

Heathrow Express Operating Company Limited
Annual report and financial statements
for the year ended 31 December 2025

Heathrow Express Operating Company Limited

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Heathrow Express Operating Company Limited

Company information

Directors

Ross Baker

Phillip Bearpark

Sophie Chapman

Aoife Considine

Michael Hodson Resigned 31 December 2025

Jess Kirbell

Justin Skinner Appointed 1 January 2026

Company registration number

03145133

Registered office

The Compass Centre

Nelson Road

Hounslow

Middlesex

TW6 2GW

Independent auditors

PricewaterhouseCoopers LLP

40 Clarendon Road

Watford

Hertfordshire

WD17 1JJ

Heathrow Express Operating Company Limited

Strategic report

The Directors of Heathrow Express Operating Company Limited (the 'Company') present their strategic report for the year ended 31 December 2025.

Principal activities

The principal activity of the Company is to operate the rail service between Heathrow Airport and Paddington station, London, together with earning finance income on amounts owed by group undertakings. The Company also acts as an Obligor, guaranteeing the obligations of Heathrow Airport Limited, Heathrow (SP) Limited, Heathrow (AH) Limited and itself (together, the 'Obligors') under various financing agreements, including security granted to Deutsche Trustee Company Limited in its capacity as 'Borrower Security Trustee' and as trustee for the Borrower Secured Creditors. The Company is a wholly owned subsidiary of Heathrow Airport Limited and forms part of the Heathrow Airport Holdings Limited Group (the 'HAHL Group').

There were no significant changes to the activities of the Company in the year. The Company will continue to operate the Heathrow Express rail service under the current Track Access Agreement with Network Rail which runs until 2028. Discussions are currently being held with regards to the renewal of the agreement.

Business review

During the year ended 31 December 2025 the Heathrow Express service carried a total of 4.5 million passengers, 2.3% above 2024 (2024: 4.4 million passengers). Fare revenues also increased by 1.0% to £87.8 million (2024: £86.8 million), reflecting stable performance. Other income decreased to £5.5 million (2024: £7.8 million) due mainly to lower compensation from HS2 engineering works. Revenue from the provision of rail services to Heathrow Airport remained consistent at £2.1 million (2024: £2.1 million).

Operating profit margin decreased by 6.5% to 0.9% (2024: 7.4%). Given that revenue performance was relatively stable, this reduction was mainly driven by an increase in operating costs, including higher operational expenditure from increased inflationary cost pressures, increased intra-group rail separation charges, and higher depreciation and amortisation from the 2024 additions.

The financial statements for the year ended 31 December 2025 show a profit of £4.6 million (2024: £9.9 million). The Company's net assets as at 31 December 2025 were £29.3 million (2024: £130.6 million) decreasing primarily due to the dividend declared during the year.

In 2025, transactions occurred to manage intercompany balances as part of the HAHL Group's corporate simplification project. Amounts owed by LHR Airports Limited, the Company's intermediate parent, were settled in cash. The Company completed a concurrent bonus issue and capital reduction. A bonus issue of 92,551,541 ordinary shares at £1.00 each from retained earnings was subsequently converted into distributable reserves through a capital reduction, as well as £38.0 million of share premium. Subsequently, dividends of £105.8 million were declared to Heathrow Airport Limited, the Company's parent undertaking, to settle amounts owed by Heathrow Airport Limited.

Key performance indicators

In addition to those mentioned above, other key performance indicators are as follows:

- Operational punctuality: Heathrow Express operational performance increased with punctuality at 89.1% (2024: 88.5%). This increase is driven by Network Rail completing engineering works that focussed on improving asset reliability and performance. The punctuality metric has been updated to the industry-standard T-3 (Time to 3), which measures trains arriving within 0–3 minutes of schedule (excluding cancellations).
- Profit before tax: In 2025, profit before tax was £7.1 million, a 49.3% decrease on 2024 (2024: £14.0 million) due mainly to a decrease in other income and increased operating costs.
- Operating costs: In 2025, operating costs were £94.6 million, a 5.6% increase on 2024 (2024: £89.6 million) due to higher operational expenditure, increased intra-group charges, and higher depreciation and amortisation as mentioned above.

Principal risks and uncertainties

As a company within the HAHL Group, the principal risks and uncertainties of the Company are integrated with the principal risks of the HAHL Group and are not managed separately. The principal risks and uncertainties of the HAHL Group, along with their key controls and mitigations and details of the risk management approach of the Group, are discussed on pages 30 to 37 of the annual report and financial statements of Heathrow Airport Holdings Limited for the year ended 31 December 2025.

Heathrow Express Operating Company Limited

Strategic report *continued*

Operational risks

The primary operational risks faced by the Company are:

- Track Access Agreement: The Company's current Track Access Agreement with Network Rail runs until 2028 and discussions are currently being held with regards to the renewal of the agreement.
- Great Western Railway ('GWR') Agreement: The current fleet used by the Company have been provided, and are managed, by GWR under a leasing agreement that runs to 2028. As such, the Company is susceptible to the operational and business risk of GWR. In 2026, GWR will be brought under Public Ownership under the Passenger Railway Services (Public Ownership) Act 2024.
- Infrastructure management: The route to Paddington involves passing through tracks that are managed in part by Heathrow Rail, and in part by Network Rail. As such, the punctuality and reliability of service could be directly impacted by the operational and business risk of both infrastructure managers.
- Industrial action: The Company is susceptible to trade union action of both its frontline staff and GWR train drivers, which can disrupt the level of service provided.
- Infrastructure: Train cancellations due to engineering works, track faults, weather, and other factors, can significantly impact service levels.
- Competition: The Company faces continued competition from the Elizabeth Line which runs along the same track.

