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Registration number: 05313119

Freightliner Group Limited

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2024

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Freightliner Group Limited

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Company Information

Directors	Mr Christopher Ray Lawrenson Mr David James Penney Mr Timothy Colin Shoveller
Company secretary	Ms Sally Jane Watts
Registered number	05313119
Registered office	6th Floor The Lewis Building 35 Bull Street Birmingham B4 6EQ United Kingdom
Bankers	Barclays Bank PLC 1-3 Haymarket Towers Humberstone Gate Leicester LE87 2BB United Kingdom
Auditors	Deloitte LLP Four Brindleyplace Birmingham B1 2HZ United Kingdom

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Freightliner Group Limited

Strategic Report for the Year Ended 31 December 2024

The Directors present their Strategic report for Freightliner Group Limited ('the Company') and its subsidiaries ('the Group' or 'Freightliner Group') for the year ended 31 December 2024.

Business review and future developments
The principal activity of the Group, is the operation of Rail, Road and Terminal services across Intermodal logistics and Heavy Haul markets, employing circa 3,000 people under the Freightliner and Pentalver brands. The principal activity of the Company is that of a holding Company. The Directors do not currently anticipate any changes in the nature of the Group's or Company's principal activities.

Freightliner Group is a leading provider of critical rail transport across the UK and Europe:

- #1 UK Intermodal business with an irreplaceable network of terminals, assets, and operating personnel moving containers, primarily from the UK's largest ports to inland terminals and on to customer locations;
- #2 UK Bulk business and the fastest growing - largest rail operator of aggregates transport in the UK in addition to a diversified set of other commodities;
- Largest private rail operator in Poland with track record of growing revenues, moving grain, steel, and aggregates; and
- Leading independent rail service provider in the Port of Rotterdam and on the main corridors towards the German and Belgium borders.

Freightliner Group's core purpose is to be the safest and most respected transportation service provider in the world.

These financial statements represent the first-time consolidation of UK/Europe Group of Companies following a Group Restructure.

Prior to 2024, Freightliner Group was part of Genesee & Wyoming Inc. ('G&W') a US company. During 2024 G&W group undertook a legal entity restructure completing in May 2024. Following this, the UK/Europe operations were no longer part of the G&W structure. Rotterdam Rail Feeding ('RRF') the Group's operations in Netherlands also became part of the Freightliner Group consolidation as part of this Group restructure. An accounting policy choice has been made to follow predecessor accounting and therefore all assets and liabilities of RRF were transferred at book value. The difference between the book value of assets acquired and consideration paid has been taken to reserves.

On 24 April 2024, GWIH UK Holdings LP contributed a loan note receivable of $6.5 million (£5.2 million) to Freightliner Group Limited for 1 new share and share premium. Freightliner Group Limited recognised a financial asset for the loan note received at fair value (which is expected to be equal to its face value), share capital equal to the aggregate nominal value of shares issued of £0.01 and share premium for the difference amounting to £5.2 million.

On 29 May 2024, Freightliner Group Limited carried out a bonus issue out of its retained earnings' unrealised profits. The Company issued 28,000,000,000 ordinary shares each with nominal value of £0.01, with the aggregate nominal value of shares being issued being equal to the amount of unrealised profit being capitalised of £280.0 million.

On 30 May 2024, the Freightliner Group Limited, undertook a capital reduction and the nominal value of its ordinary shares reduced to £0.000000001 and the share premium has been cancelled in full. The Company has recorded a reduction in share capital of £284.7 million, derecognised its share premium account in full by £5.2 million and recognised a corresponding increase in retained earnings of £289.9 million.

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Business review and future developments (continued)
The restructure has given the UK/Europe business more autonomy over operations including, securing a new funding facility. There has been no change to the ultimate parent entity of the Company or the ultimate controlling party, which remains as Brookfield Corporation.

Delivering for customers through high performing operations continues to be a key focus for the business. We've delivered year-on-year improvements to our industry leading safety performance, investing in training and maintaining assets to the highest standards. The relentless focus on both service and efficiency have supported our growth agenda, while significant 'back office' enhancements to both process and systems have made it significantly easier for our customers, suppliers, and ourselves to work together.

Following the positive improvements delivered, we continue to invest heavily in future growth across all delivery platforms. At our port and inland Terminals, our investment in a Vehicle Booking System and automated terminal gates allows for industry leading terminal turnaround times; on Road and Rail we are investing in new technologies to support a safe and efficient operation, while the ability to track and trace containers for the full journey gives real time information to our customers, allowing best-in-class supply chain management.

We continue to pioneer the shift from road to rail, driving a more efficient and sustainable service in support of a reduced carbon footprint for ourselves and our customers. We acknowledge our responsibility in contributing to the delivery of net carbon zero status and are committed to investing in a sustainable future through informed data, alternative fuels, and innovative decarbonisation technologies.

Financial Highlights
The Group's key financial and other performance indicators during the year were as follows:

Financial KPIs	**Unit**	**2024**	**2023**
Revenue	£m	514.4	513.7
Gross profit	£m	34.7	42.4
Gross profit margin	%	6.7	8.3
Loss before taxation	£m	(37.2)	(36.3)
EBITDA *	£m	63.4	45.9
Net assets	£m	428.3	492.8
Net assets excluding pension asset	£m	388.0	465.6
Cash flows for operating activities	£m	47.9	65.3

	Unit	**2024**	**2023**
Non-financial KPI's			
UK/Europe car loads	Thousands	883	838
Road jobs	Thousands	222	235
Terminal lifts	Thousands	585	555
Bulk tonnes	Thousands	23,253	22,770

* EBITDA (Earnings before interest, taxation, depreciation and amortisation) is calculated by taking operating loss of £16.4 million (2023: loss of £22.2 million) and adding back depreciation of £17.9 million (2023: £14.6 million), depreciation of right-of-use assets of £56.3 million (2023: £48.2 million) and amortisation of intangibles of £5.6 million (2023: £5.3 million).

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Business review and future developments (continued)
The Group's revenue is broadly flat year on year (£513.7 million in 2023 to £514.4 million in 2024) with the difficult trading environment experienced, limiting business growth. Cost of sales have increased by 1.8%, causing a reduction in gross profit margin from 8.3% to 6.7%. The net loss before taxation has moved to a loss of £37.2 million in 2024 from a loss of £36.3 million in 2023, which is primarily due to higher finance costs and a reduction in finance income following the Group restructure and repayment of receivable balances from intermediate parent undertakings. EBITDA has increased from £45.9 million in 2023 to £63.4 million in 2024, with business efficiencies and the non-strategic terminal sale driving a benefit. The net assets have decreased to £428.3 million in 2024 from £492.8 million in 2023, primarily driven by the dividend paid of £48.0 million plus the loss for the year, offset by an increase in the defined benefit pension asset.

Tough economic conditions at the beginning of the year resulted in reduced Intermodal market activity, flowing through to terminal and road operations. Volumes strengthened through H2, with Intermodal Rail market share held during the period at ~55% (2023: 55%), with significant initiatives delivered to drive efficiency and protect margins across the business. The Group has continued to deliver growth through the second half of the year, securing new contracts with key customers across both Intermodal and Heavy Haul business units, in addition to the continued expansion of our customer portfolio. During the course of the year, the business saw increased volumes, particularly in the UK with a longer peak period through the autumn, benefiting from increased margins in the second half of the year, as efficiencies were realised. Activity undertaken during the year has set the business up for efficient future growth.

In addition to operating efficiencies, the Directors engaged in a restructure that made changes to reporting lines and income statement ownership. Together with a cost reduction exercise, the benefit was seen in the second half of the year as volume and profitability saw improvements.

During the year the business disposed of a non-strategic terminal.

Subsequent to year end, the Intermodal business completed a significant project to support a large customer to move port operations from Felixstowe to London Gateway. This combined with a new customer contract provides the Group with a strong platform for growth in 2025 and beyond.

Our markets
Freightliner Group operates in markets where there are significant barriers to entry across all four businesses given the capital deployed, operational expertise, and customer relationships required to operate. However, the markets we operate in remain highly competitive, with our pricing and cost base under constant review to ensure we are balancing service and cost effectively for our customers. We are well placed to deliver for our customers and to continue to maximise market opportunities during 2025 in order to continue to drive our growth agenda.

Market tailwinds linked to the government modal shift drive from road to rail, the growth agenda and forecast economic recovery across our markets, and investments made in technology and operational improvements, leave the Group well placed to grow.

We have seen weaker economic growth than previously forecast through the early part of FY25 but are maintaining share in key markets and we continue to monitor the impact of trade tariffs on the markets in which we operate and on the global economy.

Our strategy
Our core purpose is to be the safest and most respected transportation service provider in the world. The Group remains focussed on improving the long-term future of the UK & Europe business. To support this, its approach to allocation of capital is to prioritise the following:

- Investment in growth through capital and operating expenditure to drive increased revenue and margin
- Continued investment in employees through regular training programmes
- Utilise cash to meet the working capital requirements of the Group

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Business review and future developments (continued)

Our business model

Freightliner is the UK's largest maritime intermodal logistics operator, transporting containers from all major deep-sea ports to our national network of inland terminals, as well as a leading operator in the UK Heavy Haul rail freight market.

Intermodal Logistics

Through the unique combination of our own rail, terminals and road assets, Intermodal Logistics is the offer end-to-end logistics solutions in the UK:

1. Rail

Our award-winning rail services keep businesses throughout the UK ticking over, day and night. The power of our locomotives combined with the expertise of our team, means we can offer our customers the reliable rail service they need and deserve.

2. Terminals

An integral part of Intermodal Logistics is our strategically placed inland container terminals. With full UK coverage, we have the capability to move, store, repair and maintain our customers' containers - servicing more than 2 million maritime container every single year.

3. Road

From port to the final mile of our customers' journeys, our road transportation offering allows us to deliver the complete logistics package to any destination.

Heavy Haul

From the construction industry to the distribution of waste and creating sustainable solutions for energy suppliers - we have the capability to do it all. At our core, we're a rail-centric logistics company. This means we also offer our experience and knowledge to help other members of the rail community, from infrastructure to passenger train operator companies. The Heavy Haul division offers a maintenance service, from wagon and loco maintenance to track maintenance, including the support of Network Rail network maintenance - all designed to keep our own and our customer assets operating at peak performance.

Pentalver container sales & Conversions

Pentalver, part of Freightliner Group, is a leading UK container logistics services provider. With over 30 years of experience, Pentalver offers a diverse range of container services to meet every customer requirement - from bespoke container conversions to selling an array of new and used containers to various customers.

Freightliner Poland & Germany

Freightliner Poland is a company engaged in the carriage of goods by rail in Poland and in neighbouring countries. Freightliner Germany is based in Berlin and possesses a licence for freight and passenger train operations throughout Germany, as well as federal safety certificates one and two. Freightliner Germany creates bespoke solutions for clients based on individual need. Able run on either side of the German-Polish border enables Freightliner Germany to offer attractive solutions for cross-border freight traffic on rail, even as far as into Belarus and Ukraine.

Rotterdam Rail Feeding

Rotterdam Rail Feeding (RRF) is a Dutch and German licensed railway undertaking critical imports and exports into and out of mainland Europe. Offering optimised rail solutions with a dedicated owned fleet of locomotives, RRF provide the seamless and safe movement of customers' trains and goods, in addition to working with Freightliner Poland in providing European cross-border services.

The Group remains focussed on improving the long-term future of the UK & European businesses.

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Principal risks and uncertainties

Health and Safety:
Health and Safety is an integral part of the Group's philosophy. It forms the foundation of each and every decision made. The Group has robust Health and Safety systems ensuring facilities, equipment and culture of the company continuously uphold and assess safety risks.

Changes in global trade tariffs:
Recent developments in the form of the introduction of a new tariff regime in the US and around the world could impact the business. While there is little anticipated direct impact from the US tariffs on UK/Europe operations, there is a risk of a global recession which could reduce volumes in the business.

Economic conditions:
We have seen high levels of inflation and interest rates in the UK in recent months, coupled with an erosion in real terms income despite high wage growth. Household consumption, a major driver of intermodal volumes, has also underperformed total GDP growth. The Group monitors economic conditions on an ongoing basis. Despite these economic headwinds, there are a number of factors that point towards a positive outlook for Rail freight.

Rail Reform:
A limit to the Group's ability to grow Rail Freight business in the long term, is capacity on the Rail Freight network. We are actively engaged with the UK government on rail reform and the creation of Great British Railways (GBR). We believe that the role of freight rail in the UK economy will not only be protected but enhanced when the final rail policies are implemented. A new UK policy focus on freight rail will further enhance our current drive to win new business.

The UK Government has committed to target 75% minimum increase in rail freight volumes by 2050. Rail freight also continues to be recognised as one of the most carbon efficient transport forms, supporting the ongoing decarbonisation agenda for customers. Our focused efforts on customer proposition and delivering effective business solutions, allows us to protect and grow market share in a competitive environment and continue to deliver against our business growth strategy in both Intermodal and Heavy Haul markets.

Wage inflation & National insurance costs:
As a large employer, staff costs represent a significant cost base. Increases to staff wages and employee-related taxes can negatively impact the profitability of the Group. We are working extremely closely with our colleagues to ensure we continue to provide a great place to work and a highly competitive reward structure. Through strong planning and communication internally and externally, we are able to largely mitigate the impact of industrial relations activity on the business. In an industry where key skills shortages are prevalent, we have a strong track record of recruiting, developing, and retaining great people and believe we will continue to do so through our continued investment in this area.

Cyber risk:
As we invest in new technologies to support our growth strategy, including delivering an efficient back office, we are mindful of the growing cyber security risk, including cyber attack, loss of sensitive data leading to lack of customer confidence, or failures of IT systems leading to a failure to operate certain routes or operations of the business. Our assurance programmes within this area ensure that the systems and infrastructure within the business are adequately protected against this risk.

The strategies taken by the company to manage the risks faced by the company have reduced the likelihood of risks having a significant impact on the business. We remain confident that our strategy, people, and organisational resilience, position us well to make continued progress.

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Section 172(1) statement
The directors, and leadership generally, of the Freightliner group of companies (the "Group") are aware of their responsibilities as prescribed by the Companies Act 2006.

This statement in particular addresses the material actions and decisions which the leadership took in discharging their duties pursuant to section 172 of the Companies Act 2006; namely, the duty to consider the interests of various stakeholders in the success of the business.

The Directors must act in a way they consider would be most likely to promote the success of the Group for the benefit of its stakeholders. These stakeholders and actions taken by the Group are detailed below:

• Long-term consequences of decisions - The Group aims to secure its long-term prospects and viability by seeking out strategies that provide mutual long-term benefits to its stakeholders and members. These are considered through regular meetings of the senior management team, periodic engagement with its shareholders and the formal preparation and adoption of a 5-year Strategic Plan, which is produced every year. During 2024, the Strategic Plan for 2025-2029 was prepared. This includes determining the capital investment required to meet growth, customer, and safety needs. The annual review of the Group's strategy encompasses the long-term implications for stakeholders and members.

• Key decisions in the year - During the year, the Directors have taken key decisions in a number of areas to strengthen the short and long term outlook of the Group. Principal decisions include a restructuring and refinancing process. While our ultimate ownership structure remains unchanged, the restructure and refinancing programme undertaken, allows us to be more agile and respond to changes in the market to achieve our growth ambitions and financial goals.

The Directors also led a Group wide cost and efficiency review. This considered current and future activity forecasts and targets as well as ways of working, to ensure that the business is sized and operated in a way to handle short term market challenges, while remaining best placed to grow efficiently in line with targets.

• Maintaining our licence to operate - The Directors have ensured that the operating licences are maintained by following the maintenance requirements and health and safety requirements.

• Interest of employees - The Group's employees reflect our culture and values and are essential to delivering on our mission of developing long-term customer relationships and business growth. The Group has several means of communicating with its employees in terms of business performance and other important decisions. These communication methods include quarterly business updates from the CEO, regular internal communications on new business wins and other topics of interest to colleagues, quarterly meetings of the Senior Leadership Team (SLT) with union reps from all four unions to discuss quarterly business performance. The SLT also hold regular online townhall forums to inform employees of important developments and decisions.

The Group has a strong culture of Health & Safety and strives for zero injuries, every day. In support of our health and safety culture, the business has a comprehensive health and safety training plan that it delivers across platform and grades according to need. A freely accessible internal information hub is maintained of all policies and relevant employee information.

• Need to foster the Group's business relationships - The Group's customers include large international shipping lines through to small local businesses. The Group's customers rely on us to fulfil their obligations and the Group's suppliers allow us to meet their needs.

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Section 172(1) statement (continued)
The Group actively works towards the acquisition of new customers through a range of existing industry relationships and tendering processes. The supply of services is dependent on the continuing collaboration with a range of third-party suppliers on a long-term basis. Commercial and operational teams have regular and timely communication with key customers and suppliers to understand their needs to assist us in fulfilling their objectives.

• Impact on communities - We believe supporting our communities strengthens our community ties and fosters an awareness of our long-term goals. Our staff charity nomination scheme sees our employees' nominating charities, which they have a personal connection, to which donations are made. The Group, further, sponsors local sports clubs across the UK and Europe that our staff have a connection with. The UK Group made £0.1 million of charitable donations in the current year (2023: £0.1 million).

• Impact on the environment - As one of the UK's leading transportation service providers, we take our environmental responsibilities seriously and recognise the importance of our environmental performance as part of our overall business success. The Group has an ongoing focus on increasing the sustainability of our operations and will continue to play a pivotal role in ensuring that the UK economy can fully decarbonise by 2050.

The Group's Environment and Sustainability Group (ESG) coordinates our environmental and sustainability workstreams to ensure that the business is positioned to further enhance our environmental and sustainable credentials.

As part of our Integrated Management System (IMS), we will develop, maintain, and continually improve an Environmental Management System (EMS) in line with the requirements of ISO 14001 and seek external accreditation for relevant operations to ensure we achieve all our compliance objectives and that our operational activities prevent pollution and embrace environmental opportunities.

• High standard of business conduct - The Group and its employees are subject to the Freightliner Group Limited Code of Ethics and Conduct ("Code"). The Code sets forth general guidelines of business practice and is intended to help educate our staff about the laws that affect our business; help our employees understand the type of behaviour that is expected, and to serve as a guide when we face legal or ethical questions.

The Group's internal and external policies are reviewed by the Directors and senior management to ensure compliance with anti-bribery, modern slavery, environmental, safety standards, tax, and financial standards. The Group operates an internal audit program overseeing the financial and non-financial policies and procedures put in place. This includes all employees re-acknowledging various policies including the Code on an annual basis.

• Stakeholder engagement - We run an Employee Pulse Survey to listen to our colleagues and take a temperature check on engagement issues that are important to them and us. The feedback identifies areas for improvement which will help to make Freightliner a great place to work. In the last survey in January 2024, 46% of UK employees responded, of which 59% were in frontline/operational roles. Our Employee Net Promoter Score improved by 11 points year on year and we have been using the feedback to focus on specific actions to improve colleague satisfaction. We are planning the next Pulse Survey for September 2025.

The Group has a number of ongoing projects which aim to ensure all employees are treated fairly. Refer to the Directors report for further information.

The Group has regular dialogue with the Group's shareholders. The Group's shareholders also have representatives who sit on the Group's executive board.

The Group also has good communication and relationships with customers, suppliers and unions.

Freightliner Group Limited

Strategic Report for the Year Ended 31 December 2024

Non-Financial and Sustainability Information statement
As a leading transportation service provider in the UK, Freightliner Group are committed to environmental responsibility and recognise the vital role sustainability plays in our business success. We continue to focus on reducing our environmental impact and are dedicated to supporting the UK's goal of achieving full decarbonisation by 2050. Due to Freightliner Group Limited surpassing the threshold of having turnover of more than £500.0 million for the first time in 2024 as well as having more than 500 employees, the group are required to disclose compliance in line with The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 ('CFD'). The below table provides a summary of requirements and compliance, which is expanded on in the following report.

Companies and LLPs are both required to disclose the following information:	Summary of compliance
(a) a description of the governance arrangements of the company or LLP in relation to assessing and managing climate-related risks and opportunities;	Section 1 (Governance) outlines responsibilities of the Executive Board, including the ESG & Projects Director. As well as integration of climate related issues into operational reviews and role of internal sustainability function.
(b) a description of how the company or LLP identifies, assesses, and manages climate related risks and opportunities;	Section 1 (Governance) outlines the commissioning of the climate change scenario analysis undertaken in 2024. Section 2 (Risk) discusses the methodology, climate scenarios and time frames used to identify and assess risks as well as defining the scoring matrix used to categorise risks and opportunities.
(c) a description of how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management process in the company or LLP;	Section 2 (Risk) outlines how climate related risk managed as part of Freightliners integrated enterprise risk management processes.
(d) a description of— (i) the principal climate-related risks and opportunities arising in connection with the operations of the company or LLP, and (ii) the time periods by reference to which those risks and opportunities are assessed;	Section 2 (Risk) contains the risks and opportunities identified for Freightliners operations, scored against different time frames and climate scenarios.
(e) a description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the company or LLP;	Section 2 (Risk) outlines the progress Freightliner has made to date and next steps to evaluate impact of climate related risks and opportunities on Freightliners business model and strategy, Section 3 (Strategy) outlines intensions to develop a Transition Plan.
(f) an analysis of the resilience of the business model and strategy of the company or LLP, taking into consideration of different climate-related scenarios;	Section 3 (Strategy) outlines intentions to develop a Transition plan which will consider financial and reputation possibilities, impacts on value chain and considerations for in decision makers.
(g) a description of the targets used by the company or LLPs to manage climate-related risks and to realise climate-related opportunities and of performance against those targets; and	Section 4 (Metrics & Targets) outlines Commitments to Science Based Targets initiative (SBTi) and published targets for reducing GHG emissions to achieve net zero for Freightliners UK operations.
(h) the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based.	Section 4 (Metrics & Targets) outlines performance for 2024 against SBTi targets and references to SECR reporting.

