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SSP GROUP PLC

Results for six month period ended 31 March 2023

Strong performance in a recovering market; significant opportunity to drive long-term growth and returns

SSP Group, a leading operator of restaurants, bars, cafes and other food and beverage outlets in travel locations across 36 countries, announces its financial results for the first half of its 2023 financial year, covering the six months ended 31 March 2023. We have delivered a strong performance, as the global travel market has continued to recover. We are making good progress on our strategic priorities, putting us in an even stronger position to benefit from the long-term structural growth in the industry.

Financial highlights:

- Revenue of £1,318.4m (2022: £803.2m), up 64.1% vs last year and at 104% of 2019 levels, underpinned by the continued recovery in passenger travel volumes
- Underlying¹ EBITDA² of £90.5m, on a pre-IFRS 16 basis³ (2022: £14.7m). Underlying operating profit¹ of £34.4m, on a pre-IFRS 16 basis³ (2022: loss of £36.4m)
- On a reported basis (under IFRS 16) operating profit of £48.6m, including charge for non-underlying items of £3.8m (2022: £26.0m profit, including credit for non-underlying items of £78.6m)
- Profit before tax of £15.8m, on a reported basis under IFRS 16 (2022: loss of £2.3m). On a pre-IFRS 16 basis³, underlying profit¹ before tax of £22.8m (2022: loss of £55.3m)
- Basic loss per share of 1.3 pence on a reported basis under IFRS 16 (2022: 4.1 pence). On a pre-IFRS 16 basis³, underlying basic loss per share¹ of 0.8 pence (2022: 8.4 pence)
- Free cash outflow of £118.1m (2022: outflow of £30.9m), after £94.3m capital investment to support contract renewals and the mobilisation of the new unit pipeline⁴
- Net debt⁵ of £1,200.8m, which includes lease liabilities of £808.7m. On a pre-IFRS 16 basis³, net debt⁵ of £392.1m, up from £296.5m at 30 September 2022 with leverage (Net debt: LTM EBITDA, on a pre-IFRS 16 basis) of 1.8x
- Liquidity position strong, with cash and undrawn committed facilities of £516.7m⁶ at the end of March 2023

Business Highlights

- First half revenue at 104% of 2019 levels, underpinned by the continued recovery in passenger numbers
- In the first six weeks of H2, sales have continued to strengthen to 111% of 2019 levels including a strong Easter period, with increasing levels of holiday and leisure travel as we approach the summer
- Tight control of our cost base, including the management of significant and ongoing inflationary pressures, has enabled us to achieve a strong recovery in first half EBITDA margin to 6.9% (compared with 1.8% last year), in line with the margin recovery set out in our planning assumptions (in our 2022 Full Year Results)
- EBITDA of £90.5m (on a pre-IFRS 16 basis) driven by very strong performances in our North American and Rest of the World divisions
- High level of contract renewal activity and net new business wins running ahead of pre-Covid levels; returns on invested capital planned to be in line with pre-Covid levels
- Notable wins in H1 at airports in Calgary, Ontario, New York (JFK), Kuala Lumpur and at Rome rail station, with Italy becoming our 37th market
- Pipeline of net new business strengthened, with approximately £75m net new business won since the preliminary results in December 2022, increasing the expected annual sales value of net gains since 2019 from c.£550m to c.£625m, once fully mobilised by 2026
- Free cash usage of £118.1m, including capital investment of £94.3m as we accelerate the mobilisation of our new unit pipeline and contract renewal programme
- Good progress on our strategic priorities:
 - Accelerated growth in North America and Asia Pacific being underpinned by an increasing pipeline of net gains, with two thirds within North America and Rest of the World
 - The acquisition of the concessions business of Midfield Concession Enterprises Inc. in North America will add 40 new units across seven airports, four of which are new locations to SSP
 - Ongoing strengthening of our business capabilities including our customer proposition, our digital technology platform, and our sustainability and people programmes

Recent trading and outlook

Continued momentum in recent trading

The continued improvement in our trading performance in recent months has been encouraging and has been driven by a further recovery in passenger numbers. The recovery is being led by domestic and leisure travel across both the Air and Rail sectors, with business and commuter travel also recovering, albeit more slowly.

The second half of the financial year has started well with sales strengthening further to an average of 111% of 2019 levels in the first six weeks (c.34% above 2022 levels). This revenue performance includes the benefit from net contract gains as we accelerate the mobilisation of our significant pipeline, in addition to price increases compared to the same period in 2019.

The strongest performing region is North America, where revenues are now at 124% of 2019 levels, reflecting the growth of domestic air travel and the scale of net gains in the region. In Continental Europe,

revenues are at 116%, driven by a strong performance across our Air business and despite being held back by industrial action which mainly impacted our Rail business. In the Rest of the World, revenues rose to 112% as we saw further improvements in passenger numbers in Asia, most notably in India, Thailand and Australia, all led by domestic Air travel. In the UK and Ireland, sales strengthened materially to 94% reflecting strong Air sales over the Easter period.

FY 2023 sales and EBITDA out-turn now anticipated to be at the upper end of our planning assumptions

Whilst we continue to face macroeconomic uncertainty, we believe that the travel food and beverage sector will remain structurally resilient to pressures on consumer spending and that our global footprint, with increasing exposure to the North American and Asia Pacific regions, will enable us to deliver sustained growth. Progress in the first half of the year has been encouraging as we have maintained revenue momentum and have actively mitigated inflationary pressures to deliver a strong conversion of sales to profitability.

As we look ahead to the second half, driven by the pace of recovery of passenger numbers, we are now planning for revenue and EBITDA (underlying pre-IFRS 16) to be at the upper end of our previous expectation of £2.9-£3.0bn and £250-£280m respectively for the 2023 financial year. Performance in the year is expected to be particularly strong in our North America and Rest of the World regions, where we typically operate with joint venture partners. The corresponding earnings per share (underlying pre-IFRS 16) for the 2023 financial year are expected to be in the range of 7.0-7.5p.

Our longer term plans include a benefit from our pipeline of secured net contract gains which is now expected to add c.£625m to annualised revenue by 2026 (compared with 2019), when fully mobilised. Based on our planned opening programme, the pipeline will contribute cumulative net contract gains of c.£200m in 2023, £350-400m in 2024 and £550-600m in 2025 (compared with 2019). The additional revenues from our secured pipeline are planned to contribute incremental EBITDA, albeit the planned contribution initially will include, as normal, the impact of maturity and pre-opening costs.

Furthermore, as a consequence of the strong trading trajectory, we have an increased level of confidence in the delivery of our planning assumptions for FY2024, namely revenues in the region of £3.2-3.4bn, with a corresponding EBITDA (underlying pre-IFRS 16) in the region of £325-£375m.

Our priorities for the use of capital and the delivery of returns to shareholders remain unchanged. We focus on organic investment opportunities, where we can deliver high returns on investment, typically with three to four year discounted paybacks, and value creating infill acquisition opportunities. As our revenues and profits recover, we expect to reduce balance sheet leverage, benefitting from the normal cash generative nature of our business model. We are committed to a medium-term leverage target range of 1.5 – 2.0x (Net Debt: LTM EBITDA, on a pre-IFRS 16 basis). The Board recognises the importance of dividends and other capital returns to shareholders and, given current expectations, would anticipate the resumption of ordinary dividend payments, beginning with a final dividend payment in respect of the 2023 financial year.

Commenting on the results, Patrick Coveney, CEO of SSP Group, said:

“This has been a strong first half for SSP, and the ongoing revenue momentum across the business means that we are now expecting our performance for 2023 to be at the upper end of our previous assumptions.

We are continuing to deliver against our strategic priorities. Firstly, we are increasing our focus on the higher growth markets of North America and Asia Pacific. North America is our strongest performing region with revenues in the first half at 127% of 2019 levels, and we were delighted to announce the acquisition of 40 units across seven airports in the USA from Midfield Concessions earlier this month. Secondly, the ongoing enhancement of our capabilities across our customer proposition, digital technology, people and sustainability is driving like-for-like revenue growth and helping us to win more new business. Thirdly, we are revitalising our efficiency programme to support profit conversion.

As ever, I would like to thank our clients and brand partners and not least our outstanding teams around the world for their contribution to this performance. Their ability to provide compelling food propositions for both clients and customers across the world is what sets this business apart. This deeply ingrained skill set, along with the long-term structural growth trends in the travel markets that underpin our business model, means that we continue to look to the future with confidence.”

Financial highlights:

	IFRS 16 H1 2023 £m	IFRS 16 H1 2022 £m
Revenue	1,318.4	803.2
Revenue change (%)		
- vs 2022	64.1%	N/A
- vs 2019	4.5%	(36.3)%
Underlying operating profit/(loss) ¹	52.4	(52.6)
Underlying profit/(loss) before tax ¹	16.8	(87.3)
Underlying loss per share (p) ¹	(1.1)	(12.3)
Net debt ⁵	(1,200.8)	(1,154.6)

	Pre-IFRS 16 ³ H1 2023 £m	Pre-IFRS 16 ³ H1 2022 £m
Underlying operating profit/(loss) ¹	34.4	(36.4)
Underlying profit/(loss) before tax ¹	22.8	(55.3)
Underlying loss per share (p) ¹	(0.8)	(8.4)
Net debt ⁵	(392.1)	(340.1)

Statutory reported results:

The table below summarises the Group's statutory reported results (where the financial highlights above are adjusted).

