Prior to publication the information communicated in this announcement was deemed by the Company to constitute inside information for the purposes of article 7 of the Market Abuse Regulations (EU) No 596/2014 as amended by regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations No 2019/310 ('MAR'). With the publication of this announcement, this information is now considered to be in the public domain.

9 November 2022

Esken Limited

("Esken" or the "Group")

Results for the six months ended 31 August 2022

Financing secured and delivering a resilient performance

Esken Limited, the aviation and renewables group, today announces its unaudited interim results for the six months to 31 August 2022.

The Group will provide a live presentation relating to its results via the Investor Meet Company platform at 09:30am BST today.

The presentation is open to all existing and potential shareholders. Investors can sign up to Investor Meet Company for free and add to meet Esken via: https://www.investormeetcompany.com/esken-limited/registerinvestor. Investors who already follow Esken on the Investor Meet Company platform will automatically be invited.

David Shearer, Executive Chairman of Esken said,

"I am pleased that we have been able to conclude our debt financing, encompassing £50m of committed funds, with £40m uncommitted, despite challenging market conditions. Upon shareholder approval of an increase in our borrowing limits, the £50m of committed funds will bring stability and allows us to clear our residual legacy liabilities."

"Our Renewables business has proved resilient in what have been challenging conditions with unplanned biomass plant outages, reduced waste wood availability and rising costs. We expect biomass plant performance to improve in the Winter months, and Esken Renewables has secured new supply agreements and implemented annual contract indexation revisions. This is expected to lead to improved margins, and we have restated our guidance of £22m EBITDA for FY 2022."

"Our Aviation business has continued its recovery but at a slower pace than we would have wished due to continuing disruption throughout the industry with many airlines focussing on short term performance ahead of strategic positioning. The medium-term case for London Southend Airport remains compelling and our refreshed airport leadership team is well placed as the market returns to normality."

"As a board we have decided to initiate an updated strategic review of our operating businesses. This review will consider all options for the operating businesses and may conclude that it is in the best interests of all stakeholders to progress a sale or partial sale of one or both of the Renewables or Aviation divisions to secure the long term potential of these businesses and deliver value for Esken shareholders."

Financial highlights

- Esken's core Aviation and Renewables businesses generated a positive combined EBITDA of £6.5m for the six months to 31 August 2022 (HY21: £9.9m).
  - Esken Renewables supplied 753k tonnes of biomass fuel, up 6.7% on the same period last year (HY21: 706k tonnes). Ongoing fluctuations in UK construction supply chains during the period led to a reduced availability of waste wood, impacting gate fee income. This, combined with unplanned outages at higher margin biomass plant customers and cost inflation resulted in Esken Renewables reporting EBITDA of £7.0m (HY21: £9.1m). However, this performance is expected to improve in the second half as a result of additional supply agreements, expected improvements in biomass plant customer performance and annual contract indexation revisions coming into effect, supporting £22m FY23 EBITDA guidance.

- The Aviation business received £1.4m related to the recovery of airline marketing support payments and reported an EBITDA loss of £0.5m. This compares to a £0.8m profit in the same period last year, when the Aviation business benefitted from £3.5m of one-off payments associated with Connect Airways and Teesside International Airport. Passenger numbers improved by 32.6% to 61k (HY21: 46K) reflecting continued easyJet operations with flights to three popular European destinations throughout the Summer.
- The Group's headroom at the period end was £51.0m (HY21: £90.5m), which is in line with management expectations set out at the time of the refinancing and includes £10.1m of ring-fenced cash in London Southend Airport.
- Esken today announces it has secured a new lending facility from funds managed by a specialty lender (the lender), subject to shareholder approval of an increase in our borrowing limits in our articles of association, comprising £50m of committed funding and £40m uncommitted funding, which will be used, inter alia, to fund Esken's residual c.£44m of Propius legacy liabilities, cancel the undrawn £19.1m RCF, and provide working capital. The uncommitted element of the new funding could be used, if accessed, alongside the disposal of £36m of non-core assets and the value of its Logistics Development Group shares, to refinance Esken's exchangeable bond, which matures in May 2024 and provide up to £10m of additional working capital for London Southend Airport.
- Esken entered into an agreement for the early return to the lessor of two of the aircraft leased by Propius, resulting in a net cash benefit of c.£2m. However, adverse FX movements have also impacted expected future cash outflows.

£'m	Six months ended 31 August 2022	Six months ended 31 August 2021	*% change*
Revenue by division			
Aviation	14.2	12.9	*9.5%*
Renewables	43.5	38.1	*14.1%*
Revenue for two core operating divisions	**57.7**	**51.0**	***13.1%***
Investments and Non-Strategic infrastructure	0.3	0.3	*13.9%*
Group central and eliminations	0.1	0.4	*(63.8%)*
Total revenue	**58.1**	**51.7**	***12.5%***
EBITDA by division			
Aviation	(0.5)	0.8	*(168.0%)*
Renewables	7.0	9.1	*(23.7%)*
EBITDA for two core operating divisions	**6.5**	**9.9**	***(34.8%)***
Investments and Non-Strategic infrastructure	(0.8)	(0.5)	*(46.4%)*
Group central and eliminations	(3.2)	(3.8)	*16.3%*
Total EBITDA	**2.5**	**5.6**	***(55.1%)***
Loss before tax	**(12.7)**	**(12.5)**	***(1.4%)***
Tax	2.5	9.0	*(72.2%)*
Discontinued operations, net of tax	1.6	(2.9)	*154.8%*
Loss for the period	**(8.6)**	**(6.4)**	***(33.8%)***

£'m	31 August 2022	28 February 2022	*% change*
Net debt	(263.6)	(241.9)	*(9.4%)*
Cash and undrawn banking facilities	51.0	72.7	*(29.8%)*

Financing

Esken today announces a new facility comprising £50m of committed funding, and £40m of uncommitted funding which will be provided at the discretion of the lender. The funds are subject to shareholder approval of the matters specified below at an EGM scheduled for 29 November 2022.

Subject to shareholder approval to increase the borrowing limits in our articles of association, funds will be provided by the lender on a 3 year term (maturing in November 2025) with a further year at the discretion of the lender, with a SONIA plus 9.875% interest rate. The funds are secured primarily against the Renewables business along with fixed and floating charges over the assets and shares of all other trading subsidiaries except

London Southend Airport. The committed element of the facility will be used to fund all of Esken's residual Propius legacy liabilities of c.£44m, fees payable in respect of the cancellation of the undrawn £19.1m RCF and entry into the facility itself, and to provide working capital for the Group. £30m of the uncommitted element of the new funding could be used, if accessed, alongside the disposal of £36m of non-core assets and the value of its LDG shares, to refinance Esken's exchangeable bond, which matures in May 2024. The remaining £10m of the uncommitted element of the new funding could be used, if accessed, to provide additional working capital for London Southend Airport to satisfy the funding it is expected to require in the period to April 2024.

As referred to above, Esken will require the approval of its shareholders to amend certain provisions of its articles of incorporation (the "Articles") which limit its borrowings to four times its adjusted capital and reserves. We therefore intend today to issue a Notice of Extraordinary General Meeting ("EGM") to shareholders for the purposes of passing a resolution to approve the incurrence of borrowings beyond the limits in our Articles. Further details relating to the EGM are contained in an announcement expected to be made today.

Strategic review

Esken today announces that it is initiating an updated strategic review of its operating businesses. This review will consider all options for its operating businesses and may conclude that it is in the best interests of all stakeholders to progress a sale or partial sale of one or both of the Renewables or Aviation divisions to secure the long-term potential of these businesses and deliver value for Esken shareholders. The strategic review will be led by the board and supported by advisers as required.

ESG progress

- Esken remains committed to developing a Net Zero roadmap and work is ongoing to finalise the plan ahead of the year end.
- Esken continues to be committed to reviewing, developing and reporting Scope 3 emissions and is supported by Logika Consultants in delivering this.
- The delivery of the overall ESG strategy has been enhanced following the completion of the Business in the Community Responsible Business Tracker.
- Each of our businesses continue to support their chosen charity partners; FareShare, Help for Heroes and MIND and we are proud signatories of the Military Covenant, achieving Gold and Silver awards across the Group.
- Colleagues have embraced the new employee volunteering programme, which supports our charity partners, contributes to education, employment and skills programmes and delivers environmental projects.
- The established good governance programme continues to provide support to report against the TCFD requirement for governance, metrics, risk and strategy.

