SSP The Food Travel Experts

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08 December 2021

SSP GROUP PLC

Results for year ended 30 September 2021

SSP Group, a leading operator of food and beverage outlets in travel locations worldwide, announces its financial results for the year ended 30 September 2021. SSP has delivered a resilient performance in a very challenging market, materially strengthening its balance sheet and continuing to demonstrate tight control over its operating costs and cash usage, and is in a strong position to benefit from the expected recovery of the travel market over the medium term.

Financial Overview

- Revenue of £834.2m: down 41.8% vs 2020 and 70.1% vs 2019.
- Operating loss of £309.2m on a reported basis under IFRS 16, including credit for non-underlying net operating costs of £14.1m (2020: £363.9m operating loss including charge for non-underlying items of £48.5m). On a pre-IFRS16 basis[3], the underlying operating loss[4] was £209.0m (2020: £211.7m loss).
- Loss before tax of £411.2m on a reported basis under IFRS 16 (2020: £425.8m loss). On a pre-IFRS 16 basis[3], the underlying loss before tax[4] was £251.0m (2020: £239.6m loss).
- Basic loss per share of 51.3 pence on a reported basis under IFRS 16 (2020: basic loss per share of 66.2 pence). On a pre-IFRS 16 basis[3], underlying basic loss per share[4] of 31.9 pence (2020: underlying basic loss per share of 39.5 pence).[5]
- Net debt was £1,480.4m, which includes lease liabilities of £1,172.8m (2020: £2,040.6m, including lease liabilities of £1,349.3m). On a pre-IFRS 16 basis[3], net debt was £308.0m, down from £692.0m at 30 September 2020.
- Financial position strengthened significantly following the Rights Issue in April 2021, including the extension of our main bank facilities until January 2024 and the waiver and amendment of covenants for both the main bank facilities and US private placement notes.
- Liquidity position strong, with cash and undrawn committed facilities of approximately £935m at the end of September 2021 (including £300m from the Covid Corporate Financing Facility ("CCFF") due to be repaid in February 2022).

Business Highlights

- Steadily improving revenue trends over the summer and autumn. Revenue averaged 66% of 2019 in the first 9 weeks of the new financial year.
- A further c. 800 units reopened since the beginning of June 2021 as demand has returned, taking the total to c. 1,950 units or c. 72% of the estate.
- Strong second half performance, with revenue recovering from 21% of 2019 levels at the end of H1 to 53% of 2019 by the end of H2, led by a recovery in domestic and short-haul leisure traffic.
- Positive underlying EBITDA (on a pre-IFRS 16 basis) of £2.0m and free cash flow of £82.8m generated in H2, compared with a free cash outflow of £140.9m in H1.
- Underlying operating profit conversion (on a pre-IFRS 16 basis) on the reduced sales vs 2019 of 22% for H2, in line with H1, and ahead expectations of c. 25% for H2.
- Positive and unchanged medium term outlook, with like-for-like revenues[1 2] and EBITDA margins (on a pre-IFRS 16 basis) expected to return to around pre-Covid levels by 2024.
- Growing pipeline of new business to mobilise, comprising approximately 200 units, which is expected to add a further 15% to revenue by 2024, and many new business opportunities emerging. Significant new business development success, including recently announced joint venture with ADP for Paris Charles De Gaulle and Orly Airports in France and Suvarnabhumi Airport in Thailand, and we are today announcing an important new contract in Malaysia.
- Sustainability being further embedded into the business, with new and strengthened targets set, including commitments to achieve net zero carbon emissions by 2040 and to publish interim Science Based Targets in line with a 1.5 degree scenario for reduction of scope 1, 2 and 3 carbon emissions within 12 months.

Appointment of Group CEO

On 25th November 2021, SSP announced the appointment of Patrick Coveney to the role of Group CEO, effective 31st March 2022, following the announcement that Simon Smith is to leave the business in December 2021. Patrick will join SSP from Greencore Group plc, a leading producer of convenience foods in the UK and Ireland, which is a member of the FTSE 250. Jonathan Davies, in his role as Deputy CEO and CFO, will lead the Group Executive Committee and oversee day-to-day business prior to Patrick joining.

Recent Trading and Outlook

Passenger numbers increased steadily over the second half of the financial year and, consequently, sales strengthened from a very low level at the end of H1 (approximately 21% of 2019) to reach 53% of 2019 by the end of H2. The improvement was led initially by North America, and more recently by Continental Europe and the UK, and was driven principally by increasing domestic and short-haul leisure travel. In Continental Europe, passenger numbers increased steadily over the summer following the successful introduction of the EU Covid passport, and in the UK by the ending of lockdown restrictions from late July, followed by the government’s relaxation of testing and quarantine rules in response to a greater proportion of the population having been double-vaccinated.

During the new financial year, sales trends have continued to improve, with air passenger numbers in the UK and Continental Europe boosted by an extended European summer holiday season, and rail passenger numbers continuing to benefit from commuters returning to offices in greater numbers. Conversely, the recovery has been slower in the Asia Pacific region, principally due to the slower roll-out of vaccines, which has held back the return of domestic travel, and the loss of long-haul air travel.

Revenues in the first nine weeks of the new financial year are currently averaging approximately 66% of 2019 levels. Whilst there remains some uncertainty in the immediate outlook over the winter months, particularly over the potential impact of the Omicron variant on travel restrictions, we are confident in our ability to manage any near term volatility. Our medium term expectations remain unchanged, which are for a return to like for like revenue at broadly similar levels to 2019 by 2024.

As previously indicated, for the 2022 financial year we anticipate the drop through to operating profit (on a pre-IFRS 16 basis) on lost sales compared to 2019 to be at the upper end of a range of 25-30%. The final outturn will be impacted by a number of external factors including the trajectory of the recovery, higher input cost inflation, and lower levels of government cost support compared to 2021. Over the medium-term our expectation for a recovery in pre-IFRS 16 basis EBITDA margins to broadly pre Covid levels remains unchanged.

SSP has an important role to play in providing food and beverage services to the travelling public, and we will continue to re-open units in response to demand, maximising the profitability of the re-opening programme and rigorously controlling costs and cash. We firmly believe that demand for travel will return to pre-Covid levels in the medium term and the actions we have taken during the pandemic will ensure that SSP is well positioned to capitalise on future market opportunities.

Commenting on the results, Jonathan Davies, Deputy CEO and CFO of SSP Group, said:

"Though still in the recovery phase, SSP has made strong progress, particularly during the second half of the year, when we delivered positive underlying EBITDA and strong free cash flow generation. The Group has continued to re-open units in line with passenger demand, with 72% of units currently open, and has delivered revenues of 66% of 2019 levels in the first nine weeks of the new financial year. Our teams around the world have demonstrated great resilience during this challenging period and, most importantly, have continued to deliver great service to our customers every day. I would like to thank them for their professionalism, dedication and commitment to SSP.

Against the backdrop of volatility and disruption in the travel sector, we've maintained strong operational controls and disciplined management of operating costs and cash flow, as has been evident from the financial performance of the business. In addition, as a result of the successful Rights Issue and the extension of our bank facilities completed in April 2021, we have a very strong balance sheet, with significant liquidity of £935m (including the £300m CCFF due to be repaid in February 2022).

Over the past year, we've continued to re-invest in and strengthen important areas of the business which we believe will underpin our long-term growth, including our customer offer, our people strategy and our technology platforms, and we've made real progress in further embedding sustainability into our business.

Looking ahead, the medium-term outlook remains unchanged, which is for a return to broadly pre-Covid levels of like-for-like revenue and EBITDA margins by 2024. We are now starting to mobilise the pipeline of around 200 new outlets that have already been secured and we anticipate delivering approximately 15% of

additional net contract gains over the medium term. Furthermore, we expect to utilise our significant financial capacity and competitive strength to accelerate our new business growth and to capitalise fully on the recovery in the travel sector."

Financial highlights:

	IFRS 16 2021 £m	IFRS 16 2020 £m
Revenue	**834.2**	**1,433.1**
Revenue change (%)		
- vs 2020	**(41.8)%**	**N/A**
- vs 2019	**(70.1%)**	**(48.7)%**
Like-for-like sales fall[1 2]	**(41.0)%**	**(50.8)%**
Underlying operating loss[4]	**(323.3)**	**(315.4)**
Underlying loss before tax[4]	**(393.1)**	**(371.8)**
Underlying loss per share (p)[4 5]	**(46.5)**	**(59.1)**
Net debt[5]	**(1,480.4)**	**(2,040.6)**

	Pre-IFRS 16[3] 2021 £m	Pre-IFRS 16[3] 2020 £m
Underlying operating loss[4]	**(209.0)**	**(211.7)**
Underlying loss before tax[4]	**(251.0)**	**(239.6)**
Underlying loss per share (p)[4 5]	**(31.9)**	**(39.5)**
Net debt[6]	**(308.0)**	**(692.0)**

Statutory reported results:

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

	2021 £m	2020 £m
Revenue	**834.2**	**1,433.1**
Operating loss	**(309.2)**	**(363.9)**
Loss before tax	**(411.2)**	**(425.8)**
Loss per share (p)[5]	**(51.3)**	**(66.2)**
Net debt[6]	**(1,480.4)**	**(2,040.6)**

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[1] Constant currency is based on average 2020 exchange rates weighted over the financial year by 2020 results.

[2] Like-for-like sales represent revenues generated in an equivalent period in each financial period in outlets which have been open for a minimum of 12 months. Units temporarily closed as a result of Covid-19 have not been excluded for the purposes of the like-for-like calculation. Like-for-like sales are presented on a constant currency basis.

[3] The Group adopted IFRS 16 'Leases' on 1 October 2019 using the modified retrospective approach to transition. Following the year of transition, we have decided to maintain the reporting of our profit and other financial measures like net debt and leverage on a pre-IFRS 16 basis (note that pre-IFRS 16 basis was referred to as 'Pro forma IAS 17' in the Annual Report and Accounts 2020). 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 23-27.

[4] Stated on an underlying basis, which excludes non-underlying items as further explained in the section on Alternative Performance Measures (APMs) on pages 23-27.

[5] 2020 EPS has been restated to reflect the impact of the 2021 Rights Issue

[6] Net debt reported under IFRS 16 includes leases 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.

A live webcast will be held at 8.30 a.m (UKT) today, and details of how to join can be accessed at https://webcasts.foodtravelexperts.com/results/2021preliminaryresults

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NOTES TO EDITORS

About SSP

SSP is a leading operator of food and beverage concessions in travel locations, operating restaurants, bars, cafés, food courts, lounges and convenience stores in airports, train stations, motorway service stations and other leisure locations. Prior to the onset of Covid-19, we served around one and a half million customers every day at approximately 180 airports and 300 rail stations in 35 countries around the world and operated more than 550 international, national and local brands.
www.foodtravelexperts.com

Business Review

Financial results

Covid-19 has continued to have a significant impact on the Group's trading performance, with government-imposed travel restrictions affecting all of our major markets for a large proportion of the year. Reflecting this, total Group Revenue of £834.2m fell by 41.8% compared to 2020 (which included five months prior to the escalation of the global pandemic in March 2020) and by 70.1% against 2019.