	H1 2023 £m	H1 2022 £m
Revenue	1,318.4	803.2
Operating profit	48.6	26.0
Profit/(loss) before tax	15.8	(2.3)
Loss per share (p)	(1.3)	(4.1)
Net debt ⁵	(1,200.8)	(1,154.6)

¹ Stated on an underlying basis, which excludes non-underlying items as further explained in the section on Alternative Performance Measures (APMs) on pages 19-22.

² Underlying EBITDA (on a pre-IFRS 16 basis) is the underlying pre-IFRS 16 operating profit excluding depreciation and amortisation.

³ We have decided to maintain the reporting of our profit and other key financial measures like net debt and leverage on a pre-IFRS 16 basis. Pre-IFRS 16 profit numbers exclude the impact of IFRS 16 by removing the depreciation on right-of-use (ROU) assets and interest arising on unwinding of discount on lease liabilities, offset by the impact of adding back in charges for fixed rent. This is further explained in the section on Alternative Performance Measures (APMs) on pages 19-22.

⁴ A reconciliation of Underlying operating loss to Free cashflow is shown on page 17.

⁵ Net debt reported under IFRS 16 includes lease liabilities whereas on a pre-IFRS 16 basis lease liabilities are excluded. Refer to 'Net debt' section of the 'Financial review' for reconciliation of net debt. The comparative information represents the balance as at 31 March 2022.

⁶ Available liquidity at 31 March 2023 has been computed as £516.7m, comprising cash and cash equivalents of £364.6m, and undrawn credit facilities of £152.1m. The comparative information represents the balance as at 31 March 2022.

A presentation for investors and analysts will be held at 9.00 a.m. (UKT) today, with access by invitation only. Attendees are also able to join via webcast with details of how to join accessible at [SSP — Food Travel Expert \(foodtravelexperts.com\)](https://www.foodtravelexperts.com)

Investor and analyst event: SSP America

We are hosting an event for investors and analysts to showcase our North American business on Tuesday 20 and Wednesday 21 June 2023 in New York. The event will give attendees the opportunity to learn more about our Group and North America strategy with a particular focus on the growth opportunities and drivers of performance. In addition, attendees will have the opportunity to spend time with Patrick Coveney (Group CEO), Jonathan Davies (Deputy CEO and Group CFO), Sarah John (Corporate Affairs Director) and Michael Svagdis (CEO North America) in addition to the wider senior leadership teams and a number of our North American clients and partners.

Access to the event is by invitation only, with limited availability remaining. Investors and analysts are able to register their interest by e-mailing InvestorEvent@ssp-intl.com.

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NOTES TO EDITORS

About SSP

SSP is a leading operator of food and beverage outlets in travel locations worldwide, with c.37,000 colleagues in over 600 locations across 36 countries. We operate sit-down and quick service restaurants, cafes, lounges and food-led convenience stores, principally in airports and train stations, with a portfolio of more than 550 international, national and local brands. These include our own brands (such as UrbanCrave, which brought the first “street eats” concept to airports in the US, Nippon Ramen, a noodle and dumpling concept in the Asia Pac region, and Juniper, a premium bar in the UK) as well as franchise brands (such as M&S, Starbucks and Burger King).

Our purpose is to be the best part of the journey, and this is underpinned by our aim to bring leading brands and innovative concepts to our clients and customers around the world, with an emphasis on great value, taste, quality and service – using digital technology to boost efficiency.

For more information, please visit: www.foodtravelexperts.com

Strategy overview

Our purpose is to be the best part of the journey for all our stakeholders. This drives our culture as an organisation as we aspire to be the world's best travel food and beverage company.

We are seeking to grow our market-leading positions in the food travel sector globally, capitalising on the long term structural growth in passenger demand.

Our strategy encompasses:

- Delivering a leading customer proposition aligned to our clients' needs and goals
- Ensuring we have skilled and engaged colleagues
- Driving growth and returns through our proven economic model, focused on winning new business, growing like-for-like revenues, driving efficient profit conversion and generating a strong cash flow
- Embedding sustainability through the business

In combination, these priorities aim to ensure we deliver long-term success for the benefit of all our stakeholders.

The key elements within each are:

Delivering a leading customer proposition aligned to our clients' needs and goals

- Using customer insights to build leading brands and create innovative concepts
- Offering great value, taste, quality and service
- Rolling out digital technologies that improve the customer experience
- Evolving our offer to sustain long-term mutually beneficial client relationships

Ensuring we have skilled and engaged colleagues

- Enhancing our approach to attraction and retention
- Building a culture of inclusion and engagement
- Investing in training and development
- Promoting safety and wellbeing

Driving growth and returns through our proven economic model

- Disciplined investment in new business, contract retention and M&A
- Driving like-for-like revenue growth by optimising the customer proposition
- Delivering strong profit conversion through efficient management of gross margins, labour costs and overheads, and leveraging technology to drive efficiency across the business.
- Generating strong operational cashflow, re-investing into the business, and maintaining an efficient balance sheet

Embedding sustainability within the business

- Serving our customers responsibly
- Protecting our environment
- Supporting our colleagues and communities
- Upholding high standards of governance

We have a number of competitive advantages that will support us to deliver this strategy, including:

1. Leading market positions

We have leading positions in some of the most attractive sectors of the travel food and beverage market, underpinned by our extensive brand portfolio (comprising our own brands and bespoke concepts as well as franchised local and global brands) and established local management and operational teams.

2. Food travel expertise

We provide a compelling proposition for both clients and customers based on our food travel expertise. This includes a deep understanding of what our customers are looking for, an extensive offering of brands and concepts to meet these needs, and a knowledge of how to operate in complex travel environments which are logistically demanding.

3. Long-term client relationships

Our principal clients are the owners and operators of airports and railway stations, but we also have a small presence in motorway service areas, hospitals and shopping centres. We have excellent, long-standing relationships with many of our clients and have maintained high success rates in retaining our contracts.

4. Skilled and engaged colleague base

Our 37,000 colleagues have a broad range of skills and experience spanning the food and beverage, travel and retail industries. In all our key markets, we employ dedicated teams of senior managers focused on business development, sales, marketing and operations, who work closely with our clients to ensure their requirements are met. They are supported by experienced, locally-based teams who have a track record of delivering operational excellence and great customer service.

5. Local insight and international scale

We have a deep knowledge of the individual markets in which we operate, alongside significant international scale and expertise. A strong local presence enables us to understand our customers' tastes and needs, as well as allowing us to maintain close relationships with clients and brand partners and to create a 'sense of place' in the locations where we operate.

SSP is well-placed to deliver long term sustainable growth and returns

Our strategy is underpinned by the attractive markets in which we operate, which are expected to deliver long-term structural growth, as the global economy recovers and an increasing proportion of the world's population is willing and able to travel. Pre-pandemic the global travel food market was valued at approximately c.£23 billion and we expect this to grow significantly over the medium to long term. Third party research indicates that long-term growth rates in our fastest growing markets will be c.5-7%.

We expect growth in these markets to be underpinned by trends including investment in travel infrastructure and capacity expansion, more space in airports being dedicated to food and beverage, the increased propensity to travel of the rapidly growing middle classes, particularly within the Asia Pacific region, and the removal or reduction of inflight services.

There has also been a change in consumer behaviours. While consumers and businesses are facing multiple economic headwinds, we believe that our markets are fundamentally more resilient to pressures on consumer spending than many other consumer sectors.

As part of our *Food Travel Insights Survey*, we recently commissioned research into the behaviours, spending patterns and expectations of 18,000 travellers, which demonstrate this resilience. Key insights from this research included that travellers are continuing to prioritise travel and they see food as integral to their travel experience. Although consumers are looking for value for money, they are less budget conscious when travelling and 40% are ready to pay a premium for high-quality products.

Strong economic model

SSP has a deeply embedded economic model, which underpins our performance and which helped us to deliver a track record of shareholder value creation prior to Covid-19. As volumes return, this model is enabling us to deliver strong results. The model has four key elements. Firstly, we drive like-for-like revenue by improving the customer proposition and by increasing customer capture rates and spend. Secondly, we develop new business, investing in contracts that are expected to deliver financial returns in line with our target hurdle rates and criteria. Thirdly, we drive a high profit conversion by leveraging the international scale of our business and by running an efficient and effective business. Lastly, as passenger numbers are continuing to grow, we are achieving a strong conversion to free cash flow and expect to become increasingly cash generative in the coming years.