Outlook

Esken Renewables is expected to deliver £22m EBITDA for the full year, which is a tightened expectation compared to previously announced guidance of in excess of £22m. The supply of waste wood is expected to return to seasonal norms in the second half. At the same time, biomass plant customers are expected to operate more consistently and take advantage of higher electricity prices. Esken Renewables also secured additional supply agreements that commenced in September 2022. Moreover, annual contract indexation revisions on two of its main contracts came into effect toward the end of the first half, with two contracts having come into effect early in the first half. These revisions will support margin improvements.

The combination of improved biomass plant performance, additional supply agreements, annual contract indexation revisions and management's continued tight cost control is therefore expected to support an improved performance in the second half.

London Southend Airport welcomed flying with easyJet to three destinations - Malaga, Faro and Palma - throughout the Summer period. Flights to these destinations are now on sale for Summer 2023. Positive discussions regarding additional airline agreements for Summer 2023 and beyond are supported by the excellent passenger experience provided throughout the period, combined with the airport's attractive operating cost.

As previously announced, cargo operations with London Southend Airport's global logistics partner have now ended, with an anticipated impact on EBITDA for the remainder of FY23 in the order of c.£0.9m before exit fees receivable by Esken. The FY24 impact on Esken's Aviation business is expected to be a c.£2.9m reduction in EBITDA, prior to any additional cost savings or new cargo agreements. However, post period end, the division signed a contract with a new logistics partner, to support them on a temporary basis from 8th January through to 25th March 2023.

London Southend Airport remains well positioned for the recovery and longer-term growth in commercial passenger flying. As flight volumes continue to build and more established London airports begin to face capacity constraints once again, London Southend Airport's proximity to London, strong transport links and enjoyable passenger experience supports positive growth prospects.

Divisional review

Esken Renewables

Esken Renewables supplied 753k tonnes of biomass fuel, up 6.7% on the same period last year. Biomass plant performance varied during the year with plants which receive higher margin waste wood experiencing further unplanned outages and plants that receive forestry by-products performing better. However, we expect biomass plant operations to continue to become increasingly consistent over time as a result of proactive maintenance and investment programmes, with many plants under new long-term ownership.

The construction industry in the UK is a significant source of waste wood as it is regularly involved in stripping out existing buildings ahead of new construction works. The ongoing fluctuations in UK construction supply chains impacted activity and led to a reduced amount of waste wood from construction firms. As a result of this, and the unplanned plant outages, total gate fee income was lower.

The combination of biomass plant outages during the period, reduced gate fee income, and increased costs has resulted in Esken Renewables reporting EBITDA of £7.0m (HY21: £9.1m). However, when allowing for diesel cost increases (£0.9m), other inflationary cost pressures (£0.4m) and one-off benefits in HY21 (£0.9m), Esken Renewables' EBITDA performance is consistent with HY21.

Esken anticipates an improved second half performance as a result of a number of contributing factors. Firstly, Esken Renewables successfully negotiated a move in its supply contract at Cramlington to an exclusive basis and also secured a new sub-supply arrangement in Yorkshire, with both starting in September 2022.

At the same time, biomass plant customers are expected to operate consistently and optimise energy generation in the second half winter period.

Finally, Esken Renewables will see an improvement in the terms of the majority of its largest supply contracts as a result of the timing of its annual contract indexation revisions. The business experienced cost inflation throughout the first half, with the annual contract indexation revision on two of its main contracts coming into effect toward the end of the first half. This, combined with two plants' annual contract indexation having come early in the first half, will lead to improved margins in the second half. Annual contract indexation revisions for a further two plants will come into effect toward the end of the financial year.

Esken Renewables remains well placed to benefit from its position as a key supplier to UK energy generators at this critical time.

Aviation

London Southend Airport welcomed the return of easyJet passengers this summer with flights to three destinations: Malaga, Faro and Palma. These proven routes are popular with the airport's catchment area, and passengers have been able to enjoy a quick and easy journey to and through the airport. London Southend Airport welcomed 61k airport passengers in the first half (HY21: 46K). The Aviation division delivered an EBITDA loss of £0.5m, compared to a £0.8m profit in the same period last year. That period benefitted from £3.5m of one-off receipts relating to Connect Airways and Teesside International Airport. During the period under review, London Southend Airport benefitted from £1.4m related to the recovery of airline marketing support payments. When stripping out the one-off receipts in both periods the Aviation division's performance improved by circa £800k.

The airport remains well positioned for the recovery and longer-term growth in commercial passenger flying and remains confident in its medium term potential to return to pre-pandemic levels of over 2m passengers. London Southend Airport was able to deliver its usual quick and easy passenger experience this summer. That experience reflected both the investment that the airport made in security screening and baggage handling equipment, and importantly, the staff it retained while the airport was closed to commercial passengers during the previous Winter.

London Southend Airport was also able to attract a number of airlines that were struggling to add additional flights at established London airports. Blue Air operated a small number of flights through August, and London Southend Airport also welcomed a small number of flights from Sky Express to Athens and Wideroe to Bergen in late July.

Encouragingly, the renamed London Southend Jet Centre (previously Stobart Jet Centre) has also experienced a significant uplift in traffic and is continuing to unlock additional revenue growth.

Toward the end of the period London Southend Airport was also informed by its global logistics partner that it would cease cargo operations at the airport, effective mid-September 2022 following a change of strategic focus from air freight to road-based cargo. However, following the period end, it was confirmed that London Southend Airport will support a new logistics partner on a temporary basis from 8th January through to 25th March 2023.

London Southend Airport has also welcomed the news that easyJet has put on sale flights to three destinations next summer – Malaga, Palma and Faro for the Summer 2023 season, which starts at the end of March 2023.

These developments have come on the back of an increasingly entrepreneurial spirit and (re-)start-up mentality under the leadership of the newly appointed CEO, John Upton. John most recently led the £40m international airport lounge business No1 Lounges (backed by NVM and Santander). As CEO he put in place an operational structure that enabled the business to double in size, opening new sites across the world, as well as securing new deals with airlines and airports. Prior to No1 Lounges, John worked as Managing Director of Leon, the fast growing natural food chain, and was a member of the senior team during 13 years at McDonald’s UK.

With its new leadership team now in place, London Southend Airport is engaging with multiple existing and potential airline partners to accelerate the growth of the business. This focus on business development, while remaining closely aligned with our investment partner and underpinned by LSA’s industry-leading team, will enable the airport to add pace to its recovery while also taking advantage of the long-term growth trends in commercial passenger flying.

Financial Review

Summary of the period

The Renewables division has seen a 6.7% period-on-period increase in biomass material supplied to plants. Inflationary pressures on the division have been mitigated by RPI-linked indexation elements within the division's long-term customer supply contracts. The increase in biomass material supplied comes despite challenges caused by external factors. A slowdown in the UK construction sector, driven by increased costs and supply chain issues, led to a more competitive market for waste wood impacting gate fee revenues. This had the knock-on effect of having to find alternative sources of supply in order to meet contractual demand, thereby increasing costs. The division has undertaken an appraisal of its vehicle fleet, reducing numbers to ensure the most efficient use of vehicles and drivers, driven by ongoing driver shortages and high fuel prices impacting the wider economy.

In the Aviation division, passenger flights returned to London Southend Airport with the airport servicing three routes. Passenger numbers in the period increased by 32.6% to 60,734, up from 45,816 in the prior period, however this is still considerably lower than pre-COVID 19 volumes. As previously announced in the Group's trading statement on 31 August 2022, the Aviation division's cargo contract with its global logistics partner ceased post-period end in September 2022 due to the partner's strategic shift to a more road-based operation.

The wind-down of Stobart Air and Propius legacy operations, as mentioned in the annual report for the year ended 28 February 2022, has continued in the period. Two of the eight ATR aircraft leased by Propius have been handed back early to the lessor in August 2022 and September 2022 which will lead to a reduction in the expected future cash outflows of around £2.0m due to a reduction in maintenance commitments. The return of aircraft, and the associated cash outflows, will continue until the final aircraft is handed back in August 2023.

