Interim Results Presentation

For the six months ended 31 August 2023

29 November 2023

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Agenda

1. Renewables disposal
2. Financial performance
3. Progress on realisations
4. Summary

Renewables disposal

- Disposal of entire share capital of Esken Renewables
- Enterprise value of £107.7m and equity value of £84.5m
- Net proceeds of £78.5m, used to settle term loan (c.£71m) and fund the defined benefit pension scheme (£3.6m) and residual net cash provides short-term working capital for the continuing Group
- Approved by shareholders at EGM on 24 November 2023, expected to complete on or about 1 December 2023
- Assets and liabilities held for sale at 31 August 2023. Balance sheet comparatives not restated, in line with accounting standards
- Profit and loss result presented as discontinued operations on one line on the face of the income statement and prior period comparatives restated, in line with accounting standards

Financial summary – continuing Group[1]

Revenue

£9.1m

Revenue decreased by 37.4% on a restated[2] basis principally due to the sale of Star Handling (ground handling business) in Aviation and cessation of cargo operations and London Southend Airport (LSA). However, passenger numbers increased by 17.8% to 72k.

Adjusted EBITDA[3]

(£3.5m)

Adjusted EBITDA[3] improved from (£4.1m) mainly as a result of one-off profits from the disposal of Star Handling (£1.6m) and an investment in Mersey Bioenergy (£1.7m).

Net finance costs[4]

£46.8m

Net finance costs increased from £5.3m, which includes a £29.4m one-off non-cash increase in the convertible debt, principally due to the recalculation of the amortised cost, driven by a change in the expected repayment date from the managed sale of LSA.

Loss before tax

£60.8m

The loss before tax increased from £15.0m last period, due to higher finance costs (£41.3m) and impairment on the non-core asset of Pollington (£5.3m).

[1] Continuing Group only, which excludes Renewables that is presented within discontinued operations.
[2] The prior period results have been restated to present the results of Renewables as discontinued, in line with the treatment in the current period.
[3] Adjusted EBITDA represents profit/(loss) before interest, tax, depreciation and impairments.
[4] Net amount recognised within finance cost/income in the income statement. Net cash finance cost was £5.5m for the period.

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Divisional performance

Revenue (£m)	2023	2022
Aviation	8.4	14.2
Investments and Non-Strategic Infrastructure	0.6	0.3
Group central and eliminations	0.1	0.1
Total - continuing	**9.1**	**14.6**
Renewables – discontinued	48.9	43.5
Total	**58.0**	**58.1**

Adjusted EBITDA[1] (£m)	2023	2022
Aviation	(2.8)	(0.5)
Investments and Non-Strategic Infrastructure	2.0	(0.4)
Group central and eliminations	(2.7)	(3.2)
Total - continuing	**(3.5)**	**(4.1)**
Renewables – discontinued	5.0	6.9
Propius – discontinued	0.4	2.7
Total	**1.9**	**5.5**

[1]Adjusted EBITDA represents profit/(loss) before interest, tax, depreciation and impairments.

Revenue

- Passenger numbers increased from 61k to 72k.
- Aviation revenue decreased by 40.3% due to sale of Star Handling part way through the period (3 months this period vs. 6 months in prior period), ceased cargo operations from a global logistics partner of £3.5m (effective mid-September 2022) and a reduction in aviation fuel revenue due to global reduction in aviation fuel prices.
- Renewables tonnages were 756k (Aug 2022: 753k) and revenue increased by 12.3% mainly due to contractual indexation.

Adjusted EBITDA[1]

- Aviation decreased due to ceased cargo operations. In the prior period LSA benefitted from the £1.4m one-off recovery of airline marketing costs, which has been offset by a £1.6m one-off profit on disposal of Star Handling in the current period.
- Non-Strategic Infrastructure benefitted from the £1.7m profit on disposal of an investment of Mersey Bioenergy.
- Central costs continued to be managed tightly.
- Renewables decreased due to third-party biomass plant outages and subdued gate fees, in addition to one-off settlements agreed with specific plants for contractual negotiations in parallel with the Renewables disposal.
- Propius benefitted from the early hand back of two aircraft in 2022.