Key areas of focus

As we continue to rebuild the business, we are prioritising three key areas:

1. Increasing geographic focus
2. Enhancing business capability to drive long-term performance
3. Driving operating efficiency

1. Geographic focus

Geographically, we are making good progress in the higher growth markets of North America and Asia Pacific, whilst continuing to grow selectively in the UK, Europe and the Middle East. These large and fragmented markets, in which SSP already has well-established businesses, offer significant growth potential for the Group. Since the preliminary results announcement in December 2022, we have won approximately £75m of net new business, increasing the expected annual sales value of net gains since 2019 from c.£550m to c.£625m, once fully mobilised by 2026 with c. 70% of this pipeline represented by North America and the Rest of the World.

Overall, we are seeing a high level of contract renewal activity and our net new business wins are running at a higher level than the pre-Covid average. We are achieving this whilst retaining the high levels of financial discipline we have demonstrated historically with expected returns in line with pre-Covid levels.

Midfield acquisition – At the beginning of the second half, we announced a transaction to purchase 100% of the Midfield concessions business in North America. It is highly complementary to our existing business in North America, giving SSP entry into four new airports: Detroit, Denver, Philadelphia and Cleveland. As a result of the acquisition, SSP will have a presence in more than 30 of the top 80 airports in North America. The transaction is expected to complete in late summer and we anticipate it will contribute an additional c.

\$100m to annualised revenues. As usual, we will operate the units alongside joint venture partners, leveraging their valuable local brands and expertise.

2. Enhancing business capability

We are investing across our business to improve our capability and to support the delivery of like-for-like growth, principally in our customer proposition, formats and brands; digital technology; our people and culture; and sustainability.

Customer proposition – We have a broad portfolio of global, regional and local brands, to which we are constantly adding new and innovative concepts, and which enable us to meet both client and customer expectations. We continue to innovate and deliver offers that cater to the tastes of customers, satisfying a diverse range of dietary needs as well as providing healthier and more sustainable options. This includes developing new menus, with a focus on unique culinary experience, wellness and sustainability, as well as enhancing product ranges. More than ever, customers are seeking out value for money, so we ensure that we sell items across all price points, adopting a “good, better, best” approach across our portfolio so that we can cater for all requirements.

Our Food Travel Insights Survey into customer behaviour and client expectations has enabled us to better understand how our customer and client needs have evolved during the pandemic and we are using these insights to inform our customer proposition. We also continue to explore creative new formats and partnerships with new brands, tapping into health and wellbeing trends. We started new partnerships with the Breakfast Club and independent craft brewer Brewdog in the UK, launching two successful high-street brands to London airports for the first time. We are also developing new concepts, including food market halls at Dublin Airport and our lounges in Kuala Lumpur.

Digital Technology - Embracing digital technology solutions is an important part of our strategy to improve our customers’ experiences and drive like-for-like sales through improved penetration levels and average spend per transaction. It will also act as an enabler for operational efficiencies, both front and back of house. We are accelerating the roll out of digital order and payment systems, such as kiosks (typically in fast food outlets) and order at table (in bars and restaurants), as well as trialling new, innovative formats. For example, we have integrated artificial intelligence on our kiosks to make customer recommendations based on common purchases in Burger King units in the UK and in a number of countries across Continental Europe.

People and culture - We are focused on ensuring SSP is a great place to work where everyone can fulfil their potential. To support that goal, we are strengthening our employer brand and building capability across a number of areas including colleague recruitment, retention, inclusion, engagement, skills development and safety.

To support our growth, we’ve continued to strengthen our recruitment capability with colleague numbers increasing by over 10,000 since last year. We have rolled out our improved sales and training programme, focusing on customer service excellence. At the same time, we have made strong progress across our Diversity, Equity and Inclusion agenda, and have exceeded our 2025 gender diversity targets. As at FY22 year end, 36% of senior leadership roles were held by women and we continue to make progress in that regard. We also launched our new Global Engagement Survey, with colleagues rating satisfaction as 4 out of 5, representing an encouraging improvement since last year.

Sustainability - Our sustainability strategy focuses on three priority areas: serving our customers responsibly, protecting our environment, and supporting our colleagues and communities. These are supported by clear and measurable targets to 2025, as well as our ambition to achieve net zero carbon emissions (Scopes 1, 2 and 3) by 2040. To achieve this, we are principally focused on integrating sustainability across our propositions. This includes growing our portfolio of wellness brands, increasing our plant-based offering and sourcing our ingredients and products responsibly and sustainably. This, in turn, helps drive down Scope 3 emissions. We are already making strong progress with a 36% reduction in our direct Scope 1 and 2 emissions from our 2019 baseline. More generally, we are accelerating the delivery of our targets, exceeding a number of them, for example more than 30% of our own brand meals are now plant-based or vegetarian, two years ahead of our 2025 target. We have now mapped our carbon footprint and have submitted our roadmap to achieve net zero emissions by 2040 to the Science-Based Target Initiative, with validation expected by summer 2023.

Importantly, our sustainability strategy is supporting our commercial growth objectives by positioning SSP as a sustainable partner of choice for clients, brand partners and suppliers.

3. Driving operational efficiency

SSP has a track record of delivering growth and efficiency, with revenues increasing by c 9% per annum between the time of the IPO and 2019 (pre pandemic) and operating margins improving by 3.1% (from 4.8% to 7.9%), as well as generating strong cashflow and high returns on invested capital. Furthermore, during the Covid-19 period SSP demonstrated its capability to manage extreme levels of variability in demand and optimise profitability at very low levels of passenger numbers. These skills and capabilities are deeply embedded into the business.

We are committed to further building this capability and we have refreshed our well-established efficiency programme, as well as accelerating our investment in digital technology and automation. Our plans include the continual re-engineering of our customer offer to optimise gross margins, keeping unnecessary complexity out of our product ranges, whilst providing the appropriate level of customer choice. We will also continue to drive labour efficiency, conscious of the pressures on labour rates and availability in certain regions. This will mean a continued focus on staff scheduling and kitchen productivity, as well as using digital order and payment technology to drive service levels and efficiency.

Financial review

Group performance

	H1 2023 £m	H1 2022 £m	Year-on-year change (%)
Revenue	1,318.4	803.2	64.1%
Underlying operating profit/(loss)	52.4	(52.6)	199.6%
Operating profit	48.6	26.0	86.9%

- Underlying operating profit was £34.4m (2022: £36.4m loss) on a pre-IFRS 16 basis.
- Revenue in H1 2019 was £1,261.6m.

The Group's trading performance has continued to recover strongly, with revenues tracking above pre-Covid levels for the first six months of the year. Total first half Group Revenue of £1,318.4m averaged 104% of 2019 levels and increased by 64% compared with the first half of last year. This revenue performance includes the benefit from net contract gains as we accelerate the mobilisation of our significant pipeline, in addition to price increases compared to the same period in 2019.

As reported in our trading update in February, trading had recovered well during the autumn and winter, with revenue running at 103% of 2019 levels during the first four months of the new financial year (from 1 October 2022 to 31 January 2023). This encouraging performance had been driven by a further recovery in passenger numbers, initially led by the strong leisure travel demand throughout the autumn as a result of an extended holiday season in a number of markets. This momentum continued into the winter, despite increased industrial action in the UK Rail network, demonstrating a resilience to broader pressures on consumer spending.

Since February, we have seen a further strengthening of the Group's performance. Revenue in the last two months of the first half averaged 108% of 2019 levels, with sales trends improving across all regions during the spring, despite ongoing rail strikes impacting trading in several markets. During the early weeks of the third quarter, we have seen continued improvements in trading across all of our major markets, with sales over the most recent six weeks averaging c.111% of 2019 levels.

Operating profit / (loss)

The underlying operating profit for the first half was £52.4m, compared to an equivalent loss of £52.6m in the prior year. On a pre-IFRS 16 basis, the Group reported an underlying operating profit of £34.4m (2022: £36.4m loss), and positive underlying EBITDA of £90.5m, compared to £14.7m in the prior year (both on a pre-IFRS 16 basis).

On a reported basis under IFRS 16, the operating profit was £48.6m (2022: £26.0m), reflecting a charge of £3.8m (2022: £78.6m credit) for the non-underlying operating items.

Non-underlying operating items

Items which are not considered reflective of the normal trading performance of the business, and are exceptional because of their size, nature or incidence, are treated as non-underlying operating items and disclosed separately.

In the period the non-underlying operating items of £3.8m comprised certain transaction-related and other expenses which were non-recurring in nature. The non-underlying operating items in the prior period resulting in a net credit of £78.6m are described on page 35.

Segmental performance

This section summarises the Group's performance across its four operating segments. For full details of our key reporting segments, please refer to note 2 on page 33.

North America

	H1 2023 £m	H1 2022 £m	Year-on-year change (%)
Revenue	299.9	174.6	71.8%
Underlying operating profit	22.4	2.1	966.7%
Operating profit	21.2	4.3	393.0%

- Underlying operating profit was £17.4m (2022: £1.3m) on a pre-IFRS 16 basis.
- Revenue in H1 2019 was £235.9m.

Revenue during the first half of £299.9m increased by c. 72% compared to the prior year, and c.127% versus 2019 levels. The performance included a significant contribution from net contract gains, as we continue to grow our business in conjunction with our joint venture partners.

During the first four months of the year, the sales recovery in North America remained strong, running at 125% of 2019 levels, reflecting the ongoing recovery in domestic air travel, despite the impact of weather-related disruption in December and January.