The first half of the financial year was marked by long periods during which extensive government restrictions on travel resulted in passenger numbers remaining very depressed in both the Air and Rail sectors, with revenue falling to only 20% of the equivalent level in the first half of 2019 (21% of 2020). However, passenger numbers then increased steadily over the second half of the year, led by domestic and short-haul leisure travel, with revenue improving to approximately 38% of 2019 levels for the half year as a whole, and to 53% of 2019 levels by the end of September.

The underlying operating loss for the year was £323.3m (2020: £315.4m). The operating loss was £309.2m, including a credit for non-underlying items of £14.1m. Further details of the non-underlying items have been set out in the section on Alternate Performance Measures on pages 23 - 27. On a pre-IFRS 16 basis, the Group reported an underlying operating loss of £209.0m, compared to an equivalent loss of £211.7m in the prior year.

The free cash outflow during the year on a pre-IFRS 16 basis was £58.1m, compared to a £394.9m free cash outflow last year, with the year-on-year improvement reflecting the Group's continued tight management of operating costs and working capital over the last twelve months. In the second half of the year, the Group generated net free cash flow of £82.8m, principally due to a strong working capital performance, driven by the recovery in sales, as well by securing further payment deferrals.

Capital expenditure was £69.4m, representing a significant reduction compared to the £134.5m in the prior year. Following the Covid-19 escalation during 2020, we placed our capital expenditure programme on hold, and have continued to work with our clients to defer capital expenditure programmes until we have better visibility over the pace of the recovery in the travel sector. With passenger numbers in most of our key markets continuing to strengthen during the autumn, we expect capital expenditure in the year ahead to increase accordingly and are currently planning for expenditure of around £150m in the 2022 financial year, although we will continue to exercise caution and be ready to defer projects should the recovery in passenger numbers be slower than currently expected.

Following the completion of the Rights Issue in late April 2021, the Group's financial position has been significantly strengthened, including the extension of the Group's existing bank facilities until January 2024 as well as the waiver and amendment of covenants under those bank facilities and the Group's US private placement notes. Incorporating the net proceeds of the Rights Issue of £450.8m, net debt on a pre-IFRS 16 basis at 30 September 2021 was £308.0m (reported net debt of £1,480.4m), a reduction of £384.0m compared to the prior year. The Group now has significant available liquidity, with cash and undrawn available facilities of approximately £935m at the end of the financial year (including the £300m borrowed under the CCFF and due to be repaid in February 2022).

Strategy overview

Our vision remains unchanged, to be the leading provider of food and beverage in travel locations worldwide, delivering for all our stakeholders (our customers, clients, brand partners, suppliers, investors and, importantly, our colleagues) in a way that ensures long term sustainable growth.

We continue to believe that the markets in which we operate are fundamentally attractive. The air and rail travel markets are expected to deliver long-term growth, albeit from a lower base, as global GDP recovers, and an increasing proportion of the world's population are willing and able to travel again.

Before the outbreak of Covid-19, the markets in which we operate had benefitted from several structural long-term growth drivers, the most significant being:

- growth in global GDP and disposable income, which had led to an increasing propensity to travel and had driven higher passenger volumes and expenditure on food and beverage products;
- a trend towards increased eating-out, including eating "on the move"; and
- investment in travel infrastructure and capacity expansion, supported by both government policy and infrastructure owners increasingly focusing on retail revenue streams.

Though Covid-19 has impacted these trends in the short term, we believe that these growth drivers will return in the medium-term once the effects of the pandemic diminish. While some uncertainty remains about the longer-term impact of working from home on commuter travel and virtual technology on business travel, we anticipate a full recovery in leisure travel, which drives the majority of our business.

Structural advantages

SSP has a number of structural advantages that we believe put us in a strong position to capitalise on the recovery of the travel sector over the medium-term:

1. **Leading market positions**: We have leading positions in some of the most attractive sectors of the travel food and beverage and convenience retail market, underpinned by our extensive brand portfolio (comprising our own brands and bespoke concepts as well as franchised local and global brands) and established management and operational teams across the 36 countries in which we operate.

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 concepts to meet these needs and a knowledge of how to operate in complex travel environments which are logistically demanding. Our deep understanding of travel food and beverage has enabled us to adapt our operating model so that we can operate our units at lower passenger levels whilst still ensuring a great customer experience.

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. **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 which we operate.

5. **Experienced colleague base**: We have highly experienced colleagues with a broad range of experience across 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.

In the medium-term the Group expects to see the gradual return of passenger travel to more normalised levels. The actions the Group is taking to rebuild the business will enable it to emerge better positioned to address the priorities of our stakeholders and drive competitiveness and long-term sustainable growth.

Our immediate focus is to re-open our c. 2,700 units and drive profitable sales. Our approach to re-opening is data driven, the lead indicator being passenger numbers through the travel locations in which our units are based. We seek to open the right combination of units at sites to enable us to capture the sales opportunity, whilst optimising efficiency and controlling cash.

Our strategic priorities

Our strategy for delivering long term sustainable growth for the benefit of all our stakeholders focuses on five key priorities. These comprise:

1. **Driving like-for-like revenue growth and optimising our existing space:** We seek to optimise the customer proposition and drive like-for-like revenues through increasing customer capture rates and spend. Our broad brand portfolio, to which we are constantly adding new and innovative concepts, enables us to meet both client and customer expectations. The scale of our business provides us with access to a wealth of consumer insights, which we use to inform our range and menu choices and to develop our customer propositions. We cater to a diverse range of customer tastes and dietary needs as well as providing healthier and more sustainable options. To better serve the needs of our customers, we are rolling out customer-facing digital technologies, such as order and payment systems, which in turn help us to optimise both customer spend and labour efficiency.

2. **Business development and adding new space**: We have a strong track record of delivering profitable new space and in the three years prior to Covid, we had added around 5%-6% of revenue from net gains annually. Furthermore, we were on track to deliver approximately 8% of net contract gains in 2020 before the emergence of Covid-19. We invest in those contracts that have the right strategic fit and are expected to deliver returns in line with our criteria. Historically most of our growth has come from adding new units and new locations in the countries in which we already operate, but we also look to expand into new geographies that have the right risk-

reward profile, as we have done successfully over recent years, including in India, Brazil, the Philippines, Bahrain and Malaysia. Selective and disciplined bolt-on M&A has always been part of our strategy and is an important element of our market entry strategy into new countries. We expect both new organic growth and acquisition opportunities will arise as we emerge from the Coronavirus pandemic.

Whilst our focus during Covid has been on optimising our existing estate, with the start of a recovery in sight our business development priorities are as follows:

Contract renewals and extensions
We have maintained high retention rates on contracts during Covid-19, in line with our historical levels. We have also sought to extend and renew contracts on favourable terms and/or with greater downside protection on minimum guaranteed rents.

Mobilisation of the existing pipeline
We are starting to mobilise our existing pipeline of around 200 additional units which are already secured but not yet built. These units are expected to add around £275m to sales by 2024[1]. Furthermore, we will benefit from the additional sales generated by the units which were opened just before or during Covid, and therefore that have not yet traded for a full year, or have only operated at very low volumes. These units are expected to add an additional approximately £150m to annual revenues by 2024.

In total the new pipeline and new units opened pre and post Covid-19 should add around £425m to overall revenues by 2024.

New space growth
We see many opportunities to add new space as we emerge from the pandemic. Clients' expansion projects and the development of new infrastructure were to an extent put on hold during the crisis. As the travel sector recovers, we expect this to activity to recommence.

Our strong client and consumer offer positions us well to win space in competitive tenders. We anticipate that some competitors may retreat from the travel market, at least in the near term and we have already seen some examples of this where competitors have chosen not to re-open units.

Our strong financial position and track record of delivery for clients put us in a very strong position to capitalise on these growth opportunities. The Base Case scenario as set out in the Rights Issue prospectus envisages financial headroom to invest up to £350-400m whilst remaining within our target leverage range of 1.5-2.0x net debt:EBITDA (both on a pre-IFRS 16 basis). Where we invest in new contracts our internal hurdles rates require us to achieve on average 3-4 year discounted cashflow payback.

3. **Efficient profit conversion:** Running efficient operations is one of our core competencies and deeply embedded in our culture. Optimising gross margins, leveraging the international scale of our

[1] Excluding units that we will operate under the recently announced Extime joint venture with ADP in France.

business and running an efficient and effective business with rigorous attention to managing the key costs of food, labour concession rentals and overheads are core to our approach.

During Covid-19, our focus was on simplifying our operations, reducing our cost base and making it more flexible. With the business now starting to rebuild, we are adding back cost in a disciplined fashion, with a focus on productivity, and we will seek to retain the key learnings from Covid-19 to help manage inflation and drive performance. The key areas that we focus on are:

Optimising Gross Margins:
We continue to re-engineer our customer offer to optimise gross margins by keeping unnecessary complexity out of our product ranges, whilst providing the right level of customer choice to cater to a diverse range of customer preferences. Food cost will continue to be tightly managed with a focus on volume purchasing, sustainable sourcing and production efficiency, including through the use of automated technology and waste reduction.

Re-negotiating more flexible concession rents and franchise costs:
We seek to minimise concession rental costs and remove minimum guarantees, or make them variable with passenger numbers, in our contracts. We are also working with our franchise brand partners to reduce costs and identify opportunities for simplification and standardisation, building on our long-standing relationships and the learnings from Covid-19.

Operating cost efficiency:
We will continue to drive labour efficiency, conscious of the current pressures on labour rates and availability in certain regions, with continued focus on staff scheduling and kitchen productivity, as well as using digital order and pay technology to drive service levels and efficiency. We seek to have the right level of overhead costs in the business, focussing on taking out unproductive overhead and simplifying management processes. Allied to this, we are increasingly seeking to reduce the energy costs in units and switch to sustainably sourced alternatives and using technology to support management processes as well as outsourcing back-office activities where that makes sense.

4. **Reinvestment**: We are continuously reinvesting in our business, to build on and enhance our competitive strengths, which underpin our capability to deliver sustainable growth. The key areas in which we are looking to strengthen our business platform are:

   Enhancing our Customer Offer:
   Customer research provides insights into the needs of passengers in the travel environment, which inform both our operational decision-making and brand choices. This is particularly important in the current trading environment, as we recover from the pandemic, and we seek to strengthen and evolve our brand portfolio. We have made good progress in creating new own brands to meet current market trends, such as Soul & Grain, a fresh food to go concept with artisanal coffee, due to launch in the UK early in 2022, and Juniper and Co, a bar and casual dining concept at Gatwick Airport. We are also trialling significantly enhanced product ranges at a number of our well-known existing own brands, such as Upper Crust, based on extensive research and analysis.

Digital and technology investment:
We continue to make significant investments to improve the quality of our information systems and technology infrastructure and are recommencing work on a number of the major programmes that were slowed down or paused during the pandemic. These include projects to develop and roll-our enhanced ERP (finance, inventory and cash management and MIS) and human resources systems (including HR data, workforce scheduling, recruitment, compensation and development) to our major countries. As with all our previously successful deployments, we will pilot and roll-out one country at a time to manage costs and mitigate risks. Additionally, we have prioritised the roll-out of 'Modern Workplace' technology (Microsoft Office365) to keep our colleagues informed and connected, and to improve efficiency, during Covid-19.

People strategy:
We have worked hard to protect our colleagues and maintain engagement during the pandemic, which has brought extraordinary challenges for many of them. We have put in place well-being programmes for both those working and those on furlough, and have sought to mitigate the financial consequences through accessing government support or providing financial assistance throughout this period.