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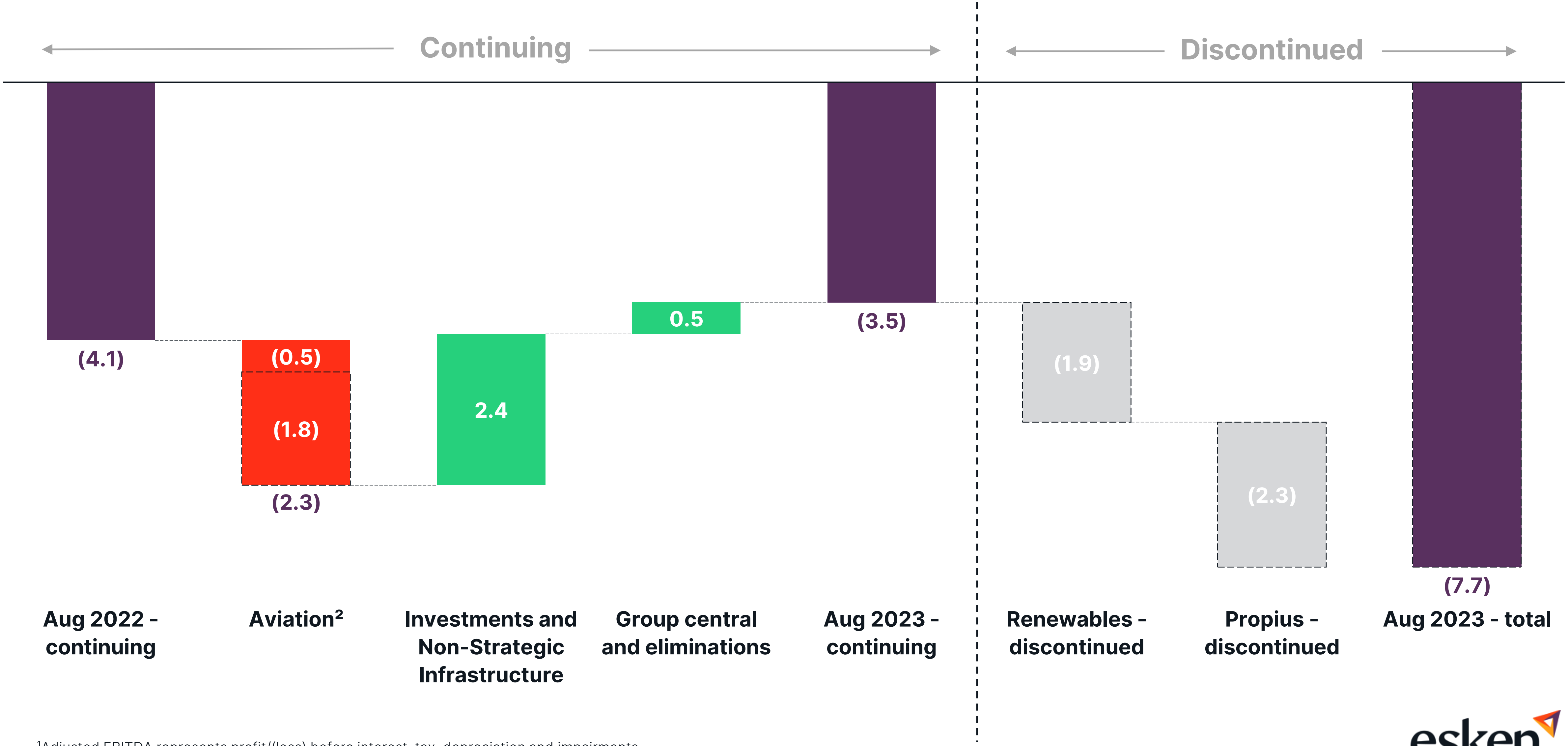
Adjusted EBITDA[1] movement from 2022 to 2023 (£m)



[1]Adjusted EBITDA represents profit/(loss) before interest, tax, depreciation and impairments.
[2]Aviation was impacted by £1.8m due to ceased cargo operations from a global logistics partner effective mid-September 2022.