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Non-Financial and Sustainability Information statement (continued)

1. Governance
The Statutory Directors have board-level oversight over all climate-related issues. In addition to this the Group have a number of Executive Directors, who together with the Statutory Directors make up the executive board ('Board of Executives') including, Group Director for ESG & Projects. The CEO holds the responsibility of approving plans regarding climate-related activities, risks and opportunities, as well as approving climate-related policies and major investments. The Group Director for ESG & Projects takes responsibility for leading on decarbonisation and climate-related risks and opportunities, reporting progress to the Board of Executives and discussing future investment needs. In addition, each regional business unit; UK Intermodal, UK Heavy Haul, Freightliner Poland and Rotterdam Rail Feeding, are led by a Managing Director who is responsible for their business units' operations and implementing relevant climate change risk management within their units. The Managing Director for each business unit sits on the Freightliner Executive Board and report performance into Freightliner Group.

Climate-related issues are reported to the CEO and Board of Executives on a quarterly basis as part of the Monthly Operational Reviews (MOR). A quarterly sustainability MOR is produced by the Head of Sustainability which reports sustainability business performance for that quarter, and future topics which require board support. The Board of Executives is equipped with members holding a range of knowledge, training, and experience across a variety of departments. They hold accountability for establishing strategy and setting direction, all of which contributes to the Board's competency on climate-related issues. The CEO is the highest management-level position with responsibility over climate-related issues, including the management of budgets for climate mitigation activities, expenditures related to low-carbon products and services, setting climate-related targets, and monitoring progress Regular scheduled meetings are held to discuss these issues, including:

• Review and guiding of annual budgets
• Overseeing of major capital expenditures
• Review of innovation/R&D priorities
• Review and guiding of strategies
• Overseeing, guiding, and monitoring the development and implementation of a transition plan
• Overseeing target setting and monitoring progress towards corporate targets
• Overseeing and guiding public policy engagement
• Overseeing value chain engagement
• Reviewing and guiding the risk management process.

The Head of Sustainability leads a dedicated sustainability function within the business, reporting to the Group Director for ESG & Projects responsible for executing climate related tasks day to day. The Sustainability function is responsible for implementing and monitoring performance of Freightliners Carbon Management Framework and Environmental Management Framework. The Carbon Management Framework was developed in line with the ISO 14064:2018 Specification, the GHG Protocol, and the SBTi Corporate Net Zero Standard. The Environment Management Framework was developed in line with the requirements of ISO 14001:2015.

In 2024, Freightliner commissioned Arcadis to undertake a Climate change scenario analysis in line with IFRS S2 to cover Freightliner UK operations. More specifically, completing a preliminary climate change scenario analysis to assess the risks and opportunities associated with changing climatic conditions and the transition to a net zero economy. Freightliner are in the process of communicating the outcomes of the report to the wider business and actioning the recommendations outlined in the report within the UK. As Freightliner UK represents the largest portion of the business, climate risk and climate transition related processes and procedures are initially being developed in the UK. Once, methodology relating to assessing and managing climate risk and climate transition is successfully trialled in the UK, the same processes will be cascaded to the European business, in line with local legislation, reporting requirements and timeframes. At this time climate reporting will become embedded in Freightliners business as usual enterprise risk management workflows.

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Non-Financial and Sustainability Information statement (continued)

2. Risk

As part of the Climate change scenario analysis commissioned by Freightliner, both physical and transition risk assessments were undertaken. The scenarios used for the physical climate scenario analysis represent the physical changes to the climate as a result of greenhouse gas emissions, while the transition scenarios focus on the social, economic and political changes associated with the pathways to net zero. Hence, different scenarios were used for the physical and transition scenario analyses. The results are detailed in the following sections.

2.1. Physical Risk

Freightliner defines physical risk as risk associated with the physical impacts of climate change, which can manifest as event driven (acute) or longer terms shifts (chronic) in climate patterns, which can have financial implications for Freightliner. The following climate hazards are focused on:

- Winter precipitation
- Mean annual temperature
- Summer maximum temperature
- Winter minimum temperature
- Sea level rise
- Wind
- Drought

Due to the interdependencies between Network Rail and the rail freight industry, elements of Network Rail's guidance on completing CCRAs were used in Freightliner's CCRA. The guidance recommends that the two climate emission scenarios most appropriate for adapting the railway are RCP6.0 and RCP8.5.

The UK Climate Change Committee's Third Climate Change Risk Assessment (CCRA3) states that the UK must adapt to a minimum average global temperature rise of between 1.5 and 2°C for the period 2050 - 2100 and consider the risks up to a 4ºC warming scenario, corresponding to the scenarios RCP2.6 and RCP8.5, respectively. Using these scenarios also allows consideration of a wide range of possible outcomes.

Therefore, in order to align with Network Rail's approach as well as best practice, three emissions scenarios were selected: RCP2.6, RCP6.0 and RCP8.5.

The time horizons assessed included 2020-2039 (short term), 2040-2059 (medium term), and 2060-2079 (long term) relative to a 1981-2000 baseline, as per the Network Rail guidance.

The physical scenario analysis was a multi-step process. The final risk scores are a product of vulnerability and magnitude.

Vulnerability was scored from very low to very high (1-5) based on exposure (using quantitative climate data) and sensitivity (rated based on asset information and current risk).

Magnitude was scored from 'insignificant' to 'catastrophic' (1-5). This is depicted in the matrix table below.

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Non-Financial and Sustainability Information statement (continued)

		Magnitude				
		1	2	3	4	5
Vulnerability	1	1	2	3	4	5
	2	2	4	6	8	10
	3	3	6	9	12	15
	4	4	8	12	16	20
	5	5	10	15	20	25

Risk rating	Definition
Very Low	Very low risk of impact occurring. Vulnerability x Magnitude = between 1 and 2
Low	Low risk of impact occurring. Vulnerability x Magnitude = between 3 and 4
Moderate	Moderate risk of impact occurring. Vulnerability x Magnitude = between 5 and 9
High	High risk of impact occurring. Vulnerability x Magnitude = between 10 and 15
Very High	Very high risk of impact occurring. Vulnerability x Magnitude = between 16 and 25

Based on current modelling the climate hazards deemed to pose the highest risk to Freightliner UK are an increase in winter precipitation and decrease in summer precipitation. These climate hazards pose the highest risk cumulatively across our terminals, maintenance depots, land and offices, scoring overall risk ratings of high - very high. With increased precipitation, potential impacts are associated with flooding, physical damage to sites, damage or disruption to road and rail networks, and damage to IT and communication systems. Decreased summer precipitation causing drought, may result in impacts such as physical damage and degradation to sites, water scarcity /water stress, and fire events.

Assets currently deemed at highest risk are freightliner terminals, followed by maintenance depots. Terminals have been identified as having the highest volume of high and very high risks across all climate hazards, time periods and emissions scenarios. Maintenance depots have shown a similar risk profile to terminals, however, are at a lower risk from disruption from wind and sea level rise. For many of the modelled scenarios the risk is the same across all 3 emissions pathways and time periods e.g. risk to Terminals associated with increased winter precipitation scores very high from RCP 2.6, 2020-2039 and remains very high as emissions and time increase.

If left unmanaged the risks outlined above could impact Freightliner's ability to maintain assets and load goods for transportation. Potentially leading to unfulfilled client contract requirements, reputational damage and loss of revenue. To mitigate this, Freightliner actively manages physical risks caused by extreme weather through an emergency preparedness process and are implementing a data led approach to help quantify any change in the frequency of extreme weather events. No physical opportunities have been identified at this stage.

Freightliner Group Limited

Strategic Report for the Year Ended 31 December 2024

Non-Financial and Sustainability Information statement (continued)
2.2. Transitional Risk
Freightliner defines transitional risk as risks which encompass Freightliners financial and reputational challenges in transitioning to a low carbon economy. This seeks to identify risks and opportunities within the following categories:

- Policy & Legal
- Technology
- Reputation
- Market

These categories were chosen as they align with the four categories of transitional risk as defined by the TCFD.

Scenarios from the International Energy Agency's (IEA) World Energy Outlook (WEO) were used to identify risks and opportunities. The WEO uses the latest data from energy markets, policies, and technologies to assess how changes to the economic system have impacted resilience, and how the net zero transition will affect energy security and affordability

The scenarios chosen were the Stated Policies Scenario (STEPS) and the Net Zero Emissions by 2050 (NZE) scenario. These scenarios were selected to provide a range of plausible outcomes, with STEP reflecting current policy settings across countries and sectors, aligning with a 2.4°C increase in global average temperatures, while NZE set out a pathway for net zero to be achieved by 2050, keeping global warming to 1.5°C above pre-industrial levels.

Although short-, medium-, and long-term horizons were used for the physical CCRA. Due to availability of data and the political transition occurring in the UK at the time of conducting the scenario analyses, short- and medium-term were used to assess transition risks and opportunities.

The transition scenario analysis was a qualitative assessment based on descriptive criteria. This transition risk assessment defines risks as very high - very low risk based on the below.

Risk	Policy & Legal	Technological	Market	Reputational	Opportunity
Very High	Significant violation reportable to regulator with severe penalties and correctional action required. Probable loss of accreditation or license.	Severe impact on operational ability and supply chain. Severe impact on operational costs and economic system.	Large scale, long-term disruption to supply chain. Supply chain issues are resolved ad-hoc with no planned response mechanisms. Severe impact on revenue.	International long-term media coverage. Reputational impact resulting in loss or gain of strategic customers or suppliers.	Very High
High	Serious violation reportable to regulator, with significant penalties and correctional action required. Possible loss of accreditation or license.	Significant impact on operational ability and supply chain. Significant impact on operational costs and economic system.	Large scale, short-term disruption to supply chain. Supply chain continuity response plans in place for basic threats and scenarios. Significant impact on revenue.	National long-term media coverage. Reputational impact resulting in potential loss or gain of strategic customers or suppliers.	High
Mediu m	Moderate breach reportable to regulator, with penalties and correctional action required. Unlikely loss of accreditation or license.	Moderate impact on operational ability and supply chain. Moderate impact on operational costs and economic system.	Moderate long-term disruption to supply chain. Supplier resilience is monitored periodically and continuity plans are in place. Moderate impact on revenue.	National short-term media coverage. Customers, suppliers, and local communities are aware but impact to relations is unlikely.	Medium
Low	Minor breaches reportable to regulator, with limited follow up required.	Low impact on operational ability and supply chain. Low impact on operational costs and economic system.	Low supply chain disruption. Supplier resilience is monitored periodically and continuity plans are in place. Low impact on revenue.	Local reputational impact. Customers, suppliers, and local communities are aware but no impact to relations.	Low
Very Low	Minor breaches not reportable to regulator and resolved internally.	Minor disruption to operational ability and supply chain. Minimal impact on operational costs and economic system.	Minor disruption to supply chain. Swift response and adaptability to changes in demand. Minimal impact on revenue.	Local media attention that is quickly resolved. No impact on relationship with customers, suppliers, or local communities.	Very Low

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Non-Financial and Sustainability Information statement (continued)

Category	Risk/Opportunity	Business Response	Associated Impact	NZE 2030	NZE 2050	STEPS 2030	STEPS 2050
Market	New policy and legislation may be implemented to expand rail freight and move away from alternative transportation options. This transition away from carbon-intensive transport options could increase demand on rail, resulting in increased demand from new and existing customers.	Freightliner has a designated Policy & Government Affairs Director who manages up and coming policy issues. Changes in legislation are considered as part of the Monthly Operational Review Process.	Opportunity: Increased revenue	M	L	M	L
			Risk: Failure to meet increased demand	H	M	M	L
	New policy and legislation may be implemented to expand rail freight and move away from alternative transportation options. This transition away from carbon-intensive transport options could increase demand on rail, resulting in new competitors, and increased offerings of low- emission locos from new and existing competitors.	The business maintains an evolving loco strategy which considers long term requirements of our fleet and good's which need to be transported.	Risk: Increased competition	M	VL	M	VL

Category	Risk/Opportunity		Associated Impact	NZE 2030	NZE 2050	STEPS 2030	STEPS 2050
Policy & Legal	The transition to net zero may result in changes to the type of products and goods that are moved via the rail network, such as increased movement of captured carbon or an increase in rail-captive products.	The business maintains an evolving loco strategy which considers long term requirements of our fleet and good which need to be transported.	Opportunity: Increased demand for services	M	M	M	M
	Changes in the production and movement of certain goods may impact supply and demand. For example, reductions in imported goods due to more sustainable consumer buying habits, may result in a reduction in the number of products being moved by freight. Rail-captive products may also reduce as environmentally damaging products are limited or banned.	Freightliners review global trade patterns and geopolitical trends as well as, monitor our market share by port and total UK volumes for deeps sea ports.	Risk: Decreased demand for services Decreased revenue	L	L	L	L
	Changes in operational costs as a result of increased installation and maintenance of net zero technologies, increasing fuel prices and track access charges, and disruption to the existing economic system	New technologies are assessed for commercial viability upon becoming available. Changes to prices and infrastructure access are forecasted where possible and monitored for trends.	Risk: Increased operating costs	H	VH	M	H
	Growing demand for net zero technologies may result in an increase in the number of hazardous goods being transported by freight, such as batteries. This may result in increased health and safety risks.	Freightliner manages health and safety in line with ISO 45 001. All risks are assessed as part of standard business processes.	Risk: Injury or death resulting in litigation, financial penalties	H	H	M	M
	Failure to achieve targets set by the UK Government to transition away from diesel-only trains by 2040.	Freightliner are subscribed to STBi and have set emissions reduction targets for 2033 and 2050, planning to be net zero by 2050. Alternative fuels have been a key focus area and are implemented when considered commercially viable	Risk: Litigation and legal costs, financial penalties, Reputational damage	M	H	M	H

Category	Risk/Opportunity		Associated Impact	NZE 2030	NZE 2050	STEPS 2030	STEPS 2050
Reputational	Changes in consumer priorities as customers and stakeholders seek to work with companies utilising low and zero emission technologies and processes.	Accounts are managed and the sustainability requirements of our customers are reviewed on a regular basis. Changes in priorities will be addressed at this point.	Risk: Shifts in consumer preferences, changes to market competition	L	M	L	M
			Opportunity: Shifts in consumer preferences, increased funding for sustainable technologies, improved customer perception	M	L	M	L
	Failure to achieve sustainability objectives and targets, resulting in negative perception from employees, stakeholders, and public.	Sustainability objectives and targets are reviewed quarterly by the Executive Board and support is provided to ensure the business remains on track to achieve this.	Risk: Decreased staff retention, reputational damage, reduced stakeholder satisfaction	L	M	L	M
	Increased scrutiny on sustainability practices from job candidates.	Freightliner are committed to sustainability and have taken action to maintain position as an industry sustainability leader.	Decreased staff retention, reputational damage	N/A	N/A	N/A	N/A

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Non-Financial and Sustainability Information statement (continued)

Category	Risk/Opportunity		Associated Impact	NZE 2030	NZE 2050	STEPS 2030	STEPS 2050
			Opportunity: Improved sustainability practices among staff	L	L	L	L
	Increased electrification of rail network (particularly electrification of current 'gaps') and legislation to incentivise transition to electric locos would allow for significant increase in capacity for electrification.	The business maintains an evolving loco strategy which considers long term requirements of our fleet. The business also has a long term rail planning division which manages changes such as these.	Opportunity: Improved customer perception, potential reduction in operating costs	L	L	L	L
	Transition to electric locos and HGVs will require upgrades to the electricity grid, and implementation of more electric lines and charging stations. Insufficient upgrades may result in service disruption and slower delivery of products.	The business maintains an evolving loco strategy which considers long term requirements of our fleet. The business also has a long term rail planning division which manages changes such as these.	*Risk:* Reputational damage	M	H	L	M

Category	Risk/Opportunity		Associated Impact	NZE 2030	NZE 2050	2030	2050
	The transition away from road to rail will reduce the number of HGV drivers needed. This may result in loss of employment for many HGV drivers.	*The business has implemented policies to manage staffing changes.*	*Risk:* Reputational damage, litigation and legal costs	L	VL	L	VL
Technological	Incentives may be introduced to encourage the installation of sustainable technologies and on-site renewables, such as solar PV cells, battery storage, and electric vehicles.	Freightliner has a designated Policy & Government Affairs Director who manages up and coming policy issues, this includes industry incentives. Changes in industry incentives are considered as part of the Monthly Operational Review Process.	*Opportunity:* Improved energy security, reduced emissions	M	H	L	M
	Electrification of the rail network would allow for significant increase in electric rail capacity, reducing diesel consumption.	Freightliner has a designated Policy & Government Affairs Director who manages up and coming policy issues. Changes in legislation are considered as part of the Monthly Operational Review Process.	Opportunity: Reduced emissions, improved customer perception	L	M	VL	L
			Risk: Increased operating costs	M	L	M	L

Freightliner recognises that it has a duty to manage risks in a balanced, structured, and cost-effective way. Freightliner has established an integrated enterprise risk management (ERM) procedure (FL-UK-HSSE-PRO-001) in line with ISO 31000 standards. Freightliner's ERM is split into 5 key steps:

Step 1: Identification of risk category
This involves identifying which risk category it falls under (e.g., technology, service delivery, commercial, operational etc.).

Step 2: Identification of strategic objectives
The strategic objectives to which the risk relates is identified (compliance, operations, strategy, safety or legal).

Step 3: Determine risk timeline
The emerging timeline of the risk is determined (immediate, short, medium or long).

Step 4: Complete risk register
A risk register is completed based on whether it is a risk or opportunity that has been identified. If it is an opportunity, a decision is made is on whether to exploit, enhance, share or accept the opportunity, which is then raised through the appropriate channels, and updates on the opportunity are documented for reporting purposes.

If a risk has been identified, a decision is made on whether the best course of action is to mitigate, transfer, avoid, investigate or monitor the risk, considering the risk appetite to ensure the response is proportionate.

Step 5: Recording and reporting
Recording and reporting is conducted through director meetings, tactical updates and monitoring processes.

Non-Financial and Sustainability Information statement (continued)
Initial high-level sustainability and climate related risks have been added to the Freightliner enterprise risk register and will be managed by the business in line with other business risks. A materiality assessment will be undertaken in 25/26 to inform Freightliner's understanding of what constitutes a material risk and then inform financial thresholds that can be applied to the identified risks and opportunities. This will enable Freightliner to evaluate how our financial position may change over the short, medium and long term, in line with our strategy to manage climate-related risks and opportunities.

3. Strategy

Freightliner understands as climate change intensifies our business assets and operations face growing risks-from extreme weather disrupting transport routes to rising fuel costs and regulatory changes. As a multimodal business freightliner operates both road and rail transportation methods. In instances where there are significant disruptions to either road or rail, Freightliner has the capability to pivot between transportation methods to ensure clients expectations continue to be met.

Key infrastructure such as the UK road and rail network does not sit within Freightliners control and support will be required from 3rd parties to ensure continued climate resilience. As the UK's largest rail freight operator, Freightliner recognises the critical role we play in supporting climate resilience. Freightliner proactively engage with government bodies, regulatory agencies and industry associations to advocate for and influence policies that strengthen infrastructure, supply chain continuity and environmental stability. Freightliner proactively participate in advisory panels and cross industry working groups, contributing operational insights to inform national scale climate resilient logistics strategies. Our goal is to drive forward, practical and scalable solutions that ensure our operations remain robust in the event of extreme weather and changing climate, while supporting UK targets for modal shift and global emissions targets.

Building on the results from Arcadis' assessment Freightliner will develop a Transition Plan in 2025/26. The initial focus will be to investigate and address the risks that have been identified as being high or very high in the short term (2020-2039) in the low emissions scenario (RCP 2.6), as a matter of priority. This is of particular importance for sites that form a critical part of Freightliner's operations, such as key terminals and maintenance depots.

The Transition Plan will provide details of the following:

• Climate-related risks and opportunities that may affect Freightliner's financial and reputation possibilities.
• The current effects of those risks and opportunities on Freightliner's business model and value chain.
• The effects of those risks and opportunities on Freightliner's strategy and decision-making, including its climate-related transition plan.
• The effects of those risks on Freightliner's financial position, financial performance and cash flows for the reporting period and over the short, medium and long term; and
• The resilience of Freightliner's strategy to climate-related changes, developments and uncertainties, considering the risks and opportunities identified.

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Non-Financial and Sustainability Information statement (continued)

4. Metrics and targets
Freightliner has committed to the Science Based Targets initiative (SBTi) and set targets for reducing GHG emissions to achieve net zero for its UK operations. In doing so, Freightliner has committed to:

- Setting and achieving a near-term Science Based Target;
- Setting and achieving a long-term Science Based Target;
- Mitigation beyond the value chain; and
- Neutralisation.

Freightliner's targets have been approved by the SBTi and have been published on the SBTi website as of March 2025. Freightliner's near-term target covers a 55% reduction by 2033 against a 2020 baseline, around 77,574 tCO2e. Our long-term target covers 94% of Scope 1 emissions and 6% of Scope 2 emissions by 2050 at the latest, with an Absolute Reduction of 172,275.5 tCO2e. Scope 3 targets is 32.5% reduction by 2033 from a 2020 base year. 2024 achieved a 10% reduction compared to 2020 baseline, which is 17,000 tonnes less than emitted in 2020 for scope 1 &2.

Additional targets and objectives set by Freightliner include:

- To be the most efficient and sustainable Intermodal and Heavy Haul Rail Freight business in the UK.
- Deliver an EBITDA profit of £34m and to be cash positive in 2026.
- Use technology to gain efficiency, speed and simplicity to enhance customer experience.
- Make tactical and strategic decisions using market intelligence to drive continuous improvement.
- Report accurate information to all stakeholders.
- Operate clear defined standard processes for all contracted business;
- Develop legal consonance whilst carrying out Freightliner's values, leadership principles and behaviours.
- Conduct business without physical, psychosocial, or environmental harm through a programme of evidence-based continual improvement; and
- Protect Freightliner's staff, customers, and the environment through a culture which puts safety, sustainability, and wellbeing at the heart of their operations.

Progress on the above targets is disclosed independently.

Total energy consumption for the year ended 31 December 2024 was 650,087,715 kWh (2023: 675,872,434 kWh).