In 2021 we carried out our first global engagement survey, with very high response levels 72% and very encouraging feedback, and have presented the results back to all colleagues alongside clear action plans for every region and country. During 2021, we have completed the launch of our values and behaviours to the business, stepped up our investment in training and development and set a number of new corporate and regional targets on areas such as diversity and inclusion, and on human rights (see Embedding Sustainability below).

Sustainability:
The past twelve months have also seen further investment to help us deliver against our sustainability commitments (see Embedding Sustainability below). These focus on three priority areas: our people, our customers and the environment.

5. **Maintain a resilient balance sheet and creating value for shareholders:** Prior to Covid-19, our priority for the use of cash was to invest in organic growth, where this met our investment criteria, as this created the most value for our shareholders. As we emerge from the pandemic, we will continue to take advantage of the structural growth opportunities in our markets.

   Creating shareholder value is extremely important to SSP, and prior to Covid-19, we had a long track record of delivering upper quartile total shareholder returns. Once the travel market recovers, the business is expected to be, once again, highly cash generative allowing us to de-lever the balance sheet over time. Maintaining balance sheet efficiency will continue to be an important part of our financial strategy, and we are committed to returning to our medium-term leverage target in the range of 1.5 – 2.0x EBITDA (on a pre-IFRS 16 basis).

Embedding sustainability into the business

Embedding sustainability into our business is a critical strategic objective for SSP. Despite the disruption of the pandemic, we have continued to make progress on our sustainability agenda. We have built on our existing commitments in key areas setting new and more stretching targets to help drive our strategy. We have developed regional strategies and plans, and implemented measures to monitor and evaluate our progress.

Our sustainability strategy and framework focuses on three pillars:

- Supporting and protecting our colleagues and communities: We seek to engage our people, to feel valued and to develop with us; we champion diversity, promote inclusion and ensure equality; we respect and protect human rights and prevent discrimination; and we positively impact our communities.
- Serving our customers responsibly: We strive to meet the needs of our customers by offering a range of high-quality products that are appealing, nutritious and which are sustainably and ethically sourced. We help our customers to make healthier lifestyle choices, satisfy a range of dietary needs and preferences and offer the information they need to make informed choices.
- Protecting our environment: We are committed to managing the environmental impact of our business by reducing the greenhouse gas emissions from our operations and wider value chain, by reducing and recycling the packaging and materials in our packaging stream and reducing the waste we generate.

These pillars are interdependent: success can only be achieved by advancing in all three areas, rather than on a single dimension. We report more fully on what we have achieved, and the commitments and targets we have set in our Annual Report and Accounts 2021.

Our new or extended targets include those listed below.

Supporting and protecting our colleagues and communities

- **Embracing diversity, protecting human rights:** Have an inclusive and diverse Board and senior leadership team including by 2021 at least one third of Board members to be female; by 2022 have at least one person of colour on the Board and have diversity in geographic representation on our Board; and by 2025 ensure women comprise at least one third of our Executive committee and their direct reports.
- **Modern slavery training:** All senior managers who have completed their induction to complete modern slavery training by 2022.
- **Promoting and protecting safety and well-being:** Build on existing wellbeing activities and deliver a holistic strategy including action to support colleagues' physical, mental and financial wellbeing by 2022.
- **Treating all our employees with care and respect:** Undertake annual engagement surveys in each market, publishing headline results and use them to direct local and groupwide action.
- **Supporting our communities:** All divisions globally to have partnerships with food poverty charities and local charities by 2025.

Serving our customers responsibly

- **Offering healthier lifestyle choices and satisfying dietary needs:** Introduce food and drink items that support healthier lifestyle choices including wellness brands; lower-calorie, plant-based and/or vegetarian meal options; and non-dairy milk alternatives. Targets include by 2025 at least 30% of the meals offered by own brands to be plant based and/or vegetarian and all units that serve coffee in the UK, Europe and North America to offer non-dairy milk alternatives.
- **Sourcing our ingredients and products responsibly and sustainably:** Take proactive steps to ensure suppliers are operating in line with our sourcing standards and that key ingredients are sourced from certified sustainable sources. Targets include procuring 100% sustainably sourced palm oil (for the top 50 products in each country) by 2022 for SSP own brands, and 100% sustainably sourced tea, coffee, hot chocolate and fish by 2025 for SSP own brands, with further categories to follow.
- **Supporting animal welfare:** Ensure key suppliers are operating in line with our animal welfare standards and own brand eggs (by 2025) and chicken (by 2026) are sourced in line with our responsible sourcing standards (existing target).

Protecting our environment

- **Pursuing net zero carbon emissions:** By 2040, achieve net zero carbon emissions (scopes 1, 2 and 3). In support of this, we are setting science-based targets in line with a 1.5-degree scenario within the next year.
- **Reducing, reusing and recycling our packaging**: Remove unnecessary single-use plastic packaging and move all packaging of own-brand products to be recyclable, reusable or compostable by 2025.
- **Reducing food waste:** In addition to our existing activities, all divisions to have programmes to target food waste through reduction, recycling, anti-food waste partnerships, charitable donations and landfill diversion by 2025.

Financial review

Group performance

	2021 £m	2020 £m	Year-on-year change (%)
Revenue	**834.2**	1,433.1	(41.8)%
Underlying operating loss	**(323.3)**	(315.4)	(2.5)%
Operating loss	**(309.2)**	(363.9)	15.0%

- Underlying operating loss was £209.0m (2020: £211.7m) on a pre-IFRS 16 basis.
- Revenue in 2019 was £2,794.6m.

Covid-19 has continued to have a significant impact on the Group's trading performance throughout the year. Total Group Revenue of £834.2m fell by 41.8% compared to 2020 (which included five months which were substantially pre-pandemic) and by 70.1% against 2019.

During the first half year, increased infection levels in key markets and extensive government restrictions on travel resulted in passenger numbers remaining depressed in both Air and Rail, with revenue falling to only 20% of those in the equivalent period in 2019 and 21% of 2020. This significant year-on-year fall was particularly marked during the second quarter, reflecting the stringent lockdowns imposed from late December across many markets, notably in the UK and Continental Europe.

During the second half year, the gradual easing of lockdown restrictions and the successful roll-out of vaccination programmes resulted in increasing passenger numbers across the travel sector. In the third quarter, revenue improved to around 27% of 2019 levels, led by a strong recovery in North America, and in the fourth quarter to 47% of 2019, driven principally by improving Rail and Air passenger numbers in the UK and Continental Europe.

Since our year end we have seen trading continue to strengthen across all of our principal markets, with first quarter revenue during the first nine weeks averaging around 66% of 2019 levels, and approximately 61% of 2020. In the first week of December, sales were approximately 65% of 2019 levels, and 63% of 2020. However, the short-term outlook remains uncertain, particularly regarding any impact from the new Omicron Covid variant.

Operating loss

The underlying operating loss for the year was £323.3m, compared to an equivalent loss of £315.4m in 2020. On a pre-IFRS 16 basis, the Group reported an underlying operating loss of £209.0m, compared to an equivalent loss of £211.7m in the prior year.

On a reported basis, the operating loss for the year was £309.2m, reflecting a net credit of £14.1m for the non-underlying operating items. The equivalent operating loss for the prior year was £363.9m.

The impact on the underlying operating loss from the significantly lower sales following the pandemic continued to be mitigated by the extent of our operating cost reductions, the extension of government furlough and other support measures, and our ongoing success in negotiating rent concessions, principally

via waivers of minimum guaranteed rents. Compared to the 2019 financial year, the Group has made savings of over £950m in its labour, rent and overhead operating cost base. Reflecting this, the underlying pre-IFRS 16 basis operating profit conversion was c. 22% on the reduced sales compared to the 2019 financial year. Looking forward to the 2022 financial year, against a backdrop of higher cost of goods and labour inflation, as well as significantly lower levels of government support, we anticipate that the profit conversion on the lower sales compared with pre-Covid levels will be at the upper end of the previously indicated range of 25% to 30%.

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.

The non-underlying operating items included in the net credit of £14.1m are summarised below:

- *Impairment of goodwill*: as a result of past acquisitions, and in particular the creation of SSP by the acquisition of the SSP business by EQT in 2006, the Group holds a significant amount of goodwill on its consolidated balance sheet. This is allocated to, and performance is monitored on, a country level. Goodwill impairment testing is carried out annually, or more frequently if indicators of impairments have been identified, by comparing the value relating to each country with the net present value of its expected future cash flows. Following the most recent reviews, goodwill impairments of £26.4m were identified, comprising write downs in the UK, Switzerland and Germany.

- *Impairment of property, plant and equipment and right-of-use assets:* the impact of Covid-19 on the Group's operations is expected to continue during the current financial year. As a result, the Group has carried out further reviews for potential impairment across the entire site portfolio. These impairment reviews compared the value-in-use of individual cash-generating units, based on management’s current assumptions regarding future trading performance (taking into account the effect of Covid-19) to the carrying values of the associated assets. Following this review, a charge of £24.4m has been recognised, which includes a net impairment of right-of-use assets of £12.5m.

- *IFRS 16 rent credit:* as part of its response to Covid-19, the Group has renegotiated rent agreements with its clients, including a significant number of temporary waivers for the period up to the end of June 2022 totalling £92.0m. In respect of these waivers, the Group has applied the practical expedient issued by the International Accounting Standards Board as a part of the Amendment to IFRS 16 to record this as a reduction in rent expense (rather than a modification of a right-of-use asset) and as a non-underlying item within the consolidated income statement.

- *Restructuring and site exit costs:* as a result of the impact of Covid-19, the Group has recognised a charge of £21.3m relating to its restructuring programmes and site exits carried out across the Group during the year. The charge primarily relates to redundancy costs.

- *Fees related to extension of bank facilities and associated covenant waivers:* with effect from completion of its Rights Issue in April 2021, the Group’s main bank facilities were extended from 15 July 2022 to 15 January 2024. In addition, the Group secured agreement to waivers or amendments

on its principal covenants under both its main bank facilities and US private placement notes until 2024. In consideration for these extensions and amendments, the Group incurred fees totalling £5.4m, and this cost has been recognised as a non-underlying expense in the year.

- *Other non-underlying expenses:* these items totalling a net charge of £0.4m comprise a recurring adjustment for the amortisation of acquisition-related intangible assets of £1.9m (2020: £1.9m) and other legal costs of £0.8m, offset by profit on lease disposal of £2.3m.

Regional 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 pages 36 and 37.

UK (including Republic of Ireland)

	2021 **£m**	2020 £m	Year-on-year change (%)
Revenue	**190.0**	410.1	(53.7)%
Underlying operating loss	**(52.2)**	(28.7)	(81.9)%
Operating loss	**(57.4)**	(39.0)	(47.2)%

- Underlying operating loss was £31.1m (2020: £12.4m loss) on a pre-IFRS 16 basis.
- Revenue in 2019 was £840.5m.

Revenue of £190.0m decreased by 53.7% compared to 2020, and by 77.4% compared to 2019.