At the period end, Group headroom is £51.0m, consisting of £31.9m cash, of which £10.1m is ring-fenced within LSA, and £19.1m of undrawn Revolving Credit Facility (RCF). The RCF was reduced from the original £20m as a result of non-core asset sales. The cash position was aided by the £3.5m non-core asset sale of a portion of Widnes land in the period. The Group has remaining non-core assets with book value of £36.0m to be sold when most beneficial to the Group.

Following the period end, the group secured committed funding of £50m, with an additional £40m uncommitted, which will be mainly used to settle Propius lease and maintenance liabilities and provide working capital to the Group. This funding is subject to shareholder approval and has a three year term to November 2025, plus an additional one year at the discretion of the lender. This new funding enables Esken to exit the RCF with Lloyds and AIB, with transactional banking transitioning to Barclays.

Revenue

Revenue from continuing operations has increased by 12.5% to £58.1m (2021: £51.7m) in the six months to 31 August 2022, mainly due to the Renewables division whose RPI-linked contracts have been impacted by the current high level of inflation. Aviation revenue has increased by 9.5% to £14.2m (2021: £12.9m) due to strong performance of the Hotel, Jet Centre and Star Handling, partly offset by the £1.5m prior period Teesside settlement not being repeated in the current period. Renewables revenue increased by 14.1% to £43.5m (2021: £38.1m) and biomass tonnages supplied rose by 6.7% to 753,000 period-on-period.

Profitability

Divisional Continuing Profit Summary	31 August 2022 £m	31 August 2021 £m
Aviation	(0.5)	0.8
Renewables	7.0	9.1
EBITDA from operating divisions	**6.5**	**9.9**
Investments	(0.4)	(0.2)
Non-Strategic Infrastructure	(0.4)	(0.3)
Group central and eliminations	(3.2)	(3.8)
EBITDA	**2.5**	**5.6**
Depreciation	(9.1)	(10.1)
Finance costs (net)	(6.1)	(8.0)
Loss before tax	**(12.7)**	**(12.5)**
Tax	2.5	9.0
Profit/(loss) from discontinued operations, net of tax	1.6	(2.9)
Loss for the period	**(8.6)**	**(6.4)**

EBITDA has decreased by 55.1% to a profit of £2.5m (2021: £5.6m). In Aviation, EBITDA has decreased to a loss of £0.5m (2021: £0.8m profit). This is mainly due to receipts of £3.5m associated with Connect Airways and Teesside International Airport in the prior period not being repeated, partly offset by a £1.4m recovery of airline marketing costs and general improvement across the division due to the return of passenger flights in the current period. Renewables EBITDA has decreased by 23.7% to £7.0m (2021: £9.1m) due to waste wood market pressures reducing gate fee revenue and leading to an increase in the amount of processed material needed to fulfill demand, thereby increasing costs. The division has also been impacted by longer than planned shutdowns at plants and high fuel costs.

The loss before tax from continuing operations is £12.7m (2021: £12.5m). Depreciation has reduced to £9.1m (2021: £10.1m) due to an overall reduction in the asset base across the Group. Finance costs of £11.3m (2021: £9.9m) have increased principally due to interest incurred on the Carlyle convertible debt in the current period but not in the prior, partly offset by a reduction in RCF interest. Finance income of £5.2m (2021: £1.9m) has increased mainly because of gains on the revaluation of Esken Limited's intercompany US-Dollar denominated loan with Propius.

A summary of divisional profitability and further details of divisional performance are set out in the Divisional Reviews section.

Taxation

The tax credit of £2.5m (2021: £9.0m) has arisen predominantly due to a change in estimation of uncertain tax provisions in the period.

Loss per share

Loss per share from continuing operations was 1.00p (2021: 0.55p) (see note 8 for further details).

Balance sheet

	31 August 2022 £m	28 February 2022 £m
Non-current assets	345.8	353.5
Current assets	72.9	89.2
Non-current liabilities	(212.8)	(239.5)
Current liabilities	(154.9)	(133.1)
Net assets	**51.0**	**70.1**

Non-current assets have decreased in the period, largely due to depreciation in addition to the reclass of the £1.5m brands deferred consideration to current assets. Current assets have increased primarily due to the decrease in cash balance in the period, see the Cash flow section below for more detail.

The decrease in non-current liabilities is mainly due to the reclass of lease obligations and maintenance provisions in Propius from non-current to current liabilities. The Propius reclass was the main driver for the increase in current liabilities in the period.

Debt and gearing

	31 August 2022	**28 February 2022**
Loans and borrowings	£295.5m	£294.6m
Cash	(£31.9m)	(£52.7m)
Net debt	**£263.6m**	**£241.9m**
EBITDA/interest	0.3	0.6
Net debt/total assets	62.9%	54.6%
Gearing	516.3%	344.9%

In the period, loans and borrowings have increased by £0.9m. The Carlyle convertible debt instrument has increased by £6.6m due to £6.6m interest being rolled into the loan and the release of £1.0m of associated debt-issue costs, partly offset by the £1.0m revaluation of the compound derivative. Lease liabilities have reduced by £5.9m due to capital repayments partly offset by an increase due to the retranslation of US-Dollar denominated leases in Propius.

During the period, the £3.5m sale of Widnes land triggered a clause in the current RCF reducing the available facility that the Group can draw on from £20.0m to £19.1m. At the period end the committed undrawn headroom on the RCF was £19.1m (28 February 2022: £20.0m) and, together with the cash balance of £31.9m (28 February 2022: £52.7m), the total headroom was £51.0m (28 February 2022: £72.7m).

Cash flow

	31 August 2022 **£m**	**31 August 2021** **£m**
Operating cash (outflow)/inflow	(3.2)	0.1
Investing activities	4.3	(6.5)
Financing activities	(10.0)	96.0
(Decrease)/increase in the period	(8.9)	89.6
Discontinued operations	(11.9)	(31.5)
Cash at beginning of period	52.7	12.4
Cash at end of period	31.9	**70.5**

Discontinued cash flow in the period relates to maintenance and lease payments in Propius.

Investing inflows include £3.5m for the sale of a portion of Widnes land and £1.0m received from disposal of plant property and equipment, mainly related to plant and machinery in Renewables.

The principal financing outflows include £7.9m for the repayment of the principal element of leases and interest payments of £2.8m. The main financing inflow was £0.7m from the proceeds of grants in London Southend Airport.

Key Risks and Uncertainties

As with any business, risk assessment and the implementation of mitigating actions and controls are vital to successfully achieving the Group's strategy. The Board has overall responsibility for risk management and internal control within the context of achieving the Group's objectives. The key risks are set out in our statutory accounts for the year ended 28 February 2022 and are still applicable.

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU; and

- The interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the statutory accounts for the year ended 28 February 2021 that could do so.

The above statement of Directors' responsibilities was approved by the Board on 8 November 2022.