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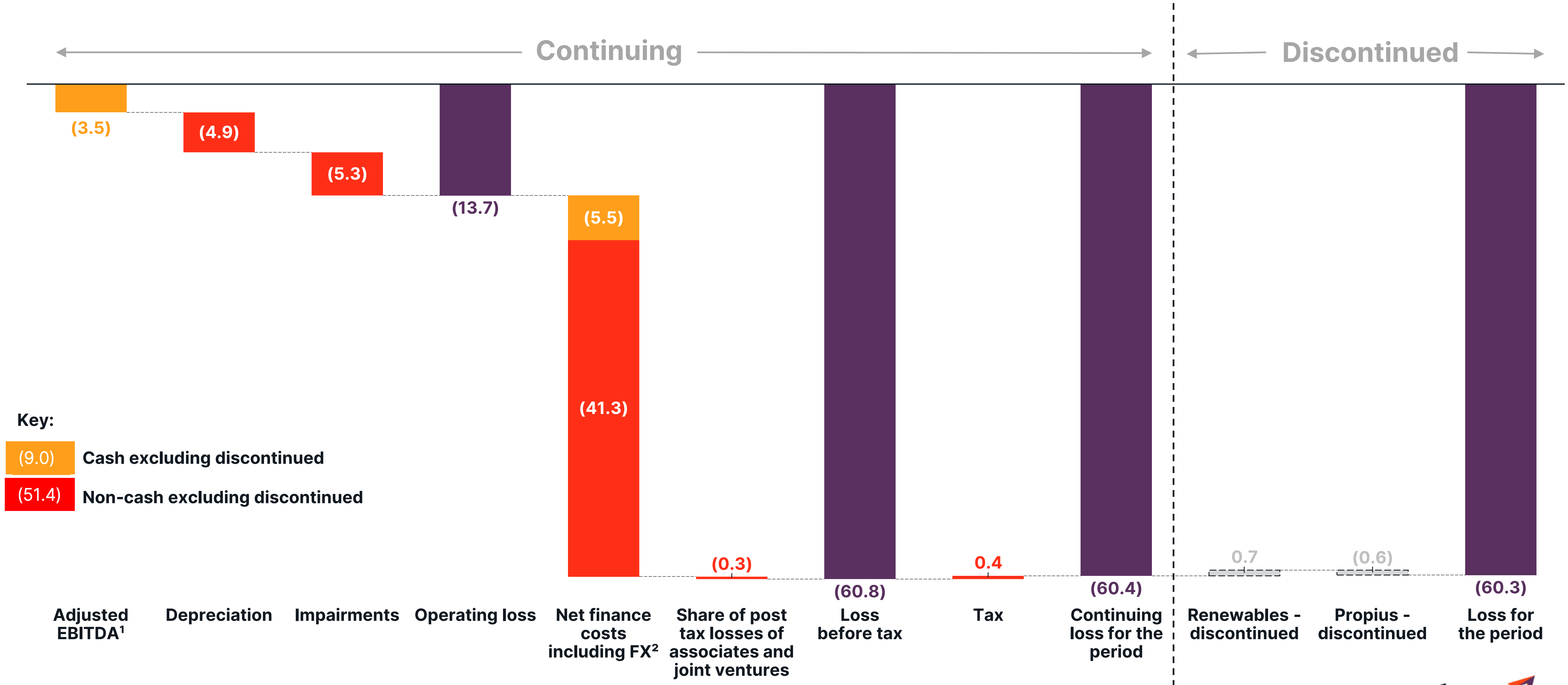
