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24 May 2022

SSP GROUP PLC

Results for six month period ended 31 March 2022

Business recovering well, significant new opportunities ahead

SSP Group, a leading operator of food and beverage outlets in travel locations worldwide, announces its financial results for the first half of its 2022 financial year, covering the six months ended 31 March 2022.

SSP has had a good first half and revenues are recovering strongly as the travel sector rebounds. The actions taken during the pandemic to protect the business now leave it well positioned to capitalise on the many opportunities ahead.

Financial overview:

- Revenue of £803.2m (2021: £256.7m), up 212.9% vs 2021 (back to 64% of 2019 level, i.e. pre Covid-19)
- Underlying[1] EBITDA[2] of £14.7m compared to an underlying EBITDA loss of £110.3m in 2021 (both on a pre-IFRS 16 basis[3])
- Operating profit of £26.0m on a reported basis under IFRS 16, including credit for non-underlying items of £78.6m (2021: £219.9m loss on a reported basis under IFRS 16, including credit for non-underlying items of £6.7m). On a pre-IFRS 16 basis[3], the underlying operating loss[1] was £36.4m (2021: £160.7m loss)
- Loss before tax of £2.3m on a reported basis under IFRS 16 (2021: £299.7m loss). On a pre-IFRS 16 basis[3], the underlying loss[1] before tax was £55.3m (2021: £182.0m loss)
- Basic loss per share of 4.1 pence on a reported basis under IFRS 16 (2021: basic loss per share of 42.3 pence)[4]. On a pre-IFRS 16 basis[3], underlying basic loss per share[1] of 8.4 pence (2021: underlying basic loss per share of 26.1 pence)[4]
- Free cash outflow of £30.9m (2021: outflow of £140.9m), after £41.9m capital investment to support the mobilisation of the new unit pipeline[5]
- Net debt of £1,154.6m, which includes lease liabilities of £814.8m. On a pre-IFRS 16 basis[3], net debt[6] of £340.1m, up from £308.0m at 30 September 2021
- Liquidity position strong, with cash and undrawn committed facilities of £606.9m[7] at the end of March 2022, after repayment of the £300m borrowed under the Covid Corporate Financing Facility (“CCFF”)

Business highlights:

- Strong recovery in revenue to 64% of 2019 levels in H1; further strengthening in the first six weeks of the second half to 83% of 2019 levels, as Covid-19 restrictions have been lifted, led by leisure travel in both the air and rail sectors and the return of commuters to the workplace
- Disciplined and flexible programme of unit openings and closures in response to the highly variable levels of passenger demand during H1; with c.2,200 units currently open, representing over 80% of the estate
- Continued focus on operating efficiency has enabled the business to deliver positive EBITDA in H1 and limit the profit conversion on the lower sales compared to 2019 to 22% of underlying Operating Profit (on a pre-IFRS 16 basis)
- High levels of contract retention, ahead of historical levels, underpinned by the strength of our client relationships, brand portfolio and operational performance
- Mobilisation of new business pipeline continuing, with c.50 new units opened in the first half
- Further new business won in H1 (c.80 units with estimated annual revenues of c.£75m), increasing the expected annual sales value of net gains since 2019 to c.£500m (from previously announced £425m), once fully mobilised over the next 2 years
- Significant market growth opportunity globally, with the financial capacity to invest in organic and inorganic expansion of up to £425m-£475m under our Base Case scenario (up from £350m-£400m previously estimated) over the medium term
- Further investment in the customer proposition, with the launch of several new innovative brands and concepts, as well as the accelerated roll out of order and pay digital technology across the Group
- Embedding sustainability into the business, with great progress in the first half
- The actions taken during Covid-19 to protect and strengthen the competitive position of the business, together with the opportunities we are now seeing, create a strong platform for long term sustainable growth and returns

Recent Trading and Outlook:

The continued improvement in our trading performance in recent months has been encouraging, and has been driven by the rapid recovery in leisure travel, with business related travel recovering more slowly. The sales recovery is now closely following our Base Case scenario (as set out at the time of the Rights Issue in March 2021).

The second half has started well with sales strengthening further to an average of c.83% of 2019 levels in the first six weeks, led by Continental Europe and North America where revenues are back to well above 80%, driven by a very strong recovery in domestic and leisure demand. In the UK, sales are back to c.82% of pre Covid-19 levels, with the air sector boosted by strong leisure demand, and the rail business helped by the return of commuters in increasing numbers. In the Rest of the World, the picture remains more mixed with strong recoveries in the Middle East, India, Australia and Thailand being offset by very limited travel activity in China and Hong Kong, which we expect to continue in the near term.

