EDINBURGH TRAMS LIMITED

Financial Statements

For the period ended 27 December 2025

Registered number SC451434

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Company Information

For the period ended 27 December 2025

Board of Directors:	Mark Lea Harrison (Resigned 31/01/2026) Peter Cushing (Resigned 14/11/2025) Martin Richard Dean (Resigned 14/11/2025) Colin Angus Kerr (Resigned 14/11/2025) Sarah Jean Boyd (Appointed 14/11/2025) Professor Susan Catherine Deacon (Appointed 14/11/2025) Iain Alexander Reid (Appointed 14/11/2025) Stephanie C. Karine Rivet (Appointed 14/11/2025) Anthony Edward Hoath Rose (Appointed 14/11/2025) Wilhelmina Cornelia Strachan (Appointed 14/11/2025) Mark David James Yexley (Appointed 14/11/2025)	
Company Registration:	Registered Office	55 Annandale Street Edinburgh EH7 4AZ
	Registration Number	451434 in Scotland
Solicitors:	CMS LLP	
Bankers:	The Royal Bank of Scotland plc	
Auditor:	Azets Audit Services Limited Chartered Accountants Quay 2 139 Fountainbridge Edinburgh EH3 9QG	

EDINBURGH TRAMS LIMITED

Strategic Report

For the period ended 27 December 2025

Principal Activity

Edinburgh Trams has responsibility for operations and infrastructure management of the tram system on behalf of City of Edinburgh Council (CEC). It offers an award-winning, world-class, integrated, environmentally friendly, and socially inclusive mode of transport that is playing a central role in the prosperity of Edinburgh and the Lothians.

In the past year Edinburgh Trams have achieved a patronage level increase of 3.3% to a new high of 12.46m, with new daily and monthly highs in the year. These numbers once again demonstrate the importance and added value the tram systems offer to both residents and visitors to the city as we cement ourselves as one of the main providers of public transport in Edinburgh, offering a quality, reliable and efficient service for travel. Benched against our first full calendar year of operations ie 2015, passenger numbers have increased from 5m passengers to 12.46m, more than double what was originally describe as a good performance. Pre-Covid highs of 7.4m in 2019 have now also been surpassed as we strive to achieve our next milestone of over 13m passengers in a year.

Overall, major events in Edinburgh are now increasing year on year with Murrayfield continuing to attract major sporting events and concerts. Other venues like the Royal Highland Centre have also increased their presence with additional concerts and capacity to hold up to 30,000 people at a large event. The Tram system is well prepared and set up to offer an alternative transport option when travelling to and from such events.

In 2025 there were 8 major rugby events and 5 concerts at Murrayfield all contributing to over 65,000 passenger journeys on each of these days. Saturday 9th August recorded a new high for daily passenger numbers with 76,765 carried during one of Oasis' concerts. In total there were 5 major concerts in the year with Oasis, Robbie Williams and AC\DC all performing to sell-out crowds. These events, along with the iconic Edinburgh Fringe Festival, Edinburgh Military Tattoo etc., meant that over 1.2m passengers used the tram in August, another record surpassed for the year. For most of these events our tram maintainer achieved tram availability of over 96% which greatly assisted with our operations on these special days.

The year's performance can be viewed in sections as other events both hindered and contributed to our performance. Poor weather at the start of the year and in particular January with "Storm Eowyn" resulted in all trams having to be returned to the depot after morning service. Whilst every effort was made to restore service late on in the day, the safety aspect of checking the full system after the main storm had passed, led management to make the decision to restore full service from next day working only. This was the first time Edinburgh Trams have taken such action since commencement of operations in 2014, with the wind element being the largest factor in making this decision.

Our detailed performance statistics will show that for the period January to June year on year patronage levels overall were the same with no major growth being recorded.

Mid-May 2025 witnessed the implementation of ToTo (Tap On Tap Off) to Edinburgh Trams, a contactless option of payment fully integrated with Lothian Buses, with daily and weekly caps in place offering best value for money across both Tram and Bus. Payment can be made using Debit or Credit Card, Apple Pay or Google are also available for use as payment options. The implementation of the scheme has taken a few years to achieve its goal of "Go Live" with usage figures now classed as a major success. As a comparison to 2024 from July onwards our patronage levels have increased by 6% with higher value tickets ie Airport Sales also positively contributing to our revenue increase. The system works on a Tap On Tap Off basis, ie Tap On at the stop you board, Tap Off at stop you alight from the tram. Failure to Tap Off will incur the equivalent of an Airport Fare on the basis that as the system can't identify where the customer has alighted, it will assume you have travelled to the airport, so the Airport Fare applies. Overall, this has been well received and the value of refunds issued vs. sales is extremely low. Revenue from ToTo from mid-May to December totals £5.4m or 16.9% of all service-related income.

Although the introduction of ToTo has reduced sales from TVMs, our Online Sales continue to be progressive and encouraging as we continue to capture advance sales. Our ET App for pre-purchased tickets continues to be well-used, highlighting the flexibility and value for money of pre-purchase tickets such as airport tickets, day ticket bundles, and 3, 4, 5 Day "Tram Only" tickets continue to record immense growth.

Online sales for 2025 were £4.46m, compared to £3.7m from 2024 and £1.8m in 2023. As an indication of how these have improved, our online sales for 2022 were only £0.5m. The new "Tram and Bus" App was launched mid 2024 with annual sales of £887k. Through 2025, sales increased to £1.281m, up 44%, another indication of new travel choice in terms of settlements.

Edinburgh Trams have continued to support the "Free Travel for the Under 22" scheme without support from the Scottish Government, as we believe it effectively promotes public transport, social inclusion, and an environmentally friendly mode of public transport. The cost to the Government of supporting this scheme would have been £572k for 2025. ETL in conjunction with CEC will continue to lobby Transport Scotland for trams and other Scottish light rail systems to be included in this Government funded scheme open to Bus operators only. From a safety point of view, under 22 passes continue to be accepted on the basis it will lead to confusion and confrontation between pass holders and our Ticketing Services Assistants.

Tram advertising continues to provide a valuable revenue stream for Edinburgh Trams. The introduction of a dedicated Sales Manager in 2025 has corroborated our view of a more lucrative market sales potential which has now been successfully tapped into, reflected in sales now almost £800k for the year, another record high since commencement of operation service in 2014, with large brand names such as "Emirates" and "CR Smith" included in our sales portfolio.

Within our Misc. Sales another revenue stream to Edinburgh Trams is ATW permit sales (Authority to Work). With increased requests of work required around the tram network, there is an increase in administration etc associated with H&S compliance for these works. In 2023/24 we set up a new system whereby external parties are required to apply for a permit to work within strict guidelines and areas surrounding our track. These can be applied for online with revenue almost £87k received in year which offset ETL costs associated with the management of this system whilst creating a safer, more controlled environment for such works to be completed. In 2025 we also assisted other Light Rail related companies with training and support based on the knowledge and expertise we have within our organisation. As well as operator recharges our Training Manager has also directly worked with the LRSSB resulting in both these areas generating over £70k in revenue for the year.

All of the above have contributed to record revenue for ETL of £33.1m up from £28.9m in 2024 and double that achieved back in 2019 ie £16.7m, a remarkable rise over a period of 6 years. The £33.1m was also £3.1m ahead of 2025 revenue target as agreed with ETL Board and communicated to CEC.

Costing Review

Costs throughout the year overall are closely monitored and controlled with performance reviews of our accounts every 4 weeks with the City of Edinburgh Council transport team and financial teams. ETL supply overviews and comments which are discussed and relevant points and questions raised, investigated and reported back to City of Edinburgh Council at the next 4 weekly meeting. The introduction of a new Energy Contract procured via CEC has led to significant cost savings totalling almost £700k for Traction and Domestic Electricity usage, with this being the highest single line of costs variant in the year v budget. Other areas of note detailed below.

Salaries

The pay award to staff applicable from April 2025 was 4% with an increase in match Pension Contributions for staff wishing to contribute above the 4% minimum set by Government. Employees' contributions can now increase from 7.5% to 8.0% whereby they will be matched by the company. Those wishing to remain at 4% or in between 4% and 8% may do so with company matching employees accordingly. The company's aim over the next few years remains to achieve a 10% employer matched offering. The option to fully "Opt Out" of the scheme also remains an option for any employee on an individual basis.

Energy
Our main cost is electricity known as 'traction power' to power the trams. Edinburgh Trams electricity agreement operates in conjunction with the City of Edinburgh Council's agreement with their electricity provider to maximise savings based on volume. As noted above from April 2025, CEC entered into a new contract with EDF Energy resulting in a significant decrease in costs with some rates per kWh falling by circa 25%. Costs for 2025 have netted out at £3.2m down from £3.6m in 2024 a reduction of over 11% with overall mileage increasing very slightly to 1.901m km for 2025 v 1.895m km travelled in 2024, as no major network changes in the year.

Tram Maintenance Cost
With no notable increase in mileage associated with the full calendar year, our maintainers are basically index increase driven. ETL costs that we determine are linked to ETYN extension are recharged to CEC in full for them to dispute with the contactor.

Costs associated with ToTo from our Ticketing Maintainer had been fully accrued for in past years, so although "Go Live" status was achieved in 2025, the R&D cost associated with this project had been accounted for.