In February and March, trading continued to strengthen, boosted by increased passenger numbers during the 'Spring break' holiday as well as an ongoing recovery in both leisure and business travel. During the first six weeks of the third quarter, sales have remained very encouraging, despite more challenging comparatives from 2019, and are currently running at c.124% of 2019 levels.

The underlying operating profit for the period was £22.4m, compared to £2.1m in the prior year, and the reported operating profit was £21.2m (2022: £4.3m). Non-underlying operating items comprised transaction costs totalling £1.2m. On a pre-IFRS 16 basis, the underlying operating profit was £17.4m, which compared to £1.3m last year.

Continental Europe

	H1 2023 £m	H1 2022 £m	Year-on-year change (%)
Revenue	494.9	315.4	56.9%
Underlying operating profit/(loss)	4.1	(27.9)	114.7%
Operating profit	4.1	37.8	(89.2%)

- Underlying operating loss was £3.0m (2022: £16.4m loss) on a pre-IFRS 16 basis.
- Revenue in H1 2019 was £452.7m.

First half revenue in Continental Europe of £494.9m represented an increase of c.57% compared to 2022 and c.109% of 2019 levels.

Most markets in Continental Europe recovered strongly in the first four months of the year, running at 108% of 2019 levels across this period, helped by the extended European summer holiday season which stretched into the autumn. Whilst that recovery has continued through February and March, with sales in the last nine weeks of the half strengthening to 111% of 2019 levels, several of the region's Rail markets have recently been impacted by industrial action, most notably France. During the first six weeks of the third quarter, sales in Continental Europe have averaged c.116% of 2019 levels, boosted by the air sector, as we enter holiday periods, with trading in our Spanish airports particularly strong.

The underlying operating profit for the period was £4.1m compared to an equivalent loss of £27.9m in the prior year, with a reported operating profit of £4.1m (2022: £37.8m profit including a £61.5m gain on derecognition of leases). On a pre-IFRS 16 basis, the underlying operating loss was £3.0m, which compared to an underlying operating loss of £16.4m last year.

UK (including Republic of Ireland)

	H1 2023 £m	H1 2022 £m	Year-on-year change
Revenue	328.5	232.7	41.2%
Underlying operating profit/ (loss)	18.1	(3.7)	589.2%
Operating profit	18.0	3.9	361.5%

- Underlying operating profit was £16.0m (2022: £1.4m) on a pre-IFRS 16 basis.
- Revenue in H1 2019 was £385.2m.

Revenue increased by c.41% to £328.5m compared to the prior year and recovered to c.85% of 2019 levels for the first half as a whole.

The sales recovery in the UK during the autumn and winter saw a slight slowdown compared to last summer, averaging 83% of 2019 levels during the first four months of the year compared with 85% in the final quarter of the last financial year. This reflected both the seasonally-higher weighting of Rail sales within the business across the winter and the impact of the increased frequency of industrial action, particularly in December and January.

During February and March, trading has strengthened, with sales c.89% of 2019 levels, helped by a reduction in the number of strike-affected days, as well as an ongoing recovery in both leisure and commuter travel. During the first six weeks of the third quarter, sales have continued to improve, and are currently running at c.94% of 2019 levels, helped by strong trading in the Air business over the Easter holiday period.

The underlying operating profit for the first half of the financial year for the UK was £18.1m compared to an equivalent loss of £3.7m in the prior year, with a reported operating profit of £18.0m (2022: £3.9m). On a pre-IFRS 16 basis, the underlying operating profit was £16.0m, which compared to £1.4m last year.

Rest of the World

	H1 2023 £m	H1 2022 £m	Year-on-year change (%)
Revenue	195.1	80.5	142.4%
Underlying operating profit/(loss)	31.3	(5.0)	726.0%
Operating profit/(loss)	31.3	(1.9)	1,747.4%

- Underlying operating profit was £27.5m (2022: £4.6m loss) on a pre-IFRS 16 basis.
- Revenue in H1 2019 was £187.8m.

Revenue of £195.1m increased by 142.4% compared to the prior year, c.104% of 2019 levels.

Revenues have continued to recover rapidly in this region throughout the first half, including an exceptional performance in our business in India (TFS), where sales more than doubled year on year. Australia, Thailand and the Middle East have also performed particularly well, and since the re-opening of the Chinese borders in early January, passenger numbers in China and Hong Kong have started to recover, albeit from very low levels. However, while domestic air travel has recovered well in China, international flights which benefit the entire region, are still recovering slowly.

Between October and January, sales for the Rest of the World region as a whole were c.101% of 2019 levels, with the recovery subsequently accelerating to 111% of 2019 during February and March as passenger numbers continued to strengthen. During the first six weeks of the third quarter, sales have continued to improve, and are currently running at c.112% of 2019 levels.

The underlying operating profit for the period was £31.3m, compared to an equivalent loss of £5.0m in the prior year, and the reported operating profit was £31.3m (2022: loss £1.9m). On a pre-IFRS 16 basis, the underlying operating profit was £27.5m, which compared to a loss of £4.6m last year.

Share of profit of associates

The Group's share of profits of associates was £2.4m (2022: £1.9m profit), driven primarily by strong performance from the Group's associate in Qatar. On a pre-IFRS 16 basis, the Group's share of profit from associates was also £2.4m (2022: £1.9m profit).

Net finance costs

The underlying net finance expense for the first half of the financial year was £38.0m (2022: £36.6m), which includes interest on lease liabilities of £24.0m (2022: £15.8m). A credit to finance costs of £2.8m has been recognised within non-underlying items relating to the amortisation of the liability arising from the previous debt modifications. The reported net finance expense under IFRS 16 was £35.2m (2022: £30.2m).

On a pre-IFRS 16 basis, underlying net finance costs were lower than the prior year at £14.0m (2022: £20.8m), driven by a lower cost of debt on our USPP loan notes, as well as foreign exchange gains arising on certain cash balances held in foreign currencies. In the second half year we anticipate that underlying net finance costs will be approximately £20m.

Taxation

The Group's underlying tax charge for the period was £3.8m (H1 2022: £4.3m charge), representing an effective tax rate of 22.6% (2022: negative 4.9%) of underlying profit before tax. On a reported basis, the tax charge for the period was £4.1m (2022: £22.5m charge) representing an effective tax rate of 25.9% (2022: negative 978.3%).

The Group's tax rate is sensitive to the geographic mix of profits and losses and reflects a combination of higher rates in certain jurisdictions, as well as the impact of losses in some countries for which no deferred tax asset is recognised. Looking forward, we expect the underlying tax rate to be around 22% - 23%.

Non-controlling interests

The profit attributable to non-controlling interests was £21.7m (2022: £7.6m profit). On a pre-IFRS 16 basis the profit attributable to non-controlling interests was £24.0m (2022: £9.2m profit), with the year-on-year increase reflecting a significantly improved performance from our partially owned subsidiaries (operated with joint venture partners) in North America and Rest of the World, including in India, Thailand, the Philippines and the UAE. We expect a similar level of profit attributable to non-controlling interests in the second half of the year, reflecting a more even seasonality profile in those businesses.

Loss per share

The Group's reported loss per share was 1.3 pence per share (2022: loss of 4.1 pence per share), and its underlying loss per share was 1.1 pence per share (2022: loss of 12.3 pence per share). On a pre-IFRS 16 basis the underlying loss per share was 0.8 pence per share (2022: loss of 8.4 pence per share).

Dividends

Under the terms of the amended financing arrangements with the Group's lending group of banks and US private placement note holders, the Company is currently restricted from declaring or paying dividends until the expiry of certain restrictions that apply during the covenant waiver and amendment period. As such, the Directors will not be declaring an interim dividend (2022: no interim dividend).

Following the announcement of these interim results, the Group will notify its lenders that it is now back in compliance with the original covenants and intends to exit the waiver period with immediate effect.

The Board recognises the importance of dividends and other capital returns to shareholders and, given current planning assumptions, would anticipate the resumption of ordinary dividend payments, beginning with a payment in respect of the 2023 financial year.

Free Cash flow

The table below presents a summary of the Group's free cash outflow for the first half of 2023:

	H1 2023	H1 2022
	£m	£m
Underlying operating profit / (loss) ¹	34.4	(36.4)
Depreciation and amortisation	56.1	51.0
Working capital	(50.7)	15.0
Net tax (payment) / receipt	(12.0)	1.9
Acquisitions, net of cash received	(2.8)	-
Other	3.0	2.1
Capital expenditure ²	(94.3)	(41.9)
Net dividends to non-controlling interests and from associates	(23.5)	(6.4)
Net finance costs	(28.3)	(16.2)
Free cash outflow	(118.1)	(30.9)

¹ Presented on an underlying pre-IFRS 16 basis (refer to pages 19 - 22 for details)

² Capital expenditure is net of cash capital contributions received from non-controlling interests of £12.9m (2022: £4.3m)

The Group's free cash outflow during the first half year was £118.1m, an increase from the £30.9m outflow in the first half of the prior year, reflecting the previously anticipated higher levels of capital expenditure and working capital outflows in 2023.