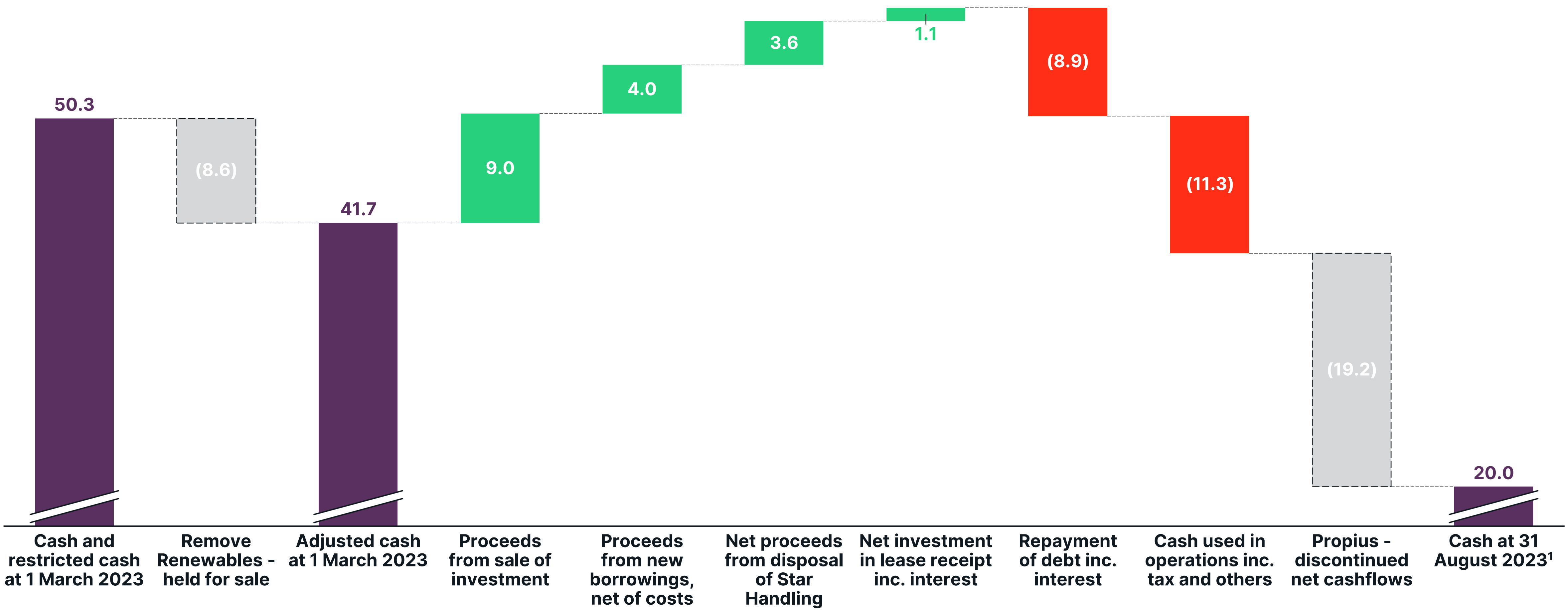
Adjusted EBITDA[1] to loss for the period (£m)