Financial risks

Details of the financial risk management objectives and policies, hedging policies and exposure to financial risks for the HAHL Group can be found in the accounting policies and note 18 of the annual report and financial statements of Heathrow Airport Holdings Limited for the year ended 31 December 2025.

The primary financial risks faced by the Company are:

- a. Interest rates
The Company has interest-bearing amounts owed from group undertakings. The HAHL Group maintains a mix of fixed and floating rate debt. Interest rate swaps are entered by the Group to mitigate to interest rate risk for the Group.
- b. Liquidity and counterparty credit
The Company's financial assets and liabilities predominantly comprise of amounts owed from and to group undertakings. The HAHL Group expects to have sufficient liquidity to meet all its obligations in full, including capital investment, debt service costs, debt maturities and distributions, for at least 12 months from the approved date of these financial statements. As at 31 December 2025, the HAHL Group had cash and cash equivalents and term deposits of £1,365 million.

Section 172 (1) statement

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing so, they must have regard to the range of factors set out in section 172(1)(a) – (f) in the Companies Act 2006.

In discharging our section 172 duty we, the Directors have regard to the factors listed in the Companies Act 2006 and any other matters relevant to the decision at hand. We recognise that outcomes will not always benefit every stakeholder equally. By applying the Company's purpose, values and strategic foundations in a consistent decision-making process (see Strategic Framework on page 12 of the annual report and financial statements of Heathrow Airport Holdings Limited for the year ended 31 December 2025), we seek to ensure decisions are balanced, evidence-based and predictable. In reaching decisions, the Directors considered: (a) the likely long-term consequences; (b) the interests of employees; (c) relationships with suppliers, customers and others; (d) the impact on the community and the environment; (e) the desirability of maintaining a reputation for high standards of business conduct; and (f) the need to act fairly between members of the Company.

As is typical for large companies, we delegate authority for the day-to-day management of the Company to the Executive Committee and then engage management in setting, approving and overseeing execution of the business strategy and related policies. The corporate governance structure and group policies are set by the HAHL Board. Group policies set by the HAHL Board are communicated to all group companies and we ensure that, when we are applying these group policies, we have due regard to our fiduciary duties and responsibilities as Directors of the Company. The HAHL Board also reviews health and safety, financial and operational performance, legal and regulatory compliance, business strategy, key risks, stakeholder-related matters, diversity and inclusivity, environmental matters and corporate responsibility.

The Directors of the Company include a member of the Executive Committee, which enables the dissemination of core information about the business of the HAHL Group.

Heathrow Express Operating Company Limited

Strategic report *continued*

Section 172 (1) statement *continued*

The Company's key stakeholders are its passengers, colleagues, suppliers and commercial partner organisations. The Group's key stakeholders are its passengers, communities and the environment, Team Heathrow colleagues, airlines, investors, suppliers and commercial partner organisations, regulators and government. The views of, and the impact of the Company's activities on, those stakeholders are an important consideration for the Directors when making relevant decisions. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups on certain issues, the size and spread of both our stakeholders and the HAHL Group means that generally our stakeholder engagement takes place best at an operational or HAHL Group level. We find that, as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details of some of the engagement that takes place at an operational or HAHL Group level with stakeholders, so as to encourage the Directors to understand the issues to which they must have regard, please see the HAHL stakeholder engagement table starting on page 67 of the annual report and financial statements of Heathrow Airport Holdings Limited for the year ended 31 December 2025.

During the period we received information to help us understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats, including in reports and presentations on our financial and operational performance, non-financial KPIs, risk, environmental, social and corporate governance ('ESG') matters, and the outcomes of specific pieces of engagement, for example, the results of customer and supplier surveys and focus groups. As a result of this we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of the stakeholders' concerns and to comply with our section 172 duty to promote the success of the Company.

In 2025, the Directors of the Company recommended dividend payments to Heathrow Airport Limited totalling £105.8 million as part of the HAHL Group's corporate simplification project and in support of strong corporate governance. As part of the same simplification project, the Directors of the Company also approved a concurrent bonus issue and capital reduction. A bonus issue of 92,551,541 ordinary shares at £1.00 each from retained earnings was subsequently converted into distributable reserves through a capital reduction, as well as £38.0 million of share premium. In making the decision we considered a range of factors. These include the long-term viability of the Company, its expected cash flow and financing requirements, the strength of the Company's balance sheet and the ongoing need for the business to support the safe and efficient operations over the long term.

Heathrow Express Operating Company Limited

Directors' report

The Directors present their annual report and the audited financial statements for the Company for the year ended 31 December 2025.

Results and dividends

The results and dividends for the year are included in the business review in the strategic report on page 2.

Future developments

The Company will continue to operate the Heathrow Express rail service under the current Track Access Agreement with Network Rail which runs until 2028. Discussions are currently being held with regards to the renewal of the agreement.

Directors

The Directors who served during the year and since the year end, except where noted, were as follows:

Ross Baker	
Phillip Bearpark	
Sophie Chapman	
Aoife Considine	
Michael Hodson	Resigned 31 December 2025
Jess Kirbell	
Justin Skinner	Appointed 1 January 2026

Company secretary

Pursuant to section 270 of the Companies Act 2006, a private company registered within England and Wales is not required to have a company secretary.