Capital expenditure was £94.3m, a significant increase compared to £41.9m in the prior year as we continued to restart our capital expenditure programmes across the Group and to mobilise our significant pipeline of new business. As we indicated in December, we are currently planning for expenditure of around £250m in the 2023 financial year, including approximately £80m associated with the build out of the pipeline. Acquisition costs of £2.8m in the first half represented the consideration paid for the AMT Coffee business in the UK last December.

With average daily sales levels broadly comparable at the beginning and end of the half, the working capital outflow of £50.7m (2022: inflow of £15.0m) was largely driven by a reduction in the Group's deferred liabilities during the period. For the full year, as indicated in December, we continue to expect to see an unwind of payment deferrals of approximately £80m.

Net corporation tax payments of £12.0m (as compared to tax receipts of £1.9m in 2022) and net dividends paid to non-controlling interests (net of receipts from associates) of £23.5m (2022: £6.4m) were both much higher year on year, reflecting the Group's return to profitability over the last twelve months.

Net finance costs paid of £28.3m were also significantly higher than in the first half of the prior year (2022: £16.2m), mainly reflecting the payment of deferred interest liabilities in respect of the Group's US Private Placement notes following the Rights Issue in 2021.

Net debt

Overall net debt increased by £95.6m to £392.1m on a pre-IFRS 16 basis, largely reflecting the free cash outflow in the year of £118.1m as detailed above. On a reported basis under IFRS 16, net debt was £1,200.8m (30 September 2022: £1,504.6m), including lease liabilities of £808.7m (30 September 2022: £814.8m).

The table below highlights the movements in net debt in the period on a pre-IFRS 16 basis.

	£m
Net debt excluding lease liabilities at 1 October 2022 (Pre-IFRS 16 basis)	(296.5)
Free cash flow	(118.1)
Impact of foreign exchange rates	19.7
Adjustment for effective interest rate	2.8
Net debt excluding lease liabilities at 31 March 2023 (Pre-IFRS 16 basis)	(392.1)
Lease liabilities	(808.7)
Net debt including lease liabilities at 31 March 2023 (IFRS 16 basis)	(1,200.8)

Available liquidity

The Group had cash and cash equivalents on its balance sheet of £364.6m at 31 March 2023, and total available liquidity of £516.7m at that date.

Principal risks

The principal risks facing the Group for the remainder of the year are unchanged from those reported in the 2022 Annual Report and Accounts.

These risks, together with the Group's risk management process, are detailed on pages 58 to 67 of the Annual Report and Accounts 2022, and relate to the following areas: Business environment, Geopolitical uncertainty and terrorism threat, Availability of labour and wage inflation, Supply chain disruption and product cost inflation, Sufficient senior capability at Group and country level, Impact of Covid-19, Compliance, Health and food safety, Sustainability, Information security and stability and Mobilisation of pipeline.

Alternative Performance Measures

The Directors use alternative performance measures for analysis as they believe these measures provide additional useful information on the underlying trends, performance and position of the Group. The alternative performance measures are not defined by IFRS and therefore may not be directly comparable with other companies' performance measures and are not intended to be a substitute for IFRS measures.

1. Revenue measures

As the Group operates in 36 countries, it is exposed to translation risk on fluctuations in foreign exchange rates, and as such the Group's reported revenue and operating profit / loss will be impacted by movements in actual exchange rates. The Group presents its financial results on a constant currency basis in order to eliminate the effect of foreign exchange rates and to evaluate the underlying performance of the Group's businesses. The table below reconciles reported revenue to constant currency sales.

(£m)	North America	Continental Europe	UK	RoW	Total
H1 2023 Revenue at actual rates by segment	299.9	494.9	328.5	195.1	1,318.4
Impact of foreign exchange	(12.6)	(9.0)	(1.0)	2.9	(19.7)
H1 2023 Revenue at constant currency ¹	287.3	485.9	327.5	198.0	1,298.7
H1 2022 Revenue at constant currency	185.4	317.4	232.9	76.6	812.3

¹ Constant currency is based on average 2022 exchange rates weighted over the financial year by 2022 results.

2. Non-underlying profit items

The Group presents underlying profit / (loss) measures, including operating profit / (loss), profit / (loss) before tax, and earnings / (loss) per share, which exclude a number of items which are not considered reflective of the normal trading performance of the business, and are considered exceptional because of their size, nature or incidence. The table below provides a breakdown of the non-underlying items in both the current and prior year.

	Non-underlying items	
	IFRS 16	IFRS 16
	H1 2023	H1 2022
	£m	£m
Operating costs		
Impairment of property, plant and equipment	-	(1.7)
Impairment of right-of-use assets	-	(0.4)
Gain on derecognition of leases	-	61.5
IFRS 16 rent credit	-	19.3
Other non-underlying costs	(3.8)	(0.1)
	(3.8)	78.6
Finance expenses		
Effective interest rate adjustments	2.8	6.4
	2.8	6.4
Taxation		
Tax charge on non-underlying items	(0.3)	(18.2)
Total non-underlying items	(1.3)	66.8

Further details of the non-underlying operating items have been provided in the Financial Review section on page 13. Furthermore, a reconciliation from the underlying to the statutory reported basis is presented below:

	H1 2023 (IFRS 16)			H1 2022 (IFRS 16)		
	Underlying	Non-underlying Items	Total	Underlying	Non-underlying Items	Total
Operating profit/(loss) (£m)	52.4	(3.8)	48.6	(52.6)	78.6	26.0
Operating margin	4.0%	(0.3)%	3.7%	(6.6)%	9.8%	3.2%
Profit/(loss) before tax (£m)	16.8	(1.0)	15.8	(87.3)	85.0	(2.3)
Loss per share (p) ¹	(1.1)	(0.2)	(1.3)	(12.3)	8.2	(4.1)

3. Pre-IFRS 16 basis

In addition to our reported results under IFRS 16 we have decided to also maintain the reporting of our profit and other key KPIs like net-debt on a pre-IFRS 16 basis. This is because the pre-IFRS 16 profit is consistent with the financial information used to inform business decisions and investment appraisals. It is our view that presenting the information on a pre-IFRS 16 basis will provide a useful and necessary basis for understanding the Group's results. As such, commentary has also been included in the Business Review, Financial Review and other sections with reference to underlying profit measures computed on a pre-IFRS 16 basis.

A reconciliation of key underlying profit measures to 'Pre-IFRS 16' numbers is presented below:

	Notes	Six months ended 31 March 2023			Six months ended 31 March 2022		Underlying Pre-IFRS 16 £m
		Underlying IFRS 16 £m	Impact of IFRS 16 £m	Underlying Pre-IFRS 16 £m	Underlying IFRS 16 £m	Impact of IFRS 16 £m	
Revenue	2	1,318.4	-	1,318.4	803.2	-	803.2
Operating costs	4	(1,266.0)	(18.0)	(1,284.0)	(855.8)	16.2	(839.6)
Operating profit / (loss)		52.4	(18.0)	34.4	(52.6)	16.2	(36.4)
Share of profit from associates		2.4	-	2.4	1.9	-	1.9
Finance income	5	11.2	-	11.2	1.4	-	1.4
Finance expense	5	(49.2)	24.0	(25.2)	(38.0)	15.8	(22.2)
Profit / (loss) before tax		16.8	6.0	22.8	(87.3)	32.0	(55.3)
Taxation		(3.8)	(1.3)	(5.1)	(4.3)	1.6	(2.7)
Profit / (loss) for the period		13.0	4.7	17.7	(91.6)	33.6	(58.0)
(Loss) / profit attributable to:							
Equity holders of the parent		(8.7)	2.4	(6.3)	(97.9)	30.7	(67.2)
Non-controlling interests		21.7	2.3	24.0	6.3	2.9	9.2
Profit/(loss) for the period		13.0	4.7	17.7	(91.6)	33.6	(58.0)
Loss per share (pence)¹:							
- Basic	3	(1.1)		(0.8)	(12.3)		(8.4)
- Diluted	3	(1.1)		(0.8)	(12.3)		(8.4)

Underlying operating profit is £18.0m lower on a pre-IFRS 16 basis, as adding back the depreciation of the right-of-use assets of £90.5m does not fully offset the recognition of fixed rents of £106.1m and the gain on derecognition of leases of £2.4m. Profit before tax is £6.0m higher on a pre-IFRS 16 basis as a result of adding back £24.0m in interest charges on lease liabilities. The impact of IFRS 16 on net debt is primarily the recognition of the lease liability balance.