Lewis Girdwood
Director
9 November 2022

Esken Limited

Condensed Consolidated Income Statement
For the six months ended 31 August 2022

Continuing operations	**Notes**	**Six months ended 31 August 2022 Unaudited £'000**	**Six months ended 31 August 2021 Unaudited £'000**
Revenue	4	58,147	51,684
Other operating income		555	914
Reversal of Impairment – loan receivables from joint venture	5	-	1,963
Operating expenses – other		(55,855)	(48,899)
Share of post-tax losses of associates and joint ventures		(346)	(146)
Gain on swaps		-	58
EBITDA		**2,501**	**5,574**
Depreciation		(9,113)	(10,089)
Operating loss		**(6,612)**	**(4,515)**
Finance costs	6	(11,333)	(9,940)
Finance income	6	5,220	1,906
Loss before tax		**(12,725)**	**(12,549)**
Tax	7	2,511	9,023
Loss for the period from continuing operations		**(10,214)**	**(3,526)**
Discontinued operations			
Loss from discontinued operations, net of tax	5	1,596	(2,915)
Loss for the period		**(8,618)**	**(6,441)**
Loss per share expressed in pence per share – continuing operations			
Basic	8	(1.00p)	(0.55p)
Diluted	8	(1.00p)	(0.55p)
Loss per share expressed in pence per share – total			
Basic	8	(0.84p)	(1.01p)
Diluted	8	(0.84p)	(1.01p)

Esken Limited

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 31 August 2022

	Six months ended 31 August 2022 Unaudited £'000	Six months ended 31 August 2021 Unaudited £'000
Loss for the period	**(8,618)**	**(6,441)**
Discontinued operations, net of tax, relating to exchange differences	(9,744)	(340)
Other comprehensive expense – items that may be reclassified in subsequent periods to profit or loss, net of tax	**(9,744)**	**(340)**
Re-measurement of defined benefit plan	178	1,258
Change in fair value of financial assets classified as FVOCI	(962)	(1,927)
Tax on items relating to components of other comprehensive income	(200)	(262)
Other comprehensive expense - items that will not be reclassified to profit or loss, net of tax	**(984)**	**(931)**
Other comprehensive expense for the period, net of tax	**(10,728)**	**(1,271)**
Total comprehensive expense for the period	**(19,346)**	**(7,712)**

Esken Limited

Condensed Consolidated Statement of Financial Position
As at 31 August 2022

	Notes	31 August 2022 Unaudited £'000	28 February 2022 Audited £'000
Non-current assets			
Property, plant and equipment	9	260,541	265,637
Investment in associates and joint ventures		670	1,016
Other financial assets	11	13,243	14,105
Intangible assets		54,669	54,669
Net investment in lease		15,526	16,204
Defined benefit pension surplus		1,150	348
Other receivables		-	1,495
		345,799	**353,474**
Current assets			
Inventories	10	9,048	12,552
Trade and other receivables		31,959	23,883
Cash and cash equivalents	11	31,931	52,738
		72,938	**89,173**
Total assets		**418,737**	**442,647**
Non-current liabilities			
Loans and borrowings	11	(203,143)	(217,539)
Other liabilities		(8,276)	(8,643)
Provisions	12	(1,368)	(13,279)
		(212,787)	**(239,461)**
Current liabilities			
Trade and other payables		(30,447)	(30,160)
Loans and borrowings	11	(39,773)	(24,714)
Exchangeable bonds	11	(52,573)	(52,385)
Corporation tax	7	(2,100)	(5,110)
Provisions	12	(30,010)	(20,674)
		(154,903)	**(133,043)**
Total liabilities		**(367,690)**	**(372,504)**
Net assets		**51,047**	**70,143**
Capital and reserves			
Issued share capital		102,534	102,534
Share premium		403,225	403,225
Foreign currency exchange reserve		(9,526)	218
Reserve for own shares held by employee benefit trust		(7,596)	(7,596)
Retained deficit		(437,590)	(428,238)
Total Equity		**51,047**	**70,143**

Esken Limited

Condensed Consolidated Statement of Changes in Equity
For the six months ended 31 August 2022

For the six months ended 31 August 2022
Unaudited

	Issued share capital £'000	Share premium £'000	Foreign currency exchange reserve £'000	Reserve for own shares held by EBT £'000	Retained deficit £'000	Total equity £'000
Balance at 1 March 2022	102,534	403,225	218	(7,596)	(428,238)	70,143
Loss for the period	-	-	-	-	(8,618)	(8,618)
Other comprehensive expense for the period	-	-	(9,744)	-	(984)	(10,728)
Total comprehensive expense for the period	-	-	(9,744)	-	(9,602)	(19,346)
Share-based payment charge	-	-	-	-	250	250
Balance at 31 August 2022	**102,534**	**403,225**	**(9,526)**	**(7,596)**	**(437,590)**	**51,047**

For the six months ended 31 August 2021
Unaudited

	Issued share capital £'000	Share premium £'000	Foreign currency exchange reserve £'000	Reserve for own shares held by EBT £'000	Retained deficit £'000	Total equity £'000
Balance at 1 March 2021	62,492	390,336	3,826	(7,480)	(400,861)	48,313
Loss for the period	-	-	-	-	(6,441)	(6,441)
Other comprehensive expense for the period	-	-	(340)	-	(931)	(1,271)
Total comprehensive expense for the period	-	-	(340)	-	(7,372)	(7,712)
Issue of ordinary shares	40,042	12,795	-	-	(600)	52,237
Employee benefit trust	-	-	-	(116)	(3)	(119)
Reclassification of exchange differences on liquidation of subsidiary	-	-	(1,785)	-	-	(1,785)
Share-based payment charge	-	-	-	-	400	400
Balance at 31 August 2021	**102,534**	**403,131**	**1,701**	**(7,596)**	**(408,436)**	**91,334**

Esken Limited

Condensed Consolidated Statement of Cash Flows
For the six months ended 31 August 2022

	Notes	Six months ended 31 August 2022 Unaudited £'000	Six months ended 31 August 2021 Unaudited £'000
Cash used in continuing operations	14	**(2,184)**	**(137)**
Cash outflow from discontinued operations		(5,600)	(15,133)
Income taxes (paid)/received		(1,030)	232
Net cash flow from operating activities		**(8,814)**	**(15,038)**
Purchase of property, plant and equipment		(1,250)	(2,513)
Proceeds from the sale of property inventory		3,538	-
Proceeds from the sale of property, plant and equipment		1,050	360
Receipt of capital element of net investment in lease		676	641
Cash disposed on liquidation of subsidiary undertaking		-	(362)
Acquisition of other financial assets		-	(4,900)
Interest received		323	323
Cash outflow from discontinued operations		-	(7,808)
Net cash flow from investing activities		**4,337**	**(14,259)**
Issue of ordinary shares (net of costs)		-	53,262
Proceeds from issue of convertible debt (net of costs)		-	111,459
Proceeds from grants		670	1,937
Principal element of lease payments		(7,899)	(8,331)
Net repayment of revolving credit facility (net of costs)		(50)	(56,936)
Interest paid		(2,763)	(5,383)
Cash outflow from discontinued operations		(6,288)	(8,596)
Net cash flow from financing activities		**(16,330)**	**87,412**
(Decrease)/increase in cash and cash equivalents		(20,807)	58,115
Cash and cash equivalents at beginning of period		52,738	12,408
Cash and cash equivalents at end of period		**31,931**	**70,523**

1 Accounting policies

Corporate information

The Condensed Consolidated Financial Statements of the Group for the six months ended 31 August 2022 (interim financial statements) were authorised for issue in accordance with a resolution of the Directors on 9 November 2022. Esken Limited is a Guernsey registered company whose ordinary shares are publicly traded on the London Stock Exchange. The principal activities of the Group are described in note 3.

Basis of preparation

The interim financial statements have been prepared in accordance with UK-adopted IAS 34 Interim Financial Reporting.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 28 February 2022. Except for the 28 February 2022 statutory comparatives, the financial information set out herein is unaudited but has been reviewed by the auditors, Mazars LLP, and their report to the Company is attached.

The audited comparative financial information set out in these interim financial statements does not constitute the Group's statutory accounts for the year ended 28 February 2022 but has been derived from those accounts. Statutory accounts for the year ended 28 February 2022 have been published and KPMG LLP (the Group's auditor until year ended 28 February 2022) has reported on those accounts. Their audit report was unqualified, however, it highlighted a material uncertainty regarding going concern in respect of refinancing at a sufficient level prior to the expiration of the Revolving Credit Facility and exchangeable bond that mature in February 2023 and May 2024 respectively. The annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards.

As presented in the Group's annual financial statements, all percentage calculations are based on results rounded to the nearest £1,000, being the presentation used across the primary statements and accompanying notes.

Going concern

Position adopted at year end February 2022

The Group's financial statements for the year ended 28 February 2022 were issued on 24 May 2022. Those financial statements were prepared on the basis that the Group was a going concern although there was a material uncertainty in respect of going concern. In arriving at that conclusion, the Directors had reviewed the Group's updated cash flow forecasts together with the projected covenant compliance, which covered a period to 30 April 2024, being the period prior to the maturity of the exchangeable bond on 8 May 2024. The Directors were satisfied the Group had sufficient cash headroom to continue trading for the period assessed.