Going concern

The financial statements have been prepared on a going concern basis as detailed in the going concern statement on page 14.

Employment policies and employee engagement statement

As a company within the HAHL Group, employment policies and employee engagement are integrated with the that of the HAHL Group and not managed separately. Details of the employment policies and how the HAHL Board has engaged with employees can be found in the annual report and financial statements of Heathrow Airport Holdings Limited for the year ended 31 December 2025, on pages 107 and 68 respectively.

Stakeholder engagement statement

As an operating company within the HAHL Group, stakeholder engagement is integrated with the that of the HAHL Group and not managed separately. Details of how the HAHL Board have engaged with suppliers, customers and other stakeholders and the principal decisions made can be found in the annual report and financial statements of Heathrow Airport Holdings Limited for the year ended 31 December 2025 within the section 172 (1) statement.

Financial risks

Financial risks are included in the strategic report on page 3.

Subsequent events

Subsequent events are disclosed in note 15.

Directors' indemnity

The Company's Articles of Association provide that, subject to the provisions of the Companies Act 2006, but without prejudice to any protection from liability which might otherwise apply, every Director of the Company shall be indemnified out of the assets of the Company against any loss or liability incurred by them in defending any proceedings in which judgement is given in their favour, or in which they are acquitted or in connection with any application in which relief is granted to them by the court for any negligence, default, breach of duty or breach of trust by them in relation to the Company or otherwise in connection with their duties or powers or office. This indemnity also applies to the Directors who are Directors of other companies within the Group. The third-party indemnity provisions (which are qualifying third-party indemnity under the Companies Act 2006) are in place during the 2025 financial year and at the date of approving the financial statements and reports.

Heathrow Express Operating Company Limited

Directors' report *continued*

Auditors

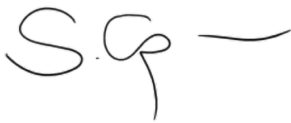
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed within the period set out in section 485 of the Companies Act 2006.

Statement of disclosure of information to the Auditors

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware.
- The Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The strategic report and Directors' report were approved and authorised by the Board and were issued on behalf of the Board by:

A handwritten signature in black ink, appearing to read 'S. Chapman', followed by a horizontal line.

Sophie Chapman

Director

24 August 2026

Company registration number: 03145133

Heathrow Express Operating Company Limited

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- State whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements.
- Make judgements and accounting estimates that are reasonable and prudent.
- 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

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



Sophie Chapman

Director

24 August 2026

Independent auditors' report to the members of Heathrow Express Operating Company Limited

Report on the audit of the financial statements

Opinion

In our opinion, Heathrow Express Operating Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise:

- the statement of financial position as at 31 December 2025;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the accounting policies; the significant accounting judgements and estimates;
- the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Heathrow Express Operating Company Limited

Independent auditors' report to the members of Heathrow Express Operating Company Limited *continued*

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Heathrow Express Operating Company Limited

Independent auditors' report to the members of Heathrow Express Operating Company Limited *continued*

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, UK tax legislation, UK railways regulations and Heathrow Airport's continued access to its CAA operating license, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- Enquiring of management and those charged with governance regarding actual or potential litigations, claims, instances of non-compliance with laws and regulations;
- Reading the Board minutes to identify any issues which could indicate non-compliance with laws and regulations;
- Identifying and testing journal entries, in particular certain journal entries posted with unusual account combinations; and
- Incorporating elements of unpredictability in our audit approach.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Anika Tabassum (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
24 August 2026

Heathrow Express Operating Company Limited

Statement of comprehensive income for the year ended 31 December 2025

		Year ended 31 December 2025	Year ended 31 December 2024
	<i>Note</i>	£'000	£'000
Revenue	1	95,448	96,698
Operating costs	2	(94,558)	(89,579)
Operating profit		890	7,119
Finance income	3	6,218	6,909
Profit before tax		7,108	14,028
Taxation charge	4	(2,524)	(4,153)
Profit for the year		4,584	9,875
Total comprehensive income for the year		4,584	9,875

The notes on pages 14 to 26 form part of these financial statements.

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

Heathrow Express Operating Company Limited

Statement of financial position as at 31 December 2025

	Note	31 December 2025 £'000	31 December 2024 £'000
Assets			
Non-current assets			
Property, plant and equipment	5	3,867	4,615
Intangible assets	6	7,824	9,652
Deferred income tax assets	7	-	14,211
		11,691	28,478
Current assets			
Trade and other receivables	8	22,724	110,550
Cash and cash equivalents	9	2,863	1,048
		25,587	111,598
Total assets		37,278	140,076
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	7	(273)	-
Trade and other payables	10	(1)	(1)
		(274)	(1)
Current liabilities			
Trade and other payables	10	(6,445)	(8,538)
Current income tax liabilities		(1,229)	(986)
		(7,674)	(9,524)
Total liabilities		(7,948)	(9,525)
Net assets		29,330	130,551
Equity			
Capital and reserves			
Share capital	11	-	-
Share premium	11	-	38,000
Retained earnings		29,330	92,551
Total equity		29,330	130,551

The notes on pages 14 to 26 form part of these financial statements.