Pre-IFRS 16 basis underlying EBITDA is a key measure of profitability for the Group. A reconciliation to pre-IFRS 16 basis underlying operating profit/(loss) for the period is presented below:

	Six months ended 31 March 2023	Six months ended 31 March 2022
	£m	£m
Pre-IFRS 16 underlying EBITDA	90.5	14.7
Depreciation of property, plant and equipment	(51.3)	(45.7)
Amortisation of intangible assets	(4.8)	(5.3)
Other charges	-	(0.1)
Pre-IFRS 16 underlying operating profit/(loss) for the period	34.4	(36.4)

Furthermore, a reconciliation from pre-IFRS 16 underlying profit/(loss) for the period to the statutory profit/(loss) for the period is as follows:

	Six months ended 31 March 2023	Six months ended 31 March 2022
	£m	£m
Pre-IFRS 16 underlying operating profit/(loss) for the period	34.4	(36.4)
Depreciation of right-of-use assets	(90.5)	(86.7)
Fixed rent on leases	106.1	68.0
Gain on derecognition of leases	2.4	2.5
Non-underlying operating (costs) / profit (note 4)	(3.8)	78.6
Share of profit from associates	2.4	1.9
Net finance expense	(38.0)	(36.6)
Non-underlying finance income (note 5)	2.8	6.4
Taxation	(4.1)	(22.5)
Profit/(loss) after tax	11.7	(24.8)

A reconciliation of underlying operating profit/(loss) to profit/(loss) before and after tax is provided as follows:

	Six months ended 31 March 2023	Six months ended 31 March 2022
	£m	£m
Underlying operating profit / (loss)	52.4	(52.6)
Non-underlying operating (costs) / profit (note 4)	(3.8)	78.6
Share of profit from associates	2.4	1.9
Finance income	11.2	1.4
Finance expense	(49.2)	(38.0)
Non-underlying finance income (note 5)	2.8	6.4
Profit / (loss) before tax	15.8	(2.3)
Taxation	(4.1)	(22.5)
Profit / (loss) after tax	11.7	(24.8)

4. Liquidity and cashflow

Liquidity remains a key KPI for the Group. Available liquidity at 31 March 2023 has been computed as £516.7m, comprising cash and cash equivalents of £364.6m, and undrawn credit facilities of £152.1m.

A reconciliation of free cashflow to underlying operating profit/(loss) is shown on page 17.

Responsibility statement of the directors in respect of the half-yearly financial report

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 for use in the UK;
- the interim management report includes a fair review of the information required by:
 - DTR 4.2.7R of the Disclosure Guidance 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
 - 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 last annual report that could do so.

On behalf of the Board

Patrick Coveney

Chief Executive Officer

22 May 2023

Jonathan Davies

Deputy Chief Executive Officer and Chief Financial Officer

22 May 2023

INDEPENDENT REVIEW REPORT TO SSP GROUP PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2023 which comprises the condensed consolidated income statement, condensed consolidated statement of other comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement, and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2023 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK 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 Review of Interim Financial Information Performed by the Independent Auditor of the Entity (“ISRE (UK) 2410”) issued for use in the UK. 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. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern, and the above conclusions are not a guarantee that the group will continue in operation.

Directors’ responsibilities

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.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. 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 section 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 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.

Lourens de Villiers

for and on behalf of KPMG LLP

Chartered Accountants

15 Canada Square

London, E14 5GL

22 May 2023

Condensed consolidated income statement
for the six months ended 31 March 2023

	Notes	Six months ended 31 March 2023			Six months ended 31 March 2022		
		Underlying ¹ £m	Non- underlying items £m	Total £m	Underlying ¹ £m	Non- underlying items £m	Total £m
Revenue		1,318.4	-	1,318.4	803.2	-	803.2
Operating costs	4	(1,266.0)	(3.8)	(1,269.8)	(855.8)	78.6	(777.2)
Operating profit / (loss)		52.4	(3.8)	48.6	(52.6)	78.6	26.0
Share of profit of associates		2.4	-	2.4	1.9	-	1.9
Finance income	5	11.2	-	11.2	1.4	-	1.4
Finance expense	5	(49.2)	2.8	(46.4)	(38.0)	6.4	(31.6)
Profit / (loss) before tax		16.8	(1.0)	15.8	(87.3)	85.0	(2.3)
Taxation		(3.8)	(0.3)	(4.1)	(4.3)	(18.2)	(22.5)
Profit / (loss) for the period		13.0	(1.3)	11.7	(91.6)	66.8	(24.8)
(Loss) / profit attributable to:							
Equity holders of the parent		(8.7)	(1.3)	(10.0)	(97.9)	65.5	(32.4)
Non-controlling interests		21.7	-	21.7	6.3	1.3	7.6
Profit / (loss) for the period		13.0	(1.3)	11.7	(91.6)	66.8	(24.8)
Loss per share (p):							
- Basic	3	(1.1)		(1.3)	(12.3)		(4.1)
- Diluted	3	(1.1)		(1.3)	(12.3)		(4.1)

¹ Stated on an underlying basis, which excludes non-underlying items as further explained in the section on Alternative Performance Measures (APMs) on pages 19 – 22.

**Condensed consolidated statement of other comprehensive income
for the six months ended 31 March 2023**

	Six months ended 31 March 2023	Six months ended 31 March 2022
	£m	£m
Other comprehensive income / (expense)		
<i>Items that will never be reclassified to the income statement</i>		
Remeasurements on defined benefit pension schemes	(1.8)	4.2
Tax credit / (charge) relating to items that will not be reclassified	0.4	(0.9)
<i>Items that are or may be reclassified subsequently to the income statement</i>		
Net gain/(loss) on hedge of net investment in foreign operations	31.3	(2.5)
Other foreign exchange translation differences	(46.7)	1.2
Effective portion of changes in fair value of cash flow hedges	-	0.2
Cash flow hedges - reclassified to income statement	-	1.0
Tax charge relating to items that are or may be reclassified	(1.2)	-
Other comprehensive (expense) / income for the period	(18.0)	3.2
Profit/(loss) for the period	11.7	(24.8)
Total comprehensive expense for the period	(6.3)	(21.6)
Total comprehensive (expense) / income attributable to:		
Equity shareholders	(17.2)	(30.4)
Non-controlling interests	10.9	8.8
Total comprehensive expense for the period	(6.3)	(21.6)

**Condensed consolidated balance sheet
as at 31 March 2023**

	Notes	31 March 2023 £m	30 September 2022 £m
Non-current assets			
Property, plant and equipment		493.6	469.3
Goodwill and intangible assets		685.4	701.7
Right-of-use assets		708.1	736.3
Investments in associates		18.0	17.0
Deferred tax assets		91.1	89.0
Other receivables		82.2	85.5
		2,078.4	2,098.8
Current assets			
Inventories		39.1	37.0
Tax receivable		2.3	1.5
Trade and other receivables		128.8	142.0
Cash and cash equivalents	8	364.6	543.6
		534.8	724.1
Total assets		2,613.2	2,822.9
Current liabilities			
Short-term borrowings	8	(45.5)	(68.8)
Trade and other payables		(667.2)	(719.3)
Tax payable		(17.6)	(18.5)
Lease liabilities		(203.2)	(216.5)
Provisions		(21.8)	(24.6)
		(955.3)	(1,047.7)
Non-current liabilities			
Long-term borrowings	8	(711.0)	(771.1)
Post-employment benefit obligations		(10.7)	(10.8)
Lease liabilities		(605.5)	(638.1)
Other payables		(1.3)	(1.4)
Provisions		(34.9)	(35.9)
Deferred tax liabilities		(5.4)	(6.9)
		(1,368.8)	(1,464.2)
Total liabilities		(2,324.1)	(2,511.9)
Net assets		289.1	311.0
Equity			
Share capital		8.6	8.6
Share premium		472.7	472.7
Capital redemption reserve		1.2	1.2
Other reserves		(14.8)	(9.0)
Retained losses		(257.0)	(248.5)
Total equity shareholders' funds		210.7	225.0
Non-controlling interests		78.4	86.0
Total equity		289.1	311.0

**Condensed consolidated statement of changes in equity
for the six months ended 31 March 2023**

	Share capital	Share premium	Capital redemption reserve	Other reserves ¹	Retained losses	Total parent equity	NCI	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 October 2021	8.6	472.7	1.2	7.7	(249.9)	240.3	70.4	310.7
(Loss)/profit for the period	-	-	-	-	(32.4)	(32.4)	7.6	(24.8)
Other comprehensive income / (expense) for the period	-	-	-	(1.2)	3.2	2.0	1.2	3.2
Capital contributions from non-controlling interests	-	-	-	-	-	-	4.3	4.3
Dividends paid to NCI	-	-	-	-	-	-	(8.9)	(8.9)
Share-based payments	-	-	-	-	2.0	2.0	-	2.0
At 31 March 2022	8.6	472.7	1.2	6.5	(277.1)	211.9	74.6	286.5
At 1 October 2022	8.6	472.7	1.2	(9.0)	(248.5)	225.0	86.0	311.0
(Loss)/profit for the period	-	-	-	-	(10.0)	(10.0)	21.7	11.7
Other comprehensive income / (expense) for the period	-	-	-	(5.8)	(1.4)	(7.2)	(10.8)	(18.0)
Capital contributions from non-controlling interests	-	-	-	-	-	-	5.8	5.8
Dividends paid to NCI	-	-	-	-	-	-	(24.3)	(24.3)
Share-based payments	-	-	-	-	2.9	2.9	-	2.9
At 31 March 2023	8.6	472.7	1.2	(14.8)	(257.0)	210.7	78.4	289.1

¹ At 31 March 2023, the other reserves include the translation reserve.