Insurance
Working in partnership with the Insurance Department at City of Edinburgh Council, we strive to keep insurance costs as low as possible. Our 2025 costs included a provision for unrecoverable costs relating to the Edinburgh Gateway tramstop although every effort will be explored to ensure any financial liability that may be unrecovered is minimised. This relates to track damage at this tram stop.

The Fatal Accident Inquiry (FAI) started and concluded in 2025 at Edinburgh Sheriff Court with no recommendations following the conclusion of a fatal accident inquiry into the death of a man who was struck by a tram. The Sheriff found that any defects that led to his death had been addressed appropriately. Edinburgh Trams fully co-operated with all relevant parties through this process.

Property Rates
We are now in receipt of new Rateable Revaluation from City of Edinburgh Council with elements of costs backdated to prior years. The revaluation mainly relates to the extension of the tram line from York Place in Newhaven which opened June 2023. The full property rates costs have now increased to £767k for year 2025/26.

All other costs in general were in line with expectations.

Company Fleet and Timetable

Our fleet of 27 trams operates seven days a week, serving 23 high footfall stops across the network and forming a critical part of the city's daily transport infrastructure. The core timetable delivers a service every 7 minutes, creating a consistent, high-frequency environment that maximises passenger capacity throughout the day.

Additional capacity is strategically deployed during morning and evening peak periods to align with commuter demand, ensuring optimal service reliability and sustained passenger volumes. This demand-responsive scheduling not only protects operational performance but also enhances the commercial value of the network by maintaining strong, predictable audience reach across key trading periods.

The fleet represents a fully scalable, network-wide advertising platform. With 100% of trams available for commercial branding, the asset offers high-impact, moving media visibility across the city. This ability to deliver city-wide coverage has attracted major international brands, including Emirates Airline, reinforcing the network's positioning as a premium, large-format advertising environment.

Our Values

At Edinburgh Trams, our corporate values are to be: Trusted, Innovative, Passionate and Smart. We believe they embrace the attitudes, behaviour and characteristics expected from all our colleagues to ensure the continued success of the business. These include:

i. **Good safety record.**

- Ensure that health and safety is at the heart of everything we do.
- Work positively with regulators and meet all compliance standards.
- Create a robust safety culture with our colleagues.

ii. **Financials in line with Stakeholders' expectations.**

- Manage operating costs – Internally and Externally.
- Optimise income, utilising all potential support and revenue streams (e.g., Government support).
- Seek opportunities to support growth for future years.

iii. **Strong brand, positive market perception, pillar of transport network.**

- Increase demand with an attractive commercial offering service to meet demand.
- Develop strong partnerships within the city and Local\Central Government bodies.
- Continue to invest in technological solutions for the benefit of the customer.

iv. **People and Recognition.**

- Encourage internal career progression.
- Develop and invest in colleagues.
- Recognise and reward exceptional performance.

v. **Exceed the Customers' expectations.**

- Operate a safe and reliable system.
- Provide excellent customer service.
- Establish both an excellent internal and external customer service culture.

Edinburgh Trams remains fully responsible for the management of maintenance contracts with the following contractors:

- Construcciones Y Auxiliar De Ferrocarriles S.A. (CAF) for tram maintenance.
- Infraco (a consortium between Siemens Mobility Ltd and Bilfinger Construction UK) for infrastructure maintenance.
- Arrive (formally Flowbird Transport Ltd) for ticketing equipment maintenance.

We are responsible for the full payment of maintenance costs made directly to our maintenance providers.

We continue to meet with all the Maintainers formally every four weeks to monitor their performance and agree payment in terms of their individual contracts. As part of that monitoring process, we also carry out annual audits of the Maintainers, ensuring compliance with contracts and to review their procedures for managing works, including fatigue, competence management, risk and safety processes.

The total fleet kms for 2025 was 1,901,265, which was similar to the previous year (1,894,659km) and our average tram availability was 24 trams per day.

Within our planning objectives, we also monitor Key Performance Indicators to track both our own performance and that of Maintainers. After each period, we send a report to the client, CEC, containing information also collated in the annual report to the Council.

EDINBURGH TRAMS LIMITED

Strategic Report

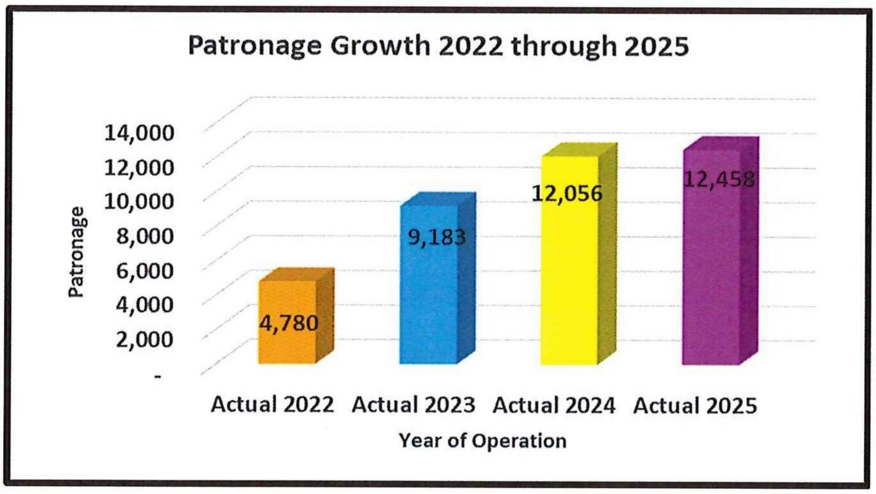
For the period ended 27 December 2025

In 2022, we commenced an implementation process to introduce Leadmind to our tram fleet, which will automatically apply the brakes when significant over-speeding occurs. This was a recommendation from the RAIB Sandilands report (ref 18/2017). It has been a long, intensive and complicated project and throughout 2025 we were testing the robustness of the system to detect and announce over speeding to drivers. The system was live on all trams and drivers were verbally and physically being warned for over speeding, but without the automatic brakes being applied whilst we removed system faults and issues. This was done to minimise the risk of false emergency brake applications. We are now in the final stages of testing and are planning to activate the automatic braking element early in 2026.

During 2025, we received 850 applications to work on or near the tramway, which we are managing in accordance with our Safety Management System to protect the public and our assets whilst work is carried out.

Patronage Overview

This graph represents the increase in patronage recorded from 2022 to 2025 ie from Covid recovery to full operations from Airport to Newhaven. Introduction of ToTo from May 2025 is a major contributor to increased passenger travel.



2025 Highlights

- Passenger split for year was 45% January to June and 55% July to December 2025.
- New high for number of daily passengers carried since commencement of service in 2014, overtaking Taylor Swift in 2024 was Oasis Concert on Saturday 9th August 2025 with 76,765 passengers carried on the day.
- August also recorded the highest monthly total with over 1.2m journeys recorded.
- Over the year, Murrayfield Stadium hosted 7 major Rugby Events from Six Nations Rugby and Autumn series, 5 major concerts with Robbie Williams, OASIS x 3 and ACDC Concert. The annual Edinburgh v Glasgow 1872 Cup game also captured on last day of reporting year.
- In addition to the above, the Royal Highland Show continues to flourish with the RHC now also increasing its concerts mainly during the summer season.
- All night trams operating over weekends during the iconic Edinburgh Festival Period, promoting accessibility in the city, encouraging people to visit the city whilst giving back something other cities may not offer which all adds to the journey experience and encourages people to return to Edinburgh year after year.

Asset Management

Under the terms of the Operating Agreement as varied on 30th April 2021, CEC is responsible for the cost of Asset Renewals.

As per the Operating Agreement, Edinburgh Trams submitted the draft Annual Asset Renewals Plan which provides more detail and more accurate costings for the activities on 22nd September 2025. CEC reviewed the information provided and approved the Plan. ETL submitted to CEC, as per the Operating Agreement, the ten-year plan that includes expected renewal activities and an estimated cost for these activities for the subsequent ten years on 1st December 2025. Following a request made by CEC, ETL is working to expand the ten-year plan to a twenty-year plan that will allow CEC to inform the ETL financial model in the long term.

As per the previous years, a process has been agreed between ETL and CEC whereby prior to generating and issuing any change documentation or purchase orders to our suppliers, we have in place a purchase order from CEC to cover the expected cost. This provides ETL with the security that any cost incurred can be re-charged and recovered quickly, minimising the impact upon our cashflow. Any changes to the plan throughout the year, including price changes are discussed and captured via an agreed change process within the four-weekly Contract Liaison Meeting. Both processes have now been embedded in both organisations, and all payments or changes are agreed in a timely manner.

The key activities of the 2025/2026 Asset Renewals Plan (CEC financial year is running April to March) that were completed in 2025 were:

- The replacement of the Rail Sealant and Structure sealant activities were both continued in 2025 and were successfully completed. Both activities are part of a multiyear programme, and this was the third year that Edinburgh Trams was Project Managing the activities. The main benefits were financial but also better control and coordination over the activities scheduled across the network. In 2026 the Structure Sealant replacement activity will include the deck joints and this will be the last part of this activity.
- The Ticketing Equipment renewals. Early in the project it was identified that to achieve economies of scale and significantly improve the ticketing equipment and their offered functionalities, a decision was made to combine the existing Renewals budget and the Trams to Newhaven ticketing budget. This project is divided into four phases.
  - Phase 1 is the like for like replacement and enhancement of Platform Validators for the existing line and the development of a cloud based back office.
  - Phase 2 is the like for like replacement and enhancement of the Handheld devices used by the Ticketing Services assistants.
  - Phase 3 is the installation of all ticketing equipment on the 8 Trams to Newhaven tramstops.
  - Phase 4 is the introduction of the 'Account Based Ticketing' (ABT) system. This is an integrated fare capping system between buses and trams where customers can use contactless payments (tapping on and off with their cards) on the Platform Validators. This system will assist with integration between both modes of transport.