These financial statements of Heathrow Express Operating Company Limited (Company registration number: 03145133) on pages 11 to 26 were approved by the Board of Directors and authorised for issue on 24 August 2026. They were signed on its behalf by:



Sophie Chapman
Director



Ross Baker
Director

Heathrow Express Operating Company Limited

Statement of changes in equity for the year ended 31 December 2025

	<i>Note</i>	Attributable to owners of the Company			
		Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2024		-	38,000	82,676	120,676
Comprehensive income					
Profit for the year		-	-	9,875	9,875
Total comprehensive income		-	-	9,875	9,875
Balance as at 31 December 2024		-	38,000	92,551	130,551
Comprehensive income					
Profit for the year		-	-	4,584	4,584
Total comprehensive income		-	-	4,584	4,584
Transactions with owners					
Bonus issue of share capital ⁽¹⁾	11	92,552	-	(92,552)	-
Capital reduction ⁽¹⁾	11	(92,552)	(38,000)	130,552	-
Dividends paid	12	-	-	(105,805)	(105,805)
Total transactions with owners		-	(38,000)	(67,805)	(105,805)
Balance as at 31 December 2025		-	-	29,330	29,330

(1) During the year the Company completed a concurrent bonus issue and capital reduction as part of the HAHL Group's corporate simplification project. A bonus issue of 92,551,541 ordinary shares at £1 each from retained earnings was subsequently converted into distributable reserves through a capital reduction, as well as £37,999,998 of share premium. There were no cash inflows or outflows as a result of the transactions.

The notes on pages 14 to 26 form part of these financial statements.

Heathrow Express Operating Company Limited

Accounting policies for the year ended 31 December 2025

The principal accounting policies applied in the preparation of these financial statements of Heathrow Express Operating Company Limited (the 'Company') are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

The Company

The Company is a private company that operates Heathrow Express ('HEX'), the express rail service between Heathrow and central London, and is a limited, by shares, liability company incorporated, registered and domiciled in England and Wales. The registered office is The Compass Centre, Nelson Road, Hounslow, Middlesex, TW6 2GW.

Basis of preparation

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006. They are prepared under the historical cost convention.

The financial statements are presented in Sterling, which is the Company's functional currency, and are rounded to the nearest thousand pounds ('£'000'), except when otherwise noted.

The Financial Reporting Council issued an updated version of FRS 102 in March 2024. The new FRS 102 is effective for accounting periods beginning on or after 1 January 2026. The Directors anticipate the main effect on the Company's financial statements is that leases will be brought on to the statement of financial position from 1 January 2026. As a result of this change, the Directors estimate that the Company will recognise approximately £75,467,000 of right of use assets and £75,225,000 of lease liabilities on 1 January 2026. There will be no material impact as a result of any other new FRS 102 requirements.

Exemption for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions, therefore, the company has taken advantage of the following exemptions in its individual financial statements:

- The requirement to present a statement of cash flows and related notes.
- Financial instrument disclosures, including:
 - Categories of financial instruments.
 - Items of income, expenses, gains or losses relating to financial instruments.
 - Exposure to and management of financial risks.
- The requirement from disclosing related party transactions with entities that are wholly owned subsidiaries of the FGP Topco Limited Group.
- From providing certain other disclosures regarding key management personnel.

Going concern

The Directors have prepared the financial information presented within these financial statements on a going concern basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Company is part of the wider Heathrow Group of companies, with the ultimate parent undertaking being FGP Topco Limited. In considering the going concern assessment, the Directors have considered both the individual circumstances of the Company but also the wider Group given the corporate structure. The Company's ability to continue as a going concern is underpinned by the activities of the Group, with cash generation from the main operating company, Heathrow Airport Limited, and liquidity and debt covenant requirements at Heathrow (SP) Limited and Heathrow Finance plc group levels.

Full detail of the considerations for the Heathrow Group, including a description of the challenges facing the Group and the scenarios modelled, are included within the going concern policy on pages 15 to 16 of the Heathrow (SP) Limited results for the six months ended 30 June 2026. Copies of the press release and condensed consolidated interim financial statements can be obtained from the Heathrow website or by writing to the Company Secretarial Department at the registered office of The Compass Centre, Nelson Road, Hounslow, Middlesex, TW6 2GW.

Having had regard to both liquidity and debt covenants and considering a severe but plausible downside and reverse stress testing, the Heathrow (SP) Limited Directors have concluded that there is sufficient liquidity available to meet the Group's funding requirements until at least 31 October 2027. The Directors of the Company have reviewed this assessment and are satisfied that sufficient liquidity remains at the date of these financial statements.

Heathrow Express Operating Company Limited

Accounting policies for the year ended 31 December 2025 *continued*

Going concern *continued*

The Company is within the Heathrow (SP) Limited independent securitised group and an Obligor under the security agreement. Each Obligor guarantees the obligations of each other Obligor and the Directors have assessed the Obligors' financial ability to provide these guarantees.

The Directors acknowledge the uncertainty related to the renewal of its agreement with Network Rail, which is set to expire in 2028. The Directors have assessed the risks and mitigating actions and concluded that this does not give rise to a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Accordingly, the Directors have concluded that there is sufficient liquidity available to meet the Company's funding requirements for at least 12 months from the date of approval of these financial statements and that it is appropriate to adopt a going concern basis for their preparation.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. When the outcome of a transaction involving the rendering of services can be estimated reliably, the Company recognises revenue associated with the transaction by reference to the stage of completion of the transaction at the end of the reporting period (sometimes referred to as the percentage of completion method). Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes and consists primarily of:

- Fare revenue.
- Other income.
- Provision of rail services to Heathrow Airport

Fare revenue

Heathrow Express derives income from the sale of tickets to passengers of the rail service between Heathrow Airport and Paddington station, London. Fare revenue is recognised at both a point in time and over time and is largely based on revenue settlement and route usage models through the Rail Settlement Plan.