**Condensed consolidated cash flow statement
for the six months ended 31 March 2023**

	Notes	Six months ended 31 March 2023 £m	Six months ended 31 March 2022 £m
Cash flows from operating activities			
Cash flow from operations	6	168.4	124.4
Tax (paid)/refund		(12.0)	1.9
Net cash flows from operating activities		156.4	126.3
Cash flows from investing activities			
Dividends received from associates		0.7	2.5
Interest received		3.7	1.4
Purchase of property, plant and equipment		(104.8)	(43.8)
Purchase of other intangible assets		(2.3)	(2.5)
Acquisitions, net of cash and cash equivalents acquired		(2.8)	-
Net cash flows from investing activities		(105.5)	(42.4)
Cash flows from financing activities			
Repayment of the Term Loan and USPP facility		(40.5)	-
Repayment of Covid Corporate Financing Facility (CCFF)		-	(300.0)
Net (repayment)/drawdown of other bank facilities		(6.9)	3.9
Loans (repaid to)/taken from non-controlling interests		(0.9)	2.1
Payment of lease liabilities – principal		(101.6)	(78.3)
Payment of lease liabilities – interest		(24.0)	(16.5)
Interest paid excluding interest on lease liabilities		(32.0)	(17.6)
Dividends paid to non-controlling interests		(24.3)	(8.9)
Capital contribution from non-controlling interests		12.9	4.3
Net cash flows from financing activities		(217.3)	(411.0)
Net decrease in cash and cash equivalents		(166.4)	(327.1)
Cash and cash equivalents at beginning of the period		543.6	773.6
Effect of exchange rate fluctuations on cash and cash equivalents		(12.6)	(0.7)
Cash and cash equivalents at end of the period		364.6	445.8
Reconciliation of net cash flow to movement in net debt			
Net decrease in cash in the period		(179.0)	(327.1)
Repayment of Term Loan and USPP facility		40.5	-
Repayment of CCFF		-	300.0
Cash outflow/(inflow) from other changes in debt		7.8	(3.9)
Change in net debt resulting from cash flows, excluding lease liabilities		(130.7)	(31.0)
Translation differences		32.2	(2.3)
Other non-cash changes		2.9	1.1
Increase in net debt excluding lease liabilities in the period		(95.6)	(32.2)
Net debt at beginning of the period		(296.5)	(307.6)
Net debt excluding lease liabilities at end of the period		(392.1)	(339.8)
Lease liabilities at end of the period		(808.7)	(814.8)
Net debt including lease liabilities at end of the period		(1,200.8)	(1,154.6)

Notes

1 Basis of preparation and accounting policies

1.1 Basis of preparation

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK.

The annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 30 September 2022. Those accounts were reported upon by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified did not contain statements under Section 498 (2) or (3) of the Companies Act 2006. The comparative figures for the six months ended 31 March 2022 are not the Group's statutory accounts for that financial year.

These financial statements are presented in Sterling and, unless stated otherwise, rounded to the nearest £0.1 million. The financial statements are prepared on the historical cost basis.

Except as described below, the accounting policies adopted in the preparation of these condensed consolidated half-yearly financial statements to 31 March 2023 are consistent with the accounting policies applied by the Group in its consolidated financial statements as at, and for the year ended, 30 September 2022 as required by the Disclosure and Transparency Rules of the UK's Financial Conduct Authority.

1.2 Going concern

These financial statements are prepared on a going concern basis.

The Board has reviewed the Group's financial forecasts as part of the preparation of its financial statements, including cash flow forecasts prepared for a period of 16 months from the date of approval of these financial statements and taking into consideration a number of different scenarios. Whilst cash flow forecasts have been prepared for a period of 16 months to coincide with the Group's 2024 financial year end, the period of assessment for going concern purposes is assessed as being 12 months from the date of approval of these interim financial statements ("the going concern period"). Having carefully reviewed these forecasts, the Directors have concluded that it is appropriate to adopt the going concern basis of accounting in preparing these financial statements for the reasons set out below.

In making the going concern assessment, the Directors have considered forecast cash flows and the liquidity available over the going concern period. In doing so they assessed a number of scenarios, including a base case scenario and a severe but plausible downside scenario. The base case scenario reflects an expectation of a continuing recovery in passenger numbers in most of our key markets during the forecast period, augmented by the ongoing roll-out of our new business pipeline.

With some uncertainty surrounding the economic and geo-political environment over the next twelve months, a downside scenario has also been modelled, applying severe but plausible assumptions to the base case. This downside scenario reflects a very pessimistic view of the travel markets for the remainder of the current financial year, assuming sales that are around 10% lower than in the base case scenario.

In both its base case and downside case scenarios, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements, and that it will have headroom against all applicable covenant tests throughout this period of assessment. The Directors have therefore deemed it appropriate to prepare the financial statements for the six months ended 31 March 2023 on a going concern basis.

1.3 Changes in accounting policies and disclosures

The following amended standards and interpretations have been adopted by the Group in the current period:

- Amendments to IFRS 3 Business combinations
- Amendment to IAS 16 Property, plant and equipment (Proceeds before Intended Use)
- Amendment to IAS 37 Provisions, contingent liabilities and contingent assets (Onerous Contracts - Cost of fulfilling a Contract)
- Annual Improvements 2018-2020 Amendments to IFRS 1, IFRS 9 and IFRS 16

There is no significant impact of adopting these new standards on the Group's consolidated financial statements.

1.4 New accounting standards not yet adopted by the Group

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- IFRS 17 'Insurance Contracts'
- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (Amendments to IAS 8)
- Sale of Contribution of Assets between an investor and its Associate or Joint Venture (amendments to IFRS 10 and IAS 28)

The following amended standard is likely to result in the Group recognising additional deferred tax assets and liabilities in its consolidated financial statements relating to deferred tax on right of use assets and lease liabilities.

- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single transaction

2 Segmental reporting

SSP operates in the food and beverage travel sector, mainly at airports and railway stations.

Management monitors the performance and strategic priorities of the business from a geographic perspective, and in this regard has identified the following four key “reportable segments”: North America, Continental Europe, the UK, and Rest of the World (RoW). North America includes operations in the United States and Canada; Continental Europe includes operations in the Nordic countries and in Western and Southern Europe; the UK includes operations in the United Kingdom and the Republic of Ireland; and RoW includes operations in Eastern Europe, the Middle East, Asia Pacific, India and South America. These segments comprise countries which are at similar stages of development and demonstrate similar economic characteristics.

The Group’s management assesses the performance of the operating segments based on revenue and underlying operating profit, in addition to pre-IFRS 16 results. Interest income and expenditure are not allocated to segments, as they are managed by a central treasury function, which oversees the debt and liquidity position of the Group. The non-attributable segment comprises costs associated with the Group’s head office function and depreciation of central assets.

	North America	Continental Europe	UK	RoW	Non- attributable	Total
	£m	£m	£m	£m	£m	£m
Six months ended 31 March 2023						
Revenue	299.9	494.9	328.5	195.1	-	1,318.4
Underlying operating profit / (loss)	22.4	4.1	18.1	31.3	(23.5)	52.4
Non-underlying operating costs	(1.2)	-	(0.1)	-	(2.5)	(3.8)
Operating profit / (loss)	21.2	4.1	18.0	31.3	(26.0)	48.6

Six months ended 31 March 2022

Revenue	174.6	315.4	232.7	80.5	-	803.2
Underlying operating profit/(loss)	2.1	(27.9)	(3.7)	(5.0)	(18.1)	(52.6)
Non-underlying operating profit	2.2	65.7	7.6	3.1	-	78.6
Operating profit/(loss)	4.3	37.8	3.9	(1.9)	(18.1)	26.0

The following amounts are included in underlying operating profit / (loss):

	North America	Continental Europe	UK	RoW	Non- attributable	Total
	£m	£m	£m	£m	£m	£m
Six months ended 31 March 2023						
Depreciation and amortisation	(35.2)	(62.7)	(21.7)	(22.5)	(4.5)	(146.6)
Six months ended 31 March 2022						
Depreciation and amortisation	(29.0)	(60.8)	(20.9)	(22.6)	(4.4)	(137.7)

3 Loss per share

Basic loss per share is calculated by dividing the result for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted loss per share is calculated by dividing the result for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period adjusted by potentially dilutive outstanding share options.

Underlying loss per share is calculated the same way except that the result for the period attributable to ordinary shareholders is adjusted for specific items as detailed below:

	Six months ended 31 March 2023	Six months ended 31 March 2022
	£m	£m
Loss attributable to ordinary shareholders	(10.0)	(32.4)
<i>Adjustments:</i>		
Non-underlying operating costs / (profit)	3.8	(78.6)
Non-underlying costs attributable to non-controlling interests	-	1.3
Non-underlying finance credit	(2.8)	(6.4)
Tax effect of adjustments	0.3	18.2
Underlying loss attributable to ordinary shareholders	(8.7)	(97.9)
Basic weighted average number of shares	796,349,611	795,975,909
Dilutive potential ordinary shares	-	-
Diluted weighted average number of shares	796,349,611	795,975,909
<i>Loss per share (p):</i>		
- Basic	(1.3)	(4.1)
- Diluted	(1.3)	(4.1)
<i>Underlying loss per share (p):</i>		
- Basic	(1.1)	(12.3)
- Diluted	(1.1)	(12.3)

The number of ordinary shares in issue as at 31 March 2023 was 796,529,196 which excludes treasury shares (31 March 2022: 796,113,196). The Company also holds 263,499 ordinary shares in treasury (31 March 2022: 263,499).