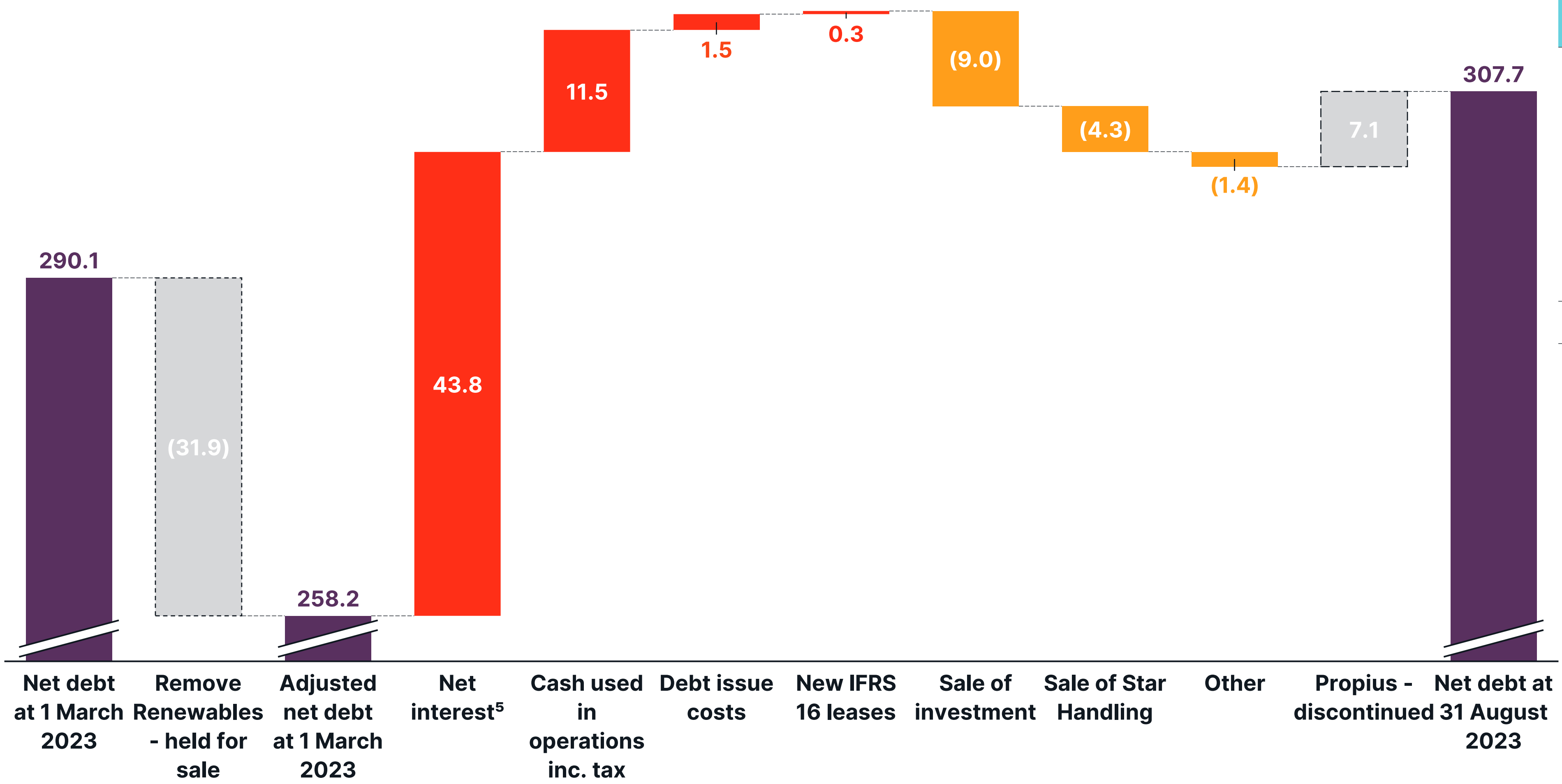
[1]Adjusted EBITDA represents profit/(loss) before interest, tax, depreciation and impairments.
[2]Non-cash net finance costs increased principally due to the recalculation of the amortised cost of the convertible debt, driven by a change in the expected repayment date from the managed sale of London Southend Airport.