Revenue attributable to return tickets is allocated to each journey and recognised on the day each journey takes place, therefore at a point in time. Heathrow has used sample data of historical journeys to estimate when each journey takes place. Based on this historical data, the Group estimates:

- 90% of single tickets are used in the month of sale, with the remainder used in the following month.
- 80% of return tickets (50% outward and 30% return) are used in the month of sale, with the remainder used in the following month.
- All multiple journey tickets are used evenly across 6 months including the month of sale.

Other income

This includes income from Crossrail engineering works compensation, advertising revenues and compensation from the Department for Transport ('DfT') under the overarching agreement in place. Income is recognised over the period it is earned.

Provision of rail services to Heathrow Airport

This includes income for provision of stations management and rail services and is recognised over the period the service is provided.

Finance income

Finance income is recognised in the statement of comprehensive income in the period in which it is incurred.

Tangible fixed assets

Major assets used by the Heathrow Express service, such as stations, tunnels and track from Heathrow Airport as far as Airport Junction on the Great Western Mainline, are owned and depreciated by Heathrow Airport Limited. The rail assets owned by the Company are soft furnishings, Wi-Fi and other improvements to leased rolling stock.

Assets owned by the Company are stated at cost less accumulated depreciation and accumulated impairment losses. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

Heathrow Express Operating Company Limited

Accounting policies for the year ended 31 December 2025 *continued*

Tangible fixed assets *continued*

Depreciation is provided on assets to write off the cost of the assets less estimated residual value by equal instalments over their expected useful lives as set out below:

Plant and equipment	<i>Fixed asset lives</i>
Office equipment	5 – 15 years
Computer equipment	3 – 5 years
Rail	5 – 20 years

Asset residual values and useful lives are reviewed and adjusted at each reporting date. If expenditure maintains the life of the asset or maintains its earning capacity, then it is treated as revenue expenditure and expensed as incurred. Alternatively, if the expenditure provides incremental future benefits so that it improves the earning capacity or extends the life of the asset beyond its originally intended useful economic life, then it is treated as capital expenditure.

Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Rights to operate assets are initially measured at fair value, based on an arm's length transaction, and amortised on a straight-line basis over the life of the contract on which the right to operate is based. The outstanding life is two and a half years to June 2028.

Computer software assets are amortised on a straight-line basis over their useful lives, estimated at between 3 and 15 years.

Impairment of assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. Where the asset does not generate cash flows independent of other assets, the recoverable amount of the income-generating unit to which the asset belongs is estimated. Recoverable amount is the higher of an asset's net realisable value and its 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Company as a lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Heathrow Express Operating Company Limited

Accounting policies for the year ended 31 December 2025 *continued*

Cash and cash equivalents

For the purposes of the statement of financial position, cash and cash equivalents comprise of cash at bank, cash in hand and short-term deposits with an original maturity of three months or less. Short-term deposits with an original maturity of over three months are shown within current trade and other receivables.

Deferred income

Amounts received prior to the delivery of services are recorded as deferred income and released to the income statement as the services are delivered.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date and are discounted, where material, to present value using a current, pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Financial instruments

The Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Amounts owed by group undertakings

Intercompany advances to other Group entities are all held to maturity; neither party have an option to call or prepay the loan before the contracted maturity date.

Heathrow Express Operating Company Limited

Accounting policies for the year ended 31 December 2025 *continued*

Employment costs

Employees are directly employed by the Company and therefore the Company recognises all employment costs, including wages and salaries, pension costs, medical costs and redundancy payments, as well as any other associated expenses properly incurred by the employees.

The exception is the board members of HAH, the costs of which are recharged to the Company with a mark-up of 7.5%. Management concluded that LHR Airports Limited, who directly employs the board members, is exposed to the majority of the significant benefits and risks associated with the exchange transaction.

Retirement benefit obligations

The Company operates a defined contribution pension scheme for its employees. Obligations for contributions to the defined contribution pension scheme are recognised as an expense in the statement of comprehensive income as incurred.

Current and deferred taxation

The tax (charge)/credit for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is recognised in other comprehensive income.

Current tax assets and current tax liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

Group relief claimed/surrendered between UK companies is paid for at the applicable tax rate of 25% (2024: 25%) for the year, unless there is a specific reason preventing the company from doing so.

Deferred income taxation is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company's financial statements, at rates expected to apply when they reverse (currently 25%), based on current tax rates and law. Deferred income taxation is not provided on the initial recognition of an asset or liability in a transaction, other than a business combination, if at the time of the transaction there is no effect on either accounting or taxable profit or loss.

Deferred income tax assets are recognised to the extent that it is probable that there are future taxable temporary differences from the unwind of the deferred income tax liabilities, against which these deductible temporary differences can be utilised and other future taxable profits. There are no unrecognised deferred income tax assets. The recognition of these deferred income tax assets is supported by a combination of the reversal of taxable temporary differences and forecast future taxable income. Deferred tax assets and liabilities are not discounted. For deferred tax purposes, investment properties are assessed on a 'held for sale' basis.

