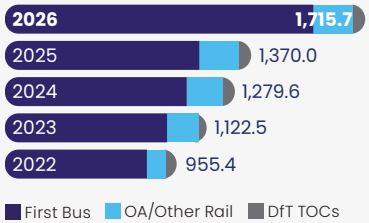
Diversify our portfolio

Financial KPIs

Group adjusted revenue (£m)[1]

Continuing operations

£1,715.7m



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 £1,715.6m (FY 2025: £1,370.0m). Strong performance in First Bus from yield growth in Regional Bus, revenue of £310m from First Bus London, contracts wins and revenue from recent Business and Coach acquisitions. First Rail reduced £19m reflecting the transfer of SWR to DfTO and normalised level fees in the DfT TOCs offset by continued growth in open access and contracted rail.

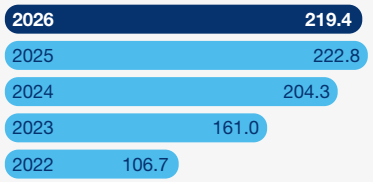
Link to strategic pillars

Group adjusted operating profit (£m)[2]

Continuing operations

REM

£219.4m



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 £219.4m. (FY 2025: £222.8m). First Bus benefited from increased passenger yield, efficiencies, portfolio and network optimisation offset by lower £3 fare funding and higher National Insurance costs. In First Rail, performance was impacted by the transfer of SWR and lower IFRS 16 impacts as well as Stirling mobilisation costs and higher infrastructure charges in open access.

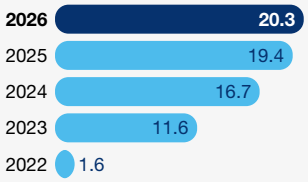
Link to strategic pillars

Group adjusted EPS (p)[3]

Continuing operations

REM

20.3p



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 19.4p to 20.3p, due to strong growth in First Bus EBIT and lower Group cost offset by and lower First Rail EBIT. Interest costs were higher due to higher net debt following growth and capital returns deployment and the average share count was lower due to the share buyback programme.

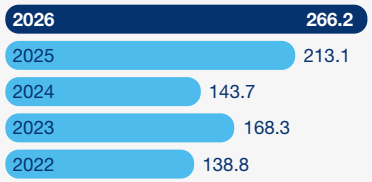
Link to strategic pillars

Cash flow from operations (£m)[4]

Continuing operations

REM

£266.2m



Description

Cash flow from operations underpins our capacity to invest in the business and meet our financing requirements.

Performance

The Group's cash flow from operations for FY 2026 increased by 25% to £266.2m driven by growth in First Bus adjusted operating profit and EBITDA, lower group costs, the settlement of DfT TOC dividends, and working capital inflows.

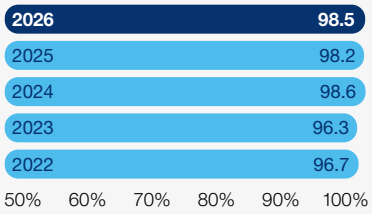
Link to strategic pillars

Key performance indicators continued

Operational performance KPIs

First Bus total operated mileage (%)

98.5%



Description

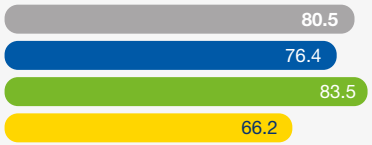
This measures bus miles operated as a percentage of timetabled bus miles. It is an important indicator of service to customers and contract fulfilment.

Performance

There has been further progress in performance in FY 2026 driven by improvements in operational delivery and the successful implementation of efficiencies, yield, portfolio and network optimisation.

Link to strategic pillars

First Rail Public Performance Measure (PPM) (%)



Description

- Hull Trains
- Lumo
- Great Western Railway
- Avanti West Coast

Performance

This measures the percentage of passenger trains punctual at final destination1 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.

Source: Network Rail.

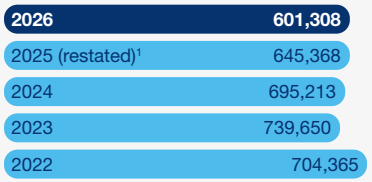
Link to strategic pillars

Responsible business KPIs

Scope 1&2 emissions (tCO_2e)

REM

601,308 tCO_2e



1 2025 data has been recalculated so as to align to the business entities that we are reporting emissions against

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.

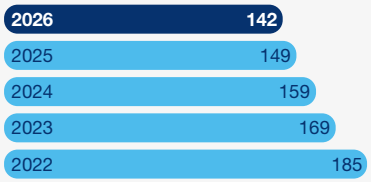
Performance

During FY 2026, 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)

142 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.

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

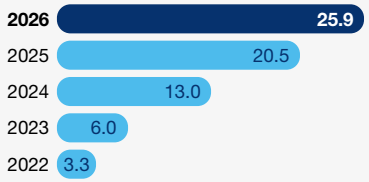
Key performance indicators continued

Responsible business KPIs continued

Zero emission buses (% of fleet)

REM

25.9% of bus fleet



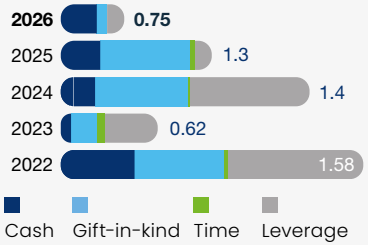
Description
Indicates the speed of investment in decarbonising our bus fleet.

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

Link to strategic pillars

Social value – community investment (£)

£751,049



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 £751,049 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)

9.87

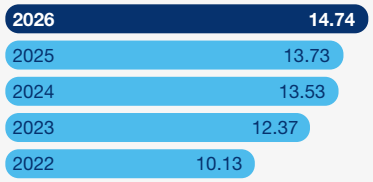
Description
Measures the number of lost time injuries per 1,000 employees per year.

Performance
The lost time injury rate (LTIR) has increased slightly compared to FY 2025. Injuries are largely driven by behaviours rather than equipment or environmental issues, so we are focusing on awareness, training and technology to drive improvements.

Link to strategic pillars

Passenger injury rate (per million miles)*

14.74



* We have updated our passenger safety KPI to be based on passenger injuries per million miles rather than per million journeys. This is because journey data is not available for all businesses.

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
Passenger injuries increased in FY 2026. The primary causes continue to be passenger behaviour, along with slip, trip and fall incidents across both divisions. The Group's safety plans are focused on these areas, using targeted measures to reduce risks and help maintain a safe environment for passengers.

Link to strategic pillars

Business review

"The work we have done to transform our business over the last few years allowed us to act quickly to manage considerable, unprecedented headwinds in FY 2026."

Janette Bell
Managing Director, First Bus

First Bus

Key developments

- Total revenue up 33% to £1,443.6m
- Adjusted operating profit up 7% to £102.8m despite £26m decrease in fare funding, lower passenger volumes and c.£15m impact of increased employer National Insurance contributions
- Regional Bus passenger volumes decreased by 3% vs FY 2025; 4% increase in concessions offset 6% decline in commercial volumes mainly due to the transition to £3 fare cap and lower consumer confidence
- 1.07 million Regional Bus passenger journeys a day (FY 2025: 1.13 million)
- Continued focus on performance, growth and diversification:
  - Regional Bus lost mileage down 17% to 1.5% and Net Promoter Score up from 11 to 17
  - Franchise revenues of £322.2m, includes £310m from First Bus London, supported by disciplined contract bidding and strong operational performance
  - Business and Coach revenue grew 28% to £230.1m
  - acquisition of three well-established coach businesses to further grow Business and Coach operational and asset footprint in key markets; two further acquisitions post-period end
  - successful launch and extension of Flixbus services
- Leading in electrification and unlocking adjacent revenue opportunities:
  - 26% of UK bus fleet zero emission (43% of London red buses) at end of March 2026
  - four fully electric depots and 17 further depots substantially electrified across the UK; third party charging underway at fifteen depots
  - minority investment in Palmer Energy Technology to bring battery energy storage units to our depots

	£m FY 2026	£m FY 2025	Change
Revenue	**1,443.6**	1,081.5	+362.1
Adjusted operating profit	**102.8**	96.0	+6.8
Adjusted operating margin	**7.1%**	8.9%	(180)bps
EBITDA	**200.8**	160.1	+40.7
Revenue – Regional Bus	**891.3**	866.4	+24.9
Revenue – Business and Coach	**230.1**	179.9	+50.2
Revenue – Franchising	**322.2**	35.2	+287.0
Regional Bus passenger volumes (m)	**390.4**	403.3	(12.9)
Regional Bus Operational mileage (m)	**157.5**	155.2	+2.3
Regional revenue per mile (£)	**5.66**	5.58	+0.08
Net operating assets	**956.7**	824.8	+131.9
Net capital expenditure	**188.2**	88.2	+100.0

A strong performance despite significant headwinds

We have grown revenue again in FY 2026, from £1.1bn in FY 2025 to over £1.4bn. This was driven by yield and operational efficiencies in Regional Bus, revenue of £310m from First Bus London as well as contract wins and extensions and the contribution of our recent acquisitions in Business and Coach.

The work we have done to transform our business over the last few years allowed us to act quickly to manage considerable, unprecedented headwinds in FY 2026. Despite a £26m step down in fare funding and weaker passenger volumes following the transition to the £3 fare cap, and a c.£15m impact from increased employer National Insurance contributions, adjusted operating profit grew by 7% to £102.8m. This was the result of further efficiencies, yield, portfolio and network optimisation which included the closure of our loss-making operations in Cornwall following a full consultation process. The division's adjusted operating profit margin decreased by 1.8% in FY 2026, reflecting the £287m increase in lower margin franchising revenues. In Regional Bus we have reported an adjusted operating profit margin of 8.8% (FY 2025: 9.7%) with the National Insurance contributions increase representing a (1.7)% impact on margin

Continuous improvement in service delivery and customer experience remains a key priority

Our focus remains on our Everyday Actions programme, to deliver incremental improvements in our operational performance, reliability and customer experience to drive passenger demand and revenue growth. Our commitment to the safety of our customers, employees and all third parties interacting with our businesses remains unwavering, supported by our robust safety management systems, and independent scrutiny. This positions us well to participate in future partnership, franchising and commercial opportunities.

In Regional Bus, revenue per mile improved to £5.66 in FY 2026 (FY 2025: £5.58) and lost mileage decreased to 1.5% from 1.8% in the prior year. We are also very pleased to report a significant improvement in our Net Promoter Score, from 11 in FY 2025, to 17 in FY 2026. In addition, in a recent Transport Focus survey, our Leicester operations

Business review continued

ranked sixth overall across all operators in England, a considerable improvement from 28th place last year, and our operations in Hampshire were ranked third overall, with a 92% customer satisfaction score.

Service is also core to our strategy in our franchised operations, to drive client satisfaction and contract performance incentives through enhanced operational delivery. Both First Bus London and our Rochdale operation in Manchester continue to rank highly in the operator league tables.

Focus on data-led pricing and network strategies to drive volumes in Regional Bus

During FY 2026 we restructured our network planning and marketing teams from several local units into two central teams. This enables us to formulate and implement data-led pricing strategies, network efficiencies and marketing campaigns with greater consistency and commercial control across all our business units.

Looking at volumes, in FY 2026 we reported a c.3% decrease in Regional Bus passenger volumes mainly due to the passenger impact from the transition of the fare cap in England from £2 to £3 and less discretionary consumer spending due to wider economic conditions. Our teams worked to manage yield within the constraints of the £3 fare cap to offset some of the decline, resulting in some growth in commercial revenue in a number of regions, most notably in Glasgow, the West of England and West Yorkshire, which was partially offset by decline in some of our smaller operating regions.

In Scotland, the free travel for under-22s scheme continues to successfully drive passenger volumes and in Wales, a pilot scheme offering £1 bus fares for young people during the summer of CY 2025 saw our child and student volumes grow by over 20% against the previous summer. In Bristol, free travel for children over the summer and Christmas holidays led to a 70% and 60% increase in child trips respectively, and we have maintained strong volumes following the conclusion of the scheme. This reinforces our support for young person funding schemes to stimulate passenger growth and encourage lifelong bus use, and we welcomed the Government's recent announcement of funding for free bus travel for children on participating local buses in England throughout August.

Strong cost discipline amid ongoing inflationary pressures

Industry-wide inflationary pressures remained in FY 2026. Costs increased due to inflation by c.3%, mainly in wages, where there was a c.4% average increase in driver pay awards. In line with our focus on staggered, multi-year pay award settlements, we have now settled 76% of our driver pay awards with multi-year awards.

We have also further restructured our business and upgraded some of our core systems as we continue to adapt and shape our organisation to be more efficient for our employees and customers. We have successfully introduced new HR and internal communications platforms and upgraded our customer mobile app during the year. These are modern platforms that will provide greater insight and improve communication with our employees to drive engagement and operational performance. We have also rolled out new ticket machines across Regional Bus that will allow us to increase our number of transactions thanks to greater reliability and to further improve customer experience.

We continue to manage our fuel and electricity costs with our two-year forward hedging programme. In February 2026, having considered the potential geopolitical risk escalation, the Group entered into additional fuel hedges. As at June 2026, c.88% of our fuel requirement for FY 2027 was hedged and c.54% for FY 2028. Approximately 77% of the Group's FY 2027 forecast floating rate electricity consumption is hedged and c.72% for FY 2028.

Growing our market share and asset footprint in Business and Coach

Earnings growth in our Business and Coach segment continues. We have reported revenues of £230.1m in FY 2026, up 28% against the prior year due to further contract wins and extensions, the launch of our Flixbus operations and the contribution of our recently acquired businesses.

We continue to grow our operational and depot footprint, building a portfolio of well-established, profitable businesses to maintain our presence in key markets, including areas that are moving to franchising, and ensuring we have the right mix of contract and private hire revenue streams. We now have a fleet of over 1,000 vehicles which includes 550 coaches with an average age of 8.2 years and we operate from c.25 coach depots.

Case Study

Everyday Actions lead to everyday excellence

By focusing on the Everyday Actions programme, we deliver incremental improvements in operational performance, provide more reliable services and support further revenue growth. This approach ensures we are well positioned to participate in future franchise, partnership and commercial opportunities.

We have empowered our frontline colleagues to take ownership of improvements and adopt a practical problem-solving approach. Actions are focused around five themes: safe, reliable, clean, friendly and better every day. We track progress at each depot through our First Bus Basics dashboard, with clear operational metrics. Consistent monitoring enables us to see what is working quickly and deliver continuous improvements.

In Bradford, this approach led to an almost 20% annual improvement in vehicle collision performance through vehicle and driver risk profiling. Our central recruitment team improved hiring outcomes and reduced driver attrition, and we improved lost mileage through a data-led approach.

Similarly, Olive Grove Depot in Sheffield exemplifies our performance-driven culture and lean management principles. In 2025, we embedded standard procedures for depot activities, supported by step-by-step guides and visual management boards aligned with our Everyday Actions. Annual performance improved 60% across our dashboard metrics, including in start time adherence and on-time vehicle inspections.

Our Everyday Actions deliver better services. At Rochdale Depot, daily operational reviews and regular co-operation with TfGM helped us achieve 84% of Everyday Basics targets within a year and 94.8% punctuality in the last period of FY 2026 – a c.7% year-on-year improvement. We recorded even stronger punctuality performance in some Solent services and increased operational consistency across the Hampshire network.

Continuous operational improvement also improves our commercial performance. For First Bus London, Quality Incentive Contract revenue increased significantly in FY 2026. This reflects consistent delivery against the contractual measures of service control through strategies to mitigate roadworks and severe traffic delays.

Customers value our incremental service improvements. In March 2026, we recorded our best Net Promoter Score (NPS) in our monthly survey, reflecting reliability, value for money, and better customer experience. Year-on-year NPS improved across all local business units, especially in West of England, Manchester, Midlands and South Yorkshire.

In the latest Transport Focus customer survey, First Leicester City ranked sixth across all England operators, up from 28th last year. Additionally, First Hampshire ranked 3rd overall, achieving 92% customer satisfaction, up from tenth last year.

By continuing to focus on Everyday Actions, we will deliver better bus services for our customers.

Business review continued

Looking ahead, our scale and ability to efficiently cascade our fleet across our businesses will allow us to take advantage of opportunities to grow market share.

Acquisitions during FY 2026 included J&B Travel and Tetley's Coaches in Leeds and Hills Coaches in Wolverhampton and, post year end, Wilfreda Beehive, near Doncaster and Eagles Coaches in Bristol. We also launched and subsequently extended our operations for Flixbus, with 36 coaches operating out of a number of our depots across England.

First Bus London is performing ahead of expectations

FY 2026 marked the first full year of revenue contribution from First Bus London, which is performing ahead of our acquisition assumptions. The business delivered revenue of £310m in FY 2026, supported by disciplined contract bidding and strong operational performance.

We continue to bid for route contracts in line with our investment case and securing our routes as planned. We now have 99% of our contracted revenues secured for FY 2027 and 77% for FY 2028. Looking ahead, the addition of the Wandsworth depot following the acquisition of RATP's UK sightseeing operations provides scope to grow our route contract portfolio over time. We are on course to complete the first stage of the electrification of the depot by the end of FY 2027.

Leading in electrification, unlocking value

We remain at the forefront of bus fleet and infrastructure decarbonisation. Thanks to our accelerated investment of c.£500m over the last four years, alongside co-funding of c.£107m, we have one of the largest zero emission bus fleets in the UK (26% of our fleet at the end of March), four fully and 17 partially electrified depots, with at least four further depots expected to be electrified in FY 2027.

The electrification of our fleet and infrastructure is a key component in the transformation of our business. It allows us to standardise and reduce the size of our commercial fleet to drive efficiency and lower engineering costs whilst delivering the same mileage. Furthermore, we have built significant electricity capacity across our depots and by making use of smart charging software and charging our vehicles when electricity prices are lower, we can also optimise our energy use, support system stability, increase battery efficiency and potentially extend battery life.

We are also starting to generate revenues from third party charging at our depots and in FY 2026 we officially launched the 'First Charge' brand, providing third parties with access to our ultra rapid charging infrastructure at competitive rates.

Our expertise in decarbonisation has also been acknowledged by the South Yorkshire Mayoral Combined Authority which has engaged First Bus to support the electrification of two depots ahead of franchising. This includes a comprehensive design, tendering and project management service.

Looking ahead, we see real potential for material adjacent electrification revenue streams over time. These include consultancy and project management work, capacity market trading, on-site battery storage, opportunities on residual battery capacity and efficient battery recycling post commercial use.

In August we invested in a minority stake in Palmer Energy Technology (PETL) to bring battery storage units to our sites, to drive further cost efficiencies and create a scalable platform for value accretive, second-life battery use. Bus batteries can typically be used for between ten and fifteen years on bus and can then be repurposed for a 'second life' as static energy storage, as much of a battery's capacity remains at the end of its useful bus life. This secondary use extends battery commercial life by several more years, before it reaches end of life and is recycled.

We installed a one-megawatt battery energy storage facility at our Hoeford depot in Hampshire in August. Designed to house three bus batteries, the unit will be used to participate in grid-based revenue streams by distributing power back into the grid at peak times. We are expanding the initiative across other sites and have recently extended our partnership with PETL, with six live projects now underway, including the installation of a 2.15 megawatt battery energy storage system in Aberdeen.

A key, active partner in franchising and partnerships

We are a leading, highly experienced operator with a large, well-capitalised fleet and depot footprint and a track record of delivery. This positions us well to actively take part in future franchising and partnership opportunities as the regional bus market in England evolves.

We have good experience and a proven track record of consistently delivering quality services under both models. In Leicester and Portsmouth, investments of c.£100m and £76m respectively in their enhanced partnerships between 2022 and 2025 have resulted in passenger growth well ahead of industry averages. In Glasgow and Bristol, two of our key markets, we are working with our City Council and Mayoral Authority partners to identify targeted bus priority measures and partnership arrangements to accelerate the delivery of sustainable improvements in bus services.

In franchising, our Rochdale operation, part of Transport for Greater Manchester's (TfGM) Bee Network saw punctuality improve to 94.8% in the last period of FY 2026 and we consistently top TfGM's operator league tables. In London, where we operate routes under contract to TfL, our strong operational performance is reflected in our leading positions in TfL's performance tables.

We are also proud to be part of the Project Coral consortium of bus operators that has been working with the West Midlands Combined Authority to develop a mechanism to deliver multi-operator and multi-modal capped contactless travel. A contract has now been awarded to roll out the service across the West Midlands, and from 2027 the broker service will be available for deployment across the UK, enabling customers to benefit from Tap on, Tap off travel with prices capped on a daily or weekly basis irrespective of how many bus or tram operators' services they have used.

Looking ahead, it is expected that around £1bn of annualised revenues in regional bus will be competitively franchised over the next five years. This includes in South Yorkshire, West Yorkshire and Wales where we currently operate, representing annual revenues of c.£250m. We are working alongside our local authority partners to support the transition to franchising, including through the recent sale of depots in South Yorkshire and Wales, and we will actively participate in value accretive franchising opportunities where we can make use of our substantial assets and expertise. In the near term, these include Liverpool and West Midlands.

Outlook

Further portfolio and operational efficiencies and yield management in Regional Bus, contract evolution in First Bus London and the contribution of our new coach businesses will drive further progress in earnings in FY 2027, with revenue of just over £1.5bn and further growth in FY 2027 adjusted operating profit. We will continue our accelerated investment in decarbonisation, given our success in accessing co-funding, with anticipated net capital expenditure of c.£140m alongside co-funding of c.£15m during the year, with our success to date meaning the well-capitalised fleet requires less investment in future years where we expect this to normalise at c.£80–100m per annum.

As we enter FY 2027, the decline in passenger volumes has eased and we continue to monitor this closely. The £3 fare cap in England is due to end at the end of FY 2027, which will provide scope to review our fare structures and network to ensure we are effectively matching demand, and working alongside our local authority partners to ensure there is the necessary coverage for local communities.

Looking further ahead, as the UK bus market evolves, we will grow our earnings, leveraging our scale, expertise, substantial asset base, operational footprint and decarbonisation credentials. We intend to win our fair share of the franchise market, further progress our Regional Bus business, grow annual revenue in First Bus London as the route contracts evolve and continue to grow our Business and Coach earnings and market share. We will also continue to evaluate a strong pipeline of growth opportunities in existing and new areas across the UK.

Business review continued

"FY 2026 has been a pivotal year for First Rail with the award of the London Overground contract and growth in our open access operations."

Steve Montgomery
Managing Director, First Rail

First Rail

Key developments

- 3.1 million open access passenger journeys up 4% vs FY 2025
- Open access revenue increased to £109.3m (FY 2025: £106.4m); pence per seat mile 11.1p in line with FY 2025 (11.1p)
- Open access adjusted operating profit of £25.6m (FY 2025: £34.1m) includes Stirling mobilisation costs of £(6.3)m and a £2m increase in Lumo's infrastructure charge; in H2 2026 margin was also impacted by increased capacity and price competition on East Coast Main line and lower consumer confidence impacting passenger demand
- Further growth in Rail Services (Mistral, First Customer Contact and First Rail Consultancy) during FY 2026
- DfT TOCs financial performance in line with expectations; SWR transferred to DfTO in May 2025
- Award of London Overground contract in December 2025, with mobilisation on 3 May 2026; anticipated annual revenues of c.£300m over eight-year contract period and optional two-year extension
- On course to more than double open access capacity over the next two to three years:
  - Launch of Lumo Glasgow extension and additional paths on Hull Trains and Lumo from December 2025
- Lumo's new Stirling–London service will be fully operational from July 2026
  - Further growth in FY 2029 with new London-Carmarthen service and ten car operations on Lumo East Coast service
  - Applications for an additional c.1bn annual seat miles under review by the regulator

	£m FY 2026	£m FY 2025	Change
Adjusted revenue from DfT TOCs and Rail Services[1,2]	**130.6**	151.8	(21.2)
Adjusted revenue from open access and rail contracts	**141.8**	137.0	+4.8
First Rail adjusted revenue	**272.4**	288.8	(16.4)
Adjusted operating profit from DfT TOCs and Rail Services[3]	**62.2**	65.5	(3.3)
Adjusted operating profit from open access and contracted rail	**28.9**	37.7	(8.8)
DfT TOC IFRS 16 operating profit adjustment	**38.8**	45.6	(6.8)
First Rail adjusted operating profit	**129.9**	148.8	(18.9)
Open access passenger journeys (m)	**3.1**	2.9	0.2
Open access pence per seat mile (p)	**11.1**	11.1	–

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 4 for further detail.
2 Includes intra divisional eliminations related to affiliate trading with the open access operations.
3 DfT TOC adjusted operating profit on a pre-IFRS 16 basis.

Resilient earnings as the DfT TOCs transition

We have reported total adjusted revenue of £272.4m for FY 2026 (FY 2025: £288.8m) as revenue growth in open access and Rail Services was offset by the planned transition of SWR to the DfTO in May 2025 and a normalised level of variable fees in the DfT TOCs following higher revenue incentives in FY 2025.

The division's two open access operations, Hull Trains and Lumo, delivered revenue of £109.3m in FY 2026, up 3% against the prior year. Additional costs in FY 2026 included c.£6m for the mobilisation of the new Stirling service in line with expectations and a c.£2m increase in Lumo's infrastructure charge to the maximum charge as it reached its fifth year of operation in October 2025.

The DfT TOCs and Rail Services businesses reported adjusted revenue of £130.6m in FY 2026 (FY 2025: £151.8m) and adjusted operating profit of £62.2m (FY 2025: £65.5m), reflecting the transfer of SWR and normalised fees in the DfT TOCs.

In line with the Government's announced policy to bring the National Rail Contracts into public ownership at the earliest possible opportunity, the DfTO took over the operation of SWR on 25 May 2025. Net attributable fees earned by the Group from the DfT TOCs were £29.3m after the non-controlling interest of £4.0m. DfT TOC IFRS 16 leases recognised on the balance sheet at the end of FY 2026 were £649.2m (FY 2025: £1,020.4m).

Business review continued

An attractive open access proposition bolstered by additional capacity

FY 2026 has been a pivotal year for our two highly successful open access operations, where we bear all revenue and cost risk and opportunity. We have seen continued growth in passenger journeys and the introduction of additional capacity and the mobilisation of our new Lumo service on the West Coast Mainline.

Passenger journeys grew from 2.9 million to 3.1 million in FY 2026 resulting in modest revenue growth, aided by increased capacity following the extension of Lumo to Glasgow and extra paths on both Hull Trains and Lumo. Following the December 2025 timetable change on the East Coast Mainline, we have seen some impact on yield from increased LNER capacity and price competition as well as a reduction in leisure travel demand. Looking ahead, our attractive proposition remains clear, and we are confident we will remain competitive and continue to attract demand.

Seat capacity utilisation of 65% remains well above the estimated industry average of c.48% and both operators continue to score highly in customer satisfaction surveys. Hull Trains was also named Operator of the Year at the 2026 Spotlight Rail Awards.

We were very pleased to have been awarded additional paths on both Hull Trains and Lumo and the extension of some of Lumo's services to Glasgow by the ORR in July 2025. Communities in Glasgow now have increased choice, with a new, reliable and affordable service linking Glasgow directly with Falkirk, Edinburgh, the North East and London. Looking ahead, this additional capacity will offset lower yields on shorter journeys as we can now add capacity at peak demand.

Another significant milestone for Lumo has been the successful mobilisation and launch of our new service between Stirling and London Euston. We opened a new headquarters in Preston in March creating 95 local jobs, including 16 apprentice drivers and the service is on course to be fully operational in July 2026.

Further open access capacity growth ahead

Expanding our open access capacity is a key strategic priority for the Group, and, in addition to the extra capacity we have introduced in FY 2026, we will see a further step up in FY 2029 with the introduction of our Carmarthen service and ten-car operations on Lumo. This growth is underpinned by our c.£500m lease agreement with Hitachi for fourteen new electric, battery or bi-mode trains.

Our new South Wales service incorporates five services a day between London Paddington and Carmarthen, calling at intermediate stations including Bristol Parkway, Newport, Severn Tunnel Junction, Cardiff Central, Gowerton and Llanelli. The service will create around 100 direct jobs, provide more customer choice and much-needed additional capacity on the route including the first direct service to London from Severn Tunnel Junction and Gowerton, and a vastly improved connection from Llanelli.

We continue to identify and apply for new open access routes where we believe there is sufficient capacity and demand. We have submitted applications to the ORR for new services representing c.1 billion seat miles. These include an extension of our existing Carmarthen track access rights, from Paignton to London and Hereford to London, an extension of our current track access rights for the Stirling service to December 2038 with the addition of five new, battery electric trains from December 2028, a revised application to run services between London Euston and Rochdale from December 2028 to December 2038, and for a new route between Cardiff and York via Birmingham, Derby and Sheffield from December 2028 to December 2033. 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.

Case Study

Using our expertise and capabilities in rail to win the London Overground contract

We were delighted to be awarded the contract to operate the London Overground suburban rail network earlier this year and are proud of the work we have done to successfully mobilise the operation on 3 May.

Thanks to our in-house expertise, we were able to use our First Rail Consulting team to develop our winning bid. The team drew upon our extensive experience of successfully operating large-scale heavy rail services across the UK, on behalf of a range of clients including the DfT and TfL.

We were then able to establish a cross-functional team to deliver the intensive, four-month mobilisation programme, ensuring a seamless continuation of services on the network that serves over 4 million customers a week. This included Human Resources, Sustainability, Safety, IT, Legal, Finance, Procurement, and Operations – all coordinated by a central Programme Management Office. The majority of these resources were drawn from our in-house capability, demonstrating the scale of expertise available to us.

The mobilisation programme itself encompassed a wide range of workstreams including the transfer of c.1,500 new colleagues into the newly established First Rail London Limited, setting up over 160 supply contracts and establishing a new headquarters in Stratford for the operation.

Having commenced operations, we look forward to delivering a wide range of enhancements to the London Overground, working on behalf of TfL, focusing on capacity, reliability, safety, accessibility and sustainability. Passengers can expect improved service frequency, modernised infrastructure and better real-time information.

Business review continued

London Overground contract award transforms our portfolio

We were delighted to have been awarded the contract to run the London Overground contract, recognising our deep sector expertise and building on our relationship with TfL having operated London Trams since 2000 and the London Cable Car since 2024. The contract will contribute revenues c.£3bn over the eight-year contract and two-year optional extension period.

We were able to make use of our in-house Consultancy team for both the bid and mobilisation process and we have a new First Rail London team in place with appointments from First Rail and senior management from the previous concession. We successfully took over the operation on 3 May 2026 and are very pleased to welcome the employees who have now joined the Group.

The suburban rail network spans six routes, 100 miles of railway, 113 stations and 111 electric trains. TfL retains all revenue risk and will specify the service levels, with First Rail London responsible for the delivery of train services and management of stations. The London Overground network has greatly improved connectivity in London, with around 4 million passengers now using the service every week. We look forward to working on behalf of TfL to deliver a range of benefits for everyone who uses the network.

Focus on execution in the DfT TOCs

We continue to work collaboratively with the DfT and our industry partners to deliver on our contracts, enhance our service offering and create innovative solutions for the rail industry.

In our DfT TOCs, GWR introduced the UK's first fast-charge battery powered train into passenger service following a successful trial on the Greenford branch line. This included setting a new World Record for the furthest distance travelled by a battery train on a single charge, registering 200.5 miles. The use of fast-charge battery technology could help to transform the UK's railway, providing a realistic and cost-effective alternative to diesel trains, and we are proud to have delivered this project.

In February 2026, Avanti West Coast began trialling a pioneering new tool to boost train service reliability during unplanned disruption. Working with the Centre for Modelling and Simulation, it adopted a timetable optimisation programme to support its response to unplanned disruption at the click of a button. The technology is designed to support decision making, which should reduce delays and cancellations, as well as enable more reliable information to be shared sooner with customers whose journeys are impacted. Each scenario entered is saved on the system and can be used as a precedent for similar situations in the future, allowing operators to be better prepared for unplanned disruption.

Leveraging our expertise in Rail Services

Our Rail Services businesses – FCC, Mistral Data and First Rail Consultancy continued to secure contract extensions and build their external customer bases during FY 2026.

FCC have continued to provide a comprehensive suite of customer relations, passenger assistance and Delay Repay services to a number of train operating companies, including TransPennine Express and South Western Railway. The implementation of artificial intelligence tools during the year has also improved efficiency and strengthened service quality.

Mistral Data has continued the expansion of its operations solutions, a key strategic growth area, driven by new contract wins, product enhancements and delivery against key deployment milestones. We are also seeing strong engagement across industry bodies and the wider market, reflecting growing demand for our best-in-class solutions. New business in FY 2026 has included Hull Trains and Lumo which will be deploying our full operations suite across their businesses during FY 2027 and further consulting work for Network Rail.

First Rail Consultancy continues to build its external client base in passenger rail, extending its portfolio to the nationalised railway and light rail. During the year, the business has diversified further and is now supporting a strategically important freight programme for Network Rail. Working collaboratively with the infrastructure provider, First Rail Consultancy and a range of passenger operators are also supporting the delivery of a critically significant route upgrade. Beyond rail, the team has continued its work supporting the Surface Access Strategy for a major UK airport.

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 working with the DfT to determine how we can continue to provide support under GBR.

Shaping the future of UK rail

With decades of experience operating all types of passenger rail services in the UK we are uniquely positioned to support the transformation of the UK rail industry as the National Rail Contracts are transferred to public ownership and GBR takes shape over the next few years.

We have demonstrated how operators like First Rail can bring innovation, enhanced service delivery, comprehensive safety management, private investment and effective cost control. We have saved more than £400m for the DfT TOCs' annual business plans over the last five years, and Hull Trains and Lumo have demonstrated the benefits open access can bring to the rail industry and passengers, as well as the UK taxpayer.

Open access operators like Lumo and Hull Trains make use of spare timetable capacity to operate additional services to connect under-served communities, support modal shift and enhance environmental outcomes. Their services encourage competition, increase the productivity of the railway, and support government's objectives for economic benefits by creating jobs and connecting the communities they serve. Open access operators receive no government funding, take on full risk and generate their own revenue. Although representing just 1% of services, open access has accounted for nearly 20% of new train orders in recent years, and Hull Trains and Lumo are on track to deliver £1.4bn in economic benefits by the end of their current track access agreements, and this will grow further following the introduction of our new Stirling and Carmarthen services.

Enhancing rail connections is critical to boosting UK economic growth and 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. We firmly believe there is a continued role for private sector operators in the future railway, with competition on a level playing field bringing significant benefits to passengers in terms of affordable fares, greater choice and investment in new, environmentally friendly fleets.

Looking ahead

In open access we anticipate revenue of c.£130-150m in FY 2027, with adjusted operating profit margin to progress to mid-teens following a c.2-year mobilisation and ramp up period for our new Stirling and Carmarthen operations. London Overground will add anticipated revenue of c.£300m in FY 2027 and earnings in the DfT TOCs will reflect the transfer of GWR on 13 December 2026, a c.£15m adjusted operating profit and c.£9m earnings reduction.

We anticipate that the West Coast Partnership will transfer around the end of our FY 2027 financial year. As the contracts transition, we anticipate a cash inflow of c.£90m from the DfT TOCs, after any further reorganisation cash costs the Group may incur, over a three-year period from April 2026 with cash received from the management fees a year in arrears. This cash receipt includes the earnings from the division's Rail Services businesses which are expected to continue supporting the DfT TOCs for at least a year or more after the National Rail Contracts end.

Following an anticipated two-year ramp up period, our new London to Stirling service is expected to deliver annual revenues of c.£50m with a mid-teen adjusted operating profit margin. Our London to Carmarthen service is expected to begin operations from December 2027 and following a two-year ramp up period, we anticipate annual revenues of c.£50m, again with a mid-teen adjusted operating profit margin.

As the UK rail industry evolves, we are focused on growth in open access and identifying adjacent opportunities in the UK.

Financial review

"We have maintained our robust balance sheet and our disciplined capital allocation policy remains unchanged, incorporating investment in future growth, progressive shareholder dividends and a commitment to return surplus cash 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 Rail: anticipated cash inflow of c.£90m over three years from April 2026 as DfT TOCs transition; includes Rail 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: c.£140m net cash capital expenditure for FY 2027, 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 arrangements
- The Group has a ROIC target well in excess of its WACC

Deliver progressive returns

- Progressive dividend policy: c.3x cover of Group adjusted earnings; moving towards 2.5x cover over time; paid around one third interim and two thirds final dividend
- FY 2026 full year dividend of 7.2p per share proposed; dividends paid in FY 2026 total £39m

Return surplus cash to shareholders

- £50m returned to shareholders via buyback programme in FY 2026; further £100m programme announced and expected to be completed in the next 12 months
- c.£65m held in escrow for Group's pension schemes until completion of 2030 valuation
- The Board remains committed to returning surplus cash to shareholders

Adjusted operating performance by division is as follows:

	52 weeks to 28 March 2026			52 weeks to 29 March 2025		
	Adjusted revenue[1] £m	Adjusted operating profit[2] £m	Adjusted operating margin[2] %	Adjusted revenue[1] £m	Adjusted operating profit[2] £m	Adjusted operating margin[2] %
First Bus	**1,443.6**	**102.8**	**7.1**	1,081.5	96.0	8.9
First Rail	**272.4**	**129.9**	**47.7**	288.8	148.8	51.5
Group items/ eliminations[3]	**(0.3)**	**(13.3)**		(0.3)	(22.0)	
Continuing operations	**1,715.7**	**219.4**	**12.8**	1,370.0	222.8	16.3
Discontinued operations[4]	**–**	**2.1**		–	(0.6)	
Total	**1,715.7**	**221.5**	**12.9**	1,370.0	222.2	16.2

Statutory operating performance by division is as follows:

	52 weeks to 28 March 2026			52 weeks to 29 March 2025		
	Revenue £m	Operating profit £m	Operating margin %	Revenue (restated)[5] £m	Operating profit/(loss) £m	Operating margin %
First Bus	**1,443.6**	**102.8**	**7.1**	1,081.5	96.0	8.9
First Rail	**3,327.6**	**129.9**	**3.9**	4,180.7	148.8	3.6
Group items/ eliminations[3]	**(19.3)**	**(13.3)**		(28.3)	(22.2)	
Continuing operations	**4,751.9**	**219.4**	**4.6**	5,233.9	222.6	4.3
Discontinued operations[4]	**–**	**2.1**		–	4.9	
Total	**4,751.9**	**221.5**	**4.7**	5,233.9	227.5	4.3

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 £221.5m (FY 2025: £227.5m) 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.
5. The Group has identified certain funding mechanisms with the DfT where amounts due to the DfT have previously been treated as deductions from revenue. Upon further review, the Group has judged that these amounts should instead be recognised as an expense in the income statement. The prior year income statement comparative information has been re-presented accordingly. The re-presentation is within the income statement and has no impact on profit measures or the other primary statements.

Financial review continued

Revenue

Adjusted revenue increased to £1,715.7m (FY 2025: £1,370.0m). In First Bus, revenue growth was delivered by yield and operational efficiencies in Regional Bus, revenue of £310m from First Bus London, contract wins and extensions and the contribution of our recent acquisitions in Business and Coach. In First Rail, revenue growth in open access was offset by the transfer of SWR to the DfTO in May 2025 and a normalised level of variable fees in the DfT TOCs following higher revenue incentives in the prior year. Revenue from continuing operations decreased to £4,751.9m (FY 2025: £5,233.9m), mainly due to the transfer of SWR to the DfTO in May 2025, partially offset by the growth in First Bus.

Adjusted operating performance

Adjusted operating profit from continuing operations was £219.4m (FY 2025: £222.8m). First Bus adjusted operating profit grew by 7% to £102.8m aided by further efficiencies, yield, portfolio and network optimisation and the impact of the first full year of ownership of First Bus London, which offset the impact of reduced fare funding, weaker passenger volumes and the impact of increased employer National Insurance contributions. In First Rail, earnings growth in open access and Rail Services was offset by Stirling mobilisation costs, the impact of the transfer of SWR to the DfTO and normalised DfT TOC variable fees.

Central costs were £(13.3)m (FY 2025: £(22.0)m), with the reduction mainly a result of the business restructuring. The net impact to operating profit of IFRS 16 in the year was £45.6m (FY 2025: £49.4m), with the reduction due mainly to the SWR transition in May 2025.

Adjusted earnings from continuing operations were £112.6m (FY 2025: £115.8m), primarily driven by adjusted operating profit being marginally lower than the prior year, and higher interest costs, partially offset by a lower effective tax rate.

	52 weeks to 28 March 2026 Adjusted earnings £m	52 weeks to 29 March 2025 Adjusted earnings £m
First Bus adjusted operating profit	**102.8**	96.0
First Rail adjusted operating profit	**129.9**	148.8
Group central costs (operating profit basis)	**(13.3)**	(22.0)
Group adjusted operating profit	**219.4**	222.8
Interest	**(62.7)**	(57.7)
Profit before tax	**156.7**	165.1
IFRS 16 DfT contracted TOCs adjustment[1]	**(2.8)**	(1.1)
Taxation	**(37.3)**	(41.1)
Non-controlling interest	**(4.0)**	(7.1)
Group adjusted earnings[1]	**112.6**	115.8

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.

Case Study

Unlocking future value through investment in innovation and strategic partnerships

Thanks to the significant investment we have made in the electrification of our bus fleet and infrastructure, alongside available co-funding, we now operate one of the largest zero emission commercial bus fleets in the UK, along with a growing network of electric depots. This is already delivering operational and cost efficiencies and allowing us to unlock further value from our assets such as third party charging. We also see real potential for material additional revenue streams over time.

To help us unlock this future value, we are investing in innovative technology and strategic partnerships. In FY 2026 this included our investment in a minority stake in Palmer Energy Technology (PETL), which designs and manufactures battery energy storage systems and was founded by former Aston Martin Chief Executive and Nissan Chief Operating Officer, Dr Andy Palmer.

A bus battery typically lasts for between 10 and 15 years in service and can then be repurposed for a 'second life' as static energy storage, as it still retains much of its capacity. This will extend the battery's commercial life by several more years, before it reaches end of life and is recycled. The addition of battery storage units could also lower depot infrastructure costs as they allow for slightly smaller grid connections.

In August 2025, we installed a one-megawatt PETL battery storage unit at our Hoeford depot in Hampshire. Designed to house three bus batteries, the unit will be used to participate in grid-based revenue streams by distributing power back into the grid at peak times. We are planning to open a second storage unit in Aberdeen in the coming months, and will look to expand the initiative across other sites to drive further cost efficiencies and create a scalable platform for value accretive, second-life battery use.

Financial review continued

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 28 March 2026 £m	52 weeks to 29 March 2025 £m
First Bus EBITDA[1]	**164.7**	144.0
Attributable net income from First Rail DfT contracted TOCs[2]	**29.3**	39.0
First Rail – open access, contracted rail and Rail Services EBITDA[1]	**51.2**	40.8
Group central costs (EBITDA basis[1])	**(13.3)**	(21.4)
Group EBITDA adjusted for First Rail DfT contracted TOCs' management fees	**231.9**	202.4

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

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.

There were no adjusting items in FY 2026.

The principal adjusting items in FY 2025 were as follows:

Greyhound Canada

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

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

CARES receipt

A credit of £0.4m was recognised 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.

Group statutory operating profit

Statutory operating profit from continuing operations was £219.4m (FY 2025: £222.6m).

Finance costs and investment income

Net finance costs from continuing operations were £62.7m (FY 2025: £57.7m) with the increase principally due to higher adjusted net debt during the year, following growth in returns of capital, offset by lower IFRS 16 interest charges as the DfT TOCs transition.

Profit before tax

Statutory profit before tax was £156.7m (FY 2025: £164.9)m. Adjusted profit before tax as set out in note 4 to the financial statements was £158.8m (FY 2025: £164.3m) including discontinued operations.