Energy and carbon report
It is not possible to separate the energy usage and carbon emissions of the group of Companies owned by Freightliner Group Limited. This report covers the energy usage and carbon emissions of all companies within the Group. The section has been prepared in compliance to the SECR Framework as implemented in the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

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Non-Financial and Sustainability Information statement (continued)

Emissions and energy consumption

Summary of scope 1 (direct) greenhouse gas emissions for the year ended 31 December 2024:

	Unit of measurement	2024	2023
Emissions from combustion of gas (Scope 1)	tCO2e	106	316
Emissions from combustion of fuel for transport purposes (Scope 1)	tCO2e	144,947	151,759
		145,053	152,075

Summary of scope 2 (indirect) greenhouse gas emissions for the year ended 31 December 2024:

	Unit of measurement	2024	2023
Emissions from purchased electricity (Scope 2) for transport purposes	tCO2e	6,708	5,369
Emissions from purchased electricity (Scope 2)	tCO2e	1,823	1,892
		8,531	7,261

Summary of scope 3 (other indirect) greenhouse gas emissions for the year ended 31 December 2024:

	Unit of measurement	2024	2023
Emissions from generation of electricity that is consumed in a transmission and distribution system for which the company does not own or control (Scope 3)	tCO2e	754	622
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	tCO2e	61	128
Emissions from well to tank (WtT) of fuel for transport purposes	tCO2e	35,301	36,899
		36,116	37,649

The Group have followed the 2019 HM Government Environmental Reporting Guidelines and GHG Reporting Protocol, Corporate Standard. We have used the 2024 UK Government's Conversion Factors for Company Reporting. We have used an operational approach to define our boundary and scopes and they have remained the same from the 2023 report.

Scope 1 emissions relate to on-site gas usage and emissions from transport. Transport usage (diesel & HVO traction, road haulage, company owned vehicles and terminal fuel usage) has been obtained from fuel purchasing records, fuel card usage and mileage data. The primary source for on-site gas consumption data is supplier invoices and supplier consumption data. The Landlord supplies have been calculated from invoice costs and usage and also estimated based on historical consumption where not available.

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Non-Financial and Sustainability Information statement (continued)

Scope 2 relates to electric traction and purchased electricity for on-site usage. Electric traction usage and emissions are calculated from metering data (EnergyX system). Mileage records for the traction comes from Network Rail Track access data for the intensity metric. The primary source for on-site electricity consumption data is supplier invoices and supplier consumption data. The Landlord supplies have been calculated from invoice costs and usage and also estimated based on historical consumption where not available.

Electricity transmission and distribution loss associated emissions are set out in Scope 3. Further Scope 3 emissions relate to grey fleet including transport by employees in personal cars, company cars and hired cars. Personal car and company car mileage was extracted from the Concur system for recording expenses.

Additionally, changes have been made to the intensity calculations for the 2024 report with changes made to previously reported figures and metrics. Changes include the additional reporting of Well to Tank Scope 3 emissions for liquid fuel consumption. This has been amended following an internal review of reporting boundaries to Scope 1 and Scope 2 and assessment against ISO 14064-part 3. This is part of the continual improvement and increased maturity of Freightliner Group Limited in its reporting across its net value chain. Alignment of intensity metrics has been made closer to the external disclosures including Freightliner Group Limited CDP disclosures. This alignment enables a completeness of disclosing intensity metrics across the variety of external disclosures Freightliner Group Limited makes.

2024 **Source**	**Carbon Emissions (tCo2e)**	**Intensity Ratio 2024**	**Intensity Ratio Metric**	**Intensity Metric**
Traction- Diesel and HVO	153,319	0.0243	tCO2e/mile	6,320,776
Traction- Electricity	7,300	0.0092	tCO2e/mile	791,657
Road Haulage and Vehicles	19,446	0.0014	tCO2e/mile	14,058,003
Terminal/Site Usage	9,572	0.0059	tCO2e/m²	1,627,719

2023 **Source**	**Carbon Emissions (tCo2e)**	**Intensity Ratio 2023**	**Intensity Ratio Metric**	**Intensity Metric**
Traction	131,494	0.0167	tCO2e/mile	6,916,858
Road Haulage and Vehicles	22,078	0.0022	tCO2e/mile	9,901,901
Terminal/Site Usage	8,045	0.0049	tCO2e/m²	1,627,719

As one of the UK's leading transportation service providers, the Group take our environmental responsibilities seriously and recognise the importance of our environmental performance as part of our overall business success. The Group has an ongoing focus on increasing the sustainability of our operations and will continue to play a pivotal role in ensuring that the UK economy can fully decarbonise by 2050. The Group's UK's Safety and Sustainability Team coordinated our environmental and sustainability workstreams to ensure that the business is positioned to further enhance our environmental and sustainable performance. The SECR report will act as an evidence base, on which to set regular, achievable and effective carbon emission reduction which will lead to decarbonisation of our operations by 2050.

The Group have submitted a Near-Term target to SBTi to reduce emissions by 55% by 2033 and also to be Net Zero by 2050. These targets have been officially approved by The Science Based Targets Initiative as of February 2025.

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Non-Financial and Sustainability Information statement (continued)

HVO has been used for customers wishing to reduce supply chain carbon emissions. This has been welcomed by Freightliner in an attempt to increase volumes of low carbon and renewable feedstocks in replacement of diesel as a primary fuel source. Plans to increase the volumes of HVO in the future feed into the decarbonisation plan among other efficiency targets such as maintaining a high capacity on trains and driver behaviour. Analysis is being completed to identify the key customers to partner with a potential low carbon solution beneficial both for Freightliner and customers. Innovation trials continue in the pursuit of alternative fuel sources.

The following matters have been covered in the Directors' Report:

• Directors of the Group;
• Financial risk management objectives and policies;
• Employment of disabled persons;
• Employee involvement;
• Dividends;
• Social and community issues;
• Going concern;
• Post balance sheet events;
• Directors' liabilities; and
• Disclosure of information to the independent auditors.

The Strategic report was approved by the Board on 11 August 2025.

Approved by the Board and signed on its behalf by:

....
Mr Timothy Colin Shoveller
Director

Freightliner Group Limited

Directors' Report for the Year Ended 31 December 2024

The Directors present their report and the audited consolidated financial statements of Freightliner Group Limited for the year ended 31 December 2024.

As permitted by Section 414C(11) of the Companies Act 2006, some of the matters required as part of the Directors report have been instead included in the Strategic report on pages 2 to 20, as the Board considers them to be of strategic importance. Specifically, these are:

- Future business developments;
- Engagement with suppliers, customers and others in a business relationship with the Group; and
- Total greenhouse gas emissions and carbon reporting (see Energy and Carbon report on pages 17 to 20).

Directors

The directors who served office during the year and up to the date of signing these financial statements were:

Mr Christopher Ray Lawrenson
Mr David James Penney (appointed 1 May 2024)
Mr Timothy Colin Shoveller
Mr William Thomas Wright (resigned 2 May 2024)

Dividends

The Directors declared and paid a dividend of £48.0 million (£0.001686 per share) for year ended 31 December 2024 (2023: £nil, £nil per share).The dividend payment was part of the legal entity restructure as detailed in the Strategic Report on page 2 and 3.

Financial risk management objectives and policies

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The Group aims to mitigate liquidity risk by managing cash generation through its operations and through funding facilities available. During the year the Group refinanced, securing a £50.0 million term loan, and a £50.0 million revolving credit facility, with a syndicate of banks, expiring on 31 May 2029. As at 31 December 2024, the Group had an undrawn facility available of £47.0 million.

The Group also participates in supply chain financing arrangements (SCF) with the principal purpose of improving working capital.

Interest rate risk

Following the refinancing, the group has a drawn £50.0 million, 5-year term loan which has a variable interest rate. The Group have entered into interest rate swaps (floating to fixed) for the full nominal value to mitigate any risks associated with the potential changes in interest rate. The Group is exposed to variable interest, linked to SONIA rates for amounts drawn on the revolving credit facility. The Group reviews the risk continually and will look to mitigate risk of significant variable interest with interest rate swaps as required.

Credit risk

The Group's credit risk is attributable to its receivables, which are presented in the statement of financial position net of any provision for bad debts. The Group only enters material transactions with reputable and established businesses. Credit risk is controlled by the regular review and setting of customer payment terms. Compliance with these limits is regularly monitored.

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Financial risk management objectives and policies (continued)

Price risk

The Group generally reviews pricing with customers on an annual basis. Inflationary movements that impact our cost base and are measured by metrics such as the Consumer Price Index (CPI), are used as a basis to determine a start point for customer price increase discussions, therefore mitigating this risk. We also have fuel surcharge mechanisms within our major contracts to mitigate the risk around major fuel price movements outside of inflationary measures such as CPI.

Cash flow risk

The Group's cash flow risk is based on whether the Group can pay its short-term liabilities without detriment to the long-term value of the business. On a continual basis, cash flow forecasts are produced, and a robust process is in place to ensure that the company remains cash generating.

Political donations

During the year, the Group made no political donations (2023: none).

Charitable donations

During the year, the Group made charitable donations of £0.1 million (2023: £0.1 million).

Employment of disabled persons

The Group is committed to equal opportunities for all in recruitment and employment. We aim for our workforce, across both our UK and European entities, to be truly representative of all sections of society, of the geographies in which we operate, and of our customer base. Our aim is that all employees feel respected at work so that they can give of their best and aims to create an environment which enables them to work effectively as part of the Group. Full consideration is given to the training, career development and promotion of disabled persons, subject only to their aptitudes and abilities. We aim to ensure that the Group, and our people as representatives of the Group, do not unlawfully discriminate in contravention of the Equality Act 2010 on the grounds of age, disability, gender, race, religion/belief or sex/sexual orientation, or any other protected characteristic.

In situations where one of our employees becomes disabled, either under the statutory definition, or are unfit for their allocated duties, then our policy is to look to accommodate those individuals in their current role by making reasonable adjustments, or by identifying alternative employment/roles that they can do. We will also adapt working hours (part time or flexible to suit their needs under our Flexible Working Policy) or offer Hybrid working under our Hybrid working policy if it means they can continue in active employment with us. In cases of long-term illness/disability, we work with our employees to accommodate phased returns to work, provide support via occupational health and Employee Assistance Programme (EAP) and, where there is a need to redeploy to a role of lesser monetary value then we have processes to do this on a phased basis. During 2024 we have also sought to educate our employees and management team on diversity and inclusion in the workplace and to promote and educate on neuro diversity

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Gender Diversity
The Group is committed to encouraging equality, diversity and inclusion among our workforce, and eliminating unlawful discrimination. Since privatisation from British Rail and for the last 20 years, the Group's overall proportion of women to men has always hovered around 8% - 10%. The Rail and Road industries have always had a heavy male bias especially in the operational or traditional "blue collar" roles.

While the gender split within the business may be considered within the normal levels for the transport and logistics industry, this is not to suggest that the numbers are acceptable. The Group and the industry as a whole, have a lot of work to do to encourage and attract more diverse talent.

The Group has begun that journey by engaging in a number of projects including:
• Reviewing and benchmarking family friendly/health and well-being policies,
• Reviewing culture, policies and process to embed inclusive values as well as
• Training to reinforce culture change as well as specific training in removing unconscious bias
• Targeted recruitment to attract women into historically male dominated roles
• Large financial investment in updating and unifying systems and technology across the Group which will allow much greater control and analysis of our staff metrics
• Ramping up of the diversity and equal opportunity agenda including the involvement of the relevant unions to look at an industry leading standard

These are already beginning to pay dividends with nearly 25% of our graduate driver intake for the last 12 months being female. Once qualified as competent drivers, this will increase our number of female drivers by nearly 200%.

At 31 December 2024 there were 3 male, 0 female Directors of the company (2023: 3 male, 0 female).

In addition to the Directors of the Company, the Senior Management team was comprised of a further 3 male, and 2 female employees of the Group (2023: 4 male, 2 female).

At 31 December 2024 there were 2,756 (2023: 2,788) male and 347 (2023: 352) female employees in the Group.

Employee engagement
On a monthly basis a Teams call is held with 120+ leaders in the business to update on business financial and safety performance and to highlight other topics of note or interest. These calls are recorded and subsequently disseminated post meeting, along with briefing notes, so that all leaders can then cascade via their teams. On a quarterly basis, a similar "All employee" call is held with the same purpose. Employees are given an opportunity to raise any questions either in advance of the call, via chat on Teams during the call, or subsequently via a dedicated email address. All staff pulse surveys are undertaken at least once a year, with feedback provided via the all staff call and via local management. Questions raised are responded to either directly where an email address has been provided or where there are themes to issues raised via dedicated "You Said, We Did" updates. You Said, We Did boards also operate locally at the majority of our sites. Additionally, Executive team members will routinely undertake site visits, engage with local staff and do town halls as appropriate. Most of our operational staff are covered by union agreements and regular local council, business council and joint safety committee meetings are held to ensure that all and any issues raised are addressed locally in so far as possible, and timely. Quarterly update meetings are also held with Union representatives and members of the Executive to update on business performance and key initiatives.

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Social and community issues
The Group's core values relate to respect and integrity, the Group is committed to implementing and enforcing effective policies, systems and controls to ensure that slavery and human trafficking is not taking place anywhere in our business operations or our supply chains. We will continually review our systems and controls to assess how effective we have been in meeting this commitment.

In the United Kingdom, our operations have over 1,525 suppliers across a wide range of sectors, including the rail infrastructure operator (Network Rail), engineering suppliers, fuel suppliers, road transport suppliers, port companies, asset lessors, information technology service providers, insurance, and facilities management companies. In addition, the firm works with a number of professionals, consultants and contractors.

The Group procure material globally, with the majority based either within the UK or the EU and a limited amount sourced from the Far East. Of these estimated 1,525 suppliers, 126 represent 88% of our total supplier expense with an annual spend of at least £250,000. A review of their corporate websites confirmed that 73 out of 126 published modern slavery/human trafficking statements.

Our supplier terms & conditions, used for all major suppliers of goods, now clearly state the firm’s intention to step away (without penalty) if any occurrences of non-compliance with modern slavery is found.

Research and development
The Group is innovative and invests in research and development. During 2024 the following key projects were announced:

Wagon conversions
During the year the Group announced a partnership to repurpose a residual coal fleet into aggregate box wagons, supporting the UK supply chain and driving sustainable innovation in the rail industry. This partnership will see wagon conversions being carried out at the WH Davis factory in Mansfield, bringing new life and service to an otherwise redundant fleet

New booking service allowing customers to choose a carbon reduced option for individual container rail movements
During the year the Group introduced a new ECO90 booking service offering customers the ability to move as little as one container, across any rail route, on a carbon reduced service utilising alternative fuels. The Group are the first rail freight provider to offer a more sustainable solution at a single container level, giving customers, no matter their size or scale, complete flexibility and control to manage and reduce their own carbon emissions.

New digital signalling
The Group entered into a pioneering partnership to fit their First-in-Class (‘FiC’) locomotive; 66591 in-house with European Train Control System (‘ETCS’) equipment to allow the ‘next generation’ of digital signalling. The introduction of in-cab signalling will ultimately improve the network’s reliability supporting the movement of freight onto rail - taking lorries off Britain’s roads and reducing carbon emissions.

The Group will retrofit ETCS equipment to its FiC 66V locomotive, number 66591.

This is one of the first of hundreds of freight locos that will be fitted with the technology, many of which will be required to deliver ‘no signals’ operations through the East Coast Digital Programme (‘ECDP’) which forms the foundation for the progressive roll out of digital signalling on the rail network.

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Going concern
The Group's consolidated financial statements and the Company's financial statements have been prepared on a going concern basis.

The Group's base cash forecast show that as a result of operations and discretionary capital expenditure, the Group would not require additional funding beyond its current facilities in the 12 months from signing of the financial statements.

IAS 1 requires disclosure of material uncertainties relating to events or conditions which may cast significant doubt upon an entity's ability to continue as a going concern, or of significant judgements made in concluding there are no material uncertainties related to the going concern assumption.

Such uncertainties may arise from climate-related factors, wider macro-economic conditions and increased import/export as a result of potential tariffs imposed by the US Government. For example, the introduction of legislation directly affecting an entity's business model, or giving rise to increased compliance costs, or an increase in operating costs due to inflationary pressures, may cast significant uncertainty upon the entity's ability to continue as a going concern. Management have considered this and have exercised judgement to determine that there are no material uncertainties that cast doubt on the entity's ability to continue as a going concern.

The Group has net current liabilities as at 31 December 2024, however, the Group plans to meet its day-to-day cash flow requirements through its cash reserves and the Group's borrowing facility. The facility is secured by the investments held by UK Holding Companies in the UK and Europe group entities.

During 2024, Freightliner Group Limited (FGL) secured a new financing facility with a syndicate of banks. This facility includes a £50.0 million 5-year term loan which was drawn on 31 May 2024 and a £50.0 million revolving facility which expires on 31 May 2029. At the date of signing, there have been three draws on the revolving facility totalling £20.0 million. At the date of signing the financial statements, the Group had access to an undrawn facility of £27.0 million. The borrowing facilities are secured by a covenant, for which Freightliner Group Limited cannot breach to continue using the facilities. The metric used is net debt/ adjusted EBITDA, based on the annual consolidated financial statements for Freightliner Group Limited, for which the Group must not go above 7.0x to make distributions, and a value of 9.0x to breach the covenant. In the highly unlikely event that covenants are breached, the Group has the ability to cure any shortfall with an equity injection, which can be made up to 20 business days after the covenant compliance certificate is due, therefore it is unlikely that any outstanding balance would turn to short term liabilities and the Directors do not expect such an event to affect the going concern conclusion.

In line with the banking agreement adjusted EBITDA has been used to monitor compliance with banking covenant. Adjusted EBIDTA is a non-IFRS measure and has been arrived at by adjusting for any liabilities relating to maintenance provision and any extraordinary, non-recurring, gains or losses deemed by management to be 'exceptional items'. For the purpose of the 2024 covenant calculation, the adjusted EBITDA is statutory operating loss excluding depreciation and amortisation, additions to maintenance provision, gain on sale of Coatbridge terminal, and restructuring and technology transformation costs included within operating expenses.

As of 31 December 2024, the Group was below the 7.0x level and the Directors are confident that the Group will remain below the level required to breach the covenants for the remainder of the facility term.

In the Group's base case scenario, it is forecast that the Group will not need to access cash over and above the facilities currently available to it, and that the Group will have headroom versus the covenant levels for at least 12 months from signing the financial statements.

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Going concern (continued)
The Directors have a reasonable expectation that the Group, through the Group’s borrowing facility has adequate resources to continue in operational existence for at least 12 months from when these financial statements were approved. The Directors have performed reverse stress testing to determine whether in any downside scenarios, the Group would still be a going concern, and the Directors are comfortable that this would be the case. In this testing, the Directors tested how much revenue would have to fall by to cause a breach on its covenant. Between 2025 and 2027, revenue would have to fall by 30% on 2024 levels and EBITDA would have to reduce by £24.0 million on 2024 numbers to cause a breach in covenants. In both cases, the possibility of this is considered by the directors to be remote. Therefore, the Group continues to adopt the going concern basis in preparing its financial statements.

Post balance sheet events
Post balance sheet events are disclosed in Note 33.

Directors' liabilities
As permitted by the Articles of Association, the Directors have the benefit of an indemnity provision which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity provision was in force throughout the last financial year and is currently in force.

The Company also purchased and maintained throughout the financial year Directors’ and Officers’ liability insurance in respect of itself and its Directors. The insurance relates to benefit for all directors of Brookfield Corporation and its subsidiaries.

Statement of disclosure of information to the auditors
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:
• so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
• the Director has taken all the steps that he/she ought to have been taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditors
A resolution to reappoint Deloitte LLP as auditors will be proposed at the forthcoming Annual General Meeting.

In preparing the annual report and consolidated financial statements, the Directors have complied with the requirements of the Walker Guidelines for Disclosure and Transparency in Private Equity, including the suggested enhanced disclosures.

The financial statements of Freightliner Group Limited (registered number: 05313199) were approved by the Board and authorised for issue on 11 August 2025.

Approved by the Board and signed on its behalf by:

....
Mr Timothy Colin Shoveller
Director

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Freightliner Group Limited

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have prepared Group and parent Company financial statements in accordance with UK-adopted international accounting standards ('IFRS') and the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the 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 the Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently:
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs and, in respect of the parent company financial statements, FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and company financial position and Group financial performance;
- in respect of the Group financial statements, state whether UK-adopted international accounting standards (IFRSs) have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent Company financial statements, state whether applicable UK accounting standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report and Directors' report. that comply with that law and those regulations.

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Independent Auditor's Report to the Members of Freightliner Group Limited

In our opinion:

- the financial statements of Freightliner Group Limited (the 'parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework" and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Parent Company Balance Sheets;
- the Consolidated and Parent Company Statements of Changes in Equity;
- the Consolidated Statement of Cash Flows;
- the material accounting policy information; and
- the related notes 1 to 33.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent Auditor's Report to the Members of Freightliner Group Limited

Conclusions relating to going concern

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

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 parent 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.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 parent 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 parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor 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 auditor's 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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Independent Auditor's Report to the Members of Freightliner Group Limited

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's business sector.

We obtained an understanding of the legal and regulatory framework that the Group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation and the sector it operates in; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's operating licence environmental regulations and the sector it operates in.

We discussed among the audit engagement team, including component audit teams and relevant internal specialists such as tax, valuations, pensions, IT, forensic and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud was related to the occurrence and accuracy of revenue regarding manual journal entries associated to the unbilled revenue which requires a degree of estimation due to the timing of goods or services delivered. In response to this risk we performed procedures to check the appropriateness of underlying revenue transactions combined with other manual journal entry postings which reflected management estimates of revenue earned. We performed substantive testing through inspecting the supporting evidence on the timing of transactions and audited the source data which formed the basis of managements estimates. We further assessed the design and implementation of internal control activities associated to the manual journal entry posting process.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing internal audit reports and reviewing correspondence with HMRC.