Update to position

Subsequent to the issue of the February 2022 financial statements, the Group has successfully signed a £50m committed debt facility on 9 November 2022, subject to ordinary resolution of shareholders, with an additional £40m uncommitted facility, secured on the Esken Renewables and Infrastructure businesses, to ensure that the Group has a stable liquidity platform in order to meet its residual legacy obligations and underpin its business plan. The facility matures in 3 years, with an additional one year extension option at the lenders discretion. The Extraordinary General Meeting will take place on 29 November 2022.

The £50m refinancing secures the Group's cashflow headroom up until the maturity of the exchangeable bond on 8 May 2024, at which point the bond will require to be refinanced. In forming the conclusion on going concern the Directors have used the forecast period of 20 months to 30 April 2024, being the month end prior to the maturity of the exchangeable bond.

The Directors have prepared cash flow forecasts for the going concern assessment period that reflect both base and severe but plausible downsides. Those forecasts indicate that in the base scenario, the LSA ring fenced business will obtain the necessary liquidity of £10m prior to August 2023 to enable it to operate throughout the going concern period to 30 April 2024. With this funding, the Group as a whole will also have sufficient liquidity throughout the going concern period. Even if the LSA business is not able to obtain the required funding when required, this will not directly impact going concern assessment of the wider Group. The Group will require significant additional funding to meet its liabilities when the exchangeable bond matures. The repayment under the exchangeable bond on 8 May 2024 will be £53.1m less the value of LDG plc shares held as collateral. These shares were fair valued at £6.6m as at 31 August 2022. The Directors are confident that sufficient appropriate funding will be available, though there can be no certainty that that will be the case.

Base case forecast
In considering the going concern position for the purpose of these interim financial statements, the Directors have reviewed the Group's updated base case cash flow forecasts through to 30 April 2024, based on the Directors' expectations around the return to flying at London Southend Airport and growth in passenger numbers. The base case, including the assumption that the LSA ring fenced business will raise the additional liquidity that it requires, indicates that the Group will have sufficient funds to meet its liabilities for the period prior to the maturity of the exchangeable bond on 8 May 2024, when the headroom turns negative. The base case forecasts assume £10m cash inflows from disposals of non-core assets, which have a net book value of £36m, and they also demonstrate compliance with all specific funding covenants, with additional actions available to the Directors to further improve covenant headroom if required.

The level of flying at London Southend Airport (LSA) has remained below expectations for the period to 31 August 2022 and its global logistics partners ceased cargo operations at LSA in mid-September. In light of the anticipated impact of these factors, and noting that under base case forecasts for the ringfenced LSA business, LSA would require additional liquidity by August 2023. The Group has been exploring options to ensure that it can properly fund LSA to protect value in its investment and a portion of the £40m uncommitted facility would allow the Group to put funding into the LSA business as the liquidity requirement at the airport arises as long as the funds under that uncommitted facility become available in due course. The Group will alongside seeking to satisfy the conditions to draw down on that facility in the event that the liquidity requirement arises, continue to explore other funding options for LSA, in cooperation with its partner at the airport, to ensure that it has the best-priced financing available when it is required. LSA remains well positioned for the recovery and longer-term growth in commercial passenger flying. In the event that the Group is unable to draw on the funding required to meet the forecast liquidity requirements of LSA at the relevant time, and either Esken or LSA has not been able to secure any other source of financing or liquidity, the Group will consider alternative options, including a possible sale of all or part of the Airport or other valuable assets within the Group.

Severe but plausible downside forecast
The Directors have also considered a severe but plausible downside scenario that includes the following:

- Reduction in passengers forecast, with a downside scenario including a 72% reduction in passenger volume (albeit this will not impact on the covenant calculations);
- Removal of Aviation proceeds from new asset finance leases, with no corresponding beneficial rephasing of the capital expenditure additions profile;
- Reduction in Energy tonnes sold of 4%; and
- A decrease in gate fee revenue due to a 7% reduction of inbound volumes accompanied by 2% reduction in net gate fees, driving a 27% reduction in cash inflows.

This scenario indicates that, before non-controllable mitigating actions such as accelerated non-core asset disposals, and controllable mitigating actions such as rephased capital expenditure, accelerated disposal of listed shares held and reduction in discretionary overheads, the Group has sufficient funding up until February 2024, at which point additional funding is required.

Any shortfall against the substantial achievement of forecasts will increase the timing and amount of additional funding required. The Board will of course seek to mitigate the financial impact of this severe but plausible downside forecast should it arise.

Conclusion
Overall, the directors have a reasonable expectation that the Group will have sufficient funds to continue to meet its liabilities as they fall due over the going concern assessment period to 30 April 2024 and therefore have prepared the interim financial statements on a going concern basis.

However, the risks and uncertainties associated with the achievement of forecasts and the availability of sufficient funding indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Significant accounting policies
The accounting policies applied in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 28 February 2022. These accounting policies are expected to be applied for the full year to 28 February 2023.

Key estimates and judgements
The estimates and judgements taken by the Directors in preparing these interim financial statements are comparable with those disclosed in the annual financial statements for the year ended 28 February 2022. Estimates for the defined benefit pension assets principally relate to discount rates, inflation and mortality. The impact of changes in these estimates has contributed to the £0.8m increase in pension asset from 28 February 2022 to 31 August 2022. See note 12 for information on the aircraft maintenance provision estimates.

Presentation of Condensed Consolidated Income Statement
EBITDA, a non-GAAP measure, is the key profitability measure used by management for performance review in the day-to-day operations of the Group. Non-GAAP measures are used as they are considered to be both useful and necessary. They are used for internal performance analysis; the presentation of these measures facilitates comparability with other companies, although management's measures may not be calculated in the same way as similarly titled measures reported by other companies.

The post-tax results of discontinued operations along with any gain or loss recognised on the disposal of the assets or disposal groups constituting the discontinued operation are disclosed as a single amount in the Condensed Consolidated Income Statement.

2 Seasonality of operations

There is a material effect of seasonality in both of our largest operating divisions. In the Aviation division there are higher seasonal sales in summer, due to increased demand for overseas travel, and this is partly offset by higher seasonal sales in winter in the Energy division, due to higher energy consumption.

3 Segmental information

The reporting segments are Aviation, Renewables, Investments and Non-Strategic Infrastructure. The results of Propius are presented as discontinued operations on the face of the Condensed Consolidated Income Statement, see note 5.

The Aviation segment specialises in the operation of a commercial airport and the provision of ground handling services. The Renewables segment specialises in the supply of sustainable biomass material for the generation of renewable energy.
The Investments segment holds a non-controlling interest in a logistics services investing business and a baggage handling business. The Non-Strategic Infrastructure segment specialises in management, development, and realisation of a portfolio of property assets, including Carlisle Lake District Airport.

The Executive Directors are regarded as the Chief Operating Decision Maker. The Directors monitor the results of each business unit separately for the purposes of making decisions about resource allocation and performance assessment. The main segmental profit measure is EBITDA, which is calculated as loss before interest, tax, depreciation and impairments. Income taxes and certain central costs are managed on a Group basis and are not allocated to operating segments. No segmental assets or liabilities information is disclosed because no such information is regularly provided to, or reviewed by, the Chief Operating Decision Maker.

Six months ended 31 August 2022	**Aviation**	**Renewables**	**Investments**	**Non-Strategic Infrastructure**	**Group central and eliminations**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Revenue						
External	14,150	43,534	-	302	161	58,147
Internal	-	-	-	50	(50)	-
Statutory revenue	**14,150**	**43,534**	**-**	**352**	**111**	**58,147**
EBITDA	**(518)**	**6,950**	**(380)**	**(402)**	**(3,149)**	**2,501**
Depreciation	(4,848)	(3,879)	-	(192)	(194)	(9,113)
Net interest	(7,080)	(776)	(821)	(12)	2,576	(6,113)
(Loss)/profit before tax	**(12,446)**	**2,295**	**(1,201)**	**(606)**	**(767)**	**(12,725)**

Six months ended 31 August 2021	**Aviation**	**Renewables**	**Investments**	**Non-Strategic Infrastructure**	**Group central and eliminations**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Revenue						
External	12,902	38,144	-	259	379	51,684
Internal	22	-	-	50	(72)	-
Statutory revenue	**12,924**	**38,144**	**-**	**309**	**307**	**51,684**
EBITDA	**762**	**9,106**	**(152)**	**(382)**	**(3,760)**	**5,574**
Depreciation	(5,046)	(4,229)	-	(181)	(633)	(10,089)
Net interest	(937)	(844)	(789)	(154)	(5,310)	(8,034)
(Loss)/profit before tax	**(5,221)**	**4,033**	**(941)**	**(717)**	**(9,703)**	**(12,549)**

Internal revenue above relates to inter-segment revenues that are eliminated within Group central and eliminations. Intra-segment revenues are eliminated within each segment.