  The Platform Validators were installed in April 2022 and the Handheld devices were introduced in April 2023. Phase 3 was successfully completed in Q2 2023 prior to Trams to Newhaven go live. Phase 4 that commenced in Q2 2023, FATs and SATs were completed in 2024 and it was successfully delivered in Q2 2025. This is quite a complex project as the Edinburgh Trams ABT is integrated with the existing Lothian Buses ABT system therefore all the back-office changes were completed in a phased and controlled manner to ensure minimum disruption on both businesses and their customers.

  During 2025, the refurbishment of the Ticket Vending Machines (TVMs) doors commenced due to key components reaching the end of their lifecycle. This activity is scheduled to be completed in Q2 2026. The new doors will include new card reader machines and larger screens that will enhance the customer experience.

- A multi-year programme of tram on board system upgrades is in progress and during the year the following modifications were completed:
  - The replacement of the Passenger Information Displays (PISPASPA) and internal and external CCTV.
  - The installation of an automated braking system (Leadmind) in response to the RAIB Sandilands recommendations.

- The installation of emergency exit lights in the single and double doors of the tram in response to the RAIB Sandilands recommendations.
- The replacement of the Tram Control Management System (TCMS).

- The replacement of the track switches at York Place and Shandwick Place Airport Bound was completed in February and September this year. Along with the forged transition rails in Lochside Avenue and Gateway tramstop. We are working closely with Siemens on all the rail replacement activities to minimise service disruption and improve the business knowledge on delivering major activities.

In terms of internal projects, following the introduction of the Trams to Newhaven section the business has grown and the requirement for space, ETL invested in hiring a modular building.

In July 2025 we commissioned Deutzer to undertake asset condition surveys on the Overhead Line Equipment and the track. Deutzer is an organisation specialised in surveys, and they have worked with multiple operators across the UK and around the world. They submitted the survey report in October and delivered training to ETL staff in November in order to be able to utilise their web platform and review the videos and data from the survey. The report demonstrated that the network is in good condition and minor items were highlighted that the maintainers are already working to resolve. This survey is recommended to be repeated in two years to assess the condition of the assets and inform the Asset Renewals Plan.

Energy Efficiency & Environmental Management

Edinburgh Trams fully recognises the importance of how our operational business impacts the environment and our responsibilities that go with being a major transport operator. We are committed to protecting the environment, through the prevention of pollution and to meeting all relevant compliance obligations.

Our ISO 14001 certified Environmental Management System continues to be audited by our external assessor BSI, who have not raised any non-conformities since 2019. With all internally raised audit actions being fully closed out on our Master Action Tracker.

We have met 7 of 7 Environmental Key Performance Indicators (EKPI's) for 2025 and all environmental reports have also been appropriately closed out.

All scheduled emergency response drills have also been completed with participation from both our facilities maintainer Bilfinger, and the Projects department.

All waste produced as a result of our operations has been segregated and recycled off site by our waste management company, with no waste being sent to landfill. Trade effluent water samples taken at our Gogarburn Depot have also been tested for contaminants over the year with all samples having returned as 100% compliant.

Good progress has been made with both our departmental environmental objectives in 2025, which have been designed to reduce our Greenhouse Gas (GHG) emissions and our overall impact on the environment.

Environmental Objectives completed in 2025:

- Implement paperless ticketing option.
- Safety Manager Environment to undertake ISEP Pathways to Net Zero.
- Conduct a review of the environmental incident response procedure.
- Implement new D&A testing using finger style testing as opposed to current process.
- Optimize server usage through virtualization to achieve a reduction in the number of servers required thus reducing energy consumption and e-waste.
- As part of the ABT roll out, reduce the use of paper tickets and physical cash transactions. Which in turn reduces mileage and staff hours collecting and processing cash.

Ongoing Environmental Objectives carried into 2026:

- Replace ETL internal combustion engine fleet vehicles on obsolescence with EV alternatives (Rolling objective 2023 – 2030, noting that 50% of the fleet is already converted to full electric).
- Replacement of the Substation Lights with LEDs.
- Replacement of Tram Vehicle Lights with LEDs
- We will work with CEC to develop the business case for installing Solar PV panels on the depot

embankment. When implemented this will provide a more sustainable power supply and reduce our carbon footprint.

- Conduct an environmental review of track to explore if there is any more efficiency savings by implementing coasting and breaking markers elsewhere.

Streamlined Energy & Carbon Reporting 2025.

Streamlined Energy & Carbon Reporting (SECR)			
Description	2025 Usage kWh	Movement from 2024	%Incr\Decr kWh
Tram Traction	11,060,797	- 205,208	-1.8%
Domestic Elec	703,442	- 36,631	-4.9%
Total Electricity	11,764,239	- 241,839	-2.0%
Description	2025 Usage kWh	Variance kWh	%Decrease kWh
Gas Usage	529,203	- 169,394	-24.2%
Vehicle Mileage	2025 Mileage	Movement	%Movement
All Road Vehicles	43,316	5,080	13.3%

Traction usage reduction is due to an overall improvement in weather conditions, reducing the need for increase "power up" time mainly in the morning to ensure the internal section of trams are best placed to offer warm environment especially early morning.

Domestic vehicle mileage i.e. Vans usage increased due to a switch from external to internal solution to rectifying repairs etc around the tram network.

Corporate & Social Responsibility

ETL continues to support the Edinburgh Climate Commission as members of the Edinburgh Climate Compact. Implementing emission reduction measures within our business and contributing to the ongoing success of the group.

We have made good progress with our internal Environmental objectives over 2025 and have successfully introduced our new Sustainability objectives into the business. These are aligned to the United Nations Sustainable Development Goals (SDG) and include activities such as the planting of 450 trees through the Border Forrest Trust and undertaking local charity food bank drives.

We have also updated our environmental training module to include a new element, informing staff on our approach to sustainable development within the business.

Sustainability Objectives completed in 2025:

- Ops Manager introduced a bi-annual food bank drive. (SDG 2)
- Develop a sustainability training module to be available to all colleagues. (SDG 4)
- Work with the engineering department to identify a more humane method of bird management within the workshop. (SDG 15)
- The Projects team will liaise with local charities and participate in tree planting activities. (SDG 15)
- Charity engagement, engage with staff, encourage involvement across all areas including everything from Poverty issues to Zero Hunger. (SDG 1 & 2)

Ongoing Sustainability Objectives carried into 2026:

- We will minimise potential service disruptions by testing out our recovery arrangements for a tram on a slope. (SDG 11)

Charities

In relation to "Charites" we continued to support the Scottish Poppy Appeal, Cash For Kids in Edinburgh and a number of other smaller charities in the year through some staff involvement. The Projects team also arranged a tree-planting day for colleagues, where staff from across the business donated their time to travel down to the Borders and learn about the work being done by the Borders Forest Trust, and plant nearly 500 trees. A donation was made alongside this to help them continue their vital work of re-wilding historic forested areas.

As we manage and control the tram stop at Murrayfield, we allow one recognised charity to carry out a bucket collection at each major event. In 2025, this offer was taken up by charities supporting Edinburgh areas such as Marie Curie, St Johns, NSPCC, Bright Sparks, and St Columba's Hospice who have all expressed their thanks and best wishes back to all at Edinburgh Trams.

We used our partnership with Edinburgh Rugby to give 1872 Cup tickets away to these partner charities in recognition of their hard work and the important work they do in the city.

Health & Safety Policy Statement

We continue to see similar numbers of reportable incidents as we did in 2024. This figure is mainly split between Contacts with road vehicles and signals passed at stop, The great majority of the contacts with road vehicles, 32 in total, continue to be minor contacts with bus and lorry wing mirrors, with the narrow lanes on Leith Walk being a direct factor. The long-awaited widening of the road at Balfour Street (Newhaven-bound side) began in the latter part of the year with further areas being planned for 2026, we are hopeful that these improvements will have a positive effect on this issue. Throughout the year we recorded 46 tram contacts with other road vehicles (26 ETL Blameworthy – 20 Non ETL Blameworthy). We recorded 27 Signal Passed at Stop (SPAS) incidents. All of which were low-risk Level 1 SPAS events. We continue to participate in a sector-wide working group, looking to agree a standardised definition of SPAS that reflects the light rail challenges better.

Anti-Social behaviour (ASB) and work-related violence and aggression (WRVA) continues to impact our staff, this is on the increase nationwide and is affecting all public transport providers. However, we have seen a slight reduction in ASB as a whole, but a 38% reduction in WRVA, however disruptive children causing disturbances on board trams remain the core cause of ASB. With the aim of addressing staff concerns and reducing these events we continue our engagement with both Unite the Union, and Police Scotland, through the Work-Related Violence and Aggression Committee, with the aim of reinforcing our conflict avoidance training and giving staff a better understanding of both the causes of anti-social behaviour, and the likely response provided by Police Scotland. We have introduced new and improved body worn CCTV for our staff, these have proved effective in capturing evidence for the police and improved staff confidence. We continue to liaise with Police Scotland to help identify patterns in ASB, whether it is areas, times or individuals.