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Independent Auditor's Report to the Members of Freightliner Group Limited

Report on other legal and regulatory requirements

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Peter Gallimore FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP,
Statutory Auditor

Four Brindleyplace
Birmingham
B1 2HZ, United Kingdom

11 August 2025

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Freightliner Group Limited

Consolidated Income Statement for the Year Ended 31 December 2024

	Note	2024 £ m	2023 £ m
Revenue	4	**514.4**	513.7
Cost of sales		**(479.7)**	(471.3)
Gross profit		**34.7**	42.4
Administrative expenses		**(73.1)**	(80.1)
Other operating income	5	**22.0**	15.5
Operating loss		**(16.4)**	(22.2)
Finance income	8	**3.6**	7.0
Finance costs	9	**(24.4)**	(21.1)
Net finance cost		**(20.8)**	(14.1)
Loss before taxation		**(37.2)**	(36.3)
Taxation	12	**9.6**	10.9
Loss for the financial year attributable to equity shareholders		**(27.6)**	(25.4)

The above results were derived wholly from continuing operations.

Freightliner Group Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2024

	Note	2024 £ m	2023 £ m
Loss for the financial year		**(27.6)**	(25.4)
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gain/(loss) on retirement benefit obligations	27	**14.4**	(36.3)
Tax (charge)/credit on remeasurement on retirement benefit obligations	12	**(3.6)**	9.1
		10.8	(27.2)
Items that may be reclassified subsequently to profit or loss			
Loss on cash flow hedges	30	**(0.6)**	-
Tax credit on cashflow hedges	12	**0.1**	-
Foreign currency translation gains		**0.1**	2.7
		(0.4)	2.7
Total comprehensive loss for the year		**(17.2)**	(49.9)
Total comprehensive loss attributable to:			
Equity shareholders of the parent		**(17.2)**	(49.9)

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Freightliner Group Limited

(Registration number: 05313119)
Consolidated Statement of Financial Position as at 31 December 2024

	Note	31 December 2024 £ m	31 December 2023 £ m	1 January 2023 £ m
Assets				
Non-current assets				
Intangible assets	15	**293.3**	297.8	302.5
Property, plant and equipment	13	**199.3**	197.4	188.7
Right-of-use assets	14	**359.6**	393.4	370.0
Other financial assets	23	**10.9**	11.5	11.2
Amounts owed from intermediate parent undertakings	19	**-**	-	121.9
Amounts owed from related parties	19	**-**	-	1.2
Pension Surplus	27	**40.3**	27.2	59.5
		903.4	927.3	1055.0
Current assets				
Inventories	16	**27.4**	26.7	30.4
Trade and other receivables	19	**99.7**	240.9	125.2
Cash and cash equivalents	20	**23.0**	17.8	22.9
		150.1	285.4	178.5
Total assets		**1053.5**	1212.7	1233.5
Liabilities				
Current liabilities				
Trade and other payables	25	**(92.0)**	(113.1)	(102.8)
Lease liabilities	14	**(50.3)**	(46.4)	(46.3)
Loans and borrowings	22	**(4.3)**	(98.3)	(6.3)
Deferred income	26	**(10.0)**	(1.3)	(0.4)
Provisions for liabilities	24	**(16.4)**	(12.9)	(10.1)
		(173.0)	(272.0)	(165.9)
Net current (liabilities)/assets		**(22.9)**	13.4	12.6
Non-current liabilities				
Lease liabilities	14	**(295.5)**	(332.3)	(305.9)
Loans and borrowings	22	**(67.4)**	(20.7)	(114.0)
Provisions for liabilities	24	**(54.2)**	(49.4)	(33.5)
Deferred tax liabilities	12	**(34.9)**	(41.7)	(63.9)
Other non-current financial liabilities	26	**(0.2)**	(3.8)	(7.6)
		(452.2)	(447.9)	(524.9)
Total liabilities		**(625.2)**	(719.9)	(690.8)

The notes on pages 41 to 111 form an integral part of these financial statements.

Freightliner Group Limited

(Registration number: 05313119)
Consolidated Statement of Financial Position as at 31 December 2024

	Note	31 December 2024 £ m	31 December 2023 £ m	1 January 2023 £ m
Net assets		**428.3**	492.8	542.7
Equity				
Ordinary share capital	21	**-**	4.7	4.7
Share premium		**-**	-	-
Foreign currency translation reserve		**2.8**	2.7	-
Cash flow hedging reserve		**(0.5)**	-	-
Retained earnings		**426.0**	485.4	538.0
Total equity		**428.3**	492.8	542.7

The financial statements on pages 32 to 111 of Freightliner Group Limited (registered number 05313119) were approved by the Board and authorised for issue on 11 August 2025 and signed on its behalf by:

....
Mr Timothy Colin Shoveller
Director

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Freightliner Group Limited

(Registration number: 05313119)
Company Balance Sheet as at 31 December 2024

	Note	31 December 2024 £ m	31 December 2023 £ m
Fixed assets			
Tangible fixed assets	13	**0.4**	-
Right-of-use assets	14	**2.0**	-
Investments	17	**522.8**	512.5
Pension Surplus	27	**1.7**	1.1
		526.9	513.6
Current assets			
Debtors	19	**65.6**	57.4
Cash at bank and in hand	20	**0.2**	0.4
		65.8	57.8
Creditors: amounts falling due within one year	14, 22, 25	**(67.0)**	(67.8)
Net current liabilities		**(1.2)**	(10.0)
Total assets less current liabilities		**525.7**	503.6
Creditors: amounts falling due after more than one year	12, 14, 22, 24	**(49.8)**	0.5
Net assets		**475.9**	504.1
Capital and Reserves			
Called up share capital	21	**-**	4.7
Share premium		**-**	-
Cash flow hedging reserve		**(0.5)**	-
Retained earnings		**476.4**	499.4
Total Shareholders' funds		**475.9**	504.1

The profit attributable to the Company was £14.2 million (2023: £2.2 million).

The Company has taken advantage of the exemption permitted by Section 408 of the Companies Act 2006 not to publish its individual Income statement and related notes.

The financial statements on pages 32 to 111 of Freightliner Group Limited (registered number 05313119) were approved by the approved by the board and authorised for issue on 11 August 2025 and signed on its behalf by:

....
Mr Timothy Colin Shoveller
Director

The notes on pages 41 to 111 form an integral part of these financial statements.

Freightliner Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2024

	Note	Ordinary Share capital £ m	Share premium £ m	Foreign currency translation reserve £ m	Cash flow hedging reserve £ m	Retained earnings £ m	Total £ m
At 1 January 2024		**4.7**	**-**	**2.7**	**-**	**485.4**	**492.8**
Loss for the year		-	-	-	-	(27.6)	(27.6)
Other comprehensive income		-	-	0.1	(0.5)	10.8	10.4
Total comprehensive income/(expense)		-	-	0.1	(0.5)	(16.8)	(17.2)
New share capital subscribed	21	280.0	5.2	-	-	(280.0)	5.2
Business restructure equity debit	18	-	-	-	-	(4.5)	(4.5)
Dividends	28	-	-	-	-	(48.0)	(48.0)
Capital reduction	21	(284.7)	(5.2)	-	-	289.9	-
At 31 December 2024		**-**	**-**	**2.8**	**(0.5)**	**426.0**	**428.3**

	Ordinary Share capital £ m	Share premium £ m	Foreign currency translation reserve £ m	Cash flow hedging reserve £ m	Retained earnings £ m	Total £ m
At 1 January 2023	4.7	-	-	-	538.0	542.7
Loss for the year	-	-	-	-	(25.4)	(25.4)
Other comprehensive income/(expense)	-	-	2.7	-	(27.2)	(24.5)
Total comprehensive income/(expense)	-	-	2.7	-	(52.6)	(49.9)
At 31 December 2023	4.7	-	2.7	-	485.4	492.8

The notes on pages 41 to 111 form an integral part of these financial statements.

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Freightliner Group Limited

Company Statement of Changes in Equity for the Year Ended 31 December 2024

	Note	Called up Share capital £ m	Share premium £ m	Cash flow hedging reserve £ m	Retained earnings £ m	Total £ m
At 1 January 2024		**4.7**	**-**	**-**	**499.4**	**504.1**
Profit for the year		-	-	-	14.2	14.2
Other comprehensive (expense)/income		-	-	(0.5)	0.9	0.4
Total comprehensive (expense)/income		-	-	(0.5)	15.1	14.6
New share capital subscribed	21	280.0	5.2	-	(280.0)	5.2
Dividends	28	-	-	-	(48.0)	(48.0)
Capital reduction	21	(284.7)	(5.2)	-	289.9	-
At 31 December 2024		**-**	**-**	(0.5)	**476.4**	**475.9**

	Called up Share capital £ m	Share premium £ m	Cash flow hedging reserve £ m	Retained earnings £ m	Total £ m
At 1 January 2023	4.7	-	-	(4.1)	0.6
Profit for the year	-	-	-	2.2	2.2
Other comprehensive income	-	-	-	501.3	501.3
Total comprehensive income	-	-	-	503.5	503.5
At 31 December 2023	4.7	-	-	499.4	504.1

The notes on pages 41 to 111 form an integral part of these financial statements.

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Freightliner Group Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2024

	Note	2024 £ m	2023 £ m
Cash flows from operating activities			
Loss for the year before tax		**(37.2)**	(36.3)
Adjustments to cash flows from non-cash items			
Depreciation of property, plant and equipment	6	**17.9**	14.6
Depreciation of right-of-use assets	6	**56.3**	48.2
Amortisation of intangible assets	6	**5.6**	5.3
(Gain)/loss from derecognition of lease liability		**(2.5)**	1.5
Profit on disposal of property, plant and equipment	5	**(11.2)**	(2.3)
Unrealised foreign exchange gain		**(1.6)**	(6.5)
Increase in provisions	24	**16.2**	27.8
Difference between pension funding contributions paid and the pension cost charge	27	**2.8**	(3.9)
Finance income	8	**(3.6)**	(7.0)
Finance costs		**24.1**	21.1
Amortisation of deferred finance fees		**0.3**	-
Short term and low value lease expense	6	**6.8**	7.9
Bad debt expense		**0.8**	(0.4)
		74.7	70.0
Working capital adjustments			
(Increase)/decrease in inventories	16	**(0.7)**	3.7
Decrease in trade and other receivables		**17.8**	19.4
Decrease in trade and other payables		**(26.5)**	(7.9)
Utilisation of provisions	24	**(9.5)**	(9.8)
Short term and low value lease paid	6	**(6.8)**	(7.9)
Cash generated from operations		**49.0**	67.5
Income tax paid		**(1.1)**	(2.2)
Net cash flow from operating activities		**47.9**	65.3
Cash flows from investing activities			
Business restructure	18	**0.5**	-
Purchase of intangible assets	15	**(0.7)**	(0.5)
Purchase of property, plant and equipment	13	**(20.2)**	(23.5)
Proceeds from sale of property plant and equipment		**18.0**	2.3
Loans given to group undertakings		**-**	(2.0)
Net cash flows used in investing activities		**(2.4)**	(23.7)

The notes on pages 41 to 111 form an integral part of these financial statements.

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Freightliner Group Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2024

	Note	2024 £ m	2023 £ m
Cash flows from financing activities			
Interest paid		**(21.2)**	(20.5)
Payment of principal portion of lease liabilities	14	**(50.0)**	(42.9)
Proceeds from borrowings		**73.0**	47.5
Proceeds from intermediate parent undertakings		**129.1**	-
Payment of borrowing arrangement fees	22	**(2.7)**	-
Payment of borrowings		**(120.8)**	(31.3)
Proceeds from currency swap hedging		**0.2**	-
Proceeds from interest received		**0.3**	0.2
Dividends paid to equity holders of the parent	28	**(48.0)**	-
Net cash flows used in financing activities		**(40.1)**	(47.0)
Net increase/(decrease) in cash and cash equivalents		**5.4**	(5.4)
Cash and cash equivalents at 1 January		**17.8**	22.9
Effect of exchange rate fluctuations on cash held		**(0.2)**	0.3
Cash and cash equivalents at 31 December as reported in the Consolidated Statement of financial position		**23.0**	17.8

Proceeds from intermediate parent undertakings relate to payments received on intercompany loans with G&W, following the group restructuring completed in May 2024. Refer to Note 19 for further detail.

The above Consolidated Statement of Cash Flows has been prepared under the "Indirect Method" set out in IAS 7 Statement of Cash Flows and should be read in conjunction with the accompanying notes.

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1 Principal accounting policies

The Company is a private company limited by shares incorporated and domiciled in United Kingdom.

The address of its registered office is:
6th Floor
The Lewis Building
35 Bull Street
Birmingham
B4 6EQ
United Kingdom

Basis of preparation

These consolidated financial statements are the first Freightliner Group Limited has prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the UK. Previously, the Company prepared standalone financial statements in accordance with FRS 101 (Reduced Disclosure Framework). Accordingly, the Group has applied IFRS 1 First-time Adoption of International Financial Reporting Standards. See note 3 for further information.

The accounting policies set out herein have been applied consistently in preparing the financial statements for the year ended 31 December 2024, the comparative information for the year ended 31 December 2023, and the opening statement of financial position at 1 January 2023 (the date of transition).

The Group's consolidated financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and UK-adopted international accounting standards.

The financial statements of the Company have been prepared in accordance with the Companies Act 2006, as applicable to companies using Financial Reporting Standards 101 'Reduced Disclosure Framework' ('FRS 101') (applicable accounting standards).

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include the defined benefit pension scheme and right-of-use assets in respect of land at fair value, and in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Group and Company financial statements are presented in sterling and all values are stated in pound million rounded to one decimal place (£m) except where otherwise stated.

The financial statements of the Group's consolidated financial statements and the Company financial statements for the year ended 31 December 2024 were authorised for issue by the Board of Directors and the Balance Sheet was signed on the Board's behalf by Timothy Shoveller.

1 Principal accounting policies (continued)

Basis of consolidation
The principal activity of the Company is that of a holding company. It holds investments in all the trading companies in UK and Europe and therefore in the consolidated financial statements it represents the results of the Company, and the entities controlled by the Company (including all subsidiary entities) after eliminating internal transactions. The Company also incurs administrative costs which are recharged to group entities.

Control is achieved when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the year are included in the 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 their accounting policies into line with those used by the Group.

The acquisition method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill. There is no goodwill recognised on the balance sheet as at 31 December 2024 (2023: none).

Freightliner Group Limited has created a guarantee to its subsidiaries by the operation of s479C, the statement has been authenticated by the parent company and filed with Companies House including the name of the subsidiaries and their registration numbers. The parent company guarantee has been issued to cover the year ended 31 December 2024.

In the operation of s479C, the company has therefore filed a completed Companies House Form AA06 with the registrar in line with the CA2006 requirements.

For the year ended 31 December 2024 the following subsidiaries of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies:

Railinvest Acquisitions Limited (Company number: 6522985)
Management Consortium Bid Limited (Company number: 02957951)
Freightliner Limited (Company number: 03118392)
Freightliner Railports Limited (Company number: 05928006)
Freightliner Heavy Haul Limited (Company number: 03831229)
UK Bulk Handling Services Limited (Company number: 08568433)
Freightliner Maintenance Limited (Company number: 05713164)
Pentalver Transport Limited (Company number: 02453541)
Pentalver Cannock Limited (Company number: 01189068)
Freightliner Middle East Limited (Company number: 07982095)
GWI Western Europe Limited (Company number: 15522545)
GWI UK Holding Limited (Company number: 09449260)
GWI UK Acquisition Company Limited (Company number: 09449366)

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1 Principal accounting policies (continued)

Exemptions

As permitted by FRS 101, the following exemptions from the requirements of International Financial Reporting Standards ("IFRS") have been applied in the preparation of the Company financial statements.

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38-D (additional comparative information);
  - 111 (cash flow statement information); and
  - 134-135 (capital management disclosures).
- Paragraph 38 of IAS 1 'Presentation of financial statements' comparative information requirements in respect of paragraph 79 (a) (iv) of IAS 1 'Presentation of financial statements'.
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'.
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraph 17 of IAS 24, 'Related party disclosures' to disclosure related party transactions entered into between two or more members of a group.
- IFRS 13, 'Fair value disclosures'.
- Paragraphs 45(b), 46-52 of IFRS 2 'Share based payments'.

The Company is eligible to apply the above exemptions as it is included in the consolidated financial statements of Freightliner Group Limited which prepared financial statements under IFRS and include the above disclosures.

As permitted by s408 of the Companies Act 2006, no separate Income statement or Statement of comprehensive income is presented in respect of the parent company. The profit attributable to the Company is disclosed in the footnote to the Company's Balance sheet.

Going concern

The Group's consolidated financial statements and the Company's financial statements have been prepared on a going concern basis.

The Group's base cash forecast show that as a result of operations and discretionary capital expenditure, the Group would not require additional funding beyond its current facilities in the 12 months from signing of the financial statements.

IAS 1 requires disclosure of material uncertainties relating to events or conditions which may cast significant doubt upon an entity's ability to continue as a going concern, or of significant judgements made in concluding there are no material uncertainties related to the going concern assumption.

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1 Principal accounting policies (continued)

Going concern (continued)
Such uncertainties may arise from climate-related factors, wider macro-economic conditions and increased import/export as a result of potential tariffs imposed by the US Government. For example, the introduction of legislation directly affecting an entity's business model, or giving rise to increased compliance costs, or an increase in operating costs due to inflationary pressures, may cast significant uncertainty upon the entity's ability to continue as a going concern. Management have considered this and have exercised judgement to determine that there are no material uncertainties that cast doubt on the entity's ability to continue as a going concern.

The Group has net current liabilities as at 31 December 2024, however, the Group plans to meet its day-to-day cash flow requirements through its cash reserves and the Group's borrowing facility. The facility is secured by the investments held by UK Holding Companies in the UK and Europe group entities.

During 2024, Freightliner Group Limited (FGL) secured a new financing facility with a syndicate of banks. This facility includes a £50.0 million 5-year term loan which was drawn on 31 May 2024 and a £50.0 million revolving facility which expires on 31 May 2029. At the date of signing, there have been three draws on the revolving facility totalling £20.0 million. At the date of signing the financial statements, the Group had access to an undrawn facility of £27.0 million. The borrowing facilities are secured by a covenant, for which Freightliner Group Limited cannot breach to continue using the facilities. The metric used is net debt/ adjusted EBITDA, based on the annual consolidated financial statements for Freightliner Group Limited, for which the Group must not go above 7.0x to make distributions, and a value of 9.0x to breach the covenant. In the highly unlikely event that covenants are breached, the Group has the ability to cure any shortfall with an equity injection, which can be made up to 20 business days after the covenant compliance certificate is due, therefore it is unlikely that any outstanding balance would turn to short term liabilities and the Directors do not expect such an event to affect the going concern conclusion.

In line with the banking agreement adjusted EBITDA has been used to monitor compliance with banking covenant. Adjusted EBIDTA is a non-IFRS measure and has been arrived at by adjusting for any liabilities relating to maintenance provision and any extraordinary, non-recurring, gains or losses deemed by management to be 'exceptional items'. For the purpose of the 2024 covenant calculation, the adjusted EBITDA is statutory operating loss excluding depreciation and amortisation, additions to maintenance provision, gain on sale of Coatbridge terminal, and restructuring and technology transformation costs included within operating expenses.

As of 31 December 2024, the Group was below the 7.0x level and the Directors are confident that the Group will remain below the level required to breach the covenants for the remainder of the facility term.

In the Group's base case scenario, it is forecast that the Group will not need to access cash over and above the facilities currently available to it, and that the Group will have headroom versus the covenant levels for at least 12 months from signing the financial statements.

The Directors have a reasonable expectation that the Group, through the Group's borrowing facility has adequate resources to continue in operational existence for at least 12 months from when these financial statements were approved. The Directors have performed reverse stress testing to determine whether in any downside scenarios, the Group would still be a going concern, and the Directors are comfortable that this would be the case. In this testing, the Directors tested how much revenue would have to fall by to cause a breach on its covenant. Between 2025 and 2027, revenue would have to fall by 30% on 2024 levels and EBITDA would have to reduce by £24.0 million on 2024 numbers to cause a breach in covenants. In both cases, the possibility of this is considered by the directors to be remote. Therefore, the Group continues to adopt the going concern basis in preparing its financial statements.

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1 Principal accounting policies (continued)

Revenue recognition

Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services performed, stated net of discounts and, value added taxes. The Group recognises revenue when performance obligations have been satisfied and for the Group this is when the services have transferred to the customer and the customer has control of these. This revenue is recognised in the accounting period when the goods are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers. Revenue does not include material variable considerations and payment features. The nature of the business does not include obligations for returns, refunds, warranties or other similar types of obligations, the Group does have long term revenue contracts with customers which are subject to annual tariff reviews. There is no material judgment in determining the transaction price as tariffs are agreed annually with major customers, there are also no material judgments in allocating transaction price as each performance obligation is agreed and invoice separately with each customers. Revenue is recognised at a point in time around when the customer obtains control of services as this would be evident from delivery. The payment is typically due between 30-60 days and the contracts do not have a significant financing component.

Activities

Below are details of revenue activities performed by the Group the provision of services.

- For Freight Revenue - The Group generates freight turnover from the haulage of freight by rail based on a per car, per container or per ton basis. Freight turnover is recognised at the point that the rail service is complete.
- For Freight-related revenues - The Group generates freight-related turnover from ancillary services not covered above including port, terminal, railroad operations and industrial switching (where the Group operates trains on a contract basis in facilities it does not own), as well as demurrage, storage, car hire, trucking haulage services, track access rights, trans-loading, crewing services, traction service (or hook and pull service that requires the Group to provide locomotives and drivers to move a customer’s train between specified points) and other ancillary services related to the movement of freight. Freight-related turnover is recognised as services are performed, or as contractual obligations are fulfilled.
- For Terminal operations - The Group generates turnover from the operation of container handling facilities in the United Kingdom for external customers. Turnover is recognised as services are performed or as contractual obligations are fulfilled.
- For Waste freight-related revenue - The Group generates freight-related and other ancillary turnover related to the movement of waste freight through a terminal on behalf of another group company. Freight-related turnover is recognised as services are performed or as contractual obligations are fulfilled.