During the first half year, with lockdown restrictions and quarantine measures in place for most of this period, UK revenue remained at very depressed levels, averaging around 12% of 2019 levels. During the third quarter however, as the UK government's roadmap out of lockdown began to take effect, we saw a steady improvement in trading, principally in our rail business, with UK sales improving to approximately 19% of 2019 levels for the quarter as a whole. That trend continued through the fourth quarter, with revenue strengthening to 43% of 2019 levels, improving more rapidly once lockdown restrictions were removed in late July, initially led by the Rail channel as passengers increasingly returned to trains both for leisure purposes and also as they returned to offices, and then more recently boosted by improving Air passenger numbers as fewer travel restrictions and less onerous testing requirements made overseas travel considerably easier. Since our year end we've seen trading in the UK continue to strengthen, with sales currently running at approximately 63% of 2019 levels (and 61% of 2020 levels).

The underlying operating loss for the year for the UK was £52.2m and reported operating loss was £57.4m. Non-underlying operating items comprised impairment charges of £25.9m, exceptional restructuring costs of £1.0m and an adjustment for the amortisation of acquisition-related intangible assets of £1.5m. These were offset by IFRS 16 rent credits of £20.9m, as well as other non-underlying income of £2.3m. On a pre-IFRS 16 basis, the underlying operating loss was £31.1m, which compared to an equivalent loss of £12.4m last year.

Continental Europe

	2021 £m	2020 £m	Year-on-year change (%)
Revenue	**360.5**	558.2	(35.4)%
Underlying operating loss	**(134.3)**	(148.1)	9.3%
Operating loss	**(119.0)**	(193.5)	38.5%

- Underlying operating loss was £85.7m (2020: £103.2m loss) on a pre-IFRS 16 basis.
- Revenue in 2019 was £1,036.9m.

Revenue of £360.5m decreased by 35.4% compared to 2020, and by 65.2% compared to 2019.

During the first half, revenue in Continental Europe was slightly stronger than in the other regions, averaging 26% of 2019 levels. This was largely the result of stronger sales in the first quarter, with rail passenger numbers in Germany and France more resilient than in the UK, and trading in the motorway sector in these countries less impacted by the pandemic than in other channels. From January however, the impact of renewed government restrictions, in response to rising infection rates, meant that sales trends deteriorated compared to those prior to Christmas, and remained at low levels throughout the second quarter.

Overall trading in this region remained very subdued for much of the third quarter, with revenue averaging 27% of 2019 levels, representing only a small improvement on the first half, principally as a result of further travel restrictions being imposed in a number of markets in April while vaccination rates remained low. However, a gradual easing of restrictions across most of our European markets from mid-May resulted in a significantly improving trend across the remainder of the second half, with fourth quarter revenue strengthening to 54% of 2019 levels, driven by a steady improvement in rail passenger numbers and increased air passenger numbers over the summer holiday season. Since our year end we've seen trading in the Continental Europe region make further progress, with sales currently running at approximately 69% of 2019 levels (and 70% of 2020 levels).

The underlying operating loss for Continental Europe was £134.3m and reported operating loss was £119.0m. Non-underlying operating items comprised an impairment charge of £10.7m, exceptional restructuring costs of £3.7m and an adjustment for the amortisation of acquisition-related intangible assets of £0.4m. These were offset by an IFRS 16 concession credit of £30.1m. On a pre-IFRS 16 basis, the underlying operating loss was £85.7m, which compared to an underlying operating loss of £103.2m last year.

North America

	2021 £m	2020 £m	Year-on-year change (%)
Revenue	**194.2**	274.9	(29.4)%
Underlying operating loss	**(48.7)**	(55.4)	12.1%
Operating loss	**(51.0)**	(63.3)	19.4%

- Underlying operating loss was £31.4m (2020: £43.7m loss) on a pre-IFRS 16 basis.
- Revenue in 2019 was £533.4m.

Revenue of £194.2m decreased by 29.4% compared to 2020, and by 63.6% compared to 2019.

Revenue trends remained relatively stable throughout the majority of the first half, averaging 23% of 2019 levels, broadly in line with the Group average for that period. However, we saw a sustained improvement in domestic passenger numbers in the United States from early March onwards, and this trend, which coincided with the successful roll out of the vaccination programme across the United States, continued throughout the third quarter, where revenue averaged 41% of 2019 levels, comfortably ahead of our other regions at that time. This recovery was maintained across the summer, with revenue strengthening to 52% of 2019 levels in the fourth quarter. During the early weeks of the new financial year trading has continued to improve, and sales are currently running at approximately 79% of 2019 levels (and 67% of 2020 levels).

The underlying operating loss for North America was £48.7m and reported operating loss was £51.0m. Non-underlying operating items comprised an impairment charge of £6.0m, exceptional restructuring and site exit costs of £9.0m, offset by IFRS 16 concession credits of £12.7m. On a pre-IFRS 16 basis, the underlying operating loss was £31.4m, which compared to an equivalent loss of £43.7m last year.

Rest of the World

	2021 £m	2020 £m	Year-on-year change (%)
Revenue	**89.5**	189.9	(52.9)%
Underlying operating loss	**(51.1)**	(55.6)	8.1%
Operating loss	**(33.7)**	(37.3)	9.7%

- Underlying operating loss was £24.3m (2020: £24.8m loss) on a pre-IFRS 16 basis.
- Revenue in 2019 was £383.8m.

Revenue of £89.5m decreased by 52.9% compared to 2020, and by 76.8% compared to 2019.

As was the case with North America, the overall sales trends for the Rest of the World region remained broadly stable and in line with the Group average for the majority of the first half, with revenue averaging 21% of 2019 levels across that period. The third quarter saw a slight deterioration in that run-rate (to 20% of 2019 revenue, as the impact of the delta variant resulted in further lockdowns in India, before a more encouraging fourth quarter saw revenue strengthen to 30% of 2019 levels. Although that improving trend has continued into the new financial year, with the vaccine roll-out generally slower across this region, sales have continued to be impacted by lockdowns in some markets, including Australia and Thailand, and we

remain cautious about the near term outlook in this region as a result. Sales are currently running at around 46% of 2019 levels (and 45% of 2020).

The underlying operating loss for the Rest of the World was £51.1m and reported operating loss was £33.7m. Non-underlying operating items comprised an impairment charge of £8.0m and exceptional restructuring costs of £2.8m, offset by an IFRS 16 concession credit of £28.2m. On a pre-IFRS 16 basis, the underlying operating loss was £24.3m, which compared to an equivalent loss of £24.8m last year.

Share of profit / (loss) of associates

The Group's share of profits from associates was £2.3m (2020: £2.4m loss). On a pre-IFRS 16 basis, the Group's share of profits from associates was £1.7m (2020: £1.7m loss).

Net finance costs

The underlying net finance expense for the year was £72.1m, which included interest on lease liabilities of £28.4m. Reported net finance expense was £104.3m, including an adjustment of £32.2m relating to non-cash net debt modification related losses of £31.0m arising from the adoption of the debt modification rules under IFRS 9, and an additional retrospective interest charge on US Private Placement notes of £1.2m. This adjustment reflects the revised agreements with our lending group of banks and US private placement noteholders, following the amendments signed in December 2020 and the amendment and extension of our main bank facilities agreed in March 2021, which became effective on 22 April 2021.

On a pre-IFRS 16 basis, underlying net finance costs increased year-on-year to £43.7m (2020: £26.2m), primarily due to the higher borrowing costs under the Group's bank facilities and US private placement notes following the covenant and facility amendments during the year. Although the Group's net debt reduced following the Rights Issue, the funds raised were retained as cash thereby having little impact on underlying net finance costs.

Taxation

The Group's underlying tax credit for the year was £50.6m (2020: £23.7m credit), representing an effective tax rate of 12.9% (2020: 6.4%) of underlying loss before tax. On a reported basis, the tax credit for the year was £48.9m (2020: £28.1m).

On a pre-IFRS 16 basis, the Group's underlying tax credit was £30.6m (2020: £6.3m), equivalent to an effective tax rate of 12.1% (2020: 2.6%) of the underlying loss before tax.

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. The tax rates for the current and the prior year compared to historical rates of around 22% are due to the impact of Covid-19 which has led to a significant change in the Group's geographic mix of profits and losses.

In addition, the Group's effective tax rate has benefited in the year from a one-off credit of £13.0m in relation to the remeasurement of UK deferred tax assets. This follows the enactment of legislation during the second half of the year to increase the main rate of corporation tax in the UK to 25% from April 2023.

Non-controlling interests

The loss attributable to non-controlling interests was £5.0m (2020: £22.7m). On a pre-IFRS 16 basis there was a small profit attributable to non-controlling interests of £2.1m (2020: £9.6m attributable loss), with the year-on-year change largely reflecting an improved performance from our partly-owned operations in North America and in the Rest of the World.

Loss per share

The Group's underlying loss per share was 46.5 pence per share (2020: 59.1 pence per share), and its reported loss per share was 51.3 pence per share (2020: 66.2 pence per share). On a pre-IFRS 16 basis the underlying loss per share was 31.9 pence per share (2020: 39.5 pence per share).[1]

[1] 2020 EPS has been restated to reflect the impact of the 2021 Rights Issue.

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, no interim dividend was declared during the 2021 financial year and the Directors will not be recommending a final dividend for the year, which will result in no ordinary dividends for the year (2020: £nil).

When the existing restrictions are lifted and conditions improve, the Board will consider the best way to restart the return of capital to shareholders, recognising the importance of dividends and capital returns to shareholders.

Free Cash flow

The table below presents a summary of the Group's free cash flow during the year:

	2021 H1 £m	2021 H2 £m	2021 FY £m	2020 FY £m
Underlying operating loss[1]	(160.7)	(48.3)	**(209.0)**	(211.7)
Depreciation and amortisation	50.4	50.3	**100.7**	113.5
Exceptional restructuring costs[3]	(10.6)	(7.8)	**(18.4)**	(22.7)
Working capital	22.1	149.6	**171.7**	(67.6)
Net tax	(0.4)	1.5	**1.1**	(11.0)
Capital expenditure[2]	(25.2)	(44.2)	**(69.4)**	(134.5)
Acquisition of subsidiaries, adjusted for net debt acquired and acquisition of non-controlling interest	(0.4)	-	**(0.4)**	(26.5)
Net dividends to non-controlling interests and from associates	(1.0)	(1.6)	**(2.6)**	(16.8)
Net finance costs	(16.1)	(16.8)	**(32.9)**	(19.6)
Other	1.0	0.1	**1.1**	2.0
Free cash flow	(140.9)	82.8	**(58.1)**	(394.9)

[1] Presented on an underlying pre-IFRS 16 basis (refer to pages 23 – 27 for details)

[2] Capital expenditure is net of capital contribution cash received from non-controlling interests of £5.2m (2020: £3.1m)

[3] Refer to the APMs section on pages 23-27 for further details.

The Group's free cash outflow during the year was £58.1m, a significant reduction from the £394.9m outflow in the prior year, reflecting the Group's continued tight management of operating costs and working capital over the last twelve months. This free cash outflow included £18.4m of exceptional restructuring costs, largely relating to the costs of further redundancy programmes completed during the year.

During the first half year, the free cash outflow of £140.9m reflected an average monthly cash burn of around £23m which was below the £25m-£30m per month run-rate in the final quarter of 2020, despite sales returning to very depressed levels as lockdowns were re-introduced over the winter. As sales improved significantly over the summer, and with the benefit of additional short term government support, we have been able to return to broadly breakeven levels of EBITDA on a pre-IFRS 16 basis in the second half and to generate net free cash flow of £82.8m. The principal driver of this cash generation in the second half year has been a very strong working capital inflow of £149.6m.