Tax

The tax charge, on adjusted profit before tax on continuing operations for the year was £37.3m (FY 2025: £41.1m), representing an effective tax rate of 23.8% (FY 2025: 24.9%). In the prior year, 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 £37.3m (FY 2025: £31.3m). The actual tax paid during the year was £0.9m (FY 2025: £6.0m).

The Group's ongoing effective tax rate is expected to be broadly in line with UK corporation tax levels being 25%. In the short to medium term cash taxes are expected to be capped at 10% due to 100% tax relief for ongoing capital expenditure reducing taxable profits, of which 50% can be sheltered by the tax losses, which are in excess of £100m.

Financial review continued

Cash flow

The Group's adjusted cash flow of £(124.0)m (FY 2025: £(18.8)m) in the year reflects positive cash flow from operations of £681.5m (FY 2025: £828.2m) including working capital inflows of £14.6m. This is offset by net capital invested in the business, mainly in decarbonisation in First Bus and £(35.3)m (FY 2025: £(86.5)m) on acquisitions completed during the year, as well as the repayment of lease liabilities, primarily at the DfT TOCs, dividends paid and purchases of shares under the share buyback programme. The movement in net debt is set out below:

	52 weeks to 28 March 2026 £m	52 weeks to 29 March 2025 £m
Adjusted EBITDA	**702.9**	779.8
Other non cash income statement charges	**0.1**	10.3
Working capital	**14.6**	75.7
Movement in other provisions	**(47.7)**	(27.9)
Decrease/(increase) in financial assets	**35.0**	(1.0)
Defined benefit pension payments greater than income statement charge	**(23.4)**	(8.7)
Cash generated by operations	**681.5**	828.2
Capital expenditure	**(253.0)**	(156.4)
Acquisitions	**(35.3)**	(86.5)
Proceeds from disposal of property, plant and equipment	**45.7**	17.9
Proceeds from capital grant funding	**51.5**	66.4
Interest and tax	**(61.0)**	(66.3)
Shares purchased for Employee Benefit Trust	**(24.3)**	(16.1)
Share repurchases from buyback programme including costs	**(50.4)**	(91.8)
External dividends paid	**(38.9)**	(34.2)
Dividends paid to non controlling shareholders	**(6.7)**	(3.4)
Fees for finance facilities	**(0.6)**	–
Lease/asset backed financial liabilities payments now in debt	**(432.5)**	(476.6)
Adjusted cash flow	**(124.0)**	(18.8)
Foreign exchange movements	**(0.1)**	0.2
Net (inception) and termination/reassessment of leases	**(47.5)**	(298.8)
Lease payments now in debt	**432.5**	476.6
Other non cash movements	**(0.6)**	–
Movement in net debt in the period	**260.3**	159.2
Reconciliation to movement in adjusted net debt		
Ring-fenced cash	**53.3**	(66.1)
IFRS 16 lease liabilities	**(364.4)**	(244.1)
Movement in adjusted net debt	**(50.8)**	(151.0)
Reconciliation to free cash flow		
Add back: Acquisitions and strategic growth	**35.3**	138.5
Add back: Dividends	**38.9**	34.2
Add back: Share buyback	**50.4**	91.8
Free cash flow	**73.8**	113.5

Free cash flow for the 52 weeks ended 28 March 2026 is as follows:

	Open access and Contracted rail £m	DfT TOCs and Rail Services £m	First Bus £m	Group items £m	Total Group £m
EBITDA	**27.9**	**23.3**	**164.7**	**(11.1)**	**204.8**
DfT TOC management fees	**–**	**45.4**	**–**	**–**	**45.4**
Working capital	**5.2**	**(3.3)**	**19.0**	**(4.9)**	**16.0**
Cash flow from operations	**33.1**	**65.4**	**183.7**	**(16.0)**	**266.2**
Capital expenditure	**(0.8)**	**(0.9)**	**(188.2)**	**–**	**(189.9)**
Disposal proceeds	**–**	**1.2**	**20.0**	**–**	**21.2**
Defined benefit pension higher than Income statement	**(1.0)**	**–**	**–**	**16.1**	**15.1**
Interest and tax	**–**	**–**	**–**	**(12.9)**	**(12.9)**
Other movements	**0.9**	**1.8**	**(5.0)**	**(23.6)**	**(25.9)**
Free cash flow	**32.2**	**67.5**	**10.5**	**(36.4)**	**73.8**

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

	Open access and Contracted Rail £m	DfT TOCs and Rail Services £m	First Bus £m	Group items £m	Total Group £m
EBITDA	37.0	3.8	144.0	(21.4)	163.4
DfT TOC management fees	–	37.9	–	–	37.9
Working capital	(2.5)	17.4	(10.6)	7.5	11.8
Cash flow from operations	34.5	59.1	133.4	(13.9)	213.1
Capital expenditure	(0.8)	(3.2)	(88.2)	(0.5)	(92.7)
Disposal proceeds	0.5	0.2	16.2	0.2	17.1
Defined benefit pension higher than Income statement	(3.0)	–	(2.0)	(3.7)	(8.7)
Interest and tax	–	–	–	(9.5)	(9.5)
Other movements	0.9	3.4	3.2	(13.3)	(5.8)
Free cash flow	32.1	59.5	62.6	(40.7)	113.5

Financial review continued

EPS
Total adjusted EPS from continuing operations was 20.3p (FY 2025: 19.4p) as the impact of the marginally lower adjusted earnings was offset by the reduced number of shares in issue following the share buyback programme completed in the year. Basic EPS was 21.4p (FY 2025: 21.3p).

Shares in issue
As at 28 March 2026, there were 542.6 million shares in issue (FY 2025: 565.6 million), excluding treasury shares and own shares held in trust for employees of 28.1 million (FY 2025: 185.1 million). 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 553.4 million (FY 2025: 597.7 million).

Dividend
The Board is proposing that a final dividend of 5.0p per share, resulting in a total dividend payment of c.£27m, be paid on 7 August 2026 to shareholders on the register at 3 July 2026, subject to approval by shareholders at the 2026 AGM.

Capital expenditure
Non-First Rail gross capital expenditure before government grant funding was £206.8m (FY 2025: £240.1m, including assets from acquisitions), all of which arose in First Bus (FY 2025: all in First Bus). In the year, the First Bus average fleet age was 8.8 years (FY 2025: 8.9 years) reflecting continued investment in the fleet, mainly on electric vehicles and related infrastructure. First Rail capital expenditure was £52.6m (FY 2025: £47.0m) 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 £57.4m (FY 2025: £80.1m, including £43.3m from the acquisition of First Bus London). Through the investment in the strategic joint venture with Hitachi Zero Carbon, £11.2m of battery leases have been recognised through the sale and leaseback arrangements for 265 batteries (FY 2025: £9.8m for 173 batteries).

In addition, during the year the Group entered into leases with a right of use value of £48.6m comprising First Rail £11.8m, First Bus £35.7m and Group items £1.1m (FY 2025: £50.8m, comprising First Rail £27.8m, First Bus £22.0m and Group items £1.0m). In the prior year, a further £83.6m of leases were entered into as a result of the First Bus London acquisition (£80.7m) and other First Bus acquisitions (£2.9m).

Gross capital investment (fixed asset and software additions plus right of use asset additions) was £303.1m (FY 2025: £392.6m including assets from acquisitions) and comprised First Bus £233.0m, First Rail £69.0m and Group items £1.1m (FY 2025: First Bus £335.1m, First Rail £56.5m and Group items £1.0m). 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.

Net cash/(debt)
The Group's adjusted net debt as at 28 March 2026, which excludes IFRS 16 lease liabilities and ring-fenced cash, was £(137.7)m (FY 2025: £(86.9)m).

Reported net debt was £(725.3)m (FY 2025: reported net debt of £(985.6)m) after IFRS 16 and including ring-fenced cash of £262.4m (FY 2025: £315.7m), as follows:

Analysis of net (cash)/debt	28 March 2026 Total Group £m	29 March 2025 (restated) Total Group £m
Bank loans and overdrafts	**25.5**	56.4
Lease liabilities	**850.0**	1,214.4
Asset backed financial liabilities	**152.3**	115.3
Bank loans	**102.1**	66.7
NextGen (Hitachi JV) facility	**27.4**	19.9
Gross debt excluding accrued interest	**1,157.3**	1,472.7
Cash	**(169.6)**	(171.4)
First Rail ring-fenced cash and deposits	**(260.8)**	(308.8)
Other ring-fenced cash and deposits	**(1.6)**	(6.9)
Net debt excluding accrued interest	**725.3**	985.6
IFRS 16 lease liabilities – rail	**702.3**	1,074.4
IFRS 16 lease liabilities – non-rail	**147.7**	140.0
IFRS 16 lease liabilities – total	**850.0**	1,214.4
Net cash excluding accrued interest (pre-IFRS 16)	**(124.7)**	(228.8)
Adjusted net debt (pre-IFRS 16 and excluding ring-fenced cash)	**137.7**	86.9

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. During FY 2026, the Group has completed the purchase price allocation exercise for First Bus London.

Note 28 to the financial statements provides a reconciliation from the previously reported provisional purchase price adjustments and fair values to the final adjustments.

Funding
As at the year end, the Group had £295.0m (FY 2025: £295.0m) of undrawn committed borrowing available under its revolving credit facility (RCF). In addition, there was £43.0m (FY 2025: £92.4m) of committed headroom available under the Husk Finance Facility, and £26.1m (FY 2025: £40.9m) available under the NextGen Battery facility. Total undrawn committed headroom under all facilities at year end stood at £364.1m (FY 2025: £513.3m). The average debt maturity is 4.1 years (FY 2025: 4.1 years).

Under the terms of the First Rail contractual agreements with the DfT, cash can only be distributed by the DfT TOCs either up to the lower amount of their retained profits or the amount determined by prescribed liquidity ratios. £45.4m (FY 2025: £37.9m) has been received in dividends from the DfT TOCs after finalisation of their FY 2025 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.

Financial review continued

Interest rate risk
Exposure to floating interest rates is managed to ensure that at least 50% 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 hire purchase debt and the term loan outstanding.

Fuel and electricity price risk
We use a progressive forward hedging programme to manage commodity risk. As at June 2026, 88% of our 'at risk' UK diesel requirement for FY 2027 (87.1 million litres) was hedged at an average rate of 43p per litre, and 54% of our requirements for the year to the end of March 2028 at 41p per litre. We also have an electricity hedge programme in place, with 77% of our consumption (based on current 'at risk' consumption forecasts) hedged for FY 2027 at £74/MWh and 72% for FY 2028 at £73/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:

	28 March 2026		29 March 2025	
	Closing rate	Effective rate	Closing rate	Effective rate
US dollar	**1.33**	**1.35**	1.29	1.25
Canadian dollar	**1.84**	**1.84**	1.85	1.93
Euro	**1.15**	**1.16**	1.20	1.19

Pensions
We have updated our pension assumptions as at 28 March 2026 for the defined benefit schemes in the UK and North America. The net pension surplus of £22.8m at the beginning of the year moved to a net surplus of £19.9m 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 28 March 2026 are set out below:

	Movement	Impact
Discount rate	+1.0%	Decrease liabilities by £10m
Inflation	+1.0%	Increase liabilities by £6m
Life expectancy	+1 year	Increase liabilities by £29m

The Group Scheme triennial funding valuation as at 5 April 2024 (now comprising legacy Group and Bus pension obligations) was finalised in FY 2026. The valuation outcome resulted in £20m being returned to each of the Scheme and Company of the £80m held in the Bus Scheme Limited Partnership at FY 2025, with the balance retained in the Limited Partnership. There is a further £22m relating to the Group scheme in the Group Scheme Limited Partnership with its usage to be determined based on the 2030 triennial valuation.

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 FY 2025 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.

Balance sheet
Net assets have increased by £7.0m since 29 March 2025. The principal reasons are the impact of the profit for the year, offset by the share buyback programme and dividends paid.

Balance sheets – Net assets/(liabilities)	As at 28 March 2026 £m	As at 29 March 2025 (restated) £m
First Bus	**956.7**	824.8
First Rail	**450.7**	798.4
Greyhound	**(4.3)**	(10.5)
Divisional net assets	**1,403.1**	1,612.7
Group items	**74.1**	91.1
Net debt	**(725.3)**	(985.6)
Taxation	**(32.4)**	(5.7)
Total	**719.5**	712.5

Post-balance sheet events
On 2 April 2026, the Group announced its acquisition of Eagle Coaches, a coaching business based in Bristol with a fleet of 19 vehicles, operating private hire, school transport and group travel services.

On 10 April 2026, the Group announced its acquisition of Wilfreda Luxury Coaches Limited (Wilfreda Beehive), a Doncaster-based coaching business operating a fleet of 45 vehicles to provide private hire, school contracts, contracted workplace shuttle services, and holiday programmes.

On 3 May 2026, the Group's First Rail London Limited (FRL) subsidiary commenced the operation of the London Overground rail contract on behalf of Transport for London (TfL). FRL's contract is for an initial eight-year period, with an option to extend for a further two years at TfL's discretion. Under the terms of the contract, TfL retains all revenue risk and will specify the service levels, with FRL responsible for the delivery of train services, management of stations and customer service.

On 7 May 2026, First Greater Western Railway Ltd received notice from the Department for Transport that its National Rail Contract would expire on 13 December 2026, at which point GWR will hand over to the DfT Operator.

On 25 May 2026, the Group's new Lumo West Coast open access rail operator commenced services between London Euston and Stirling.

Ryan Mangold
Chief Financial Officer
17 June 2026

Responsible Business

Our approach

Our ambition is to be the partner of choice for sustainable transport, accelerating the transition toward net zero emissions.

We prioritise our most material environmental, social and governance (ESG) impacts, risks and opportunities, including decarbonisation, supporting our people, community investment, safety and business ethics. We are leading the way by decarbonising our fleet, reducing emissions, improving air quality and protecting the environment, alongside investing in our people and shaping a fit-for-the-future workforce that reflects the communities we serve.

Reporting suite

This report provides a detailed overview of the policies, targets and metrics that govern our approach to ESG impacts, risks and opportunities, and our progress in these areas. Alongside this report, our Climate Transition Plan (CTP), which can be found in the sustainability section of our website, details how we are reducing GHG emissions, managing climate-related risks and contributing to an economy-wide transition. The CTP also includes our targets, actions and dependencies across all FirstGroup operations.

Our separate Sustainability Report, which can be found in the reporting centre section of our website, provides a wider overview of our key sustainability initiatives and ambitions for our business and the sector as a whole.

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 47; employees, pages 43 to 46; community, pages 40 to 42; human rights, page 33; and anti-corruption and anti-bribery, page 32.

Third party recognition

CLEAN200 2026

Included in Corporate Knights' 2026 Clean200, the top publicly listed companies by clean revenue

S&P Global

Included in S&P 2025 Sustainability Yearbook for the fourth consecutive year

MSCI

'AAA' MSCI ESG rating

CDP

B score in CDP

Member of the UN Global Compact Network UK

Corporate ESG Performance Prime ISS ESG

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

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

FTSE4Good

Included in the FTSE4Good Index

SUSTAINALYTICS

ESG Risk Management rated as 'Strong' by Sustainalytics

"Sustainability is central to how FirstGroup invests for the future, shaping our decisions as we scale low carbon fleets, modernise infrastructure and accelerate the transition to cleaner transport. These investments are already delivering measurable progress, and they position us as a trusted partner for government, customers and industry alike. We see our role not only as a leader in sustainable transport, but as a driving force helping the wider sector move further and faster."

Graham Sutherland,
Chief Executive Officer

"Our commitment to responsible business runs through every part of our operations. We are focused on delivering safe, reliable and inclusive services, while fostering workplaces that support our colleagues and reflect the communities we serve. Through this approach, we aim to create long-term social value and ensure our operations contribute positively to people and places."

Claire Hawkings,
Chair, Responsible Business Committee

Responsible Business continued

FY 2026 highlights

Decarbonising bus and rail travel

We continue to make meaningful progress towards decarbonising our operations and the UK transport sector. We have decreased our Group-wide Scope 1 and 2 emissions by 30% compared to our FY 2020 baseline, driven by continued fleet decarbonisation. Over the same period, we achieved an 18% reduction in Scope 3 fuel and energy related activities (FERA) emissions, reflecting steady progress towards our science-based emissions reduction targets.

We added 316 electric buses to the First Bus fleet in FY 2026, maintaining strong momentum toward our ambition of a zero-emission commercial bus fleet by 2035. This rapid pace of electrification is supported by continued investment in depot infrastructure; in FY 2026 we electrified more depots, and now have four fully and seventeen partially electrified depots. We launched First Charge, a new commercial charging proposition designed to help other operators access dependable, high-capacity charging at selected First Bus depots and accelerate broader industry transition.

In First Rail, GWR introduced the UK's first rapid charging battery train into passenger service on the Greenford branch line in west London. Operating entirely on battery power, the train demonstrates how short branch lines can transition from diesel while making efficient use of existing rail infrastructure, offering a scalable model for cleaner rail operations. Avanti concluded the full deployment of the new bi-mode Evero fleet and no longer operates any diesel-only trains.

These actions underscore our continued momentum in reducing emissions and transforming our operations. Through measurable emissions reductions, accelerated electrification and innovation, we are making tangible progress against our science-based targets while supporting the wider transport sector's transition to a lower carbon future.

Case Study

Supporting safe travel for women and girls

This year we accelerated our leadership in creating safer, more inclusive public transport. First Bus announced the rollout of a new nationwide specialist driver training programme focused on preventing violence against women and girls (VAWG). Developed in partnership with the Confederation of Passenger Transport, the training will help drivers throughout the UK recognise and challenge harmful behaviours on board, equipping them to better support passengers and reinforce safety across our network.

First Bus also continues to collaborate with Strut Safe, the UK-wide support line for people travelling alone at night. We promote the service across our network and funded an extension to its operating days, helping ensure more people can access reassurance and real-time support when they need it most.

First Bus, GWR, Avanti, Hull Trains and Lumo have all maintained their status as White Ribbon accredited organisations, standing alongside a national movement dedicated to ending gender-based violence. Together, these initiatives represent an important step forward in making public transport safer and more inclusive.

Case Study

Creating opportunities for careers in transport

Across FirstGroup, apprenticeship pathways continue to play a crucial role in building the skilled, diverse workforce our sector needs for the future. This year GWR set a new benchmark for excellence, becoming the first UK train operator to achieve a platinum accreditation from Investors in People in recognition of the outstanding quality and impact of its long-standing apprenticeship programme.
This accolade reflects more than a decade of continuous development, from GWR's first apprenticeships in 2011 to its vocational and Quest programmes, which now support more than 300 apprentices each year.

Apprenticeships are an important part of our talent pipeline. Including those enrolled in GWR's programmes, more than 500 apprentices are currently training in engineering, customer service, HR, business administration and specialist disciplines within the Group. In Lumo, apprenticeships form the backbone of the organisation – to date 90% of colleagues have joined through apprenticeship routes.

Responsible Business continued

Governance

We are committed to conducting all our operations and interactions with our stakeholders with integrity, high ethical and moral standards and professionalism.

Governance of ESG topics

Group-wide oversight of ESG topics is provided by the Responsible Business Committee of the Board. The Committee has oversight of safety, the people strategy, the environmental impact of Group activities and sustainability. The Committee ensures 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. The Committee meets regularly throughout the year.

Our policy framework

Our Group-wide policies are available on our website and cover the whole Group to ensure that all our businesses perform 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.

The Code of Ethics and Supplier Code of Conduct are supported by detailed Group-wide policies and procedures, including an Anti-Bribery Policy, Anti-Fraud Policy, Gifts and Hospitality Policy, Procurement Policy and a Modern Slavery Statement. There is also a Share Dealing Code for certain individuals that prohibits share dealing during closed periods and requires clearance to deal to be obtained at other times.

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 use to report and investigate concerns about unlawful behaviour or behaviour contrary to our respective policies. Further details can be found in the whistleblowing section on page 33.

Employees who breach our policies face disciplinary actions, with potential dismissal for the most serious breaches.

Policy governance, training and implementation

We centrally mandate 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 must complete annual attestations confirming that they understand and comply with each policy. Frontline staff receive appropriate training in line with their role. In addition, senior managers and those in higher-risk roles are required to complete training and pass tests annually on topics including anti-bribery and anti-corruption, fraud, insider dealing, human rights, modern slavery and more. Compliance rates for mandatory training and attestation requirements are reported monthly to senior management teams and to the Board on a periodic basis. Minimum requirements are reviewed and updated as appropriate to address new or evolving risks.

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

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. Our policies are consistent with our commitments to the UN Global Compact and national commitments to the United Nations Convention against Corruption. Our Anti-Bribery and Corruption Policy is communicated to employees annually as part of annual training, which comprehensively covers anti-corruption, with an overview of the types of corruption including bribery.

Our internal control systems and procedures are reviewed and tested to ensure they are likely to be 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 expectation 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 on which can be found on page 33.

Responsible Business continued

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 discusses and reviews the actions and proposed actions being taken by the Group to detect and remedy modern slavery and human rights concerns within our own organisation and our supply chain. We conduct assessments of our human rights and modern slavery risks.

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 anonymous reporting of suspected wrongdoing or dangers at work. The service is available to anyone including colleagues, contractors, customers, suppliers and other third parties. The hotline is actively communicated to 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 is 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.

Supply chain due diligence

We spend around £2.8bn each year on goods and services. Collaboration with suppliers helps us understand and respond to customer and stakeholder needs to deliver increased value.

Policies

The Supplier Code of Conduct aligns to our Code of Ethics and sets out the standards our suppliers must 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 adhere to the Group Procurement Policy, which includes elements relating to environmental and social sustainability.

Supplier screening

Our supplier onboarding process assesses supplier suitability, financial stability and broader risk profile. Depending on their initial risk assessment, suppliers are invited to join our supplier assurance platform where additional information is captured relevant to their identified risk level.

We currently have 4,158 unique suppliers, of which 812 have been registered on our supplier assurance platform. Approximately 60% of registered suppliers have been onboarded at a higher-tier membership level which provides detailed assurance information as determined by our risk-based screening process. This approach provides a detailed view of supply chain ESG risks, as well as other risk indicators, which enables us to establish collaborative action plans in partnership with our suppliers and internal stakeholders where relevant and appropriate. We have a regular procurement risk committee meeting, where we review high-risk suppliers as well as our internal risk register and capture actions to improve policies and processes accordingly. 268 of our suppliers are considered to have high risk of negative ESG impacts based on our category and country ESG heat risk mapping assessment.

ISO 44001 provides a structured framework for building effective, transparent and collaborative supplier relationships, and its principles can be applied to facilitate more constructive ESG-focused engagement by encouraging shared objectives, clear communication and robust partnership governance. Our First-44 initiatives offer a similar, though lighter-touch, approach, tailored for supplier relationships that do not require the full, more administratively intensive, ISO 44001 process. We are currently engaging 11 suppliers in either ISO44001 or First-44 programmes.

Supplier audits

Our supplier assurance partner and platform facilitates supplier audits for different criteria, including ESG (e.g. dedicated ethical business audits including desktop reviews of hiring practices and on-site worker interviews). The platform provides audit documentation, outcomes and details of any non-conformances. Audit results are shared within the Group and with other clients on the platform where appropriate, enabling transparency and collective action. 109 suppliers have been assessed via desktop or on-site audit within the last 12 months, eight of which have corrective action plans in place and tracked within the platform.

Industry engagement

Transport plays a prominent role in public discourse and political discussions. Our work involves extensive interactions with government entities at local, regional and national levels. We promote innovation and sustainable investment in mobility, and advocate for transport infrastructure choices that alleviate congestion, improve customer satisfaction and reduce travel times. We support the UK Government's ambition to reduce its emissions in line with the Paris Agreement.

We collaborate with a diverse array of business advocacy organisations, sustainability lobby groups and public transport campaigns. Our strategic alliances amplify our influence on policy decisions. In the instance that trade associations or other advocacy organisations that we collaborate with misalign with our views on climate change, we seek to change their position or pursue our own lobbying in parallel to ensure our position is clear.

All lobbying activities are managed by the Director of Public Affairs and Relations, with oversight provided by the Executive Committee and the Board. In FY 2026 we contributed £599,262 in membership fees to industry associations and other advocacy groups, including Campaign for Better Transport, Zemo Partnership, Confederation of Passenger Transport, BusinessLDN, European Passenger Transport Operators association and AllRail.

Responsible Business continued

Environment

We are taking action to combat climate change and reduce our environmental impact through low-emission mobility solutions and sustainable operations.

Climate

FirstGroup is aligned to the UK Government's Net Zero Strategy and is committed to reducing greenhouse gas (GHG) emissions 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.

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.

Climate ambitions and targets

We have set three near-term science-based targets (SBTs) covering Scope 1, 2 and 3 emissions. These have been validated by the Science Based Targets initiative (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. West Coast Partnership (Avanti) has also set SBTs, which have been validated by the SBTi. GWR is working to set targets that are aligned to the science-based approach.

Emissions data and performance against targets

Our greenhouse gas emissions

As FirstGroup is a major provider of public transport, we use significant volumes of fuel and electricity to power our extensive road and rail fleet. As a result, our Scope 1 and 2 location-based emissions contribute to 39% of our total emissions footprint. Our Scope 3 emissions comprise 61% of our overall footprint. The most significant Scope 3 categories are purchased goods and services, capital goods and fuel and energy-related activities, where most of our reduction efforts are focused.

Progress against climate targets

FirstGroup performance on science-based targets

SBT	Progress against our base year[1]	Comments
63% reduction in Scope 1 and 2 location-based emissions (tCO_2e) by FY 2035	2020 baseline **863,885 tCO_2**; 2035 target; 30%; 63%; We are here; Total for 2026: **601,308 tCO_2**	We have seen a 30% decrease in our Scope 1 and 2 location-based emissions since our baseline year in FY 2020
20% reduction in absolute Scope 3 FERA emissions (tCO_2e) by FY 2028	2020 baseline **212,344 tCO_2**; 2028 target; 18%; 20%; We are here; Total for 2026: **174,599 tCO_2**	We achieved an 18% decrease in FERA emissions this year compared with our baseline year in FY 2020
75% of suppliers with SBTs by emissions covering purchased goods and services and capital goods by FY 2028	2020 Baseline; We are here; 2028 target; 48%; 75%	48% of our suppliers by emissions have science-based emissions reduction targets

1 In FY 2026 we recalculated our FY 2020 base year to reflect changes to the business in the reporting year and in previous years. This included removing emissions from SWR and adding in historic emissions from the operations now owned under First Bus London, Ensignbus, York Pullman, Lakeside Group, Anderson Travel, Matthews Coach Hire, and Tetley's Coaches. For more detail on these recalculations, please refer to the methodology on page. For originally reported figures, please refer to the Annual Report and Accounts 2025 which can be found in the investor section of our website.

Responsible Business continued

Scope 1 & 2

Our strategy to reduce Scope 1 and 2 emissions is based on investing in low and zero emission vehicles, as well as utilising renewable energy and implementing energy efficiency initiatives in our depots, stations and office buildings. Our Scope 1 and 2 location-based emissions have decreased 30% since our baseline year in FY 2020.[1]

The Group's overall Scope 1 and Scope 2 location-based carbon emissions decreased by 7% from FY 2025 to FY 2026[2]. Key factors for this reduction included continued investment in our electric bus fleet and the full deployment of the new bi-mode Evero fleet in Avanti, a lower DESNEZ emissions factor due to a further reduction in grid carbon intensity, and a reduction in gas consumption due to efficiency measures such as improved heating controls and conversion to electric heating in buildings.

Our carbon intensity, calculated using Scope 1, Scope 2 location-based and selected Scope 3 emissions per £m revenue, has decreased by 5% compared to FY 2025.

Whilst our decarbonisation pathway in the short to medium term will be impacted by the DfT TOCs returning to public ownership, as well as future acquisitions and divestments, we remain committed to achieving our target of a 63% decrease in Scope 1 and 2 emissions by 2035. Full details of this can be found in our Transition Plan.

Scope 3

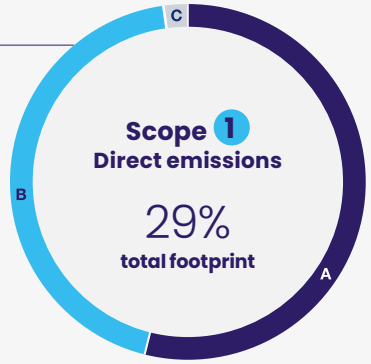
Our Scope 3 emissions targets cover FERA emissions and emissions from suppliers of purchased goods and services and capital goods. We achieved a 3% decrease in FERA emissions this year compared with FY 2025. Our FERA emissions are now 18% lower than in FY 2020, reflecting significant progress towards our target of a 20% reduction by FY 2028.

As a part of our SBTs, we committed that 75% of our suppliers by emissions covering purchased goods and services and capital goods will have science-based targets by FY 2028. Our performance against this target has been impacted in part by the DfT TOCs' return to public ownership, as this is driving a change in our supplier profile, which will continue over the next several years. This year, 48% of our suppliers by emissions covering purchased goods and services and capital goods have SBTs. We will be reviewing our new supplier base to assess how best to drive progress towards this target in FY 2027.

Total: 1,524,967 All emissions scopes in FY 2026 (tCO_2e)

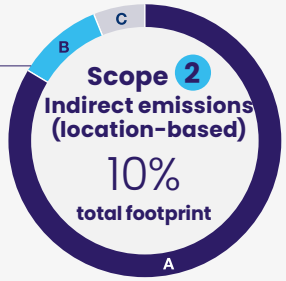
1 — 449,828

A Road vehicle fuel	242,412
B Rail vehicle fuel	197,924
C Heating fuel and other	9,492



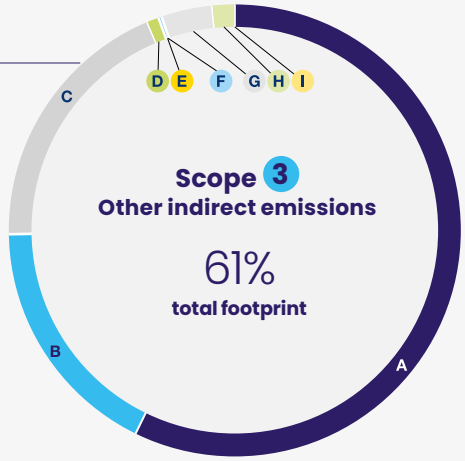
2 — 151,480

A Rail vehicle electricity	127,033
B Facilities electricity	15,522
C Road vehicle electricity	8,925



3 — 923,659

A Purchased goods and services	529,822
B Capital goods	162,425
C Fuel and energy related activities	174,599
D Upstream transportation and distribution limited to First Travel Solutions	7,538
E Waste generated in operations	231
F Business travel	733
G Employee commuting	35,396
H Use of sold products	12,901
I End-of-life treatment of sold products	14



Zero emission buses

As part of First Bus's commitment to achieving a fully zero emission commercial bus fleet by 2035, significant investment has been made across the UK to expand the number of electric buses in operation and modernise supporting infrastructure.

At the end of FY 2026, we now have 1,414 zero emission vehicles, making up 25.9% of our bus fleet. In addition to buying new electric buses, First Bus is converting mid-life diesel buses into zero emission electric vehicles. This process costs less than half the price of buying a new electric bus and avoids the embodied carbon of manufacturing a new vehicle.

In FY 2026 we invested £11.1m in charging infrastructure for our depots, and we now have four fully and seventeen partially electrified depots.

In addition to our bus decarbonisation progress, our rail vehicles are now 55% electric and 30% bi-mode.

Bus fleet performance indicators

	FY 2026	FY 2025	FY 2024
Zero emission buses (electric or hydrogen powered)	**25.9%†**	20.5%	13%
Total bus fleet (excluding coaches)	**5,464**	5,450	4,425
Carbon emission per vehicle distance (gCO_2e/vkm) (Scope 1, 2 location-based and Out of scope)	**819†**	869	897

† Metrics subject to limited assurance by Grant Thornton UK LLP are highlighted with a † symbol.

1 In FY 2026 we recalculated our FY 2020 base year to reflect changes to the business in the reporting year and in previous years. This included removing emissions from SWR and adding in historic emissions from the operations now owned under First Bus London, Ensignbus, York Pullman, Lakeside Group, Anderson Travel, Matthews Coach Hire and Tetley's Coaches. For more detail on these recalculations, please refer to the methodology on page 37. For originally reported figures, please refer to the Annual Report and Accounts FY 2025.

2 In FY 2026 we recalculated our FY 2025 emissions to remove emissions from entities no longer owned by the business and add in emissions for businesses acquired in the second half of the FY 2025 financial year and not included in the footprint at the time of reporting, as well as businesses acquired in the first half of the FY 2026 financial year. This included removing emissions from SWR and adding in historic emissions from the operations now owned under First Bus London as well as historic emissions from Lakeside Group, Anderson Travel, Matthews Coach Hire, and Tetley's Coaches.

Responsible Business continued

Emissions data

The table 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 reported in the table below.

Outside of the UK our Aircoach and Matthews Coach Hire operations in the Republic of Ireland account for 1.4% of our total emissions. Scope 1 and 2 emissions for these operations amounted to 8,223 tCO_2e (5,961 tCO_2e in FY 2025). The energy consumption used to calculate these emissions is 33,681MWh (25,012 MWh in FY 2025).

Absolute emissions

Tonnes of carbon dioxide equivalent (tCO_2e) for operations:	FY 2026	FY 2025	FY 2024
Scope 1	**449,828**	477,237*	478,705
Scope 2 (location based)	**151,480**	168,132*	216,508
Scope 2 (market based)	**170,111**	133,315	290
Total Scope 1 and Scope 2 (location based)	**601,308**	645,369*	695,213
Total Scope 1 and Scope 2 (market based)	**619,939**	599,462‡	478,995
Scope 3: Purchased goods and services	**529,822**	362,794	NR
Scope 3: Capital goods	**162,425**	423,024	NR
Scope 3: FERA	**174,599**	179,607*	196,753
Scope 3: Upstream transportation and distribution limited to First Travel Solutions	**7,538**	8,084	NR
Scope 3: Waste generated in operations	**231**	248	NR
Scope 3: Business travel	**733**	1,440	NR
Scope 3: Employee commuting	**35,396**	40,860	NR
Scope 3: Use of sold products	**12,901**	1,962	NR
Scope 3: End-of-life treatment of sold products	**14**	335	NR
Total Scope 3	**923,659**	1,046,933‡	NR
Total Scope 1, Scope 2 and selected Scope 3 emissions (location)[1]	**784,608†**	922,721	901,730
Total Scope 1, Scope 2 and selected Scope 3 emissions (market)[1]	**803,239†**	817,528	685,513
Out of scope (combustion of biofuels)	**33,903**	33,834	34,895

Emissions intensity

	FY 2026	FY 2025	FY 2024
Total Scope 1 and Scope 2 location based emissions per £m revenue (tCO_2e per £m revenue)	**132**	140	149
Total Scope 1 and Scope 2 location-based emissions and selected Scope 3 emissions[2] plus Out of scope emissions[3] per £m revenue (tCO_2e per £m revenue)	**142†**	149	159
Scope 1 and Scope 2 location-based and Out of scope emissions per vehicle km (gCO_2e/vkm) – First Bus road transportation	**819†**	869	897
Scope 1 and Scope 2 location-based and Out of scope emissions per vehicle km (gCO_2e/vkm) – First Rail rail transportation	**566†**	578	595
Scope 1 and Scope 2 location-based and Out of scope per passenger km (gCO_2e/pkm) – First Bus	**68†**	73	70
Scope 1 and Scope 2 location-based and Out of scope per passenger km (gCO_2e/pkm) – First Rail	**25†**	26	27

Supplier engagement

Suppliers by emissions covering purchased and capital goods with a science-based climate target (%)	**48%**	50%	45%

* In FY 2026 we recalculated selected FY 2025 emissions to reflect changes to the business since emissions were reported. This included removing emissions from SWR and adding in historic emissions from the operations now owned under First Bus London, Lakeside Group, Anderson Travel, Matthews Coach Hire, and Tetley's Coaches. Emissions categories were selected for recalculation based on their relevance to our SBTi targets, to allow year-on-year reporting in these categories. Other categories were not recalculated due to data limitations. Recalculated emissions are highlighted with a * symbol. For more detail on these recalculations, please refer to the methodology on page 37. For originally reported figures, please refer to the Annual Report and Accounts FY 2025.

† Metrics subject to limited assurance by Grant Thornton UK LLP are highlighted with a † symbol.

‡ Indicates historic emissions totals which cannot be calculated from the figures in this table, as they are based on reported figures prior to recalculations. For the constituent data making up these historically reported totals, please refer to the Annual Report and Accounts FY 2025.

NR Indicates historic metrics that were not previously reported.

1 This includes the aggregated total of Scope 1, Scope 2 (location- or market-based respectively) and selected Scope 3 (limited to emissions from business travel, waste disposal, water supply and treatment, FERA and upstream transportation and distribution amounts limited to First Travel Solutions).

2 This includes the aggregated total of Scope 1, Scope 2 location-based and selected Scope 3 (limited to emissions from Business travel, Waste disposal, Water supply, Water treatment, and Upstream transportation and distribution amounts limited to First Travel Solutions emissions).

3 Out of scope relates to the emissions associated with the combustion of biofuels.

Methodologies and calculations

a. Reporting year and time horizons

FirstGroup's financial year is for the 52 weeks to 28 March 2026, incorporating the First Rail reporting year, which ends on 31 March 2026. FirstGroup uses a fixed 'base year' (FY 2020) and the prior reporting year (FY 2025) to benchmark trends and change over time. In each report, we provide three years of continuous data, where available. Where possible, new metrics are reported with at least one prior year for comparison.

In FY 2026, we recalculated portions of our FY 2020 and FY 2025 emissions to ensure that historical data reflects our current business operations. Recalculations were made for Scope 1, Scope 2 location-based and Scope 3 FERA emissions that we use to report against our SBTi emissions reduction targets. The recalculations considered activity sources that were found to be material under our exclusion threshold of 2%.

FY 2020 recalculations

This included removing emissions from entities no longer owned by the business and adding in historic emissions for recently acquired businesses. Removals and additions are summarised below.

Removals: South Western Rail

Additions: First Bus London, Ensignbus, York Pullman, Lakeside Group, Anderson Travel, Matthews Coach Hire and Tetley's Coaches.

FY 2025 recalculations

This included removing emissions from entities no longer owned by the business and adding in emissions for businesses acquired in the second half of the FY 2025 financial year and not included in the footprint at the time of reporting, as well as businesses acquired in the first half of the FY 2026 financial year.

Removals: South Western Rail

Additions: First Bus London, Lakeside Group, Anderson Travel, Matthews Coach Hire and Tetley's Coaches.

For both years, in the case of removals, all previously calculated emissions were removed. In the case of additions, Scope 1 and Scope 3 FERA emissions from vehicle fuel usage for all companies were added, in addition to Scope 2 and Scope 3 FERA emissions associated with electricity for First Bus London.

Responsible Business continued

b. Methodology and boundary

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

- Greenhouse Gas Protocol (GHG Protocol) for Corporate Accounting and Reporting Standard
- UK Government Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting requirements

For our zero emission buses target, we define zero emission buses according to the UK Government Zero Emission Bus (ZEB) Accreditation Scheme. We include vehicles in preparation and exclude coaches, training buses and end-of-life vehicles from the total bus fleet owned or leased by the Group in the UK and the Republic of Ireland. In our year-end reported figure, we include vehicles owned by all entities acquired during the financial year.

FirstGroup uses an operational control boundary covering 100% of its business activities, with an exclusion threshold of 2%. A small amount of data is estimated where actual data is unavailable, based on historic data.

For FY 2026, our reporting boundary includes Lakeside Group, Anderson Travel and First Bus London, all of which were acquired in the second half of the FY 2025 financial year. It additionally includes Matthews Coach Hire and Tetley's Coaches, which were acquired in the first half of the FY 2026 financial year, and J&B Travel Limited, which was acquired in the second half of the financial year. We are in the process of collecting and consolidating energy and carbon data for additional entities acquired during the second half of the financial year. As per our internal reporting guidance, this data will be included in the next year's reporting, with historical data updated in line with our re-baselining and restatement threshold.

To ensure our boundary remains relevant and complete, annual reviews are undertaken to identify and indicate the scale and the significance of any change. We conduct:

- legal entity reviews to ensure we continue to report a clear scope and coverage regarding revenue and activity
- new or renewed materiality assessments for our operating subsidiaries that were previously excluded and fell below the 2% emissions exclusion threshold

c. Emissions sources

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
- **Scope 3:** Other indirect emissions that occur in the value chain
- **Out of Scope:** Relating to the combustion of biofuels

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

d. Energy conversion factors

We report underlying energy use for Scope 1 and 2. Some liquid and gaseous fuels were converted from a volume (e.g. litres) or weight (e.g. kilograms) into kilowatt hours (kWh) of energy at a gross calorific value. We used UK Government GHG Reporting: Conversion Factors 2025 from Department for Energy Security and Net Zero to calculate such conversions in this report.

e. Emissions factor selection

Our primary sources for calculating carbon emissions are: UK Government GHG Reporting: Conversion Factors 2025 from the Department for Energy Security and Net Zero. Market-based emissions factors for electricity purchased are provided directly from energy suppliers, with evidence such as an assurance certification or renewable backed certifications (e.g. REGO). In the case of traction electricity, we use a market-based emissions factor for non-renewable electricity provided via the supplier's website. When supplier-specific factors are unavailable, we use the UK fuel residual mix.

We are reporting on all our material Scope 3 emissions. The assurance of our Scope 3 emissions is limited to categories (Waste, Water, Business Travel, FERA 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 other Scope 3 categories in this report 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.

f. Data methodologies and processes

FirstGroup ensures all divisions align their reporting processes for consistent and comparable data in accordance with good practice. The following methodologies are detailed to provide transparency where complex calculation or reporting systems exist.

Traction electricity categorisation

Traction electricity (EC4T) is provided to trains via a third rail or overhead line distribution system owned and operated by Network Rail. When on-train metering is installed, traction consumption is based on actual metered usage. Otherwise, Network Rail models consumption based on estimations. After the reporting cycle, Network Rail sends us the charge for unbilled energy used on the system, known as washup, and this is included in our Scope 2 emissions. In the current financial year no washups from the previous financial year were applicable. Washups from this year will be included in next year's report.

Trains can also generate energy from braking and are able to provide this back into overhead line distribution systems or use it to reduce train energy demand. This energy is known as regenerative braking. The energy recovered from regenerative braking has been deducted from total energy use. As per our operating agreements, First Rail is billed for a proportional amount of line loss on these distribution systems in addition to the energy metered into the train. This reflects the losses of transporting the electricity through the distribution system. Emissions associated with line loss are included in Scope 3 emissions.

Carbon and energy intensities

Carbon emissions (Scope 1, Scope 2 location-based, Scope 3 limited to emissions from business travel, waste disposal, water supply and treatment, upstream transportation and distribution limited to FTS emissions, and Out of scope) are normalised against revenue to derive tonnes of carbon by £m revenue. The underlying energy use comprising these emissions is normalised against revenue in the same way. Revenue used in these calculations only reflects those entities with associated direct emissions included in the FY 2026 reported emissions.

Carbon emissions relating only to passenger vehicle fuels and electricity (Scope 1, Scope 2 and Out of scope) are normalised by vehicle kilometre (vkm) or passenger kilometre (pkm). Passenger kilometre data is not available for all First Bus operations, so emissions used for these calculations only reflect emissions from those entities with associated passenger kilometre data.

Due to its relatively low carbon impact and unique operational nature, First London Cableway was excluded from both pkm and vkm metrics.

Passenger kilometres

First Bus – calculated using total passenger journeys multiplied by the average journey length for a non-London metropolitan bus (National Travel Survey Average Bus Journey length – NTS0303 (2024)).