4 Revenue

Revenue is primarily from contracts with customers. Other sources of revenue are from owned and leased fixed assets. The following tables detail the split between revenue from contracts with customers and other revenue, and the disaggregation of revenue from contracts with customers.

Six months ended 31 August 2022	**Aviation £'000**	**Renewables £'000**	**Investments £'000**	**Non-Strategic Infrastructure £'000**	**Group central and eliminations £'000**	**Total £'000**
Revenue from contracts with customers	14,045	43,534	-	78	-	57,657
Other revenue – lease income	105	-	-	224	161	490
	14,150	**43,534**	**-**	**302**	**161**	**58,147**

Six months ended 31 August 2022	**Aviation £'000**	**Renewables £'000**	**Investments £'000**	**Non-Strategic Infrastructure £'000**	**Group central and eliminations £'000**	**Total £'000**
Major product/service line						
Sale of goods	2,944	33,362	-	-	-	36,306
Rendering of services	11,101	10,172	-	78	-	21,351
	14,045	**43,534**	**-**	**78**	**-**	**57,657**
Primary geographical markets						
United Kingdom	13,385	43,534	-	78	-	56,997
Europe and Ireland	573	-	-	-	-	573
Rest of world	87	-	-	-	-	87
	14,045	**43,534**	**-**	**78**	**-**	**57,657**
Timing of revenue recognition						
Products and services transferred at a point in time	14,045	43,534	-	78	-	57,657
	14,045	**43,534**	**-**	**78**	**-**	**57,657**

Six months ended 31 August 2021	**Aviation £'000**	**Renewables £'000**	**Investments £'000**	**Non-Strategic Infrastructure £'000**	**Group central and eliminations £'000**	**Total £'000**
Revenue from contracts with customers	12,711	38,144	-	63	-	50,918
Other revenue – lease income	191	-	-	196	379	766
	12,902	**38,144**	**-**	**259**	**379**	**51,684**

Six months ended 31 August 2021	**Aviation £'000**	**Renewables £'000**	**Investments £'000**	**Non-Strategic Infrastructure £'000**	**Group central and eliminations £'000**	**Total £'000**
Major product/service line						
Sale of goods	2,139	26,348	-	-	-	28,487
Rendering of services	10,572	11,796	-	63	-	22,431
	12,711	**38,144**	**-**	**63**	**-**	**50,918**
Primary geographical markets						
United Kingdom	10,882	38,144	-	63	-	49,089
Europe and Ireland	1,827	-	-	-	-	1,827
Rest of world	2	-	-	-	-	2
	12,711	**38,144**	**-**	**63**	**-**	**50,918**
Timing of revenue recognition						
Products and services transferred at a point in time	12,711	38,144	-	63	-	50,918
	12,711	**38,144**	**-**	**63**	**-**	**50,918**

Opening and closing receivables, contract assets and contract liabilities from contracts with customers are as follows:

	31 August 2022 Unaudited £'000	**28 February 2022 Audited £'000**
Receivables	11,040	10,064
Contract assets	5,539	3,327

Contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date on contracts in the Renewables division and have increased mainly due timing of unbilled transport work.

5 Discontinued operations

In the prior year, on 14 June 2021, the Ireland High Court appointed liquidators to Stobart Air. Following the liquidation, Propius, which leased all eight of its aircraft to Stobart Air, is abandoned in line with the IFRS 5 definition of a discontinued operation. The results of Propius in the current and prior periods, and Stobart Air in the prior period only, are reported on a single line, net of tax on the face of the Condensed Consolidated Income Statement.

While the results of Propius are presented as discontinued, in the period up to February 2024 there will be ongoing finance charges and cashflows in respect of aircraft leases and cashflows in respect of maintenance obligations, with the corresponding liabilities remaining on the Group's consolidated statement of financial position.

A summary of the Stobart Air results included in discontinued operations is as follows:

	Six months ended 31 August 2022 Unaudited £'000	Six months ended 31 August 2021 Unaudited £'000
Revenue	-	3,449
Operating expenses	-	(5,156)
Net finance costs	-	602
Results from operating activities before tax	**-**	**(1,105)**
Profit on liquidation	-	9,752
Profit before tax	**-**	**8,647**
Tax	-	-
Profit for the period from discontinued operations, net of tax	**-**	**8,647**

A summary of the Propius results included in discontinued operations is as follows:

	Six months ended 31 August 2022 Unaudited £'000	Six months ended 31 August 2021 Unaudited £'000
Operating expenses	2,670	(9,486)
Net finance costs	(1,074)	(1,727)
Profit/(loss) before tax	**1,596**	**(11,213)**
Tax	-	(48)
Profit/(loss) for the period from discontinued operations, net of tax	**1,596**	**(11,261)**

A summary of the discontinued operations recognised in the Condensed Consolidated Income Statement is as follows:

	Six months ended 31 August 2022 Unaudited £'000	Six months ended 31 August 2021 Unaudited £'000
Stobart Air discontinued operations, net of tax	-	8,647
Propius discontinued operations, net of tax	1,596	(11,261)
Stobart Rail discontinued operations, net of tax	-	(301)
Loss from discontinued operations, net of tax	**1,596**	**(2,915)**

The above losses are attributable to the owners of the company.

The cash flows in relation to Stobart Air are as follows:

	Six months ended 31 August 2022 Unaudited £'000	Six months ended 31 August 2021 Unaudited £'000
Net cash used in operating activities	-	(14,301)
Net cash used in financing activities	-	(2,143)
Net cash flows for the period	**-**	**(16,444)**

The cash flows in relation to Propius are as follows:

	Six months ended 31 August 2022 Unaudited £'000	Six months ended 31 August 2021 Unaudited £'000
Net cash used in operating activities	(5,600)	(1,002)
Net cash used in from investing activities	-	(7,808)
Net cash used in financing activities	(6,288)	(6,453)
Net cash flows for the period	**(11,888)**	**(15,263)**

A summary of cash flows from discontinued operations is as follows:

	Six months ended 31 August 2022 Unaudited £'000	Six months ended 31 August 2021 Unaudited £'000
Stobart Air	-	(16,444)
Propius	(11,888)	(15,263)
Stobart Rail	-	170
Net cash flows for the period	**(11,888)**	**(31,537)**

6 Finance costs and income

	Six months ended 31 August 2022 Unaudited £'000	Six months ended 31 August 2021 Unaudited £'000
Interest accrued on convertible debt	6,624	-
Amortisation of deferred issue costs	1,959	3,866
Finance charges payable under leases	1,842	2,065
Bank loans	908	3,125
Interest paid on defined benefit pension scheme	-	21
Other interest	-	99
Foreign exchange losses	-	764
Total finance costs	**11,333**	**9,940**

	Six months ended 31 August 2022 Unaudited £'000	Six months ended 31 August 2021 Unaudited £'000
Foreign exchange gains	3,848	1
Revaluation of convertible debt derivative	1,043	-
Fair value of financial liabilities	-	1,581
Interest received from net investment in lease	321	324
Interest received on defined benefit pension scheme	8	-
Total finance income	**5,220**	**1,906**

Finance costs on bank loans have decreased period on period due to the RCF being undrawn in the current period. The increase in foreign exchange gains is due to favourable fluctuations in US Dollar and exchange rates impacting the Group's foreign-currency denominated intercompany loan. The revaluation of the compound derivative element of the convertible debt instrument with Carlyle Global Infrastructure Opportunity Fund led to a gain of £1,043,000 in the period, see note 11.