We have continued to see very low numbers of successful tram surfing events with only 6 successful instances out of 37. This is a substantial drop from the 152 attempts seen in 2022. This can be attributed in no small part to the enhanced measures that we have had retrofitted to tram doors, the improved definition of onboard CCTV and to the vigilance of our on-board staff. It should be noted that of the successful tram surfing incidents, four of them were cyclists placing a hand against the side of the tram.

Good progress is being made, in relation to the recommendations documented in the Sandilands accident RAIB report, Leadmind is the chosen solution to deliver an automatic braking system in the event of overspeed and is now in the final stages of implementation. We have continued with phase two of the Baseline NC fatigue monitoring system trial, this is the humanisation and procedural phase which has seen 20 volunteers wearing the device for upwards of 6 months to prove the system and allow procedures to be written and reviewed. We will look to take this forward in 2026 to the next phase, with the intention of being the first public transport operator to introduce these operationally.

ETL continues to support the wider light rail sector, holding the chairperson roles in both Safety and Engineering groups, as well as participating in many of the working groups created. In the first half of 2025 the Head of Safety provided support and mentoring to a light rail operator, to help them deal with and rectify matters raised by the

ORR. This was well received by both BPT and the ORR, and also provided valuable experience for all involved.

We continue to have frequent and productive meetings with the ORR, ensuring we have open channels of communication with our regulator and demonstrating our proactive approach to safety management on our system.

HR Recruitment Strategy

Recruitment has been busy this year, with usual high level for the Tram Driver and Controller vacancies. For certain roles, we need to close the vacancy after a few days as the interest is so high. We do still continue to have frustrations in the recruitment process with candidates applying and not turning up for interviews or assessment days. We have in recent years introduced interviews via Teams and at more flexible times, however, this does not stop the no shows. This is a trend across all industries as we have received feedback from other employers and recruitment agencies to say this is a problem since COVID.

Turnover is overall still high at 22.55% for the business in 2025. We did see an improvement for the Ticket Services Assistants throughout 2025 with turnover reducing from 40% to 33% This is still too high and has a continued disruptive element to the business in sourcing, onboarding, training and turnover. Unfortunately, the Cleaner role had a 50% turnover. We are continuing with some initiatives in 2026 to target these roles and try and reduce turnover.

Employees

With regards to staff engagement, monthly updates continue with Union representatives, discussing current HR issues and updates on company performance, policies and matters. Outcomes from these discussions are posted on the Union notice board for all to view.

We are looking to run an Employee Engagement Survey in 2026 to capture engagement levels and understand key issues for staff. This will happen after the Wage Negotiation discussions have completed.

Training Regime

In 2025, the Training Team advanced significant improvements to Edinburgh Trams' learning ecosystem through the migration from the Learning Management System (LMS) to a new Learning Experience Platform (LXP). This transition enhanced risk-based learning delivery and strengthened safety assurance across the network by reducing competence loss associated with automation and ensuring critical operational knowledge is available at the point of need through microlearning.

The Learning Experience Platform supported the organisation in achieving 98% compliance, representing a 3% improvement on the previous year, contributing to increased operational resilience and consistency across safety-critical roles. The availability of tailored microlearning also supported a 5% reduction in operational incidents, reinforcing the link between accessible learning and improved frontline performance.

Key investments in 2025 included:

- LXP launch and migration of all competence management data, reinforcing accuracy, audit readiness, and reducing the human-error risk associated with traditional systems.
- CMI qualifications introduced for key leaders across the business, strengthening management capability and embedding a consistent, professional standard of leadership aligned to Edinburgh Trams' values and regulatory expectations.
- Delivery of the Baseline NC fatigue-management device training to our pilot group, supporting proactive fatigue-risk mitigation and the introduction of data-driven approaches to workforce wellbeing.
- Ongoing development of the TCMS Fleet Upgrade Simulators, designed to replicate real operational scenarios in a safe and controlled environment, enabling drivers and controllers to train for complex, high-risk situations.

Throughout 2025, the Training Team continued to reinforce a culture of continuous improvement, building on the previous year's safety initiatives and aligning learning delivery to the evolving needs of the business. The introduction of modern learning technology, structured professional qualifications, and scenario-based simulation has further strengthened competence, reduced operational risk, and ensured the workforce is equipped to meet the challenges of a complex safety-critical environment.

Information Technology

2025 has seen a continued escalation in cyber risk and technological disruption across the UK IT landscape. The National Cyber Security Centre's (NCSC) 2025 Annual Review highlighted a record 204 nationally significant cyber incidents between September 2024 and August 2025—a 130% increase year-on-year, driven by ransomware, nation-state actors and increasingly sophisticated AI-enabled attacks. High-profile breaches affecting major UK organisations such as Marks & Spencer, the Co-op Group and Jaguar Land Rover further demonstrated the widespread operational and financial impact of modern cyber threats.

The transport sector remained a key target with Transport for London (TfL) experiencing prolonged operational disruption and multimillion-pound losses following a significant cyber-attack linked to the Scattered Spider group. More broadly, cyberattacks on transportation organisations have risen by 48% over the last five years, with ransomware, DDoS and supply-chain compromises identified as dominant attack vectors.

At the same time, the rapid adoption of AI across business-critical systems presents both opportunity and risk. AI integration is accelerating, with increased use in automation, data processing and decision-support. However, the NCSC continues to stress that AI-driven threats and vulnerabilities require stronger governance, board-level oversight and more robust security controls.

In response to this evolving landscape, the IT Department has focused throughout 2025 on strengthening our security posture by enhancing incident detection and response capabilities, modernising applications and infrastructure, driving operational efficiency and ensuring the continued delivery of high-quality business-as-usual services.

Department 2025 Key Developments

- Implementation of a 3rd party 24/7 SOC (Security Operations Centre)
- Delivery of the TOTO solution to provide fast and easy multi-modal ticketing.
- Apple Pay Transit Express implemented
- Migration of all ET workstations to Windows 11

IT Department 2026 Key Future Developments:

- Upgrade / refresh program for TVM hardware
- Upgrade and migration of finance systems
- Implementation of Google Transit Insights

Operational Performance

2025 has been another record-breaking year for Edinburgh Trams. The popularity of the service continues to grow with the people of Leith voting with their feet and ultimately saw us carry almost 12.5 million customers in the year. Operational Performance for 2025 remained extremely strong with an average of 98.61% of all scheduled journeys completed. In total we completed 107,636 journeys in 2025.

The year saw us manage additional services for the largest number of events on or near the Network. Some major music concerts at Murrayfield including Robbie Williams, Oasis and ACDC along with the Rugby games all of whom brought capacity crowds to the stadium with circa 70 thousand in attendance. The Oasis concert on the 9th August 2025 saw us break another record with the most customer journeys made at 76,765. In addition, events at The Royal Highland Centre continue to increase and see crowds of up to 30 thousand now attending such as Chappell Roan and Sam Fender. These major events now see us deploy the full tram fleet wherever possible in order to cope with the demand with Trams operating from every 3 minutes.

EDINBURGH TRAMS LIMITED

Strategic Report

For the period ended 27 December 2025

Financial Results

	Period to 27 December 2025 £	Period to 28 December 2024 £
Revenue	32,918,699	28,815,444
Other income	186,749	166,479
Administrative expenses	(40,849,552)	(37,935,616)
Loss from operations – (operating loss)	(7,744,104)	(8,953,693)
Gain on disposal of property, plant and equipment	2,500	9,000
Loss before finance costs and income tax expense	(7,741,604)	(8,944,693)
Finance Costs	(839,461)	(1,030,150)
Loss Before income tax expense	(8,581,065)	(9,974,843)
Income tax	(705,329)	329,199
Loss for the full period	(9,286,394)	(9,645,644)

KPIs	2025	2024
Revenue	32.9m	28.8m
Other income	0.2m	0.2m
Total Revenue	33.1m	29.0m
Yr on Yr Increase	13.8%	23.3%
Loss from Operations	-7.7m	-8.9m
Loss from Operations%	23.4%	-30.7%
Patronage	12.46m	12.1m
Yr on Yr movement	3.3%	31.8%
Health and Safety benchmarks		
7 out of 9 achieved in 2025 (7 out of 8 achieved in 2024)	77.8%	87.5%
Staff Turnover	24%	21%
Mileage operated	1.901m klm	1.895m klm
Yr on Yr Movement	0.3%	13.1%
Complaints Per 10k	0.79	0.73
Customer Service Response Times	29mins	25mins
Reliability Performance	98.6%	98.0%
Tram – Peak Vehicle Requirement (PVR) Dec 2025	20	20
Special Event Trams (Match Day Utilisation)	27	27

Board Meeting Attendance x4 Workshop Attendance x1
Board Meeting 14th November 2025, Board members resigned, new appointments agreed.