First Rail – calculated using the ORR statistical methodology for passenger kilometres. This information is provided from a national rail system called LENNON.

Fuel used – biodiesel content

The FAME (Fatty Acid Methyl Ester) percentage for fuel used in our train fleet is based on data provided by our fuel suppliers. Where such data is unavailable, a figure of 7% was used in line with BSI standards.

Fuel and energy-related emissions (FERA)

Our FERA emissions include upstream emissions from purchased bus and rail fuels, fuel purchased using fuel cards, and purchased electricity, as well as transmission and distribution losses from purchased electricity.

Supplier engagement target

To calculate the supplier engagement target, we identify all our suppliers covering Scope 3 category 1 – purchased goods and services – and category 2 – capital goods. We use a spend-based methodology approach to determine their emissions. The top 75% of suppliers by emissions are then reviewed to understand whether or not they have targets in place aligned with the science-based approach. The results of this process allow us to understand what percentage of our suppliers have a science-based target and inform our progress towards our supplier engagement target.

Responsible Business continued

g. Accounting for estimation, error and structural change

Exclusion threshold
We allow up to 2% of our emissions to be excluded from our reporting each year.

Restatement threshold
To ensure our materiality thresholds have been met, we apply actual data where it becomes available in the subsequent reporting year and validate our prior year's reported data to ensure the total variance has not affected our total carbon footprint by more than 2%. Where a material change is identified (over 2%), the prior year's data is restated.

Re-baselining
Re-baselining occurs where new acquisitions, divestment, reorganisation or similar business changes give rise to an absolute change of 5% total carbon in the reporting year. Re-baselining calculations are undertaken in accordance with Appendix E of the GHG Protocol Corporate Accounting and Reporting Standards.

Limited independent assurance

Grant Thornton UK LLP was engaged 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.

Energy

FirstGroup is committed to reducing energy consumption and improving efficiency across our bus and rail operations through energy management systems, targeted infrastructure upgrades, and switching to low- and zero-carbon energy choices. Energy management is embedded within our Environmental Management System (EMS), with 64% of the business (by revenue) formally certified to ISO 50001. Across our networks, we conduct regular energy audits to identify efficiency opportunities and drive progress towards our science-based targets. Energy use is monitored through smart meters and periodic energy audits, with performance data and project updates reported to senior management on a monthly basis. Employees across the business also receive training to identify ways to save energy as part of their roles.

Across the Group, we continue to procure renewable electricity, with the majority of our owned facilities and all electric vehicles powered by Renewable Energy Guarantees of Origin (REGO) backed electricity. This year the proportion of renewable energy we used was 8%, reflecting an increase in 100% renewable electricity used to power our buses.

In First Bus, we have completed low-energy lighting installations and upgrades to bus wash systems, air compressors and building control systems to manage energy consumption. We have also installed 25 solar photovoltaic (PV) systems as part of our net zero emissions strategy. First Bus is also expanding direct current fast-charging infrastructure across depots to support the transition to a low-carbon fleet. New depots are being designed in line with our science-based energy reduction trajectories. In First Rail, sub-metering and smart energy systems are providing enhanced visibility of energy consumption across stations and depots. Building Management Systems are in place at all Avanti and GWR stations, enabling precise control of electricity consumption, while LED lighting, sensors and wider efficiency improvements continue to be implemented across rail environments.

Environmental management

Our Group Environment Policy governs our approach to the environment and is applicable to all FirstGroup operations. In addition, our various divisions also have their own environmental policies that are bespoke to their operations, and we also include environmental commitments in our Code of Ethics and Supplier Code of Conduct.

Environmental management systems (EMS)

We have implemented robust EMS in each of our businesses, guiding our actions from the early planning stages to ongoing monitoring across a wide range of environmental matters including biodiversity, energy, carbon, water, waste, circular economy, supply chain and community engagement. We operate in accordance with BS EN ISO 14001 environmental management systems across 89% of our Group operations by revenue. This internationally recognised standard ensures that we systematically address environmental concerns and continuously improve our practices.

Each business identifies and reviews environmental risks, including risks associated with environmental emergencies, via enterprise risk registers which are reviewed by senior leadership. Environmental emergency response planning is managed by individual divisions.

Culture and engagement

Throughout our business, we have dedicated individuals who are trained to own and manage our EMS, environmental reporting, and carbon reduction and other environmental projects. These individuals use their expertise to work with stakeholders throughout the business to implement improvements and report environmental performance to senior management. Volunteer Green Champions across the Group also engage local colleagues, promote environmental initiatives, and drive measurable improvements in energy efficiency, recycling and overall environmental performance through awareness campaigns and performance incentives.

Recognising that each division has unique needs, we adopt a localised approach to developing and implementing EMS. This flexibility allows our business divisions to tailor EMS processes to their specific requirements.

We had no environmental violations, fines or penalties in FY 2026.

Environmental training

As part of our EMS in each division, we have role-specific environmental training programmes, ensuring that each member of our team understands the environmental impact of their work and how they can contribute to our collective environmental goals. Our training modules are regularly updated to reflect the latest environmental regulations and best practices. We also encourage our employees to seek out additional learning opportunities to further their understanding and expertise in environmental matters.

Energy performance indicators

	FY 2026	FY 2025[1]	FY 2024
Total energy use by source (MWh)			
Non-renewable fuels	**1,812,941**	1,887,354	1,910,253
Non-renewable electricity	**724,561**	1,045,617	957,370
Total non-renewable sources	**2,537,502**	2,932,971	2,867,623
Renewable fuels	**94,385**	95,060	104,589
Renewable electricity	**132,729**	107,471	88,564
Total renewable sources	**227,114†**	202,531	193,153
Total all	**2,764,616†**	3,135,502	3,060,776
% change (year-on-year)	**11.8%**	2%	-1%
Total % of energy from renewable sources	**8%**	6%	6%
MWh per £m revenue (MWh/£m)	**609**	623	656

† Metrics subject to limited assurance by Grant Thornton UK LLP are highlighted with a † symbol.
1 Figures reported for FY 2025 reflect the composition of the group as at FY 2025 year-end. While we have recalculated our energy-based FY 2025 carbon emissions to reflect changes to the business in FY 2026, we have not recalculated the underpinning energy totals for FY 2025 due to data constraints. Refer to the Climate section of this chapter for a description of the business changes and to see the recalculated carbon emissions.

Responsible Business continued

Waste

As stated in our First Bus Environmental Policy, we are committed to environmental protection and compliance in delivery of our services, including minimising the production of waste, inclusive of hazardous wastes and wastewater. First Bus prioritises the waste hierarchy, preventing excess resource use and reusing, recycling and disposing of resources appropriately.

In First Rail, our divisions have waste management targets, policies and practices that are bespoke to their operations. Avanti manages rail-generated waste in line with Simpler Recycling guidelines, working with waste contractors to handle both hazardous and non-hazardous waste streams. All station sites have general, mixed, food and glass bins for non-hazardous waste, and provide battery recycling boxes for hazardous household batteries.

Across our networks at stations, depots, offices and onboard, we train staff on waste management practices tailored to their job roles. We have waste managers to monitor waste, manage audits, engage stakeholders and implement reduction and circular economy projects. We also have waste segregation officers who improve recycling rates and prevent unnecessary landfill, as well as many customer-focused waste reduction initiatives.

First Bus works actively with its supply chain to reduce waste and increase diversion from landfill by identifying take-back opportunities and reducing packaging.

In FY 2026 we saw a slight increase in landfilled waste from GWR. We will perform an internal review to understand the drivers behind this.

Waste performance indicators

	FY 2026	FY 2025	FY 2024
Waste by disposal route (t)			
Recycled	**11,531**	13,870	13,040
Energy from waste	**1,523**	3,882	3,384
Composted/anaerobic digestion	**239**	379	357
Landfilled	**8**	0	1
Total	**13,301**	18,131	16,782

Water

We use water for vehicle washing and cleaning, sanitation and drinking water supply usage. Whilst our networks operate in the UK and Ireland, typically in areas of limited water stress, we acknowledge that water is an important resource and have put in place various measures to reduce our usage. We have water management programmes in place across our networks to raise awareness, train employees, conduct assessments, reduce our usage and optimise the use of rainwater where possible.

We are taking various actions to reduce our usage and impact. First Bus has upgraded drainage systems to improve water management and has introduced advanced bus wash technology at a number of our bus depots, reclaiming around 95% of water used in each wash cycle. First Rail is reducing water use in carriage washers, using recycled grey water for toilet flushing onboard trains, increasing water refill points and engaging customers in water conservation awareness. At many depots and stations we have smart water meters installed, enabling accurate monitoring, leak detection and reduction measures, and rainwater harvesting to reduce water withdrawals.

Water performance indicators

	FY 2026	FY 2025	FY 2024
Total water consumption (m^3)	**588,533**	705,424	660,503

Air quality

We recognise that air quality has a significant impact on the health and wellbeing of the communities we serve and are committed to reducing air pollutants arising from our operations. The principal pollutants relevant to our activities are primarily associated with diesel-powered vehicles and rail traction, and include nitrogen oxides (NOx), nitrogen dioxide (NO_2) and particulate matter (PM). Our approach to reducing these emissions centres on fleet decarbonisation, including the transition from diesel vehicles to zero emission electric and hydrogen buses and trains, which helps to reduce air pollution.

We monitor non-GHG air emissions through station-based monitoring networks, fixed-location assessments across bus routes, onboard ventilation system performance data and publicly reported air quality information from our train operating companies. In our rail operations, we chair the Rail Safety and Standards Board's Air Quality Working Group and contribute to a national air quality monitoring network spanning 105 stations across England and Wales. We have installed diffusion tubes and other monitoring equipment to measure NOx, NO_2 and PM, using this data to inform targeted air quality improvement plans. Across our bus operations, we have been mapping air quality levels in selected areas where we operate, to identify where the provision of zero emission buses might be prioritised to help further address poor air quality in specific locations.

While we have not yet established specific quantitative reduction targets or defined standalone deadlines for non-GHG air emissions, our ongoing fleet transition and investment in zero emission technologies are expected to eliminate emissions over time. We continue to review the feasibility of introducing measurable, time-bound non-GHG air emission reduction targets in alignment with regulatory requirements and emerging best practice.

Noise

We work in consultation with various stakeholders across our networks to monitor, manage and reduce noise pollution. Across our divisions, bespoke noise reduction strategies have been introduced to take a proportional approach to managing noise impacts. These strategies include publishing internal noise policies where applicable, monitoring implementation of idling policies, reviewing governance around noise management, defining budgets for noise management, maintaining policies and practices for noise-related complaints, regularly monitoring noise and identifying high risk areas, such as dense urban areas, and finding appropriate mitigations.

When procuring and introducing new vehicles, we consider their noise impacts and seek to ensure that they are compliant with noise reduction specifications. An example of this can be seen with the introduction of class 805 and 807 trains at Avanti from 2023 which significantly reduce noise.

Biodiversity

FirstGroup is committed to reducing its impact on the environment to preserve biodiversity and prevent deforestation. We are committed to working with our divisions and other industry partners to protect, monitor and enhance biodiversity across our networks. For example, Avanti undertook comprehensive Biodiversity Net Gain (BNG) surveys across all 16 Avanti stations. This work established robust baseline biodiversity values and informed the development of tailored Biodiversity Action Plans for each site, forming the foundation of Avanti's overarching BNG Strategy. We also work in partnership with third party stakeholders and infrastructure providers across our networks to protect and enhance biodiversity, such as through the creation of wildlife corridors with Network Rail.

We also aim to engage our customers and local communities with biodiversity and nature through awareness-raising campaigns and events. In First Rail, the Community Rail Network (CRN), an umbrella body of community groups, partnerships and station adopters, works closely with our TOCs and industry partners to enhance stations and promote wildlife with community gardens.

Responsible Business continued

Customers and society

We are focused on providing safe, accessible and convenient services and giving back to the communities we serve.

Passenger safety

We take seriously our duty of care to ensure that our passengers can safely use our services. For a description of our Group safety management systems, which also govern passenger safety, please refer to the Operational safety section on page 45.

We continue to collaborate with specialist charities to deepen driver understanding of vulnerable passenger needs, ensuring that safety considerations are embedded in training and day to day operations.

Service accessibility

We are committed to making our services accessible and continue to support disabled passengers and passengers who are mobility impaired through innovative and inclusive initiatives. We publish accessible travel policies and guidance documents on our websites, 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. Our bus and rail vehicles include spaces for wheelchairs, mobility aids and mobility scooters, which comply with legislative requirements and industry guidelines. Our new electric buses include a second 'shared space' that can be used by a passenger who uses a wheelchair.

This year, GWR worked with Network Rail to complete four Access for All schemes at locations across the GWR network, giving passenger step-free access to these stations for the first time. GWR also began an assisted boarding points trial in Devon to improve access to boarding train services at unstaffed stations. Avanti has installed live British Sign Language departure information on station totems and help points. By October 2026 all our buses will include next stop audiovisual information, in accordance with legislative requirements.

Passenger assistance

We continue to improve rail operations accessibility through training, technology and industry collaboration. Colleagues are trained to support passengers with a wide range of disabilities, including sensory needs, autism, hearing loss, vision impairments and non-visible disabilities. Passengers can request assistance at many stations via help points or passenger assistance teams, while onboard staff can provide support and coordinate with drivers and destination stations. Digital tools are improving accessibility, including Lumo's 360-degree virtual fleet tour and Avanti's digital wayfinding service. Goodmaps offers audio and augmented reality guidance to help passengers navigate Avanti and Network Rail stations. In First Bus, all bus drivers receive passenger service and disability awareness training, including information on a wide range of disabilities and how to provide practical assistance to passengers.

Demand for passenger assistance continues to grow. GWR uses resource modelling to ensure appropriate staffing and has established a Passenger Assistance Forum to share best practice and address operational challenges. Avanti has also prioritised staffing at key stations including Crewe, Preston, Carlisle and Stafford, and invested in equipment such as wheeled ramps and motorised wheelchairs to support safer and more efficient assistance. Governance arrangements at Avanti, including internal steering groups and collaboration with Network Rail and the regulator, help ensure continuous improvement in the reliability and quality of assistance services. Both GWR and Avanti are working with industry partners to improve accessibility training.

Empowering new passengers

Our companies offer engagement days to community groups, empowering individuals with specific needs to feel confident using transport services. We regularly run Try the Train events with charity partners to support blind and partially sighted people. These sessions are held in a quiet disused carriage to help participants explore train layout, build confidence and ask questions of sighted guides. The events remove barriers and empower independent travel. In Bus we have continued our programme of the popular 'swap with me' events providing groups representing passengers with disabilities (in particular, sight impairment) to swap roles with drivers to help each group understand the challenges faced by the other.

In FY 2026 GWR was awarded the Autism Friendly award across the whole of the network by the National Autistic Society, recognising work undertaken to support autistic travellers, including tools to enable travel and training provided to frontline colleagues.

Responsible Business continued

Service affordability

We offer a range of ticket options, discounts, offers, rewards and ways to pay. 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.

First Bus continues to support multiple affordable fare schemes throughout the UK, including free or discounted travel for children, young people and job seekers in specific regions during certain periods. This includes the DfT fare cap scheme, which aims to help the sector support customers while the cost of living has increased, and at the same time 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 March 2027.

All our rail operators take part in the annual Great British Rail Sale, offering up to 50% ticket discounts. Discounts are complemented by offers and rewards, including the Club Avanti loyalty scheme and GWR Rewards, which together have attracted over a million customers since their launch.

We offer customers bespoke mobile apps to help them find journeys and tickets. The apps save booking fees, offer rewards and discounts, and in First Rail, provide automated Delay Repay payments. 1.8 million customers actively use the First Bus app.

Customer satisfaction

We ask our customers for their views on topics that matter to them, including service performance, safety and value for money. Our customer and passenger satisfaction surveys allow us to measure this, identifying what we do well and where we can improve. We use regular survey results, and dialogue with our customers and our people to help shape our services.

First Bus issues a customer satisfaction survey to the database of customers who have an account with us. An average of 12,000 customers complete the survey each quarter, scoring satisfaction on a scale of 0 – 10 where 0 is completely dissatisfied and 10 is completely satisfied. The average score across FY 2026 was 7.63. Our rail divisions report on customer satisfaction on their individual websites.

Data privacy

Oversight of data protection risk is maintained at Board level through the Audit Committee, which receives compliance reporting, as well as privacy risks identified through Group Internal Audit's work.

All employees commit to complying with the law and our policies. For data protection, relevant employees must annually declare that they have read and understood the FirstGroup Data Protection Policy and ensure they complete mandatory data protection training each year. In FY 2026 the training was fully updated and the new version successfully rolled out. In addition to mandatory training, we provide enhanced training for functions handling high risk personal data and run ongoing awareness campaigns to reinforce a privacy culture across the Group.

Our FirstGroup Data Protection Policy sets a minimum standard and provides clear guidance to employees on how personal data must be treated to comply with legal obligations. It also explains key legislative concepts and provides employees with points of escalation when further advice or action is required. The Policy applies to all employees of companies that are either wholly or majority-owned by FirstGroup plc. It also applies to consultants, secondees, contractors and agency staff in relation to their work for the Group.

Employees must also comply with the FirstGroup Acceptable Use Policy which sets rules on appropriate and safe use of FirstGroup systems and/or devices.

We have a Group Data Protection Officer in place who is appropriately skilled, operates with independence and is granted necessary authority in the performance of their tasks. They are supported by the Group Legal team and long-standing external legal partners. The established network of Data Compliance Officers embedded across our business are responsible for day-to-day compliance.

Privacy notices are published to ensure that FirstGroup satisfies its obligation to provide certain information to individuals when personal data is collected. Each FirstGroup business is required to have a public-facing privacy notice and an employee privacy notice.

Our Supplier Code of Conduct requires any supplier, service provider or other third party that processes personal data on our behalf to enter into a contract which includes appropriate data protection provisions. Where appropriate, and prior to entering into a contract, due diligence is conducted.

Our Information Security team ensures we have appropriate technical controls in place to safeguard the integrity and confidentiality of the personal data we process. They are responsible for monitoring and assessing threats and responding to attempted attacks on our systems. We have procedures in place to manage data security incidents appropriately, including making appropriate notifications to regulators and other stakeholders, as well as informing the affected individual(s) where required. We regularly conduct data security breach exercises across our businesses and develop our incident response based on lessons learnt from those exercises, as well as from live incidents and from incidents experienced by other organisations.

All colleagues must comply with the relevant policies and any failure to do so will be treated seriously and may result in disciplinary action. We monitor compliance using a range of measures including:

- Group Internal Audit engagements
- Complaints received from individuals
- Correspondence from regulators
- Training completion statistics
- Data Protection Impact Assessment reviews
- Queries received from the businesses

Cybersecurity

The Group's cybersecurity strategy is led by the Chief Information Security Officer (CISO), reporting directly to the Executive management team, ensuring cyber risk is governed as an enterprise risk and integrated into operational resilience planning. In addition to internal leadership responsibilities, the CISO actively participates in sector and national risk forums aligned with UK rail and bus operations, including engagement with the DfT, Network Rail cyber forums and collaboration with the National Cyber Security Centre (NCSC) and the British Transport Police (BTP) Cyber Team. These partnerships strengthen our situational awareness and support coordinated response and recovery arrangements in the event of a significant incident, an increasingly important capability as the NCSC reports rising nationally significant incidents year-on-year.

The Group maintains a comprehensive cybersecurity governance framework, underpinned by policies and standards covering information security, privacy, data protection and cyber incident management. These include a commitment to continuously monitor and respond to threats and establish responsibilities for information security across our workforce and supply chain.

Responsible Business continued

To support the evolving threat landscape, particularly the near-term uplift that artificial intelligence (AI) is expected to bring to adversary capability, we have enhanced our governance further by implementing a dedicated AI Policy and associated assurance and technical control measures for AI adoption and use. The policy sets out clear principles for the responsible use and development of AI. It recognises the importance of data privacy, cybersecurity and the avoidance of potential bias in the use and development of AI and highlights their relevance as key considerations. The Policy requires that appropriate human review is applied to critical decisions, with clear mechanisms for human oversight and intervention where necessary. It also promotes transparency by requiring that AI systems and their outputs are explainable and understandable. Clear accountability is established for outcomes produced by AI models and tools, and explicit boundaries are defined to specify what AI systems can and cannot do. The Policy is endorsed by executive management and our control environment is independently verified and continuously improved.

The Group operates an ISO/IEC 27001 certified Information Security Management System (ISMS), providing a structured, risk-based approach to establishing, implementing, maintaining and continually improving information security controls across people, process and technology. We complete weekly vulnerability assessments and regular internal reviews of the effectiveness of the ISMS. In addition, we have achieved Cyber Essentials certification across our businesses, providing a Government-backed baseline of technical controls designed to defend against the most common internet-based attacks and to strengthen supply chain assurance.

A strong security culture is promoted across the organisation through mandatory training, role-based learning and regular phishing simulations, reinforced by clear reporting and escalation pathways to enable swift response to suspicious activity. This supports the NCSC's consistent message that cyber resilience depends not only on tools, but on leadership, preparedness and organisation-wide engagement. Through strong executive oversight, active collaboration with national and sector partners, independently verified security standards (ISO/IEC 27001 and Cyber Essentials), and a commitment to continuous improvement, the Group remains well positioned to manage cyber risks, protect critical digital and operational services and support the secure, resilient delivery of rail and bus transport for customers and communities.

Charitable giving and community investment

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 2026, 165 employees took part in our matched funding scheme, raising £24,700 for charities. Employees can also donate directly to a charity of their choice using our payroll giving scheme, which raised over £109,000 in FY 2026.

Our charity partners, Macmillan (First Bus), Samaritans and Railway Children (First Rail), were chosen by employees and align with our business values. To support our partners, we run various schemes, including gift-in-kind donations for advertising space, customer and employee donations from fundraising initiatives, and provide spaces to run events and awareness raising across our networks. Overall, our total charitable contributions across the Group came to over £750,000.

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.

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

Responsible Business continued

Workforce

We employ over 30,000 people in depots, stations and offices. Our people are at the heart of our business and we are committed to supporting them.

Diversity and inclusion

Supporting a diverse workforce requires an inclusive culture in which everyone feels valued, respected and able to contribute their best, regardless of gender, ethnicity, disability, background or any other characteristic. We continue to invest in the awareness, skills and leadership needed to embed equity, diversity and inclusion throughout all parts of our business.

Our Responsible Business Committee reviews people initiatives and performance as well as progress towards meeting Group goals and objectives with regard to equality, diversity and inclusion (ED&I), including the Parker Review and the FTSE Women Leaders: Hampton-Alexander 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% of roles filled by colleagues who are ethnically diverse.

In First Bus, all drivers complete ED&I training as part of Driver CPC (Certificate of Professional Competence) requirements, with updated content being introduced to better support vulnerable passengers, promote accessibility and address safety issues such as violence and intimidation. We also provide inclusive-leadership and awareness training for managers and support teams, focusing on behaviours, cultural understanding, wellbeing and creating psychologically safe working environments. We are also working with external partners to develop further specialist content and are exploring ways to make core ED&I learning accessible to all colleagues across the bus division.

Across our rail businesses, colleagues receive consistent, structured development from the point of induction. All new starters complete training on accessibility, ED&I, sustainability and role-specific requirements, alongside mandatory eLearning modules such as Disability Awareness, Harassment and Sexual Harassment Prevention, and Safeguarding. Frontline colleagues receive additional safety and ED&I content tailored to customer-facing roles, while managers complete enhanced modules including reasonable adjustments, sickness management, disciplinary processes and inclusive leadership. Ongoing development opportunities include unconscious bias training, inclusive hiring and disability awareness refreshers. Wellbeing support is further strengthened by 50 trained Mental Health First Aiders across our rail operations.

As of 31 March 2026, women occupied 20.9% of all roles across the Group and 31.6% of senior leadership roles[1]. Ethnically diverse colleagues occupied 18% of all roles and 6.3% of senior leadership roles[1]. Over the last 12 months, 16.7% of hires were women and 32.1% from a minority ethnic group.

In collecting this sensitive data, 70% of our colleagues chose to share their ethnicity, over 40% shared their ability status and 49% shared their sexual orientation. We continue to commit to increasing disclosure of colleague protected characteristics to better understand our workforce. We are working with newly acquired bus and coach businesses to capture and report on sensitive data.

Diversity performance indicators

	FY 2026	FY 2025
Employees by ethnicity		
White	**52%**	54%
Ethnic minority group	**18%**	13%
Unknown	**30%**	33%
Employees by disability status		
Not disabled	**45%**	39%
Disabled	**4%**	4%
Unknown	**51%**	57%
Employees by sexual orientation		
Heterosexual	**44%**	42%
LGBT	**5%**	4%
Unknown	**51%**	54%

Gender performance indicators

	FY 2026					FY 2025					FY 2024				
	Women		Men		Total	Women		Men		Total	Women		Men		Total
	No.	%	No.	%	No.	No.	%	No.	%	No.	No.	%	No.	%	No.
Total population	**6,365**	**20.9**	**24,148**	**79.1**	**30,513**	7,260	20.3	28,457	79.7	35,717	6,442	20.8	24,553	79.2	30,995
Senior management[2]	**13**	**31.7**	**28**	**68.3**	**41**	17	32.7	35	67.3	52	17	32.8	35	67.2	52
Board	**5**	**62.5**	**3**	**37.5**	**8**	5	56.6	4	44.4	9	4	44.4	5	55.6	9

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.
2 Hampton-Alexander definition.

Responsible Business continued

Diversity and inclusion development programmes

We run several personal leadership development programmes aimed at women and ethnically diverse colleagues. Our ascent UP, ascent FORWARD and ascent ACCELERATE programmes are designed for colleagues who belong to groups underrepresented in management and leadership roles – specifically women, ethnically diverse men and women, those who identify as LGBTQIA+, and those who identify as neurodiverse or living with a disability. The programmes provide tiered development support that builds confidence and capability at key career stages, from preparing for a first people-management role through to progressing into mid-level leadership and ultimately senior or executive positions. Together, they create a structured pathway that strengthens representation and supports progression across all levels of leadership. In FY 2026, 160 colleagues participated in ascent programmes.

The alumni network 'First Connections' includes nearly 500 colleagues from underrepresented 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.

Attraction and recruitment

We have an external careers website which showcases opportunities at every level and highlights colleagues from underrepresented groups, helping potential applicants see themselves represented in our workforce. Internally, colleagues can explore roles, secondments and project opportunities across the Group, supporting progression for all. To broaden access to diverse talent, we work with specialist recruitment partners such as Routes into Rail, VERCIDA and Diversifying Group, and run outreach activities aimed at attracting candidates from groups traditionally underrepresented in the transport sector.

Across our rail businesses, we practise inclusive hiring by reviewing job adverts for bias, using inclusive job boards and implementing objective processes supported by diverse interview panels, blind screening and accessibility adjustments. Recruitment training is being enhanced to cover unconscious bias, cultural awareness and inclusive interviewing, informed by lived experience from ED&I teams and Employee Networks.

Within First Bus, our approach is brought to life through strategic partnerships with organisations such as Imployable, where we support school-age students with work experience and interview preparation, helping to build confidence, skills and employability. We also collaborate with Help for Heroes to support veterans, reservists and their families as they transition into civilian careers, ensuring they are equipped to succeed beyond military service.

We are particularly proud to be the only transport operator in the UK to hold a Bronze Chartermark with the Social Recruitment Advocacy Group. Through this partnership, we actively champion inclusive hiring by creating pathways into employment for underrepresented groups, including individuals from deprived communities, disabled people, young people, ex-offenders and unpaid carers.

Attraction and recruitment performance indicators

	FY 2026
New hires	
White	**5,314**
Ethnic minority group	**2,578**
Unknown	**145**
Male	**6,565**
Female	**1,342**
Other or unknown	**130**
Total new hires	**8,037**

Benefits and workplace measures

Across the Group we offer a range of parental support measures. In First Bus, new and expectant mother risk assessments and guidance for managers supporting breastfeeding colleagues are being introduced, alongside paid leave for colleagues undergoing IVF treatment and their partners. In First Rail, colleagues receive up to 52 weeks of maternity or adoption leave with enhanced pay for part of the period, alongside paternity, shared parental, adoption and bereavement leave. Across rail businesses, new and expectant mother risk assessments, private breastfeeding facilities, flexible working options and dedicated carers' leave help colleagues balance work and family commitments.

We are also a period positive workplace, offering free period products across our sites to support colleagues' wellbeing and open up conversations about menstrual health. In First Bus we have introduced neurodiversity toolkits for trainers and introduced a new driver uniform which was designed with inclusion in mind.

Training and development

Across the Group, we provide a wide range of training and development opportunities including eLearning, operational driver and Driver CPC training, engineering skills and apprenticeships, ensuring colleagues have the knowledge and capabilities needed for their roles now and as the industry evolves.

Alongside technical training, we are building leadership capability to support colleagues progressing into management roles. First Bus launched Drive, a quarterly programme that equips newly appointed managers with the essential skills to lead themselves and their teams effectively.

Training and development performance indicators

	FY 2026
Total training hours	**914,356**
Average training hours per employee	**30.0**

Fair pay

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

Responsible Business continued

Operational safety

Safety governance

Our safety governance is how we keep our people and passengers safe. We maintain robust safety management systems throughout the Group, ensuring compliance with legislation, policies and procedures. Our Responsible Business Committee, involving the Chief Executive Officer and members of the Group Executive Committee, together with First Bus and First Rail senior leadership teams, oversee the Group safety strategy and performance, procedures and practices across all operating companies.

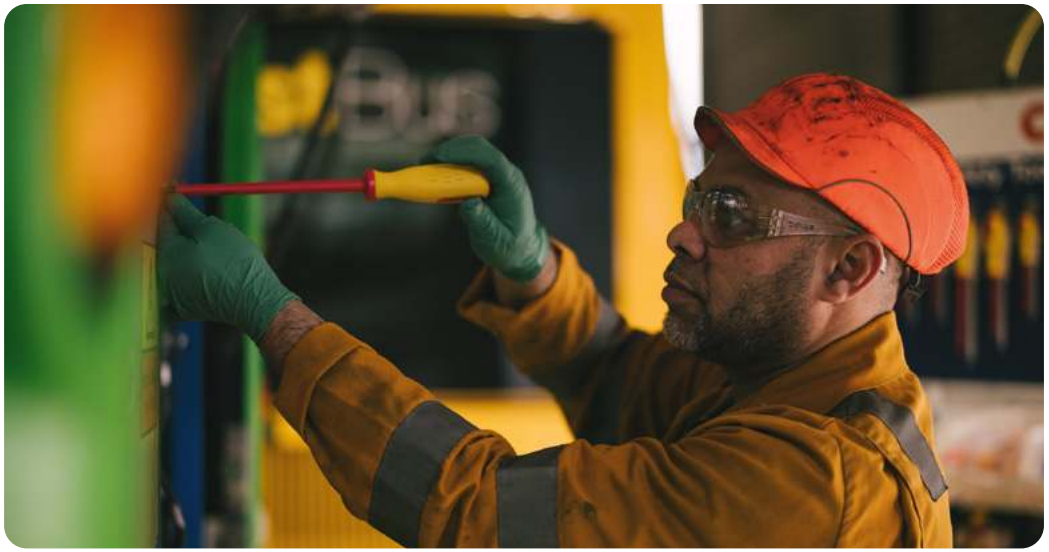
The Executive Committee oversees material safety matters and risks across the Group and reviews targets in respect of safety performance. The Committee takes a proactive approach to improving safety performance and undertakes 'deep dives' on specific high-risk areas to understand root causes and inform safety interventions. It is the responsibility of the Committee to promote a positive safety culture throughout the businesses and report back to the Board on safety trends, actions and other deliberations. Within our operating companies, management teams have primary responsibility for the design and implementation of effective safety management systems, and accountability for safety performance. The safety function provides advice directly and through a series of networks across the Group.

In the same way that we focus on providing safer conditions for our colleagues and passengers, we are equally committed to providing safer environments within our supply chain and for contractors on our sites. Over the years we have strengthened value chain initiatives with requirements outlined in our policies such as our Supplier Code of Conduct, Health and Safety Policy and Group Procurement Policy. Value chain considerations are also covered by our management systems and governance processes to ensure that all stakeholders can work in a safe environment.

Safety management systems

In First Rail, our rail businesses maintain a comprehensive safety management system focused on understanding the safety risk profile of the operating company and ensuring suitable risk mitigations are in place. Each company reviews and updates their risk profile to reflect new and updated legislation, changes within business operations, such as new fleet introductions, audits, recommendations from accidents and incidents and horizon scanning. Some functions within the businesses have ISOs such 9001, 18001 and 45001 to underpin continuous improvement.

In First Bus, the safety management system is built around proactively identifying and understanding operational risks to ensure appropriate controls are in place. Risk identification is continuous, systematic and embedded across day-to-day and non-routine activities, with particular focus on new equipment, processes and environments where emerging risks may arise. Colleagues play a central role in this process through safety meetings, toolbox talks and hazard reporting, contributing crucial frontline insight. Multiple information sources – including incident and near-miss data, workplace inspections, audits, employee observations, manufacturer guidance and regulatory requirements – inform the ongoing assessment of hazards, each evaluated for potential harm, affected groups and the operational conditions under which exposure may occur.



All identified risks are formally recorded in the organisation's risk register, ensuring transparency, accountability and consistency in how hazards, consequences, control measures and affected parties are documented. Risk identification and assessment are regularly reviewed to reflect operational changes, lessons from incidents and evolving business needs, supporting continuous improvement within the safety management system. Oversight is maintained at Board level, where safety is treated as a core strategic priority. The Board sets safety policies and risk appetite, monitors performance and provides challenge and scrutiny to ensure actions progress appropriately and the system remains effective. The effectiveness of safety management is evaluated using a range of mechanisms, including key performance indicators, internal audits and independent assurance, where appropriate.

Safety training

In First Bus we focus on competence, compliance and engagement which ensures we maintain a strong safety culture. Our bespoke health and safety training programme, certified by the Institute of Occupational Safety and Health (IOSH) ensures frontline colleagues are well equipped to understand and adhere to safety management protocols. The qualification is unique, relevant to the road passenger transport sector, designed to ensure better applicability to situations our colleagues face, and is in the form of interactive learning through bite-size content.

In First Rail a dedication to employee health and safety is shared through induction, training, communication, briefings, line management, peer review and sharing of best practice. We maintain an internal openness and accountability for identifying health and safety issues, which includes partnership working between employees and trade unions to ensure a safe workplace. We also work closely with rail industry partners to ensure we are aware of best practice and lessons learned.

Safety performance indicators

	FY 2026	FY 2025	FY 2024
Lost time injury rate (per 1,000 employees)	**9.87**	9.85	10.63
Passenger injury rate (per million miles)	**14.74**	13.73	13.53
Passenger injury rate (per million journeys)[1]	**5.47**	5.53	5.34
Employee fatalities	**0**		

1 Passenger injury rate figures per million journeys exclude data from First Bus London, as passenger journey numbers are not available for this business.

Responsible Business continued

Mental health and wellbeing

Wellbeing in FirstGroup is defined broadly, covering physical, mental, financial and social wellbeing. Across the Group, all colleagues can access a digital Wellbeing Hub with physical wellbeing resources, including signposting to activity programmes, exercises, healthy eating and balanced routines. Employees can also make use of fitness discounts and cycle to work schemes to support active travel.

FirstGroup executive leadership and management are committed to actively encouraging a culture of openness on mental health, and to creating a working environment where colleagues feel supported, healthy and safe. Our approach combines Group-wide resources with locally tailored initiatives across bus and rail operations supported by year round mental health awareness and consistent Group-wide communications.

The Wellbeing Hub provides mental health information, signposting and confidential support. Our third party Employee Assistance Programme (EAP) is available 24/7, 365 days a year, providing phone counselling and practical support for work or personal issues. Further specialist support is available in partnership with Able Futures who provide confidential advice and guidance from a mental health specialist and access to therapy.

We have more than 650 trained Mental Health First Aiders across our operations, providing direct support for colleagues at times of stress or challenge. In First Rail, this includes coverage across all rail companies. In First Bus, 80% of line managers have attended Mental Health Champions training or are Mental Health First Aiders.

First Bus complements this through targeted initiatives, including Money First Aid training to help colleagues experiencing financial difficulties. Voluntary health checks and wellbeing data help inform future priorities, while vaccination programmes and food education sessions further support day-to-day health. Additional resources, such as neurodiversity toolkits and inclusive uniform design, help ensure all colleagues can work safely and comfortably. Rail businesses offer a wide range of wellbeing support, including dedicated wellbeing leads, peer support networks, flexible working arrangements and structured wellbeing programmes. In First Rail we have also trained several managers in trauma risk management to support colleagues following traumatic or potentially traumatic events. Rail businesses have taken steps to protect dignity and safety at work through zero-tolerance abuse charters and strengthened welfare conversations.

Mental health awareness is reinforced throughout the year through consistent and visible communications, with national awareness moments such as World Mental Health Day, Mental Health Awareness Week and Time to Talk Day providing focal points for colleague engagement. Campaigns are supported by partnership activity, including collaboration with Andy's Man Club, and updated wellbeing materials are distributed across depots and offices to reinforce key messages and improve accessibility.

Our approach continues to evolve in response to colleague feedback. Employee survey insights have informed the expansion of Mental Health First Aiders, strengthened manager capability and improvements to the EAP. We have also introduced dedicated wellbeing resources across sites and enhanced external partnerships to broaden access to specialist support.

Engagement and culture

All our businesses carry out regular surveys, giving colleagues the opportunity to share their views on how they are managed, and how likely they are to recommend FirstGroup as an employer.

Surveys are anonymous and managed by an external company to encourage candid feedback. The most recent colleague engagement survey conducted by First Bus showed a further increase in Engagement Index of 2 points from FY 2025 to 66%. The survey measures job satisfaction, purpose and stress, among other metrics. For rail operating companies that conducted a survey in FY 2026, engagement levels were 71%.

Survey results are not simply measured but acted upon. They inform strategic priorities, are used to strengthen connections between leaders and frontline colleagues and have driven focused efforts to embed everyday recognition. Local leaders also use their insights to take tangible steps that improve the daily experience of colleagues, turning feedback into meaningful change.

Employee engagement performance indicators

	FY 2026	FY 2025
Engagement Index survey results		
First Bus	**66%**	64%
Rail operating companies	**71%**	NR

NR Indicates historic metrics that were not previously reported.

Case Study

Employee voice at Board level

In FY 2026 FirstGroup established a Colleague Advisory Panel to ensure that employee voices are heard directly at Board level. The panel comprises 19 employees representing a broad range of businesses and roles. The panel will meet twice yearly to share what is working well and what could be better, directly speaking with Board members and supporting the Board's decisions to enhance both employee and customer experiences.

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 sixth year of reporting against the framework in our Annual Report. Our business strategy was updated in 2024 to reflect our progress and ambition, with driving modal shift and leading in environmental and social sustainability at the heart of this new strategy. 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 short-, medium- and long-term physical and transition impacts climate change can have on our business, and taking action to mitigate risks and capture the opportunities. Climate change is managed and reported as one of our principal risks and has been integral to 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, we have worked with key internal functions for the past four years to build further understanding of climate risks and opportunities and understand how they are being addressed. Last year the publication of our Group-wide CTP took this a step further by clearly outlining trajectories and plans over the short, medium and long term to 2050. This year, we further strengthened our understanding of physical climate risks and opportunities through a dedicated financial impact assessment.

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 61 to 66) as well as those physical risks and opportunities identified this year, 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 48 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 Scope 3 emissions are included in the Annual Report, including emissions calculated using actual source data from our supply chain as well as emissions calculated using a spend-based method.

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. Following our initial climate risk assessment in 2022, we completed a supplementary assessment in 2026 to upgrade our understanding of physical climate risks. We will complete an additional assessment in 2027 to upgrade our understanding of transition risks.

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 (ISSB). We will continue to monitor developments in reporting standards, including the UK's Sustainability Reporting Standards, and ensure that we are ready to report in a compliant manner as the requirements are introduced.

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 49
b) Describe management's role in assessing and managing climate-related risks and opportunities.	**Management's role**	Read more on page 49
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 pages 50 to 52
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 52
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 52
Risk management		
a) Describe the organisation's processes for identifying and assessing climate-related risks.	**Approach to risk management**	Read more on page 53
b) Describe the organisation's processes for managing climate-related risks.	**Risk mitigation actions**	Read more on pages 53 and 54
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 53
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 55
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	**Greenhouse gas emissions table**	Read more on page 36
	Metrics and targets	Read more on page 55
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 55

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 59).

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 strategic 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 of the Board 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 75 to 77.

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, an updated physical climate risk assessment, work to understand how future business changes will influence carbon emissions and our annual performance against our science-based targets. The Committee also advises the Remuneration Committee of the Board on the climate-related KPIs embedded in our variable incentive schemes.

In addition, the Audit Committee supports the Board in risk management, 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 73 for more information on Board Committees and how our Board operates, and pages 60 to 62 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 sustainability topics presented by the Group Corporate Responsibility and Finance teams for discussion and decision making as they arise. 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. First Rail holds a quarterly Sustainability Leadership Group, involving senior leaders from across multiple directorates, including Procurement, Finance, Property and HR. Representatives from each TOC, open access operations and other Rail Services businesses are also included. The standard agenda includes existing and emerging business environmental risks, including climate change and opportunities to improve our range of services in a more sustainable manner. The Sustainability Leadership Group reports directly to the Responsible Business Committee.

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 a principal risk and is a core consideration in business strategy and decision making. Physical risks include more frequent and intense precipitation and extreme temperatures, whilst transition risks include changes in policy, technology, customer and investor expectations. Simultaneously, 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 over the short, medium and long term, and to estimate cumulative Enterprise Value at Risk over a five-year period (2022-2027). In FY 2026, we updated our awareness of physical risks with an additional assessment of short-, medium-, and long-term physical climate risks to estimate cumulative Enterprise Value at Risk over a five-year period (2026-2031) and ten-year period (2026-2036).

This TCFD update provides a summary of the results of these two assessments and an overview of what we are doing to continue to reduce our carbon footprint and build climate resilience across our operations.

2022 scenario analysis

With no significant change to underlying assumptions since our 2022 assessment, this TCFD update provides a summary of the transition risks identified in our scenario analysis reported in 2022.

We modelled impacts across five different climate scenarios, from which we selected the two most extreme scenarios and the 'Stated Policy' scenario, to consolidate the findings, while still illustrating the full range of estimated impacts. The details of the selected scenarios are shown in Table 2. 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. Refer to our 2022 Annual Report (at pages 61 to 63) for more details on individual scenarios.

2026 scenario analysis

Using a digital twin of FirstGroup, we assessed 89 principal sites within our control for their vulnerability to extreme weather events in different future climate scenarios. The digital twin considered operational sites related to our bus and open access rail operations and reflected both the value of these sites and their contents as well as their contribution to business revenue.

The assessment considered four Emissions Pathways, informed by the Intergovernmental Panel on Climate Change's Shared Socioeconomic Pathways (SSPs) and the Network for Greening the Financial System (NGFS) pathways. These pathways range from an optimistic scenario (SSP1-2.6) to a highly damaging, 'worst-case' scenario (SSP5-8.5). These scenarios were chosen to assess the sensitivity of the business's financial risk and resilience to a diverse and representative range of climatic outcomes.

To assess the likelihood of climate-related extreme events, including heatwave, freeze, drought, flooding and windstorms under these scenarios, we relied on the Climate Hazard Atlas developed by Risilience in partnership with the Cambridge Centre for Risk Studies at the Judge Business School in the University of Cambridge. We considered risks in the near term (2031), medium term (2036) and long term (2040). The medium-term scenario aligns with First Bus's emissions reduction target and 2035 zero emission commercial bus fleet target.