In the prior year, on 7 May 2021, the put option the Group entered into with fellow Connect Airways shareholder Cyrus Capital Partners was exercised and 6 million ordinary shares in Esken Limited were issued. The exercise meant that the associated financial liability had a fair value of £nil and £1,581,000 was released and presented within finance income in the Condensed Consolidated Income Statement.

7 Taxation

Taxation on profit on ordinary activities

Total tax in the Condensed Consolidated Income Statement from continuing and discontinued operations	**Six months ended 31 August 2022 Unaudited £'000**	**Six months ended 31 August 2021 Unaudited £'000**
Corporation tax:		
Current year corporation tax	1,000	-
Overseas corporation tax	-	48
Adjustments in respect of prior years	(3,311)	(8,500)
Total corporation tax	**(2,311)**	**(8,452)**
Deferred tax:		
Origination and reversal of temporary differences	(152)	(500)
Impact of change in rate	(48)	(23)
Total deferred tax	**(200)**	**(523)**
Total credit in the income statement	**(2,511)**	**(8,975)**
Split between:		
Continuing	(2,511)	(9,023)
Discontinued	-	48

Included in the above tax charges are total current tax credit on continuing operations of £2,311,000 (2021: £8,500,000) and a total deferred tax credit on continuing operations of £200,000 (2021: £523,000) giving a total tax credit on continuing operations in the Condensed Consolidated Income Statement of £2,511,000 (2021: £9,023,000). In addition, there is a current tax charge on discontinued operations of £nil (2021: £48,000) giving a total tax credit on continuing and discontinued operations in the Condensed Consolidated Income Statement of £2,511,000 (2021: £8,975,000).

An increase in the main rate of corporation tax 25% effective from 1 April 2023 was substantively enacted as at the balance sheet date 31 August 2022. As such, the deferred tax assets/liabilities as at 31 August 2021 have been recognised/provided at 25%.

8 Loss per share

The following table reflects the income and share data used in the basic and diluted earnings per share calculations:

Numerator	Six months ended 31 August 2022 Unaudited £'000	Six months ended 31 August 2021 Unaudited £'000
Continuing operations		
Loss for the period used for basic and diluted earnings	**(10,214)**	(3,526)
Discontinued operations		
Profit/(loss) for the period used for basic and diluted earnings	**1,596**	(2,915)
Total		
Loss for the period used for basic and diluted earnings	**(8,618)**	**(6,441)**
Denominator	**Number**	**Number**
Weighted average number of shares used in basic EPS	1,020,735,977	635,625,609
Effects of employee share options	-	-
Weighted average number of shares used in diluted EPS	**1,020,735,977**	**635,625,609**
Own shares held and therefore excluded from weighted average number	4,600,764	3,800,802

9 Property, plant and equipment

Additions and disposals
During the six months ended 31 August 2022, the Group acquired or developed property, plant and equipment assets with a cost of £3,725,000 (2021: £2,937,000). This mainly consisted of development work at London Southend Airport and plant and machinery equipment in the Renewables division. Property, plant and equipment assets with a book value of £617,000 (2021: £318,000) were disposed of by the Group during the six months ended 31 August 2022, resulting in a profit on disposal of £430,000 (2021: £42,000).

Capital commitments
At 31 August 2022, the Group had capital commitments of £nil (2021: £499,000).

10 Inventories

During the period a portion of Widnes land held in property inventories within the Non-Strategic Infrastructure division was sold for cash proceeds of £3,538,000 which was equal to the land's book value.

11 Financial assets and liabilities

Loans and borrowings	31 August 2022 Unaudited £'000	28 February 2022 Audited £'000
Non-current		
Obligations under leases	77,733	98,677
Convertible debt (net of costs)	125,410	118,862
	203,143	**217,539**
Current		
Exchangeable bonds (net of costs)	52,573	52,385
Obligations under leases	39,773	24,714
	92,346	**77,099**
Total loans and borrowings	**295,489**	**294,638**
Cash	(31,931)	(52,738)
Net debt	**263,558**	**241,900**

Esken Limited provides support to its subsidiaries where required. Examples of support include intercompany funding arrangements and the provision of guarantees in relation to financing lines provided by a number of lenders. In addition, one Energy contract has a covenant relating to the market capital of Esken Limited, where a breach would be remedied by additional letters of credit or a security deposit.

The exchangeable bonds have a May 2024 maturity, with repayment being the difference between the £53.1m gross bonds and shares in LDG plc into which the bonds are convertible. At 31 August 2022, the difference amounted to £44.9m.

Convertible debt
The convertible debt instrument with Carlyle Global Infrastructure Opportunity Fund (CGI), received in the prior year, includes three derivatives in relation to conversion which are accounted for as one single compound derivative as they are not considered independent of each other. The fair value of the compound derivative is measured at each reporting date using the underlying equity value of LSA and the fair value of the host contract as inputs into the valuation model. The compound derivative valuation is materially impacted if LSA performs substantially above or below its five-year business model.

At 28 February 2022 the fair value of the compound derivative was £1,088,000. Due to a change in market conditions and a timing in cash flows the fair value of the compound derivative has reduced to £45,000. The £1,043,000 reduction in the fair value has been recognised in finance income in the Condensed consolidated income statement, see note 6.

Revolving Credit Facility (RCF)
The RCF was undrawn at the period end (Feb 2022: £nil). The Group was in compliance with, or received waivers for, all financial covenants throughout both the current and prior periods. Following the sale of Widnes land, see note 10, under the terms of the RCF the available facility was reduced by £875,000, being 25% of the net proceeds, from £20,000,000 to £19,125,000.

A reconciliation of movements of liabilities to cash flows arising from financing is as follows:

	Exchangeable bond £'000	Revolving credit facility £'000	Convertible debt £'000	Obligations under leases £'000	Total £'000
Balance at 1 March 2022	**52,385**	**-**	**118,862**	**123,391**	**294,638**
Changes from financing cash flows:					
Cash outflow from debt issue costs	-	(50)	-	-	(50)
Principal elements of lease payments - continuing operations	-	-	-	(7,899)	(7,899)
Principal elements of lease payments - discontinued operations	-	-	-	(5,137)	(5,137)
Interest paid - continuing operations	(730)	(179)	-	(1,854)	(2,763)
Interest paid - discontinued operations	-	-	-	(1,151)	(1,151)
Total changes from financing cash flows	**(730)**	**(229)**	**-**	**(16,041)**	**(17,000)**
Release of debt issue costs	188	-	967	-	1,155
New leases entered into	-	-	-	3,395	3,395
Termination of lease	-	-	-	(11)	(11)
The effect of changes in foreign exchange rates	-	-	-	3,780	3,780
Revaluation of derivative	-	-	(1,043)	-	(1,043)
Non-cash accruals	730	229	6,625	2,991	10,575
Balance at 31 August 2022	**52,573**	**-**	**125,411**	**117,505**	**295,489**

	Exchangeable bond £'000	Revolving credit facility £'000	Convertible debt £'000	Obligations under leases £'000	Total £'000
Balance at 1 March 2021	**52,010**	**52,329**	**-**	**158,908**	**263,247**
Changes from financing cash flows:					
Additional loans	-	-	125,000	-	125,000
Net cash repaid	-	(55,000)	-	-	(55,000)
Cash outflow from debt issue costs	-	(1,936)	(13,541)	-	(15,477)
Principal elements of lease payments - continuing operations	-	-	-	(8,331)	(8,331)
Principal elements of lease payments - discontinued operations	-	-	-	(6,939)	(6,939)
Interest paid - continuing operations	(730)	(3,075)	-	(1,578)	(5,383)
Interest paid - discontinued operations	-	-	-	(1,657)	(1,657)
Total changes from financing cash flows	**(730)**	**(60,011)**	**111,459**	**(18,505)**	**32,213**
Release of debt issue costs	188	3,647	31	-	3,866
New leases entered into	-	-	-	3,762	3,762
Termination of lease	-	-	-	(4,269)	(4,269)
Unwind of discount	-	-	-	97	97
Reclass of debt issue costs to other debtors	-	1,688	-	-	1,688
Liquidation of subsidiary undertaking	-	-	-	(7,265)	(7,265)
The effect of changes in foreign exchange rates	-	-	-	360	360
Non-cash accruals	730	2,347	206	3,577	6,860
Balance at 31 August 2021	**52,198**	**-**	**111,696**	**136,665**	**300,559**

The book value and fair values of financial assets and financial liabilities are as follows:

	Book Value 31 August 2022 Unaudited £'000	Fair Value 31 August 2022 Unaudited £'000
Financial assets		
Other investments	13,243	13,243
Financial Liabilities		
Exchangeable bonds – host element	52,449	48,169
Convertible debt – host element	125,365	85,213
Embedded derivatives	169	169

	Book Value 28 February 2022 Audited £'000	Fair Value 28 February 2022 Audited £'000
Financial assets		
Other investments	14,105	14,105
Financial Liabilities		
Exchangeable bonds	52,261	47,278
Convertible debt	117,774	121,423
Embedded derivatives	1,212	1,212

The directors reasonably consider the fair value of other financial assets and liabilities (such as trade and other receivables, trade and other payables, and lease liabilities) approximate their book value.