For the year as a whole, the net cash inflow from working capital was £171.7m, which was partly driven by the strengthening sales during the second half and was also a reflection of our further success in securing payment deferrals during the year. Cumulatively since the start of the pandemic, we estimate that these deferred liabilities amount to approximately £150m.

Capital expenditure was £69.4m, representing a significant reduction compared to the £134.5m in the prior year. Following the Covid-19 escalation during 2020, we placed our capital programme on hold, and have continued to work with our clients to defer capital programmes until we have better visibility over the pace of the recovery in the travel sector. With passenger numbers in most of our key markets continuing to strengthen during the autumn, we expect capital expenditure in the year ahead to increase accordingly and are currently planning for expenditure of around £150m in the 2022 financial year, although we will continue to exercise caution and be ready to defer projects should the recovery in passenger numbers be slower than currently expected.

Net finance costs paid of £32.9m were £13.3m higher than the prior year, mainly reflecting increased interest costs on the Group's bank facilities and US private placement notes.

Net debt

Overall net debt fell by £384.0m to £308.0m on a pre-IFRS 16 basis, with the free cash outflow in the year of £58.1m offset by the £450.8m proceeds (net of related fees) from the Group's Rights Issue in the Spring. On a reported basis under IFRS 16, net debt was £1,480.4m.

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

	£m
Net debt excluding lease liabilities at 1 October 2020	(692.0)
Free cash flow	(58.1)
Impact of foreign exchange rates	19.9
Net proceeds from April 2021 Rights Issue	450.8

Other non-cash changes[1]	(28.6)
Net debt excluding lease liabilities at 30 September 2021	**(308.0)**
Lease liabilities	(1,172.8)
Other	0.4
Net debt including lease liabilities at 30 September 2021	**(1,480.4)**

[1] Other non-cash changes represent £45.8m of losses recognised on debt modifications and revised estimated future cash flows, offset by an effective interest rate gain of £14.8m, capitalised debt modification transaction costs of £1.3m and government grant accounting on below-market interest rate loans received of £1.1m.

Available liquidity and medium-term outlook

Since the start of the pandemic, the Group has taken rapid and decisive action to protect its people and the future of the business, generating significant additional liquidity, reducing costs and minimising cash usage. Due to the uncertainty regarding the short and medium term trading outlook for the Group as a consequence of Covid-19, and having considered a number of different scenarios and financing alternatives, the Board took proactive action in March 2021 to strengthen the Group's balance sheet, announcing a Rights Issue to raise gross proceeds of approximately £475m. Alongside and conditional upon the Rights Issue, the Group secured the extension to January 2024 of its bank facilities, that were previously due to mature in July 2022, and secured waivers and modifications of the existing covenants relating to its bank facilities and US Private Placement notes.

Following the successful completion of the Rights Issue in April and incorporating the free cash flow generation across the second half year, the Group had cash on its balance sheet of £773.6m at 30 September 2021, and total available liquidity of £935.2m at that date. This included £300m in respect of the Bank of England's Covid Corporate Financing Facility ("CCFF") which is due to be repaid in February 2022, but even excluding this we now have approximately £635m of available liquidity and remain in a very strong position to trade through even our most pessimistic scenario.

The stronger trading and cash flow performance in the second half of the 2021 financial year is encouraging, and with sales continuing to follow our Base Case scenario as set out in the Rights Issue, our medium-term outlook of a return to broadly pre-Covid levels of like-for-like revenue and EBITDA margins (on a pre-IFRS 16 basis) by 2024 remains unchanged. With the travel sector starting to recover, we also expect to commence the mobilisation of our secured pipeline which is expected to generate an additional 15% of net contract gains over the medium term.

As we indicated in the Spring, we believe that the Group is strategically well-positioned to benefit from the recovery in the travel sector. With our medium-term strategy for leverage unchanged (i.e. on a pre-IFRS 16 basis, for leverage to be between 1.5x and 2.0x Net Debt to EBITDA), under our Base Case scenario this would give us the financial capacity for an additional £350m - £400m of capex to drive further business growth and to capitalise on the recovery.

Principal risks
Three new risks relating to sustainability, availability of labour and wage inflation, and supply chain disruption and product cost inflation have been added to the principal risks since last year.

The Group's principal risks, together with the Group's risk management process, will be set out in the Annual Report and Accounts 2021, and relate to the following areas: impact of Covid-19; business environment and geopolitical uncertainty; availability of labour and wage inflation; impact of Brexit; supply chain disruption and product cost inflation; senior management capability and retention; retention of existing contracts; regulatory compliance; food safety and product compliance; sustainability; information security and stability; benefits realisation from efficiency programmes; innovation and development of brand portfolio; liquidity and funding; changing client behaviours; outsourcing programmes; tax compliance and responsibility; and expansion into new markets.

Post balance sheet events
SSP Group's Spanish operating companies ("SSP Spain") operate food and beverage units in a number of Spanish airports. In late September 2021, a new law was passed in Spain that came into force on 2 October 2021 which should result in adjustments to the minimum guaranteed annual rents payable by SSP Spain for the period from 15 March 2020 onwards. The law will lead to lower minimum guaranteed rent amounts to be paid until passenger numbers return to 2019 levels. As the new law is effective from 2 October 2021, we consider this to give rise to a non-adjusting post balance sheet event.

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 or loss will be impacted by movements in actual exchange rates. The Group regularly 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, like-for-like sales, net contract gains/(losses) and the impact of acquisitions where appropriate.

(£m)	UK	Continental Europe	North America	RoW	Total
2021 Revenue at actual rates by segment	190.0	360.5	194.2	89.5	834.2
Impact of foreign exchange	0.1	0.0	13.0	3.6	16.7
2021 Revenue at constant currency[1]	**190.1**	**360.5**	**207.2**	**93.1**	**850.9**
2020 Revenue at constant currency	**410.1**	**558.2**	**274.9**	**189.9**	**1,433.1**
Constant currency sales fall	**(53.7)%**	**(35.4)%**	**(24.6)%**	**(50.9)%**	**(40.6)%**

Which is made up of:

Like-for-like sales fall[2]	(50.3)%	(36.2)%	(29.8)%	(52.3)%	(41.0)%
Net contract gains/(losses)[3]	(3.4)%	0.8%	5.2%	1.4%	0.4%
	(53.7)%	**(35.4)%**	**(24.6)%**	**(50.9)%**	**(40.6)%**

[1] Constant currency is based on average 2020 exchange rates weighted over the financial year by 2020 results.
[2] Like-for-like sales represent revenues generated in an equivalent period in each financial period in outlets which have been open for a minimum of 12 months. Units temporarily closed as a result of Covid-19 have not been excluded for the purposes of the like-for-like calculation. Like-for-like sales are presented on a constant currency basis.
[3] Net contract gains / (losses) represent the net year-on-year revenue impact from new outlets opened and existing units permanently closed in the past 12 months. Net contract gains/(losses) are presented on a constant currency basis.

2. Non-underlying 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 year and the prior year.

	Non-underlying items	
	IFRS 16	**IFRS 16**
	2021	**2020**
	£m	**£m**
Operating costs		
Impairment of goodwill	**(26.4)**	(33.0)
Impairment of property, plant and equipment	**(11.9)**	(38.4)
Impairment of right-of-use assets	**(12.5)**	(38.2)
Depreciation	**-**	(6.2)
IFRS 16 rent credit	**92.0**	91.9
Restructuring and site exit costs	**(21.3)**	(20.2)
Fees for debt amendment and extension of bank facilities	**(5.4)**	(2.5)
Amortisation of intangible assets arising on acquisition	**(1.9)**	(1.9)
Profit on lease disposal	**2.3**	-
Other non-underlying costs	**(0.8)**	-
	14.1	(48.5)
Finance expenses		
Debt modification loss and effective interest rate charge	**(31.0)**	(5.4)
Retrospective USPP interest charge	**(1.2)**	-
Other	**-**	(0.1)
	(32.2)	(5.5)
Taxation		
Tax (charge)/credit on non-underlying items	**(1.7)**	4.4
Total non-underlying items	**(19.8)**	(49.6)

Further details of the non-underlying operating items have been provided above on pages 15 and 16. Furthermore, a reconciliation from the underlying to the statutory reported basis is presented below:

	2021 (IFRS 16)			2020 (IFRS 16)		
	Underlying	**Non-underlying Items**	**Total**	Underlying	Non-underlying Items	Total
Operating (loss) / profit (£m)	**(323.3)**	**14.1**	**(309.2)**	(315.4)	(48.5)	(363.9)
Operating margin	**(38.8)%**	**1.7%**	**(37.1)%**	(22.0)%	(3.4)%	(25.4)%
Loss before tax (£m)	**(393.1)**	**(18.1)**	**(411.2)**	(371.8)	(54.0)	(425.8)
Loss per share (p)[1]	**(46.5)**	**(4.8)**	**(51.3)**	(59.1)	(7.1)	(66.2)

[1] 2020 EPS has been restated to reflect the impact of the 2021 Rights Issue.

3. Pre-IFRS 16 basis

The Group adopted IFRS 16 'Leases' on 1 October 2019 using the modified retrospective approach to transition. Following the year of transition, we have decided to maintain the reporting of our profit and other key KPIs like net debt and leverage on a pre-IFRS 16 basis (note that pre-IFRS 16 basis was referred to as 'Pre-IFRS 16' in the Annual Report and Accounts 2020). 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 IFRS 16 profit measures to 'Pre-IFRS 16' numbers is presented below:

		Year ended 30 September 2021			Year end 30 September 2020		
	Notes	**Underlying IFRS 16 £m**	**Impact of IFRS 16 £m**	**Underlying Pre-IFRS 16 £m**	Underlying IFRS 16 £m	Impact of IFRS 16 £m	Underlying Pre-IFRS 16 £m
Revenue	2	**834.2**	**-**	**834.2**	1,433.1	-	1,433.1
Operating costs	4	**(1,157.5)**	**(114.3)**	**(1,043.2)**	(1,748.5)	(103.7)	(1,644.8)
Operating loss		**(323.3)**	**(114.3)**	**(209.0)**	(315.4)	(103.7)	(211.7)
Share of profit / (loss) of associates		**2.3**	**0.6**	**1.7**	(2.4)	(0.7)	(1.7)
Finance income	5	**2.6**	**-**	**2.6**	2.5	-	2.5
Finance expense	5	**(74.7)**	**(28.4)**	**(46.3)**	(56.5)	(27.8)	(28.7)
Loss before tax		**(393.1)**	**(142.1)**	**(251.0)**	(371.8)	(132.2)	(239.6)
Taxation		**50.6**	**20.0**	**30.6**	23.7	17.4	6.3
Loss for the period		**(342.5)**	**(122.1)**	**(220.4)**	(348.1)	(114.8)	(233.3)

Loss attributable to:							
Equity holders of the parent		**(323.9)**	**(101.4)**	**(222.5)**	(334.7)	111.0	(223.7)
Non-controlling interests		**(18.6)**	**(20.7)**	**2.1**	(13.4)	3.8	(9.6)
Loss for the period		**(342.5)**	**(122.1)**	**(220.4)**	(348.1)	114.8	(233.3)
Loss per share (pence):							
- Basic	3	**(46.5)**		**(31.9)**	(59.1)		(39.5)
- Diluted	3	**(46.5)**		**(31.9)**	(59.1)		(39.5)

[1] 2020 EPS has been restated to reflect the impact of the 2021 Rights Issue.