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 deliver a zero emission fleet), 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.

Table 1: Climate scenarios considered in 2026 scenario analysis

NGFS and SSP Scenarios	Current policies	Nationally determined contributions	Delayed transition	Below 2°C	Net Zero 2050
Global temperature increase by 2100 (°C) – NGFS	3.0°C	2.3°C	1.7°C	1.8°C	1.4°C
Global temperature increase by 2100 (°C) – SSP	3.6%	2.7%	1.8%	1.8%	1.8%

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
		No global emissions reduction target leading to a global temperature increase of >4°C	*A global emissions reduction target of 75% by 2100 leading to a global temperature increase of 2.5°C*	*A global emissions reduction target of net zero by 2050 leading to a global temperature increase of 1.5°C*	
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 licence 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 which 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 and 37 to 39 of our CTP which 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 which describes our approach to financial planning
Customers	Demand driven by sustainability of products and services, leading to increased modal shift towards public transport	Limited 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 14, 17, 31 to 32, 40 to 42 and 48 of our CTP which describe our approach to driving modal shift

Low impact <£20m | **Medium impact** £20m–£50m | **High impact** >£50m

Limited opportunity <£20m | **Medium opportunity** £20m–£50m | **High opportunity** >£50m

Climate-related financial disclosures continued

Strategy continued

Physical risks

When looking at physical risks, we considered the potential impacts of coastal, riverine and flash flooding, drought, heatwaves, extreme cold, windstorms and wildfires. Sites considered included bus and coach depots, bus parking locations, bus stops, and rail stabling locations for our open-access companies. Financial impacts from these events were evaluated based on both physical asset damage and operational disruption due to the reduction in operational capacity. To mitigate uncertainty, results reflect a mean average result derived from multiple climate models.

The model showed that the majority of FirstGroup sites have low risk of physical climate hazards occurring. In the current policy scenario (3.6°C world), five sites have a medium or higher probability of riverine flooding, and 16 sites have a medium or higher risk of temperate windstorm. The model found that in all climate scenarios, the total disruption to facilities is likely to be less than the historical disruptions experienced, primarily due to a reduction in flood events from major river systems. Reductions in large-scale riverine flooding under current policies are mainly driven by climate induced drying and higher evapotranspiration, which lower soil moisture and baseline river flows, making the prolonged, saturated conditions needed for major floods less likely despite more intense short-term rainfall. As a result, the estimated potential annual financial impact is negligible in the near term (2031), medium term (2036) and long term (2040) compared to a FY 2025 baseline. This assumes that a lesser degree of business disruption and expenditure on mitigating activities will occur in the future, as physical disruptions are reduced due to climate change. These results represent a mean average result derived from multiple climate models in order to mitigate uncertainty to the greatest possible extent.

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. We continue to work closely with key stakeholders across the rail industry on this agenda as part of a forum on climate change adaptation convened by the DfT, sharing our approach to climate risks and facilitating closer collaboration on risk mitigation and climate adaptation.

Impact on strategy, investment decisions and financial planning

We set out the four pillars of our business strategy on pages 13 to 14. 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 Regional Bus business, grow our Business and Coach 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 focuses on depots and routes 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 involves 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 use of decarbonisation infrastructure. Please see 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 70 and 71).

In First Rail, we are focused on growing our successful open access business and identifying adjacent opportunities where we can apply our deep sector expertise.

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

Our business strategy pillar leading in environmental and social sustainability sets out clear decarbonisation goals, including running a 100% zero emission bus fleet by 2035 and 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 modal shift pillar includes goals to add capacity to our First Rail open access business and to reposition the First Bus customer proposition to expand First Bus services where the car is becoming less attractive.

Further detail on the steps we are taking to deliver our climate ambitions and build resilience into our overall business strategy is set out in our CTP. This document 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 engagement we undertake with industry bodies and public sector stakeholders to bring it about.

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, building a picture of the principal risks at divisional level, and 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 and business opportunities** 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. We consider the impact of any business acquisitions on these targets. See pages 34 to 38 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' which can be found on the First Bus website. 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 sets 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. See page 33 of our CTP for more details. First Rail is strongly represented on the Sustainable Rail Executive, convened by the 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 and business opportunities** 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 TCO 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 see 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. As of FY 2026, Avanti West Coast no longer operates any diesel-only trains, having replaced diesel-powered Voyagers with bi-mode trains capable of switching between electric and diesel. This year, GWR introduced the UK's first rapid-charging battery train into service in west London. 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 and maintenance 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 and business opportunities** 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. Regional bus passenger volumes decreased by c.3% in FY 2026 mainly due to the impact from the transition of the fare cap in England from £2 to £3 and lower consumer confidence. Our teams worked to manage yield within the constraints of the £3 fare cap to offset some of the decline and continue to promote the bus as reliable, affordable, digitalised and accessible, such that people will choose it over cars to make journeys. Please read pages 31 to 32 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. Our CTP 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 colleagues and customers.	**Risk mitigation actions and business opportunities** 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 colleagues stay safe and cope with extreme weather events. In First Rail, severe weather events such as storms and heatwaves 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. This year, Avanti West Coast and GWR produced Weather Resilience and Climate Change Adaptations plans, which will set out a three-year strategy for adapting and becoming resilient to future climate changes.

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 and 2026 financial impact assessments 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. This, in turn, was affected by other metrics such as our GHG emissions, used to assess our potential exposure to carbon pricing in the 2022 assessment, and our cost of capital, used to assess the cost of business disruption in our 2026 assessment.

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 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.

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

Assurance and verification

Our Scope 1, Scope 2 and Scope 3 GHG emissions are reported in line with the GHG Protocol methodology (see page 36). These metrics have also been subject to independent limited assurance by Grant Thornton. The assurance of our Scope 3 emissions is limited to categories (Waste, Water, Business Travel, FERA 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. Other reported Scope 3 categories rely upon assumption-based methodologies, including spend-based calculations. We continue to work towards gathering actual emissions data from external partners in our value chain over time.

Please see pages 34 to 39 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 59 for our Section 172 statement and key 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 their 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.

Read more about customers on page 40

Why we engage with them

We engage with our customers 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

- We conduct regular satisfaction surveys, including a monthly Customer Experience Pulse, to track Net Promoter Score (NPS), satisfaction, key pain points and customer feedback across our business
- We gather continuous, real-time customer feedback through Tell First Bus, our National Contact Centre and our mobile app
- We undertake bespoke research to deepen our understanding of customer needs, including recent work focused on young travellers in Scotland
- We engage customers through our community panel, using discussion groups and polls to gather insight on topics such as safety and travel behaviours
- We maintain ongoing dialogue with customer representative groups and frontline colleagues to share insights and improve the customer experience

Our response to matters raised and key activities

- Introduced new customer loyalty schemes, discounts and live train tracking initiatives at our rail operators
- Implemented initiatives to increase accessibility on our networks
- First Bus introduced a new customer mobile app to bring new features to market more quickly and improve the overall customer digital experience
- First Bus works closely with partners to support travel connectivity for major events, including Glastonbury and the British Grand Prix
- Lumo and Hull Trains are members of the Rail Access and Inclusion Forum for the North where disability experts and industry members discuss current topics of concern in order to improve practices and influence disabled rail policy
- Hull Trains and Lumo support and promote the Passenger Assist system for disabled and elderly customers
- Lumo partnered with the Purple Tuesday campaign to highlight our services and provide resources such as our Autism route guide

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, Sustainability 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 (AGM)

Our response to matters raised and key activities

- Declaration and payment of FY 2026 full year and FY 2026 half year dividends
- Approved and launched additional share buyback programme
- Regulatory announcements and management calls following publication of Full Year and Half Year Results and acquisitions completed during the year
- Meetings with current and potential investors throughout 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 about Government on page 33

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, helps to inform policy, and enables an understanding of the impact of policy decisions.

How we engage with them

- Direct engagement with policymakers, including in national, devolved, regional and local governments
- Membership of 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 including the Confederation of Passenger Transport, AllRail, Campaign for Better Transport and Business London
- Welcomed senior UK Government and opposition politicians to view our operations, including the Prime Minister, Chancellor Rachel Reeves, Secretary of State for Transport Heidi Alexander, and Buses Minister Simon Lightwood
- 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 43

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 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
- Through the Colleague Advisory Panel (see pages 46 and 78 for more information)

Our response to matters raised and key activities

- Third year of delivery under our strategic pillar: Lead in environmental and social sustainability. See page 14 for more information
- Since April 2024, we are now paying all First Bus directly employed staff and apprentices at or above the Real Living Wage – the largest bus operator to do so
- 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 40

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

- Our DfT TOCs created over £655m in social value in 2024/2025 (GWR £203m; Avanti £452m)
- The Group donated over £750,000 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 4,000 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 800 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 56 to 58

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 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.
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. Myrtle Dawes through the Colleague Advisory Panel helps the Board to understand views from the front line of our workforce.
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 June 2025, 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.

ZEBRA and Scotzeb funding applications

a b d

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

Review of corporate structure

a c e

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

Acquisition of additional Coach businesses and Toot Bus

a b c d e

The Board considered a range of stakeholders when deciding to purchase each of the additional coach businesses and the Toot Bus business from RATP. From a strategic perspective these acquisitions further grow and diversify future earnings.

London Overground bid

a b c d e

The Board considered a range of stakeholders when deliberating the bid for the Overground operations. The successful strategy further diversifies the Group's earnings and deepens the relationship with Transport for London.

Other potential acquisitions/ diversification opportunities

a b c d e

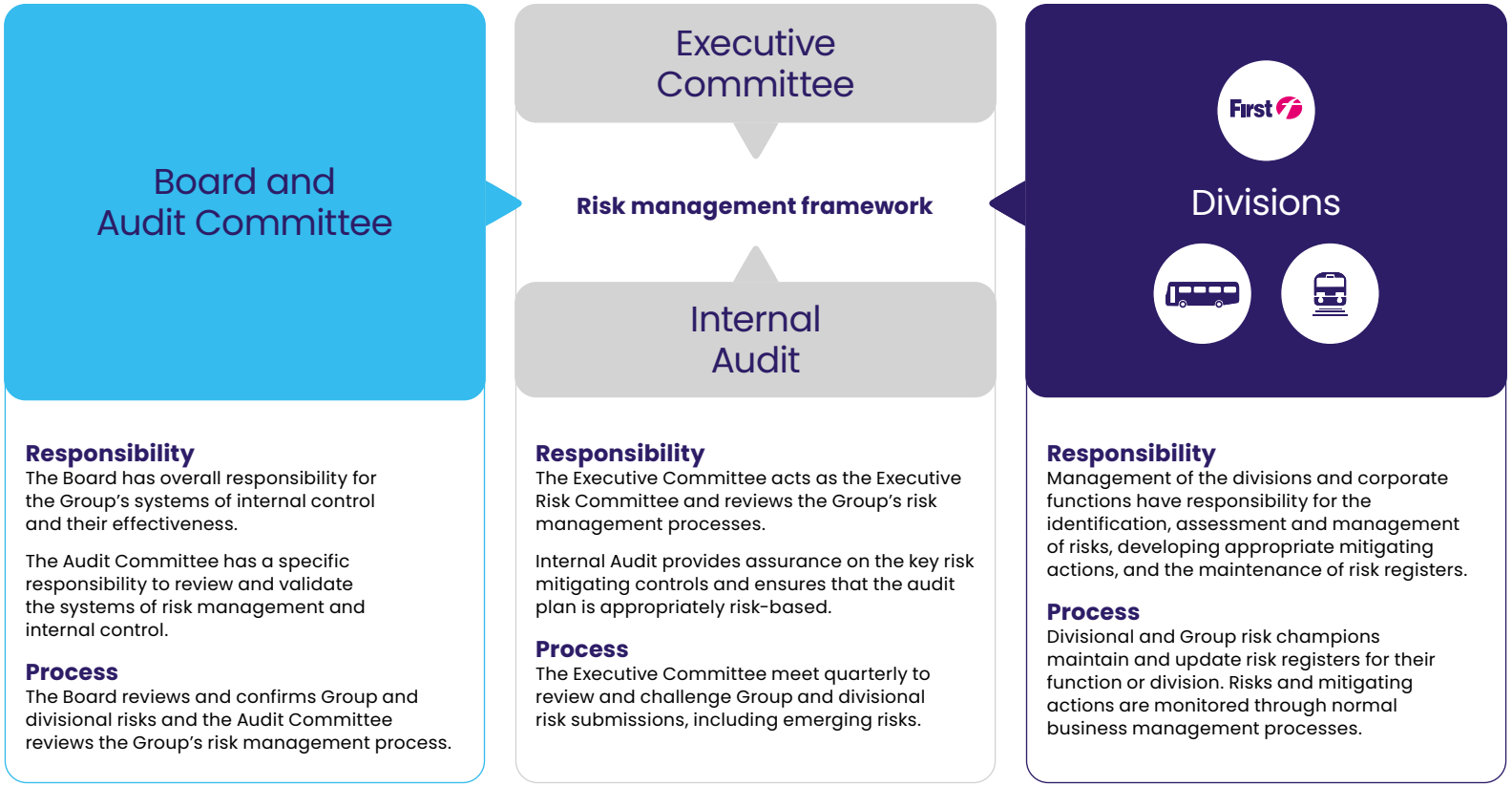
The Board considered a range of stakeholders when debating the risk appetite for other potential acquisitions, and a number of opportunities were not taken forward.

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 transport market and related impacts from government policy changes, together with developments in the wider environment in which our businesses operate. We have identified our principal risks and regularly review the mitigations that are in place. We aim to stay ahead of potential risks by regular horizon-scanning for emerging risks, investing in external expert advice, conducting targeted risk awareness campaigns, 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 62 and detailed on pages 63 to 69.

Our risk management approach

We take a holistic approach to risk management, first building a picture of the principal risks at the divisional level which includes our risk and controls teams meeting with each of the principal risk owners, 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 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 are effectively mitigated to ensure that the impact on the organisation is managed within the risk appetite levels set by the Board.



Risk management continued

Emerging risks

Our risk management approach and methodology includes reviewing and identifying risks that may develop or already exist. These risks may be difficult to quantify and could 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, 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 frontline 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. 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.

Our Group-wide AI Policy supports 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 was rolled out during the year to help teams to deploy AI responsibly. Additionally, we have introduced 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 63 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.

Over a number of years the risk associated with the pension scheme funding has been declining. During the year, with a further decline, we have removed Pension scheme funding as a principal risk.

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

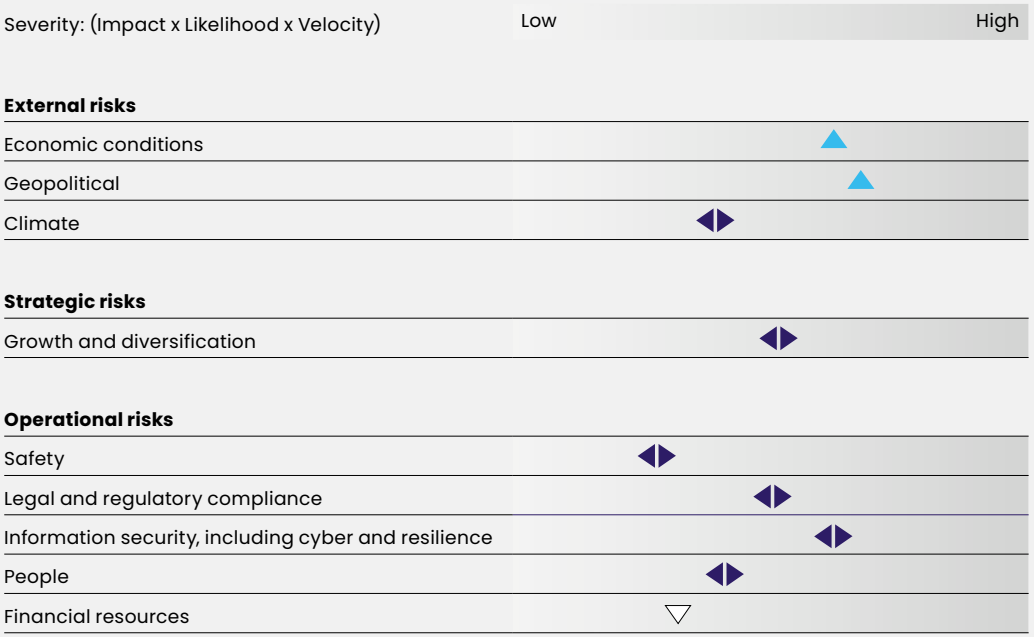
- adversely impact the safety or security of the Group's people, customers and assets
- have a material effect on the financial or operational performance of the Group
- impede achievement of the Group's strategic objectives and financial targets
- adversely impact the Group's reputation or stakeholder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

Further information on our risk management processes is contained in the Governance reports on pages 72 to 91.

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 2026 risk is stable ▽ FY 2026 risk is decreasing ▲ FY 2026 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 remains uncertain and is overshadowed by conflicts and world events. In the UK, fiscal pressures persist due to Government commitments to fund non-transport budgets. Inflationary pressures also remain; wage expectations continue to exceed CPI and costs to businesses are increasing. 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. 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 ■ We maintain strong cost discipline through procurement strategies, organisational efficiency initiatives and financial control frameworks to manage inflationary pressures	The macroeconomic landscape remains uncertain and inflationary pressures continue. These, together with the limitations of the UK Government budget, 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 January 2025 has been managed through pricing and yield initiatives through FY 2026.
Geopolitical		
The Group operates in a political landscape with a Labour Government in power since the July 2024 general election. The Government has progressed its transport policy at pace. The Bus Services Act gained Royal Assent in October 2025 giving local authorities the option of greater control over bus services, including the option to establish municipalised bus services. The Railways Bill introduced to Parliament in November 2025 once it becomes law will establish GBR as the central 'directing mind' for the railways that will ultimately manage the operation of the existing DfT TOCs which 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. Bus and rail reform, as well as the uncertainty over government funding for fares beyond January 2027, have the potential to cause instability for the Group's operations including the planned expansion of its open access rail operations. Significant industry reform may result in the contraction of bus services in certain areas and of rail contract opportunities. The ability or otherwise of government, particularly local government, to attract, retain and develop the necessary capacity and capability to lead reform may result in an adverse financial impact for the Group. Developments in international affairs, such as 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 the Group's supply chain, resulting in financial loss and potential reputational damage.	■ The Group works bilaterally and 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 change government policy ■ Specifically, the Group has responded to the consultation on the 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. FirstRail has presented both to the Transport Select Committee and to the Bill Scrutiny Committee on its views ■ Bus has engaged extensively with government ministers, officials and MPs over the Bus Services Act and our Spending Review asks ■ We continue to actively engage with both local and national stakeholders and partners on transport policy that delivers best outcomes for our customers ■ 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	Government policy regarding Rail nationalisation is being implemented. Further developments in the Middle East conflict could impact the Group's operations via a reduction in economic growth and consumer confidence; disruptions in supply chains or inflation; and government funding being diverted.

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 47**	■ Climate change has been an integral part of our risk management framework for many years and is included within our strategic framework for sustainability. Our business strategy was updated in 2023 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 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 47	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 Climate Transition Plan 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 Plan 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 34.

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 and achieve 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 Bus and Rail, together with the Group's ability to secure and renew contracts on profitable terms, and to manage and deliver these contracts effectively and in accordance with contractual terms, avoiding 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, reputational impacts, and inability to deliver on the Group's strategic and financial objectives. The mitigations delivered during FY 2025 and FY 2026 have established a more balanced and diversified earnings base for the Group.	■ The Group actively seeks out and reviews inorganic growth 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. This is underpinned by our strong relationships with banks, which enable us to act quickly when opportunities are identified ■ When necessary, we 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 third party charging at our depots ■ First Rail's Hull Trains and Lumo open access operations on the East Coast Mainline 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 following the acquisition of our London bus business and as franchising is introduced in more areas	The Group completed the bolt-on acquisitions of J&B Travel, Tetley's Coaches and Hills Coaches in FY 2026, having acquired Matthews Coach Hire, Lakeside Group and Anderson Travel the previous year, broadening the First Bus Business and Coach portfolio. 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 and Stirling, with the Stirling service due to be fully operational in July 2026. The Group was also awarded the London Overground contract which commenced in May 2026. The Group is also awaiting the outcome of a number of further applications to the ORR to expand open access services and for two further routes between Rochdale and London and Cardiff and York. Rail will continue to participate in bids for new rail contracts. Both First Bus and First Rail are expected to benefit from ongoing acquisition opportunities supported by a healthy pipeline under 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 around the end of 2027.

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 lessening demand for our services. Read more on page 45	■ 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 here 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 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 Group. Additional information about how this risk is managed can be found on page 41 ■ 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. A comprehensive programme of work led by the HR teams is ongoing to address the new obligations under the Employment Rights Act as they come into force.

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 cybersecurity 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. AI technologies could result in data leakage via usage of unapproved AI and/or lead to security vulnerabilities, uncontrolled autonomous actions or inappropriate use by employees or third parties.	■ 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 maintain a comprehensive Information Security Policy, standards and procedures aligned with industry best practice. Our businesses operate robust cyber controls, including Cyber Essentials and, where appropriate, ISO 27001 certification ■ 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 ■ Group-wide policies, procedures and technologies have been enhanced to cater for safe AI adoption with the organisation	The risk of a cyber attack for all UK companies remains high. The UK Government's Cyber Security Breaches Survey 2025 reported that 74% of large businesses identified a cybersecurity breach or attack in the last 12 months. Among those experiencing breaches, phishing remained the most prevalent attack type (85%), with other forms of attack continuing to occur but at lower levels. Among large businesses that experienced a cyber breach or attack, 29% experienced a resulting impact. This included 10% temporarily losing access to files or networks, 5% reporting the loss of customers' personal data and 4% paying money in ransom. 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 43	■ We continue to focus on improving communication and engaging our employees. We have focused 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) 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.
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 2026, the Group has adjusted net debt of £137.7m and £295m of undrawn committed borrowing available under its revolving credit facility that matures in January 2031 together with a further committed undrawn headroom of £43m on the Green Hire Purchase Finance Facility that is available to draw to May 2027, and £26m undrawn committed borrowing through a Hitachi joint venture, 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 16 September 2025 and Standard & Poor's on 17 September 2025 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.

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 2029 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 62 to 69). 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 8% in First Bus and 10% in open access rail
- operational performance pressures in the contracted businesses reducing operating margins on TfL contracts services and franchised bus services by 5% and performance fees on DfT NRCs 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 c.£40m per annum in FY 2029
- one-off safety, regulatory non-compliance, climate or technology incidents leading to short-term reduced revenue and/or additional costs of up to £45m

The Group has already renewed the £300m revolving credit facility with a maturity date of January 2031 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 47 to 55. 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 2029 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 2027 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 2027 and medium-term plan to be the base case scenario for the purpose of the going concern assessment for the FY 2026 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 broadly flat passenger volumes and modest yield growth in First Bus in FY 2027 and higher than inflation revenue growth in existing open access operations. The base case also reflects the expiry of GWR and WCP contracts in FY 2027 and bus franchising impacting existing operations in South Yorkshire, West Yorkshire and Wales from FY 2028. 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, cost increases above budget and prolonged industrial action driving a 25% reduction in EBITDA. 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 and slower than budgeted uptake in passenger volumes in the new Stirling service, and costs increases above budget for open access and London Overground. 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, reduce the share buyback programme 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 2027 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 17 June 2026.

Graham Sutherland
Chief Executive Officer
17 June 2026

395 King Street
Aberdeen
AB24 5RP

Corporate Governance report

Sustainable stakeholder outcomes

"I am looking forward to another year of positive sustainable outcomes for all our stakeholders."

Lena Wilson CBE
Chair

Dear Shareholder,
I am writing to introduce the Corporate Governance report for FY 2026.

This report focuses on governance and how your Board operates and makes decisions.

In a world of constant change for UK businesses over the last twelve months, including some headwinds in our sector, we are pleased that performance in FY 2026 has been strong. This reflects how our team has adapted to meet and succeed in this changed environment, such as diversifying our earnings particularly in the coach businesses, and continuing to strengthen our role as a partner for Transport for London (TfL) by being trusted to operate the London Overground rail services. At our meeting in September, it was great to be joined by the management team from our London Bus operations to hear directly from them on the key role they are playing in keeping London moving. Overall, the Board is very pleased with the strategic progress and the financial results.

As we make progress in transforming our business, the engagement and contribution of all our employees really matters. To help us, over the last year we have transitioned from having an employee on the Board to a Colleague Advisory Panel, chaired by Myrtle Dawes, the designated Non-Executive Director (NED) for the workforce. This creates an opportunity for colleagues across the business to get together with our Non-Executive Directors to discuss their ideas and feedback, and helps us to identify successes and areas to improve together. You can read more about the Panel on page 78. As a result of this change, Ant Green retired at the AGM in July 2025. I thank Ant for his contribution to the Board and for providing valuable insight into the views of the workforce during his time on the Board.

Our Board evaluation exercises are covered in this report on page 82. We provide an update on the areas of focus identified in the review conducted last year and we report on this year's internal review and the areas of focus for FY 2027.

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

I welcome your comments on our Corporate Governance report and on the 2026 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 their contributions and the progress made during my first year with the Company.

Lena Wilson CBE
Chair
17 June 2026

Compliance with the UK Corporate Governance Code

We have complied with the Provisions of the UK Corporate Governance Code (the Code) throughout the 52 weeks to 28 March 2026.
In this Annual Report, we have included a commentary running throughout the Corporate 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.

A Led by an effective Board

The Board's effectiveness review (details of which are set out on page 82) 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 2026 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
- Social value
- 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 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, 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

General Counsel and 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 corporate governance and legal 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) (A) (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, cybersecurity 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:
Pro-Chancellor, Senior Independent Governor and Chair of the Remuneration Committee at the University of Exeter

Non-executive director of Notting Hill Genesis (a housing association) and Chair of the People Culture and Governance Committee

Nationality:
British

Myrtle Dawes

Independent Non-Executive Director

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

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

Nationality:
British

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

Non-executive director and Senior Independent Director of James Fisher and Sons plc

Non-executive member of the National Armaments Director Group Advisory Board

Nationality:
British

Board continued

Key

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

Jane Lodge

Independent Non-Executive Director

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

Appointed:
30 June 2021

Key areas of expertise:
Transportation/Travel/Engineering and Infrastructure, Turnaround, 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 and Remuneration Committee Chair of Glanbia plc

Non-executive director and Audit Committee Chair 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, General Counsel and Company Secretary
David joined FirstGroup in April 2022 as Company Secretary and became General Counsel and Company Secretary in August 2025. He was previously Company Secretary at Signature Aviation plc and has also worked in governance roles at Barclays and PricewaterhouseCoopers. David is a barrister and fellow of the Chartered Governance Institute.

Janette Bell, Managing Director, First Bus
Janette became Managing Director of First Bus in October 2020. She was previously Chief Executive Officer of P&O Ferries. Having joined P&O in 2012 as Commercial Director, she was a key part of the executive team that devised and led a transformation of the business, including establishing a new on-board proposition for customers, driving greater efficiencies and placing its first order for new ferries in over a decade. She was appointed CEO in 2018. Janette has also held senior executive and consultant positions at Hammerson plc, Centrica and PwC. She has an MBA from the University of Stirling. Janette is also a non-executive director of Grainger plc.

Steve Montgomery, Managing Director, First Rail
Steve's career in the railway industry spans over 40 years, during which time he has gained significant experience in all aspects of rail management. He started his working life with British Rail and held various senior posts before becoming Operations and Safety Director at ScotRail, coinciding with FirstGroup taking over the franchise in 2004. He was appointed Managing Director of First ScotRail in 2009, and under his leadership the franchise achieved the highest ever levels of customer satisfaction and punctuality in its history. He was appointed Managing Director of First Rail in September 2015.

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. Any external Board appointments are approved by the Board ahead of time.

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.

The biographies of all the current Board members are set out on pages 75 to 77.

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 2026, and they are summarised on page 74 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 Employee Director in the first half of the year;
- The reports from the Colleague Advisory Panel meetings (in the second half and as we go forward)
- The results from engagement surveys
- Review of matters reported to the confidential whistleblowing hotline
- People sections of reports to the Responsible Business Committee
- Meeting people when the Board visits the Group's operating locations

Additionally, the Board receives updates on adherence with our Ethics and Compliance training programmes, which require employees to complete an ongoing programme of training relevant to their role and include 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 30 and the governance arrangements for the Responsible Business Committee are set out on page 73.

Workforce voice

During the year we have transitioned from having an employee director on the Board to a new Colleague Advisory Panel chaired by Myrtle Dawes. The Panel will meet twice each year to discuss topics of interest to the workforce, and Myrtle will report on the discussions to the Board. Following the Board meeting the Panel members will receive feedback on the Board discussions and an update will be provided to the wider workforce through our normal communication channels.

The Panel was advertised to all employees and there were over 220 applications. Twenty Panel members were selected and we have a diverse membership including frontline employees, supervisors, and middle and senior managers.

The first meeting was held in February 2026 and included an induction covering the role of the Board and what the Board was looking for from the Panel. The first substantive discussion was based around the Group's strategy and Myrtle reported the themes at the Board meeting in March – the feedback loop was completed with a summary of the Board discussion being reported back to Panel members. Panel members were invited to suggest the substantive topics for discussion in FY 2027 and the topics will be agreed with the Board.

Panel members will serve for two to four years and then rotate off with another colleague being selected to join the Panel.

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 71.

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.

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. On several occasions during the year the Chair met with large investors.

4 Action if 20% of shareholders vote against a proposal

Not applicable in FY 2026 – 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 59 within the Strategic report. The Board has refreshed its approach for engagement with the workforce (read more about this on page 78).

Board continued

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 2026 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 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 Managing Director of the rail division, the Managing Director 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.

		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	•	•	•	•	
	Business presentation from the First London bus leadership team	•	•	•		
	Pension, Treasury, Tax and anti-fraud policy updates					•
October	Strategy day – detailed strategy review	•	•	•	•	
	Review of a wide range of opportunities		•	•	•	
November	Half year results					•
	Open access approvals		•	•	•	
	Review of whistleblowing					•
January	Budget assumptions					•
	Strategic update	•	•	•	•	
March	Budget review and approval					•
	Board evaluation					•
	Colleague Advisory Panel	•				•
	Terms of reference and delegations					•

Compliance with the Corporate Governance Code

C Governance reporting to focus on Board decisions and outcomes in context of strategy

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 56.

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 Workforce section of the Strategic report that starts on page 43. The relevant policies are owned by the HR 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. The duties are set out in a document published on the Company's website. The Chair led the Board effectiveness exercise during FY 2026 with the Company Secretary. The output from the effectiveness review was discussed at the Board meeting in March 2026 and areas of focus were agreed for FY 2027.

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. If the situation arose where there was a conflict the most likely solution is 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.

Lena Wilson's induction continued into FY 2026 with a number of site visits and meetings with shareholders and advisers.

Continuing professional development

From time to time, training sessions are organised for the Board, and in FY 2026 the Board received technical briefings on The Economic Crime and Corporate Transparency Act 2023 (ECCTA); new and effective guidance for IFRS and UK GAAP reporting; Financial Reporting Council update on accounting; and updates on narrative, corporate governance and sustainability reporting.

The Board was also joined by guest speakers to discuss views on the UK economy and global geopolitical environment.

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 about operation of the Board or concerns held by a NED on resignation

No resignations or any such concerns have been raised during the period.

9 Chair independent on appointment

Lena Wilson 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 eight Directors (62.5%) 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. Peter acted as Chairman for five months during FY 2025. Peter led the Non-Executive Directors' review of the Chair's performance, and he discussed the feedback with the Chair.

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 during FY 2026, and recommended changes were approved by the Board. The terms of reference for the Committees are also available on the Company's website.

H

15 See page 83

I The Board, supported by the Company Secretary, should ensure that it has resources to function effectively

The Board effectiveness review indicates that the Board is operating effectively, and the Chair and Company Secretary discussed this matter in light of the feedback from the Board effectiveness review.

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 28 March 2026 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 28 March 2026. 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 Workforce section starting on page 43.

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	3	37.5%	3	4	80%
Women	5	62.5%	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)	7	87.5%	4	5	100%
Mixed/Multiple ethnic groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	1	12.5%	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

Board continued

Board evaluation

The Board conducted an internal review in respect of FY 2026.

2025 Board evaluation

In FY 2025, given the recent appointment of a new Chair the Board conducted a relatively light touch review and the areas of focus for FY 2026 were set out in last year's Annual Report and an update on progress is set out below.

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 and 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

2026 Board evaluation

The Chair supported by the Company Secretary conducted interviews with each of the other Directors covering a wide range of topics. Ahead of the interviews the Chair circulated a document setting out the broad themes and areas of discussion to help Board members prepare.

The review conducted in respect of FY 2026 provided evidence of progress against the agreed areas of focus set out in the previous column. The feedback in the Board evaluation acknowledged the positive change in reporting of KPIs, the management accounts and strategic updates. These documents helped pitch discussions at the right level and on the right topics. The work of the Nomination Committee in progressing its work on talent and succession planning was also acknowledged.

The Board spent time at its meeting in March 2026 discussing the outputs of the evaluation and, amongst other things, the report identified the following strengths:

- As noted above the Board felt that the areas of focus for FY 2026 had been largely addressed
- Directors agreed that the introduction of an additional full day meeting to review strategy was a very valuable addition to the Board calendar
- Directors felt that there were strong processes in place to identify and manage risks and that the Board provided a good level of oversight, however they flagged that it was important not to be complacent
- Directors felt that there had been a material improvement over the last 18 months in the quality of discussions and challenge supported by a new approach to presenting key topics

Agreed actions

The Board agreed the following actions for FY 2027:

- Continue the work on positive culture and dynamics of Board and Committee meetings
- Retain the existing format for reporting and discussing performance and strategic updates at Board meetings and the continuous improvement of the content
- The Board through the Nomination Committee with support from the Executive team to accelerate the talent and succession work
- Accelerate the work on simplification of the Remuneration Committee meetings – process and papers
- Continue the work to focus on the right themes and topics for the Responsible Business Committee

Board and Committee attendance

	Chair	Non-Executive Directors					Employee Director	Executive Directors	
Director	**Lena** Wilson	Sally Cabrini	Myrtle Dawes	Claire Hawkings	Jane Lodge	Peter Lynas	Ant Green[1]	Graham Sutherland	Ryan Mangold
Board	6/6	6/6	6/6	6/6	6/6	6/6	1/1	6/6	6/6
Audit Committee	–	4/4	4/4	4/4	4/4	4/4	–	–	–
Remuneration Committee	–	4/4	4/4	4/4	4/4	4/4	–	–	
Nomination Committee	4/4	4/4	4/4	4/4	4/4	4/4	1/1	–	–
Responsible Business Committee	–	4/4	4/4	4/4	4/4	4/4	1/1	–	–

1 Ant Green stepped down as the Employee Director on 25 July 2025.

Compliance with the Corporate Governance Code

L Annual evaluation process

21 Formal and rigorous annual evaluation

An internal evaluation was conducted in FY 2026 covering the Board and its Committees. The process is set out in the columns to the left. The Chair held one-to-one meetings with each of the Non-Executive Directors in December 2025 to review the performance of the individual Directors. The Senior Independent Director conducted a review of the Chair's performance in the last quarter of the financial year and provided feedback directly to the Chair.

22 Act on results of evaluation

The Board agreed actions following the 2025 evaluation and updates are provided on the agreed actions. The areas of focus resulting from the FY 2026 exercise 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
Claire Hawkings
Jane Lodge
Peter Lynas

Dear Shareholder,

This year the Nomination Committee made recommendations to the Board regarding engagement with the workforce and proposed changes to facilitate this. Additionally, the Committee conducted a talent and succession review looking at the Executive Committee and three levels below. This was a very useful exercise to help the Committee understand the quality and depth of talent in the organisation and the senior roles with internal successors and the level of readiness. More detail is provided overleaf.

In the coming financial year, the Committee will continue to review the succession plans to support the delivery of the next stage in the Company's strategic delivery.

Lena Wilson CBE
Chair
17 June 2026

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 2026.

19 Chair's tenure less than nine years

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 82

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 page 84 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

Key activities during the year

In June 2025, following a request from the Board, the Nomination Committee considered the obligations under Provision 5 of the Code regarding engagement with the workforce. The Committee recommended a Colleague Advisory Panel (read more about this on page 78) and that Myrtle Dawes be appointed as the Designated Director for the workforce and she Chair the Colleague Advisory Panel. The Committee also considered and recommended the reappointment of Directors at the AGM and also reviewed the other commitments of the Directors and noted that no Board members were 'overboarded'.

At its meeting in November the Committee received a detailed presentation from the Executive Directors and Managing Directors of divisions looking at talent and succession planning at senior levels within the organisation. The presentations followed an extensive exercise led by the HR teams to support managers to assess their team members. The Committee will continue this work in the coming financial year.

In January 2026, the Committee reviewed several follow-up actions from the succession planning activities in November and also considered the reappointment of Sally Cabrini who had served on the Board for six years and recommended to the Board her reappointment.

In March 2026, the Committee continued discussions following on from the succession planning exercise. The Committee reviewed its terms of reference and also considered the Board and Committee composition. The Committee concluded that no changes were required and communicated this to the Board.

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 2029	1
	Myrtle Dawes	1 April 2022	April 2028	1
	Claire Hawkings	1 January 2022	January 2028	3
	Jane Lodge	30 June 2021	June 2027	3
	Peter Lynas	30 June 2021	June 2027	2
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; Chair of a listed company counts as two mandates and a position as an executive director on a listed company 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)
Sally Cabrini
Myrtle Dawes
Claire Hawkings
Peter Lynas

Dear Shareholder,

I am delighted to introduce the report from the Audit Committee for the 52 weeks ended 28 March 2026.

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.

As part of the half year reporting process, the Committee carefully considered, amongst other things, progress of the acquisition accounting for First Bus London, a review of going concern, a review of the judgements associated with pensions, insurance and legal exposures, taxation, and concluded that DfT TOC expiries should not be accounted for as discontinued operations. 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 87.

The Committee received regular updates on the Group's system of internal control, including progress against the overall programme and conclusions on the design and effectiveness of key controls that mitigate financial, operational, reporting and compliance risk. Progress continues to be made in standardising the internal controls framework and establishing assurance over material controls in line with regulatory reforms, providing the Committee with greater assurance over the effectiveness of the control environment. In addition, the Committee reviewed the processes and controls that the Group has in place to prevent fraud.

Jane Lodge
Chair, Audit Committee
17 June 2026

Membership and attendance

The membership of the Committee is set out in the column to the left and attendance is set out on page 82. Jane Lodge and Peter Lynas have recent and relevant financial experience and the requisite competence in accounting. Sally Cabrini, Myrtle Dawes and Claire Hawkings, the other members of the Committee, have the necessary skills and financial literacy to discharge their responsibilities.

The Chair of the Board, the Chief Executive Officer, the Chief Financial Officer, the General Counsel and 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).

Key activities during 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 five members, all of whom are independent Directors, and 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 2026
- 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 2026.

There is additional commentary on the assessment of the internal and external auditors on page 90.

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 2026 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 reviewed by 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 including overhead allocation and the recoverability of deferred tax assets. The Committee concluded that the acquisition accounting adjustments were reasonable, and the disclosures were appropriate.
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 34 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, including the impact of a range of potential downside scenarios. These assessments considered key variables such as passenger volume growth in First Bus and open access, First Bus London Quality Incentive Contracts performance, the level of performance fees in the Rail division, and ESG-related risks including climate change. Following its review at the June 2026 meeting, 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.
Consideration of DfT TOCs for disclosure as discontinued operations	
During the year, the DfT implemented government policy to bring the DfT TOCs into public ownership. As part of this transition, SWR's NRC concluded in May 2025 and the business exited the Group. The judgement considered whether the DfT TOCs met the criteria for classification as discontinued operations under IFRS 5.	The Committee received accounting judgement papers from management. After assessing the implications of the DfT TOC contract expiries, the Committee concluded that these did not meet the criteria for classification as discontinued operations under IFRS 5. In reaching this view, the Committee noted that the Group continues to operate passenger rail services through its open access operations, that the expiries did not constitute abandoned operations, and that the businesses did not qualify as held for sale disposal groups.
Reversal of impairment of parent company's investment in First Bus	
Management has reassessed the recoverable amount of the parent company's investment in First Bus following a sustained improvement in financial performance since the impairment was recognised in FY 2020. Updated forecasts show stronger profitability and cash generation indicating that the conditions which led to the impairment have eased. Key estimates and judgements relate to the forecasts used in the assessment of impairment and discount rates.	The Audit Committee reviewed management's assessment of improved financial performance of First Bus and the resulting indicators that the prior impairment may be reversible. The Committee challenged the key forecast assumptions, including downside scenarios, and the discount rate used. The matter was discussed with external auditors and the Committee concluded that indicators of impairment reversal existed and the quantum of the impairment reversal was appropriate.

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 adequacy, design, robustness and effectiveness of the Group's risk management and internal control systems, including financial, operational, reporting 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 assesses the adequacy, design and effectiveness of the Company's financial reporting processes, risk assessment systems and material internal controls. In addition to periodic reviews by the Committee, the Board undertakes an annual in-depth review of the effectiveness of material internal controls, including the operation of financial, operational and compliance controls.

The Committee also advises 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. This process results in the Company's risk appetite policy, which is subsequently reviewed and approved by the Board.

The process applied by the Committee in reviewing the effectiveness of the system of risk management and internal control is outlined 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 against the overall programme and conclusions on the design and effectiveness of key controls that mitigate financial, operational, reporting and compliance risk. Progress continues to be made in standardising the internal controls framework, providing the Committee with greater assurance over the effectiveness of the control environment.

During the financial year, any control weaknesses identified through the operation of our risk management and internal control processes were monitored and resolved in line with our normal business operations. In FY 2026, 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 ongoing work to establish assurance over material controls in line with regulatory reforms is progressing well and continues to be assessed by the Committee at least bi-annually. Material financial, operational, compliance and reporting controls have been tested during the year through the established attestation methodology, and minor weaknesses addressed. Mitigating alternative controls and processes are in place where improvements remain underway. Full testing will take place in FY 2027 to ensure that the requirements of regulatory reforms are met.

Assurance

FirstGroup plc maintains a broad range of assurance over its internal controls through regulatory compliance, governance structures and established oversight mechanisms. This includes internal audits, management reviews, and risk assessments designed to ensure key controls operate effectively to safeguard assets, support accurate financial reporting, and maintain compliance with legal and regulatory requirements. As part of the audit process, external auditors provide independent assurance over the accuracy and integrity of the Company's 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 faces 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 faces 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 60 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 70 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 22 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 to the 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 60 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.

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, 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 an 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

29 Monitor risk management and internal control

This provision of the Code is not yet in force. The Board anticipates it will comply with this provision when it comes into force. The Audit Committee has overseen the preparatory work and the work completed is set out in the Internal control section on page 88.

30 Going concern basis of accounting

The Audit Committee considered the going concern basis of accounting statement set out on page 71 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 62 to 69, 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 70.

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. Andy Ward 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 2026. 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 28 March 2026 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 2025, 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 2026, including Part 5 in relation to the role of the Committee. Under this Order we are required to put the statutory audit out to tender every 10 years and in our case this will be for the period ended March 2031.

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
Jane Lodge
Peter Lynas

Dear Shareholder,

Leading in environmental and social sustainability is a key pillar within the Group's strategy, the delivery of which is overseen by the 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.

A major highlight of the year was the scale and pace of the electrification programme across the Group. These achievements demonstrate our leadership in both reducing our own emissions and enabling the broader transition to zero emission mobility across the UK.