Fair Value Hierarchy

The fair value hierarchy is explained in the statutory accounts for the year ended 28 February 2022. The fair values in the table below reflect financial assets and liabilities measured at fair value in condensed consolidated statement of financial position.

As at 31 August 2022	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets				
Other financial assets	13,243	8,243	5,000	-
Financial liabilities				
Other financial liabilities	169	-	-	169

As at 28 February 2022	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets				
Other financial assets	14,105	9,205	4,900	-
Financial liabilities				
Other financial liabilities	1,212	-	-	1,212

The £5m other financial assets presented within level 2 at 31 August 2022 has been fair valued by reference to cash held within the bank account of the captive cell.

The other financial liabilities are recognised within the convertible debt and exchangeable bonds within loans and borrowings on the face of the condensed statement of financial position.

There were no transfers between Levels 1, 2 and 3 fair value measurements. The movement in Level 3 other financial liabilities of £1,043,000 relates to the value of the single compound derivative within the convertible debt instrument. This movement has been recognised within finance income in the condensed consolidated income statement.

12 Provisions

	Site restoration £'000	Onerous contracts £'000	Litigation and claims £'000	Remediation provision £'000	Maintenance reserves £'000	Total £'000
At 1 March 2022	**1,250**	**2,021**	**3,095**	**3,942**	**23,645**	**33,953**
Provisions used	(1,250)	(682)	(391)	-	(994)	(3,317)
Provisions made	-	-	22	-	-	22
Provisions reversed	-	-	-	-	(2,758)	(2,758)
Currency retranslation	-	-	-	-	3,478	3,478
At 31 August 2022	**-**	**1,339**	**2,726**	**3,942**	**23,371**	**31,378**
Analysis of provisions						
Current	-	1,244	2,726	3,942	22,098	30,010
Non-current	-	95	-	-	1,273	1,368

At the beginning of the period the Group leased a long leasehold property in respect of which it had annual dilapidation and holding costs. During the period an agreement was signed with the owners of the property for the Group to exit the lease in return for payment of £1,250,000, which was made in the period.

During the period the Group made payments totalling £994,000 for required maintenance on the eight ATR aircraft leased by Propius. An agreement was reached with the lessor of the aircraft for the early hand back of two of the aircraft. The hand back reduced the level of maintenance works required by the Group leading to a release of provision of £2,758,000. The estimates made in relation to the six aircraft remaining are unchanged from the year end. Fluctuations in the exchange rate between the US Dollar and GB Pound led to a £3,478,000 increase in maintenance reserves.

13 Contingent liabilities

As at 31 August 2022 the Group had no contingent liabilities (28 February 2022: £2.0m).

14 Cash used in operations

	Six months ended 31 August 2022 Unaudited £'000	Six months ended 31 August 2021 Unaudited £'000
Loss before tax	**(12,725)**	**(12,549)**
Adjustments to reconcile loss before tax to net cash flows:		
Realised profit on sale of property, plant and equipment	(430)	(50)
Share of post-tax losses of associate accounted for using the equity method	346	146
Depreciation of property, plant and equipment	9,113	10,089
Finance income	(1,364)	(1,905)
Finance costs	11,325	9,176
Release of grant income	(796)	(694)
Charge for share-based payments	250	400
Gain on fuel swaps mark to market valuation	-	(58)
Retirement benefits and other provisions	(2,244)	(1,694)
Working capital adjustments:		
(Increase)/decrease in inventories	(35)	19
(Increase)/decrease in trade and other receivables	(5,866)	1,570
Increase/(decrease) trade and other payables	242	(4,587)
Cash used in continuing operations	**(2,184)**	**(137)**

15 Related parties

During the period, the Group made sales of £2,928,000 (2021: £3,392,000) to its associate Mersey Bioenergy Limited (a subsidiary of Mersey Bioenergy Holdings Limited) relating to the sale of biomass material. At 31 August 2022, £549,000 (28 February 2022: £220,000) was owed to the Group.

16 Glossary - Alternative performance measures (APMs)

In the reporting of financial information, the Directors have adopted various APMs. These measures are not defined by International Financial Reporting Standards (IFRS) and therefore may not be directly comparable with other companies' APMs.

APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements. Non-GAAP APMs are used as they are considered to be both useful and necessary as well as enhancing the comparability of information between reporting periods, by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid users in understanding the Group's performance.

Consequently, APMs are used by the Directors and management for internal performance analysis, planning, reporting and incentive-setting purposes. The presentation of these measures facilitates comparability with other companies, although management's measures may not be calculated in the same way as similarly titled measures reported by other companies.

EBITDA
EBITDA is the key profitability measure used by management for performance review in the day-to-day operations of the Group. EBITDA represents loss before interest, tax, depreciation and impairments. Refer to note 3 for reconciliation to statutory loss before tax.

Net debt
Net debt is defined as the sum of obligations under leases, revolving credit facility, exchangeable bonds and convertible debt, less cash and cash equivalents. See note 11 for reconciliations of this measure.

Gearing
This is defined as net debt, as defined above, divided by Group shareholders' equity per the consolidated statement of financial position.

Headroom
This is the sum of cash per the consolidated statement of financial position plus the £19.1m revolving credit facility which was undrawn at the year end. It shows the amount of cash that can be drawn on by the Group at short notice.

Independent Review Report to Esken Limited

Conclusion
We have been engaged by Esken Limited (the 'Company') to review the condensed consolidated financial statements in the half-yearly financial report for the six months period ended 31 August 2022 of the Company and its subsidiaries (together the 'Group') which comprise the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows and the related explanatory notes from 1 to 16. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of consolidated financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements in the half-yearly financial report for the six months ended 31 August 2022 are not prepared, in all material respects, in accordance with UK Adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for Conclusion
We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 (Revised), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK adopted IFRSs. The condensed consolidated set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Material uncertainty relating to going concern
Note 1 to the condensed consolidated financial statements sets out the assessment of the going concern basis of preparation including the material uncertainty that the directors have identified in respect of the basis of preparation.

The Group has reported a consolidated loss for the period of £8.6 million and a total consolidated comprehensive loss for the period of £19.3 million. At 31 August 2022 the consolidated current liabilities of the Group exceed the consolidated current assets by £82.0 million .

Note 1 also describes the requirement for the Group to secure additional financing prior to the maturity of the exchangeable bond, which has a carrying value of £ 52.6 million at 31 August 2022. The bond matures on 8 May 2024.

The risks and uncertainties associated with the achievement of forecasts and the availability of sufficient funding as set out in Note 1, including the requirement to obtain shareholder approval of the £50m committed debt facility that was signed on 9 November 2022, indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

Our conclusion is not modified in respect of the above matter.

Responsibilities of directors
The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

In preparing the half-yearly financial report, 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 review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed consolidated financial statements in the half-yearly interim financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement letter to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Tim Hudson (Senior Statutory Auditor)
For and on behalf of
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Chartered Accountants
One St. Peter's Square
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M2 3DE
United Kingdom
9 November 2022