Government grants

Grants from the government are recognised at their fair value in the Income statement where there is a reasonable assurance that the grant will be received and the Group has complied with all attached conditions.

Government grants relating to costs are deferred and recognised in the Income statement over the period necessary to match them with the costs that they are intended to compensate.

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1 Principal accounting policies (continued)

Unbilled revenue
On a timely basis, estimates are made to determine the amount of revenue that has been earned but not yet billed by the Group. Key factors within this calculation are the average rate to charge the customer based on historical revenue rates, expected revenue that is expected to be earned during the days when ledgers have been closed, this is based on management's experience with previous trading months.

Finance costs
Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

All other finance costs are recognised in the Income statement in the period in which they are incurred.

Foreign currency transactions and balances
Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

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1 Principal accounting policies (continued)

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.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

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.

In assessing the recoverability of deferred tax assets, the Group considers the availability of deferred tax liabilities that are expected to reverse in the same period as the deductible temporary differences or in periods into which a tax loss can be carried back or forward.

Where sufficient taxable temporary differences exist, deferred tax assets are recognised without the need for further evidence of future taxable profits. If no such taxable temporary differences exist, deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the deductible temporary difference can be utilised.

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

Current and deferred tax are recognised in the Income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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1 Principal accounting policies (continued)

Property, plant and equipment
Property, plant and equipment is stated in the Statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed.

A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the property's revaluation reserve relating to a previous revaluation of that asset.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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 the Income statement.

Depreciation
Depreciation is charged so as to write off the cost of assets less their residual value, other than freehold land and properties under construction over their estimated useful lives, using the straight-line method as follows:

Asset class	**Depreciation method and rate**
Freehold buildings	20 to 50 years
Leasehold buildings	Lease term
Plant and machinery	3 to 30 years
Road fleet	3 to 10 years
Traction and rolling stock	3 to 35 years

Business combinations under common control
When the Group undertakes an acquisition for a fellow subsidiary within the Freightliner Group, an accounting policy choice has been made to apply the predecessor accounting method. Under this method all assets and liabilities are transferred at book value and the transfer is accounting for from the date control passes. Any difference between the consideration and the book value of the assets and liabilities transferred is taken to equity.

Intangible assets
Computer software is held by the Group and treated as an intangible asset when the software is not an integral part of a related item of computer hardware, Costs recognised are amortised over their estimated useful life of 3 to 5 years using the straight line method.

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1 Principal accounting policies (continued)

Intangible assets (continued)

Operational rights
The Group also holds operational rights which are being amortised over 30-100 years. Operational rights relate to rights to access the UK rail track network. Operational rights are held at historical cost less amortisation and are assessed on an annual basis for any impairment indicators. If any such indication of possible impairment exists, the Group makes an estimate of the operational right's recoverable amount by assessing the fair value less costs of disposal and its value in use. Where the carrying amount of the operational rights exceeds its recoverable amount, the operational rights are considered impaired and are written down to their recoverable amount.

Customer relationships
The Group also holds customer relationships which are being amortised over a period of 10 years. These customer relationships relate to the Polish operations within the UK & Europe Group. The customer relationships have been recognised on consolidation and the value is driven by the relationships between Freightliner Poland and shippers of services and products within Poland. Where the carrying amount of the customer relationships exceeds its recoverable amount, the customer relationships are considered impaired and are written down to their recoverable amount.

Refer to Note 15 for the detail on the impairment assessment performed by management on the value of the operational rights and customer relationships.

Investments (Company only)
Fixed asset investments in subsidiaries are held at cost less accumulated impairment losses. The Company assesses investments for an impairment indicator annually. If any such indication of possible impairment exists, the Company makes an estimate of the investment's recoverable amount by assessing the fair value less costs of disposal and its value in use. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. Where these circumstances have reversed, the impairment previously made is reversed to the extent of the original cost of the investment.

Inventories
Inventories is stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in the Income statement.

Provisions
Provisions for maintenance obligations, and legal claims are recognised where the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. When payments are eventually made, they are debited to the provision carried in the Statement of financial position.

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1 Principal accounting policies (continued)

Short-term and other long-term employee benefits
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the Group to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the Group has the right to:

· Obtain substantially all the economic benefits from the use of the underlying asset, and;
· Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used)

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the Group has made an accounting policy election, by class of underlying asset, to account for both components as a single lease component.

Initial recognition and measurement

The Group initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the Group's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

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1 Principal accounting policies (continued)

Subsequent measurement

After the commencement date, the group measures the lease liability by:
(a) Increasing the carrying amount to reflect interest on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the Income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, plant and equipment. Adjustments are made to the carrying value of the right-of-use asset where the lease liability is re-measured in accordance with the above. Right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy for impairment.

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:
(a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
(b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The group then accounts for these in line with the accounting policy for new leases.

If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in the Income statement at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting the Income statement.

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1 Principal accounting policies (continued)

Short term and low value leases

The Group has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The Group has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the Income statement.

Sub leases

If an underlying asset is sub-leased by the Group to a third party and the Group retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The Group continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short term lease, the sublease is classified as an operating lease, and accounted for on a straight line basis through the Income statement. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease).

Defined contribution pension obligation

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Statement of financial. The assets of the plan are held separately from the Group in independently administered funds.

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1 Principal accounting policies (continued)

Defined benefit pension obligation
The liability recognised in the Statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the IFRS fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as ‘Remeasurement gains/(loss) on retirement benefit obligations.

The cost of the defined benefit plan, recognised in the Income statement as 'pension costs, defined contribution scheme', except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and
b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the Income statement as a 'finance cost'.

Impact of Virgin media ruling on DB Scheme
The Group is aware of the UK High Court ruling in June 2023 in the case between Virgin Media Limited and NTL Pension Trustees II Limited which determined that certain historic amendments to defined pension scheme rules were void unless accompanied by actuarial confirmation. The legal ruling was subsequently upheld by the UK Court of Appeal in July 2024. The Trustee, in conjunction with its lawyers and the Scheme Actuary, is confident that it had a robust governance process in place between 1993 and 6 April 2016 to ensure that certificates were obtained from the Scheme Actuary in compliance with Section 37 of the Pension Schemes Act 1993 prior to the execution of any rule amendments which affected members with contracting-out benefits.

The Group, together with the trustee of the UK pension plan, has assessed the impact of the ruling and considered the validity and impact of any rule amendments within the relevant period. As of 31 December 2024, it is confirmed that there is no evidence that liabilities in any shared cost section of the Scheme are understated as a result of non-compliance with s37 PSA 1993 during the period 6 April 1997 to 5 April 2016.

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1 Principal accounting policies (continued)

Financial instruments
Financial assets and financial liabilities comprise all assets and liabilities reflected in the Statement of financial position, excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The Group recognises financial assets and financial liabilities in the Statement of financial position when, and only when, the Group becomes party to the contractual provisions of the financial instrument.

Derecognition
A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset and has either transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Trade receivables
Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost, less provision for impairment. A provision for the impairment of trade and other receivables is established when there is an expected credit loss (ECL). The Group always measures the loss allowance for trade and other receivables at an amount equal to lifetime ECL (simplified approach). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade and other receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 180 days past due.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost.

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1 Principal accounting policies (continued)

Borrowings
All borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing. Interest expense is recognised on the basis of the effective interest method and is included in finance costs. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as creditors: amounts falling due within one year unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period in which case they are classified as creditors: amounts falling due after more than one year.

Supplier financing arrangements
The Group participates in supply chain financing arrangements for premiums on our insurance policies. Under the arrangement, financing entities agree to pay amounts to our insurance providers in respect of invoices owed by the Group and receives settlement from the Group later in monthly instalments, with interest accrued and paid on these amounts.

Equity instruments
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Derivative financial instruments
Derivative financial instruments are contracts, the value of which is derived from one or more underlying financial instruments or indices, and include futures, forwards, swaps and options in the interest rate, foreign exchange, equity and credit markets.

Derivative financial instruments are recognised in the Statement of financial position at fair value. Fair values are derived from prevailing market prices, discounted cash flow models or option pricing models as appropriate.

In the Statement of financial position, derivative financial instruments with positive fair values (unrealised gains) are included as assets and derivative financial instruments with negative fair values (unrealised losses) are included as liabilities.

The changes in the fair values of derivative financial instruments are included in Other comprehensive income.

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1 Principal accounting policies (continued)

Hedge accounting
Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets and liabilities.

The Group designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the group formally documents the relationship between the hedging instruments and hedge items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at inception of the hedge relationship and on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting that changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated.

These hedging relationships are discussed below.

Cash flow hedges

The Group makes an assessment for a cash flow hedge of a forecast transaction, of whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect the Income statement,

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability that could affect the Income statement, then the effective portion of changes in the fair value of the derivative is recognised in Other comprehensive income and presented in the hedging reserve within equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in Other comprehensive income is reclassified to the Income statement as a reclassification adjustment in the same period as the hedged cash flows affect the Income statement, and in the same line item in the Income statement and Other comprehensive income.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. However, if the derivative is novated to a central clearing counterparty by both parties as a consequence of laws or regulations without changes in its terms except for those that are necessary for the novation, then the derivative is not considered expired or terminated.

Changes in accounting policy

New standards, interpretations and amendments effective
The following have been applied for the first time from 1 January 2024 and have had an effect on the financial statements:

Amendments to IAS 7 Statement of Cash Flows and 'FRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements
As a result of the adoption of the amendments to IAS 7 and IFRS 7, the Group has provided additional disclosures for liabilities under supplier finance agreements in note 22 of these financial statements.

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1 Principal accounting policies (continued)

Amendments to IAS 1 Classification of Liabilities as Current or Non-current
The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Group and Company has adopted these amendments which have not had a material impact.

Amendments to IAS 1 Presentation of Financial Statements- Non-current Liabilities with Covenants
The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. If applicable, the entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within 12 months of the reporting period. The Group and Company has adopted these amendments which have not had a material impact.

Amendments to IFRS 16 Leases- Lease Liability in a Sale and Leaseback
The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions. This is not expected to have a material impact on the Group and Company.

None of the other standards, interpretations and amendments effective for the first time from 1 January 2024 have had a material effect on the financial statements.

New standards, interpretations and amendments not yet effective
The following newly issued but not yet effective standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Group financial statements in future:

IFRS 18 Presentation and Disclosures in Financial Statements (effective 1 January 2027)
Amendments to presentation of categories in the statement of profit or loss, disclosure of MPMs and improved aggregation and disaggregation.

IFRS 19 Subsidiaries without Public Accountability: Disclosures. (effective 1 January 2027)
Reduced disclosures for eligible subsidiaries.

IAS 21 The Effects of Changes in Foreign Exchange Rates (effective 1 January 2025)
Lack of Exchangeability (Amendments to IAS 21).

IFRS 19 Subsidiaries without Public Accountability: Disclosures. (effective 1 January 2027)
Reduced disclosures for eligible subsidiaries.

None of the other standards, interpretations and amendments which are effective for periods beginning after 1 January 2024 and which have not been adopted early, are expected to have a material effect on the financial statements.

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2 Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in Note 1, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Group's accounting policies

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

Lease accounting
Lease term:
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). This requires judgement to be exercised by management.

Discount Rate:
Management also apply judgement in the determination of the incremental borrowing rate ("IBR") applied to leases. In consideration of the IBR, management consider the term of the lease, security held, and borrowing rates available to fund the asset should the asset have been purchased outright. These considerations result in an estimated implied borrowing rate.

Refer to Note 14 for further details.

Recognition of defined benefit pension asset
The Group has exercised judgment in recognising the pension surplus asset applying the principle as per IFRIC 14 and assuming that the Group will be able to recover the pension asset by way of gradual settlement of the plan liabilities over time. Hence it was concluded that the pension asset should be recognised based on the unconditional right to a refund as per IFRIC 14.11 (b).

Therefore, the Group has recognised a surplus for the year ended 31 December 2024, for further detail refer to Note 27.

Determination of CGU
Management have applied judgement in determining the cash generating unit for the Group and has concluded that the Group has three cash generating unit (CGU), associated to three different independent revenue streams operating in three different geographies being the United Kingdom, Poland and Netherlands.

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2 Critical accounting judgements and key sources of estimation uncertainty (continued)

Useful life of tangible and intangible assets

The annual depreciation charge for intangible and tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. On 30 December 2019, when Genesee & Wyoming Inc. the previous ultimate parent entity was acquired by Brookfield Infrastructure Partners, L.P. and GIC, an external valuation was completed by EY to determine the useful economic life of the track access rights (intangible assets). At this date, it was determined that the Freightliner remaining useful life was 100 years and the Pentalver remaining useful life was 32 years given that this was the weighted average remaining term of all sites for which the Group holds leases. Considering no significant change on these track access rights since then we continue to consider this useful life as appropriate.

Refer to Note 13 for carrying amount of tangible assets and Note 15 for carrying amount of intangible assets.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of Investments (Company only) and Non-financial assets (Consolidated)

An impairment assessment has been performed on the Group's fixed assets, including operational rights, right-of-use assets and tangible fixed assets given lower levels of profitability. The fair value less cost of disposal calculation requires the use of estimates including those in respect of future cash flows, discount rate and growth rate. See note 15 for further details.

These estimates have also been used in carrying out an impairment assessment on the Company's investment. See note 17 for further details.

Defined benefit pension scheme

The cost of the benefits and the present value of the defined benefit pension obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet using an independent actuary specialist. The assumptions reflect historical experience and current trends. The pension asset is managed as part of a pooled assets scheme by Railpen as the administrator of the scheme and on which they provide an annual independent valuation that is provided to the actuary specialist to consider in the calculation of the net benefit plan position.

Refer to Note 27 of the financial statements for sensitivity analysis performed on these key factors.

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2 Critical accounting judgements and key sources of estimation uncertainty (continued)

Maintenance provision
The Group have used real cash flows in the model for determining maintenance provision and hence to determine the present value of these obligation management has applied real discount rate in line with IAS 37.47. In order to determine the appropriate discount rate management have used the risk-free rate adjusted to long term inflation of 2.9% to arrive at real discount rate and used this to determine the present value of maintenance obligation. A change in discount rate of 1% would lead to a £1.1 million change in provision.

Refer to Note 24 for the maintenance provision values.

3 IFRS 1 Transition

IFRS 1 exceptions applied
In accordance with IFRS 1, the Group has applied the following mandatory exceptions to retrospective application:
• Estimates - The estimates at the date of transition are consistent with those made under FRS 101; no use of hindsight was made to create or revise estimates.
• Classification of financial assets - The classification of financial assets is based on facts and circumstances that existed at the transition date.
• Impairment of financial assets - The Group applied the IFRS 9 impairment model retrospectively at the transition date, without the use of hindsight. Expected credit loss allowances were brought forward and confirmed to reflect conditions and information available at the transition date.

In accordance with IFRS 1, the Group has applied the following optional exemptions:
• Business combinations - The Group has elected not to restate business combinations that occurred prior to the date of transition.
• Deemed cost - The Group continues to use the cost model; no fair value was used as deemed cost.
• Leases - No optional exemptions were applied.
• Cumulative translation differences - The Group elected to reset cumulative translation differences to £nil at 1 January 2023, with differences calculated prospectively.

Reconciliation of equity
The following reconciliation provides a summary of the impact of the transition from FRS 101 Company only financial statements to IFRS consolidated financial statements at the date of transition and at the end of the last period presented under the previous GAAP:

	At 1 January 2023 £m
Equity as reported under FRS 101 (company only)	0.6
Inclusion of net assets of subsidiaries	1,513.2
Elimination of investments in subsidiaries	(968.7)
Consolidation adjustments	(1.7)
Poland and Germany IFRS adjustments	(0.7)
Equity under IFRS consolidated financial statements	**542.7**

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3 IFRS 1 Transition (continued)

The reconciliation of equity explains the differences between the Company's FRS 101 company only equity and the Group's consolidated IFRS equity. The adjustments primarily relate to:
• The inclusion of the net assets and results of the Group's wholly owned subsidiaries at the date of transition and reporting date.
• The elimination of the parent company's investments in these subsidiaries.
• The elimination of intercompany balances and any consolidation adjustments.
• The transition of the Group's Polish and German subsidiaries from local GAAP to IFRS.

Explanation of changes and additional disclosures
The transition to IFRS resulted in the first time consolidation of the Group's subsidiaries, which were previously excluded from the FRS 101 company only financial statements. This resulted in the inclusion of subsidiary net assets, reserves, results and cash flows within the consolidated financial statements, the elimination of the Company's investments in those subsidiaries, the elimination of intercompany balances and transactions and the recognition of deferred tax assets and liabilities arising from consolidation adjustments.

The primary impacts of transition relate to the inclusion of additional disclosures that were previously exempt under FRS 101, including:
• Presentation of the cash flow statement under IAS 7;
• Full financial instrument disclosures under IFRS 7;
• Detailed fair value hierarchy disclosures under IFRS 13; and
• Comprehensive related party disclosures under IAS 24.

4 Revenue

The Group's revenue is generated in the United Kingdom and Europe. The Group's revenue disaggregated by type is as follows:

	2024 £ m	2023 £ m
Bulk	**207.3**	209.7
Intermodal	**289.1**	302.5
Other	**18.0**	1.5
	514.4	513.7

The Group's revenue disaggregated by primary geographical markets is as follows:

	2024 £ m	2023 £ m
UK	**422.4**	431.4
Poland	**72.3**	73.9
Netherlands	**10.9**	-
Germany	**8.8**	8.4
	514.4	513.7

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5 Other operating income

The analysis of the Group's other operating income for the year is as follows:

	2024 £ m	2023 £ m
Government grants	**9.1**	8.2
Sub lease rental income	**1.0**	1.1
Other operating (loss)/income	**0.7**	3.9
Profit on disposal of assets	**11.2**	2.3
	22.0	15.5

The amount earned through sub-lease income was £1.0 million (2023: £1.1 million). Government grants of £9.1 million (2023: £8.2 million) was received under the Mode Shift Revenue Support Scheme - Intermodal, designed to support the movement of intermodal containers by rail in Great Britain. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

6 Loss before taxation

Arrived at after charging/(crediting)

	Note	2024 £ m	2023 £ m
Depreciation on property, plant and equipment	13	**17.9**	14.6
Depreciation on right-of-use assets	14	**56.3**	48.2
Amortisation of intangibles	15	**5.6**	5.3
Raw materials and consumables recognised as an expense		**81.9**	89.6
Trade receivables impairment		**0.8**	(0.4)
Foreign exchange gains		**(0.3)**	(3.1)
Expenses related to short term and low value leases		**6.8**	7.9
Staff costs	10	**210.6**	209.1

7 Auditors' remuneration

During the year, the Group obtained the following services from the Group's auditors:

	2024 £ m	2023 £ m
Fees payable to the company's auditors for the audit of parent company and consolidated financial statements	**0.9**	0.5
	0.9	0.5

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8 Finance income

	2024 £ m	2023 £ m
Interest receivable on amounts due from intermediate parent undertakings	**2.2**	6.9
Interest on defined benefit pension obligation	**1.4**	0.1
	3.6	7.0

9 Finance costs

	2024 £ m	2023 £ m
Interest on bank overdrafts and borrowings	**5.1**	6.1
Interest expense on leases	**16.6**	14.2
Unwinding of discount on provisions	**2.0**	0.7
Other finance costs	**0.7**	0.1
	24.4	21.1

10 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2024 £ m	2023 £ m
Wages and salaries	**177.0**	177.7
Social security costs	**18.6**	18.0
Pension costs, defined contribution scheme	**3.5**	2.9
Pension costs, defined benefit scheme	**9.1**	8.4
Redundancy costs	**1.8**	1.9
Long term incentive scheme	**0.6**	0.2
	210.6	209.1

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

	2024 No.	2023 No.
Production	**2,132**	2,142
Administration and support	**852**	860
	2,984	3,002

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11 Directors' remuneration

The directors' remuneration for the year was as follows:

	2024 £m	2023 £m
Remuneration for qualifying services	**1.9**	1.3
Termination benefits	**0.3**	-
Amounts receivable under long-term incentive schemes	**-**	0.3
	2.2	1.6

Remuneration disclosed above includes the following amounts for the highest paid Director:

	2024 £m	2023 £m
Remuneration for qualifying services	**0.8**	0.5
Amounts receivable under long-term incentive schemes	**-**	0.1
	0.8	0.6

Directors' pension contributions to the Group's defined benefit scheme for the year is £0.03 million (2023: £0.09 million) of which £nil (2023: £0.04 million) represents contributions on behalf of the highest paid directors.

Two Directors accrued retirement benefits under the Group's defined benefit scheme (2023: One Director). No Director (2023: no Director) accrues retirement benefit under the defined contribution scheme.

Included within trade and other payables is £0.7 million (2023: £1.1 million) accrued in relation to long-term incentive schemes, where performance obligations have not yet been satisfied and therefore not yet receivable by Directors. £0.6 million has been charged to the Income statement in the year in relation to long term incentive schemes (2023: £0.2 million).

Termination benefits, includes payments in lieu of notice.

Key management personnel

Key management is considered to be the Board of Directors and members of the Group leadership team. Total key management remuneration in the period was £3.7 million (2023: £3.6 million), including £3.0 million (2023: £2.8 million) relating to short-term employee benefits, £0.1 million (2023: £0.2 million) relating to pensions, £0.6 million (2023: £Nil) relating to compensation for loss of office and £Nil million (2023: £0.6 million) relating to long-term incentive plans.