Board Member Name	No of Meetings Required To Attend	Meetings Attended	Attendance %	Notes
• Martin Dean (Chair)	5	5	100%	Resigned Nov 25
• Peter Cushing	5	5	100%	Resigned Nov 25
• Mark Lea Harrison	6	6	100%	Resigned Jan 26
• Colin Kerr	5	5	100%	Resigned Nov 25
• Susan Deacon	1	1	100%	Appointed Nov 25
• Sarah Boyd	1	1	100%	Appointed Nov 25
• Iain Reid	1	1	100%	Appointed Nov 25
• Tony Rose	1	1	100%	Appointed Nov 25
• Stephanie Rivet	1	1	100%	Appointed Nov 25
• Loraine Strachan	1	1	100%	Appointed Nov 25
• Mark Yexley	1	1	100%	Appointed Nov 25

Awards & Recognition

During an exceptionally busy year in which we launched Tap On, Tap Off (TOTO), Edinburgh Trams was nominated for a series of awards at the Scottish Transport Awards, National Transport Awards, Global Light Rail Awards and Edinburgh Chamber of Commerce Awards. In recognition of the project, the team were awarded the Richard Brown Best Customer Initiative award for Tap On, Tap Off at the Global Light Rail Awards in October 2025.

The award highlighted the sustainability of the project, as well as the ease of use and broad uptake from locals and visitors to the city alike, as well as celebrating the hard work of colleagues from across the business, especially the Customer Relations team.

Transport ALEO Reform

Overview
Edinburgh's public transport system has continued to grow and develop, providing vital connectivity to local residents, businesses and visitors and delivering wider economic, social and environmental benefits to the city and surrounding region.

The city's network, bolstered by major events and service enhancement, continues to position Edinburgh as a leader in sustainable urban mobility. In 2025, Time Out Magazine's best cities' survey ranked Edinburgh as the 15th best city in the world for public transport, while a recent survey of UK cities, by the Daily Telegraph, named Edinburgh the best city in the UK for public transport.

Edinburgh Trams and Lothian Buses have continued to be recognised as industry leaders, winning many major awards including Bus Operator of the Year and Tram Operator of the Year respectively at the UK National Transport Awards in October 2024.

In 2025, Edinburgh Trams and Lothian Buses delivered sustained growth and performance improvements, recording a combined total of more than 131 million customer journeys. New products and services were introduced to further improve the customer experience, including inter modal capped contactless ticketing and enhanced bus and tram services to support a significant increase in major events, including at Murrayfield and the Royal Highland Showground.

Employing more than 300 and 2,700 people respectively, Edinburgh Trams and Lothian Buses are accredited real living wage employers. The companies have continued to work to address recruitment and retention challenges through a range of measures, engaging regularly with Unite the Union.

This period has not been without challenge, both companies have had to manage significant cost pressures and have been impacted by economic volatility, as well as societal changes, all of which have had to be carefully managed.

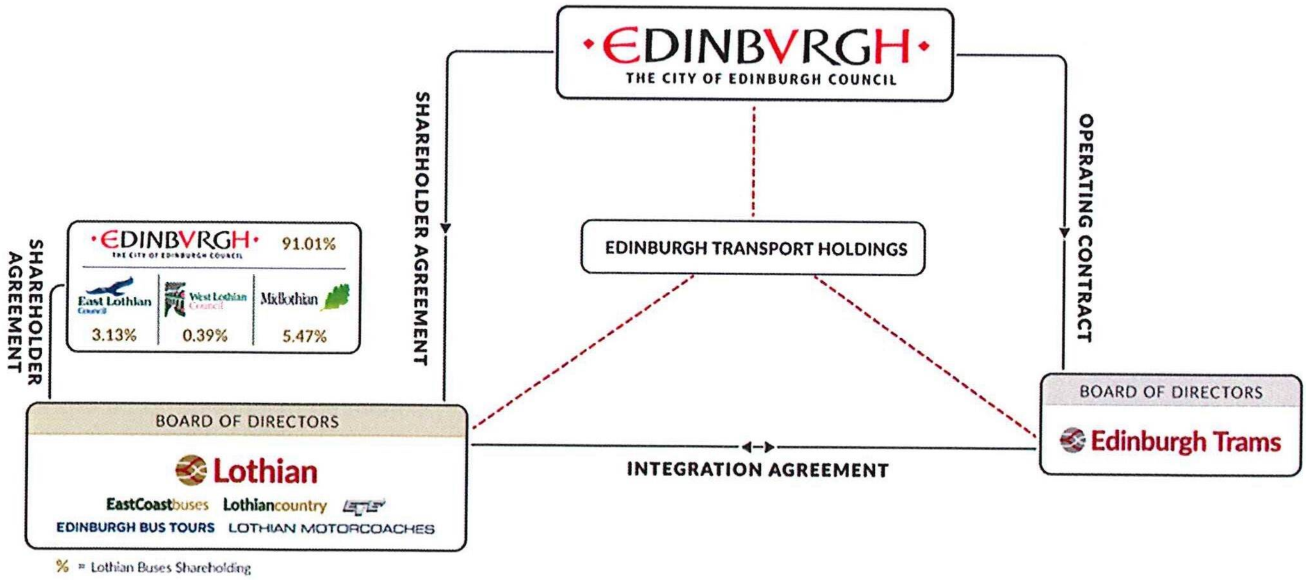
Network Performance & Resilience
Reliable public transport is one of the most visible indicators of a well-managed city. Throughout 2025, network performance and resilience have remained among the top three risks identified in the Risk Registers of both Edinburgh Trams and Lothian Buses. They continue to represent some of the most significant operational challenges in delivering a reliable service for passengers.

A robust approach to network resilience relies on strong coordination across all planned and unplanned events, including roadworks, diversions and traffic signalling. Effective management of these factors leads to faster journeys, smoother connections, and more predictable travel times — all of which support modal shift and contribute to passenger growth.

As part of the three-year Business Strategy referenced below, a series of objectives will be developed to measure progress in strengthening network resilience.

New Governance Structure – Tram / Bus Integration
During this reporting period, the Council's Transport ALEOs have undergone significant review and reform – a process first initiated by CEC in 2020 with the aim of streamlining corporate governance and further integrating the delivery of bus and tram services. This has been a substantial body of work both for the Council and the companies.

The new corporate governance structure was established in November 2025 and is outlined below.



Key changes include:

- Transport for Edinburgh Limited, the Company's immediate parent company, has been renamed as Edinburgh Transport Holdings Limited and is now a shareholding entity only.
- A Tripartite Integration Agreement between CEC, Edinburgh Trams and Lothian Buses has been put in place.
- Sarah Boyd, former Managing Director of Lothian Buses, has been appointed as Chief Executive to oversee Edinburgh Trams and Lothian Buses and lead the process of integration.
- The Boards of Edinburgh Trams and Lothian Buses now have the same Chair and Non-Executive Directors.
- A suite of new constitutional documents has been agreed among the various parties – this includes revised Shareholder Agreements and Company Articles for Lothian Buses Limited.
- The first meeting of a new Shareholder Forum has now taken place, as has the first meeting of a new quarterly update meeting with Unite the Union.

Plans are being developed for the next stages of enhanced integration between Edinburgh Trams and Lothian Buses as set out in the Integration Agreement.

As the workstreams associated with integration progress, a wider 3-year Business Strategy will be developed for 2027-2029.

Future Development

The Edinburgh Trams team are fully committed to ensuring that the expanded network continues to be a success and a system that residents, tourists and our employees will be proud of.

The first half of 2025 saw the introduction of multi modal Account Based Ticketing (ABT), bringing us in line with other operators in the city. The introduction of the tap on tap off system will also enable quicker and easier transactions for customers.

Working in partnership with CEC, in an early operator involvement role, as in the Newhaven extension, the next step for ETL will be reviewing proposals for extending the network including Granton and the South East of the City. It has been noted that this area has the lowest car use in the city, implying that residents rely on public transport and an extended line would complement and enhance the travel needs of both Edinburgh residents and visitors.

Signed on behalf of the Edinburgh Trams Limited Board by:

Sarah Boyd
Chief Executive

Date: 1 April 2026

EDINBURGH TRAMS LIMITED

Directors' Report

For the period ended 27 December 2025

Directors

See note under Directors costs Page 37.

Results and Dividends

The results for the year are set out on page 23.

There were no dividends paid during the financial period (2024: nil).

Financial instruments

The company has disclosed the financial instruments in note 18 of the financial statements.

The company does not have any derivative instruments at 27 December 2025.

Employees and Disabled Employees

The Company ensures that reasonable adjustments are made to minimise any disadvantage encountered by disabled applicants during the recruitment process. Adjustments may include modifications to working arrangements or to the physical features of workplaces, stations, or operational premises, where such measures are reasonable and necessary to accommodate individual needs. These arrangements are designed to ensure that disabled candidates are not placed at a substantial disadvantage in comparison with non-disabled applicants.

The Company also remains committed to fostering an inclusive workplace culture and promoting equal opportunities for all colleagues. To reinforce this commitment, the company continues to operate as a Disability Confident Committed Employer, supporting proactive measures that encourage the recruitment, retention, and development of disabled people in accordance with national best practice.

Responsibilities of the Directors

The directors are responsible for preparing the Strategic report, the directors' report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the company financial statements in accordance with UK adopted international accounting standards and applicable law. 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the UK 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 will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

EDINBURGH TRAMS LIMITED

Directors' Report

For the period ended 27 December 2025

Disclosure of Information to Auditor

We, the directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the Board and signed on its behalf by:

Date: 1 April 2026

Sarah Boyd
Chief Executive

EDINBURGH TRAMS LIMITED

Independent Auditor's Report to the Members of Edinburgh Trams Limited

For the period ended 27 December 2025

Opinion

We have audited the financial statements of Edinburgh Trams Limited (the 'company') for the period ended 27 December 2025 which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 27 December 2025 and of its loss for the period then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements 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 responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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.