We now have more than 1,400 zero emission vehicles, reflecting steady progress towards our target of a fully zero-emission commercial bus fleet by 2035. We continued to transform our operations through targeted investment in clean transport. The Group now has four fully and seventeen partially electrified depots, with at least four further depots expected to be electrified in FY 2027. We also advanced infrastructure for the wider transport ecosystem through the launch of FirstCharge, our new commercial charging proposition enabling local authorities, businesses and fleet operators to access reliable high-capacity charging solutions.

In rail, GWR oversaw the introduction of the UK's first rapid-charging battery train into passenger service in west London. The initiative shows how rapid-charging battery trains offer a scalable model for decarbonising parts of the rail network. The Group continued to make progress with commitments to its people, communities and diversity and inclusion targets. This was driven by clear leadership and delivery at a 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
17 June 2026

Membership and attendance

The Committee membership is set out in the column to the left and the attendance records are shown on page 82.

The General Counsel and 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 Chief People Officer, the Chief Sustainability and Compliance Officer, the Divisional Managing Directors 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.

Key activities 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, customer injuries and reviewed investigation findings including root causes and corrective action plans. Lessons learnt were also routinely discussed.

In June 2025, the Committee reviewed the Annual Report disclosures and governance including TCFD and were provided a horizon-scanning update.

In September 2025, the Committee received an update on strategic targets and a forward-looking view on planned activities, Scope 3 and a materiality review. The Committee also reviewed the external recognition from external bodies and areas in which to focus effort to improve any such ratings.

In January 2026, the Committee received an in-depth presentation on the Group's future carbon footprint and Climate Transition Plan. The Committee also reviewed Occupational Psychological research into human factors impacting safety performance – findings from which have led to changes in bus training. The Committee reviewed its terms of reference.

In March 2026, the Committee received an update on science-based targets, along with a review of Scope 3 and our supply chain and approved the Group's Safety Policy. It also reviewed the Group's ethnicity, diversity and inclusion targets and the Group's ethnic and gender pay gap reporting, noting the Group's commitment to the Parker Review.

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 2027

At the meeting in June 2026, the Committee reviewed the Responsible Business disclosures, the TCFD reporting and reviewed the carbon footprint disclosures and the assurance work undertaken by Grant Thornton. The Committee will continue to provide oversight of driving improvement in safety performance, elements of the people strategy, the environmental impact of the Group's activities and our community engagement.

We will continue with the further electrification of our bus operations while also enhancing our understanding of our climate strategy's resilience by updating our climate transition risks assessment.

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)
Myrtle Dawes
Claire Hawkings
Jane Lodge
Peter Lynas

Dear Shareholder,

I am pleased to present the Directors' Remuneration report for the 52 weeks ended 28 March 2026.

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 2026 performance and determination of pay, and our approach to ensuring executive pay outcomes are fair in the context of wider employee pay.

FY 2026 was another year of strong performance, despite continued external pressures. The strong performance has been driven by successful execution of the Group's UK-focused growth and diversification strategy.

Group adjusted operating profit of £219.4m remained at a similar level as FY 2025 (£222.8m) despite the transfer of SWR to the DfTO in May 2025.

Our First Bus division has delivered strong growth, increasing revenues from approximately £800m to over £1.4bn over the past four years. In FY 2026, adjusted operating profit rose by 7% to £102.8m, despite reduced government funding (c.£26m), increased employer National Insurance costs (c.£15m), and lower passenger volumes following the increase in fare cap to £3 across England. The integration of First Bus London has exceeded expectations, contributing £310m in revenue.

Within Regional Bus, we responded effectively to headwinds through operational discipline and cost management, including hedging strategies. Revenue grew by 4%, supported by improvements in revenue per mile, reduced lost mileage, and a significant increase in Net Promoter Score to 17.2.

Business and Coach performance has strengthened through new contract wins, the launch of FlixBus operations, and recent acquisitions. Our expanded footprint now includes approximately 1,000 coaches and multiple depots.

In First Rail, we continued to progress strategic priorities, expanding open access capacity, delivering National Rail Contracts, and securing the London Overground contract. Open access operations saw passenger growth of 4%, with revenue increasing to £109.3m (FY 2025: £106.4m) and adjusted operating profit of £25.6m.

Looking ahead, we are well positioned for sustained growth. In First Bus, we will focus on commercial expansion, increased market share in Business and Coach, and leveraging electrification. As the regional bus industry transitions, our experience, large, well-capitalised fleet and depot network will enable us to actively participate in upcoming franchise and partnership opportunities. In First Rail, we will continue to grow our open access operations and pursue complementary opportunities aligned with our expertise.

Directorate changes

As disclosed on page 78, our approach to ensuring the employee voice is heard in the Board room has changed and we have transitioned from having an employee on the Board to a Colleague Advisory Panel chaired by a designated Non-Executive Director.

As a result, Anthony Green retired at the 2025 AGM. I would like to thank Anthony for his contributions to the Committee. Myrtle Dawes was appointed as Designated Non-Executive Director for Workforce and Chair of the Colleague Advisory Panel as of 25 July 2025. Full details on fees paid are set out in the table on page 102.

Remuneration policy

Our 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 2026 has been another year of strong operational and financial performance:

- Group adjusted operating profit of £219.4m (FY 2025: £222.8m)
- FY 2026 full year dividend of 7.2p recommended (FY 2025: 6.5p)
- £89m was returned to shareholders via dividends and £50m through the buyback programme
- Award and mobilisation of the London Overground contract, annual revenues of c.£300m over the eight-year contract
- Further progressed our diversification strategy with the acquisition of three more coach businesses in FY 2026
- Continued to lead in electrification, with one of the largest zero emission bus fleets in the UK (26% of our fleet) and three fully electrified depots
- Significant improvement in our Net Promoter Score in regional bus, up from 10.6 in FY 2025 to 17.2 in FY 2026
- Employee engagement in the Bus division increased markedly to 66% in FY 2026, up from 41% in FY 2023

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.

Remuneration Committee report continued

FY 2026 Executive Annual Bonus Plan (EABP): The FY 2026 EABP was based 70% on financial metrics (50% Group adjusted operating profit, 20% Group adjusted cash flow), and 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 was between on-target and maximum for an achievement of 66.1% of maximum. Cash flow was above maximum, for an achievement of 100% of maximum. Overall achievement against the operational scorecard was 54.4% of maximum. In respect of personal objectives, the Committee awarded Graham Sutherland and Ryan Mangold 90% and 80% of maximum, respectively.

The formulaic EABP award for the Executive Directors resulted in awards of 72.9% for Graham Sutherland and 71.9% of maximum for 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 98 and 99.

2023 LTIP: The vesting of the LTIP granted in 2023 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 2023 measures is as follows:

- Delivered strong earnings growth, with adjusted EPS of 20.3p, resulting in 100% vesting under this element
- Relative TSR vs FTSE 250 performance was at the 83rd percentile versus the peer group, resulting in 100% vesting under this element
- Outperformed against our ZE fleet transformation target, with a total of 1,154 new ZE buses by 28 March 2026, resulting in 100% vesting under this element
- Outperformed against our emissions reduction target, with an outturn of 30.9% reduction, resulting in 100% vesting under this element

Therefore, the formulaic vesting of the 2023 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 2023 LTIP are set out on page 99.

2025 LTIP: The Committee determined that the 2025 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 100.

Remuneration for FY 2027

The Committee carefully considered base salary increases for the Executive Directors holistically, taking into account FY 2027 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 3% for Graham Sutherland and Ryan Mangold, effective 1 April 2026. See page 103 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 2027 EABP.

The FY 2027 EABP is based on the following metrics:

- 60% Group adjusted operating profit
- 20% Group adjusted cash flow
- 20% operational scorecard

Details on the metrics are set out on page 103. 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 2025 LTIP, with some changes. The 2026 LTIP consists of 55% EPS, 35% relative TSR and 10% on additional ZE buses. The targets for the 2026 LTIP awards are set out on page 103.

Given the changes to our business, including the renationalisation of the DfT TOCs and changes arising from bus franchising we have decided not to include Scope 1&2 emissions reduction and the ED&I metrics in the 2026 LTIP. We remain fully committed to both reducing our greenhouse gas emissions as well as our ED&I agenda.

Setting meaningful Scope 1&2 targets that the Executive Directors can influence would be extremely complex in light of the changes to our business, however, management can reduce our greenhouse gas emissions by increasing our ZE bus fleet, achieving the maximum target would result in a reduction of over 41,000 tCO_2e. Additionally, our employee demographics are expected to change materially as a result of the changes to our business, therefore, it would not be feasible to set meaningful and robust three-year ED&I targets at this time.

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 95 and 96 provides a summary of the items and the factors that the Committee considers when making executive reward decisions.

Key activities during the year

The Committee has:

- approved the FY 2026 EABP payout for Executive Directors and other senior employees
- determined the vesting of the 2023 LTIP
- reviewed and approved the FY 2026 Directors' Remuneration report
- approved the 2025 LTIP awards
- agreed the FY 2027 EABP approach
- reviewed wider workforce remuneration and related policies
- approved the 2025 Save As You Earn scheme
- reviewed its terms of reference

2027 Remuneration Policy

The current Directors' Remuneration Policy was approved at the 2024 AGM and, in line with the standard three-year approval cycle, will expire at the 2027 AGM. Ahead of this, the Committee will carry out a comprehensive review to ensure the Policy remains aligned with the Group's future growth strategy. I look forward to engaging with shareholders over the course of the year to discuss any proposed amendments to the policy.

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 95 and 96.

The audited sections of the Annual report on remuneration are clearly marked.

In conclusion

We 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

17 June 2026

Remuneration at a glance

This section summarises the pay our Executive Directors received in FY 2026.

FY 2026 single figure total remuneration (£'000s)

CEO

Base salary	20%
Pension and benefits	1%
EABP	22%
LTIP	56%

CFO

Base salary	21%
Pension and benefits	4%
EABP	23%
LTIP	52%

Read more on pages 97 to 99

Shareholding requirement – progress in FY 2026

Requirement

200%

of base salary within 5 years of appointment

At 28 March 2026

CEO 277% **CFO** 535%

FY 2026 single figure total remuneration

FY 2026 Executive Annual Bonus Plan (EABP)

Weighting	Measure	Threshold (0% payment)	Target (50% payment)	Maximum (100% payment)	Outcome as % of maximum award	Link to strategy
50%	**Group adjusted operating profit**				**33.0%**	
	Target	£155.8m	£168.4m	£185.2		
	Performance	£173.8m				
20%	**Group adjusted cash flow**				**20.0%**	
	Target	£92.1m	£99.2m	£127.5m		
	Performance	£140.2m				
20%	**Operational scorecard**				**10.9%**	
	Performance	54.4%				
10%	**Personal objectives**					
	CEO	90%			**9.0%**	
	CFO	80%			**8.0%**	
	Total bonus achieved (as % of maximum)					
	CEO				**72.9%**	
	CFO				**71.9%**	

Weighting	Measure	Threshold (0% payment)	Maximum (100% payment)	Outcome as % of maximum award	Link to strategy
50%	**EPS**			**50%**	
	Target	12.1p	15.7p		
	Performance	20.3p			
35%	**Relative TSR**			**35%**	
	Target	Median	Upper quartile		
	Performance	83rd percentile			
7.5%	**Zero emission fleet**			**7.5%**	
	Target	600	850		
	Performance	1,154			
7.5%	**Emissions reduction**			**7.5%**	
	Target	12%	15%		
	Performance	30.9%			
	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 considers the Group's overall approach to employee reward. Given the diverse nature of the operations of our divisions and the employment markets in which they operate, remuneration practices vary across the organisation to ensure they remain relevant to each individual market. This includes recognising that approximately 85% of colleagues are covered by collective bargaining arrangements, which shape pay structures and outcomes.

The Remuneration Committee and the Responsible Business Committee discuss a number of items each year to ensure the organisation's approach to reward remains consistent and fair. All members of the Remuneration Committee also sit on the Responsible Business Committee, so although the final two items below are formally considered by the Responsible Business Committee, Remuneration Committee members participate in those discussions. Insights from the Responsible Business Committee are then fed into the Remuneration Committee.

- A report summarising wider workforce pay policies and practices, with updates provided on a regular basis
- The CEO pay ratio and underlying statistics
- 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 table on page 96 (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.

The Committee recognises the importance of transparency and seeks to ensure that the workforce understands how Executive Director remuneration is determined. To support this, the Group's communication channels are used to signpost the information set out in the Directors' remuneration report.

Treating our people fairly

Effective 1 April 2024, First Bus became a Real Living Wage employer. First Bus have gone beyond the accreditation requirements and have also included all apprentices.

Across the Group, pay structures vary. For non-collectively bargained employees in First Bus, recent salary increase budgets have been weighted towards lower earners.

Employees receive a range of benefits in addition to base salary, including retail discounts and supermarket savings, holiday buy and sell and cycle to work.

We continue to offer the Save As You Earn (SAYE) share scheme, enabling colleagues to purchase discounted shares following a three-year savings contract. There are c.4,250 active colleagues participating in at least one of the three current schemes (15.6% of eligible colleagues), contributing an average of c.£200 per month. From the first relaunched scheme in 2023, which matures in September 2026, there are currently c.2,350 active colleagues who subscribed at an option price of 111p (the closing share price on 27 March 2026 was 168.9p).

Travel benefits include free travel for employees and their families across their own network. Employees are also able to purchase discounted rail and bus travel across the Group. In FY 2026, more than 113,000 rail and 23,500 bus discounted tickets were purchased across the Group.

All employees also have access to an Employee Assistance Programme, which offers employees free access to a virtual GP, online physiotherapy, wellbeing and counselling services, legal and financial support as well as a number of other services.

Healthcare benefits for First Bus colleagues include the Simplyhealth scheme, which provides cashback on everyday healthcare costs. In FY 2026, nearly 4,000 colleagues utilised Simplyhealth, receiving over £340,000 in cashback.

We operate a number of different monetary and non-monetary recognition programmes and events in which colleagues at all levels of the business participate in. These programmes range from spot bonuses to annual recognition events, such as the Our Way Awards in First Bus, recognising individuals and teams for exemplary performance throughout the year.

Engaging with our colleagues

While the Committee does not formally consult with the workforce on Executive Director remuneration, it takes into account wider workforce views and experience through a range of established engagement mechanisms.

The Group also engaged with its workforce through the Designated Non-Executive Director for Workforce and Chair of the Colleague Advisory Panel, Myrtle Dawes at events also attended by other Non-Executive Directors. The Panel gives colleagues the opportunity to get together with our Non-Executive Directors, and discuss their views on what is working well and where we can improve. It brings together leaders, managers, supervisors and frontline colleagues, encouraging open dialogue and different perspectives.

Across our businesses we have 'Your Voice' engagement surveys that run at least annually across First Bus, First Rail and the corporate centre. First Bus has improved response rates and engagement scores over the past three years have risen to 66% (+25% in 4 years). Across our Rail businesses, the engagement score is 71%.

A key part of our engagement strategy is enabling local teams to take ownership of the employee experience in ways that resonate with their unique contexts. While the overarching strategy provides clarity and alignment, we trust local leaders to shape meaningful interventions on the ground. This approach has built stronger emotional connections, improved communication, and driven performance from the depot floor up.

To support this, First Bus have recently launched a new personalised colleague app 'Blink', which brings simpler tools and clearer updates to help colleagues feel more connected. It is an easily accessible central hub, where all colleagues and leaders can share important content and updates directly. It is also a place where achievements are seen, shared and celebrated across the whole company.

Remuneration in context continued

Wider workforce remuneration

All employees	**Base salary**	■ Base salaries are reviewed annually. ■ When setting pay for Executive Directors and the Executive Committee, the Committee considers salary increases for 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.
	All-employee share schemes	■ All UK employees with at least six months of service are eligible to participate in our HMRC-approved all-employee share schemes. Under SAYE, 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	■ We offer a range of benefits to our employees, including our Employee Assistance Programme, discounts and cashback at major retailers, and discounted travel on our networks. See page 95 for more information. ■ Both divisions run workplace health and wellbeing programmes to support employees in staying fit and healthy.

Senior executives and management	**Annual bonus**	■ Incentivises successful execution of our business strategy and operational goals.
	LTIP	■ Senior executives with sufficient line of sight to drive long-term sustained value creation for our shareholders.
	Shareholding guidelines	■ Executive Directors and Executive Committee members 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 2026 is aligned to the Company's strategy. See pages 13 to 14 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	Group adjusted operating profit	●	●		●
	Group adjusted cash flow	●	●	●	●
	Operational performance	●	●	●	●
	Personal performance	●	●	●	●
LTIP	EPS	●	●		●
	Relative TSR	●	●	●	●
	Zero emission fleet	●		●	
	Scope 1&2 emissions reduction	●		●	

Key to our strategic pillars

- Deliver day in, day out
- Drive modal shift
- Lead in environmental and social sustainability
- Diversify our portfolio

The Remuneration Committee makes a holistic safety assessment at each year end, which can reduce the formulaic outturn of the EABP to reflect safety performance.

Annual report on remuneration

The Annual report on remuneration sets out

- Directors' remuneration for FY 2026, on pages 97 to 102
- The statement of the planned implementation of policy in FY 2027, on page 103

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 2026 AGM.

Single total figure of remuneration for Executive Directors (audited)

	Salaries	Taxable benefits	Pension	Total fixed remuneration	Annual bonus[1]	LTIP[2,3]	Other[4]	Total variable remuneration	Total remuneration
Graham Sutherland – CEO									
FY 2026 £'000s	**606**	**1**	**30**	**637**	**662**	**1,675**	**–**	**2,337**	**2,974**
FY 2025 £'000s	589	1	29	619	726	2,349	1	3,076	3,695
Ryan Mangold – CFO									
FY 2026 £'000s	**508**	**15**	**76**	**599**	**548**	**1,229**	**–**	**1,777**	**2,376**
FY 2025 £'000s	494	14	74	582	608	1,724	1	2,333	2,915

1 Half of the annual bonus earned is deferred into shares for a period of three years.
2 The value of the 2023 LTIP, which had a three-year performance period ending 28 March 2026, was calculated using the average share price over the last three months of FY 2026 (182.7p). In line with reporting requirements, the LTIP values include dividend equivalent amounts of £143,301 and £105,180 for the Chief Executive Officer and Chief Financial Officer, respectively. £398,309 and £292,351 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 135.2p in 2023.
3 The value for FY 2025 relates to the 2022 LTIP, which had a three-year performance period ending 29 March 2025. The value of the 2022 LTIP for Graham Sutherland and Ryan Mangold reported in the 2025 report (£1.709m and £1.254m, respectively) was an estimate based on the average share price over the last three months of FY 2025 (164.73p). The actual value of the 2022 LTIP on the 18 August 2025 vesting date was £2.349m and £1.724m for Graham Sutherland and Ryan Mangold, respectively (based on share price of 225.7p); this includes actual dividend equivalents received of £153,669 and £112,776, respectively.
4 Graham Sutherland and Ryan Mangold both participate in the 2024 SAYE scheme. More detail on the scheme can be found on page 96. 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.

More detail can be found below.

Benefits (audited)

Graham Sutherland's benefits for the year comprised £1,285 for UK private medical insurance. Ryan Mangold's benefits for the year comprised a £12,000 car allowance and £3,213 for UK private medical insurance.

Pension (audited)

Graham Sutherland received a pension allowance of 5% of his base salary, £30,285. Ryan Mangold received a pension allowance of 15% of his base salary, £76,230.

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 2026 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 2026 Executive Directors' annual bonus (audited)

For FY 2026, 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 2026 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]	50%	£155.8m	£168.4m	£185.2m	£173.8m	66.1%	33%
Group adjusted cash flow[2]	20%	£92.1m	£99.2m	£127.5m	£140.2m	100%	20%
Operational scorecard:							
First Bus Net Promoter Score	3.5%	10.6	11.6	12.6	17.2	100%	3.5%
First Bus employee engagement score	3.5%	63%	65%	67%	66%	75%	2.6%
First Bus overall fleet MPG	3%	8.2	8.3	8.4	8.3	50%	1.5%
First Rail average TOC scorecard score	5%	<2	2	3	2.3	65%	3.3%
First Rail Train on Self Cancellations: Lumo	2.5%	>24	24	12	29	0%	0%
First Rail Train on Self Cancellations: Hull	2.5%	>24	24	12	36	0%	0%
Personal objectives	10%	N/A	N/A	N/A	see below	see below	see below

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 £219.4m. See note 4 for the reconciliation.

2 Group adjusted cash flow is assessed from continuing operations on a pre-IFRS 16 basis. It excludes London capital expenditure (-£25.9m), acquisitions (-£35.3m), interest and tax (-£22.9m), dividends to shareholders (-£38.9m), share buyback (-£50.4m), and share purchases for Employee Benefit Trust (-£24.3m).

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 in determining the achievement of the personal objectives element of the EABP for Graham Sutherland. It was noted that Graham Sutherland has had a very strong year as CEO. Some specific achievements include:

- Implemented target operating model to position the Group for sustainable growth and value creation
- Delivered all FY 2025 M&A integration, including First Bus London which is performing ahead of expectations
- Continued to execute our UK-focused growth strategy with the acquisition of three coach companies in the year, growth in open access and award of the London Overground contract

Ryan Mangold has had another strong year. Some specific achievements include:

- Maintained a strong balance sheet and disciplined capital allocation policy, critically important given uncertainty
- Delivered solutions to support innovation in Bus electric supply to facilitate lower future operating costs
- Continued to execute our UK-focused growth strategy with the acquisition of three coach companies in the year, growth in open access and award of the London Overground contract

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 Graham Sutherland and Ryan Mangold 9% and 8% out of a possible 10%, respectively, for their personal objectives.

Annual report on remuneration continued

Taking into account the above outcomes, the formulaic EABP award for Graham Sutherland and Ryan Mangold resulted in a potential award of 72.9% and 71.9% of the maximum, respectively. 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 2026 was therefore as follows:

	Graham Sutherland	Ryan Mangold
Maximum EABP opportunity (% of salary)	150%	150%
EABP achieved (as % of maximum)	72.9%	71.9%
EABP (% of salary)	109.4%	107.9%
Total EABP	£662,430	£548,176
EABP – Cash	£331,215	£274,088
EABP – Deferred shares	£331,215	£274,088

Long-Term Incentive Plan

The vesting of 2023 LTIP awards was subject to achieving the following performance conditions over a three-year performance period ending 28 March 2026:

Vesting of 2023 Long-Term Incentive awards (audited)

Metrics	Weighting	Threshold: 20%	Maximum: 100%	Outturn	% of award which vested
Adjusted EPS	50%	12.1p	15.7p	20.3p	100%
Relative TSR vs FTSE 250 (excluding Investment Trusts)	35%	Median	Upper quartile	83rd percentile	100%
Sustainability Scorecard					
ZE fleet (# vehicles)	7.5%	600	850	1,154	100%
Emissions reduction: Scope 1&2 emissions (tCO_2e) reduction[1]	7.5%	12%	15%	30.9%	100%
Total					100%

1 Grant Thornton have verified the FY 2026 outturn and agreed the methodology applied in respect of FY 2020 baseline. Carbon Footprint Limited have reviewed our baseline calculations and have provided assurance in respect of our FY 2026 baseline.

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	838,017	100%	£1,531	£398	£143	£1,675
Ryan Mangold	615,088	100%	£1,124	£292	£105	£1,229

1 The face value of the 2023 LTIP at vesting has been calculated based on the average share price over the last three months of FY 2026 (182.7p).

2 At vesting, £398,309 and £292,351 of the value for Graham Sutherland and Ryan Mangold, respectively, is attributed to share price growth (the share price at award was 135.2p in 2023).

Annual report on remuneration continued

Long-Term Incentive awards made during the year

The Committee determined that the 2025 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 2025 LTIP are consistent with the 2024 LTIP award.

Awards were made in June 2025 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 2025 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 2025 LTIP targets. The Committee will consider if any adjustments to the 2025 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 2025 LTIP awards are set out below:

2025 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 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%	38.7%	9.6%
Maximum (100% vesting)	21.5p	Upper quartile	890	34%	40%	11%

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 2028 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 2025.

2025 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	217.8p	200%	556,198	£1,211,400	20%	1.4.25 – 31.3.28
Ryan Mangold	217.8p	175%	408,333	£889,350	20%	1.4.25 – 31.3.28

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.

Annual report on remuneration continued

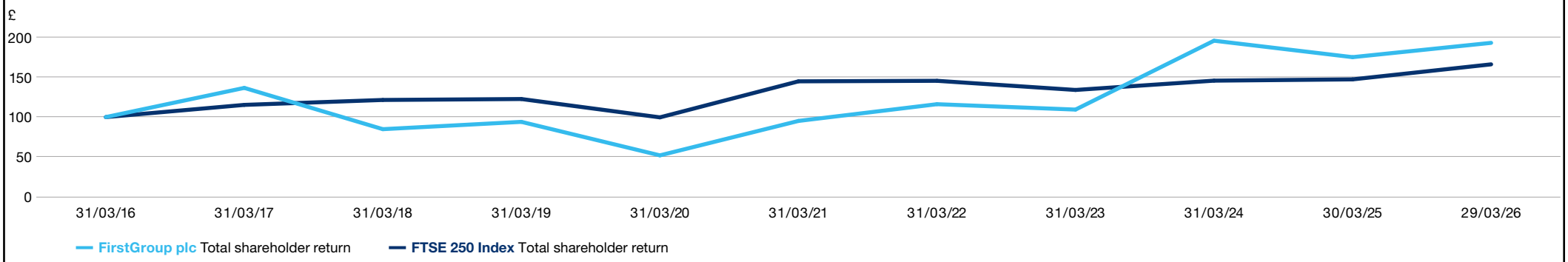
Remuneration of the Chief Executive Officer

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.

	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	2026 Graham Sutherland
Total remuneration (£'000s)	1,267	1,100	175[2]	266[3]	422[4]	788	840	2,246[4]	320[5]	134[5]	1,191[6]	1,398	3,694	2,974
EABP (% of maximum potential)	–[1]	–[1]	–	N/A	33.4	–	–	97	N/A	N/A	94	94	82.1	72.9
LTIP vesting (% of maximum potential)	16.3	–	–	N/A	12.5	12	14.6	88.5	N/A	N/A	–	–	100	100

1 No EABP was paid to Tim O'Toole in 2017 or 2018. He received a conditional deferred share award in 2017.
2 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.
3 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.
4 Remuneration for Matthew Gregory as Chief Executive Officer from 13 November 2018 until he stepped down on 13 September 2021.
5 Remuneration for David Martin for his period as Interim Executive Chairman from 13 September 2021 until 30 June 2022. David Martin was not eligible for EABP or LTIP awards.
6 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.

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

Directorate changes

Effective 25 July 2025, Myrtle Dawes was appointed to the role of Designated Non-Executive Director for Workforce and Chair of the Colleague Advisory Panel. For FY 2025, she received an additional fee of £6,110 p.a. for this role. As a result of this change Ant Green (Employee Director) retired at the AGM in July 2025.

Payments for loss of office (audited)

Anthony Green was paid six months' notice (£31,935) in respect of him retiring from the Board as Group Employee Director.

Payments to past Directors (audited)

No payments to past Directors were made during FY 2026.

Chair and Non-Executive Directors' fees (audited)

NED fees were increased by 2.8% effective 1 April 2025, resulting in NED fees of £63,870 p.a. with additional fees of £13,220 p.a. payable to the Senior Independent Director and the Chairs of the Audit, Responsible Business and Remuneration Committees. The fee for the Designated Non-Executive Director for Workforce and Chair of the Colleague Advisory Panel was set at £6,110 p.a. for FY 2026. No changes were made to the Chair's fee in FY 2026. From 1 April 2026 NED fees and the Chair fee increased by 3.0%, taking the basic NED fee to £65,790, the Chair fee to £298,700, the additional fee for the Senior Independent Director and Chairs of the Audit, Responsible Business Committee Chairs and Senior Independent Director to £13,617 and the fee for the Designated Non-Executive Director for Workforce and Chair of the Colleague Advisory Panel to £6,294.

	FY 2026					FY 2025				
£'000	Basic fee	Committee Chair	SID	Taxable benefits[1]	Total	Basic fee	Committee Chair	SID	Taxable benefits[1]	Total
Lena Wilson[2]	**290**	**–**	**–**	**10**	**300**	48	–	–	4	52
Sally Cabrini	**64**	**13**	**–**	**4**	**81**	62	13	–	3	78
Myrtle Dawes[3]	**64**	**5**	**–**	**16**	**85**	62	–	–	9	71
Claire Hawkings	**64**	**13**	**–**	**1**	**78**	62	13	–	2	77
Jane Lodge	**64**	**13**	**–**	**7**	**84**	62	13	–	6	81
Peter Lynas[4]	**64**	**–**	**13**	**4**	**81**	84	–	13	2	99
Anthony Green[5]	**21**	**–**	**–**	**–**	**21**	62	–	–	–	62

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.
3 Myrtle Dawes was appointed Designated Non-Executive Director for Workforce and Chair of the Colleague Advisory Panel as of 25 July 2025. The additional fee for this appointment is £6,110 p.a. and her additional fee for FY 2026 has been 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 for FY 2025 to £96,995.
5 Anthony Green retired from the Board as Group Employee Director at the 2025 AGM. In addition to his fee as Group Employee Director, he received earnings from the Group as an employee amounting to £32,024 in FY 2025 and £32,367 in FY 2026.

Annual report on remuneration continued

Implementation of Remuneration Policy for FY 2027

Annual base salary

The Committee carefully considered base salary increases for the Executive Directors holistically, taking into account FY 2027 base salary increases applied to the wider workforce (see page 95 for more information), investor guidance, the Group's strong performance in FY 2026 as well as the macroeconomic environment.

The Committee decided it would be appropriate to award a base salary increase of 3.0% for Graham Sutherland and Ryan Mangold, increasing their base salary to £623,900 and £523,500, respectively, from 1 April 2026.

FY 2027 Executive Directors' annual bonus

For FY 2027, 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 2027. Changes from FY 2026 include inclusion of First Rail London, and increasing the weighting of Group adjusted operating profit from 50% to 60% following the removal of the personal performance element from the Executive Directors' annual bonus. The personal performance of the Executive Directors will still be assessed, however, personal performance will no longer be bonusable. This change further strengthens alignment with shareholder experience by increasing the proportion of bonus linked directly to Group financial performance. The precise measures under the operational scorecard may change each year depending on annual business priorities.

The performance measures for FY 2027 are:

Measure	Weighting
Group adjusted operating profit	60%
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%
First Rail scorecard	5%
First Rail open access TOC on self-cancellations	5%

The targets for FY 2027 will be disclosed in next year's report when they are no longer commercially sensitive.

The FY 2027 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. Half 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.

2026 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 Committee has agreed that the 2026 LTIP awards will be subject to EPS, relative TSR and ESG performance measures. These measures are consistent with recent LTIP awards, although refinements have been made to the ESG metric. As noted on page 93, Scope 1&2 emissions reduction targets and gender and ethnicity representation targets have not been included within the 2026 LTIP meaning the ESG metric will be based solely on ZE bus fleet targets. By increasing our ZE bus fleet management can directly reduce our greenhouse gas emissions. The achievement of the maximum ZE buses target is expected to result in a reduction of over 41,000 tCO_2e.

Setting meaningful Scope 1&2 targets that the Executive Directors can influence would be extremely complex in light of the changes to our business. Additionally, the re-nationalisation of the DfT TOCs and potential changes arising from bus franchising are expected to materially alter our employee demographics. As a result, it would not be feasible to set meaningful and robust three-year gender and ethnicity representation targets at this time. We remain fully committed to reducing our greenhouse gas emissions and to our ED&I agenda, and progress will continue to be monitored and driven through inclusion within the Board KPIs.

Details of the performance metrics, targets and comparator group for the 2026 LTIP awards are set out below. The Committee is mindful of the importance of ensuring that any awards under the 2026 LTIP are aligned with shareholder value. The EPS target range of 20.7p to 24.7p has been set based on internal forecasts. The Committee considers the target range to be appropriately stretching, taking into account the impact of the renationalisation of the DfT TOCs and future earnings potential from portfolio growth and diversification.

	Adjusted EPS	Relative TSR vs FTSE 250[2]	Additional ZE buses in service or on order by 31 March 2029
%Weighting	55%	35%	10%
Threshold (20% vesting)[1]	20.7p	Median	590
Maximum (100% vesting)	24.7p	Upper Quartile	750

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).

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 29.03.25	During year: Awards granted	During year: Awards released	During year: Awards lapsed	Number of shares under award as at 28.03.26[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 [5]	–	–	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
		12.06.25	–	556,198	–	–	556,198	nil	1,211,400	12.06.28	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
		12.06.25	–	166,574	–	–	166,574	nil	362,800	12.06.28	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	18.08.22	713,770	–	713,770 [5]	–	–	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
		12.06.25	–	408,333	–	–	408,333	nil	889,350	12.06.28	N/A
	Deferred bonus shares	18.08.22	289,456	–	289,456 [5]	–	–	nil	327,375	18.08.25	N/A
		09.06.23	240,545	–	–	–	240,545	nil	325,217	09.06.26	N/A
		12.06.24	203,286	–	–	–	203,286	nil	335,015	12.06.27	N/A
		12.06.25	–	139,745	–	–	139,745	nil	304,365	12.06.28	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
Ant 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
		11.07.25	–	824	–	–	824	1.78	1,831	01.09.28	01.03.29

1 LTIP – from FY 2023 onwards, granted in the form of conditional share awards under the Long-Term Incentive Plan. 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 after FY 2023 are granted in the form of 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 12.06.25, this is 217.8p. 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 and 2025 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 (2024 SAYE: 153.4p, 2025 SAYE: 222.2p).

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 vest, 18 August 2025, was 225.0p.

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 28 March 2026. It shows that Graham Sutherland's current shareholding is 277.5% of his base salary and Ryan Mangold's current shareholding is 534.5% 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 with the exception of Ryan Mangold's partnership shares acquired through our all-employee SIP. The beneficial interests of Directors who served during the year ending 28 March 2026 and their connected persons in the shares of the Company as at that date and 29 March 2025 are shown below.

	Ordinary shares beneficially owned								
Directors	Date of appointment	At 29.03.25 or appointment date if later	At 28.03.26[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]	% shareholding requirement achieved
Executive Directors									
Graham Sutherland	16.05.22	250,005	644,675	677,142	2,109,263	N/A	200%	277.5%	138.7%
Ryan Mangold[2]	31.05.19	1,766,290	1,298,277	600,381	1,548,314	N/A	200%	534.5%	267.3%
Non-Executive Directors[8]									
Lena Wilson	01.02.25	14,000	31,000	–	–	–	–	–	–
Sally Cabrini	24.01.20	10,000	10,000	–	–	–	–	–	–
Myrtle Dawes	01.04.22	3,497	3,497	–	–	–	–	–	–
Anthony Green	15.09.20	1,674	1,674	4,277	–	–	–	–	–
Claire Hawkings	21.01.22	10,000	10,000	–	–	–	–	–	–
Jane Lodge	30.06.21	15,000	15,000	–	–	–	–	–	–
Peter Lynas	30.06.21	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 264 partnership shares between 28 March 2026 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 28 March 2026 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 27 March 2026 (168.9p).
7 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.
8 Shares for Non-Executive Directors are held outright, with no attaching performance conditions.

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 28 March 2026, 3.9% 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 28 March 2026, 19,922,152 shares were held by the EBT to hedge outstanding awards of 42,566,919. This means that the EBT holds sufficient shares to satisfy approximately 46.8% 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. Graham Sutherland was appointed as Non-Executive Director of HICL Infrastructure PLC with effect from 21 May 2025.

	Company	Retained fees (£)
Graham Sutherland	HICL Infrastructure PLC	59,953

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]	SC	MD[5]	CH[6]	JL[6]	PL[6,7]	AG[8]
% change to FY 2026	Salary/fees	3.5%	2.8%	2.8%	-	2.8%	12.7%	2.8%	2.8%	2.8%	2.8%
	Benefits	5.5%	41.0%	6.5%	145.7%	29.8%	78.8%	(48.1)%	9.6%	107.1%	0.0%
	Annual bonus	(28.7)%	(6.9)%	(6.8)%	-	-	-	-	-	-	-
% change to FY 2025	Salary/fees	4.0%	4.0%	4.0%	N/A	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	Benefits[9]	135.6%	51.0%	5.7%	N/A	10.9%	40.8%	(30.7)%	67.2%	67.6%	0.0%
	Annual bonus	(19.0)%	(9.2)%	(9.1)%	–	–	–	–	–	–	–
% change to FY 2024	Salary/fees	6.0%	3.0%	3.0%	N/A	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	Benefits[9]	(15.6)%	(46.2)%	(2.6)%	N/A	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[10]	5.9%	N/A	2.4%	N/A	0.0%	N/A	0.0%	0.0%	(14.6)%	0.0%
	Benefits	(7.3)%	N/A	0.0%	N/A	(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[10]	11.1%	N/A	7.1%	N/A	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	0.0%
	Annual bonus	576.6%	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.
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 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 before FY 2026 is available, her FY 2025 fee has been annualised for comparison purposes.
5 Myrtle Dawes was appointed as designated NED for Workforce and Chair of the Colleague on 25 July 2025, the additional fee she receives has been annualised for comparison purposes. Myrtle Dawes was appointed to the Board on 1 April 2022. As such, no comparison to before FY 2024 is available.
6 Claire Hawkings, Jane Lodge and Peter Lynas were appointed to the Board in FY 2022. FY 2022 fees have been annualised for comparison purposes.
7 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.
8 Anthony Green retired from the Board as Group Employee Director at the 2025 AGM, his FY 2026 fee has been annualised for comparison purposes.
9 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.
10 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 25th, 50th 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 2025 and their salary and total remuneration were calculated in respect of actual pay data from 30 March 2025 to 28 March 2026.

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).

The decrease in the CEO pay ratio compared with FY 2025 is driven by the variable pay awards. The FY 2026 EABP vesting outcome is slightly reduced compared to FY 2025 and the share price movement between FY 2025 and FY 2026 affects the reported value of the 2023 LTIP award.

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		
Year	Method	25th percentile	50th percentile	75th percentile
FY 2026	**Option B**	**83:1**	**77:1**	**55:1**
	Total remuneration	**£35,690**	**£38,807**	**£53,737**
	Salary only	**£32,166**	**£34,636**	**£45,530**
FY 2025	Option B	116:1	90:1	61:1
FY 2024	Option B	42:1	40:1	26:1
FY 2023	Option B	34:1	30:1	22:1
FY 2022	Option B	68:1	62:1	41:1
FY 2021	Option B	30:1	25:1	16:1
FY 2020	Option B	32:1	25:1	17:1

For FY 2026 the CEO total remuneration was £2,974,310 and the CEO salary was £605,700.

Relative importance of spend on pay

The table below sets out the Company's expenditure on pay relative to adjusted operating profit, shareholder distributions by way of dividends and share buybacks, as well as spend on zero emission vehicles, an area of significant investment.

	FY 2026 £m	FY 2025 £m	% change
Adjusted operating profit[1]	**221.5**	222.2	-0.3%
Distributions to shareholders[2]	**88.9**	84.2	5.6%
Spend on zero emission vehicles[3]	**86.0**	38.9	121.1%
Total employee pay[4]	**1,704.1**	1,710.9	-0.4%

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 £88.9m in FY 2026 consists of £38.9m in dividends (£45.6m including non-controlling interests) and £50.0m share buyback (£50.4m including related costs). Distributions to shareholders in FY 2025 of £84.2m consists of £34.2m in dividends (£37.6m including non-controlling interests) and £50.0m share buyback (£50.4m including related costs).

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 2026 was 30,995 (FY 2025: 30,763).

Annual report on remuneration continued

Committee membership and attendance

The membership of the Committee is shown on page 92 and attendance is set out on page 82. After each meeting, the Chair of the Committee presents a report on its activities to the Board. The Chief Executive Officer, General Counsel and Company Secretary and the Committee's external remuneration adviser will normally attend meetings by invitation, to provide advice and respond to specific questions. Other attendees may include the Chair, Chief People Officer, Chief Financial Officer and the Director of Group Reward. Attendees are not involved in any decisions and are specifically excluded from any matter concerning their own remuneration. The Group Company Secretary and General Counsel acts as secretary to the Committee.

Who supports the Committee?

The Committee can obtain the advice of external remuneration consultants and is solely responsible for their appointment, retention and termination, and for the approval of the basis of their fees and other terms. The Chair of the Committee agrees the protocols under which the external remuneration consultants provide advice.

During the early part of FY 2026, the Committee was supported by Willis Towers Watson (WTW). WTW provided independent advice and commentary on a range of topics, including Directors' remuneration, discretionary share plans, corporate governance and executive remuneration trends. WTW's fees for advice provided to the Committee were £58,800 (FY 2025: £60,040), charged on a time-spent basis. WTW provided remuneration advice, including the provision of benchmark data, to the Company.

In November 2025, following a competitive tender process led by the Chair of the Committee, Deloitte was appointed. During the year Deloitte provided independent advice and commentary on a range of topics, including Directors' remuneration, discretionary share plans, corporate governance and executive remuneration trends. Deloitte's fees for advice provided to the Committee were £20,500, charged on a time-spent basis.

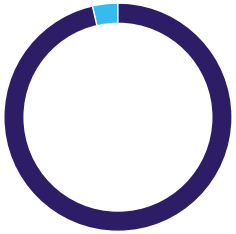
WTW and Deloitte are both members of the Remuneration Consultants Group Code of Conduct and adhere to this Code in their dealings with the Committee. The Committee reviews the appointment of its advisers annually and is satisfied that the advice it receives is objective and independent.

Shareholder voting on remuneration

At the 2025 AGM, shareholders approved the Directors' remuneration report. Shareholders approved the Directors' Remuneration Policy at the 2024 AGM, which was published in the FY 2024 Annual Report and Accounts. The results of these votes are shown below.

To approve the Directors' remuneration report at the 2025 AGM

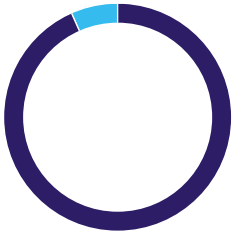
2025 AGM voting



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
2025 AGM	98.33%	1.67%

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%

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 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.

Malus and clawback
Malus and clawback provisions apply to the EABP and LTIP awards. Malus provisions allow us to reduce the amount of any unvested awards, potentially to zero, prior to payment or vesting. Cash bonuses under the EABP can be clawed back up to the third anniversary of payment and deferred share awards may be subject to malus up to the vesting date. LTIP awards can be clawed back up to the fifth anniversary of grant. The period in which malus and clawback provisions may apply is appropriate as it aligns with the vesting period of incentives and reflects the time during which risks or exposure may materialise.

Events that may trigger the Remuneration Committee to apply malus and/or clawback include, but are not limited to:

- a material misstatement (including any omission) in the Company's financial results
- where the award, or the vesting outcome of the award, was based on a material error, or any inaccurate or misleading information
- any form of misconduct
- insolvency or corporate failure
- regulatory censure or significant reputational damage

The Committee confirms that malus and clawback provisions were not exercised during the year.

The diagram below illustrates the balance of pay and time period of each element of the Policy for Executive Directors.

Total pay over five years	Year 1	Year 2	Year 3	Year 4	Year 5
Fixed pay	Salary				
Fixed pay	Benefits, Pension				
EABP (Malus and clawback provisions apply)	Up to 150% of salary				
	50% in cash	50% in shares. Three-year deferral period No further performance conditions			
LTIP (Malus and clawback provisions apply)	Up to 200% of salary Three-year performance period			Two-year holding period No further performance conditions	

Remuneration Policy summary continued

The table below sets out an overview of the key areas of the Policy and summarises how the Committee applied the Policy in FY 2026, together with details of how the Committee intends to implement the Policy in FY 2027.