Deferred income taxation is determined using the tax rates and laws that have been enacted, or substantively enacted during the year and are expected to apply in the periods in which the related deferred tax asset or liability is reversed.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Share capital

Ordinary shares are classified as equity and are recorded at the par value of proceeds received, net of direct issue costs allowing for any reductions in the par value. Where shares are issued above par value, the proceeds in excess of par value are recorded in the share premium reserve.

Dividend distribution

A dividend distribution to the Company's shareholder is recognised as a liability in the Company's financial statements in the period in which the shareholder's right to receive payment of the dividend is established.

Heathrow Express Operating Company Limited

Significant accounting judgements and estimates for the year ended 31 December 2025

In applying the Company's accounting policies management have made judgements and estimates in a number of key areas. Actual results may, however, differ from the estimates calculated and management believes that the following areas present the greatest level of uncertainty.

Critical judgements in applying the Company's accounting policies

Lease classification

A lease contract is classified as an operating or a finance lease based on the substance of the contract and whether the Company or the lessor have the substantial risks and benefits incidental to the ownership of the leased asset.

The Company has lease agreements with Network Rail and Heathrow Airport Limited relating to the use of the track from Airport Junction to London Paddington and Airport Junction to the airport stations respectively. The Company has determined these arrangements to be operating leases rather than finance leases under section 20 of FRS 102.

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty.

Heathrow Express Operating Company Limited

Notes to the financial statements for the year ended 31 December 2025

1 Revenue

Revenue represents all revenue earned directly by the Company and arises in the United Kingdom.

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Fare revenue	87,797	86,846
Other income ⁽¹⁾	5,519	7,767
Provision of rail services to Heathrow Airport	2,132	2,085
	95,448	96,698

(1) Other income primarily relates to engineering works compensation related to HS2, Network Rail and Crossrail.

2 Operating costs

Operating costs comprise:

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Employment		
Wages and salaries	6,659	6,691
Social security costs	801	706
Pension costs	268	272
Other staff related costs	436	435
	8,164	8,104
Operational	15,726	14,233
Maintenance	4,686	4,835
Business rates	2,340	2,272
Utilities	4,040	4,266
Intra-group charges ⁽¹⁾	17,322	15,360
Other ⁽²⁾	38,643	37,956
Operating costs before depreciation and amortisation	90,921	87,026
Depreciation and amortisation		
Property, plant and equipment	748	68
Intangible assets	2,889	2,485
	3,637	2,553
Total operating costs	94,558	89,579

(1) Intra-group charges were for rail separation charges including track access and depot leases, as well as corporate management and IT.

(2) Other operating costs include GWR agreement costs of £33,209,000 (2024: £33,742,000).

Rentals under operating leases

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Operating costs include:		
Land and buildings	284	284
Other operating leases ⁽¹⁾	34,932	31,858
Total rentals under operating leases	35,216	32,142

(1) Other operating leases includes £16,520,000 for track access charges payable to Heathrow Airport Limited (2024: £14,670,000) for the right to use the 9 km rail infrastructure at Heathrow Airport from the tunnel entrance at Hayes & Harlington to, and including, the stations at terminal 2/3 and terminal 5. It also includes £13,196,000 (2024: £11,809,000) for track access charges payable to Network Rail for the full year for the right to use the 18km route from Paddington station to the Heathrow tunnel entrance at Hayes & Harlington and £5,216,000 of rolling stock lease charges from GWR (2024: £5,379,000).

Heathrow Express Operating Company Limited

Notes to the financial statements for the year ended 31 December 2025 *continued*

2 Operating costs *continued*

Auditors' remuneration

Audit fees for the year of £64,209 (2024: £63,772) were borne by Heathrow Airport Limited and recharged to the Company.

Employee information

The monthly average number of employees of the Company during the year was 136 (2024: 147).

	Year ended 31 December 2025 Number of employees	Year ended 31 December 2024 Number of employees
By activity		
Operations	106	116
Support services	30	31
Total	136	147

Directors' remuneration

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Aggregate emoluments ⁽¹⁾	301	389
Aggregate amounts receivable under long-term incentive schemes	25	22
Value of Company pension contributions	19	18
	345	429

(1) Aggregate emoluments includes salaries, allowances, director fees, accrued bonuses and other benefits.

Ross Baker was a director of a number of companies within the HAHL Group during the year. Their remuneration was disclosed in the financial statements of Heathrow Airport Limited and the directors do not believe it is possible to accurately apportion their remuneration to individual companies based on services provided. Michael Hodson, Sophie Chapman and Phillip Bearpark were paid by and are directors of the Company. Jess Kirbell and Aoife Considine are directors of the Company and were paid by, but are not directors of, Heathrow Airport Limited.

None of the directors (2024: none) exercised share options during the year in respect of their services to the HAHL Group and no shares (2024: none) were received or became receivable under long term incentive plans.

During the year, none of the directors (2024: none) had retirement benefits accruing to them under a defined benefit scheme and three of the directors (2024: three) had retirement benefits accruing to them under a defined contribution scheme.

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Highest paid Director's remuneration		
Aggregate emoluments ⁽¹⁾	171	185
Aggregate amounts receivable under long-term incentive schemes	-	19
Value of Company pension contributions	11	8
	182	212

(1) Aggregate emoluments includes salaries, allowances, director fees, accrued bonuses and other benefits.

The highest paid director did not exercise share options in 2025 (2024: none).