Movement in cash (£m)



[1]£3.0m of cash is ring-fenced in London Southend Airport. There is also an additional £6.9m of Renewables cash (of which £1.0m is restricted) presented within assets held for sale, bringing the combined cash total to £26.9m.

Net debt movement (£m)



£m	Aug 2023
Convertible loan	171.3
Exchangeable bond[1]	53.3
Term loan[2]	50.0
IFRS 16 lease liabilities[3]	50.9
Other lease liabilities	2.2
Cash	(20.0)
Net debt[4]	**307.7**

[1]£7.2m of shares in Logistics Development Group plc are held as at 31 August 2023 as security against the bond and could be offset contractually on maturity to mitigate the gross liability. In addition there are a further £1.7m shares not held as security against the bond.

[2]The term loan will be repaid with proceeds from the Renewables sale.

[3]IFRS 16 lease liabilities refers to leases which have a corresponding right of use asset or net investment in lease.

[4]This is net debt of the continuing Group only and does not include Renewables which is held for sale.

[5]This includes a non-cash increase in finance costs due to the recalculation of the amortised cost of the convertible debt, driven by a change in the expected repayment date from the managed sale of London Southend Airport.

Balance sheet (£m)

	Feb 2023	Aug 2023	Illustrative Pro forma
Intangible assets	54.7	-	-
Tangible assets	218.2	176.2	176.2
IFRS 16 ROU assets and net investment in lease	62.1	43.1	39.7
Investment and non-current receivables	17.7	16.2	14.2
Current assets (excluding cash)	35.9	11.3	11.3
Assets held for sale – Renewables	-	130.8	-
Cash	50.3	20.0	25.9
Gross assets	**438.9**	**397.6**	**267.3**
Loans and borrowings	(230.8)	(274.5)	(226.9)
IFRS 16 lease liabilities[1]	(92.5)	(50.9)	(54.0)
Liabilities held for sale – Renewables	-	(53.3)	-
Other liabilities	(75.7)	(38.2)	(36.0)
Net assets/(liabilities)	**39.9**	**(19.3)**	**(49.6)**
Net debt	**290.1**	**307.7**	**252.1**

- **Renewables** included within individual balance sheet lines at Feb 2023 but presented on two lines for **assets and liabilities held for sale** at Aug 2023 in line with accounting standards.
- **Decrease in net assets** principally driven by **increased loans and borrowings** from recalculation of amortised cost of **convertible debt** following change to the assumed repayment date resulting from managed sale of London Southend Airport.
- **Cash** held in line with management expectations.
- **Pro forma balance sheet** for illustrative purposes only. Indicative of the August 2023 position after Renewables disposal overlaid, including repayment of term loan and funding for defined benefit pension scheme.

[1]IFRS 16 lease liabilities refers to leases which have a corresponding right of use asset or net investment in lease.

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Progress on realisations

Esken Renewables disposal

See Renewables disposal slide

- Completion expected on or about 1 December 2023
- Net proceeds of £78.5m
- Term loan repaid and defined benefit pension scheme funded
- Residual net cash provides short-term working capital for continuing Group

Non-core assets (NCA) and residual matters

See Non-core assets slide

- All remaining NCA disposals expected to complete this financial year
- Value extracted from NCA through cash and non-cash benefits
- Sufficient cash headroom to resolve residual wind down matters
- Move to standard listing on London Stock Exchange on 22 December 2023

Anticipated exchangeable bond amend and extend

See Exchangeable bond slide

- Term sheet received from 69% bondholder for anticipated extend and amend
- New maturity date 31 December 2025 (current maturity 8 May 2024)
- 10% PIK payable on redemption

London Southend Airport

See London Southend Airport slide

- easyJet flight schedule growth from 3 to 8 destinations
- Discussions continue with airlines who recognise growing capacity constraints at other London airports and the strong offering at LSA for operating costs and passenger experience