Whilst there remains uncertainty in the outlook, including from Covid-19 and the current geopolitical and macroeconomic situation, we remain confident that we are well positioned for a strong summer period in our key markets, notwithstanding the short-term supply chain challenges being seen across the travel industry as it fully remobilises.

Our current expectation is for sales in the second half of the year to be around 80-85% of pre Covid-19 levels and for full year sales to be in the region of £2.0bn to £2.1bn. Whilst the final profit outturn will be dependent on a number of external factors, including the trajectory of the recovery and inflationary cost pressures, we would expect the full year EBITDA margin (on a pre-IFRS 16 basis)[3] to be between c.5% (at the lower end of the sales range) and c.6% (at the higher end). This is consistent with the previously indicated range of 25% to 30% profit conversion on the reduced sales compared to 2019.

Our medium-term expectations for the recovery remain unchanged, which are for a return to broadly pre Covid-19 levels of revenue and EBITDA margins (on a pre-IFRS 16 basis[3]).

In addition to this, at the end of March 2022, the Group had a pipeline of c.230 secured new units, which it expects to open over the next 2 years, ultimately adding a further c.£300m of annualised sales. Including this unopened pipeline, the cumulative net gains secured since the end of the 2019 financial year are expected to add c.£500m to annualised revenue by 2025.

We believe that SSP is well-positioned to benefit from the recovery in the travel sector and we see many opportunities to drive growth. Should the sales recovery continue to follow our Rights Issue Base Case scenario, we would have the financial capacity for an additional £425-£475m of capital investment to drive further business growth and expansion over the medium term.

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

"The business is recovering well from a hugely challenging period. We have seen a significant rebound in trade since the impact of Omicron, with revenues currently running at over 80% of pre Covid-19 levels and with a similar proportion of our sites now open. I would like to thank all SSP colleagues for their dedication, resilience, and professionalism during the Covid-19 crisis, and for their contribution to delivering this robust first half performance. We are also grateful to our clients and brand partners for their support and commitment to SSP especially during the Covid-19 challenges.

It has been immediately clear to me that I have joined a fantastic organisation that has done all of the right things during Covid-19 to protect the business, but, very importantly, is now taking the opportunity to strengthen the foundations of the business for the recovery. SSP has a number of fundamental strengths, including very strong local business platforms around the world, industry-leading operational execution, as well as outstanding financial discipline. These attributes, alongside the quality and breadth of our brands and concepts, our digital platforms, client relationships and brand partnerships, give us the opportunity to accelerate our growth and expansion across the international travel markets. We anticipate a full recovery in leisure travel, which drives the majority of our business, and are confident that we are well positioned for the months and years ahead."

Financial highlights:

	IFRS 16 H1 2022 £m	IFRS 16 H1 2021 £m
Revenue	**803.2**	**256.7**
Revenue change (%)		
- vs 2021	**212.9%**	**N/A**
- vs 2019	**(36.3)%**	**(79.7)%**
Underlying operating loss[1]	**(52.6)**	**(226.6)**
Underlying loss before tax[1]	**(87.3)**	**(260.9)**
Underlying loss per share (p)[1 4]	**(12.3)**	**(35.9)**
Net debt[6]	**(1,154.6)**	**(2,033.9)**

	Pre-IFRS 16[3] H1 2022 £m	Pre-IFRS 16[3] H1 2021 £m
Underlying operating loss[1]	**(36.4)**	**(160.7)**
Underlying loss before tax[1]	**(55.3)**	**(182.0)**
Underlying loss per share (p)[1 4]	**(8.4)**	**(26.1)**
Net debt[6]	**(340.1)**	**(839.6)**

Statutory reported results:

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

	H1 2022 £m	H1 2021 £m
Revenue	**803.2**	**256.7**
Operating profit / (loss)	**26.0**	**(219.9)**
Loss before tax	**(2.3)**	**(299.7)**
Loss per share (p) [4]	**(4.1)**	**(42.3)**
Net debt[6]	**(1,154.6)**	**(2,033.9)**

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[1] Stated on an underlying basis, which excludes non-underlying items as further explained in the section on Alternative Performance Measures (APMs) on pages 21-24.

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

[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 key financial measures like net-debt and leverage on a pre-IFRS 16 basis. Pre-IFRS 16 profit numbers exclude the impact of IFRS 16 by removing the depreciation on right-of-use (ROU) assets and interest arising on unwinding of discount on lease liabilities, offset by the impact of adding back in charges for fixed rent. This is further explained in the section on Alternative Performance Measures (APMs) on pages 21-24.

[4] H1 2021 EPS has been restated to reflect the impact of the 2021 Rights Issue.