Conclusions relating to going concern

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

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 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.

Opinions on other matters 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 the 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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: https://www.frc.org.uk/auditorsresponsibilities.This description forms part of our auditor's report.

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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.

Allison Gibson, Senior Statutory Auditor
For and on behalf of Azets Audit Services
Statutory Auditor
Chartered Accountants
Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Date: 01.04.2026.

EDINBURGH TRAMS LIMITED

Statement of Profit or Loss and Other Comprehensive Income

For the period ended 27 December 2025

	Note	Period to 27 December 2025 £	Period to 28 December 2024 £
Continuing operations			
Revenue		32,918,699	28,815,444
Other income	3	186,749	166,479
Administrative expenses		(40,849,552)	(37,935,616)
Operating loss before interest and income tax expenses	2	(7,744,104)	(8,953,693)
Gain on disposal of property, plant and equipment		2,500	9,000
Finance costs	4	(839,461)	(1,030,150)
Loss before income tax expense		(8,581,065)	(9,974,843)
Income tax expense	5	(705,329)	329,199
Loss for the year		(9,286,394)	(9,645,644)
Attributable to: Equity holders		(9,286,394)	(9,645,644)

There are no other items of comprehensive income or expense in the current period or prior period and therefore no Statement of Comprehensive Income is shown.

The accompanying notes on pages 28 to 48 form part of these financial statements

EDINBURGH TRAMS LIMITED

Statement of Financial Position

As at 27 December 2025

	Note	27/12/2025 £	28/12/2024 £
Non-current assets			
Property, plant and equipment	8	25,565,329	32,978,219
Total non-current assets		25,565,329	32,978,219
Current assets			
Cash and cash equivalents	7	4,376,316	3,808,451
Trade and other receivables	9	8,792,451	8,103,045
Total current assets		13,168,767	11,911,496
Total assets		38,734,096	44,889,715
Equity and liabilities			
Contributed equity	13	66,554,001	56,054,001
Retained earnings	15	(73,535,353)	(64,248,959)
Total equity attributable to owners of the company		(6,981,352)	(8,194,958)
Liabilities			
Non-current liabilities			
Lease liabilities	12	19,755,356	27,579,654
Total non-current liabilities		19,755,356	27,579,654
Current liabilities			
Trade and other payables	10	18,078,328	17,840,568
Lease liabilities	12	7,824,298	7,637,187
Provisions	11	57,466	27,264
Total current liabilities		25,960,092	25,505,019
Total liabilities		45,715,448	53,084,673
Total equity and liabilities		38,734,096	44,889,715

The financial statements were authorised for issue by the Board of Directors on 1 April 2026 and were signed on its behalf by:

Sarah Boyd, Chief Executive

Registered number SC451434

The accompanying notes on pages 28 to 48 form part of these financial statements

EDINBURGH TRAMS LIMITED

Notes to the Financial Statements

For the period ended 27 December 2025

	Note	Share Capital £	Retained Earnings £	Total £
Balance at 30 December 2023		48,054,001	(54,603,315)	(6,549,314)
Issue of share capital		8,000,000	-	8,000,000
Comprehensive income				
Loss for the year		-	(9,645,644)	(9,645,644)
Balance at 28 December 2024		56,054,001	(64,248,959)	(8,194,958)
Issue of share capital	13	10,500,000	-	10,500,000
Comprehensive income				
Loss for the period	15	-	(9,286,394)	(9,286,394)
Balance at 27 December 2025		66,554,001	(73,535,353)	(6,981,352)

	Note	Period to 27 December 2025 £	Period to 28 December 2024 £
Cash flow from operating activities			
Loss for the year		(9,286,394)	(9,645,644)
Adjustments for:			
Depreciation	8	7,434,890	7,460,159
Finance costs	19	862,813	1,045,449
Gain on disposal of property, plant and equipment		(2,500)	(9,000)
Changes in assets and liabilities:			
(Increase)/decrease in receivables and other financial assets		(689,406)	(732,272)
Increase/(decrease) in payables		237,760	578,204
Increase/(decrease) in provisions		30,202	(47,736)
Cash flows from operations		(1,412,635)	(1,350,840)
Income tax (paid)/received		-	-
Net cash flows from operating activities		(1,412,635)	(1,350,840)

Cash flow from investing activities:		
Purchase of property plant and equipment	(22,000)	(23,990)
Proceeds on disposal of property, plant and equipment	2,500	9,000
Net cash flows from investing activities	(19,500)	(14,990)

Cash flow from financing activities			
Issue of share capital	13	10,500,000	8,000,000
Payments of lease liabilities		(8,500,000)	(8,500,000)
Net cash flows from financing activities		2,000,000	(500,000)
Net increase/(decrease) in cash and cash equivalents		567,865	(1,865,830)
Cash and cash equivalents at beginning of period		3,808,451	5,674,281
Cash and cash equivalents at end of period		4,376,316	3,808,451
Bank balances and cash	7	4,376,316	3,808,451

1. Summary of significant accounting policies

General information

Edinburgh Trams Limited is a private limited company incorporated in Scotland. The address of its registered office and principal place of business are disclosed on page 2. The principal activities of the company are described within the Strategic Report. The financial statements are prepared in Sterling, which is the functional currency of the company.

Basis of preparation

These financial statements have been prepared in accordance with UK adopted international accounting standards (UK adopted IAS) and those parts of the Companies Act 2006 that are applicable.

The financial statements have been prepared on the historical cost basis, as modified for the revaluation of certain financial instruments. The principal accounting policies that have been applied consistently by the company to all periods presented in these financial statements are set out below.

The financial year represents the 52 weeks ended 27 December 2025 (prior financial year 52 weeks ended 28 December 2024).

Adoption of new and revised standards

The company has adopted, where applicable, the following new and amended IFRSs as of 27 December 2025:

- Lack of Exchangeability (Amendments to IAS 21). These amendments do not have a significant impact on the entity's Financial Statements and therefore the disclosures have not been made. Minimum disclosures applicable relate to functional currency and presentation currency and are disclosed above.

Guidance in issue but not in force

IAS 8 requires disclosure of guidance in issue but not in force. The minimum disclosure relates to guidance issued by 27 December 2025, and with potential effect.

	Effective for periods beginning on or after
• Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7);	1 January 2026

• Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7);	1 January 2026
• Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
• IFRS 18 Presentation and Disclosure in Financial Statements; and	1 January 2027
• IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
• Amendments to IFRS 19 'Subsidiaries without Public Accountability: Disclosures'	1 January 2027

The Directors have reviewed the requirements of the new standards and interpretations listed above and they are either not applicable or not expected to have a material impact on the company's financial statements in the period of initial application.

1. Summary of significant accounting policies (continued)

a. Going concern

The Directors are of the opinion that the company has adequate resources to enable it to undertake its planned activities for a period of at least one year from the date that the financial statements are approved.

The Board can give assurance with regards to ETL remaining a "Going Concern" in respect of the operational business aspect of ETL.

ETL became the Operator and Maintainer of the Edinburgh tram system. CEC will continue to provide sufficient cash to meet all of ETL costs and have issued a letter of comfort giving assurance on this matter.

b. Current and deferred income tax

The charge for income tax expense for the year is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the Statement of Financial Position date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future profits will be available against which deductible temporary differences can be utilised. The amount of benefit brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

1. Summary of significant accounting policies (continued)

c. Motor Vehicles and Plant & Equipment

Motor vehicles and plant & equipment is carried at cost less, where applicable, any accumulated depreciation.

The carrying amount of motor vehicles and plant & equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation

Motor vehicles and plant & equipment are depreciated on a straight line basis over their estimated useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of fixed asset	Depreciation rate
Motor vehicles	4 years
Plant and equipment	3 – 10 years

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

1. Summary of significant accounting policies (continued)

d. Impairment

The carrying value of all assets are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

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

Impairment exists when the carrying value of the asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

e. Leases

As a lessee

For any new contracts entered into, the company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the company;
- the company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the company has the right to direct the use of the identified asset throughout the period of use. The company will assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the company recognises a right-of-use asset and a lease liability on the Statement of Financial Position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets have been depreciated over the duration of the least term, which is 10.42 years. The company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if thatrate is readily available or the company's incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. It is remeasured to reflect any reassessment or modification, or if there are changes in in- substance fixed payments.

1. Summary of significant accounting policies (continued)

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the Statement of Financial Position, right-of-use assets have been included in property, plant and equipment and lease liabilities is split between non-current liabilities and current liabilities.

f. Employee entitlements

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to the balance sheet date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled within one year have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at an amount that is considered to approximate the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the economic entity to employee pension funds and are charged as expenses when incurred.

g. Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions and is net of bank overdrafts.

h. Revenue and other income

Revenue is derived principally from the provision of transport services in the United Kingdom. Revenue is recognised upon the delivery of the service to the customer with reference to the stage of completion of travel provided under contractual terms and when relevant shown net of refunds. The majority of revenue is generated from cash fares received from customers at the point of travel when the revenue is recognised.

All revenue recognised from the provision of transport services is based on pre-determined ticket/service prices which are publicly available at www.edinburghtrams.co.uk

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of value added tax (VAT).

i. Government grants

Grants from government bodies and similar organisations are recognised where there is reasonable assurance that the grant will be received and the company will comply 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 they are intended to compensate. No support was received in 2024 and 2025.