Non-core assets – expected to complete FY24

Asset	NBV at Feb 2022	NBV at Aug 2023	Progress/current status	Value realised/expected cash and non-cash
Mersey BioEnergy investment	-	-	SOLD £9.0m cash realised	£9.0m cash realised
Pollington	£8.8m	£3.5m	£5.3m impairment recognised HEADS OF TERMS AGREED[1]	£3.5m cash expected
Port of Weston	£5.4m	£5.5m	HEADS OF TERMS AGREED[1]	£5.0m cash expected
Widnes	£10.7m	£7.1m	PART SOLD £3.5m cash realised	£3.5m cash realised to date
			TERMS UNDER NEGOTIATION for remainder	£1.0m cash expected[2] Widnes and Carlisle to be sold together Removes lease exposure of around £16.0m Removes existing parent company guarantees Avoids future £1.4m improvement cost at Widnes
Carlisle Lake District Airport	£13.9m	£13.4m	£0.5m depreciation recognised TERMS UNDER NEGOTIATION	
Chelford	£0.8m	£0.8m	SALE AGREED Subject to dispute resolution	£1.0m cash expected
Total	£39.6m	£30.3m		Cash: £12.5m Expected cash: £10.5m Non-cash: £17.4m Total value: £40.4m

[1]Non-binding heads of terms.
[2]Whilst not expected to generate a profit on disposal, net proceeds are expected to outweigh the total exposure on these assets to realise value.

Exchangeable bond

- Current liability of £46.1m, being £53.3m net of £7.2m[1] Logistics Development Group plc (LDG) shares held to offset bond liability

- Current maturity date of 8 May 2024

- Term sheet received from 69% bondholder for anticipated extend and amend:
  - Extend maturity date to 31 December 2025 on redemption
  - 10% PIK interest, payable on redemption
  - Existing 2.75% cash interest removed

- 75% of bondholders required to vote to make 100% effective – bondholder meeting shortly

- Revised net amount repayable on redemption of c.£54m[2] if bondholders accept

[1]These shares will be transferred to bondholders as part settlement. There are a further £1.7m shares not held as security against the bond.
[2]Amount repayable is net of total LDG shares. Assumes 10% PIK payable to extended maturity date of 31 December 2025. Amount may vary due to changes in LDG share price or if repaid early.

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London Southend Airport

- Ideally well placed to benefit from London capacity constraints and growing passenger demand
- 2019: 2.1m passengers served across 30 routes with 4-5 based aircraft
- 2023: 10 routes and growing, with ongoing dialogue to secure based aircraft and pathway to c.5m passengers in medium term
- Well-connected location with owned railway station
- Servicing an expanding affluent population of 8m in immediate reach and 20m in wider catchment area
- 53 minutes from Liverpool Street Station to the front doors of the terminal building
- Target EBITDA £10 per passenger as airport matures

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Summary

Clean position through:

- Disposal of Renewables
- Disposing of non-core assets
- Amend and extend of exchangeable bond
- Removal of existing parent company guarantees

Expected remaining liabilities:

Expected remaining liabilities	£m	Comments
Convertible debt	(194)	Fixed repayment upon London Southend Airport (LSA) disposal pre FY27 based on make whole
Exchangeable bond[1]	(54)	Amend and extend to 31 December 2025 maturity date with 10% PIK payable on redemption
Potential £20m LSA facility[2]	(20)	Provides headroom for LSA to allow the time for a managed sale – currently first £5m committed and indicative commitment for a further £7m
Miscellaneous balance sheet[3]	(15)	Largely leases and provisions to unwind
Adjusted cash at 31 August 2023[3]	31	Adjusted cash position post Renewables disposal and anticipated non-core asset sales, provides sufficient headroom to address residual winddown costs
	(252)	

[1]Net of £7.2m Logistics Development Group plc shares and £1.7m additional shares not held as security against the bond. Assumes 100% of bondholders accept and runs to revised maturity date.

[3]This is premised on the August 2023 balance sheet position with envisaged transactions overlaid, including net proceeds from the Renewables disposal and planned non-core asset sales.

[2]Now provides the time for a managed sale of LSA

As a reminder, implied LSA value at 26 August 2021 was c.£400m when CGI concluded the convertible loan instrument in LSA

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