Heathrow Express Operating Company Limited

Notes to the financial statements for the year ended 31 December 2025 *continued*

3 Finance income

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Finance income		
Interest receivable from group undertaking	6,218	6,909
	6,218	6,909

4 Taxation charge

	Note	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
UK corporation tax			
Current tax			
Current tax credit/(charge) at 25% (2024: 25%)		10,937	(2,941)
Prior year tax credit/(charge)		1,023	(15)
Deferred tax			
Current year tax charge	7	(13,501)	(1,197)
Prior year tax charge	7	(983)	-
Taxation charge for the year		(2,524)	(4,153)

The taxation charge on the Company's profit before tax differs from the theoretical amount that would arise by applying the UK statutory tax rate to the accounting profit of the company for the reasons set out in the following reconciliation:

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Profit before tax	7,108	14,028
Reconciliation of the tax charge		
Tax calculated at the UK statutory rate of 25% (2024: 25%)	(1,777)	(3,507)
Expenses not deductible for tax purposes	(787)	(631)
Adjustments in respect of deferred income tax of prior years	(983)	-
Adjustments in respect of current income tax of prior years	1,023	(15)
Taxation charge for the year	(2,524)	(4,153)

The tax charge recognised for the year ended 31 December 2025 was £2,524,000 (2024: £4,153,000). Based on a profit before tax for the year of £7,108,000 (2024: £14,028,000), this results in an effective tax rate of 35.5% (2024: 29.6 %). The tax charge is higher than the statutory rate of 25% (2024: higher than the statutory rate of 25%) primarily due to non-deductible expenses (2024: non-deductible expenses).

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. Management has performed an assessment of the UK Pillar 2 rules based on the 2025 data and based on the assessment, the FGP Topco Limited Group qualifies for one of the transitional safe harbours provided in the UK Pillar 2 rules. The FGP Topco Limited Group does not have any current tax exposure in relation to Pillar 2.

The FGP Topco Limited Group has a captive insurance company located in the Isle of Man, a jurisdiction with a statutory corporate income tax rate below 15%. As a result, the profits arising in this entity are likely to attract the domestic top-up tax in the Isle of Man. For UK tax purposes these profits are captured by the Controlled Foreign Company ('CFC') regime, against which management expects to receive a tax credit for the Isle of Man domestic top-up tax.

The Company applies the exception under FRS 102 'income tax' amendment for recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes.

There are no items which would materially affect the future tax charge.

Heathrow Express Operating Company Limited

Notes to the financial statements for the year ended 31 December 2025 *continued*

5 Property, plant and equipment

	Office equipment £'000	Computer equipment £'000	Rail £'000	Total £'000
Cost				
1 January 2024	155	421	-	576
Additions	-	342	4,341	4,683
31 December 2024	155	763	4,341	5,259
Additions	-	-	-	-
31 December 2025	155	763	4,341	5,259
Accumulated depreciation				
1 January 2024	155	421	-	576
Charge for the year	-	6	62	68
31 December 2024	155	427	62	644
Charge for the year	-	63	685	748
31 December 2025	155	490	747	1,392
Net book value				
31 December 2024	-	336	4,279	4,615
31 December 2025	-	273	3,594	3,867

6 Intangible assets

	Rights to Operate £'000	Software £'000	Total £'000
Cost			
1 January 2024	38,000	1,179	39,179
Additions	-	1,639	1,639
31 December 2024	38,000	2,818	40,818
Additions	-	1,061	1,061
31 December 2025	38,000	3,879	41,879
Accumulated amortisation			
1 January 2024	28,501	180	28,681
Charge for the year	2,111	374	2,485
31 December 2024	30,612	554	31,166
Charge for the year	2,111	778	2,889
31 December 2025	32,723	1,332	34,055
Net book value			
31 December 2024	7,388	2,264	9,652
31 December 2025	5,277	2,547	7,824

Rights to Operate

For regulatory reasons, the Company has operated as a Train Operating Company ('TOC') with effect from 1 September 2015, operating the HEX and Connect services as a TOC.

A Business Transfer Agreement ('BTA') was signed between the Company and Heathrow Airport Limited ('HAL'), with effect from 1 September 2015, which transferred the beneficial ownership of the HEX and Connect businesses from HAL to the Company, for an arm's length consideration which was based on market valuation for the transaction of £38 million, representing the value to the Company, at the date of transfer, for the ability to operate the services.

Heathrow Express Operating Company Limited

Notes to the financial statements for the year ended 31 December 2025 *continued*

6 Intangible assets *continued*

The original track access agreement with Network Rail dated 16 August 1993 allowed the Company to operate its services until June 2023. In May 2024, an extension to the existing agreement was signed which allows the Company to operate until June 2028, aligning with the date at which the Rights to Operate will be fully amortised. Given the Company has the required track access and with no other overriding factors, management conclude that there are no indicators for impairment on the carrying value of the Rights to Operate asset.

7 Deferred income tax assets/(liabilities)

The net movement on the deferred tax account is as follows:

	2025 £'000	2024 £'000
1 January	14,211	15,408
Charge to income statement	(13,501)	(1,197)
Charge to income statement – prior year charge	(983)	-
31 December	(273)	14,211

Analysis of the net deferred tax asset/(liability) is as follows:

	31 December 2025 £'000	31 December 2024 £'000
Losses carried forward	-	14,327
Deficit of depreciation over capital allowances	(287)	(116)
Other timing differences	14	-
	(273)	14,211

The deferred tax asset is expected to increase by £310,000 in 2026.