Purpose and link to strategy	Operation	Maximum opportunity	How we implemented the Policy in FY 2026	How we plan to implement the Policy in FY 2027
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 2.8% was applied to the CEO and CFO from 1 April 2025. This increase was aligned to the general non-collectively bargained employee salary increase.	An increase of 3.0% was applied to the CEO and CFO from 1 April 2026. This increase was aligned to the increase for the general non-collectively bargained employee salary increase. See page 103 for more information.

Remuneration Policy summary continued

Purpose and link to strategy	Operation	Maximum opportunity	How we implemented the Policy in FY 2026	How we plan to implement the Policy in FY 2027
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 2026.
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 2026.
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 into 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 – 50% Cash flow – 20% Operational – 20% Personal objectives – 10% FY 2026 bonus awards of 109.4% (72.9% of maximum) for the CEO and 107.9% of base salary (71.9% of maximum) for the CFO. See pages 98 and 99 for further details.	No change to the maximum opportunity for FY 2026. Performance measures (as a % of maximum): Operating profit – 60% Cash flow – 20% Operational – 20% See page 103 for further details.

Remuneration Policy summary continued

Purpose and link to strategy	Operation	Maximum opportunity	How we implemented the Policy in FY 2026	How we plan to implement the Policy in FY 2027
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 100 for details of the targets for the 2025 LTIP awards granted in the year. The 2023 LTIP had a vesting outcome of 100%. See page 99 for further details.	No change to maximum LTIP opportunities. Performance measures (as a %of maximum): EPS – 55% Relative TSR – 35% Additional ZE buses – 10% See page 103 for detail on LTIP awards to be granted for FY 2027.
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 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 105 for further details on shareholding requirements and outstanding share awards.	No change to requirements.

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 95 and 96 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 102 for fees paid to NEDs and the Chair.

35 Consultants appointed by the committee

Following a formal tender process, Deloitte was appointed by the Committee in November 2025, replacing Willis Towers Watson.

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.

38 Malus & clawback provisions

Malus and clawback provisions apply to both the EABP and LTIP. Malus and clawback provisions were not exercised during the year.

39 Only basic salary to be pensionable

The Company complies with this provision and pension contributions are aligned with the wider workforce. See page 96 for further information.

40 Notice and contractual periods

The notice and contractual periods for the Executive Directors are for one year.

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 92 and 93 and in the Annual report on remuneration on pages 97 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 Committee reviews wider workforce pay and practices and Myrtle Dawes chairs the Colleague Advisory Panel and answers questions.

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 28 March 2026. 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	91
Greenhouse gas emissions	34
Proposed final dividend	28
Risk factors and principal risks; going concern and viability statements	60 to 71
Governance arrangements; human rights and anti-corruption and bribery matters	32 to 33
Long-term incentive schemes	99 to 100
Financial instruments and related market transactions	161 to 167

Directors

The Directors of the Company who served during the year are shown on pages 75 to 77.

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 30 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 and 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 28 March 2026, the Company's issued share capital was 570,695,015 ordinary shares of 5 pence, each credited as fully paid, and the Company held 8,164,166 of these shares in treasury. The issued share capital of the Company which carries voting rights of one vote per share comprised 562,530,849 ordinary shares. Further details of the Company's issued share capital are shown in note 25 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 28 March 2026, 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.	56,164,499	9.98	19 November 2025
BlackRock, Inc	34,142,655	5.96	4 August 2025
Schroders Plc	28,079,627	4.99	5 January 2026
Dimensional Fund Advisors LP	28,034,918	4.97	25 September 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

Between 28 March 2026 and the date of this report:

Name of shareholder	Number of ordinary shares	% of total voting rights	Date of notification
Equiniti Trust (Jersey) Limited as trustee of the FirstGroup plc Employee Benefit Trust	23,092,254	4.10	26 May 2026
Dimensional Fund Advisors LP	28,167,366	5.01	29 May 2026

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 final 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 71, the Audit Committee report starting on page 85 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 70.

Employee share plans

The Company operates a number of employee share plans, details of which are set out in note 33 and in the Directors' remuneration report that starts on page 92.

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.

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 56 to 58 of the Strategic report and the statement of compliance with Section 172 is set out on page 59. Further information on workforce engagement can also be found on page 46.

Purchase of own shares

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 10 June 2025 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 2 October 2025. Any buybacks commencing before the 2026 AGM will be conducted under the authority granted at the 2025 AGM although if the authority is renewed then the renewed authority may be relied upon. The Company anticipates seeking authority to purchase up to 14.99% of its ordinary shares at the AGM in 2026.

Political donations

At the 2025 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 2025 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 2026.

Directors' report and additional disclosures continued

Change of control – significant agreements

Financing agreements

As at 28 March 2026, 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 2031. 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 £100m term loan facility between, amongst others, the Company and The Royal Bank of Scotland plc dated 10 March 2025, maturing in March 2028. 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 2026, the Group's contracted passenger rail operators, First Greater Western Limited 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 Greater Western Limited, First Trenitalia West Coast Rail Limited and the Group's non-contracted rail operators, Hull Trains Company Limited and East 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.

On 25 May 2025, the operations of First MTR South Western Trains Limited (jointly owned with MTR Corporation) were transferred to the Department for Transport Operator (South Western Railway Limited). Certain provisions of First MTR South Western Trains Limited 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:

- (i) Open access operations – We are mobilising First Rail Stirling Limited to operate services between Stirling and Euston and First Wales & Western Limited to operate services between Paddington and Carmarthen. Both of these operators hold track access agreements with Network Rail Infrastructure Limited. First Rail Stirling Limited holds a safety certificate and operator licence and First Wales & Western Limited will apply for the same in due course. 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.
- (ii) London Overground concession – The Group was awarded the contract to operate the London Overground network, to be delivered through its subsidiary, First Rail London Limited. The contract commenced on 3 May 2026 and, as at 31 March 2026, the business was in the process of mobilisation. As with the Group's other rail activities, the concession is subject to customary contractual and regulatory requirements, including operator licensing, safety certification and change of control provisions.

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 DfTO, 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.

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 36.

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 17 June 2026.

David Blizzard

General Counsel and Company Secretary
17 June 2026

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 2026 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 the Governance report confirms 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
17 June 2026

395 King Street
Aberdeen AB24 5RP

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 28 March 2026 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 2026 (the "Annual Report"), which comprise:

- the Consolidated balance sheet as at 28 March 2026;
- the Company balance sheet as at 28 March 2026;
- the Consolidated income statement for the period then ended;
- the Consolidated statement of comprehensive income for the period then ended;
- the Consolidated statement of changes in equity for the period then ended;
- the Company statement of changes in equity for the period then ended;
- 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 in the period under audit.

Our audit approach

Context

The Group consists of two main divisions, Rail and Bus. In the Rail division, two train operating companies ('TOCs') have continued to operate under contracts with the Department for Transport ('DfT') with Great Western Railway ('GWR') 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. On 4 December 2024, the Government announced its programme to transition passenger rail services into public ownership. As a result, the Group's third TOC, South Western Railway ('SWR'), transferred back to public ownership when their national rail contract expired on 25 May 2025. On the 8 May 2026, the government confirmed that GWR will move into public ownership on 13 December 2026. This is a non-adjusting post balance sheet event. The programme is expected to continue with AWC to follow. 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 with a £3 bus fare cap in England since December 2024. The period to 28 March 2026 was the first full 52 weeks of trading for First Bus London as part of the Group, following its acquisition from RATP in February 2025.

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. In addition to FirstGroup plc, the parent company, we have determined there are four in scope components for group reporting purposes:

- Each TOC is a separate component, with GWR and AWC in scope for group reporting
- First Bus
- 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)
- Valuation of First Bus Holdings investment subject to impairment reversal assessment (parent)

Materiality

- Overall group materiality: £18,500,000 (2025: £20,000,000) based on 0.4% of revenue (2025: 0.4% of revenue)
- Overall company materiality: £12,400,000 (2025: £12,400,000) based on 1% of total assets (2025: 1% of total assets)
- Performance materiality: £13,900,000 (2025: £15,000,000) (group) and £9,300,000 (2025: £9,300,000) (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. The total liabilities reduced due to the handover of the South Western Rail Train Operating Contract ('TOC') before contract adjustment. 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 IAS 19 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 contract adjustments. Refer to note 34 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 the significant judgements.	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 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 rates 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 reviewed the scheme contract terms and conclude that it is appropriate to recognise a net surplus under IFRIC 14. 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 34 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 34, the group has significant gross defined benefit plan assets. 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 £238.7m (2025: £316.9m). The funds are present in the FirstGroup UK Bus Section of the FGPS. 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
Valuation of First Bus Holdings investment subject to impairment reversal assessment (parent)	
Investments in subsidiaries are measured in the Company balance sheet at cost less accumulated impairment. The carrying value of the investment in the Bus division is supported by its recoverable amount, which has historically been determined using a value-in-use methodology. Investments are reviewed for impairment where indicators of impairment exist and for potential reversal where there is evidence that a previous impairment may no longer apply. Management identified an impairment reversal trigger during the year. Under IAS 36, this requires evidence of a change in the key assumptions underpinning the original impairment. Management's assessment is that these conditions have now been met. An impairment reversal is judgemental and contains significant assumptions that are materially sensitive to change. Further details are set out in note 5 to the plc Company accounts and in the Key sources of estimation uncertainty section of note 1.	An impairment provision in First Bus Holdings Limited ('FBH') primarily arose during FY20 when provisions of £434m were recognised. The impairment was partially reversed in FY22 due to the recovery from Covid-19 when the Bus division demonstrated improved performance. Revenues and operating profit have continued to grow organically since then. We have evaluated management's assessment of the reversal trigger and the resulting value-in-use ("VIU") calculation, focusing on whether the improvement in underlying assumptions is both sustained and supportable. Our procedures over the assessment provided by management included: - Assessing management's forecasting of revenue growth and passenger volume assumptions against historical trends and observed recovery; - corroborating operating margins and cost assumptions, including inflationary pressures; - reviewing capital expenditure plans for consistency with the operational requirements of the business; - evaluating the discount rate and long term growth assumptions, with support from our valuations team; - verified adjustments made in relation to debt balances and tax cash flows; and - assessed reasonableness of cashflow from dividends from subsidiaries of FBH. From the procedures performed we consider the cash flow forecasts to be reasonable and the existence of a relevant reversal trigger to be present. Based on the above factors we concur with management's level of impairment reversal recorded in the investment in FBH. We have also assessed the disclosures in the Annual Report and Accounts 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 primary 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 four components required for Group reporting as follows: GWR, AWC and First Bus as full scope components, with 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 in 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 28 March 2026.

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	£18,500,000 (2025: £20,000,000).	£12,400,000 (2025: £12,400,000).
How we determined it	0.4% of revenue (2025: 0.4% of revenue)	1% of total assets (2025: 1% of total assets)
Rationale for benchmark applied	Overall materiality is based on the Group's revenue. We consider revenue to continue to be an appropriate benchmark due to the Rail business operating on contracts with the DfT and the business model of the Bus operations. In recognition of other benchmarks that can be applied to the business, we have therefore used 0.4% of revenue (consistent with prior year) resulting in an appropriate materiality for the size and scale of the Group.	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 £1,080,000 and £17,575,000.

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% (2025: 75%) of overall materiality, amounting to £13,900,000 (2025: £15,000,000) for the group financial statements and £9,300,000 (2025: £9,300,000) 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 £925,000 (group audit) (2025: £1,000,000) and £620,000 (company audit) (2025: £620,000) 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; and
- 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 28 March 2026 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 manipulating revenue, earnings before interest and tax ('EBIT') 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 or EBIT; 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.

Independent auditors' report to the members of FirstGroup plc continued

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.

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

We were first appointed by the company for the financial year ended 27 March 2021. Our uninterrupted engagement covers 6 financial years.

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.

Andy Ward (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Watford
17 June 2026

Consolidated income statement

For the 52 weeks ended 28 March 2026/29 March 2025

Continuing Operations	Notes	2026 £m	2025 (restated) £m
Revenue	3,5	**4,751.9**	5,233.9
Operating costs	6	**(4,532.5)**	(5,011.3)
Operating profit	5,6	**219.4**	222.6
Investment income	8	**7.1**	7.7
Finance costs	8	**(69.8)**	(65.4)
Profit before tax		**156.7**	164.9
Tax	9	**(37.3)**	(31.3)
Profit from continuing operations		**119.4**	133.6
Profit from discontinued operations	19	**2.1**	4.7
Profit for the year		**121.5**	138.3
Attributable to:			
Equity holders of the parent		**118.3**	127.5
Non-controlling interests		**3.2**	10.8
		121.5	138.3
Earnings per share			
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company			
Basic earnings per share	10	**21.0p**	20.5p
Diluted earnings per share	10	**20.2p**	19.7p
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic earnings per share		**21.4p**	21.3p
Diluted earnings per share		**20.6p**	20.5p
Adjusted results (from continuing operations)[1]			
Adjusted operating profit	4	**219.4**	222.8
Adjusted profit before tax		**156.7**	165.1
Adjusted EPS	10	**20.3p**	19.4p
Adjusted diluted EPS		**19.6p**	18.6p

1 Adjusted for certain items as set out in note 4.

The restatement of the 2025 income statement relates to the reclassification of a levy expense of £167.6m which had previously been treated as a deduction from revenue. The restatement therefore increases both revenue and expenses by £167.6m. The restatement has no impact on any profitability measure or other primary statements. Full details are provided in note 2.

The accompanying notes form an integral part of this consolidated income statement.

Consolidated statement of comprehensive income

For the 52 weeks ended 28 March 2026/29 March 2025

	Notes	2026 £m	2025 £m
Profit for the year		**121.5**	138.3
Items that will not be reclassified subsequently to profit or loss			
Actuarial (losses)/gains on defined benefit pension schemes	34	**(26.9)**	32.9
Deferred tax on actuarial gains/(losses) on defined benefit pension schemes		**6.6**	(7.5)
		(20.3)	25.4
Items that may be reclassified subsequently to profit or loss			
Hedging instrument movements	26	**22.9**	(4.0)
Deferred tax on hedging instrument movements		**(5.8)**	1.0
Exchange differences on translation of foreign operations – continuing operations		**(2.8)**	(2.1)
Exchange differences on translation of foreign operations – discontinued operations		**3.2**	3.1
		17.5	(2.0)
Other comprehensive (loss)/income for the year		**(2.8)**	23.4
Total comprehensive income for the year		**118.7**	161.7
Attributable to:			
Equity holders of the parent		**115.5**	150.9
Non-controlling interests		**3.2**	10.8
		118.7	161.7
Total comprehensive income for the year attributable to owners of FirstGroup plc arises from:			
Attributable to:			
Continuing operations		**113.4**	151.6
Discontinued operations		**5.3**	10.1
		118.7	161.7

The accompanying notes form an integral part of this consolidated statement of comprehensive income.

Consolidated balance sheet

As at 28 March 2026/29 March 2025

	Notes	2026 £m	2025 (restated[1]) £m
Non-current assets			
Goodwill	11	**157.0**	144.7
Other intangible assets	12	**21.9**	14.8
Property, plant and equipment	13	**1,727.1**	2,037.2
Non-current receivables	16	**1.5**	–
Deferred tax assets	23	**18.2**	46.5
Retirement benefit assets	34	**22.0**	27.3
Derivative financial instruments	22	**3.9**	0.3
Financial assets	22	**71.6**	104.2
Investments	14	**2.3**	2.6
Investments in associates	14	**2.0**	–
		2,027.5	2,377.6
Current assets			
Inventories	15	**29.3**	30.8
Trade and other receivables	16	**586.4**	761.6
Current tax assets		**6.2**	7.4
Cash and cash equivalents	18	**432.0**	487.1
Derivative financial instruments	22	**19.6**	0.2
Financial assets	22	**0.4**	–
		1,073.9	1,287.1
Total assets		**3,101.4**	3,664.7
Current liabilities			
Trade and other payables (restated[2])	17	**888.9**	1,072.7
Tax liabilities – Other tax and social security		**56.8**	59.6
Borrowings	20	**447.1**	481.4
Derivative financial instruments	22	**0.6**	3.0
Provisions	24	**68.5**	92.1
Current liabilities		**1,461.9**	1,708.8
Net current liabilities		**(388.0)**	(421.7)

	Notes	2026 £m	2025 (restated[1]) £m
Non-current liabilities			
Other payables (restated[2])	17	**120.5**	135.5
Borrowings	20	**710.2**	991.3
Derivative financial instruments	22	**–**	1.0
Retirement benefit liabilities	34	**2.1**	4.6
Provisions	24	**87.2**	111.0
		920.0	1,243.4
Total liabilities		**2,381.9**	2,952.2
Net assets		**719.5**	712.5
Equity			
Share capital	25	**28.5**	37.5
Share premium		**693.3**	693.3
Hedging reserve	26	**15.6**	(2.2)
Other reserves	26	**31.4**	22.4
Own shares	26	**(37.5)**	(31.1)
Translation reserve	27	**(21.5)**	(21.9)
Retained earnings		**0.2**	(1.3)
Equity attributable to equity holders of the parent		**710.0**	696.7
Non-controlling interests		**9.5**	15.8
Total equity		**719.5**	712.5

1 See note 28 for details on the prior year restatement arising from the finalisation of the First Bus London acquisition accounting adjustments.

2 The Group has restated the analysis between Current and Non-current Other payables for the prior year, to correct the expected maturity of deferred capital grants previously classified as Current liabilities. This reduces Current Other payables by £135.5m and increases Non-current Other payables by the same amount.

The accompanying notes form an integral part of this consolidated balance sheet.

Ryan Mangold
17 June 2026

Consolidated statement of changes in equity

For the 52 weeks ended 28 March 2026/29 March 2025

	Share capital (note 25) £m	Share premium £m	Hedging reserve (note 26) £m	Other reserves (note 26) £m	Own shares (note 26) £m	Translation reserve (note 27) £m	Retained earnings/ (deficit) £m	Total £m	Non-controlling interests £m	Total equity £m
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
Balance at 30 March 2025	**37.5**	**693.3**	**(2.2)**	**22.4**	**(31.1)**	**(21.9)**	**(1.3)**	**696.7**	**15.8**	**712.5**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**118.3**	**118.3**	**3.2**	**121.5**
Other comprehensive income/(loss) for the period	**–**	**–**	**17.1**	**–**	**–**	**0.4**	**(20.3)**	**(2.8)**	**–**	**(2.8)**
Total comprehensive income for the period	**–**	**–**	**17.1**	**–**	**–**	**0.4**	**98.0**	**115.5**	**3.2**	**118.7**
Hedging instrument movements transferred to balance sheet (net of tax)	**–**	**–**	**0.7**	**–**	**–**	**–**	**–**	**0.7**	**–**	**0.7**
Transactions with owners in their capacity as owners										
Shares bought back but not yet cancelled	**–**	**–**	**–**	**–**	**–**	**–**	**(50.4)**	**(50.4)**	**–**	**(50.4)**
Cancellation of treasury shares	**(9.0)**	**–**	**–**	**9.0**	**–**	**–**	**–**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**(38.9)**	**(38.9)**	**(9.5)**	**(48.4)**
Movement in EBT and treasury shares	**–**	**–**	**–**	**–**	**(6.4)**	**–**	**(17.6)**	**(24.0)**	**–**	**(24.0)**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**10.4**	**10.4**	**–**	**10.4**
Balance at 28 March 2026	**28.5**	**693.3**	**15.6**	**31.4**	**(37.5)**	**(21.5)**	**0.2**	**710.0**	**9.5**	**719.5**

The accompanying notes form an integral part of this consolidated statement of changes in equity.

Consolidated cash flow statement

For the 52 weeks ended 28 March 2026/29 March 2025

	Notes	2026 £m	2025 £m
Cash generated by operations	29	**681.5**	828.2
Tax paid		**(0.9)**	(6.0)
Interest paid		**(65.0)**	(68.0)
Net cash from operating activities	29	**615.6**	754.2
Investing activities			
Interest received		**4.9**	7.7
Proceeds from disposal of property, plant and equipment		**45.7**	17.9
Purchases of property, plant and equipment		**(241.8)**	(150.7)
Purchases of software		**(11.2)**	(5.7)
Proceeds from capital grant funding		**51.5**	66.4
Investment in associate		**(2.0)**	–
Acquisition of businesses (net of cash acquired)	28	**(33.3)**	(86.5)
Net cash used in investing activities		**(186.2)**	(150.9)
Financing activities			
Shares purchased by Employee Benefit Trust		**(24.3)**	(16.1)
Treasury shares purchased via share buyback scheme and directly associated costs		**(50.4)**	(91.8)
External dividends paid		**(38.9)**	(34.2)
Dividends paid to non-controlling shareholders		**(6.7)**	(3.4)
Term loan drawdown		**35.0**	65.0
Proceeds from rolling credit facility		**150.0**	80.0
Repayment of rolling credit facility		**(150.0)**	(75.0)
Repayment of bond issues		**–**	(96.2)
Repayment of lease liabilities		**(411.4)**	(503.5)
Repayment of asset backed financial liabilities		**(21.1)**	(9.8)
Proceeds from asset backed financial liabilities		**57.4**	36.7
Proceeds from NextGen facility		**7.5**	6.8
Fees for finance facilities		**(0.6)**	–
Net cash flow used in financing activities		**(453.5)**	(641.5)
Net decrease in cash and cash equivalents before foreign exchange movements		**(24.1)**	(38.2)
Cash and cash equivalents at beginning of year		**430.7**	468.7
Foreign exchange movements		**(0.1)**	0.2
Cash and cash equivalents at end of year		**406.5**	430.7

Cash flows of discontinued operations are shown in note 20.

	Notes	2026 £m	2025 £m
Reconciliation to cash flow statement			
Cash and cash equivalents – balance sheet	18	**432.0**	487.1
Bank overdraft	20	**(25.5)**	(56.4)
Cash and cash equivalents at end of year per consolidated balance sheet		**406.5**	430.7

Note to the consolidated cash flow statement – reconciliation of net cash flow to movement in net debt

	Notes	2026 £m	2025 £m
Net decrease in cash and cash equivalents in year		**(24.1)**	(38.2)
(Increase)/decrease in debt excluding leases		**(42.5)**	19.4
Repayment of lease liabilities and asset backed financial liabilities		**432.4**	513.3
Inception and reassessment of leases and asset backed financial liabilities (restated[1])		**(104.9)**	(335.5)
Foreign exchange movements		**(0.1)**	0.2
Other non-cash movements		**(0.5)**	–
Movement in net debt in year (restated[1])		**260.3**	159.2
Net debt at beginning of year (restated[1])		**(985.6)**	(1,144.8)
Net debt at end of year (restated[1])	30	**(725.3)**	(985.6)

1 The finalisation of the First Bus London acquisition accounting exercise increased the value of lease liabilities acquired, resulting in a restatement of the Inception of leases and the prior year closing net debt in the table above. See note 2 for more details of the restatement.

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 by shares and domiciled 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 71.

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 28 March 2026 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 71.

As set out on page 70, 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 28 March 2026 include the results and financial position of the First Rail businesses for the year ended 31 March 2026 and the results and financial position of all the other businesses for the 52 weeks ended 28 March 2026. 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.

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.

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).

Notes to the consolidated financial statements continued

2 Material accounting policies continued

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. Where customers are due compensation due to delays in their journeys, such payments are treated as a reduction in passenger revenue in line with IFRS 15 Revenue from Contracts with Customers.

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 revenue sources

Other revenue sources 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.

Service agreement premium/subsidy

DfT TOCs are subject to fixed payments in the form of a premium paid to, or subsidy received from, the DfT. TOCs are entitled to earn performance based fees and a contracted margin, and the service agreement premium/subsidy is calculated to deliver this margin. It is calculated with direct reference to costs and revenues for each annual accounting period, and there is no clawback mechanism for payments received, or linkage between calculations from one annual period to the next, and as such the unit of account is deemed to be each annual reporting period. Periodic payments are received from or made to the DfT. In annual periods where a net subsidy is received from the DfT this is considered to be an IAS 20 government grant and is accounted for accordingly. The grant is considered to provide for the contracted margin, the performance based fees, and compensates for the excess of allowed costs over revenues, however it is not IFRS 15 revenue from a contract with a customer.

Where revenues exceed allowable costs, and the associated premium payment is made to the DfT, this is considered to be an operating levy, and the payments are presented within operating costs.

Contractual and direct fiscal support

The principal direct fiscal support recognised during the year comprised £376.9m (2025: £347.8m) of NRC funding in the First Rail businesses, and £20.0m (2025: £21.9m) of funding 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.

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 cap on all single fares across the country in January 2023, starting at £2 and increasing to £3 in January 2025, with operators being reimbursed for any revenue foregone as a result of the reduced ticket prices, and funding being confirmed through to March 2027. 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.

First Rail

The DfT TOC 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. On 7 May 2026, First Greater Western Railway Ltd received notice from the Department for Transport that its National Rail Contract would expire on 13 December 2026, at which point GWR will hand over to the DfT Operator.
- 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 which expired on 25 May 2025.

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. 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 at the balance sheet date. In addition, the right of use asset is periodically reduced by impairment losses, if applicable, and adjusted for certain remeasurements of the lease liability.

Notes to the consolidated financial statements continued

2 Material accounting policies continued

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.

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 22 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.

Notes to the consolidated financial statements continued

2 Material accounting policies continued

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.

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 TOCs are depreciated over the lesser of their estimated useful lives or the rail contract term expected at the balance sheet date.

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.

Notes to the consolidated financial statements continued

2 Material accounting policies continued

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.

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.

The Group also includes restricted cash balances within Financial assets, where balances are held as collateral for third party arrangements and are not readily available for general use by the business.

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, asset backed financial liabilities 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 Material 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 model. 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 21: The Effects of Changes in Foreign Exchange Rates

There has been no material change as a result of applying this amendment. 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, and which is expected to change the presentation of the consolidated financial statements.

The Group is currently in the process of determining the expected impact of applying IFRS 18. A transition plan has been developed and an initial impact assessment has been undertaken, and the Group is on track to report its first IFRS 18-compliant interim financial statements for the period ending 25 September 2027, and annual financial statements for the year ending 25 March 2028. The application of the new Standard will change the presentation of the consolidated financial statements, most notably the categorisations within the income statement and related disclosure detail, as well as classifications within the statement of cash flows. It will also require the presentation of management-defined performance measures to complement the structured summary on the face of the income statement, and the Group is presently assessing the appropriate measures to be reported under this definition.

Restatements

National Rail Contracts – premium payments

During the year, the Group has reassessed its accounting policy regarding DfT subsidy receipts and premium payments under its NRCs. Subsidies received under the NRCs continue to represent amounts for lost passenger revenues and the subsidy income from the DfT is therefore recognised within revenue in line with IAS 20 Government grants. When amounts are due to be paid back to the DfT (the obligating event being generation of profits above contractual fixed profit margins), the Group has concluded that these do not represent a refund of government grant amounts received in previous periods, instead per IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IFRIC 21 Levies the premium amounts above the contractual margin should have previously been treated as a levy expense rather than as a deduction of revenue.

The Group has therefore restated its FY 2025 income statement to correct this classification. A levy expense of £167.6m has been recognised, rather than a deduction from revenue, therefore increasing both revenue and expenses by £167.6m. The restatement has no impact on any profitability measure or other primary statements.

Acquisition accounting adjustments relating to First Bus London

During the year, the Group finalised its IFRS 3 acquisition accounting adjustments in relation to the acquisition on 28 February 2025 of London bus operator RATP Dev Transit Limited and its subsidiaries (First Bus London). Provisional adjustments were reported in the FY 2025 Annual Report, and therefore the Group has now restated the prior year comparative information to reflect these finalised adjustments. The final acquisition adjustments are detailed in note 28. There is no material impact on the FY 2025 income statement as a result of the finalisation exercise, and as such the prior year income statement has not been restated.

Deferred capital grant liabilities

The Group has restated the analysis between Current and Non-current Other payables for the prior year, to reflect the expected maturity of deferred capital grants previously classified as Current liabilities. This reduces Current Other payables by £135.5m and increases Non-current Other payables by the same amount.

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.

Defined benefit pension arrangements

Railway Pension Scheme

As at the balance sheet date, the Group sponsored two 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

Notes to the consolidated financial statements continued

2 Material accounting policies continued

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.

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 assumptions are made 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 to align with the characteristics of each scheme. Management follows actuarial advice from a third party when determining these judgements. Other key estimates include the longevity of members, expected rates of salary increases and inflation. We take specialist advice on these 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.

The majority of invested pension scheme assets are held in asset classes where a deep market exists and therefore where market prices are readily available. Some of the more illiquid assets do not have such a deep market, and so a discounted cash flow valuation methodology is adopted, using cash flows provided by fund managers using their best estimates of the distributions from the investments. The critical estimate in respect of these cash flows is the discount rate applied with reference to the yield on a government bond of suitable duration, adjusted to take into account the relevant asset-specific risks (primarily credit default risk and liquidity risk). Both the quantum of the cash flows and the discount rate adopted require an element of judgement, and changes to either could alter the valuation ascribed to the assets.

The carrying amount of the Group's continuing retirement benefit arrangements at 28 March 2026 was an asset of £19.9m (2025: asset of £22.7m). Further details and sensitivities are set out in note 34.

Other areas of judgement and accounting estimates

The consolidated financial statements include other areas of judgement and accounting estimates, and while these do not meet the IAS 1 definition of significant accounting estimates or critical accounting judgements, the recognition and measurement of certain material assets and liabilities are based on assumptions, or are subject to longer-term uncertainties.

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 has now finalised the purchase price allocation exercise for First Bus London, and this identified a number of adjustments to reflect the fair value of the assets and liabilities acquired.

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 28 provides more details on the finalised acquisition accounting exercise.

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.

Determining First Rail National Rail Contract 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. The Group's South Western Railway NRC expired in May 2025. The timetable published at that time indicated that other TOCs would be taken into public ownership by October 2027, but with no dates then specified for Great Western Railway or West Coast Partnership. At the FY 2026 balance sheet date, no NRC expiry dates had been announced for Great Western Railway or West Coast Partnership. The Group was therefore required to make judgements to assess the most likely expiry dates for these NRCs at the balance sheet date.

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. There were no changes during the year to the Group's judgements for NRC expiry dates.

On 7 May 2026, First Greater Western Railway Ltd received notice from the Department for Transport that its NRC would expire on 13 December 2026, at which point GWR will hand over to the DfT Operator. As this notification was received after the balance sheet date, the Group has concluded that it represents a non-adjusting event.

DfT TOCs – income statement classification

South Western Railway transferred to DfT ownership in May 2025 when its NRC expired, and Great Western Railway's NRC will expire on 13 December 2026. A detailed timetable has yet to be announced for the Group's West Coast Partnership TOCs, but the Government has indicated that all TOCs would be taken into public ownership by October 2027. The Group has therefore reviewed the application of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of its DfT TOCs.

Notes to the consolidated financial statements continued

2 Material accounting policies continued

The Group's DfT TOCs will no longer be a part of the Group when each TOC's individual NRC expires, whether at their specified end dates, or when the appropriate contractual notice period is given by the DfT. However, the Group does not consider that these contract expiries would represent discontinued operations per IFRS 5 as they are not considered a disposal of operations. The contracts represent the vehicle for the Group's arrangements with the DfT to provide rail passenger services, rather than a separate discontinued operation, and the contracts expire upon their enforceable end point. Furthermore, the Group's First Rail operating segment will continue to run passenger rail operations via its open access businesses and its contract to operate the London Overground rail services, and the Group remains committed to investing in, and further expanding, its First Rail passenger rail operations and services in the future. This is further evidenced by the acquisition of new open access licences and further applications to operate open access passenger rail services.

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 does 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.

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 33), 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 2027 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 2027 and medium-term plan including the period to September 2027 to be the base case scenario for the purpose of the going concern assessment for the FY 2026 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 net profit increase from passenger volumes and yields in FY 2027, with some offset from cost inflation. The base case also reflects the impact of the acquisitions completed in FY 2025 and FY 2026, including First Bus London and coaching businesses. The Rail base case reflects the expected expiry of the Group's remaining NRCs, and the commencement of the London Overground contract in May 2026. The macro projections in the updated base case assume that the UK operates in a low-growth economy with inflationary pressures. 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.

Notes to the consolidated financial statements continued

2 Material accounting policies continued

Downside scenario

In addition, a downside case was also modelled which assumes a more adverse macroeconomic recovery profile, including the potential impacts of geopolitical instability. 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, volume and revenue reductions in Hull Trains and Lumo driving a 25% reduction in open access profitability, and other unbudgeted cost and inflationary risks. 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. The downside scenario also takes into account some controllable mitigating actions available to the Group.

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, as well as further reviews of other Group capital allocation decisions.

Going concern statement

Based on the review of the financial forecasts for the period to September 2027 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.

3 Revenue

	2026 £m	2025 (restated[1]) £m
Services rendered	**4,013.1**	4,317.2
First Rail contract subsidy receipts	**419.2**	580.4
Other revenues	**319.6**	336.3
Revenue from continuing operations	**4,751.9**	5,233.9
Discontinued operations	**–**	–
Revenue	**4,751.9**	5,233.9

1 The Group has identified certain funding mechanisms with the DfT where amounts due to the DfT have previously been treated as deductions from revenue. Upon further review, the Group has judged that these amounts should instead be recognised as an expense in the income statement. The prior year income statement comparative information has been re-presented accordingly. The re-presentation is within the income statement and has no impact on profit measures or the other primary statements.

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 NRCs are taken into public ownership. As a result, during FY 2025 the Group 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.

Notes to the consolidated financial statements continued

4 Reconciliation to non-GAAP measures and performance continued

Reconciliation of operating profit to adjusted operating profit on a continuing basis	2026 £m	2025 £m
Operating profit on a continuing basis	**219.4**	222.6
Adjustments for:		
Greyhound Canada	**–**	0.2
Total operating profit adjustments on a continuing basis	**–**	0.2
Adjusted operating profit on a continuing basis (note 5)	**219.4**	222.8

Reconciliation of operating profit to adjusted operating profit/(loss) on a discontinued basis	2026 £m	2025 £m
Operating profit from discontinued operations	**2.1**	4.9
Adjustments for:		
CARES receipt	**–**	(0.4)
Retirement benefit restructuring credits	**–**	(5.1)
Total operating profit adjustments from discontinued operations	**–**	(5.5)
Adjusted operating profit/(loss) from discontinued operations	**2.1**	(0.6)

Reconciliation of profit before tax to adjusted profit before tax and adjusted earnings	2026 £m	2025 £m
Profit before tax (including discontinued operations)	**158.8**	169.6
Adjusting operating profit items – continuing operations	**–**	0.2
Adjusting operating profit items – discontinued operations	**–**	(5.5)
Adjusted operating profit items – total operations	**–**	(5.3)
Adjusted profit before tax including discontinued operations	**158.8**	164.3
Rail management fee-based operations – IFRS 16 adjustment	**(2.8)**	(1.1)
Adjusted tax charge	**(37.3)**	(41.1)
Non-controlling interests[1]	**(4.0)**	(7.1)
Adjusted earnings including discontinued operations	**114.7**	115.0

1 Statutory non-controlling interests in 2026 and 2025 reflect Avanti West Coast and South Western Railway.

Reconciliation of tax charge to adjusted tax charge	2026 £m	2025 £m
Tax charge (note 9)	**37.3**	31.3
Non-recurring historical tax refund (note 9)	**–**	3.0
Write-back of previously unrecognised deferred tax assets (note 9)	**–**	6.8
Adjusted tax charge (including discontinued)	**37.3**	41.1
Adjusted tax charge – continuing operations	**37.3**	41.1
Adjusted tax charge – discontinued operations	**–**	–

Adjusting items – 2026

There were no adjusting items in the year for either continuing or discontinued operations.

Adjusting items – continued operations –2025

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 –2025

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.

Notes to the consolidated financial statements continued

4 Reconciliation to non-GAAP measures and performance continued

First Bus EBITDA comprises:	2026 £m	2025 £m
Pre-IFRS 16 EBITDA	**164.7**	144.0
IFRS 16 adjustments[1]	**36.1**	16.1
First Bus adjusted EBITDA per segmental results table (note 5)	**200.8**	160.1

First Rail EBITDA comprises:	2026 £m	2025 £m
Non-management fees-based TOCs pre-IFRS 16 EBITDA	**51.2**	40.8
Group's share of management fee income available for dividends (net of tax and non-controlling interest)	**29.3**	39.0
Tax on management fee income	**11.1**	15.4
Non-controlling interest	**4.0**	7.2
IFRS 16 adjustments[1]	**415.1**	537.3
First Rail adjusted EBITDA per segmental results table (note 5)	**510.7**	639.7

Group items EBITDA comprises:	2026 £m	2025 £m
Pre-IFRS 16 EBITDA	**(13.3)**	(21.4)
IFRS 16 adjustments[1]	**2.6**	2.0
Group items adjusted EBITDA per segmental results table (note 5)	**(10.7)**	(19.4)

First Rail adjusted operating profit comprises:	2026 £m	2025 £m
Non-management fees-based TOCs	**45.4**	40.3
Group's share of management fee income available for dividends (net of tax and non-controlling interest)	**29.3**	39.0
Tax on management fee income	**11.1**	15.4
Non-controlling interest	**4.0**	7.2
IFRS 16 adjustments[1]	**40.1**	46.9
First Rail adjusted operating profit per segmental results table (note 5)	**129.9**	148.8

Reconciliation of pre-IFRS 16 adjusted EBIT to post-IFRS 16 adjusted EBIT	2026 £m	2025 £m
Pre-IFRS 16 adjusted EBIT	**173.8**	173.4
IFRS 16 adjustments[1]	**45.6**	49.4
Post-IFRS 16 adjusted EBIT	**219.4**	222.8

Reconciliation of statutory revenue to adjusted revenue[2]	2026 £m	2025 £m
Revenue – statutory basis (restated[3])	**4,751.9**	5,233.9
Deduct: DfT TOC revenue (restated[3])	**(3,160.1)**	(4,048.6)
Add back: DfT TOC management and performance fees	**46.8**	71.7
Add back: Intercompany eliminations related to DfT TOCs	**77.1**	113.0
Adjusted revenue	**1,715.7**	1,370.0

Reconciliation of reported net debt to adjusted net debt	2026 £m	2025 £m
Reported net debt (note 30)	**725.3**	985.6
IFRS 16 lease liabilities (note 20)	**(850.0)**	(1,214.4)
Ring-fenced cash (note 18)	**262.4**	315.7
Adjusted net debt	**137.7**	86.9

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.
3 The Group has identified certain funding mechanisms with the DfT where amounts due to the DfT have previously been treated as deductions from revenue. Upon further review, the Group has judged that these amounts should instead be recognised as an expense in the income statement. The prior year income statement comparative information has been re-presented accordingly. The re-presentation is within the income statement and has no impact on profit measures or the other primary statements.

Notes to the consolidated financial statements continued

5 Business segments and geographical information

For management purposes, the Group is organised into three divisions – First Bus, First Rail and Group items. Greyhound Canada is categorised as a continuing operation, and sits within Group items as its 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 28 March 2026 are as follows:

	Continuing operations					
	First Bus £m	First Rail £m	Group items[1] £m	Total £m	Discontinued operations £m	Total £m
Passenger revenue	810.5	2,638.3	–	3,448.8	–	3,448.8
Contract revenue	583.6	–	(19.3)	564.3	–	564.3
Rail contract subsidy receipts	–	419.2	–	419.2	–	419.2
Other	49.5	270.1	–	319.6	–	319.6
Revenue	1,443.6	3,327.6	(19.3)	4,751.9	–	4,751.9
Rail TOC revenue adjustments	–	(3,055.2)	19.0	(3,036.2)	–	(3,036.2)
Adjusted revenue[2]	1,443.6	272.4	(0.3)	1,715.7	–	1,715.7
Adjusted EBITDA[3]	200.8	510.7	(10.7)	700.8	2.1	702.9
Depreciation	(107.8)	(450.4)	(2.2)	(560.4)	–	(560.4)
Software amortisation	(1.8)	(2.5)	(0.4)	(4.7)	–	(4.7)
Capital grant amortisation	11.6	72.1	–	83.7	–	83.7
Segment results	102.8	129.9	(13.3)	219.4	2.1	221.5
Other adjustments (note 4)	–	–	–	–	–	–
Operating profit/(loss)[4]	102.8	129.9	(13.3)	219.4	2.1	221.5
Investment income	2.0	0.4	4.7	7.1	–	7.1
Finance costs	(21.9)	(36.4)	(11.5)	(69.8)	–	(69.8)
Profit/(loss) before tax	82.9	93.9	(20.1)	156.7	2.1	158.8
Tax						(37.3)
Profit after tax						121.5

	Continuing operations					
	First Bus £m	First Rail £m	Group Items[1] £m	Total £m	Discontinued operations £m	Total £m
Capital additions	206.8	52.6	–	259.4	–	259.4

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	22.9	(27.2)	(4.3)
First Bus	1,308.5	(351.8)	956.7
First Rail	1,187.8	(737.1)	450.7
	2,519.2	(1,116.1)	1,403.1
Group items	125.8	(51.7)	74.1
Borrowings and cash	432.0	(1,157.3)	(725.3)
Taxation	24.4	(56.8)	(32.4)
Total	3,101.4	(2,381.9)	719.5

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.

The segment results for the 52 weeks ended 29 March 2025 were as follows:

	Continuing operations					
	First Bus £m	First Rail (restated[6]) £m	Group items[1] £m	Total £m	Discontinued operations £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	–	580.4	–	580.4	–	580.4
Other	46.7	289.6	–	336.3	–	336.3
Revenue	1,081.5	4,180.7	(28.3)	5,233.9	–	5,233.9
Rail TOC revenue adjustments	–	(3,891.9)	28.0	(3,863.9)	–	(3,863.9)
Adjusted revenue[2]	1,081.5	288.8	(0.3)	1,370.0	–	1,370.0
Adjusted 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	(22.2)	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	(23.3)	164.9	4.7	169.6
Tax						(31.3)
Profit after tax						138.3

	Continuing operations					
	First Bus £m	First Rail £m	Group items[1] £m	Total £m	Discontinued operations £m	Total £m
Capital additions (restated)[6]	240.1	47.0	–	287.1	–	287.1

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 (restated[6]) £m	Total liabilities (restated[6]) £m	Net assets/ (liabilities) (restated[6]) £m
Greyhound retained	34.3	(44.8)	(10.5)
First Bus	1,198.8	(374.0)	824.8
First Rail	1,745.4	(947.0)	798.4
	2,978.5	(1,365.8)	1,612.7
Group items	145.2	(54.1)	91.1
Borrowings and cash	487.1	(1,472.7)	(985.6)
Taxation	53.9	(59.6)	(5.7)
Total	3,664.7	(2,952.2)	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.
6 See note 28 for details on the prior year restatement, which arises from the finalisation of the First Bus London acquisition accounting adjustments.

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	2026 £m	2025 (restated[1]) £m
United Kingdom/Republic of Ireland	**4,751.9**	5,233.9
Total continuing operations	**4,751.9**	5,233.9
United States of America – discontinued operations	**–**	–
Total discontinued operations	**–**	–
Total revenue	**4,751.9**	5,233.9

1 The Group has identified certain funding mechanisms with the DfT where amounts due to the DfT have previously been treated as deductions from revenue. Upon further review, the Group has judged that these amounts should instead be recognised as an expense in the income statement. The prior year income statement comparative information has been re-presented accordingly. The re-presentation is within the income statement and has no impact on profit measures or the other primary statements.