IFRS 16 increases the underlying operating loss, whereby the depreciation of the right-of-use assets of £245.7m is offset primarily by the reduced rent expense of £119.5m and a gain on lease disposals of £11.9m, resulting in a net charge to underlying operating loss of £114.3m. This loss, together with the interest charge on the lease liabilities of £28.4m and the gain from associates of £0.6m, give the underlying loss before tax impact of £142.1m. The impact of IFRS 16 on net debt is due to 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 loss for the period is presented below:

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m
Pre-IFRS 16 underlying EBITDA	**(108.3)**	(98.2)
Depreciation of property, plant and equipment	**(90.9)**	(111.0)
Amortisation of intangible assets	**(11.7)**	(10.6)
Adjustment for amortisation of intangible assets arising on acquisition	**1.9**	1.9
Adjustment for accelerated depreciation	**-**	6.2
Pre-IFRS 16 underlying operating loss for the period	**(209.0)**	(211.7)

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

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m
Pre-IFRS 16 underlying operating loss for the period	**(209.0)**	(211.7)
Depreciation of right-of-use assets	**(245.7)**	(305.3)
Fixed rent on leases	**119.5**	201.3
Gain on lease disposal	**11.9**	0.3
Non-underlying operating gain / (expense) (note 4)	**14.1**	(48.5)
Share of profit / (loss) from associates	**2.3**	(2.4)
Finance expense	**(72.1)**	(54.0)
Non-underlying finance expense (note 5)	**(32.2)**	(5.5)
Taxation	**48.9**	28.1
Loss after tax	**(362.3)**	(397.7)

4. Liquidity

Liquidity remains a key KPI for the Group. Available liquidity at 30 September 2021 was £935.2m, comprising cash and cash equivalents of £773.6m, undrawn revolving credit facility of £150.0m, as well as smaller undrawn local facilities of £11.6m.

Consolidated income statement
for the year ended 30 September 2021

	Notes	**Year ended 30 September 2021**			Year ended 30 September 2020		
		Underlying[1] £m	**Non-underlying items £m**	**Total £m**	Underlying[1] £m	Non-underlying items £m	Total £m
Revenue	2	**834.2**	**-**	**834.2**	1,433.1	-	1,433.1
Operating costs	4	**(1,157.5)**	**14.1**	**(1,143.4)**	(1,748.5)	(48.5)	(1,797.0)
Operating (loss) / profit		**(323.3)**	**14.1**	**(309.2)**	(315.4)	(48.5)	(363.9)
Share of profit/(loss) of associates		**2.3**	**-**	**2.3**	(2.4)	-	(2.4)
Finance income	5	**2.6**	**-**	**2.6**	2.5	-	2.5
Finance expense	5	**(74.7)**	**(32.2)**	**(106.9)**	(56.5)	(5.5)	(62.0)
Loss before tax		**(393.1)**	**(18.1)**	**(411.2)**	(371.8)	(54.0)	(425.8)
Taxation		**50.6**	**(1.7)**	**48.9**	23.7	4.4	28.1
Loss for the year		**(342.5)**	**(19.8)**	**(362.3)**	(348.1)	(49.6)	(397.7)
(Loss) / profit attributable to:							
Equity holders of the parent		**(323.9)**	**(33.4)**	**(357.3)**	(334.7)	(40.3)	(375.0)
Non-controlling interests		**(18.6)**	**13.6**	**(5.0)**	(13.4)	(9.3)	(22.7)
Loss for the year		**(342.5)**	**(19.8)**	**(362.3)**	(348.1)	(49.6)	(397.7)
Loss per share (p):							
- Basic[2]	3	**(46.5)**	**-**	**(51.3)**	(59.1)		(66.2)
- Diluted[2]	3	**(46.5)**	**-**	**(51.3)**	(59.1)		(66.2)

[1] Stated on an underlying basis, which excludes non-underlying items as further explained in the section on Alternative Performance Measures (APMs) on pages 23 – 27.
[2] 2020 EPS has been restated to reflect the impact of the 2021 Rights Issue.

Consolidated statement of other comprehensive income
for the year ended 30 September 2021

	2021	2020
	£m	£m
Other comprehensive income / (expense)		
Items that will never be reclassified to the income statement		
Remeasurements on defined benefit pension schemes	**3.5**	1.2
Tax charge relating to items that will not be reclassified	**(1.1)**	(2.5)
Items that are or may be reclassified subsequently to the income statement		
Net gain on hedge of net investment in foreign operations	**22.3**	4.2
Other foreign exchange translation differences	**(22.0)**	(19.7)
Foreign exchange reclassified to income statement	**(0.5)**	-
Effective portion of changes in fair value of cash flow hedges	**0.5**	(1.8)
Cash flow hedges - reclassified to income statement	**2.6**	1.6
Tax (charge) / credit relating to items that are or may be reclassified	**(2.1)**	0.5
Other comprehensive income/(expense) for the year	**3.2**	(16.5)
Loss for the year	**(362.3)**	(397.7)
Total comprehensive expense for the year	**(359.1)**	(414.2)
Total comprehensive expense attributable to:		
Equity shareholders	**(350.3)**	(386.1)
Non-controlling interests	**(8.8)**	(28.1)
Total comprehensive expense for the year	**(359.1)**	(414.2)

Consolidated balance sheet
as at 30 September 2021

	Notes	2021 £m	2020 £m
Non-current assets			
Property, plant and equipment		**388.7**	437.2
Goodwill and intangible assets		**684.1**	731.2
Right-of-use assets		**1,002.9**	1,271.2
Investments in associates		**12.0**	12.2
Deferred tax assets		**93.2**	49.8
Other receivables		**69.7**	73.8
		2,250.6	2,575.4
Current assets			
Inventories		**23.7**	23.5
Tax receivable		**15.3**	10.1
Trade and other receivables		**118.4**	125.3
Cash and cash equivalents		**773.6**	185.0
		931.0	343.9
Total assets		**3,181.6**	2,919.3
Current liabilities			
Short-term borrowings	8	**(304.2)**	(158.2)
Trade and other payables		**(519.1)**	(399.0)
Tax payable		**(24.9)**	(20.9)
Lease liabilities		**(299.9)**	(289.1)
Provisions		**(17.7)**	(12.3)
		(1,165.8)	(879.5)
Non-current liabilities			
Long-term borrowings	8	**(777.0)**	(718.1)
Post-employment benefit obligations		**(14.9)**	(18.6)
Lease liabilities		**(872.9)**	(1,060.2)
Other payables		**(7.2)**	(4.0)
Provisions		**(21.5)**	(21.4)
Derivative financial liabilities		**(2.1)**	(5.1)
Deferred tax liabilities		**(9.5)**	(10.4)
		(1,705.1)	(1,837.8)
Total liabilities		**(2,870.9)**	(2,717.3)
Net assets		**310.7**	202.0
Equity			
Share capital		**8.6**	5.8
Share premium		**472.7**	472.7
Capital redemption reserve		**1.2**	1.2
Other reserves		**7.7**	211.0
Retained losses		**(249.9)**	(559.6)
Total equity shareholders' funds		**240.3**	130.1
Non-controlling interests		**70.4**	71.9
Total equity		**310.7**	202.0

Consolidated statement of changes in equity
for the year ended 30 September 2021

	Share capital	Share premium	Capital redemption reserve	Merger relief reserve	Other reserves [1]	Retained losses	Total parent equity	NCI	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 October 2019	**4.8**	**461.2**	**1.2**	**-**	**12.9**	**(152.1)**	**328.0**	**87.6**	**415.6**
Loss for the year	-	-	-	-	-	(375.0)	(375.0)	(22.7)	(397.7)
Other comprehensive expense for the year	-	-	-	-	(9.8)	(1.3)	(11.1)	(5.4)	(16.5)
Capital contributions from NCI	-	-	-	-	-	-	-	30.5	30.5
Acquisition of shares in partly owned subsidiary from NCI	-	-	-	-	-	(4.3)	(4.3)	(0.7)	(5.0)
Equity issues[3]	1.0	11.5	-	206.9	-	-	219.4	-	219.4
Share buyback	-	-	-	-	-	(1.7)	(1.7)	-	(1.7)
Dividends payable to equity shareholders[2]	-	-	-	-	-	(26.8)	(26.8)	-	(26.8)
Dividends paid to NCI	-	-	-	-	-	-	-	(20.4)	(20.4)
Share-based payments	-	-	-	-	-	2.0	2.0	-	2.0
Tax on share-based payments	-	-	-	-	-	0.5	0.5	-	0.5
Other movements	-	-	-	-	-	(0.9)	(0.9)	3.0	2.1
At 30 September 2020	**5.8**	**472.7**	**1.2**	**206.9**	**3.1**	**(559.6)**	**130.1**	**71.9**	**202.0**
At 1 October 2020	**5.8**	**472.7**	**1.2**	**206.9**	**3.1**	**(559.6)**	**130.1**	**71.9**	**202.0**
Covid waiver extension amendment	**-**	**-**	**-**	**-**	**-**	**0.2**	**0.2**	**-**	**0.2**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(357.3)**	**(357.3)**	**(5.0)**	**(362.3)**
Other comprehensive expense for the year	**-**	**-**	**-**	**-**	**4.6**	**2.4**	**7.0**	**(3.8)**	**3.2**
Capital contributions from NCI	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10.3**	**10.3**
Acquisition of shares in partly owned subsidiary from NCI	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(0.4)**	**(0.4)**
Transaction with NCI	**-**	**-**	**-**	**-**	**-**	**(0.4)**	**(0.4)**	**0.4**	**-**
Rights Issue[3]	**2.8**	**-**	**-**	**454.1**	**-**	**-**	**456.9**	**-**	**456.9**
Reclassification of merger relief reserve to retained losses	**-**	**-**	**-**	**(661.0)**	**-**	**661.0**	**-**	**-**	**-**
Dividends paid to NCI	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4.6)**	**(4.6)**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**1.8**	**1.8**	**-**	**1.8**
Tax on share-based payments	**-**	**-**	**-**	**-**	**-**	**(0.2)**	**(0.2)**	**-**	**(0.2)**
Other movements	**-**	**-**	**-**	**-**	**-**	**2.2**	**2.2**	**1.6**	**3.8**
At 30 September 2021	**8.6**	**472.7**	**1.2**	**-**	**7.7**	**(249.9)**	**240.3**	**70.4**	**310.7**

[1] At 30 September 2020 and 30 September 2021, the other reserves include the translation reserve and cash flow hedging reserve.

[2] Refer to note 7 for details of dividends paid.

[3] Refer to note 9 for details of the equity issues.