Deferred tax assets/liabilities have been recognised in respect of all deductible timing differences where it is considered probable that there will be sufficient future taxable income against which these assets will be recovered. There are no unrecognised deferred tax assets.

8 Trade and other receivables

	31 December 2025 £'000	31 December 2024 £'000
Current		
Trade debtors	2,085	3,350
Amounts owed by group undertakings – interest bearing ⁽¹⁾	4,049	96,659
Amounts owed by group undertakings – interest free ⁽²⁾	-	3,740
Other debtors ⁽³⁾	1,972	1,391
Prepayments	1,057	1,406
Accrued income	1,395	4,004
Group relief receivables	12,166	-
	22,724	110,550

(1) Amounts owed by group undertakings – interest bearing are due from Heathrow Airport Limited, unsecured, repayable on demand and accrue interest at 1.5% plus Bank of England base rate. The reduction in the balance in 2025 is due to dividends declared to Heathrow Airport Limited to settle amounts owed as part of the HAHL Group's corporate simplification project.

(2) In 2024, amounts owed by group undertakings – interest free were due from LHR Airports Limited. The unsecured balance was settled in 2025 as a result of the HAHL Group's corporate simplification project.

(3) Other debtors predominantly consists of VAT receivable.

9 Cash and cash equivalents

	31 December 2025 £'000	31 December 2024 £'000
Cash at bank	2,863	1,048

Cash at bank earns interest at floating rates based on daily bank deposits rates and is subject to interest rate risk.

Heathrow Express Operating Company Limited

Notes to the financial statements for the year ended 31 December 2025 *continued*

10 Trade and other payables

	31 December 2025 £'000	31 December 2024 £'000
Non-current		
Amounts owed to group undertakings – interest bearing	1	1
	1	1
Current		
Trade creditors	3,073	442
Other taxation and social security	318	187
Other creditors	377	66
Accruals	2,378	5,177
Deferred income	299	711
Group relief payable	-	1,955
	6,445	8,538

11 Share capital and reserves

	Number of shares	Nominal value £
Called up, allotted and fully paid		
Ordinary shares of £1.00 each		
As at 1 January 2025	4	4
Bonus issue on 6 November 2025	92,551,541	92,551,541
Capital reduction on 6 November 2025	(92,551,541)	(92,551,541)
As at 31 December 2025	4	4

The Company's articles of association do not contain any authorised share capital restriction.

The ordinary shares each carry one voting right. There are no restrictions on the distribution of dividends or the repayment of capital.

During the year the Company completed a concurrent bonus issue and capital reduction as part of the HAHG Group's corporate simplification project. A bonus issue of 92,551,541 ordinary shares at £1.00 each from retained earnings was subsequently converted into distributable reserves through a capital reduction, as well as £37,999,998 of share premium.

Nature and purpose of reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

12 Dividends paid

During the year, the Company declared total dividends of £105,805,000 (2024: £nil) to its shareholder, Heathrow Airport Limited.

The dividends were declared and paid on 10 November 2025 for £105,805,000 (£26,451,000 per share) as part of the HAHG Group's corporate simplification project (2024: £nil).

Heathrow Express Operating Company Limited

Notes to the financial statements for the year ended 31 December 2025 *continued*

13 Commitments and contingent liabilities

Non-cancellable operating lease commitments

Total future minimum rentals payable at the end of the year are as follows:

	31 December 2025		31 December 2024	
	Land and buildings £'000	Other leases £'000	Land and buildings £'000	Other leases £'000
Within one year	284	36,023	284	32,622
Within two to five years	425	55,786	709	84,954
	709	91,809	993	117,576

The land and buildings lease commitments include the lease of offices and a train care depot from Heathrow Airport Limited.

Other leases commitments include track access agreements with Heathrow Airport Limited and Network Rail and rolling stock agreements with GWR.

Securities and guarantees

The Company, Heathrow Airport Limited, Heathrow (SP) Limited and Heathrow (AH) Limited (together, the 'Obligors') have granted security to Deutsche Trustee Company Limited (in its capacity as the 'Borrower Security Trustee', for itself and as trustee for the Borrower Secured Creditors) over their property, assets and undertakings to secure their obligations under various financing agreements. Each Obligor has also guaranteed the obligations of each other Obligor under such financing agreements. The total value secured is £16,173 million, equal to the gross value of Heathrow (SP) gross debt.

BAA Pension Trust Company Limited, as a trustee from time to time of the BAA Pension Scheme, is a Borrower Secured Creditor and ranks equally in an amount up to £284 million with senior (Class A) debt.

The Company and Heathrow Airport Limited have provided a guarantee and indemnity in favour of Lloyds Bank plc (in its capacity as the Borrower Account Bank) in respect of each other's obligations under the Borrower Account Bank Agreement and associated financing agreements.

14 Ultimate parent undertaking

The immediate parent undertaking is Heathrow Airport Limited.

The ultimate parent undertaking and controlling party is FGP Topco Limited.

FGP Topco Limited is the parent undertaking of the largest group to consolidate these financial statements. The parent undertaking of the smallest group to consolidate these financial statements is Heathrow (SP) Limited. Copies of the consolidated financial statements can be obtained by writing to the Company Secretarial Department at the registered office of The Compass Centre, Nelson Road, Hounslow, Middlesex, TW6 2GW.

15 Subsequent events

There are no subsequent events to disclose.