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	
	2026 £m	2025 (restated[1]) £m	2026 £m	2025 (restated[1]) £m	2026 £m	2025 (restated[1]) £m
United Kingdom/Republic of Ireland	**1,909.5**	2,196.7	**259.4**	287.1	**3,054.1**	3,576.5
Canada – continuing operations	**–**	–	**–**	–	**0.5**	0.5
Unallocated corporate items	**–**	–	**–**	–	**24.4**	53.9
Total – continuing operations	**1,909.5**	2,196.7	**259.4**	287.1	**3,079.0**	3,630.9
USA – discontinued operations	**2.3**	2.6	**–**	–	**22.4**	33.8
Total – discontinued operations	**2.3**	2.6	**–**	–	**22.4**	33.8
	1,911.8	2,199.3	**259.4**	287.1	**3,101.4**	3,664.7

1 See note 28 for details on the prior year restatement, which arises from the finalisation of the First Bus London acquisition accounting adjustments.

Notes to the consolidated financial statements continued

6 Operating profit

Operating profit has been arrived at after charging/(crediting):

	2026 £m	2025 (restated[1]) £m
Depreciation – owned assets	**152.0**	113.8
Depreciation – right of use assets	**408.4**	506.4
Operating commitments	**360.8**	505.8
Other intangible asset amortisation charges	**4.7**	2.7
Capital grant amortisation	**(83.7)**	(65.3)
Cost of inventories recognised as an expense	**219.6**	236.0
Employee costs (note 7)	**1,704.1**	1,710.7
Gain on disposal of property, plant and equipment	**(9.4)**	(0.2)
Impairment reversal	**(0.9)**	–
Auditor's remuneration (see below)	**3.9**	3.6
Rail contract payments	**208.5**	168.2
Bus service operator grants and fuel duty rebates	**46.0**	40.9
Foreign exchange	**0.1**	0.3
Other operating costs	**1,518.4**	1,788.4
Operating costs – continuing operations	**4,532.5**	5,011.3
Operating income – discontinued operations	**(2.1)**	(4.9)
Operating costs – continuing and discontinued operations	**4,530.4**	5,006.4

1 The Group has identified certain funding mechanisms with the DfT where amounts due to the DfT have previously been treated as deductions from revenue. Upon further review, the Group has judged that these amounts should instead be recognised as an expense in the income statement. The prior year income statement comparative information for 'Rail contract payments' in the table above has been re-presented accordingly. The re-presentation is within the income statement and has no impact on profit measures or the other primary statements. See note 1 Restatements section for more information.

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:

	2026 £m	2025 £m
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**0.3**	0.2
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries pursuant to legislation	**3.3**	3.2
Total audit fees	**3.6**	3.4
Audit-related assurance services	**0.2**	0.1
Other non-audit services	**0.1**	0.1
Total non-audit fees	**0.3**	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 90. 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:

	2026 Number	2025 Number
Operational	**27,768**	27,698
Administration	**3,227**	3,065
	30,995	30,763

The aggregate remuneration including discontinued operations (including Executive Directors) comprised:

	2026 £m	2025 £m
Wages and salaries	**1,478.2**	1,486.4
Social security costs	**157.4**	149.1
Pension costs (note 34)	**68.5**	75.2
	1,704.1	1,710.7

Wages and salaries include a charge in respect of share-based payments of £10.4m (2025: £10.5m).

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 92 to 108. Directors' emoluments in aggregate were £6.0m (2025: £6.1m).

8 Investment income and finance costs

	2026 £m	2025 £m
Bank interest receivable	**(4.9)**	(7.2)
Interest on pensions	**(2.2)**	(0.6)
Total investment income (including discontinued operations)	**(7.1)**	(7.8)
Bonds	**–**	3.1
Bank interest and facility fees	**14.5**	8.2
Finance charges payable in respect of lease liabilities	**48.1**	49.6
Finance charges payable in respect of asset backed financial liabilities	**6.5**	3.7
Interest on long-term provisions	**0.7**	1.0
Interest on pensions	**–**	0.1
Total finance costs (including discontinued operations)	**69.8**	65.7

Finance costs are stated after charging fee expenses of £1.6m (2025: £1.1m). There was no interest capitalised into qualifying assets in either the current or prior period.

Investment income of £nil (2025: £0.1m) and finance costs of £nil (2025: £0.3m) relate to discontinued operations (note 19).

Notes to the consolidated financial statements continued

9 Tax on profit on ordinary activities

	2026 £m	2025 £m
Current tax charge	**1.4**	6.6
Adjustments with respect to prior years	**1.2**	(2.8)
Total current tax charge (including discontinued operations)	**2.6**	3.8
Origination and reversal of temporary differences	**34.8**	36.2
Adjustment in respect of prior years	**(0.1)**	(1.9)
Write-back of previously unrecognised deferred tax assets	**–**	(6.8)
Total deferred tax charge (note 23)	**34.7**	27.5
Total tax charge (including discontinued operations)	**37.3**	31.3
Tax charge attributable to:		
Profit from continuing operations	**37.3**	31.3
Profit from discontinued operations	**–**	–

UK corporation tax is calculated at 25% (2025: 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.

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:

	2026 £m	2026 %	2025 £m	2025 %
Profit from continuing operations before income tax expense	**156.7**	**N/A**	164.9	N/A
Profit from discontinued operations before income tax expense	**2.1**	**N/A**	4.7	N/A
Profit from total operations	**158.8**	**100.0**	169.6	100.0
Tax at the UK corporation tax rate of 25% (2025: 25%)	**39.7**	**25.0**	42.4	25.0
Non-deductible expenditure	**0.6**	**0.4**	–	–
Non-taxable income	**(3.4)**	**(2.1)**	–	–
Tax rates outside of the UK	**(0.1)**	**(0.1)**	0.1	0.1
Unrecognised losses	**(0.6)**	**(0.4)**	0.3	0.2
Non-recurring historical tax refund	**–**	**–**	(3.0)	(1.8)
Other adjustments in relation to prior years	**1.1**	**0.7**	(1.7)	(1.0)
Write-back of previously unrecognised deferred tax assets	**–**	**–**	(6.8)	(4.0)
Tax charge and effective tax rate for the year	**37.3**	**23.5**	31.3	18.5

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.

In addition to the amount charged/(credited) to the income statement, deferred tax relating to actuarial gains/(losses) on defined benefit pension schemes of £(6.6)m (2025: £7.5m) and cash flow hedges of £5.8m (2025: £(1.0)m) have been (credited)/charged to comprehensive income together with a further £0.2m (2025: £0.8m) on cash flow hedges and £nil (2025: £0.1m) on share-based payments taken directly to equity. These amount to a total (credit)/charge of £(0.6)m (2025: £7.2m) 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 £118.3m (2025: profit of £127.5m) by the weighted average number of ordinary shares of 553.4m (2025: 597.7m). 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.

	2026 Number m	2025 Number m
Weighted average number of shares used in basic calculation	**553.4**	597.7
Executive share options	**21.6**	25.0
Weighted average number of shares used in the diluted calculation	**575.0**	622.7

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:

	2026		2025	
	£m	EPS (pence)	£m	EPS (pence)
Basic profit/EPS	**118.3**	**21.4**	127.5	21.3
Management fee-based Rail operations – IFRS 16 adjustments	**(2.8)**	**(0.6)**	0.5	0.1
Other adjustments (note 4)	**–**	**–**	(5.3)	(0.9)
Non-controlling interest	**(0.8)**	**(0.1)**	2.1	0.4
Non-recurring historical tax refund	**–**	**–**	(3.0)	(0.5)
Write-back of previously unrecognised deferred tax assets	**–**	**–**	(6.8)	(1.1)
Adjusted profit/EPS attributable to the ordinary equity holders of the Company	**114.7**	**20.7**	115.0	19.3
Adjusted profit/(loss)/EPS from discontinued operations	**2.1**	**0.4**	(0.8)	(0.1)
Adjusted profit/EPS from continuing operations	**112.6**	**20.3**	115.8	19.4

	2026 pence	2025 pence
Diluted EPS	**20.6**	20.5
Adjusted diluted EPS	**19.9**	18.5

The adjusted EPS on a continuing basis is set out below:

	2026		2025	
	£m	EPS (pence)	£m	EPS (pence)
Basic profit/EPS	**116.2**	**21.0**	122.8	20.5
Management fee-based Rail operations – IFRS 16 adjustments	**(2.8)**	**(0.6)**	0.5	0.1
Other adjustments (note 4)	**–**	**–**	0.2	–
Non-controlling interest	**(0.8)**	**(0.1)**	2.1	0.4
Non-recurring historical tax refund	**–**	**–**	(3.0)	(0.5)
Write-back of previously unrecognised deferred tax assets	**–**	**–**	(6.8)	(1.1)
Adjusted profit/EPS from continuing operations	**112.6**	**20.3**	115.8	19.4

	2026 pence	2025 pence
Diluted EPS	**20.2**	19.7
Adjusted diluted EPS	**19.6**	18.6

Notes to the consolidated financial statements continued

11 Goodwill

	£m
Cost	
At 29 March 2025 (restated[1])	**144.7**
Additions (note 28)	**12.3**
At 28 March 2026	**157.0**
Accumulated impairment losses	
At 29 March 2025	**–**
At 28 March 2026	**–**
Carrying amount	
At 28 March 2026	**157.0**
At 29 March 2025 (restated[1])	**144.7**

1 See note 28 for details on the prior year restatement, which arises from the finalisation of the First Bus London acquisition accounting adjustments.

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 2026 to FY 2030.

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 50 to 54 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.

The Group's stated CGUs and goodwill balances are First Bus (excluding London) (£135.7m); First Bus London (£7.2m); First Rail DfT TOCs (£nil); and First Rail (excluding DfT TOCs) (£14.1m).

Full detailed impairment testing has been performed on a value in use basis on the First Bus (excluding London) CGU. Following the finalisation of the First Bus London acquisition accounting adjustments, impairment testing was also performed for the goodwill arising from that transaction, with no impairment noted. The value of the DfT TOC asset base is protected by the passthrough and termination arrangements of the respective NRCs, such that no impairment is expected to arise on these assets. Impairment testing was undertaken for the First Rail (excluding DfT TOCs) CGU, with no impairment noted.

The Group prepares cash flow forecasts derived from the Board-approved plan for 2026/27 to 2028/29 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 (excluding London)

First Bus (excluding London) value in use has been assessed based on the projected cash flows for FY 2027 to FY 2029 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 (excluding London) has £278m of positive headroom at 28 March 2026 (29 March 2025: £277m) based on a 1.9% long-term growth rate assumption (2025: 1.9%), 11.7% discount rate (2025: 11.2%) and 9.8% terminal margin (2025: 9.8%), 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);
- 6.2% terminal operating margin (applying the cap to just the final year/terminal value) using a 11.7% discount rate; or
- 7.5% terminal operating margin throughout the forecast period and terminal margin (applying the cap in all years at 7.5%, not just in the terminal years) using a 11.7% 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 (restated[2]) £m	Software £m	Total £m
Cost			
At 31 March 2024	–	41.0	41.0
Acquisitions	2.3	0.3	2.6
Additions	–	5.7	5.7
Disposals	–	(1.2)	(1.2)
Reclassifications[1]	–	(2.7)	(2.7)
At 29 March 2025	2.3	43.1	45.4
At 30 March 2025	**2.3**	**43.1**	**45.4**
Additions[3]	**–**	**11.2**	**11.2**
Disposals	**–**	**(5.1)**	**(5.1)**
Reclassifications	**–**	**0.3**	**0.3**
At 28 March 2026	**2.3**	**49.5**	**51.8**
Accumulated amortisation and impairment			
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
At 30 March 2025	**–**	**30.6**	**30.6**
Charge for year	**0.4**	**4.3**	**4.7**
Disposals	**–**	**(5.1)**	**(5.1)**
Reclassifications[1]	**–**	**(0.3)**	**(0.3)**
At 28 March 2026	**0.4**	**29.5**	**29.9**
Carrying amount			
At 28 March 2026	**1.9**	**20.0**	**21.9**
At 29 March 2025	2.3	12.5	14.8

1 As part of the Group's continuing efforts to streamline reporting processes it was identified that £0.3m (2025: £2.7m) had been incorrectly classified between cost and accumulated amortisation.
2 See note 28 for details on the prior year restatement, which arises from the finalisation of the First Bus London acquisition accounting adjustments.
3 Additions in the year include £1.3m of internally generated intangible assets.

Notes to the consolidated financial statements continued

13 Property, plant and equipment

Owned assets

	Land and buildings (restated[2]) £m	Passenger carrying vehicle fleet (restated[2]) £m	Other plant and equipment £m	Total (restated[2]) £m
Cost				
At 31 March 2024	235.1	828.3	689.6	1,753.0
Acquisitions (note 28)	48.3	56.0	14.0	118.3
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	329.7	897.6	739.8	1,967.1
At 30 March 2025	**329.7**	**897.6**	**739.8**	**1,967.1**
Acquisitions (note 28)	**7.0**	**7.3**	**0.7**	**15.0**
Additions	**21.5**	**118.9**	**92.8**	**233.2**
Disposals	**(29.9)**	**(63.7)**	**(301.6)**	**(395.2)**
Reclassifications	**(12.3)**	**–**	**12.3**	**–**
Transfers to right of use assets	**(0.6)**	**–**	**(5.6)**	**(6.2)**
Foreign exchange movements	**0.1**	**1.0**	**–**	**1.1**
At 28 March 2026	**315.5**	**961.1**	**538.4**	**1,815.0**
Accumulated depreciation and impairment				
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
At 30 March 2025	**73.1**	**439.0**	**560.1**	**1,072.2**
Charge for year	**11.6**	**59.1**	**81.3**	**152.0**
Disposals	**(24.1)**	**(59.1)**	**(270.6)**	**(353.8)**
Impairment reversal	**–**	**–**	**(0.9)**	**(0.9)**
Foreign exchange movements	**0.1**	**0.5**	**–**	**0.6**
At 28 March 2026	**60.7**	**439.5**	**369.9**	**870.1**
Carrying amount				
At 28 March 2026	**254.8**	**521.6**	**168.5**	**944.9**
At 29 March 2025	256.6	458.6	179.7	894.9

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 See note 28 for details on the prior year restatement, which arises from the finalisation of the First Bus London acquisition accounting adjustments.

Notes to the consolidated financial statements continued

13 Property, plant and equipment continued

An amount of £85.0m (2025: £58.0m) 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 28 March 2026 the Group had entered into contractual capital commitments amounting to £365.2m (2025: £341.5m), principally representing purchase of passenger carrying vehicles, electrical infrastructure and DfT TOC and open access operation commitments.

Right of use assets

	Rolling stock £m	Land and buildings (restated[1]) £m	Passenger carrying vehicle fleet (restated[1]) £m	Other plant and equipment £m	Total (restated[1]) £m
Cost					
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	–	18.9	64.7	–	83.6
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	87.9	125.4	33.7	4,046.0
At 30 March 2025	**3,799.0**	**87.9**	**125.4**	**33.7**	**4,046.0**
Additions	**9.0**	**8.8**	**23.2**	**2.0**	**43.0**
Acquisitions	**–**	**0.7**	**–**	**–**	**0.7**
Disposals	**(782.4)**	**(8.4)**	**(1.5)**	**(1.4)**	**(793.7)**
Transfers from owned assets	**–**	**0.6**	**–**	**5.6**	**6.2**
At 28 March 2026	**3,025.6**	**89.6**	**147.1**	**39.9**	**3,302.2**
Accumulated depreciation and impairment					
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
At 30 March 2025	**2,805.8**	**38.7**	**48.6**	**10.6**	**2,903.7**
Charge for period	**370.0**	**11.5**	**23.3**	**3.6**	**408.4**
Disposals	**(782.4)**	**(7.4)**	**(1.2)**	**(1.1)**	**(792.1)**
At 28 March 2026	**2,393.4**	**42.8**	**70.7**	**13.1**	**2,520.0**
Carrying amount					
At 28 March 2026	**632.2**	**46.8**	**76.4**	**26.8**	**782.2**
At 29 March 2025	993.2	49.2	76.8	23.1	1,142.3

1 See note 28 for details on the prior year restatement, which arises from the finalisation of the First Bus London acquisition accounting adjustments.

The discounted lease liability relating to the right of use assets included above is shown in note 21.

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 (restated[1]) £m	Passenger carrying vehicle fleet (restated[1]) £m	Other plant and equipment £m	Total (restated[1]) £m
Carrying amount					
At 28 March 2026	**632.2**	**301.6**	**598.0**	**195.3**	**1,727.1**
At 29 March 2025	993.2	305.8	535.4	202.8	2,037.2

1 See note 28 for details on the prior year restatement, which arises from the finalisation of the First Bus London acquisition accounting adjustments.

The maturity analysis of lease liabilities is presented in note 21.

Amounts recognised in income statement (including discontinued operations)	2026 £m	2025 £m
Depreciation expense on right of use assets	**408.4**	506.4
Interest expense on lease liabilities	**48.1**	49.6
Expense relating to leases of short-term leases	**0.3**	–
Expense relating to leases of low-value assets	**0.4**	–
	457.2	556.0

14 Investments

	2026 £m	2025 £m
Other investments	**2.3**	2.6
Investments in associates	**2.0**	–

In August 2025, the Group announced a minority investment in Palmer Energy Technology to bring the latest, innovative battery storage units to its First Bus sites.

15 Inventories

	2026 £m	2025 £m
Spare parts and consumables from continuing operations	**29.3**	30.8

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)	2026 £m	2025 £m
Trade receivables	**255.2**	364.1
Loss allowance	**(0.4)**	(10.6)
Trade receivables net	**254.8**	353.5
Other receivables	**94.7**	171.0
Amounts recoverable on contracts	**33.7**	57.5
Prepayments	**54.8**	37.2
Accrued income	**148.4**	142.4
	586.4	761.6

Amounts due over one year (from continuing operations)	2026 £m	2025 £m
Other receivables	**1.5**	–

Notes to the consolidated financial statements continued

16 Trade and other receivables continued

Movement in accrued income:	2026 £m	2025 £m
Balance as at 30 March 2025/31 March 2024	**142.4**	229.0
Additions	**241.8**	382.1
Accrued income invoiced during the year	**(235.8)**	(468.7)
Balance as at 28 March 2026/29 March 2025	**148.4**	142.4

The loss allowance is assessed against all receivables within the scope of IFRS 9, with the majority relating to credit loss allowances arising from contracts with customers.

Other receivables includes £35.7m (2025: £60.4m) of VAT receivables, £19.8m (2025: £13.8m) of receivables from government bodies for fuel duty rebates, and £16.0m (2025: £31.0m) 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.

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 £432.0m (2025: £564.0m), cash and cash equivalents of £432.0m (2025: £487.1m) and derivative financial instruments of £23.5m (2025: £0.5m).

The Group's maximum exposure to credit risk for all financial assets at the balance sheet date was £892.8m (2025: £1,051.6m). The exposure is spread over a large number of unconnected counterparties and the maximum single concentration with any one counterparty was £192.0m (2025: £228.0m) 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 £0.4m (2025: £10.6m).

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.

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: 2026				
	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	**0.1%**	**–**	**0.3%**	**–**	**–**	**0.3%**
Gross carrying amount of trade receivables, amounts recoverable on contracts and accrued income	**437.3**	**293.3**	**76.8**	**22.3**	**13.7**	**31.2**
Loss allowance (from continuing operations)	**0.4**	**0.1**	**0.2**	**–**	**–**	**0.1**

Notes to the consolidated financial statements continued

16 Trade and other receivables continued

		Days past due: 2025				
	Carrying amount £m	Current £m	Less than 30 days £m	30-90days £m	90-180days £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

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	2026 £m	2025 £m
At 30 March 2025/31 March 2024	**10.6**	41.7
Amounts written-off during the year	**(0.3)**	–
Increase in allowance recognised in the income statement	**0.2**	2.5
Amounts recovered during the year	**–**	(1.6)
Reversal of provision	**(10.1)**	(32.0)
At 28 March 2026/29 March 2025	**0.4**	10.6

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

17 Trade and other payables

Amounts falling due within one year (from continuing operations)	2026 £m	2025 (restated[1]) £m
Trade payables	**286.6**	352.2
Other payables	**138.7**	157.4
Accruals	**320.5**	398.1
Deferred income	**132.4**	140.2
Season ticket deferred income – Rail	**10.7**	24.8
	888.9	1,072.7

Amounts falling due after one year (from continuing operations)	2026 £m	2025 (restated[1]) £m
Other payables	**120.5**	135.5
	120.5	135.5

Movement in deferred income	2026 £m	2025 £m
Balance as at 30 March 2025/31 March 2024	**140.2**	129.0
Additions	**173.3**	208.2
Recognised during the period	**(157.0)**	(198.4)
Business acquisitions	**–**	1.4
Expiry of SWR NRC	**(24.1)**	–
Balance as at 28 March 2026/29 March 2025	**132.4**	140.2

1 The Group has restated the analysis between Current and Non-current Other payables for the prior year, to reflect the expected maturity of deferred capital grants previously classified as Current liabilities. This reduces Current Other payables by £135.5m and increases Non-current Other payables by the same amount.

Notes to the consolidated financial statements continued

17 Trade and other payables continued

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 £15.9m (2025: £32.0m) 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 £201.8m (2025 restated: £245.3m).

The average credit period taken for trade purchases is 41 days (2025: 39 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.

18 Cash and cash equivalents

	2026 £m	2025 £m
Cash and cash equivalents	**432.0**	487.1

The fair value of cash and cash equivalents approximates to the carrying value. Cash and cash equivalents includes ring-fenced cash of £262.4m (2025: £315.7m). 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 NRC.

19 Discontinued operations

Discontinued operations	2026 £m	2025 £m
Revenue	**–**	–
Operating income	**2.1**	4.9
Operating profit	**2.1**	4.9
Investment income	**–**	0.1
Finance costs	**–**	(0.3)
Profit before tax	**2.1**	4.7
Tax	**–**	–
Profit for the year after tax	**2.1**	4.7
Attributable to:		
Equity holders of the parent	**2.1**	4.7
Non-controlling interests	**–**	–
	2.1	4. 7

EPS	2026 pence	2025 pence
Basic EPS	**0.4**	0.8
Diluted EPS	**0.4**	0.8

Cash flow	2026 £m	2025 £m
Net cash outflow from operating activities	**(5.7)**	(8.0)
Net cash inflow from investing activities	**–**	0.7
Net decrease in cash generated	**(5.7)**	(7.3)

Other comprehensive income	2026 £m	2025 £m
Actuarial gain on defined benefit pension schemes	**–**	1.9
Exchange differences on translation of discontinued operations	**3.2**	3.1
Total	**3.2**	5.0

Notes to the consolidated financial statements continued

20 Borrowings

	2026 £m	2025 (restated[3]) £m
On demand or within one year		
Lease liabilities (note 21)[1,2]	**400.2**	408.8
Asset backed financial liabilities (note 21)[2]	**21.4**	16.2
Bank overdraft	**25.5**	56.4
Total current liabilities	**447.1**	481.4
Within one to two years		
Lease liabilities (note 21)[1,2]	**262.3**	392.6
Asset backed financial liabilities (note 21)[2]	**19.9**	12.9
NextGen battery debt	**1.6**	–
Syndicated loan facilities	**99.6**	64.3
	383.4	469.8
Within two to five years		
Lease liabilities (note 21)[1,2]	**135.5**	362.5
NextGen battery debt	**20.8**	15.0
Asset backed financial liabilities (note 21)[2]	**67.4**	39.8
Syndicated loan facilities	**2.5**	2.4
	226.2	419.7
Over five years		
Lease liabilities (note 21)[1,2]	**52.0**	50.5
NextGen battery debt	**5.0**	4.9
Asset backed financial liabilities (note 21)[2]	**43.6**	46.4
	100.6	101.8
Total non-current liabilities at amortised cost	**710.2**	991.3

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 21.
3 See note 28 for details on the prior year restatement, which arises from the finalisation of the First Bus London acquisition accounting adjustments.

Effective interest rates

The effective interest rates at the balance sheet dates were as follows:

	2026	Maturity	2025	Maturity
Bank overdraft	**SONIA +1%**	**–**	SONIA + 1%	–
Revolving credit facility	**SONIA +0.95%**	**January 2031**	SONIA + 0.75%	January 2030
Term loan facility	**SONIA +1.55%**	**March 2028**	SONIA +1.35%	March 2027
Asset backed financial liabilities	**Average fixed rate of 4.8%**	**Various**	Average fixed rate of 4.6%	Various

All borrowings are denominated in pounds sterling, except for £7.2m (2025: £0.2m), which are denominated in euro.

Notes to the consolidated financial statements continued

20 Borrowings continued

Borrowing facilities

The Group had £295.0m (2025: £295.0m) of undrawn committed borrowing available under its revolving credit facility as at March 2026. In addition there was £43.0m (2025: £92.4m) committed headroom available under the Husk Finance facility and £26.1m (2025: £40.9m) under the NextGen Battery facility, and £nil (2025: £85.0m) under the term loan facility. Total undrawn bank borrowing facilities at year end stood at £374.1m (2025: £523.3m) of which £364.1m (2025: £513.3m) was committed and £10.0m (2025: £10.0m) 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 1.0 times as at March 2026 for the continuing Group (2025 (restated[1]): 1.3 times).

Liquidity within the Group has remained strong. At year end there was £508.2m (2025: £628.3m) 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 at 28 March 2026, was £725.3m (2025 (restated[1]): £985.6m) as set out in the Financial review on page 28.

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.

1 See note 28 for details on the prior year restatement, which arises from the finalisation of the First Bus London acquisition accounting adjustments.

21 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:

Maturity analysis	**Lease liabilities 2026 £m**	Lease liabilities 2025 (restated[1]) £m	**Asset backed financial liabilities 2026 £m**	Asset backed financial liabilities 2025 £m
Due in less than one year	**432.3**	451.1	**22.4**	16.9
Due in more than one year but not more than two years	**279.2**	418.8	**21.9**	14.2
Due in more than two years but not more than five years	**155.3**	382.7	**81.2**	47.8
Due in more than five years	**71.2**	68.4	**61.5**	68.7
	938.0	1,321.0	**187.0**	147.6
Less future financing charges	**(88.0)**	(106.6)	**(34.7)**	(32.2)
	850.0	1,214.4	**152.3**	115.4

1 See note 28 for details on the prior year restatement, which arises from the finalisation of the First Bus London acquisition accounting adjustments.

The total cash outflow for the lease liabilities and asset backed financial liabilities recorded on the balance sheet amounted to £459.5m and £27.2m respectively (2025: £553.3m and £13.8m).

The right of use assets related to the lease liabilities is presented in note 13.

22 Derivative financial instruments and financial assets

Non-derivative financial assets

	2026 £m	2025 £m
Total non-derivative financial assets		
Total non-current assets	**71.6**	104.2
Total current assets	**0.4**	–
Total non-derivative financial assets	**72.0**	104.2

Certain pension partnership structures were implemented during 2023. 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 £40.6m was redeemed from these entities, of which £20.6m was returned to the Bus section of the FirstGroup Pension Scheme as part settlement of the Group's funding obligations and £20m was returned to the Group.

Notes to the consolidated financial statements continued

22 Derivative financial instruments and financial assets continued

Derivative financial instruments

	2026 £m	2025 £m
Total derivatives		
Total non-current assets	**3.9**	0.3
Total current assets	**19.6**	0.2
Total assets from continuing operations	**23.5**	0.5
Total current liabilities	**0.6**	3.0
Total non-current liabilities	**–**	1.0
Total liabilities from continuing operations	**0.6**	4.0
Derivatives designated and effective as hedging instruments carried at fair value		
Non-current assets		
Fuel derivatives (cash flow hedge)	**3.8**	0.3
Currency forwards (cash flow hedge)	**0.1**	–
	3.9	0.3
Current assets		
Fuel derivatives (cash flow hedge)	**19.3**	0.2
Currency forwards (cash flow hedge)	**0.3**	–
	19.6	0.2
Current liabilities		
Fuel derivatives (cash flow hedge)	**–**	2.1
Currency forwards (cash flow hedge)	**0.6**	0.9
	0.6	3.0
Non-current liabilities		
Fuel derivatives (cash flow hedge)	**–**	0.4
Currency forwards (cash flow hedge)	**–**	0.3
Interest rate swaps (NextGen)	**–**	0.3
	–	1.0

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 (2025: £nil) were subject to netting arrangements. Total cash flow hedges are an asset of £22.9m (2025: £3.5m liability).

The following losses were transferred from equity into inventory as basis adjustments during the year:

	2026 £m	2025 £m
Operating losses	**0.9**	3.3

Notes to the consolidated financial statements continued

22 Derivative financial instruments and financial assets continued

The estimated fair values of the Group's financial assets and financial liabilities (including trade and other receivables and trade and other payables) are a reasonable approximation to the carrying value of these items.

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.

Financial assets/(liabilities)	Fair values at 28 March 2026 £m	Fair values at 29 March 2025 £m	Fair value hierarchy	Valuation technique(s) and key inputs
Derivative contracts				
1) Fuel derivatives	**23.1**	(2.0)	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	**(0.2)**	(1.2)	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)	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:

	2026				
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	**432.0**	**–**	**–**	**–**	**432.0**
Trade receivables, amounts recoverable under contracts and accrued income	**437.3**	**–**	**–**	**–**	**437.3**
Non-derivative financial instruments	**72.0**	**–**	**–**	**–**	**72.0**
Derivative financial instruments	**–**	**–**	**–**	**23.5**	**23.5**
	941.3	**–**	**–**	**23.5**	**964.8**
Financial liabilities and derivatives					
Interest bearing loans and borrowings[1]	**1,157.3**	**–**	**–**	**–**	**1,157.3**
Trade and other payables	**807.5**	**–**	**–**	**–**	**807.5**
Derivative financial instruments	**–**	**–**	**–**	**0.6**	**0.6**
	1,964.8	**–**	**–**	**0.6**	**1,965.4**

1 Includes lease liabilities and asset backed financial liabilities as set out in note 21.

Notes to the consolidated financial statements continued

22 Derivative financial instruments and financial assets continued

	2025 (restated[2])				
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]	1,472.7	–	–	–	1,472.7
Trade and other payables (restated[3])	962.9	–	–	–	962.9
Derivative financial instruments	–	–	–	4.0	4.0
	2,435.6	–	–	4.0	2,439.6

1 Includes lease liabilities and asset backed financial liabilities as set out in note 21.
2 See note 28 for details on the prior year restatement, which arises from the finalisation of the First Bus London acquisition accounting adjustments.
3 Deferred capital grants of £81.9m had not been excluded from trade and other payables in the prior year.

As at 28 March 2026	Commodity price risk	Electricity price risk	Foreign exchange price risk
Nominal amount of hedging	0.72m bbls	118,336 MWh	$62.6m
< 1 year	048m bbls	61,320 MWh	$42.4m
1–2 years	0.24m bbls	57,016 MWh	$20.2m
2–5 years	–	–	–
> 5 years	–	–	–
Average hedged rate	$87.45/bbl	£71.8/MWh	1.32
Maturity	Apr 26 – Mar 28	Apr 26 – Mar 28	Apr 26 – Mar 28
Carrying amount of hedging instruments			
Assets – Derivatives (£m)	20.7	2.4	0.4
Liabilities – Derivatives (£m)	–	–	(0.6)
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 ineffectiveness	(21.4)	(2.1)	0.9
Changes in fair value of hedging instrument used in calculating hedge effectiveness	21.4	2.1	(0.9)
Changes in fair value of hedging instrument accumulated in cash flow hedge reserve	14.9	2.0	0.8

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

22 Derivative financial instruments and financial assets 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 £632.4m (2025: £682.4m), and committed headroom was £364.1m (2025: £513.3m), in addition to free cash balances of £144.1m (2025: £115.3m). The next material contractual expiry of revolver bank facilities is in January 2031.

The average duration of net debt (excluding ring-fenced cash) at 28 March 2026 was 4.1 years (2025: 4.1 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.

					2026
	< 1 year £m	**1-2 years £m**	**2-5 years £m**	**> 5 years £m**	**Total £m**
Borrowings[1]	**480.2**	**402.3**	**259.9**	**138.5**	**1,280.9**
FX forwards	**0.6**	**–**	**–**	**–**	**0.6**
Trade and other payables	**807.5**	**–**	**–**	**–**	**807.5**
	1,288.3	**402.3**	**259.9**	**138.5**	**2,089.0**

			2025 (restated[2])		
	< 1 year £m	1-2 years £m	2-5 years £m	> 5 years £m	Total £m
Borrowings[1]	524.4	497.3	447.9	142.9	1,612.5
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	962.9	–	–	–	962.9
	1,490.3	498.3	447.9	142.9	2,579.4

1 Includes lease liabilities and asset backed financial liabilities as set out in note 21.
2 See note 28 for details on the prior year restatement, which arises from the finalisation of the First Bus London acquisition accounting adjustments, and adjustments to the current/non-current analysis of deferred capital grants.

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

22 Derivative financial instruments and financial assets 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.

	2026 £m	2025 £m
Impact on profit after tax	**0.3**	0.4
Impact on hedging reserve	**(1.2)**	0.2

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 is sterling SONIA.

At 28 March 2026, 64% (2025: 87%) of gross debt (pre-IFRS 16 and overdraft) was fixed. This fixed rate protection had an average duration of 4.1 years (2025: 4.0 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.

	2026 £m	2025 £m
Impact on profit after tax	**(0.5)**	(1.2)

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 88% to March 2027 and 53% to March 2028.

Notes to the consolidated financial statements continued

22 Derivative financial instruments and financial assets continued

The Group has entered into swaps for periods from April 2026 to March 2028 with the majority of these swaps relating to the 52 weeks ending 31 March 2027. 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 52 weeks ending 29 March 2026 and at the year end:

	2026 £m	2025 £m
Impact on profit after tax	**(0.3)**	(0.4)
Impact on hedging reserve	**4.1**	4.3

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. 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 2026 to March 2028, hedging 77% of 'at risk' exposure to March 2027 and 72% of 'at risk' exposure to March 2028. 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.

During the year to 31 March 2026 the Group hedged 70% of electricity price risk in relation to First Bus.

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 2026 and at the year end:

	2026 £m	2025 £m
Impact on profit after tax	**(0.7)**	(0.4)
Impact on hedging reserve	**4.4**	2.6

23 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 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 (restated[1])	12.3	(0.3)	(5.8)	(47.8)	(41.6)
At 29 March 2025 (restated[1])	**44.6**	**4.5**	**(16.9)**	**(78.7)**	**(46.5)**
Charge/(credit) to income statement	**27.3**	**6.2**	**(0.4)**	**1.6**	**34.7**
Charge/(credit) to other comprehensive income and equity	**–**	**(6.6)**	**6.0**	**–**	**(0.6)**
Acquisitions and disposals of subsidiaries	**2.0**	**–**	**(0.8)**	**(7.0)**	**(5.8)**
At 28 March 2026	**73.9**	**4.1**	**(12.1)**	**(84.1)**	**(18.2)**

1 See note 28 for details on the prior year restatement, which arises from the finalisation of the First Bus London acquisition accounting adjustments.

With respect to the total net deferred tax asset of £18.2m, net deferred tax assets of £17.3m have been recognised in the UK and Ireland 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 £352.3m (2025: tax losses of £413.9m) as there are insufficient future profits forecast in North America.

Notes to the consolidated financial statements continued

24 Provisions

	Onerous contracts £m	Insurance claims £m	Legal and other £m	Total £m
At 29 March 2025	**36.5**	**94.3**	**79.4**	**210.2**
First Bus London acquisition accounting adjustments[1]	**(9.9)**	**1.0**	**1.8**	**(7.1)**
At 29 March 2025 (restated[1])	**26.6**	**95.3**	**81.2**	**203.1**
Charged to the income statement	**4.2**	**16.8**	**11.1**	**32.1**
Utilised in the year	**(21.3)**	**(36.8)**	**(8.9)**	**(67.0)**
Notional interest	**–**	**0.7**	**–**	**0.7**
Expiry of SWR NRC	**–**	**–**	**(12.0)**	**(12.0)**
Foreign exchange movements	**–**	**(1.0)**	**(0.2)**	**(1.2)**
At 28 March 2026	**9.5**	**75.0**	**71.2**	**155.7**
Current liabilities	**9.5**	**23.7**	**35.3**	**68.5**
Non-current liabilities	**–**	**51.3**	**35.9**	**87.2**
At 28 March 2026	**9.5**	**75.0**	**71.2**	**155.7**
Current liabilities	16.6	32.6	42.9	92.1
Non-current liabilities	10.0	62.7	38.3	111.0
At 29 March 2025 (restated[1])	26.6	95.3	81.2	203.1

1 See note 28 for details on the prior year restatement, which arises from the finalisation of the First Bus London acquisition accounting adjustments.

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 £1.1m (2025: £1.0m) can extend for more than 25 years. The utilisation of £36.8m (2025: £34.9m) 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 £19.2m (2025: £34.7m) relates to legacy Greyhound claims, includes £16.0m (2025: £31.0m) 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 £28.1m was recognised on acquisition of London bus operator RATP Dev Transit London Limited and its subsidiaries in the prior year. 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.

25 Called up share capital

Allotted, called up and fully paid (ordinary shares of 5p each)	Number of shares million	£m
Balance as at 29 March 2025	750.7	37.5
Cancellation of treasury shares	(180.0)	(9.0)
Balance as at 28 March 2026	**570.7**	**28.5**

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

On 10 June 2025, the Company announced a share buyback programme to purchase up to £50m of ordinary shares. This buyback programme completed on 3 October 2025 having repurchased 22,439,652 shares for a total consideration of £50.4m including transaction costs.

On 26 January 2026, the Company announced that 180,000,000 shares held in treasury were cancelled. The nominal value of these shares was £9.0m.

The Board is proposing that a final dividend of 5.0p per share, resulting in a total dividend payment of c.£27m, be paid on 7 August 2026 to shareholders on the register at 3 July 2026, subject to approval by shareholders at the 2026 AGM.

Notes to the consolidated financial statements continued

26 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:

	2026 £m	2025 £m
Balance at 29 March 2025/30 March 2024	**(2.2)**	(1.8)
Transfer to hedging reserve through consolidated statement of comprehensive income		
Diesel derivatives	**21.4**	(4.3)
Electricity derivatives	**2.1**	1.2
Interest rate swaps – NextGen	**0.3**	0.2
Currency forwards	**(0.9)**	(1.1)
	22.9	(4.0)
Tax on derivative hedging instrument movements through statement of comprehensive income	**(5.8)**	1.0
Transfer from hedging reserve to the balance sheet:		
Diesel derivatives	**(1.6)**	0.9
Electricity derivatives	**0.5**	1.6
Currency forwards	**2.0**	0.9
	0.9	3.4
Tax on derivative hedging instrument movements to the balance sheet	**(0.2)**	(0.8)
	15.6	(2.2)
Cumulative loss on hedging instruments reclassified to the income statement	**–**	–
Balance at 28 March 2026/29 March 2025	**15.6**	(2.2)

Own shares

The number of own shares held by the Group at the end of the year was 28,086,318 (2025: 185,125,956) FirstGroup plc ordinary shares of 5p each. Of these, 19,922,152 (2025: 19,401,442) were held by the FirstGroup plc Employee Benefit Trust and 157,229 (2025: 157,229) were held as treasury shares, with a further 8,006,937 (2025: 165,567,285) held as treasury shares as a result 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 28 March 2026 was £47.4m (2025: £303.6m).

	Capital redemption reserve £m	Capital reserve £m	Total other reserves £m
At 29 March 2025	**19.7**	**2.7**	**22.4**
Cancellation of treasury shares	**9.0**	**–**	**9.0**
At 28 March 2026	**28.7**	**2.7**	**31.4**

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

27 Translation reserve

	2026 £m	2025 £m
At 29 March 2025/30 March 2024	(21.9)	(22.9)
Movement for the financial year	0.4	1.0
At 28 March 2026/29 March 2025	(21.5)	(21.9)

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.

28 Acquisition of businesses and subsidiary undertakings

	Tetley's Motor Services £m	London and Bath Sightseeing £m	J& B Travel £m	Keane Travel £m	Hills Coaches £m	Total £m
Provisional fair value of net assets acquired						
Property, plant and equipment	2.0	10.0	1.8	–	1.9	15.7
Deferred tax	(0.3)	6.9	(0.4)	–	(0.4)	5.8
Inventories	–	0.3	–	–	–	0.3
Trade and other receivables	2.7	0.9	1.7	–	0.3	5.6
Cash and cash equivalents	2.1	0.4	0.6	–	0.3	3.4
Trade and other payables	(0.1)	(3.5)	(0.7)	–	(0.1)	(4.4)
Taxation	(0.2)	–	(0.1)	–	(0.1)	(0.4)
Provisions	–	(0.5)	–	–	–	(0.5)
Lease liabilities	–	(0.7)	–	–	–	(0.7)
Asset backed financial liabilities	–	(0.3)	(0.1)	–	–	(0.4)
Net identifiable assets acquired	6.2	13.5	2.8	–	1.9	24.4
Goodwill	5.0	2.4	2.2	0.5	2.2	12.3
Net assets acquired	11.2	15.9	5.0	0.5	4.1	36.7
Satisfied by:						
Cash consideration	11.2	15.9	5.0	0.5	4.1	36.7
Less: cash and cash equivalents acquired	(2.1)	(0.4)	(0.6)	–	(0.3)	(3.4)
Net cash outflow in respect of acquisitions	9.1	15.5	4.4	0.5	3.8	33.3

Acquisitions in 52 weeks to 28 March 2026

On 27 July 2025, the Group announced the acquisition of Tetley's Motor Services Limited, a Leeds-based coach and bus business which has been in operation for more than 75 years.

On 29 August 2025, the Group purchased the business of Keane Travel Limited, an Essex-based coach operator.

On 11 December 2025, the Group announced the acquisition of RATP Dev's sightseeing operations in London and Bath. Currently operating under the brand Tootbus. The acquisition strengthens FirstGroup's presence across London and the south-west of England. Entering the sightseeing market in London and Bath will further diversify FirstGroup's business, and the additional depots will provide operational and cost efficiencies and create opportunities for future expansion.

On 18 December 2025, the Group acquired J&B Travel Limited, a Leeds-based coach operator with a fleet of 15 coaches. The acquisition will further strengthen the Group's position in the UK coach market and enhance its presence in key UK regions.

On 27 January 2026, the Group acquired Hills Coaches of Wolverhampton. Hills Coaches operates a fleet of 22 coaches and provides a range of services including private hire, day excursions and long-term contracts. The acquisition underlines the Group's commitment to growing the coach divisions and expands the Group's operational footprint into the West Midlands.

The businesses acquired during the year contributed £6.7m to Group revenue and £(1.7)m of losses to Group operating profit from the date of acquisition, with the losses mainly from the London Sightseeing business.

If the acquisitions had been completed on the first day of the financial year, revenue from the acquisitions for the year would have been £22.4m and operating losses from the acquisitions would have been £(4.2)m, with the losses mainly from the London Sightseeing business.

Notes to the consolidated financial statements continued

28 Acquisition of businesses and subsidiary undertakings continued

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.

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.

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.

On 28 February 2025, the Group announced the acquisition of London bus operator RATP Dev Transit London Limited and its subsidiaries (First Bus London).

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 to 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 to Carmarthen route.

The businesses acquired during FY 2025 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 FY 2025, revenue from the acquisitions for the year would have been £315.7m and operating losses from the acquisitions would have been £(17.7)m.

First Bus London – finalisation of acquisition accounting adjustments

During the year, the Group finalised its IFRS 3 acquisition accounting adjustments in relation to the acquisition on 28 February 2025 of London bus operator RATP Dev Transit Limited and its subsidiaries (First Bus London). Provisional adjustments were reported in the FY 2025 Annual Report, and therefore the Group has now restated the prior year comparative information to reflect these finalised adjustments. There is no material impact on the FY 2025 income statement as a result of the finalisation exercise, and as such the prior year income statement has not been restated.