1. Summary of significant accounting policies (continued)

j. Value added tax

Revenues, expenses, assets and liabilities are recognised net of the amount of value added tax (VAT), except:

i. where the amount of VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables, which are recognised inclusive of VAT.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

k. 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 at cost.

l. Employee benefits

The company contributes to a money purchase scheme for employees, managed by Scottish Widows. Contributions to the scheme are charged to the statement of comprehensive income as they arise. Other schemes e.g. Cycle to Work and Kiddie Vouchers are operated under the HMRC guidelines.

m. Critical accounting judgements and key sources of estimation uncertainty

In applying the company's accounting policies, management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying 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.

The critical judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Critical judgement

As detailed in note 11, the company has provided for claims where it is considered more likely than not that the company will be required to settle such claims.

1. Summary of significant accounting policies (continued)

Key sources of estimation uncertainty

Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to an impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

n. Financial instruments

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets

The company classifies its financial assets in the following category: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets are subsequently classified into the following specified categories:
- financial assets at fair value through profit or loss, including held for trading;
- fair value through other comprehensive income; or
- amortised cost.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss ("FVTPL") or financial liabilities at amortised cost, which are measured using the effective interest method. At present the company does not have any financial liabilities at FVTPL.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Recognition and measurement

Loans and receivables are subsequently carried at amortised cost.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

o. Share capital

Ordinary shares are classified as equity.

1. Summary of significant accounting policies (continued)

p. Finance Costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

q. Trade and other receivables

Trade receivables are obligations to receive payment for goods or services that have been sold in the ordinary course of business to customers. Accounts receivable are classed as current debtors if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are classed as non-current assets. Trade receivables are recognised net of a provision for bad or doubtful debts (if applicable).

IFRS 9 requires an expected credit loss ("ECL") model which requires the company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. The main financial asset that is subject to the expected credit loss model is trade receivables, which consist of billed receivables arising from contracts.

Given the nature of the receivables we have considered the ECL to not be applicable.

r. Dividends

Dividends are recognised when declared during the financial year.

s. Current and non-current classification

Assets and liabilities are presented in the Statement of Financial Position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at the least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

2. Loss on ordinary activities

	Period to 27 December 2025 £	Period to 28 December 2024 £
The loss is stated after charging		
Auditor's remuneration:		
Audit services	41,125	35,875
Non-audit services	5,100	6,330
Infrastructure maintenance	7,439,815	6,753,687
Depreciation and other amounts written off tangible fixed assets:		
Owned	31,050	56,319
Right-of-use assets	7,403,840	7,403,840

3. Other income

	Period to 27 December 2025 £	Period to 28 December 2024 £
Other sundry income	186,749	166,479
	186,749	166,479

4. Finance Costs

	Period to 27 December 2025 £	Period to 28 December 2024 £
Lease charges	839,461	1,030,150

5. Income tax

	Period to 27 December 2025 £	Period to 28 December 2024 £
Current tax:		
Group relief receivable	-	-
Adjustment in respect of prior periods	705,329	(329,199)
Tax on (loss) for the period	705,329	(329,199)

The effective tax rate for the period ended 27 December 2025 is calculated at 25% (2024: 25%) of the estimated assessable (loss)/profit for the year.

The company has trade losses carried forward of £47,540,634 (2024: £38,939,864) which has prudently not been recognised in the accounts.

5. Income tax (continued)

The charge for the period can be reconciled to the (loss)/profit per the income statement as follows:

	Period to 27 December 2025 £	Period to 28 December 2024 £
Loss for the period before taxation	(8,581,065)	(9,974,843)
Tax on (loss)/profit for the period at the effective rate of 25% (2024 – 25%)	(2,145,266)	(2,493,711)
Effects of:		
Expenses not deductible for tax purposes	-	1,527
Other differences	479	290
Adjustments in respect of prior periods	705,329	(329,199)
Additional deduction for land remediation expenditure	(79)	-
Deferred tax not recognised	2,144,866	2,491,894
Tax charge/(credit) for the year	705,329	(329,199)

6. Employee benefits expense

The average monthly number of persons (including directors) employed by the company during the period was:

	Period to 27 December 2025 Number	Period to 28 December 2024 Number
Admin and support	311	294
Events staff	36	33
	347	327

The aggregate payroll costs of these persons were as follows:	Period to 27 December 2025 £	Period to 28 December 2024 £
Wages and salaries	11,384,789	10,304,084
Social security costs	1,429,759	1,004,917
Other pension costs	679,218	537,955
	13,493,766	11,846,956

6. Employee benefits expense (continued)

Directors' remuneration costs disclosed below exclude employer's national insurance costs of £63,422 (2024: £25,441). Employer's national insurance costs in respect of the highest paid director totalled £62,302 (2024: £24,943).

Directors renumeration for the period to 27 December 2025 in respect of the highest paid Director includes an amount of £327,713 in respect of compensation for loss of office (2024:£nil), approved in August 2025.

The directors of Edinburgh Trams Limited are also considered to be the company's key management personnel.

Four directors (2024:five) were paid through Edinburgh Trams

Directors' remuneration:

	Period to 27 December 2025 £	Period to 28 December 2024 £
Aggregate emoluments and benefits	485,885	208,935
Aggregate pension contributions	97,592	34,208
	583,477	243,143
Highest paid director's emoluments and benefits	460,445	182,265
Pension contributions	97,592	34,208
	558,037	216,473

7. Cash and Cash Equivalents

	27/12/2025 £	28/12/2024 £
Cash at bank and in hand	4,376,316	3,808,451

8. Property, plant and equipment

	Right-of-use Passenger Vehicles and Related Infrastructure	Motor Vehicles	Plant & Equipment	Total
Cost or valuation	£	£	£	£
At 28 December 2024	77,353,861	118,456	543,693	78,016,010
Additions	-	22,000	-	22,000
Disposals	-	(15,995)	-	(15,995)
At 27 December 2025	77,353,861	124,461	543,693	78,022,015
Accumulated depreciation				
At 28 December 2024	(44,423,042)	(75,017)	(539,732)	(45,037,791)
Charge for period	(7,403,840)	(27,089)	(3,961)	(7,434,890)
Disposals	-	15,995	-	15,995
At 27 December 2025	(51,826,882)	(86,111)	(543,693)	(52,456,686)
Net book value at 27 December 2025	25,526,979	38,350	-	25,565,329

	Right-of-use Passenger Vehicles and Related Infrastructure	Motor Vehicles	Plant & Equipment	Total
Cost or valuation	£	£	£	£
At 30 December 2023	77,353,861	117,634	543,693	78,015,188
Additions	-	23,990	-	23,990
Disposals	-	(23,168)	-	(23,168)
At 28 December 2024	77,353,861	118,456	543,693	78,016,010
Accumulated depreciation				
At 30 December 2023	(37,019,202)	(67,704)	(513,894)	(37,600,800)
Charge for period	(7,403,840)	(30,481)	(25,838)	(7,460,159)
Disposals	-	23,168	-	23,168
At 28 December 2024	(44,423,042)	(75,017)	(539,732)	(45,037,791)
Net book value at 28 December 2024	32,930,819	43,439	3,961	32,978,219

9. Trade and other receivables

	27/12/2025	28/12/2024
	£	£
Trade receivables	362,244	211,208
Other receivables	83,057	242,684
Prepayments and accrued income	634,754	600,633
VAT recoverable	2,153,273	2,272,162
Amounts owed by group undertakings	5,482,197	4,446,375
Corporation tax recoverable	76,926	329,983
	8,792,451	8,103,045

Analysed as:

	27/12/2025	28/12/2024
	£	£
Current	8,792,451	8,103,045
	8,792,451	8,103,045

The company considers the fair value of receivables to be in line with carrying values.

10. Trade and other payables

	27/12/2025	28/12/2024
	£	£
Trade and other payables	938,143	1,095,502
Taxation and social security	325,750	278,124
Accruals and deferred income	2,240,434	1,557,683
Amounts owed to group undertakings	14,574,001	14,909,259
	18,078,328	17,840,568

Current liabilities aged as:

	27/12/2025	28/12/2024
	£	£
Less than three months	18,078,328	17,840,568

The company considers the fair value of payables to be in line with carrying values.

11. Provisions

	27/12/2025 £	28/12/2024 £
Insurance claims		
At the beginning of the period	(71,880)	50,000
Charge for the period	70,791	120,993
Paid during the period	(40,589)	(242,873)
At the end of period	(41,678)	(71,880)

	27/12/2025 £	28/12/2024 £
Legal claims		
At the beginning of the period	25,000	25,000
Charge for the period	-	-
Released during the period	-	-
Paid during the period	-	-
At the end of period	25,000	25,000

	27/12/25 £	28/12/24 £
ETYN Provision		
At the beginning of the period	74,144	-
Charge for the period	-	74,144
Released during the period	-	-
Paid during the period	-	-
At the end of period	74,144	74,144
Total provisions	57,466	27,264

Insurance claims

Edinburgh Trams Limited's insurance liability exposure is limited to £120,000 in any given calendar year.

Under the terms of the Operating Agreement between CEC and Edinburgh Trams Limited, the latter is required to reimburse the former up to a maximum of £120,000 per annum in respect of claims within all policy excesses. This will include any claims for injury to cyclists where the cause of the injury is a result of negligence on the part of Edinburgh Trams Limited only.