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12 Income taxation

Analysis of tax charge/(credit) in the Income statement

	2024 £ m	2023 £ m
Current taxation		
UK corporation tax	**0.8**	2.2
Adjustments in respect of previous period	**(0.1)**	-
	0.7	2.2
Deferred tax		
Arising from origination and reversal of temporary differences	**(9.2)**	(11.3)
Adjustments in respect of previous period	**(1.1)**	(1.8)
Total deferred tax	**(10.3)**	(13.1)
Taxation	**(9.6)**	(10.9)

Tax on items charged/ (credited) to Other comprehensive income

	2024 £ m	2023 £ m
Deferred tax charge/ (credit) on remeasurement gain/ (loss) on retirement benefit surplus	**3.6**	(9.1)
Deferred tax credit on loss on cash flow hedges	**(0.1)**	-
Total deferred tax charged/(credited) to Other comprehensive income	**3.5**	(9.1)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2023 - higher than the standard rate of corporation tax in the UK) of 25.0% (2023 - 23.5%).

The differences are reconciled below:

	2024 £ m	2023 £ m
Loss before taxation	**(37.2)**	(36.3)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 25.0% (2023: 23.5%)	**(9.3)**	(8.5)
Effects of:		
Expenses not deductible for tax purposes	**0.9**	0.7
Adjustments in respect of prior period	**(1.2)**	(1.8)
Foreign tax	**-**	0.1
Tax rate differences	**-**	(1.4)
Total taxation credit	**(9.6)**	(10.9)

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12 Income taxation (continued)

A UK corporation tax rate of 25.0% (effective 1 April 2023) was substantively enacted on 24 May 2021 (prior to 1 April 2023, the UK statutory corporation tax was 19%). Deferred tax at the balance sheet date has been measured using these enacted tax rates and reflected in these financial statements.

International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12 - Income Taxes)
Effective 1 January 2023, the Group adopted Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules. The amendments to IAS 12 consist of a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rule, as well as disclosure requirements applicable to annual reporting periods. The Group operates in countries which has enacted new legislation to implement the global minimum top-up tax. The Group has applied a temporary mandatory relief from recognising and disclosing information related to the top-up tax and will account for it as a current tax when it is incurred. The newly enacted legislation is effective from 1 January 2024. Based on a preliminary review and a dry run of the Pillar II rules using FY2023 financial information applicable to the Group, the Group do not expect top up tax is required for the twelve months ended 31 December 2024.

Deferred tax

Group

Deferred tax assets and liabilities

2024	Asset £ m	Liability £ m	Net deferred tax £ m
Pension benefit asset	**-**	**(8.3)**	**(8.3)**
Tangible assets	**10.0**	**-**	**10.0**
Intangible assets	**-**	**(72.7)**	**(72.7)**
Losses	**23.7**	**-**	**23.7**
Corporate Interest restriction	**10.0**	**-**	**10.0**
Other items	**2.4**	**-**	**2.4**
	46.1	**(81.0)**	**(34.9)**

2023	Asset £ m	Liability £ m	Net deferred tax £ m
Pension benefit asset	-	(6.6)	(6.6)
Tangible assets	9.2	-	9.2
Intangible assets	-	(73.9)	(73.9)
Losses	19.1	-	19.1
Corporate Interest restriction	8.8	-	8.8
Other items	1.7	-	1.7
	38.8	(80.5)	(41.7)

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12 Income taxation (continued)

1 January 2023	**Asset £m**	**Liability £m**	**Net deferred tax £m**
Pension benefit asset	-	(14.7)	(14.7)
Tangible assets	1.2	-	1.2
Intangible assets	-	(75.1)	(75.1)
Losses	15.1	-	15.1
Corporate Interest restriction	8.3	-	8.3
Other items	1.3	-	1.3
	25.9	(89.8)	(63.9)

Deferred tax movement during the year:

	At 1 January 2024 £ m	**Recognised in income £ m**	**Recognised in other comprehensive income £ m**	**At 31 December 2024 £ m**
Pension benefit asset	**(6.6)**	**1.9**	**(3.6)**	**(8.3)**
Tangible assets	**9.2**	**0.8**	**-**	**10.0**
Intangible assets	**(73.9)**	**1.2**	**-**	**(72.7)**
Losses	**19.1**	**4.6**	**-**	**23.7**
Corporate Interest restriction	**8.8**	**1.2**	**-**	**10.0**
Other items	**1.7**	**0.6**	**0.1**	**2.4**
	(41.7)	**10.3**	**(3.5)**	**(34.9)**

Deferred tax movement during the prior year:

	At 1 January 2023 £ m	**Recognised in income £ m**	**Recognised in other comprehensive income £ m**	**At 31 December 2023 £ m**
Pension benefit asset	(14.7)	(1.0)	9.1	(6.6)
Tangible assets	1.2	8.0	-	9.2
Intangible assets	(75.1)	1.2	-	(73.9)
Losses	15.1	4.0	-	19.1
Corporate Interest restriction	8.3	0.5	-	8.8
Other items	1.3	0.4	-	1.7
	(63.9)	13.1	9.1	(41.7)

The Group has no unrecognised deferred tax (2023: none).

Freightliner Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2024

12 Income taxation (continued)

Company

Deferred tax assets and liabilities

2024	**Asset £ m**	**Liability £ m**	**Net deferred tax £ m**
Pension benefit asset	**-**	**(0.4)**	**(0.4)**
Other items	**0.5**	**-**	**0.5**
	0.5	**(0.4)**	**0.1**

2023	**Asset £ m**	**Liability £ m**	**Net deferred tax £ m**
Pension benefit asset	-	(0.3)	(0.3)
Other items	0.8	-	0.8
	0.8	(0.3)	0.5

Deferred tax movement during the year:

	At 1 January 2024 £ m	**Recognised in income £ m**	**Recognised in other comprehensive income £ m**	**At 31 December 2024 £ m**
Pension benefit asset	**(0.3)**	**0.1**	**(0.2)**	**(0.4)**
Other items	**0.8**	**(0.4)**	**0.1**	**0.5**
	0.5	**(0.3)**	**(0.1)**	**0.1**

Deferred tax movement during the prior year:

	At 1 January 2023 £ m	**Recognised in income £ m**	**Recognised in other comprehensive income £ m**	**At 31 December 2023 £ m**
Pension benefit asset	(0.8)	-	0.5	(0.3)
Other items	-	0.8	-	0.8
	(0.8)	0.8	0.5	0.5

The Company has no unrecognised deferred tax (2023: none).

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13 Property, plant and equipment

Group

	Freehold land and buildings £ m	Traction and Rolling Stock £ m	Motor vehicles £ m	Construction in progress £ m	Other property, plant and equipment £ m	Total £ m
Cost or valuation						
At 1 January 2023	157.0	175.8	34.4	3.6	5.1	375.9
Additions	-	0.1	-	23.2	0.2	23.5
Disposals	-	(5.7)	-	-	(0.2)	(5.9)
Transfers	3.9	8.7	0.7	(15.0)	1.6	(0.1)
Foreign exchange movements	-	0.1	-	-	-	0.1
At 31 December 2023	160.9	179.0	35.1	11.8	6.7	393.5
At 1 January 2024	160.9	179.0	35.1	11.8	6.7	393.5
Business restructure (note 18)	-	17.5	0.1	-	-	17.6
Additions	-	0.7	-	19.4	0.1	20.2
Disposals	(11.7)	(1.1)	(0.6)	(0.3)	(0.1)	(13.8)
Transfers	2.4	12.4	2.9	(19.3)	1.2	(0.4)
Foreign exchange movements	-	(0.7)	-	-	-	(0.7)
At 31 December 2024	**151.6**	**207.8**	**37.5**	**11.6**	**7.9**	**416.4**

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13 Property, plant and equipment (continued)

	Freehold land and buildings £ m	Traction and Rolling Stock £ m	Motor vehicles £ m	Construction in progress £ m	Other property, plant and equipment £ m	Total £ m
Depreciation						
At 1 January 2023	56.8	104.4	23.6	-	2.4	187.2
Charge for year	4.8	7.3	1.4	-	1.1	14.6
Eliminated on disposal	-	(5.7)	-	-	(0.2)	(5.9)
Foreign exchange movements	-	0.1	-	-	0.1	0.2
At 31 December 2023	61.6	106.1	25.0	-	3.4	196.1
At 1 January 2024	61.6	106.1	25.0	-	3.4	196.1
Charge for the year	4.6	10.1	1.5	-	1.7	17.9
Eliminated on disposal	(5.3)	(1.0)	(0.6)	-	(0.1)	(7.0)
Business restructure (note 18)	-	10.4	0.1	-	-	10.5
Foreign exchange movements	-	(0.4)	-	-	-	(0.4)
At 31 December 2024	**60.9**	**125.2**	**26.0**	**-**	**5.0**	**217.1**
Net book value						
At 31 December 2024	**90.7**	**82.6**	**11.5**	**11.6**	**2.9**	**199.3**
At 31 December 2023	99.3	72.9	10.1	11.8	3.3	197.4
At 1 January 2023	100.2	71.4	10.8	3.6	2.7	188.7

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13 Property, plant and equipment (continued)

Depreciation expense of £0.7 million (2023: £0.7 million) is recorded in administrative expenses and £17.2 million (2023: £13.9 million) is recorded in cost of sales.

Business restructure relates to Rotterdam Rail Feeding B.V, which became part of the Freightliner Group in May 2024 as part of the restructuring. Refer to Note 18 for further detail.

13 Property, plant and equipment (continued)

Company

	Construction in progress £ m	Computer Hardware £ m	Total £ m
Cost or valuation			
At 1 January 2023	-	-	-
At 31 December 2023	-	-	-
Additions	0.5	-	0.5
Transfers	(0.5)	0.5	-
At December 2024	**-**	**0.5**	**0.5**
Depreciation			
At 1 January 2023	-	-	-
At 31 December 2023	-	-	-
Charge for the year	-	0.1	0.1
At 31 December 2024	**-**	**0.1**	**0.1**
Carrying amount			
At 31 December 2024	**-**	**0.4**	**0.4**
At 31 December 2023	-	-	-

Freightliner Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2024

14 Leases

Group

Right-of-use assets	**Leasehold land and buildings £m**	**Road fleet £m**	**Plant and machinery £m**	**Traction and rolling stock £m**	**Total £m**
Cost					
At 1 January 2023	192.0	52.3	25.5	294.2	564.0
Additions*	0.6	13.9	3.5	55.7	73.7
Disposals	(0.4)	(6.4)	(5.0)	(5.7)	(17.5)
Foreign exchange	0.1	(0.1)	(0.9)	4.1	3.2
At 31 December 2023	192.3	59.7	23.1	348.3	623.4
At 1 January 2024	192.3	59.7	23.1	348.3	623.4
Business restructure (note 18)	-	2.1	0.7	2.3	5.1
Additions*	6.3	1.8	-	15.3	23.4
Disposals	(3.7)	(9.1)	(1.7)	(2.7)	(17.2)
Foreign Exchange	(0.1)	(0.1)	-	(3.8)	(4.0)
At 31 December 2024	**194.8**	**54.4**	**22.1**	**359.4**	**630.7**
Depreciation					
At 1 January 2023	(29.5)	(28.7)	(10.8)	(121.1)	(190.1)
Charge	(8.3)	(7.1)	(4.3)	(28.5)	(48.2)

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14 Leases (continued)

Right-of-use assets	**Leasehold land and buildings £m**	**Road fleet £m**	**Plant and machinery £m**	**Traction and rolling stock £m**	**Total £m**
Disposals**	0.4	6.2	4.8	(0.3)	11.1
Foreign exchange	(0.1)	-	-	(2.7)	(2.8)
At 31 December 2023	(37.5)	(29.6)	(10.3)	(152.6)	(230.0)
At 1 January 2024	(37.5)	(29.6)	(10.3)	(152.6)	(230.0)
Business restructure (note 18)	-	(0.8)	-	(1.3)	(2.1)
Charge	(7.3)	(7.9)	(4.1)	(37.0)	(56.3)
Disposals**	0.2	8.4	1.1	5.5	15.2
Foreign exchange	-	-	-	2.1	2.1
At 31 December 2024	**(44.6)**	**(29.9)**	**(13.3)**	**(183.3)**	**(271.1)**
Provision for impairment					
At 1 January 2023	-	-	-	(3.9)	(3.9)
Released	-	-	-	3.9	3.9
At 31 December 2023	-	-	-	-	-
Net book value					
At 31 December 2024	**150.2**	**24.5**	**8.8**	**176.1**	**359.6**
At 31 December 2023	154.8	30.1	12.8	195.7	393.4
At 1 January 2023	162.5	23.6	14.7	169.2	370.0

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14 Leases (continued)

* Additions include new leases entered during the reporting period, modifications to existing leases as well as remeasurements.

** Disposals includes disposals of leases, depreciation on modifications to existing leases as well as remeasurements.

The depreciation expense as per the Income statement recognised in administrative expenses amounts to £1.1 million (2023: £1.1 million), and the amounts recognised in Cost of sales amounts to £55.2 million (2023: £47.1 million)

Some lease contracts contain rent review periods, break clauses and options to extend, all of which are assessed and negotiated by the Group, taking into account any changes in business needs, throughout the contract term. In accordance with IFRS 16, the Group has calculated the full lease term on the majority of its lease, beyond break, to represent the reasonably certain lease term.

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14 Leases (continued)

Lease liability	**2024 £m**	**2023 £m**
At beginning of period	**278.7**	352.2
Business restructure (note 18)	**3.0**	-
Additions*	**22.8**	75.9
Terminations	**(6.8)**	(0.6)
Interest expense	**16.6**	14.2
Payments	**(66.6)**	(57.1)
Impairment provision release	**-**	(2.6)
Foreign exchange	**(1.9)**	(3.3)
At end of period	**345.8**	**378.7**

* Additions include new leases entered during the reporting period, modifications to existing leases as well as remeasurements.

As at 1 January 2023, the lease liability amounted to £352.2 million.

31 December 2024	**Minimum lease payments £m**	**Interest £m**	**Present value £m**
Within one year	**64.8**	**(14.5)**	**50.3**
One to five years	**160.6**	**(38.0)**	**122.6**
Over five years	**314.9**	**(142.0)**	**172.9**
Total	**540.3**	**(194.5)**	**345.8**
31 December 2023			
Within one year	61.4	(15.0)	46.4
One to five years	169.0	(40.4)	128.6
Over five years	352.9	(149.2)	203.7
Total	583.3	(204.6)	378.7

	31 December 2024 £m	**31 December 2023 £m**	**1 January 2023 £m**
Leases included in creditors			
Current portion of long-term lease liabilities	**50.3**	46.4	46.3
Long-term lease liabilities	**295.5**	332.3	305.9
	345.8	378.7	352.2

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14 Leases (continued)

Total cash outflows related to leases
Total cash outflows related to leases are presented in the table below:

Payment	31 December 2024 £ m	31 December 2023 £ m
Principle	**50.0**	42.9
Interest (net of concessions)	**16.6**	14.2
Short term and low-value leases	**6.8**	7.9
Total cash outflow	**73.4**	65.0

Company

Right-of-use assets	Leasehold land and buildings £ m	Total £ m
Cost or valuation		
At 1 January 2023	-	-
At 31 December 2023	-	-
Transfer from subsidiary	6.2	6.2
At 31 December 2024	**6.2**	**6.2**
Depreciation		
At 1 January 2023	-	-
At 31 December 2023	-	-
Transfer from subsidiary	(4.2)	(4.2)
At December 2024	**(4.2)**	**(4.2)**
Carrying amount		
At 31 December 2024	**2.0**	**2.0**
At 31 December 2023	-	-

Lease liability	2024 £m	2023 £m
At beginning of period	**-**	-
Transfer from subsidiary	**2.6**	-
At end of period	**2.6**	**-**

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14 Leases (continued)

31 December 2024	Minimum lease payments £m	Interest £m	Present value £m
Within one year	**1.1**	**(0.1)**	**1.0**
One to five years	**1.7**	**(0.1)**	**1.6**
Over five years	**-**	**-**	**-**
Total	**2.8**	**(0.2)**	**2.6**
31 December 2023			
Within one year	-	-	-
One to five years	-	-	-
Over five years	-	-	-
Total	-	-	-

	2024 £m	2023 £m
Leases included in creditors		
Current portion of long-term lease liabilities	1.0	-
Long-term lease liabilities	1.6	-
	2.6	-

Freightliner Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2024

15 Intangible assets

Group

Details of the Group's intangible assets and their carrying amounts are as follows:

	Goodwill £ m	Contractual customer relationships £ m	Computer software £ m	Operational rights £ m	Total £ m
Cost or valuation					
At 1 January 2023	96.0	16.5	2.5	366.0	481.0
Additions	-	-	0.5	-	0.5
Transfers	-	-	0.1	-	0.1
Foreign exchange movements	-	-	-	-	-
At 31 December 2023	96.0	16.5	3.1	366.0	481.6
At 1 January 2024	96.0	16.5	3.1	366.0	481.6
Additions	-	-	0.7	-	0.7
Transfers	-	-	0.4	-	0.4
Foreign exchange movements	-	-	-	-	-
At December 2024	**96.0**	**16.5**	**4.2**	**366.0**	**482.7**

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15 Intangible assets (continued)

Amortisation	Goodwill £ m	Contractual customer relationships £ m	Computer software £ m	Operational rights £ m	Total £ m
At 1 January 2023	96.0	8.5	2.3	71.7	178.5
Amortisation charge	-	1.1	0.2	4.0	5.3
Foreign exchange movements	-	-	-	-	-
At 31 December 2023	96.0	9.6	2.5	75.7	183.8
At 1 January 2024	96.0	9.6	2.5	75.7	183.8
Amortisation charge	-	1.1	0.5	4.0	5.6
Foreign exchange movements	-	-	-	-	-
At December 2024	**96.0**	**10.7**	**3.0**	**79.7**	**189.4**
Carrying amount					
At 31 December 2024	**-**	**5.8**	**1.2**	**286.3**	**293.3**
At 31 December 2023	-	6.9	0.6	290.3	297.8
At 1 January 2023	-	8.0	0.2	294.3	302.5

15 Intangible assets (continued)

Impairment testing

The Group tests cash generating units for impairment if there is an indication that a cash generating unit ("CGU") may be impaired. A CGU is identified as the lowest aggregation of assets that generates largely independent cash inflows at which intangible assets are monitored within the Group. Management have determined that there are three CGUs for the UK and Europe operations which are UK, Poland (including Germany) and Netherlands, as this is the lowest level at which the return on assets acquired is monitored.

On an annual basis, management assess whether there are any impairment indicators relevant to the assets under consideration. The impairment indicators include but are not limited to the following: negative changes in market conditions, increases in interest rates and detrimental economic performance compared to expectations. If an impairment indicator is noted, the carrying value of the CGU is compared against the recoverable amount to see if an impairment loss is to be recognised. The recoverable amount of a cash generating unit is the higher of the cash generating unit's fair value less cost of disposal ("FVLCD") and its value in use ("VIU"). If one of the models results in a recoverable amount higher than its carrying amount, then the other model is not required to be prepared. Non-current assets are subject to an impairment test as at 31 December 2024 as in accordance with IAS 36, 'Impairment of Assets', there is an indication of impairment due to operating profits being lower than expected in 2024.

FVLCD is determined based on the income approach and is therefore a level 3 measurement. Level 3 measurement is based on inputs which are normally unobservable to market participants. Cost of disposal is assumed to be 1% of expected disposal proceeds. The key assumption used in the FVLCD is the forecasted sales and cost of sales. The model includes the approved budget for 2025 and the forecast for 2026, 2027, 2028 and 2029, all of which are within the Group's current 5-year strategy plan that has been approved by the Board. The approved capital expenditure figures have also been used to ensure that the model aligns with the current business understanding.

Management has considered compounded annual growth rate of between 3% and 5% for cash flow forecasts from FY2030 to FY2034 based on a growth rate determined by management. The free cash flows used in the discounted cash flow ("DCF") represent the cash flow that is available to equity holders. Therefore, the free cash flow is converted to present value through the application of the cost of equity. Discount rates are determined based on a risk-free rate of interest appropriate to the geographic location of the cash flows related to the asset being tested, which is subsequently adjusted to factor in local market risks and risks specific to the Group and the asset itself. Post tax discount rates have been calculated using the capital asset pricing model, the inputs of which include a country risk free rate, equity risk premium, company specific risk premium and a risk adjustment (beta).

For the FVLCD, management utilised the financial projections from FY2025 to FY2034. The cash flows utilised under FVLCD, are free cash flow to the equity ("FCFE") since the cash flows are adjusted for repayment of or drawdowns of debt along with the payment of associated interest. Management has determined an exit multiple EV/EBITDA of between 11 and 13 for the enterprise value ("EV"). Since the cash flows pertains to equity holders, closing net debt is adjusted to bridge the gap between EV to equity value.

Management have determined that no impairment of intangible assets was required for the year ended 31 December 2024 (2023: £Nil). A 1% increase/decrease in growth rate would lead to a £20.8 million increase/£20.3 million decrease in recoverable value. A 1% increase/decrease in discount rate would lead to a £34.1 million decrease/£37.0 million increase in recoverable value. There is not any scenario in which an impairment of the intangible assets would be required. The Directors have reviewed this assessment and are comfortable with the conclusion.

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16 Inventories

	Group		
	31 December 2024 £ m	31 December 2023 £ m	1 January 2023 £ m
Raw materials and consumables	**27.4**	26.7	30.4

The cost of group inventories recognised as an expense in the year amounted to £81.9 million (2023: £89.6 million). This is included within cost of sales.

17 Investments

Summary of the company investments

	31 December 2024 £ m	31 December 2023 £ m
Investments in subsidiaries	**522.8**	512.5

Management have determined that no impairment of investments was required for the year ended 31 December 2024 (2023: £Nil). Management adjusted the impairment model used to assess the Group's UK & European business to only compare the value of UK & Europe investments held by Freightliner Group Limited versus the value generated by these investments. Refer to Note 15 for further details.

UK CGU

The recoverable amount of the UK CGU was determined based on the FVLCD calculation. The recoverable amount was calculated as £488.6 million and no impairment was required for the year ended 31 December 2024 (2023: £Nil), with headroom under the current assumptions used of £19.9 million. A 1% increase/decrease in growth rate would lead to a £16.6 million increase/£16.2 million decrease in recoverable value. A 1% increase/decrease in discount rate would lead to a £28.0 million decrease/£30.4 million increase in recoverable value. The Directors have reviewed this assessment and are comfortable with the conclusion.