	Provisional £m	Adjustments £m	Final £m
First Bus London – fair value of net assets acquired			
Intangible assets	3.9	(1.3)	2.6
Property, plant and equipment	169.9	9.2	179.1
Deferred tax	44.3	(0.6)	43.7
Inventories	2	–	2
Trade and other receivables	12	–	12
Cash and cash equivalents	0.4	–	0.4
Trade and other payables	(24.7)	–	(24.7)
Taxation	(3.9)	–	(3.9)
Provisions	(54.2)	7.1	(47.1)
Lease liabilities	(69.9)	(10.8)	(80.7)
Asset backed financial liabilities	(43.3)	–	(43.3)
Net identifiable assets acquired	36.5	3.6	40.1
Goodwill	10.8	(3.6)	7.2
Net assets acquired	47.3	–	47.3

Notes to the consolidated financial statements continued

29 Net cash from operating activities

	2026 £m	2025 £m
Operating profit from:		
Continuing operations	**219.4**	222.6
Discontinued operations	**2.1**	4.9
Total operations	**221.5**	227.5
Adjustments for:		
Depreciation charges	**560.4**	620.2
Capital grant amortisation	**(83.7)**	(65.3)
Software and other intangible amortisation charges	**4.7**	2.7
Reversal of impairments	**(0.9)**	–
Share-based payments	**10.4**	10.5
Profit on disposal of property, plant and equipment	**(9.4)**	(0.2)
Operating cash flows before working capital and pensions	**703.0**	795.4
Decrease/(increase) in inventories	**1.8**	(2.4)
Decrease in receivables	**188.0**	109.4
Decrease in payables	**(175.2)**	(31.3)
Decrease/(increase) in financial assets	**35.0**	(1.0)
Decrease in provisions due within one year	**(23.9)**	(13.9)
Decrease in provisions due over one year	**(23.8)**	(14.0)
Defined benefit pension payments greater than income statement charge	**(23.4)**	(14.0)
Cash generated by operations	**681.5**	828.2
Tax paid	**(0.9)**	(6.0)
Interest paid[1]	**(65.0)**	(68.0)
Net cash from operating activities[2]	**615.6**	754.2

1 Interest paid includes £48.1m relating to lease liabilities (2025: £49.6m).
2 Net cash from operating activities is stated after an outflow of £3.7m (2025: outflow of £3.2m) in relation to financial derivative settlement.

Notes to the consolidated financial statements continued

30 Analysis of changes in net debt

	At 29 March 2025 (restated[4]) £m	Cash flow £m	Foreign exchange movements £m	Other[3] £m	At 28 March 2026 £m
Components of financing activities:					
Bank loans	(66.7)	(35.0)	–	(0.4)	(102.1)
Lease liabilities[1]	(1,214.4)	459.5	–	(95.1)	(850.0)
Asset backed financial liabilities[2]	(115.3)	(30.2)	–	(6.8)	(152.3)
NextGen battery debt	(19.9)	(7.5)	–	–	(27.4)
Total components of financing activities	(1,416.3)	386.8	–	(102.3)	(1,131.8)
Cash	171.4	(1.8)	–	–	169.6
Bank overdrafts	(56.4)	30.9	–	–	(25.5)
Ring-fenced cash	315.7	(53.3)	–	–	262.4
Cash and cash equivalents	430.7	(24.2)	–	–	406.5
Net debt (including held for sale – discontinued operations)	(985.6)	362.6	–	(102.3)	(725.3)

1 Lease liabilities 'other' includes £95.1m net inception of new leases and interest charges. Net inception of leases comprises £48.6m inception of new leases, being £4.4m of rolling stock leases, £23.2m of passenger carrying vehicle leases and £21.0m of property and other leases, offset by £1.6m termination of leases. Termination of leases includes £0.3m of passenger carrying vehicle leases and £1.3m of property and other leases. Interest charges are £48.1m.
2 Asset backed financial liabilities 'other' of £6.8m comprises of interest charges of £6.5m and fee amortisation of £0.7m, offset by the capitalisation of new facility set up costs of £(0.4)m.
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).
4 See note 28 for details on the prior year restatement, which arises from the finalisation of the First Bus London acquisition accounting adjustments.

	At 30 March 2024 £m	Cash flow £m	Foreign exchange movements £m	Other[3] (restated[4]) £m	At 29 March 2025 (restated[4]) £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	–	(309.2)	(1,214.4)
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	–	(359.2)	(1,416.3)
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	(359.7)	(985.6)

1 Lease liabilities 'other' of £309.2m 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 £80.7m 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).
4 See note 28 for details on the prior year restatement, which arises from the finalisation of the First Bus London acquisition accounting adjustments.

Accrued interest of £nil (2025: £nil) is excluded from the values above and derivative valuations are presented as the clean values.

Notes to the consolidated financial statements continued

31 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 £58.4m (2025: £47.2m) and letters of credit for £111.3m (2025: £123.3m). The performance bonds primarily relate to First Rail franchise operations of £56.4m (2025: £47.1m), UK Bus operations of £2.0m (2025: £nil) and residual North American obligations of £nil (2025: £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 £80.1m to First Rail TOCs of which £64.5m 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.

32 Operating commitments

	2026 £m	2025 £m
Minimum payments made under contractual terms recognised in the income statement for the year:		
Plant and machinery	**0.9**	5.6
Track and station access	**356.3**	481.3
Other assets	**3.6**	18.9
	360.8	505.8

At the balance sheet dates, the Group had outstanding commitments for future payments under non-cancellable operating contracts, which fall due as follows:

	2026 £m	2025 £m
Within one year	**268.0**	355.6
In the second to fifth years inclusive	**73.9**	175.3
After five years	**171.9**	198.1
	513.8	729.0

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 £270.0m (2025: £481.0m).

Notes to the consolidated financial statements continued

33 Share-based payments

Equity-settled share option plans

The Group recognised total expenses of £10.4m (2025: £10.5m) 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, FY 2025 and FY 2026. During FY 2026, 2,522 employees accepted the invitation to join the scheme and just over 6.1 million options were granted at a price of 178 pence per share. Further information is provided in the table below.

	SAYE 2023 Options Number	SAYE 2024 Options Number	SAYE 2025 Options Number
Outstanding at the beginning of the year	13,364,629	9,326,957	–
Granted during the year	–	–	6,105,523
Exercised during the year	(1,985,048)	(504,488)	(1,825)
Lapsed during the year	(2,110,747)	(2,349,333)	(443,989)
Outstanding at the end of the year	**9,268,834**	**6,473,136**	**5,659,709**
Exercisable at the end of the year	78,870	32,512	8,244
Weighted average exercise price (pence)	111.0	123.0	178.0
Weighted average share price at date of exercise (pence)	202.0	203.0	190.0

(b) Buy As You Earn (BAYE)

BAYE enables eligible employees to purchase shares from their gross income. If the shares are held in trust for five years or more, no income tax and National Insurance will be payable. 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. The matching shares will be forfeited if the corresponding partnership shares are removed from trust within three years of award.

In March 2026 there were 2,061 (March 2025: 2,655) participants who purchased shares during the month through the BAYE scheme. During the year, scheme participants have purchased 884,524 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.

(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 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
Outstanding at the beginning of the year	36,546	26,796	6,538	14,254	29,291	37,031	129,268
Granted during the year	–	–	–	–	–	–	–
Forfeited during the year	–	–	–	–	–	–	–
Exercised/released during the year	(26,085)	–	–	(6,594)	(17,334)	(15,860)	(102,105)
Lapsed during the year	(10,461)	–	–	–	–	–	(1,354)
Outstanding at the end of the year	**–**	**26,796**	**6,538**	**7,660**	**11,957**	**21,171**	**25,809**
Exercisable at the end of the year	–	26,796	6,538	7,660	11,957	21,171	25,809
Weighted average share price at date of exercise (pence)	186.5	N/A	N/A	223.0	204.1	207.1	195.9

Notes to the consolidated financial statements continued

33 Share-based payments continued

	DBS 2022 Conditional Shares Number	DBS 2023 Conditional Shares Number	DBS 2024 Conditional Shares Number	DBS 2025 Conditional Shares Number
Outstanding at the beginning of the year	1,360,526	831,260	795,978	–
Granted during the year	–	–	–	546,037
Forfeited during the year	–	–	–	–
Exercised/released during the year	(1,357,790)	–	–	–
Lapsed during the year	(2,736)	–	–	–
Outstanding at the end of the year	**–**	**831,260**	**795,978**	**546,037**
Exercisable at the end of the year	–	–	–	–
Weighted average share price at date of exercise (pence)	210.8	N/A	N/A	N/A

(d) Long-Term Incentive Plan (LTIP)

The LTIP awards granted in 2021 through to 2025 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 Conditional Shares Number	LTIP 2023 Conditional Shares Number	LTIP 2024 Conditional Shares Number	LTIP 2025 Conditional Shares Number
Outstanding at the beginning of the year	31,241	7,223,320	7,090,438	6,711,864	–
Granted during the year	–	–	–	–	5,129,273
Forfeited during the year	–	(72,944)	(271,825)	(492,499)	(82,695)
Lapsed during the year	–	–	–	–	–
Exercised during the year	(31,241)	(7,150,376)	–	–	–
Outstanding at the end of the year	**–**	**–**	**6,818,613**	**6,219,365**	**5,046,578**
Exercisable at the end of the year	–	–	–	–	–
Weighted average share price at date of exercise (pence)	183.4	225.7	N/A	N/A	N/A

(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
Outstanding at the beginning of the year	38,167	41,444	17,308	63,657	250,881	14,718	350,832
Granted during the year	–	–	–	–	–	–	–
Forfeited/lapsed during the year	(21,285)	–	–	–	–	–	(6,854)
Exercised/released during the year	(16,882)	–	(4,282)	(21,063)	(88,757)	–	(210,255)
Outstanding at the end of the year	**–**	**41,444**	**13,026**	**42,594**	**162,124**	**14,718**	**133,723**
Exercisable at the end of the year	–	41,444	13,026	42,594	162,124	14,718	133,723
Weighted average share price at date of exercise/release (pence)	192.4	N/A	217.8	219.0	226.6	N/A	211.4

	ESP 2022 Conditional Shares Number	ESP 2023 Conditional Shares Number	ESP 2024 Conditional Shares Number	ESP 2025 Conditional Shares Number
Outstanding at the beginning of the year	16,001	7,972	467,304	–
Granted during the year	–	–	–	6,352
Forfeited/lapsed during the year	–	–	–	–
Exercised/released during the year	(16,001)	(3,986)	(2,874)	–
Outstanding at the end of the year	**–**	**3,986**	**464,430**	**6,352**
Exercisable at the end of the year	–	–	–	–
Weighted average share price at date of exercise/release (pence)	225.7	225.2	225.2	N/A

Notes to the consolidated financial statements continued

33 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:

	2026 pence	2025 pence
Weighted average share price at grant date (pence)		
– DBS	**217.8**	164.8
– LTIP	**217.8**	164.5
– ESP	**182.0**	164.4
Weighted average exercise price at grant date (pence)		
– DBS	**–**	–
– LTIP	**–**	–
– ESP	**–**	–
Expected volatility (%)		
– DBS	**N/A**	N/A
– LTIP	**38**	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	**3.0**	3.3%
– LTIP	**3.0**	3.3%
– ESP	**3.0**	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.

	2026 pence	2025 pence
Weighted average fair value of options at grant date		
– DBS	**205.2**	154.4
– LTIP	**158.8**	116.3
– ESP	**172.1**	154.3

34 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 FirstGroup Pension Scheme.

DC schemes: The First Bus Retirement Savings Plan and the Enhanced Lifetime 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 two sections of the RPS in respect of TOCs operating under NRCs. 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 liabilities of the Greyhound Canada Retirement Income Plan were bought out with an insurer, removing obligations from the balance sheet. There remains a modest surplus, which will be distributed to Plan participants before the Plan is fully wound up. During the prior year, the remaining liabilities in the US were bought out, and winding up of the legacy Greyhound US pension plan was completed in December 2024.

Each of these groups of arrangements have therefore been shown separately.

Overall, the duration of the Company's obligations is approximately 14 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 28 March 2026 for all DB schemes (excluding RPS in respect of DfT TOCs) totalled £982m (2025: £1,135m). The present value of scheme liabilities for all non-contract rail operation defined benefit schemes totalled £963m (2025: £1,112m).

Notes to the consolidated financial statements continued

34 Retirement benefit schemes continued

(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 £48.6m (2025: £36.0m) 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 two 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 24,700 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 108% (2025: 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 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.

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 for 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.

Notes to the consolidated financial statements continued

34 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 Defined Benefit Obligations (DBO) (Liabilities) for the DB schemes described above:

	2026		2025	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
At beginning of period	**992.5**	**970.1**	1,147.8	1,161.8
Income statement				
Operating				
– Current service cost	**–**	**4.1**	–	5.9
– Settlement in relation to winding-up lump sums	**(3.9)**	**(4.2)**	(21.3)	(24.1)
Total operating	**(3.9)**	**(0.1)**	(21.3)	(18.2)
Interest income/cost	**55.7**	**53.7**	54.8	53.8
Total income statement	**51.8**	**53.6**	33.5	35.6
Amounts paid to/(from) scheme				
Employer contributions	**25.9**	**–**	8.6	–
Employee contributions	**0.2**	**0.2**	0.4	0.4
Benefits paid	**(67.4)**	**(67.4)**	(70.6)	(70.6)
Total	**(41.3)**	**(67.2)**	(61.6)	(70.2)
Expected closing position	**1,003.0**	**956.5**	1,119.7	1,127.2
Change in financial assumptions	**–**	**(23.8)**	–	(108.9)
Change in demographic assumptions	**–**	**(8.7)**	–	(2.5)
Employee share of changes	**–**	**–**	–	–
Return on assets in excess of discount rate	**(25.1)**	**–**	(127.2)	–
Experience	**–**	**34.3**	–	(45.7)
Total	**(25.1)**	**1.8**	(127.2)	(157.1)
At end of period	**977.9**	**958.3**	992.5	970.1

	2026		2025	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Surplus in schemes	**–**	**19.6**	**–**	22.4
The amount is presented in the consolidated balance sheet as follows:	**–**		**–**	
Non-current assets	**–**	**21.7**	**–**	27.0
Non-current liabilities	**–**	**(2.1)**	**–**	(4.6)

Notes to the consolidated financial statements continued

34 Retirement benefit schemes continued

Asset allocation

At March 2026	Quoted £m	Unquoted £m	Total £m
Equity	**5.6**	**127.3**	**132.9**
Other return seeking assets	**–**	**4.5**	**4.5**
Real estate	**–**	**1.0**	**1.0**
Fixed income/liability driven	**537.1**	**228.1**	**765.2**
Other income generating	**–**	**26.2**	**26.2**
Cash and cash equivalents	**48.1**	**–**	**48.1**
	590.8	**387.1**	**977.9**

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

(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 (2025: none), while in Canada, there is a legacy plan with a DB and a DC section that is currently being wound up – the majority of the benefits have been secured through a buyout with an insurer, and all that remains is a modest surplus, which will be distributed to plan participants.

In the prior year, 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 FY 2025 income statement as an adjusting item.

Notes to the consolidated financial statements continued

34 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:

	2026		2025	
	Assets £m	**Liabilities £m**	Assets £m	Liabilities £m
At beginning of period (including held for sale)	**142.6**	**142.3**	264.8	276.1
Income statement				
Operating				
– Current service cost	**–**	**–**	–	1.8
– Past service gain including curtailments and settlements	**(132.8)**	**(132.8)**	(106.7)	(113.2)
Total operating	**(132.8)**	**(132.8)**	(106.7)	(111.4)
Interest income/cost	**3.7**	**3.7**	8.4	8.6
Total income statement	**(129.1)**	**(129.1)**	(98.3)	(102.8)
Amounts paid to/(from) scheme				
Employer contributions	**–**	**–**	4.1	–
Benefits paid	**(7.6)**	**(7.6)**	(23.4)	(23.4)
Total	**(7.6)**	**(7.6)**	(19.3)	(23.4)
Expected closing position	**5.9**	**5.6**	147.2	149.9
Change in financial assumptions	**–**	**(0.3)**	–	4.8
Change in demographic assumptions	**–**	**(1.5)**	–	2.0
Return on assets in excess of discount rate	**(1.8)**	**–**	9.8	–
Experience	**–**	**–**	–	0.3
Total	**(1.8)**	**(1.8)**	9.8	7.1
Currency gain/loss	**0.9**	**0.9**	(14.4)	(14.7)
At end of period	**5.0**	**4.7**	142.6	142.3

Asset allocation

At March 2026	Quoted £m	Unquoted £m	Total £m
Cash and cash equivalents	**5.0**	**–**	**5.0**
	5.0	**–**	**5.0**

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

Notes to the consolidated financial statements continued

34 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 two sections of the RPS, relating to its contracting obligations for its TOCs. 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 TOC 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 costs 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.

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.

Notes to the consolidated financial statements continued

34 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 2025	3,658.0	(3,070.4)	(235.0)	(352.6)	–
Impact of expiry of SWR NRC	(1,277.4)	1,088.1	75.7	113.6	–
Revised opening position, excluding SWR	2,380.6	(1,982.3)	(159.3)	(239.0)	–
Income statement					
Operating					
– Service cost	–	(78.3)	31.3	12.3	(34.7)
– Admin cost	–	(2.5)	1.0	–	(1.5)
Total operating	–	(80.8)	32.3	12.3	(36.2)
Financing	137.7	(112.0)	(10.3)	(15.4)	–
Total income statement	137.7	(192.8)	22.0	(3.1)	(36.2)
Amounts paid to/(from) scheme					
Employer contributions	36.2	–	(14.5)	14.5	36.2
Employee contributions	24.0	–	(9.6)	(14.4)	–
Benefits paid	(99.5)	99.5	–	–	–
Total	(39.3)	99.5	(24.1)	0.1	36.2
Expected closing position	2,479.0	(2,075.6)	(161.4)	(242.0)	–
Change in financial assumptions	–	45.3	(18.1)	(27.2)	–
Change in demographic assumptions	–	(12.6)	5.0	7.6	–
Return on assets in excess of discount rate	70.3	–	(28.1)	(42.2)	–
Experience	–	(11.2)	4.5	6.7	–
Total	70.3	21.5	(36.7)	(55.1)	–
At 31 March 2026	2,549.3	(2,054.1)	(198.1)	(297.1)	–

	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

34 Retirement benefit schemes continued

During the year £2.5m (2025: £6.5m) of gross administrative expenses were incurred, included in benefits paid above.

Finance costs above include interest income of £82.6m (2025: £108.4m) and employee share of interest on assets of £55.1m (2025: £72.2m).

Income statement charges on liabilities above of £192.8m (2025: £311.3m) represent:

	2026 £m	2025 £m
Current service costs	**47.0**	85.0
Interest costs	**67.2**	101.8
Employee share of change in DBO (not attributable to contract adjustment)	**78.6**	124.5
	192.8	311.3

Asset allocation

At 28 March 2026/31 March 2026	Quoted £m	Unquoted £m	Total £m
Equity	**–**	**1,159.3**	**1,159.3**
Other return seeking assets	**–**	**696.3**	**696.3**
Real estate	**–**	**240.7**	**240.7**
Fixed income/liability driven	**–**	**442.9**	**442.9**
Cash and cash equivalents	**10.2**	**–**	**10.2**
	10.2	**2,539.2**	**2,549.4**

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

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 28 March 2026/29 March 2025	First Bus 2026 %	First Rail 2026 %	North America 2026 %	First Bus 2025 %	First Rail 2025 %	North America 2025 %
Key assumptions used:						
Discount rate	**6.22 – 6.30**	**6.26**	**N/A**	5.78 – 5.83	5.87	4.50
Expected rate of salary increases	**N/A**	**3.07 – 3.32**	**N/A**	N/A	2.83 – 3.12	N/A
Inflation – CPI	**2.84 – 2.85**	**2.86**	**N/A**	2.61 – 2.62	2.60	2.00
Future pension increases	**2.51**[2]	**2.86**	**N/A**	2.37[2]	2.60	N/A
Post-retirement mortality (life expectancy in years)[1]						
Current pensioners at 65:	**19.7**	**20.5**	**N/A**	19.3	20.1	21.7
Future pensioners at 65 aged 45 now:	**20.5**	**21.9**	**N/A**	19.7	21.5	22.7

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

34 Retirement benefit schemes continued

(e) Sensitivity of retirement benefit obligations to changes in assumptions (excluding Rail Pension Scheme)

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 DBO balance sheet position by approximately £10m. A 1.0% movement in the inflation rate would impact the DBO balance sheet position by approximately £6m. A one-year movement in life expectancy would impact the DBO 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. Sensitivities do not include the Rail Pension Scheme owing to the contract adjustment mechanism detailed above.

(f) Consolidated statement of comprehensive income

Amounts presented in the consolidated statement of comprehensive income comprise:

	2026 £m	2025 £m
Actuarial gain on DBO	**30.5**	822.9
Actuarial gain/(loss) on assets	**30.1**	(289.6)
Actuarial (loss) on contract adjustments	**(87.5)**	(500.4)
Actuarial gains/(losses) on defined benefit schemes	**(26.9)**	32.9

(g) Cash contributions

The estimated amounts of employer contributions expected to be paid to the DB schemes during the 52 weeks ending 27 March 2027 is £33.8m based on current contributions schedules in force (28 March 2026: £64.6m).

(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

35 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 97 to 108.

	2026 £m	2025 £m
Basic salaries[1]	**1.7**	1.8
Fees	**0.7**	0.6
Post-employment benefits	**0.1**	0.1
Share-based payment	**3.5**	3.6
	6.0	6.1

1 Basic salaries include cash emoluments in lieu of retirement benefits, bonuses and car allowances.

36 Events after the reporting period

On 2 April 2026, the Group announced its acquisition of Eagle Coaches, a coaching business based in Bristol with a fleet of 19 vehicles, operating private hire, school transport and group travel services.

On 10 April 2026, the Group announced its acquisition of Wilfreda Luxury Coaches Limited (Wilfreda Beehive), a Doncaster-based coaching business operating a fleet of 45 vehicles to provide private hire, school contracts, contracted workplace shuttle services and holiday programmes.

Owing to the timing of these acquisitions, it has not been practical for the Group to yet undertake a detailed assessment of the acquired assets and liabilities. A provisional assessment will be undertaken during the year.

On 3 May 2026, the Group's First Rail London Limited (FRL) subsidiary commenced the operation of the London Overground rail contract on behalf of Transport for London (TfL). FRL's contract is for an initial eight-year period, with an option to extend for a further two years at TfL's discretion. Under the terms of the contract, TfL retains all revenue risk and will specify the service levels, with FRL responsible for the delivery of train services, management of stations and customer service.

On 7 May 2026, First Greater Western Railway Ltd received notice from the DfT that its NRC would expire on 13 December 2026, at which point GWR will hand over to the DfT Operator.

On 25 May 2026, the Group's new Lumo West Coast open access rail operator commenced services between London Euston and Stirling.

37 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 28 March 2026 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 28 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,[3,7] 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, [3,7] 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

Airporter Limited,[5] 21 Arthur Street, Belfast, BT1 4GA

A.T. Brown (Coaches) Limited, [3,7] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF

Bath Bus Company Limited,[7] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF

CCB Holdings Limited,[3] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF

CentreWest Limited,[3,4] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF

East Coast Trains Limited,[7,9] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF

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,[5] 395 King Street, Aberdeen, AB24 5RP

FG Canada Investments Limited,[5] 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

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 Holdings Limited,[1,4] 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,[4,5] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF

First Bus Retirement Savings Plan Trustee Limited,[5] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF

First Capital Connect Limited,[5,9] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF

First Capital East Limited,[5] Bus Depot, Westway, Chelmsford, Essex, CM1 3AR

First Customer Contact Limited,[8,9] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF

Notes to the consolidated financial statements continued

37 Information about related undertakings continued

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 Greater Western Limited,[7,9] Milford House, 1 Milford Street, Swindon, Wiltshire SN1 1HL

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 Rail Holdings Limited,[1,4,9] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF

First Rail London Limited, [3,7] 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,[5,9] 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,[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,[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

FirstGroup US Holdings,[5] 395 King Street, Aberdeen, AB24 5RP

GRT Bus Group Limited,[1,3,4] 395 King Street, Aberdeen, AB24 5RP

Hall and Davies Limited,[3,8] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF

Hills Coaches Limited,[7] Canal Side Hordern Rd, Whitmore Reans, Wolverhampton, West Midlands, WV6 0HS

Hull Trains Company Limited,[7,9] The Point, 8th Floor, 37 North Wharf Road, London, England, W2 1AF

J & B Travel Limited,[7] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF

JR Davies & Son Holdings Limited,[3] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF

Lakeside Coaches Limited, [3,7] 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, [3,7] 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

Mistral Data Limited,[8,9] 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,[3,8] 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

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,[5,8] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF

Notes to the consolidated financial statements continued

37 Information about related undertakings continued

The First UK Bus Pension Scheme Trustee Limited,[5,8] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF

The Original Tour London,[7] Garrick House, Stamford Brook Bus Garage, 74 Chiswick High Road, London W4 1SY

Tetley's Motor Services Limited,[7] 8th Floor, The Point, 37 North Wharf Road, London, W2 1AF

Totaljourney Limited,[1,3,9] 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,[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,[8] Inc. 112 S French Street Suite 105, Wilmington, Delaware 19801

FirstGroup Services,[8] Inc. 112 S French Street Suite 105, Wilmington, Delaware 19801

Laidlaw Transportation Holdings,[4] Inc. 112 S French Street Suite 105, Wilmington, Delaware 19801

Transportation Realty Income Partners LP (50%),[8] 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, 855 – 2 Street SW, Calgary, Alberta, T2P 4J8

Other entities – not wholly owned but incorporated in the United Kingdom

First/Keolis Holdings Limited (55%),[1,3,4,9] 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%),[8,10] 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

Palmer Energy Technology Limited (20%), 2 Pavilion Court, 600 Pavilion Drive, Northampton, United Kingdom, NN4 7SL

1 Directly owned by FirstGroup plc.
2 All shares held in subsidiary undertakings are ordinary shares.
3 For the year ending 28 March 2026 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 intra-group 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.
10 The Group has assessed its arrangement with NextGen AssetCo Limited as a joint operation with Hitachi Zerocarbon Battery Holdings Limited, to develop and finance an intelligent fleet decarbonisation business. The company is responsible for procuring and financing batteries for use by First Bus operating companies. The key financial effects of the joint operation are the Group's share of the company's leased assets and associated debt.

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)	2026 £m	2025 (restated[1]) £m	2024 £m	2023 £m	2022 £m
Group revenue	**4,751.9**	5,233.9	4,715.1	4,759.0	5,588.0
Adjusted revenue	**1,715.7**	1,370.0	1,279.6	1,122.5	955.4
Operating profit before amortisation charges and other adjustments	**221.5**	222.2	202.4	154.4	226.8
Amortisation charges	**–**	–	–	–	(0.4)
Other adjustments	**–**	5.3	(161.2)	30.8	579.7
Operating profit	**221.5**	227.5	41.2	185.2	806.1
Finance costs	**(69.8)**	(65.7)	(82.4)	(69.3)	(153.5)
Investment income	**7.1**	7.8	16.8	12.8	1.5
Profit/(loss) before tax	**158.8**	169.6	(24.4)	128.7	654.1
Tax	**(37.3)**	(31.3)	15.0	(33.4)	(12.1)
Profit/(loss) for the year	**121.5**	138.3	(9.4)	95.3	642.0
EBITDA	**702.9**	779.8	746.8	755.8	862.1
Per share measures	**pence**	pence	pence	pence	pence
Adjusted continuing EPS	**20.3**	19.4	16.7	11.6	1.6
Basic EPS	**20.9**	21.3	(2.4)	11.8	60.2
Dividend per share	**7.2**	6.5	5.5	3.8	1.1

Consolidated balance sheet	£m	(restated[2]) £m	£m	£m	£m
Non-current assets	**2,027.5**	2,377.6	2,425.4	2,651.9	2,267.2
Net current liabilities	**(508.5)**	(557.2)	(621.7)	(253.9)	(546.8)
Non-current liabilities	**(712.3)**	(996.9)	(1,051.3)	(1,530.9)	(753.1)
Held for sale – continuing operations	**–**	–	–	8.3	–
Held for sale – discontinued operations	**–**	–	0.6	0.6	38.5
Non-current provisions	**(87.2)**	(111.0)	(111.3)	(125.2)	(120.7)
Net assets	**719.5**	712.5	641.7	750.8	885.1
Share data					
Number of shares in issue	**millions**	millions	millions	millions	millions
At year end	**570.7**	750.7	750.7	750.6	750.2
Average (excluding treasury shares and shares in trusts)	**553.4**	597.7	662.9	739.5	1,057.5
Share price	**pence**	pence	pence	pence	pence
At year end	**169**	164	180	101	107
High	**233**	183	188	140	107
Low	**147**	133	102	94	73

Group financial summary continued
Unaudited

Market capitalisation	2026 £m	2025 £m	2024 £m	2023 £m	2022 £m
At year end	**950**	959	1,154	803	1,124

Continuing operations	£m	(restated[1]) £m	£m	£m	£m
Revenue	**4,751.9**	5,233.9	4,715.1	4,755.0	4,591.1
Adjusted revenue	**1,715.7**	1,370.0	1,279.6	1,122.5	955.4
Adjusted operating profit	**219.4**	222.8	204.3	161.0	106.7
Operating profit	**219.4**	222.6	46.5	153.9	122.8
Adjusted EBITDA	**700.8**	780.4	748.6	762.4	731.2

First Bus	£m	£m	£m	£m	£m
Revenue	**1,443.6**	1,081.5	1,012.2	902.5	789.9
Adjusted operating profit	**102.8**	96.0	83.6	58.4	45.2
Operating profit/(loss)	**102.8**	96.0	(63.3)	51.4	45.2
Adjusted EBITDA	**200.8**	160.1	148.1	120.9	104.4

First Rail	£m	(restated[1]) £m	£m	£m	£m
Revenue	**3,327.6**	4,180.7	3,738.4	3,893.2	3,801.2
Adjusted revenue	**272.4**	288.8	267.8	220.4	165.5
Adjusted operating profit	**129.9**	148.8	143.3	124.8	87.8
Operating profit	**129.9**	148.8	143.3	124.8	91.8
Adjusted EBITDA	**510.7**	639.7	620.5	661.0	649.9

1 The Group has identified certain funding mechanisms with the DfT where amounts due to the DfT have previously been treated as deductions from revenue. Upon further review, the Group has judged that these amounts should instead be recognised as an expense in the income statement. The prior year income statement comparative information has been re-presented accordingly. The re-presentation is within the income statement and has no impact on profit measures or the other primary statements.

2 See note 28 for details on the prior year restatement, which arises from the finalisation of the First Bus London acquisition accounting adjustments.

Company balance sheet
As at 28 March 2026/29 March 2025

	Notes	2026 £m	2025 £m
Non-current assets			
Trade and other receivables	3	**434.0**	425.4
Derivative financial instruments	4	**0.1**	–
Investments	5	**873.5**	759.3
		1,307.6	1,184.7
Current assets			
Cash and cash equivalents		**33.7**	64.0
Trade and other receivables	3	**0.5**	1.8
Derivative financial instruments	4	**0.3**	–
		34.5	65.8
Total assets		**1,342.1**	1,250.5
Current liabilities			
Trade and other payables	7	**203.4**	244.4
Derivative financial instruments	4	**0.6**	0.9
		204.0	245.3
Net current liabilities		**(169.5)**	(179.5)
Non-current liabilities			
Trade and other payables	7	**101.6**	65.7
Derivative financial instruments	4	**–**	0.3
		101.6	66.0
Total liabilities		**305.6**	311.3
Net assets		**1,036.5**	939.2
Equity			
Share capital	8	**28.5**	37.5
Share premium		**693.3**	693.3
Other reserves		**125.6**	115.8
Own shares	9	**(37.5)**	(31.1)
Retained earnings		**226.6**	123.7
Total equity		**1,036.5**	939.2

The Company reported a profit for the 52 weeks ending 28 March 2026 of £202.0m (2025: profit of £14.4m).

Ryan Mangold
17 June 2026

Company number SC157176

Company statement of changes in equity

For the 52 weeks ended 28 March 2026/29 March 2025

	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 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
Balance at 30 March 2025	**37.5**	**693.3**	**(31.1)**	**(11.6)**	**13.9**	**93.8**	**19.7**	**123.7**	**939.2**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**202.0**	**202.0**
Other comprehensive profit for the year	**–**	**–**	**–**	**0.8**	**–**	**–**	**–**	**–**	**0.8**
Total comprehensive gain for the year	**–**	**–**	**–**	**0.8**	**–**	**–**	**–**	**202.0**	**202.8**
Transactions with owners in their capacity as owners									
Shares bought back but not yet cancelled	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(50.4)**	**(50.4)**
Cancellation of treasury shares	**(9.0)**	**–**	**–**	**–**	**–**	**–**	**9.0**	**–**	**–**
Movement in EBT and treasury shares	**–**	**–**	**(6.4)**	**–**	**–**	**–**	**–**	**(20.2)**	**(26.6)**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**10.4**	**10.4**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(38.9)**	**(38.9)**
Balance at 28 March 2026	**28.5**	**693.3**	**(37.5)**	**(10.8)**	**13.9**	**93.8**	**28.7**	**226.6**	**1,036.5**

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 71.

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 28 March 2026. The financial statements for the prior period include the results and financial position of the Company for the 52 weeks ending 29 March 2025.

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, in particular for First Bus Holdings Limited (FBH) which is the most significant entity holding the Group's investments in the Bus division. There is a significant risk that material adjustment to the carrying amounts of FBH's investments could be required within the next financial year, including the reversal of prior year impairments. The carrying value of investments at 28 March 2026 is £873.5m (2025: £759.3m). See note 5 for more information.

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 28 March 2026 of £202.0m (2025: profit of £14.4m).

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

	2026 £m	2025 £m
Amounts due within one year		
Prepayments	**0.5**	1.8
	0.5	1.8
Amounts due after more than one year		
Amounts due from subsidiary undertakings	**406.9**	397.4
Loss allowance	**(0.8)**	(0.7)
Net amounts due from subsidiary undertakings	**406.1**	396.7
Deferred tax asset (note 6)	**27.9**	28.7
	434.0	425.4

4 Derivative financial instruments

	2026 £m	2025 £m
Total derivatives		
Total assets – due after more than one year	**0.1**	–
Total assets – due within one year	**0.3**	–
Total assets	**0.4**	–
Total creditors – amounts falling due within one year	**0.6**	0.9
Total creditors – amounts falling due after more than one year	**–**	0.3
Total creditors	**0.6**	1.2
Derivatives classified as held for trading		
Non-current assets		
Currency forwards (cash flow hedge)	**0.1**	–
Current assets		
Currency forwards (cash flow hedge)	**0.3**	–
Total assets	**0.4**	–
Current liabilities		
Currency forwards (cash flow hedge)	**0.6**	0.9
Non-current liabilities		
Currency forwards (cash flow hedge)	**–**	0.3
Total liabilities	**0.6**	1.2

Full details of the Group's financial risk management objectives and procedures can be found in note 22 of the Group accounts. As the holding company for the Group, the Company faces similar risks over foreign currency and interest rate movements.

Notes to the Company financial statements continued

5 Investments in subsidiary undertakings

	Unlisted subsidiary undertakings £m
Cost	
At 29 March 2025	**1,219.5**
Additions	**8.0**
At 28 March 2026	**1,227.5**
Provision for impairment	
At 29 March 2025	**460.2**
Impairment	**28.4**
Reversal of impairment	**(134.6)**
At 28 March 2026	**354.0**
Carrying amount	
At 28 March 2026	**873.5**
At 29 March 2025	**759.3**

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 £873.5m principally relate to an investment in the Group's former North American divisions and holding companies of £85.5m, FirstGroup Holdings Limited of £0.7m, and the First Bus business of £787.3m, mainly through First Bus Holdings Limited.

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 relates primarily to the investments in the First Bus business, for which the recoverable amount is £930m based on the Bus division's value in use, and therefore the impact of prior year impairments has been reversed by £128.0m. Key assumptions used for the future risk-adjusted cash flows over a five-year period (incorporating the Board-approved three-year plan) include a 1.9% long-term growth rate assumption, a terminal operating margin of 9.4% and a discount rate of 11.7%. Financial performance of the Bus division has consistently improved in recent years since the original impairment was recognised during the COVID-19 period. This is due to the increase in passenger volumes which have now stabilised, as well as reduction in reliance on government funding which has resulted in improved performance.

An impairment reversal of £6.6m was recognised in relation to the investment in the Group's former North American divisions, and an impairment charge of £18.0m was recognised in relation to the investment in FirstGroup Holdings Limited. The impairment arose as no dividend generation is expected in FirstGroup Holdings Limited and therefore the carrying value was reduced to the value of the net assets within the entity.

The additions in the year include IFRS 2 share-based charges, which have subsequently been fully written down.

The investments in the First Bus business would break even using a discount rate of 12.4% or a reduction of terminal margin to 7.7%.

A full list of subsidiaries and investments can be found in note 37 to the Group accounts.

6 Deferred tax

The deferred tax asset recognised by the Company and the movements thereon are as follows:

	£m
At 29 March 2025	**(28.7)**
Charge to income statement	**0.5**
Charge to hedging reserve	**0.3**
At 28 March 2026	**(27.9)**

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2026 £m	2025 £m
Losses	**(27.9)**	(28.4)
Other timing difference	**–**	(0.3)
Deferred tax asset due after more than one year	**(27.9)**	(28.7)

7 Creditors

	2026 £m	2025 £m
Amounts falling due within one year		
Bank overdraft	**25.5**	56.4
Amounts due to subsidiary undertakings	**172.7**	185.8
Accruals and deferred income	**5.2**	2.2
	203.4	244.4
Amounts falling due after more than one year		
Syndicated loan facilities	**101.6**	65.7
	101.6	65.7

Borrowing facilities

The maturity profile of the Company's undrawn committed borrowing facilities is as follows:

	2026 £m	2025 £m
Facilities maturing:		
Revolving credit facility – due in more than two years	**295.0**	295.0
Green HP finance facility – due in more than two years	**43.0**	92.4

Notes to the Company financial statements continued

8 Called up share capital

Allotted, called up and fully paid (ordinary shares of 5p each)	Number of shares million	£m
Balance at 29 March 2025	750.7	37.5
Cancellation of treasury shares	(180.0)	(9.0)
Balance at 28 March 2026	**570.7**	**28.5**

On 10 June 2025, the Company announced a share buyback programme to purchase up to £50m of ordinary shares. This buyback programme completed on 3 October 2025 having repurchased 22,439,652 shares for a total consideration of £50.4m including transaction costs.

On 26 January 2026, the Company announced that 180,000,000 shares held in treasury were cancelled. The nominal value of these shares was £9.0m.

The Board is proposing that a final dividend of 5.0p per share, resulting in a total dividend payment of c.£27m, be paid on 7 August 2026 to shareholders on the register at 3 July 2026, subject to approval by shareholders at the 2026 AGM.

The number of ordinary shares of 5p in issue, excluding treasury shares held in trust for employees, at the end of the period was 542.6 million (2025: 565.6 million). At the end of the period 28.1 million shares (2025: 185.1 million shares) were being held as treasury shares and own shares held in trust for employees.

9 Own shares

	Own shares £m
At 29 March 2025	**31.1**
Movement in EBT and treasury shares during the year	**6.4**
At 28 March 2026	**37.5**

The number of own shares held by the Group at the end of the year was 28,086,318 (2025: 185,125,956) FirstGroup plc ordinary shares of 5p each. Of these, 19,922,152 (2025: 19,401,442) were held by the FirstGroup plc Employee Benefit Trust and 157,229 (2025: 157,229) were held as treasury shares, with a further 8,006,937 (2025: 165,567,285) 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 28 March 2026 was £47.4m (2025: £303.6m).

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 £58.4m (2025: £47.2m) and letters of credit for £111.3m (2025: £123.3m). The performance bonds primarily relate to First Rail franchise operations of £56.4m (2025: £47.1m), UK Bus operations of £2.0m (2025: £nil) and residual North American obligations of £nil (2024: £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 £80.1m to First Rail TOCs of which £64.5m 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.

Shareholder information

General Meeting

The AGM will be held on 30 July 2026 at Brewers' Hall, Aldermanbury Square, Barbican, London, EC2V 7HR.

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 2026 AGM electronically by logging into your Shareview Portfolio at www.shareview.co.uk. If you have not yet registered for a Shareview Portfolio, go to www.shareview.co.uk and enter the requested information. 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.

Contact information

Company Secretary
David Blizzard
Tel: +44 (0)20 7291 0505

Registered office
FirstGroup plc
395 King Street
Aberdeen AB24 5RP
Tel: +44 (0)1224 650 100

Corporate office
FirstGroup plc
8th Floor
The Point
37 North Wharf Road
London W2 1AF
Tel: +44 (0)20 7291 0505

Joint corporate brokers
RBC Europe Limited
(trading as RBC Capital Markets)
100 Bishopsgate
London
EC2N 4AA

Panmure Liberum Limited
Ropemaker Place
25 Ropemaker Street
London
EC2Y 9LY

External auditor
PricewaterhouseCoopers LLP
40 Clarendon Road
Watford WD17 1JJ

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 27 of the Financial review

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 net debt/(cash)
Net debt/(cash) excluding ring-fenced cash and IFRS 16 lease liabilities

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

BMS
Building management system

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

Company
FirstGroup plc, a company registered in Scotland with number SC157176 whose registered office is at 395 King Street, Aberdeen AB24 5RP

Commercial bus businesses
Regulated, open bus services for the general public, provided without any dedicated financial support for that discrete service

Commercial bus fleet
All operational single-deck and double-deck buses certified to carry standing passengers, deployed on the company's commercial bus network, operating on a mix of commercial, supported and closed services

Commercial bus passengers
Passengers who travel on a commercially operated bus service whose journey generates fare revenue for First Bus. This includes journeys subject to the £3 national fare cap in England, but excludes concessionary travel and tendered service funding

'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

DC
Direct current

DfT
Department for Transport (UK Government)

DfTO
DfT Operator to which DfT-contracted train operating companies will be transferred before being absorbed into GBR

'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

EBT
Employee benefit trust

ED&I
Equality, diversity and inclusion

EPS
Earnings per share

ESG
Environmental, social and governance

EV
Electric vehicle

FCC
First Customer Contact – our customer contact centre

FAME
Fatty acid methyl ester

FERA
Fuel and energy related activities

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

Glossary continued

LTIP
Long-Term Incentive Plan

LTIR
Lost time injury rate, a measure of safety performance

MAA
Moving annual average – used in rail punctuality data

M&A
Mergers and acquisitions

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

NRC
National Rail Contract

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

PETL
Palmer Energy Technology battery storage

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

REGO
Renewable Energy Guarantees of Origin

RLW
Real Living Wage – an hourly wage amount suggested by the UK Government to sufficiently cover the cost of living

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

SPS
Specialist Passenger Solutions – the subsidiary contracted to manage workforce transport at Hinkley Point C and Sizewell C

SWR
South Western Railway, a train operating company

S&P
S&P Global Rating Agency

TCFD
Task Force on Climate-related Financial Disclosures

$tCO_2(e)$
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

TfGM
Transport for Greater Manchester

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

TSR
Total shareholder return, the growth in value of a shareholding over a specified period assuming that dividends are reinvested to purchase additional shares

VAWG
Violence against women and girls

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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Registered office
FirstGroup plc
395 King Street, Aberdeen AB24 5RP
Tel. +44 (0)1224 650100
Registered in Scotland number SC157176

Corporate office
FirstGroup plc
8th floor, The Point, 37 North Wharf Road
Paddington, London W2 1AF
Tel. +44 (0)20 7291 0505

www.firstgroupplc.com