Consolidated cash flow statement
for the year ended 30 September 2021

	Notes	2021 £m	2020 £m
Cash flows from operating activities			
Cash flow from operations	6	**129.4**	13.4
Tax refund/(paid)		**1.1**	(11.0)
Net cash flows from operating activities		**130.5**	2.4
Cash flows from investing activities			
Dividends received from associates		**2.0**	3.6
Interest received		**2.0**	2.4
Purchase of property, plant and equipment		**(65.7)**	(120.3)
Purchase of other intangible assets		**(8.9)**	(17.3)
Acquisitions, net of cash and cash equivalents acquired		**-**	(21.5)
Other		**(0.1)**	-
Net cash flows from investing activities		**(70.7)**	(153.1)
Cash flows from financing activities			
Equity funding from shareholders		**474.9**	227.2
Equity raising expenses		**(16.5)**	(7.8)
Capitalised debt modification fees paid		**(1.3)**	-
Share buyback		**-**	(1.7)
Receipt of bank loans		**28.0**	32.1
Repayment of borrowings		**(1.6)**	-
Repayment of revolving credit facility		**-**	(97.5)
Receipt of US Private Placement debt		**-**	101.8
Drawdown on Covid Corporate Financing Facility		**175.0**	125.0
Payment of lease liabilities – principal		**(61.4)**	(172.6)
Payment of lease liabilities – interest		**(28.4)**	(27.8)
Acquisition of shares in partly owned subsidiary from non-controlling interest		**(0.4)**	(5.0)
Interest paid excluding interest on lease liabilities		**(34.9)**	(22.0)
Dividends paid to equity shareholders		**-**	(26.8)
Dividends paid to non-controlling interests		**(4.6)**	(20.4)
Capital contribution from non-controlling interests		**5.2**	3.1
Net cash flows from financing activities		**534.0**	107.6
Net increase/(decrease) in cash and cash equivalents		**593.8**	(43.1)
Cash and cash equivalents at beginning of the year		**185.0**	233.3
Effect of exchange rate fluctuations on cash and cash equivalents		**(5.2)**	(5.2)
Cash and cash equivalents at end of the year		**773.6**	185.0
Reconciliation of net cash flow to movement in net debt			
Net increase/(decrease) in cash in the year		**593.8**	(43.1)
Cash inflow from Covid Corporate Financing Facility		**(175.0)**	(125.0)
Cash inflow from other changes in debt		**(26.4)**	(36.4)
Change in net debt resulting from cash flows, excluding lease liabilities		**392.4**	(204.5)
Translation differences		**19.9**	(2.0)
Other non-cash changes		**(28.6)**	(1.4)
Decrease / (increase) in net debt excluding lease liabilities in the year		**383.7**	(207.9)
Net debt at beginning of the year		**(691.3)**	(483.4)
Net debt excluding lease liabilities at end of the year		**(307.6)**	(691.3)
Recognition of lease liabilities upon transition to IFRS 16		-	(1,465.6)
Lease liabilities at beginning of the year		(1,349.3)	-
Cash outflow from payment of lease liabilities		89.8	200.4
Lease amendments		34.9	(89.9)
Translation differences		51.8	5.8
Lease liabilities at end of the year		**(1,172.8)**	**(1,349.3)**
Net debt including lease liabilities at end of the year		**(1,480.4)**	(2,040.6)

Notes

1 Basis of preparation and accounting policies

1.1 Basis of preparation

SSP Group plc (the Company) is a company incorporated in the United Kingdom under the Companies Act 2006. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group) and equity-account the Group's interest in its associates. These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 for the derivative financial instruments which are stated at their fair value.

1.2 Going concern

These financial statements are prepared on a going concern basis.

The Board has reviewed the Group's financial forecasts, incorporating the impact on SSP of Covid-19, 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. The appropriate period of assessment was considered to be 16 months given that this included the testing of reinstated adjusted interest cover and leverage covenants at the 31 March 2023 testing date. 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.

Since the start of the pandemic, the Group has taken rapid and decisive action to protect its people and the future of the business, generating significant additional liquidity, reducing costs and minimising cash usage. Due to the uncertainty regarding the short and medium term trading outlook for the Group as a consequence of Covid-19, and having considered a number of different scenarios and financing alternatives, the Board took proactive action in March 2021 to strengthen the Group's balance sheet, announcing a Rights Issue to raise gross proceeds of approximately £475m. Alongside and conditional upon the Rights Issue, the Group secured the extension to January 2024 of its bank facilities, that were previously due to mature in July 2022, and secured waivers and modifications of the existing covenants relating to its bank facilities and US Private Placement notes.

As at 30 September 2021, following the successful completion of its Rights Issue, the Group had £1,061.7 million outstanding under its borrowing arrangements, including: (i) US private placement notes of £329.6 million with maturities between October 2025 and July 2031; (ii) a facilities agreement with a maturity of 15 January 2024 which includes two term facilities totalling £373.7 million, both of which are fully drawn; (iii) various government backed facilities comprising (a) a facility from the UK Covid Corporate Financing Facility ("CCFF"), a joint Bank of England and HM Treasury lending facility, under which it has drawn £300 million, available until February 2022, and (b) a number of smaller local government backed facilities amounting to £55.6 million; and (iv) a number of other smaller local facilities amounting to £2.8 million.

As at 30 September 2021, the Group had available liquidity of £935.2 million, including cash of approximately £773.6 million and the aforementioned committed undrawn revolving credit facility of £150.0 million, as well as smaller undrawn local facilities totalling £11.6 million.

In making the going concern assessment, the Directors have considered forecast cash flows and the liquidity available over the period to 31 March 2023. 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 slow but steady recovery in passenger numbers in most of our key markets during the next 16 months, with Group sales reaching approximately 80% of 2019 levels by September 2022 and approximately 95% by March 2023.

Given the considerable uncertainty surrounding the ongoing impact of Covid-19, a downside scenario has also been modelled, applying severe but plausible assumptions to the base case. This downside scenario reflects a much more pessimistic view of the travel markets for the remainder of the current financial year, assuming the introduction of renewed travel restrictions and working from home guidance in the UK and Continental Europe during the winter months. The downside scenario then assumes a gradual recovery during the second half of the 2022 financial year and the first half of the 2023 financial year, but at a slower pace than envisaged in the base case, with Group sales reaching approximately 74% of 2019 levels by September 2022 and approximately 92% by March 2023.

Following the successful completion of the Rights Issue, the Group must comply with monthly covenants regarding a minimum level of liquidity of £200m until January 2022, falling to £150m thereafter, and a maximum level of consolidated net debt on a pre-IFRS 16 basis of £800m. The Group will next be tested on its leverage and interest cover covenants at March 2023, with a maximum leverage multiple of nine times EBITDA and a minimum interest cover multiple of one times EBITDA (both on a pre-IFRS 16 basis) at that date. In both its base case and its severe but plausible downside case scenarios, the Group would have headroom against all of these covenant tests at all testing dates during the next 16 months.

In the light of the very recent news regarding the emergence of the Omicron variant, the Directors have also considered its potential impact on the Group's financial forecasts. While the Directors believe that an out-turn that is worse than their current downside scenario is very unlikely to materialise, they have nevertheless further stress-tested those downside assumptions. They have modelled the impact of additional lockdowns and extensive travel restrictions across all markets during the second quarter of the Group's 2022 financial year, and reflected available mitigating actions with the control of the Group in such circumstances, including further deferrals of planned capital expenditure. This additional scenario assumes sales and EBITDA losses on a pre-IFRS 16 basis in the second quarter of next financial year would be in line with the equivalent quarter of the 2021 financial year, despite the extensive roll out of vaccines over the subsequent twelve months, and as such is deemed to be extremely pessimistic. Having applied this additional sensitivity, the Directors are satisfied that there would be sufficient headroom for the Group to operate within its modified covenants throughout the next 16 months.

The ongoing impact of the Covid-19 pandemic cannot be accurately predicted and it is not possible to assess all possible future implications for the Group. Nevertheless, based on the scenarios modelled, the Directors are confident that the Group and the Company will have sufficient funds to continue to meet their liabilities as they fall due for a period of at least 16 months from the date of approval of the financial statements. The

Directors have therefore deemed it appropriate to prepare the financial statements for the year ended 30 September 2021 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 references to the conceptual framework in IFRS standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of material (Amendments to IAS 1 and IAS 8)
- Amendments to IFRS 16 'Covid-19-Related Rent Concessions beyond 30 June 2021

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

The Group has adopted Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16 issued on 31 March 2021 in the period. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the Covid-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. The Amendment extends the date a lessee is permitted to apply the practical expedient by a year, from payments due on or before 30 June 2021 to payments due on or before 30 June 2022. The amendment has been applied retrospectively, resulting in a £0.2 million credit to retained earnings.

The effect of adopting the amendment in the period is an increase in reported profit of £2.5 million, an increase in right-of-use assets of £11.7 million and an increase in lease liabilities of £9.2 million. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

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:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

For considerations of the impact of IBOR reform on the Group's hedge accounting, please refer to note 8.

There are a number of other amendments and clarifications to IFRS, effective in future years, which are not expected to significantly impact the Group's consolidated results or financial position.

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": the UK, Continental Europe, North America and Rest of the World (RoW). The UK includes operations in the United Kingdom and the Republic of Ireland; Continental Europe includes operations in the Nordic countries and in Western and Southern Europe; North America includes operations in the United States, Canada and Bermuda; 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. 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.

	UK	Continental Europe	North America	RoW	Non-attributable	Total
	£m	£m	£m	£m	£m	£m
Year ended 30 September 2021						
Revenue	**190.0**	**360.5**	**194.2**	**89.5**	**-**	**834.2**
Underlying operating loss	**(52.2)**	**(134.3)**	**(48.7)**	**(51.1)**	**(37.0)**	**(323.3)**
Non-underlying operating costs	**(5.2)**	**15.3**	**(2.3)**	**17.4**	**(11.1)**	**14.1**
Operating loss	**(57.4)**	**(119.0)**	**(51.0)**	**(33.7)**	**(48.1)**	**(309.2)**
Year ended 30 September 2020						
Revenue	410.1	558.2	274.9	189.9	-	1,433.1
Underlying operating loss	(28.7)	(148.1)	(55.4)	(55.6)	(27.6)	(315.4)
Non-underlying operating costs	(10.3)	(45.4)	(7.9)	18.3	(3.2)	(48.5)
Operating loss	(39.0)	(193.5)	(63.3)	(37.3)	(30.8)	(363.9)

The following amounts are included in underlying operating loss:

	UK	Continental Europe	North America	RoW	Non-attributable	Total
	£m	£m	£m	£m	£m	£m
Year ended 30 September 2021						
Depreciation and amortisation	**(55.8)**	**(171.4)**	**(58.6)**	**(50.9)**	**(9.7)**	**(346.4)**
Year ended 30 September 2020						
Depreciation and amortisation	(78.3)	(183.7)	(72.7)	(78.0)	(6.1)	(418.8)

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

	2021	2020
	£m	£m
Underlying operating loss	**(323.3)**	(315.4)
Non-underlying operating profit / (costs) (note 4)	**14.1**	(48.5)
Share of profit / (loss) from associates	**2.3**	(2.4)
Finance income	**2.6**	2.5
Finance expense	**(74.7)**	(56.5)
Non-underlying finance expense (note 5)	**(32.2)**	(5.5)
Loss before tax	**(411.2)**	(425.8)
Taxation	**48.9**	28.1
Loss after tax	**(362.3)**	(397.7)

3 Earnings / (loss) per share

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

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

	2021	2020 (restated)
	£m	£m
Loss attributable to ordinary shareholders	**(357.3)**	(375.0)
Adjustments:		
Non-underlying operating income / (costs)	**(14.1)**	48.5
Non-underlying finance costs	**32.2**	5.5
Tax effect of adjustments	**1.7**	(4.4)
Less non-underlying costs attributable to NCI	**13.6**	(9.3)
Underlying loss attributable to ordinary shareholders	**(323.9)**	(334.7)

Basic weighted average number of shares	**696,983,219**	566,327,395
Dilutive potential ordinary shares		-
Diluted weighted average number of shares	**696,983,219**	566,327,395
Loss per share (p):		
- Basic	**(51.3)**	(66.2)
- Diluted	**(51.3)**	(66.2)
Underlying loss per share (p):		
- Basic	**(46.5)**	(59.1)
- Diluted	**(46.5)**	(59.1)

The number of ordinary shares in issue as at 30 September 2021 was 795,736,696 which excludes treasury shares (30 September 2020: 537,596,432). The Company also holds 263,499 treasury shares (2020: 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 year, none of the potential ordinary shares are considered to be dilutive.