Poland and Germany CGU

The recoverable amount of the Poland and Germany CGU was determined based on the FVLCD calculation. The recoverable amount was calculated as £64.4 million and no impairment was required for the year ended 31 December 2024 (2023: £Nil), with headroom under the current assumptions used of £20.6 million. A 1%increase/decrease in growth rate would lead to a £3.6 million increase/£3.5 million decrease in recoverable value. A 1% increase/decrease in discount rate would lead to a £5.1 million decrease/£5.6 million increase in recoverable value. The Directors have reviewed this assessment and are comfortable with the conclusion.

Netherlands CGU

The recoverable amount of the Netherlands CGU was determined based on the FVLCD calculation. The recoverable amount was calculated as £11.7 million and no impairment was required for the year ended 31 December 2024, with headroom under the current assumptions used of £1.4 million. The recoverable amount was calculated as £11.7 million and no impairment was required for the year ended 31 December 2024, with headroom under the current assumptions used of £1.4 million. A 1% increase/decrease in growth rate would lead to a £0.5 million increase/£0.5 million decrease in recoverable value. A 1% increase/decrease in discount rate would lead to a £0.9 million decrease/£1.0 million increase in recoverable value. The Directors have reviewed this assessment and are comfortable with the conclusion.

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17 Investments (continued)

Subsidiaries	**£ m**
Cost or valuation	
At 1 January 2023	512.0
Additions	0.5
At 31 December 2023	512.5
At 1 January 2024	512.5
Additions	10.3
At 31 December 2024	522.8
Carrying amount	
At 31 December 2024	**522.8**
At 31 December 2023	512.5

Holdings	**Number of Shares**	**Value**	**Immediate Parent**
Freightliner Acquisitions Limited	45,314,447	0.01 GBP	Railinvest Acquisitions Limited
Freightliner Heavy Haul Limited	1	1 GBP	Management Consortium Bid Limited
Freightliner Limited	20,000	1 GBP	Management Consortium Bid Limited
Freightliner Middle East Limited	1	1 GBP	Railinvest Acquisitions Limited
Freightliner Maintenance Limited	1	1 GBP	Railinvest Acquisitions Limited
Freightliner Railports Limited	100	1 GBP	Freightliner Limited
GWI UK Acquisition Company Limited	26,995,870	0.01 A GBP	GWI Western Europe Limited
GWI UK Acquisition Company Limited	26	1 B GBP	GWI Western Europe Limited
GWI UK Holding Limited	1	1 GBP	Freightliner Group Limited
GWI Western Europe Limited	2,550	0.001 GBP	Freightliner Group Limited

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17 Investments (continued)

Holdings	Number of Shares	Value	Immediate Parent
GWI Western Europe Limited	40	0.001 GBP	GWI UK Holding Limited
Management Consortium Bid Limited	109,605,000	0.01 Founder GBP	Freightliner Acquisitions Limited
Management Consortium Bid Limited	62,500,000	0.01 Ordinary GBP	Freightliner Acquisitions Limited
Management Consortium Bid Limited	375,000,000	0.01 Ordinary A GBP	Freightliner Acquisitions Limited
Management Consortium Bid Limited	77,895,000	0.01 Ordinary plus GBP	Freightliner Acquisitions Limited
Pentalver Cannock Limited	8,523	1 GBP	Pentalver Transport Limited
Pentalver Transport Limited	325,100	1 GBP	GWI UK Acquisition Company Limited
Railinvest Acquisitions Limited	161,369,090	1 GBP	Railinvest Holding Company Limited
Railinvest Holding Company Limited	68,137,784	0.0001 Deferred GBP	GWI UK Acquisition Company Limited
Railinvest Holding Company Limited	376,393,854	0.0001 Ordinary GBP	GWI UK Acquisition Company Limited
Railinvest Holding Company Limited	31,862,216	0.0001 Ordinary A GBP	GWI UK Acquisition Company Limited
Railinvest Holding Company Limited	350,000	0.0001 SFA GBP	GWI UK Acquisition Company Limited

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17 Investments (continued)

Holdings	Number of Shares	Value	Immediate Parent
UK Bulk Handling Services Limited	1	1 GBP	Railinvest Acquisitions Limited
Rail Feeding Solutions BV	18,000	1 EUR	Rotterdam Rail Feeding BV
Rotterdam Rail Feeding BV	1,800	10 EUR	GWI Western Europe Limited
Freightliner PL Sp.z.o.o.	20,000	50 PLN	Freightliner Group Limited
Freightliner DE GmbH	25,000	1 EUR	Freightliner PL Sp.z.o.o.
Freightliner Group Limited	28,466,666,669	28,466,666,669 GBP	GWIH UK GP LLC (in its capacity as general partner of GWIH UK Holdings LP)

Direct holdings:
Freightliner PL Sp.z.o.o.
GWI UK Holdings Limited
GWI Western Europe Limited

Indirect holdings:
GWI UK Acquisition Company Limited
Railinvest Holding Company
Pentalver Transport Limited
Railinvest Acquisitions Limited
Freightliner Maintenance Limited
Freightliner Middle East Limited
UK Bulk Handling Services Limited
Management Consortium Bid Limited
Freightliner Limited
Freightliner Heavy Haul Limited
Freightliner Railports Limited
Pentalver Cannock Limited
Freightliner Acquisitions Limited
Rotterdam Rail Feeding BV
Freightliner DE GmbH
Rail Feeding Solutions BV

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17 Investments (continued)

In addition to the above Companies, GWI International Pty Ltd and GWI International BV were previously subsidiaries of Freightliner Group Limited and have been liquidated in 2023 and 2024, respectively.

The registered address of Rail Feeding Solutions BV and Rotterdam Rail Feeding BV is Albert Plesmanweg 63, 3088 GB Rotterdam, Netherlands.

The registered address of Freightliner PL Sp.z.o.o. is ul. Polna 11, 00-633 Warszawa, Poland.

The registered address of Freightliner DE GmbH is Straße am Flugplatz 6A, 12487 Berlin, Deutschland.

All other UK subsidiaries above have the registered office of 6th Floor, The Lewis Building, 35 Bull Street, Birmingham, B4 6EQ.

18 Business restructure

	Book Value £m
Right-of-use assets	**3.0**
Property, plant and equipment	**7.1**
Cash in hand	**0.5**
Lease liabilities	**(3.0)**
Receivables	**3.8**
Payables	**(3.7)**
Deferred tax	**(0.3)**
Net assets acquired	**7.4**
Satisfied by:	**-**
Loan note	**11.9**
Total consideration	**11.9**
Business restructure debited to equity	**(4.5)**

On 24 April 2024, as part of the Group restructure, the Group acquired Rotterdam Rail Feeding BV (‘RRF’) for consideration in the form of a loan note of £11.9 million. An accounting policy choice has been made to follow predecessor accounting and therefore all assets and liabilities of RRF were transferred with a total book value of £7.4 million. The difference between the book value of assets acquired and consideration paid of £4.5 million has been taken to reserves.

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19 Trade and other receivables

	Group		
Current	**31 December 2024 £ m**	**31 December 2023 £ m**	**1 January 2023 £ m**
Trade receivables	**63.6**	71.5	85.3
Provision for impairment of trade receivables	**(0.8)**	(1.0)	(2.5)
Net trade receivables	**62.8**	70.5	82.8
Amounts owed from intermediate parent undertakings	**1.3**	128.6	-
Prepayments	**6.5**	7.1	7.0
Other receivables	**6.6**	6.7	7.9
Unbilled receivables	**22.4**	24.7	27.2
Amounts owed from related parties	**0.1**	3.3	0.3
Total current	**99.7**	240.9	125.2
Non-current			
Amounts owed from intermediate parent undertakings	**-**	-	121.9
Amounts owed from related parties	**-**	-	1.2
Total non-current	-	-	123.1
Total	**99.7**	240.9	248.3

	Company	
Current	**31 December 2024 £ m**	**31 December 2023 £ m**
Trade receivables	**0.1**	-
Net trade receivables	**0.1**	-
Amounts owed from intermediate parent undertakings	**63.6**	57.4
Prepayments	**1.4**	-
Other receivables	**0.5**	-
Total	**65.6**	57.4

19 Trade and other receivables (continued)

Included in the amounts owed from intermediate parent undertakings is a loan value of £1.3 million (2023: £1.2 million) owed by GWIH UK Holdings LP, transferred from G&W UK Europe Limited in 2024 as part of the wider restructuring program. The loan is unsecured, with an interest rate of 2.75% and is due for repayment in December 2025. As at 1 January 2023, this loan was recorded in non-current assets as amounts owed from related parties.

As at 1 January 2023, the amounts owed from intermediate parent undertakings consisting of loans to Genesee & Wyoming Inc. and Genesee & Wyoming Railroad Services, Inc was recorded in non-current assets. As at 31 December 2023, these loans were classified as current receivables within amounts owed from intermediate parent undertakings. Included within here at December 2023 is a loan to Genesee & Wyoming Inc. of £105.6 million with an interest rate of SONIA +1.1%. This loan is unsecured, incurred interest of £1.5 million in 2024 and was fully repaid with a total repayment value of £107.2 million in 2024. Also included is a loan to Genesee & Wyoming Railroad Services, Inc. of £19.0 million with an interest rate of SONIA +1.7%. This loan was unsecured, incurred interest of £0.3 million in 2024 and was fully repaid with a total repayment value of £19.3 million in 2024. There was also an additional loan note to Genesee & Wyoming Railroad Services, Inc. of £2.6 million with an interest rate of 2.75%. This loan is unsecured, and amounts of £2.6 million including interest incurred was fully repaid in 2024. Total repayments from intermediate undertakings in the year amounted to £129.1 million, which has been presented within financing activities within the Consolidated statement of cash flows.

Included in the current amounts owed from related parties in 2023 was £2.7 million owed by Rotterdam Rail Feeding B.V. The loan is unsecured with an interest rate of 3.76% and due for repayment in December 2024. Rotterdam Rail Feeding BV is consolidated under Freightliner Group Limited for 2024. As at 1 January 2023, this loan was recorded in non-current assets as amounts owed from related parties.

Amounts receivable to intermediate parent undertakings are unsecured, interest free and repayable on demand. The related party transactions entered into are between two or more members of a group of which any subsidiary party to the transaction is a wholly owned member.

Revenue of £24.4 million is recognised in the reporting period that was included in the unbilled receivables balance at the beginning of the period (2023: £27.2 million).

Management have followed the Group policy to additionally create a general credit loss allowance and therefore takes the higher amount from the general credit loss allowance and expected credit loss calculations as the provision for impairment.

The loss allowances for trade receivables and contract assets as at 31 December reconcile to the opening loss allowances as follows:

	2024 £ m	2023 £ m
Opening loss allowance as at 1 January	**1.0**	2.5
Increase in loss allowance recognised in profit or loss during the year	**0.3**	0.3
Receivables written off during the year as uncollectible	**(0.5)**	(0.3)
Unused amount reversed	**-**	(1.5)
Closing loss allowance at 31 December	**0.8**	1.0

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19 Trade and other receivables (continued)

The debtors from group undertakings are contractually due on demand and have not been given for use on a continuing basis by fellow companies, the balances bear no interest and are managed and settled at the group level against other balances within the same group, although these balances have not been settled in the last 12 months, we expect those to be settled in the near future more likely in the next 24 months and hence continue to be recognized as current asset but due after one year.

The carrying amount represents the maximum exposure to credit risk at the end of the reporting period as there are no collateral or netting of these balances. The Group's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in Note 30.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The loss allowance as at 31 December 2024 and 31 December 2023 was determined as follows for both trade receivables and contract assets:

31 December 2024	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 120 days past due**	**More than 180 days past due**	**Total**
Expected loss rate	0.47%	0.37%	1.14%	0.04%	81.10%	0.80%
Gross carrying amount - trade receivables	62.3	0.5	0.4	0.1	0.3	63.6
Gross carrying amount - unbilled receivables	22.4	-	-	-	-	22.4
Loss allowance	**0.4**	-	-	-	**0.3**	**0.7**

31 December 2023	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 120 days past due**	**More than 180 days past due**	**Total**
Expected loss rate	0.20%	0.23%	0.20%	0.20%	11.27%	0.40%
Gross carrying amount - trade receivables	41.1	18.0	9.5	0.3	2.6	71.5
Gross carrying amount - unbilled receivables	24.7	-	-	-	-	24.7
Loss allowance	**0.1**	-	-	-	**0.3**	**0.4**

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19 Trade and other receivables (continued)

The Group is primarily exposed to credit risk through trade receivables from customers operating in the freight forwarding, shipping, and logistics industries.

Credit Risk Management

Credit risk is managed through a centralised credit control function that:
• Conducts credit assessments on all new customers using an external credit rating agency.
• Establishes credit limits and payment terms based on the customer's size, credit rating, and payment history.
• Monitors credit exposure across the existing customer base, with monthly reviews to identify high-risk accounts and implement appropriate actions.
• Tracks overdue balances and enforces a structured collection strategy to ensure compliance with agreed payment terms. Prompt action is taken in cases of default.

Risk Mitigation Measures

• Advance payment is required from customers who do not pass credit checks.
• Payment on account and parental guarantees are requested to further mitigate credit exposure.
• Credit limits are actively monitored to prevent breaches.

Monitoring and Governance

• Monthly credit reviews are conducted across the customer portfolio, with any emerging risks escalated to senior leadership.
• Write-offs require approval from the Chief Financial Officer or Group Finance Director.
• The Finance team performs weekly reviews of overdue and unbilled balances.

20 Cash and cash equivalents

	Group		
	31 December 2024 £ m	**31 December 2023 £ m**	**1 January 2023 £ m**
Cash at bank	**23.0**	17.8	22.9

	Company	
	31 December 2024 £ m	**31 December 2023 £ m**
Cash at bank	**0.2**	0.4

The cash and bank balances disclosed above and in the Statement of cash flows include £0.2 million (2023: £0.2 million) which are held by Freightliner Middle East Limited.

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21 Called up share capital

Allotted and fully paid

	31 December 2024 £ m	31 December 2023 £ m	1 January 2023 £ m
28,466,666,669 (2023: nil) Ordinary shares of £0.000000001 each	-	-	-
Nil (2023: 466,666,668) Ordinary shares of £0.01 each	-	4.7	4.7
	-	4.7	4.7

Issued share capital at 31 December 2024 is 28,466,666,669 ordinary shares of £0.000000001 each. There is no limit on authorised share capital. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The ordinary shares rank equally in respect of rights to dividends and distributions.

On 24 April 2024, GWIH UK Holdings LP contributed a loan note receivable of $6.5 million (£5.2 million) to Freightliner Group Limited for 1 new share and share premium. Freightliner Group Limited recognised a financial asset for the loan note received at fair value (which is expected to be equal to its face value), share capital equal to the aggregate nominal value of shares issued and share premium for the difference.

On 29 May 2024, Freightliner Group Limited carried out a bonus issue out of its retained earnings' unrealised profits. The Company have issued 28,000,000,000 ordinary shares each with nominal value of £0.01, with the aggregate nominal value of shares being issued being equal to the amount of unrealised profit being capitalised of £280.0 million.

On 30 May 2024, the Freightliner Group Limited, undertook a capital reduction and the nominal value of its ordinary shares was reduced to £0.000000001 and it cancelled its share premium in full. The capital reduction was undertaken by way of reducing the nominal value of the ordinary shares and cancelling the share premium account in full. The Company have recorded a reduction in share capital of £284.7 million, derecognised its share premium account in full by £5.2 million and recognised a corresponding increase in P&L reserves of £289.9 million.

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21 Called up share capital (continued)

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2023. The capital structure of the Group consists of net debt and equity of the Group. Debt is defined by the Group as long- and short-term borrowings and lease liabilities (excluding derivatives, contingent consideration, and financial guarantee contracts). Net debt is defined as debt after deducting cash and cash equivalents (including cash and bank balances in a disposal group held for sale). Equity includes capital, reserves, retained earnings, and non-controlling interests. The Group is not subject to any externally imposed capital requirements. The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group has covenants in place as part of the new financing facility based off net debt/adjusted EBITDA, of which Freightliner Group Limited, the named entity on the facility, must not go above 7.0x to make distributions and a value of 9.0x which would cause a breach of the covenant. Adjusted EBITDA is a non-IFRS measure and has been arrived at by adjusting for any liabilities relating to maintenance provision and any extraordinary, non-recurring, gains or losses deemed by management to be 'exceptional items'. As at 31 December 2024 the net debt/adjusted EBITDA of the Group was 5.3x (2023: 5.7x) and it is not forecast that in the next five years, the Group will reach a net debt/adjusted EBITDA value to breach its covenants.

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22 Loans and borrowings

	Group			Company	
	31 December 2024 £ m	31 December 2023 £ m	01 January 2023 £ m	31 December 2024 £ m	31 December 2023 £ m
Non-current loans and borrowings					
Bank borrowings	**48.1**	-	92.0	**48.1**	-
Other borrowings	**19.3**	20.7	22.0	**-**	-
	67.4	20.7	114.0	**48.1**	-

	Group			Company	
	31 December 2024 £ m	31 December 2023 £ m	01 January 2023 £ m	31 December 2024 £ m	31 December 2023 £ m
Current loans and borrowings					
Bank borrowings	**(0.2)**	97.0	-	**(0.2)**	-
Other borrowings	**4.5**	1.3	6.3	**-**	-
	4.3	98.3	6.3	**(0.2)**	-

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22 Loans and borrowings (continued)

The borrowings held by the UK have banking covenants attached to them, these covenants are managed by the parent company Freightliner Group Limited, this includes the effect of refinancing and any changes to covenant arrangements. The bank borrowings of £47.9 million consists of the £50.0 million term loan, less transactions costs of £2.7 million that are directly attributable to obtaining the loan offset by accrued interest of £0.6 million. The loan is due for repayment in 2029. The prior year loan balance of £97.0 million has been fully repaid in the year by Genesee & Wyoming Inc ("GWI") on behalf of Freightliner Group Limited as part of the wider restructuring program.

Included in other borrowings is £2.6 million (2023: £Nil) relating to the premiums prepaid for two insurance policies through supplier financing arrangements. The first insurance premium arrangement incurs an interest rate of 1% over a six-month period, and the second insurance premium arrangement incurs an interest rate of 3.62% over a ten-month period. The remaining balance of £21.2 million (2023: £22.0 million) relates to sale & leaseback transactions.

23 Other financial assets

	Group		
	31 December 2024	**31 December 2023**	**1 January 2023**
Non-current	**£ m**	**£ m**	**£ m**
Other financial assets	**10.9**	11.5	11.2

Other financial assets consist of maintenance reserve deposits on Locos.

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24 Provisions for liabilities

Group

	Maintenance provision £ m	Other provisions £ m	Total £ m
At 1 January 2024	**57.0**	**5.3**	**62.3**
Additional provisions	**15.7**	**0.5**	**16.2**
Provisions used	**(8.4)**	**(1.1)**	**(9.5)**
Increase due to passage of time or unwinding of discount	**2.0**	**-**	**2.0**
Decrease due to foreign exchange differences	**(0.3)**	**(0.1)**	**(0.4)**
At 31 December 2024	**66.0**	**4.6**	**70.6**
Non-current liabilities	**53.0**	**1.2**	**54.2**
Current liabilities	**13.0**	**3.4**	**16.4**

	Maintenance Provision £ m	Other provisions £ m	Total £ m
At 1 January 2023	39.0	4.6	43.6
Additional provisions	25.9	1.9	27.8
Provisions used	(8.5)	(1.3)	(9.8)
Increase due to passage of time or unwinding of discount	0.6	0.1	0.7
At 31 December 2023	57.0	5.3	62.3

24 Provisions for liabilities (continued)

	Maintenance Provision £ m	Other provisions £ m	Total £ m
Non-current liabilities	48.4	1.0	49.4
Current liabilities	8.6	4.3	12.9

	Maintenance Provision £ m	Other provisions £ m	Total £ m
At 1 January 2023	39.0	4.6	43.6
Non-current liabilities	32.3	1.2	33.5
Current liabilities	6.7	3.4	10.1

Included within the Group’s non-current liabilities is other provisions of £0.3 million (2023: Nil) relating to the Company.

24 Provisions for liabilities (continued)

Other provisions:

Asset retirement obligations
Other provision includes costs which as part of its property leasing arrangements, the Group has an obligation to return some properties to their original condition. Where the Group has conducted significant leasehold improvements that it has an obligation to remove the present value of the expected cost is capitalised as a part of the leasehold improvement asset. The amount and timing of other provisions are dependent on the timing of the return of properties.

Insurance claims
The provision for insurance claims relates to amounts provided in respect of open and potential claims against the Group. The provision represents the net liability and any amounts recoverable from insurance companies are shown within receivables, if applicable. The amount and timing of insurance provisions are dependent on the outcome of claims against the Group.

Environmental provision
The environmental provision is in respect of expected environmental related costs at operational sites. The environmental provisions amount can be reasonably estimated and the timing is dependent on when operational sites are vacated.

Maintenance provision
Maintenance provision includes costs provided in respect of maintenance associated with the Group's obligation under its rolling stock lease commitments. The amount and timing of maintenance costs are dependent on the timing of maintenance events as well as the level of maintenance required. Management have used real cash flows in the model and discounted these at a real cash flow discount rate. To arrive at this real cash flow discount rate, management have used the borrowing rate applicable to leases per asset category in the maintenance provision, adjusted for the long term inflation rate of 2.9%. Based on the Group's current lease portfolio, the final maintenance event is expected to be in 2037. Refer to Note 2 for the sensitivity analysis in case of any change in inflation or discount rate which has been considered as a key assumption.