Legal claims

Settlement of any legal claims or such like out with insurance is dependent on negotiation and potentially, litigation with third parties, the time frame of which is not known at this stage of reporting. Further disclosure has not been included within the financial statements as it is considered that this may prejudice the position of Edinburgh Trams Limited.

12. Lease Liabilities

As a lessee

The company has a lease for the use of the trams and related infrastructure with The City of Edinburgh Council. The lease will run until the 31 May 2029 with an option to renew the lease after that date. Lease payments are renegotiated every five years. The lease restricts the company from entering into any sub-lease agreements.

Information about leases for which the company is a lessee is presented below.

i. Right-of-use assets

The company classifies its right-of-use assets in a consistent manner to property, plant and equipment. Further information regarding right-of-use assets can be found in note 8.

ii. Lease liabilities

Lease liabilities included in the Statement of Financial Position at 27 December 2025 are analysed as follows:

	27/12/2025	28/12/2024
	£	£
Current	7,824,298	7,637,187
Non-current	19,755,356	27,579,654
	27,579,654	35,216,841

The lease liability is secured on the related underlying assets. The undiscounted maturity analysis of the lease liability as at 27 December 2025 is as follows:

	27/12/2025	28/12/2024
	£	£
Within one year	8,500,000	8,500,000
Between two and five years	20,563,014	29,063,014
More than five years	-	-
Total undiscounted liabilities period end	29,063,014	37,563,014

For interest expense in relation to leasing liabilities, refer to finance costs (note 4).

Total cash outflows in respect of leasing liabilities in the year to 27 December 2025 is £8,500,000.

The company has elected not to recognise right-of-use assets and lease liabilities for leases that are short-term and/or leases of low-value items. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The expense payment of these leases is £5,026 (2024: £1,802).

13. Share capital

Allotted, called up and fully paid	**Ordinary shares of £1 each**
	£
At 30 December 2023	48,054,001
Issue of share capital	8,000,000
At 28 December 2024	56,054,001
Issue of share capital	10,500,000
At 27 December 2025	66,554,001

14. Pension – defined contribution

As explained in the accounting policies, employees of the company can participate in a pension scheme which is managed by Scottish Widows. This is a defined contribution scheme.

The charge to the Profit and Loss Account represents the contributions payable relating to the accounting period. Pension payments are now settled at the start of the month as opposed to 19th of month to maximise investment benefits for all staff included in the scheme.

	£
Contributions to Scottish Widows Pension charged to the profit and loss account	619,083
Amount outstanding at the balance sheet date	-

15. Reserves

	Retained Earnings
	£
At 30 December 2023	(54,603,315)
Loss for the period	(9,645,644)
At 28 December 2024	(64,248,959)
Loss for the period	(9,286,394)
At 27 December 2025	(73,535,353)

16. Ultimate parent undertaking

Edinburgh Trams Limited is a wholly owned subsidiary company of Edinburgh Transport Holdings Limited (Formerly known as Transport for Edinburgh Limited). By virtue of its controlling interest in the parent's equity capital, The City of Edinburgh Council is the ultimate controlling party. Group accounts are available to the public from the Director of Finance, Waverley Court, Edinburgh EH8 8BG.

17. Related parties

The following transactions were carried out with related parties:

		27/12/2025 £	28/12/2024 £
a)	Reimbursement of expenses incurred:		
	City of Edinburgh Council (ultimate parent)	6,045,637	5,728,970
b)	Sale of goods and services:		
	Lothian Buses Limited (fellow subsidiary)	-	10,355
c)	Purchases of goods and services:		
	City of Edinburgh Council (ultimate parent)	18,468,013	16,660,800
	Edinburgh Transport Holdings Limited (parent)	-	39,031
	Lothian Buses Limited (fellow subsidiary)	370,613	108,969
	UK TRAM Limited (director in common)	-	33,900
d)	Year end balances arising from purchase/sales of goods and services:		
	Receivables:		
	City of Edinburgh Council (ultimate parent)	5,018,375	4,227,248
	Lothian Buses Limited (fellow subsidiary)	463,822	219,127
	Edinburgh Bus Tours (fellow subsidiary)	-	-
	Edinburgh International Conference Centre Limited (related company)	-	305,672
	LPFI Limited (related company)	-	23,532
	Payables:		
	Lothian Buses Limited (fellow subsidiary)	55,344	12,136
	City of Edinburgh Council (ultimate parent)	14,518,657	14,850,285
	Edinburgh Transport Holdings Limited (parent)	-	46,838
e)	Issue of share capital:		
	Edinburgh Transport Holdings Limited (parent)	10,500,000	8,000,000

All transactions are conducted on an arm's length basis.

18. Financial risk management

Financial instruments consist mainly of deposits with banks, short-term investments, lease obligations and accounts receivable and payable. Financial instruments do not include prepayments, VAT recoverable, taxation and social security.

The main purpose of non-derivative financial instruments is in respect to the company's trading activities and to raise finance for company operations. The company does not have any derivative instruments at 27 December 2025.

The totals for each category of financial instruments, measured in accordance with IFRS 9 as detailed in the accounting policies to these financial statements, are as follows:

		27/12/2025	28/12/2024
		£	£
Financial assets			
Cash and cash equivalents	7	4,376,316	3,808,451
Trade and other receivables	9	6,161,152	5,179,359
Total financial assets		10,537,467	8,987,810
Current financial liabilities			
Trade and other payables	10	17,752,578	17,562,444
Lease liabilities	12	7,824,298	7,637,187
Provisions	11	57,466	27,264
Non-current financial liabilities			
Lease liabilities	12	19,755,356	27,579,654
Total financial liabilities		45,389,698	52,806,549

Financial risk management policies

The company's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Regular management meetings and production of internal financial reports ensure any risk factors that arise are addressed at the earliest opportunity.

Financial risk exposures and management

The main risks that the company are exposed to through its financial instruments are credit risk, liquidity risk and market risk. These are managed as follows:

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance sheet date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

Credit risk is managed on a company basis and reviewed regularly by senior management. It arises from exposures to customers.

18. Financial risk management (continued)

a. Credit risk (continued)

Senior management monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and institutions with an acceptable credit rating are utilised;
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet Edinburgh Trams Limited strict credit policies may only purchase in cash or using recognised credit cards.

The credit risk for all counter parties included in trade and other receivables at 27 December 2025 is not rated.

b. Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities; and
- ensuring that adequate unutilised borrowing facilities are maintained.
- Payment settlement in place with main creditor i.e. CEC

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows as presented in the table (to settle financial liabilities) reflects the earliest contractual settlement dates.

		Within 1 Year 2025	1 to 5 Years 2025	Total 2025
Financial liabilities due for payment				
Trade and other payables	10	(18,078,328)	-	(18,078,328)
Lease obligations	12	(7,824,298)	(19,755,356)	(27,579,654)
Provisions	11	(57,466)	-	(57,466)
Total expected outflows		(25,960,092)	(19,755,356)	(45,715,448)
Financial assets – cash flows realisable				
Cash and cash equivalents	7	4,376,316	-	4,376,316
Trade, term and loan receivables	9	8,792,451	-	8,792,451
Total anticipated inflows		13,168,767	-	13,168,767
Net outflow of financial instruments		(12,791,325)	(19,755,356)	(32,546,681)

18. Financial risk management (continued)

b. Liquidity risk (continued)

		Within 1 Year 2024	1 to 5 Years 2024	Total 2024
Financial liabilities due for payment				
Trade and other payables	10	(17,840,568)	-	(17,840,568)
Lease obligations	12	(7,637,187)	(27,579,654)	(35,216,841)
Provisions	11	(27,264)	-	(27,264)
Total expected outflows		(25,505,019)	(27,579,654)	(53,084,673)
Financial assets – cash flows realisable				
Cash and cash equivalents	7	3,808,451	-	3,808,451
Trade, term and loan receivables	9	8,103,045	-	8,103,045
Total anticipated inflows		11,911,496	-	11,911,496
Net outflow of financial instruments		(13,593,523)	(27,579,654)	(41,173,177)

c. Market risk

The overall objective of the company is to secure shareholder value through the effective management and deployment of tram assets over the long term. Key market variables which affect this outcome include; passenger numbers, traction costs and inflation, along with general macro-economic factors.

19. Movements in liabilities arising from financing activities

The changes in the company's liabilities arising from financing activities can be classified as follows:

	Current lease liabilities £	Non-current lease liabilities £	Total £
28 December 2024	7,637,187	27,579,654	35,216,841
Cash-flows			
Repayment of lease liabilities	(8,500,000)	-	(8,500,000)
Non-cash			
Interest on lease liabilities	862,813	-	862,813
Reclassification	7,824,298	(7,824,298)	-
27 December 2025	7,824,298	19,755,356	27,579,654

19. Movements in liabilities arising from financing activities (continued)

	Current lease liabilities £	Non-current lease liabilities £	Total £
30 December 2023	7,454,551	35,216,841	42,671,392
Cash-flows			
Repayment of lease liabilities	(8,500,000)	-	(8,500,000)
Non-cash			
Interest on lease liabilities	1,045,449	-	1,045,449
Reclassification	7,637,187	(7,637,187)	-
28 December 2024	7,637,187	27,579,654	35,216,841

20. Other commitments

There are no contingent assets or liabilities as at 27 December 2025 (2024: nil).

21. Post balance sheet events

On 24th March 2026 a payment of £8,500,000 was received from Edinburgh Transport Holdings Limited in respect of the purchase of B Shares in Edinburgh Trams Limited.