Basic and diluted earnings per share figures for the comparative period have been restated and adjusted for the bonus factor of 1.15 to reflect the bonus element of the April 2021 Rights Issue, in accordance with IAS 33 Earnings per Share. Amounts as originally stated at 30 September 2020 were (76.1)p basic and diluted earnings per share and (68.0)p basic and diluted underlying earnings per share.

4 Operating costs

	2021	2020
	£m	£m
Cost of food and materials:		
Cost of inventories consumed in the year	**(234.8)**	(431.1)
Labour cost:		
Employee remuneration	**(352.2)**	(518.6)
Overheads:		
Depreciation of property, plant and equipment	**(90.9)**	(111.0)
Depreciation of right-of-use assets	**(245.7)**	(305.3)
Amortisation of intangible assets	**(11.7)**	(10.6)
Impairment of property, plant and equipment	**(11.9)**	(38.4)
Impairment of right-of-use assets	**(12.5)**	(38.2)
Impairment of goodwill	**(26.4)**	(33.0)
Profit on lease disposal	**14.2**	0.3
Other exceptional costs	**(27.5)**	(22.7)
Rentals payable under leases	**(96.4)**	(149.2)
IFRS 16 rent credit	**92.0**	91.9
Other overheads	**(139.6)**	(231.1)
	(1,143.4)	(1,797.0)

Non-underlying operating items

The non-underlying operating costs in the year to 30 September 2021 are shown below.

	2021	2020
	£m	£m
Impairment of goodwill	**(26.4)**	(33.0)
Impairment of property, plant and equipment	**(11.9)**	(38.4)
Impairment of right-of-use assets	**(12.5)**	(38.2)
Accelerated depreciation	**-**	(6.2)
IFRS 16 rent credit	**92.0**	91.9
Restructuring and site exit costs	**(21.3)**	(20.2)
Fees for debt amendment and extension of bank facilities	**(5.4)**	(2.5)
Amortisation of intangible assets arising on acquisition	**(1.9)**	(1.9)
Profit on lease disposal	**2.3**	-
Other non-underlying costs	**(0.8)**	-
Total non-underlying operating items	**14.1**	(48.5)

5 Finance income and expense

	2021	2020
	£m	£m
Finance income		
Interest income	**2.3**	2.5
Other net foreign exchange gains	**0.3**	-
Total finance income	**2.6**	2.5

	2021	2020
Finance expense		
Total interest expense on financial liabilities measured at amortised cost	**(38.1)**	(22.8)
Retrospective interest charge on US Private Placement notes	**(1.2)**	-
Lease interest expense	**(28.4)**	(27.8)
Debt modification losses	**(43.9)**	(3.4)
Effective interest rate adjustment	**14.8**	(2.0)
Changes to estimated future cashflows on US Private Placement notes	**(1.9)**	-
Net change in fair value of cash flow hedges utilised in the year	**(2.6)**	(1.6)
Unwind of discount on provisions	**(0.8)**	(0.4)
Net interest expense on defined benefit pension obligations	**(0.2)**	(0.2)
Other net foreign exchange losses	**-**	(0.3)
Other	**(4.6)**	(3.5)
Total finance expense	**(106.9)**	(62.0)

Non-underlying finance costs

The non-underlying finance costs in the year to 30 September 2021 includes expense arising as a result of amendments and extensions of borrowings under IFRS 9.

	2021	2020
	£m	£m
Effective interest rate charge and debt modification losses	**(31.0)**	(5.4)
Retrospective interest charged on US Private Placement notes	**(1.2)**	-
Other	**-**	(0.1)
Total non-underlying finance costs	**(32.2)**	(5.5)

6 Cash flow from operations

	2021	2020
	£m	£m
Loss for the year	**(362.3)**	(397.7)
Adjustments for:		
Depreciation of property, plant and equipment	**90.9**	111.0
Depreciation of right-of-use assets	**245.7**	305.3
Amortisation of intangible assets	**11.7**	10.6
Profit on disposal of lease	**(14.2)**	(0.3)
Non-cash change in lease liabilities	**(92.0)**	(91.9)
Impairments	**50.8**	109.6
Share-based payments	**1.8**	2.0
Finance income	**(2.6)**	(2.5)
Finance expense	**106.9**	62.0
Disposal of subsidiary	**3.7**	-
Share of (profit)/loss of associates	**(2.3)**	2.4
Taxation	**(48.9)**	(28.1)
	(10.8)	82.4
Decrease in trade and other receivables	**7.6**	77.2
(Increase) / decrease in inventories	**(0.2)**	15.5
Increase / (decrease) in trade and other payables including provisions	**132.8**	(161.7)
Cash flow from operations	**129.4**	13.4

7 Dividends

	2021	**2020**
	£m	**£m**
No final dividend for year ended 30 September 2020 has been approved or paid during the period (2020: final dividend for the year ended 30 September 2019: 6.0p per share)	**-**	(26.8)
	-	(26.8)

No dividend for financial year 2021 is proposed (2020: £nil).

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; and
- the derivative financial liabilities relate to interest rate swaps. The fair values of interest rate swaps have been determined using relevant yield curves and exchange rates as 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 30 September 2021 £m	As at 30 September 2020 £m
Financial assets measured at amortised cost		
Cash and cash equivalents	**773.6**	185.0
Trade and other receivables	**155.4**	155.1
Total financial assets measured at amortised cost	**929.0**	340.1
Non-derivative financial liabilities measured at amortised cost		
Bank loans	**(441.1)**	(411.3)
Covid Corporate Financing Facility (CCFF)	**(297.7)**	(123.9)
US private placement notes	**(342.4)**	(341.1)
Lease liabilities	**(1,172.8)**	(1,349.3)
Trade and other payables	**(495.1)**	(380.0)
Total financial liabilities measured at amortised cost	**(2,749.1)**	(2,605.6)
Derivative financial liabilities		
Interest rate swaps	**(2.1)**	(5.1)
Total derivative financial liabilities	**(2.1)**	(5.1)

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 30 September 2021 was £1,061.7m (30 September 2020: £885.4m).

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.

Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
During the year, The Financial Conduct Authority announced the dates that panel bank submissions for all LIBOR settings will cease, after which, some LIBOR rates will no longer be available. The Group has floating rate bank facilities in GBP, EUR, USD, NOK and SEK, of which, GBP and USD are impacted by this change as they are linked to reference rates based in London. 3-month LIBOR reporting will end for GBP in December 2021 and 3-month LIBOR will end for USD in June 2023.

The Group has managed this change by amending the main bank facility agreement during the March 2021 debt amendment to transition to new reference rates, plus a spread, on the relevant cessation date of each currency IBOR, covering all loan currencies. In addition, for derivative contracts, the Group has adopted the ISDA 2020 Protocol. This protocol amends the fallback provisions incorporated in the derivative contracts so that when a particular IBOR rate ceases to exist or to represent the underlying market, it will be replaced by an applicable risk-free rate plus a spread.

The first quarterly period impacted will be from January 2022 in GBP only. From this date, both the bank debt and derivatives will transition, from using 3-month LIBOR to Sterling Overnight Index Average (SONIA) based indices. Consequently, hedge accounting relationships will be maintained.

The Group continues to monitor the market and the output from various industry groups managing the transition to new benchmark interest rates and will look to implement changes if appropriate in the future.

9 Rights Issue and debt amendments

On 17 March 2021 the Company announced a fully underwritten Rights Issue (the "**Rights Issue**") to raise gross proceeds of approximately £475 million. At the same time the Company announced certain amendments to the terms of the Group's main bank facilities agreement (the "**Facilities Agreement**") and its US private placement notes which came into effect following completion of the Rights Issue on 22 April 2021 (the "**Debt Amendments**").

The Rights Issue has further strengthened the Group's balance sheet by allowing the Group to materially reduce its net indebtedness and allows the Group to cover liquidity headroom under a reasonable worst-case scenario. The Rights Issue also facilitated the Debt Amendments which have resulted in an extension to the maturity date of the Facilities Agreement to January 2024 and allowed the Group to secure further covenant waivers and amendments from the Group's lenders. Under these amendments, the 6-month covenant tests introduced in the December 2020 amendments were removed, the original leverage and interest cover covenant tests were further waived and amended up to and including the testing period ending on 31 March 2023 (in respect of the interest cover test) and 30 September 2023 (in respect of the leverage test) and the monthly liquidity and adjusted net debt covenant tests were amended and extended until such time as the Group shows compliance with the original covenants as at or prior to March 2024 testing date.

Upon completion of the Rights Issue, the proceeds were recognised in equity on 22 April 2021. Directly attributable transaction fees incurred were offset against the Rights Issue proceeds in equity.

10 Post balance sheet events

SSP Group's Spanish operating companies ("**SSP Spain**") operate F&B units in a number of Spanish airports. In late September 2021, a new law was passed in Spain that came into force on 2 October 2021 that should result in adjustments to the minimum guaranteed annual rents payable by SSP Spain for the period from 15 March 2020 onward. The law will lead to lower minimum guaranteed rent amounts to be paid until passenger numbers return to 2019 levels. As the new law is effective from 2 October 2021, we consider this to give rise to a non-adjusting post balance sheet event.

11 Annual General Meeting

The Group's Annual General Meeting will be held in February 2022. Details of the resolutions to be proposed at that meeting will be included in the notice of Annual General Meeting that will be sent to shareholders in January 2022.

12 Other information

The financial information set out above does not constitute the Company's statutory accounts for the years ended 30 September 2021 or 30 September 2020 but is derived from those accounts. Statutory accounts for year ended 30 September 2020 have been delivered to the Registrar of Companies, and those for year ended 30 September 2021 will be delivered in due course.

The auditor has reported on the accounts for the year ended 30 September 2021; their report was:

i. unqualified, and

ii. did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The Company's Annual Report and Accounts for the year ended 30 September 2021 will be posted and made available to shareholders on the Company's website in January 2022.

13 Forward looking statement

Certain information included in this announcement is forward looking and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward looking statements.

Forward looking statements cover all matters which are not historical facts and include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of expected future revenues, financing plans, expected expenditures and divestments, risks associated with changes in economic conditions, the strength of the food and support services markets in the jurisdictions in which the Group operates, fluctuations in food and other product costs and prices and changes in exchange and interest rates. Forward looking statements can be identified by the use of forward looking terminology, including terms such as 'believes', 'estimates', 'anticipates', 'expects', 'forecasts', 'intends', 'plans', 'projects', 'goal', 'target', 'aim', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology. Forward looking statements in this Annual Report and

Accounts are not guarantees of future performance. All forward looking statements in this Annual Report and Accounts are based upon information known to the Company on the date of this Annual Report and Accounts. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward looking statements, which speak only at their respective dates.

Additionally, forward looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority), the Company undertakes no obligation to publicly update or revise any forward looking statement, whether as a result of new information, future events or otherwise. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.