Potential ordinary shares can only be treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share. As the Group has recognised a loss for the period none of the potential ordinary shares are considered to be dilutive.

4 Operating costs

	Six months ended 31 March 2023	Six months ended 31 March 2022
	£m	£m
<i>Cost of food and materials:</i>		
Cost of inventories consumed in the period	(369.8)	(226.1)
<i>Labour cost:</i>		
Employee remuneration	(425.4)	(275.4)
<i>Overheads:</i>		
Depreciation of property, plant and equipment	(51.3)	(45.7)
Depreciation of right-of-use assets	(90.5)	(86.7)
Amortisation of intangible assets	(4.8)	(5.3)
Non-underlying operating (loss) / profit	(3.8)	78.6
Gain on derecognition of leases	2.4	2.5
Rentals payable under leases	(165.4)	(101.5)
Other overheads	(161.2)	(117.6)
	<u>(1,269.8)</u>	<u>(777.2)</u>

Non-underlying operating (loss) / profit

The non-underlying operating (loss) / profit in the six months ended 31 March 2023 are shown below.

	Six months ended 31 March 2023	Six months ended 31 March 2022
	£m	£m
Impairment of property, plant and equipment	-	(1.7)
Impairment of right-of-use assets	-	(0.4)
IFRS 16 rent credit	-	19.3
Gain on derecognition of leases	-	61.5
Other non-underlying costs	(3.8)	(0.1)
Total non-underlying operating (loss) / profit	<u>(3.8)</u>	<u>78.6</u>

Impairment of property, plant and equipment and right-of-use assets

In the prior year, the Group recognised an impairment charge of £2.1m which included the impairment of right of use assets of £0.4m.

IFRS 16 rent credit

During the comparative period, the Group successfully negotiated several rent waivers with clients, totalling £19.3m, as part of its response to the Covid-19 pandemic.

Gain on derecognition of leases

In the comparative period, as a consequence of certain contract renegotiations and government interventions in certain jurisdictions, a number of leases were rebased such that the minimum guaranteed rental commitments were now calculated on a 'per passenger' basis, i.e. the fixed minimum annual guarantees have been removed from the contracts. Accordingly, these lease payments then fell outside the scope of IFRS 16 and the leases were de-recognised, resulting in a gain of £61.5m.

Other non-underlying costs

The Group incurred certain transaction-related and other costs which are non-recurring in nature.

5 Finance income and expense

	Six months ended 31 March 2023	Six months ended 31 March 2022
	£m	£m
<i>Finance income</i>		
Foreign exchange gains	6.1	-
Interest income	5.1	1.4
Total finance income	<u>11.2</u>	<u>1.4</u>
<i>Finance expense</i>		
Total interest expense on financial liabilities measured at amortised cost	(24.9)	(19.6)
Lease interest expense	(24.0)	(15.8)
Non-underlying finance income	2.8	6.4
Net change in fair value of cash flow hedges utilised in the period	-	(1.0)
Unwind of discount on provisions	(0.4)	(0.1)
Other	0.1	(1.5)
Total finance expense	<u>(46.4)</u>	<u>(31.6)</u>

Non-underlying finance income

The non-underlying finance income in the six months ended 31 March 2023 include income recognised under IFRS 9 as a result of the prior year amendments and extensions of borrowings.

	Six months ended 31 March 2023	Six months ended 31 March 2022
	£m	£m
Effective interest rate gain	2.8	6.4
Total non-underlying finance income	<u>2.8</u>	<u>6.4</u>

In the prior periods, non-substantial modifications to the Group's financing arrangements resulted in charges which were recognised as non-underlying. The amortisation of the liability resulting from this charge through the effective interest rate calculation has therefore also been recognised as non-underlying.

6 Cash flow from operations

	Six months ended 31 March 2023	Six months ended 31 March 2022
	£m	£m
Profit/(loss) for the period	11.7	(24.8)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	51.3	45.7
Depreciation of right-of-use assets	90.5	86.7
Amortisation of intangible assets	4.8	5.3
Gain on derecognition of leases	(2.4)	(64.0)
IFRS 16 rent credit	-	(19.3)
Impairments	-	2.1
Share-based payments	2.9	2.0
Finance income	(11.2)	(1.4)
Finance expense	46.4	31.6
Movements in provisions and pensions	0.9	-
Share of profit of associates	(2.4)	(1.9)
Taxation	4.1	22.5
	<hr/>	<hr/>
	196.6	84.5
Decrease in trade and other receivables	13.1	10.9
Increase in inventories	(2.0)	(3.3)
(Decrease) / increase in trade and other payables including provisions	(39.3)	32.3
Cash flow from operations	<hr/>	<hr/>
	168.4	124.4

7 Dividends

No final dividend for the year ended 30 September 2022 has been approved or paid during the period (2022: no final dividend was approved or paid for the year ended 30 September 2021). No interim dividend for H1 2023 has been paid or is proposed (H1 2022: no interim dividend proposed or paid).

8 Fair value measurement

Certain of the Group's financial instruments are held at fair value.

The fair values of financial instruments held at fair value have been determined based on available market information at the balance sheet date, and the valuation methodologies detailed below:

- the fair values of the Group's borrowings are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

Carrying value and fair values of certain financial instruments

The following table shows the carrying value of financial assets and financial liabilities.

	As at 31 March 2023	As at 30 September 2022
	£m	£m
Financial assets measured at amortised cost		
Cash and cash equivalents	364.6	543.6
Trade and other receivables	158.5	186.7
Total financial assets measured at amortised cost	523.1	730.3
Non-derivative financial liabilities measured at amortised cost		
Bank loans	(408.7)	(455.2)
US private placement notes	(347.8)	(384.7)
Lease liabilities	(808.7)	(854.6)
Trade and other payables	(637.8)	(689.9)
Total financial liabilities measured at amortised cost	(2,203.0)	(2,384.4)

Financial assets and liabilities in the Group's consolidated balance sheet are either held at fair value, or their carrying value approximates to fair value, with the exception of loans, which are held at amortised cost. The fair value of total borrowings excluding lease liabilities, estimated using market prices at 31 March 2023, was £745.1m (30 September 2022: £825.5m).

Financial assets and liabilities are measured at fair value and are classified as level 2. This uses the fair value hierarchy whereby inputs, which are used in the valuation of these financial assets, and liabilities have a significant effect on the fair value, are observable either directly or indirectly. There were no transfers during the period.

9 Post balance sheet events

On 2 May 2023, the Group signed an agreement to purchase the concessions business of Midfield Concession Enterprises Inc. This will expand the Group's presence across North America by adding 40 new units at seven airports including four new locations. The acquisition will be funded out of existing cash reserves and is expected to complete in late Summer, subject to all necessary approvals, and will further the North American team's strategy of developing a diverse portfolio of outlets at large, medium, and small airports. In total, it is expected to contribute an additional c. \$100m to revenues in our North America business, on an annualised basis.

10 Related parties

Related party relationships exist with the Group's subsidiaries, associates, key management personnel, pension schemes and employee benefit trusts. A full explanation of the Group's related party relationships is provided on page 206 of the Annual Report and Accounts 2022.

There are no material transactions with related parties or changes in the related party transactions described in the last annual report that have had, or are expected to have, a material effect on the financial performance or position of the Group in the six-month period ended 31 March 2023.

Forward looking statement

This announcement contains forward-looking statements. These forward-looking statements include all matters that are not historical facts. Statements containing the words “believe”, “expect”, “intend”, “may”, “estimate”, “anticipate”; “will”; “plans”, “aims”, “projects”; “may”; “would”; “could”; “should” or, in each case, their negative and words of similar meaning are forward-looking. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; and (ii) business and management strategies and the expansion and growth of the Company’s operations. By their nature, forward-looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions because they relate to events that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that the Group’s actual financial condition, performance, results of operations and cash flows, and the development of the industry in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this document or other disclosures made by us or on the Group’s behalf, including as a result of the macroeconomic and other impacts of Covid-19, economic and business cycles, the terms and conditions of the Group’s financing arrangements, foreign currency rate fluctuations, competition in the Group’s principal markets, acquisitions or disposals of businesses or assets and trends in the Group’s principal industries.

In addition, even if the Group's financial condition, results of operations and cash flows, and the development of the industry in which the Group operates are consistent with the forward-looking statements in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. The forward-looking statements contained in this announcement speak only as of the date of this announcement. Except where required to do so under applicable law or regulatory obligations, the Company and its Directors expressly disclaim any undertaking or obligation to update or publicly revise any forward-looking statements whether as a result of new information, future events or otherwise.