25 Trade and other payables

		Group	
	31 December 2024 £ m	**31 December 2023 £ m**	**1 January 2023 £ m**
Trade payables	**28.1**	20.8	17.2
Accrued expenses	**27.2**	28.3	28.9
Amounts due to intermediate parent undertakings	**14.0**	35.0	11.7
Social security and other taxes	**10.8**	11.9	11.7
Other payables	**11.9**	14.3	12.7
Amounts payable to related parties	-	2.8	20.6
	92.0	113.1	102.8

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25 Trade and other payables (continued)

	Company 31 December 2024 £ m	31 December 2023 £ m
Trade payables	**1.8**	0.1
Accrued expenses	**1.5**	1.1
Amounts due to intermediate parent undertakings	**0.0**	5.0
Social security and other taxes	**0.4**	0.6
Other payables	**2.7**	5.1
Amounts payable to related parties	**59.7**	55.9
	66.1	67.8

Amounts payable to intermediate parent undertakings are unsecured, interest free and repayable on demand. The related party transactions entered into are between two or more members of a group of which any subsidiary party to the transaction is a wholly owned member.

Included in the amounts payable to intermediate parent undertakings is a loan value issued during the current financial year of £12.4 million (2023: £Nil) principal and interest amounts owed to GWIHUK Holdings LP. The loan is unsecured with an interest rate of 6.50% and is due for payment in April 2026.

26 Other non-current liabilities

	31 December 2024 £ m	Group 31 December 2023 £ m	1 January 2023 £ m
Non-current liabilities			
Other non-current financial liabilities	**0.2**	3.0	0.2
Deferred income	**-**	0.8	0.0
Amounts due to related parties	**-**	-	7.4
	0.2	3.8	7.6
Current liabilities			
Deferred income	**10.0**	1.3	0.4
	10.0	1.3	0.4

27 Pension and other schemes

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £3.5 million (2023: £2.9 million).

Defined benefit pension schemes
Railway pension scheme

The Group participates in a standalone shared cost final salary defined benefit pension plan (the "Plan"). The Plan is managed and administered by the Railways Pension Scheme and is overseen by trustees with professional advice from independent actuaries and other advisers. The trustees are responsible for the governance of The Plan and framework in which The Plan operates is governed by a trust deed. The Plan is a shared cost arrangement with required contributions shared between the Group and its employees with the Group contributing 60% and the remaining 40% contributed by active employees. The Group engages independent actuaries to compute the amounts of liabilities and expenses relating to The Plan subject to the assumptions that the Group selects.

The Plan's assets and liabilities are subject to fluctuation arising from market returns, future salary increases, inflation rates, mortality rates and creditworthiness of the company. Scheme assets and liabilities are recognised after considering the effects of limit on defined benefit pension asset and onerous minimum funding requirements. The Plan is subject to a triennial valuation, with the next one due at 31 December 2025. On a triennial basis, the funding requirements for both employer and employee are reviewed and agreed with the Trustees and relevant unions. Further to this, any funding arrangements and funding policy that affect future contributions, the expected contributions for the next annual reporting period and information about the maturity profile of the defined benefit obligation will also be agreed on a triennial basis with the Trustees and relevant unions. The figures presented are based on the latest valuation as updated by the company's independent actuaries, XPS Pension Group. These figures represent 60% of the total scheme as 40% of the asset/liability is attributed to the employees.

The Group's defined benefit pension plan may impact the future cash flows of the business as the contributions required to be paid into the Plan are revised every three years as part of the triennial valuation. As a result, this may lead to an unexpected increase or decrease in the contributions required that may not have been forecast previously by the business and would result in a fluctuation to the Group's future cash flows.

The split of the Section's accounting liabilities as at 31st December 2024 by membership type is: Active - 34%, Deferred - 20% and Pensioners - 46%. The average of the membership (weighted by accounting liability) is 61 years old and the cashflow profile of the pension scheme is 15 years.

Contributions payable to the pension scheme at the end of the year are £Nil (2023 - £Nil).

The expected contributions to the plan for the next reporting period are £10.2 million of which £4.5 million are employer contributions.

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27 Pension and other schemes (continued)

Risks

Investment risk
A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Property market risk
The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a greater deficit.

Inflation risk
The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (in the case of fixed interest bonds) or loosely correlated with (in the case of equities) inflation, meaning that an increase in inflation will also increase the deficit

Life expectancy risk
The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	31 December 2024 £ m	**31 December 2023 £ m**
Fair value of scheme assets	**290.4**	305.9
Present value of scheme liabilities	**(250.1)**	(278.7)
Defined benefit pension scheme surplus	**40.3**	27.2

Included within the Group's defined benefit pension assets is a surplus of £1.7 million (2023: £1.1 million) relating to the Company.

Scheme assets

Changes in the fair value of scheme assets are as follows:

	31 December 2024 £ m	**31 December 2023 £ m**
Fair value at start of year	**305.9**	301.0
Interest income	**13.7**	11.4
Return on plan assets, excluding amounts included in interest income/(expense)	**(20.9)**	(6.2)
Contributions by scheme participants	**6.3**	12.3
Benefits paid	**(13.9)**	(11.7)
Administrative expenses paid	**(0.7)**	(0.9)
Fair value at the end of year	**290.4**	305.9

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27 Pension and other schemes (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	31 December 2024 £ m	31 December 2023 £ m
Return seeking assets	**178.3**	202.4
Defensive assets	**112.1**	103.5
	290.4	305.9

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	31 December 2024 £ m	31 December 2023 £ m
Present value at start of year	**278.7**	241.5
Current service cost	**8.4**	7.5
Actuarial gains and losses arising from changes in demographic assumptions	**(1.3)**	(3.6)
Actuarial gains and losses arising from changes in financial assumptions	**(33.6)**	19.6
Actuarial gains and losses arising from experience adjustments	**(0.5)**	14.1
Interest cost	**12.3**	11.3
Benefits paid	**(13.9)**	(11.7)
Present value at end of year	**250.1**	278.7

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	31 December 2024 %	31 December 2023 %
Discount rate	**5.5**	4.5
Future salary increases	**2.6**	2.4
Future pension increases	**2.8**	2.6
Inflation	**2.8**	2.6

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27 Pension and other schemes (continued)

Post retirement mortality assumptions

	31 December 2024 Years	31 December 2023 Years
Current UK pensioners at retirement age - male	**19.9**	20.1
Current UK pensioners at retirement age - female	**22.2**	22.2
Future UK pensioners at retirement age - male	**20.8**	21.0
Future UK pensioners at retirement age - female	**23.4**	23.4

Amounts recognised in the income statement

	31 December 2024 £ m	31 December 2023 £ m
Amounts recognised in operating loss		
Current service cost	**8.4**	7.5
Administrative expenses paid	**0.7**	0.9
Recognised in arriving at operating loss	**9.1**	8.4
Amounts recognised in finance income or costs		
Net interest	**(1.4)**	(0.1)
Total recognised in the Income statement	**7.7**	8.3

Amounts taken to the Statement of Comprehensive Income

	31 December 2024 £ m	31 December 2023 £ m
Actuarial gains and losses arising from changes in demographic assumptions	(1.3)	(3.6)
Actuarial gains and losses arising from changes in financial assumptions	(33.6)	19.6
Actuarial gains and losses arising from experience adjustments	(0.5)	14.1
Return on plan assets, excluding amounts included in interest income/(expense)	21.0	6.2
Amounts recognised in the Statement of comprehensive income	(14.4)	36.3

Freightliner Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2024

27 Pension and other schemes (continued)

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

		31 December 2024			31 December 2023	
Adjustment to discount rate	**+ 0.1% £ m**	**0.0% £ m**	**- 0.1% £ m**	**+ 0.1% £ m**	**0.0% £ m**	**- 0.1% £ m**
Present value of total obligation	**39.3**	**-**	**39.3**	48.8	-	48.8

		31 December 2024			31 December 2023	
Adjustment to rate of inflation	**+ 0.1% £ m**	**0.0% £ m**	**- 0.1% £ m**	**+ 0.1% £ m**	**0.0% £ m**	**- 0.1% £ m**
Present value of total obligation	**35.6**	**-**	**35.6**	44.5	-	44.5

		31 December 2024			31 December 2023	
Adjustment to mortality age rating assumption	**+ 1 Year £ m**	**None £ m**	**- 1 Year £ m**	**+ 1 Year £ m**	**None £ m**	**- 1 Year £ m**
Present value of total obligation	**7.2**	**-**	**7.2**	8.4	-	8.4

Balance sheet as at 1 January 2023

As at 1 January 2023, the fair value of the scheme's assets was £301.0 million. The present value of the scheme's liabilities stood at £241.5 million. As a result, the defined benefit pension scheme surplus amounted to £59.5 million.

As at 1 January 2023, the total value of plan assets was £301.0 million, comprising £189.0 million in return-seeking assets and £112.0 million in defensive assets.

The key actuarial assumptions used in the valuation of pension liabilities as of 1 January 2023 included a discount rate of 4.8%, future salary increases of 2.2%, future pension increases of 2.4%, and an assumed inflation rate (CPI) of 2.4%.

As at 1 January 2023, the post-retirement mortality assumptions used in the pension valuation estimated that current UK male pensioners at retirement age are expected to live for 20.5 years, while current UK female pensioners are expected to live for 22.8 years. For future UK pensioners, the life expectancy at retirement age is projected to be 21.4 years for males and 24.0 years for females.

As at 1 January 2023, the sensitivity analysis of the pension obligation showed that a change in the discount rate would impact the total obligation by approximately £40.2 million. An adjustment to the rate of inflation would result in a change of around £36.9 million, while a change in the mortality age rating assumption would affect the obligation by £6.4 million.

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28 Dividends

	31 December 2024 £ m	31 December 2023 £ m
Interim dividend of £0.001686 per Ordinary share	**48.0**	-

During the current financial year, the Company paid an interim cash dividend of £48.0 million (2023: £Nil) on the issued ordinary shares in the capital of the Company to the Company's sole shareholder, GWIH UK Holdings LP.

29 Commitments and contingencies

Group

Capital commitments

The total amount contracted for but not provided in the financial statements was £0.9 million (2023: £0.6 million).

The Group has letters of credit for insurance of an amount totalling £2.7 million (2023: £Nil).

Company

Capital commitments

The total amount contracted for but not provided in the financial statements was £0.01 million (2023: £Nil).

The Group has letters of credit for insurance of an amount totalling £2.7 million (2023: £nil). The Company has guaranteed the liabilities of a number of its subsidiaries under Section 479C of the Companies Act 2006 and these subsidiaries are exempt from the requirements of the Act relating to the audit of individual accounts by virtue of section 479A of the Act. These subsidiaries are highlighted in the full subsidiaries listing in note 17 to the Consolidated Accounts.

30 Financial instruments

The Group recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire.

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30 Financial instruments (continued)

Price risk, credit risk, liquidity risk, cash flow risk and foreign exchange risk

Liquidity risk:
Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group aims to mitigate liquidity risk by managing cash generation through its operations and through funding facilities available. During the year, the Group refinanced, securing a £50.0 million term loan, and a £50.0 million revolving credit facility, with a syndicate of banks, expiring on 31 May 2029. As at 31 December 2024, the Group had an undrawn facility available of £47.0 million.

The Group also participates in a supply chain financing arrangement. The principal purpose of this arrangement is to improve the cashflow and liquidity of the Group whilst ensuring that our insurance providers receive payment of insurance premiums when due.

Interest rate risk:
Following the refinancing, the Group has a drawn £50.0 million, 5-year term loan which has a variable interest rate linked to SONIA. The Group have entered into interest rate swaps (floating to fixed) for the full nominal value to mitigate variability in cashflows arising from floating interest rates. These derivatives are designated as cash-flow hedges. The Group is exposed to variable interest, linked to SONIA rates for amounts drawn on the revolving credit facility.

The Group reviews the risk continually and will look to mitigate risk of significant variable interest with interest rate swaps as required.

Credit risk:
The Group's credit risk is attributable to its receivables, which are presented in the statement of financial position net of any provision for bad debts. The Group only enters material transactions with reputable and established businesses. Credit risk is controlled by the regular review and setting of customer payment terms. Compliance with these limits is regularly monitored.

Price risk:
The Group generally reviews pricing with customers on an annual basis. Inflationary movements that impact our cost base and are measured by metrics such as the Consumer Price Index (CPI), are used as a basis to determine a start point for customer price increase discussions, therefore mitigating this risk. We also have fuel surcharge mechanisms within our major contracts to mitigate the risk around major fuel price movements outside of inflationary measures such as CPI.

Cash flow risk:
The Group's cash flow risk is based on whether the Group can pay its short-term liabilities without detriment to the long-term value of the business. On a continual basis, cash flow forecasts are produced, and a robust process is in place to ensure that the Group remains cash generating.

Foreign exchange risk
The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	USD m	EUR m
At 31 December 2024		
Trade receivables	**0.2**	**-**
Trade payables	**(2.0)**	**-**

30 Financial instruments (continued)

	USD m	EUR m
At 31 December 2023		
Trade receivables	35.3	0.5
Trade payables	(79.0)	-

The analysis of the Group's net foreign exchange gains/losses for the year is as follows:

	2024 £ m	2023 £ m
The aggregate net foreign exchange gains recognised in the Income statement were:	**0.3**	3.1

Group

Financial assets/(liabilities) recognised on interest rate swaps are held at fair value. All other financial assets and liabilities are held at amortised cost.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of nature, characteristics, risks of the asset or liability and the level of the fair value hierarchy.

Financial assets
Financial assets at amortised cost

Loans and receivables

	Carrying value		Fair value	
	31 December 2024 £ m	31 December 2023 £ m	31 December 2024 £ m	31 December 2023 £ m
Cash and cash equivalents	**23.0**	17.8	**23.0**	17.8
Trade and other receivables	**99.7**	240.9	**99.7**	240.9

As at 1 January 2023, the carrying value and fair value of Cash and cash equivalents amounted to £22.9 million and Trade and other receivables totalled £125.2 million.

The values noted above relate to the bank accounts held by the Group, trade receivable amounts outstanding at the year end and other receivables which relates to items such as VAT receivable, employee receivables and security deposits held with lessors. These are held at amortised cost and there is no difference between the book value and the fair value of these assets, due to short-term maturities of these instruments.

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30 Financial instruments (continued)

Financial liabilities

Financial liabilities at amortised cost

	Carrying Value		Fair Value	
	31 December 2024 £ m	**31 December 2023 £ m**	**31 December 2024 £ m**	**31 December 2023 £ m**
Trade and other payables	**102.2**	118.2	**102.2**	118.2
Bank loans	**47.9**	97.0	**47.9**	97.0
Other borrowings	**23.8**	22.0	**23.8**	22.0
Lease liabilities	**345.8**	378.7	**345.8**	378.7

As at 1 January 2023, the carrying value and fair value of Trade and other payables amounted to £100.2 million, Bank loans amounted to £92.0 million, other borrowings amounted to £28.3 million and Lease liabilities totalled £352.2 million.

Maturity Analysis	**2024 £ m**	**2023 £ m**	**2022 £ m**
Within one year	**156.8**	262.9	152.8
One to five years	**190.0**	150.6	213.0
Over five years	**172.9**	202.4	206.9
	519.7	615.9	572.7

The financial liabilities noted above relate to the Group's trade payables, other payables including pension contributions outstanding, accrued bonus payment, the Group's £50.0 million borrowing facility and lease liabilities.

There is no difference between the book value and fair value of these items,

In addition, lease liabilities represent the present value of future minimum lease payments using the applicable internal borrowing rates.

At 31 December 2024, the Group has issue costs of £2.4 million (2023: £Nil) in relation to the Group's borrowing facility, which will be amortised over the term of the loan.

30 Financial instruments (continued)

Interest rate swaps

During the year, Freightliner Group Limited entered into a loan agreement with a syndicate of banks. The terms are a 5-year facility, with a £50.0 million term loan and a £50.0 million revolving credit facility. The interest on the facility varies in line with SONIA rate. When the £50.0 million term loan was drawn, interest rate derivative contracts were placed to swap the floating interest to fixed. Under the new loan agreement, Freightliner Group Limited pays interest in respect of the unpaid principal amount on its current loan facilities. The Group desires to minimise risk associated with changes in interest rates. Therefore, an interest rate derivative has been used to minimise this risk.

The Company's risk management objective, regarding this hedge, is to eliminate the variability of cash flows associated with the Company's variable rate debt, the source of which is due to the changes in the SONIA interest rate and fix the interest rate. There are two derivative contracts, each swapping the variable SONIA interest rate on £25.0 million debt at 4.317% and 4.364% respectively.

We have assessed the hedge accounting criteria and determined that the interest rate swaps qualify for hedge-accounting as a cash flow hedge. Therefore, the interest is accrued on the derivatives in the same way as the variable interest is accrued on the principal loan. This is settled quarterly with a payment/receipt depending on variable interest rates.

Interest rate swaps are measured at fair value using inputs that are observable, either directly or indirectly. These instruments are classified as Level 2 in the fair value hierarchy. There have been no transfers between different fair value hierarchy levels during the year (2023: none).

Fair value of the derivatives is determined each period end and recorded within financial assets or financial liabilities on the balance sheet with any movement in fair value recorded in the cashflow hedge reserve within equity. Any ineffectiveness would be recorded in the Income statement

	Notional amount 2024 £ m	Fair value asset 2024 £ m	Fair value liability 2024 £ m
Instrument			
Interest rate swap 1	**25.0**	**-**	**(0.3)**
Interest rate swap 2	**25.0**	**-**	**(0.3)**

	Notional amount 2023 £ m	Fair value asset 2023 £ m	Fair value liability 2023 £ m
Instrument			
Interest rate swap 1	-	-	-
Interest rate swap 2	-	-	-

30 Financial instruments (continued)

	Notional amount 1 January 2023 £ m	Fair value asset 1 January 2023 £ m	Fair value liability 1 January 2023 £ m
Instrument			
Interest rate swap 1	-	-	-
Interest rate swap 2	-	-	-

The interest swaps were assessed as effective during the year with £0.6 million (2023: £Nil) being recognised in other comprehensive income. There was no ineffectiveness charged to the Income statement (2023: Nil).

Borrowings facilities

The Group has the following undrawn committed borrowing facilities available at 31 December 2024, all of which were at floating interest rates:

	31 December 2024 £ m	31 December 2023 £ m	1 January 2023 £ m
Expires within one year	-	-	-
Expires between one and two years	-	-	-
Expires in more than two years	47.6	-	-
	47.6	-	-

31 Related party transactions

During the year Group companies entered into the following transactions with companies classified as related parties.

Genesee & Wyoming Railroad Services, Inc ("RSI"), a company that is 100% owned by Brookfield Corporation, have recharged the Company for the services it provides to the Group as part of its management recharge amounting to £1.8 million (2023: £2.1 million), of which £1.5 million was outstanding as at 31 December 2024 (2023: £10.5 million). The services provided are at arm's length.

Genesee & Wyoming Inc ("GWI"), a company that is 100% owned by Brookfield Corporation, have recharged the Company for the services it provides to the Group as part of its management recharge amounting to £Nil (2023: £Nil), of which £Nil was outstanding as at 31 December 2024 (2023: £6.9 million). The services provided are at arm's length.

G&W UK Finance, a company that is 100% owned by Brookfield Corporation, have recharged the Company for tax amounting to £0.1 million (2023: £Nil) of which £0.1 million was outstanding as at 31 December 2024 (2023: £Nil). The services provided are at arm's length.

Greenergy Fuels Limited, a company that is 100% owned by Brookfield Corporation, have sold fuel inventory to the Company amounting to £25.6 million (2023: £31.9 million), of which £0.1 million was receivable as at 31 December 2024 (2023: £Nil). The services provided are at arm's length.

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31 Related party transactions (continued)

PD Teesport, a company that is 100% owned by Brookfield Corporation, have sold reefer containers to the Company amounting to £1.3 million (2023: £0.7 million), of which £0.1 million was outstanding as at 31 December 2024 (2023: £0.03 million). The services provided are at arm's length.

PD Port Services, a company that is 100% owned by Brookfield Corporation, have received services from the Company in relation to freight car repairs amounting to £Nil (2023: £0.4 million), of which £820 was receivable as at 31 December 2024 (2023: £0.6 million outstanding). Loss allowance of trade receivables amounted to £0.1 million (2023: £Nil). The services provided are at arm's length.

Triton International Limited, a company that is 100% owned by Brookfield Corporation, have provided storage and freight services to the Company amounting to £0.1 million (2023: £0.1 million), of which £0.02 million was outstanding as at 31 December 2024 (2023: £0.1 million). There were also sales of £0.04 million in 2024 (2023:£Nil). The services provided are at arm's length.

Algeco Limited, a company that is 100% owned by Brookfield Corporation, have received storage and freight services from the Company amounting to £4,000 (2023: £4,000), of which £500 was outstanding as at 31 December 2024 (2023: £1,300). The services provided are at arm's length.

Amounts receivable from related parties and payable to related parties are unsecured, interest free and repayable on demand.

Refer to Note 32 Parent and ultimate parent undertaking for detail of related parties by virtue of control.

Refer to Note 17 Investments for detail of related parties within the Freightliner Group. All other related parties are listed below:
Genesee & Wyoming Inc.
Genesee & Wyoming Railroad Services Inc.
G&W UK Finance

32 Parent and ultimate parent undertaking

The Company's immediate parent is GWIH UK Holdings LP.

The ultimate parent is Brookfield Corporation.

The most senior parent entity producing publicly available financial statements is Brookfield Corporation. These financial statements are available upon request from Suite 300, Brookfield Place, 181 Bay Street, Toronto, Canada

The ultimate controlling party is Brookfield Corporation.

The parent of the largest group in which these financial statements are consolidated is Brookfield Corporation.

The address of Brookfield Corporation is:
Suite 300, Brookfield Place, 181 Bay Street, Toronto, Canada

The parent of the smallest group in which these financial statements are consolidated is Snow Rail Holdings LLC., incorporated in USA.

The address of Snow Rail Holdings LLC. is:
20 West Avenue, Darien, Connecticut, USA.

33 Post balance sheet events

Following the announcement on 2 April 2025 by the US government that a set of tariffs are to be introduced on all foreign goods imported into the US from 5 April 2025, the Directors have considered the impact that this has on the Group. The risk is related to the customer base being affected by the tariffs and therefore shipping less which would result in a fall in demand for services. There is also a risk on an increase in operating costs subject to inflationary pressures

At the time of signing these financial statements, the Directors believe the impact to the Group is not material.