[5] A reconciliation of Underlying operating loss to Free cashflow is shown on page 19.

[6] Net debt reported under IFRS 16 includes lease liabilities whereas on a pre-IFRS 16 basis lease liabilities are excluded. Refer to 'Net debt' section of the 'Financial review' for reconciliation of net debt.

[7] Available liquidity at 31 March 2022 has been computed as £606.9m, comprising cash and cash equivalents of £445.8m, undrawn revolving credit facility of £150.0m and other local government backed facilities of £11.1m.

A live webcast will be held at 9.00 a.m. (UKT) today, and details of how to join can be accessed at https://webcasts.foodtravelexperts.com/event/default1.php?eventid=2358&media=

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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. We are present in 36 countries around the world and have a portfolio of more than 550 international, national and local brands.

www.foodtravelexperts.com

Business Review

Financial review

Group performance in the first half of the year was strong with revenue of £803.2m, an increase of £546.5m on last year, driven by a recovery in passenger numbers, despite the impact of the spread of the Omicron variant in many of our markets in December and January. The recovery has been led by leisure travellers, with business related travel recovering more slowly as expected. Encouragingly we have also seen increased spend per passenger in some markets reflecting the higher proportion of leisure travellers. Throughout the first half, we carefully managed the number of units open to match passenger demand and this approach, in combination with tight operational controls and continuing Government support in some markets, enabled us to contain the underlying Operating profit conversion of the lower sales compared to 2019 to around 22% (on a pre-IFRS 16 basis). We delivered a positive underlying EBITDA (on a pre-IFRS 16 basis) of £14.7m, compared to an equivalent EBITDA loss of £110.3m in the prior year.

The underlying operating loss for the year was £52.6m (2021: £226.6m). The reported operating profit was £26.0m (2021: £219.9m loss), including a credit for non-underlying items of £78.6m (2021: £6.7m). Further details of the non-underlying items have been set out in the section on Alternate Performance Measures on pages 21-24. On a pre-IFRS 16 basis, the Group reported an underlying operating loss of £36.4m, compared to an equivalent loss of £160.7m in the prior year.

Our free cash outflow during the first half of the year of £30.9m (2021: £140.9m) reflected our continued tight management of operating costs and working capital. Cashflow benefitted from a working capital inflow of £15.0m, mainly driven by the improvement in sales across the first half. Capital expenditure was £41.9m, a significant increase compared to £25.2m in the prior year, as we continued to restart our capital expenditure programmes across the Group. As we indicated in December 2021, we are planning for expenditure of around £150m in the current financial year.

Overall net debt increased by £32.1m to £340.1m on a pre-IFRS 16 basis, largely reflecting the free cash outflow in the period. On a reported basis under IFRS 16, net debt was £1,154.6m (30 September 2021: £1,480.4m), including lease liabilities of £814.8m (30 September 2021: £1,172.8m). The significant further reduction in our IFRS 16 lease liabilities over the last six months reflects our continued success in converting what were previously fixed minimum guaranteed rent liabilities into future commitments that are variable with passenger numbers, thereby removing them from the scope of IFRS 16.

In February 2022, the Group repaid £300m borrowed under the CCFF. We continue to have significant available liquidity, with cash and undrawn available facilities of c.£607m at the end of the first half.

Strategy Overview

Our vision is 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 our colleagues) in a way that ensures long term sustainable growth and returns.

Our strategy is to build market leading positions in the food, beverage and retail travel concession sectors globally. 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 travel continues to recover from the effects of Covid-19, and an increasing proportion of the world's population are willing and able to travel again. The markets in which we operate benefit 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 and food service revenue streams.

Although Covid-19 impacted these trends in the short-term, we expect to see these growth drivers return in the medium-term as 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 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 brands and 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 capable and 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 we expect to see the gradual return of passenger travel to more normalised levels. The actions we are taking to rebuild the business will enable us to emerge better positioned to address the priorities of our stakeholders and drive competitiveness and long-term sustainable growth and returns.

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:** Fundamental to this is optimising the customer proposition and driving 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 will continue to innovate and deliver offers that cater to the tastes of consumers satisfying a diverse range of 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-19, 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. We see considerable opportunity to further build on our strong platforms in our large developed markets, including in North America for example where we have a growing business with considerable momentum and future space opportunity. 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 continue to emerge from the Coronavirus pandemic.

Our business development priorities are as follows:

Contract renewals and extensions
We have maintained high retention rates on contracts during Covid-19, and in the first half these tracked above 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
In the first half we mobilised c.50 units from our pipeline, including new units in Dublin Airport and Montparnasse Station in Paris, where the program includes a mix of bespoke concepts and well-known brands.

Additional new space growth
We have been successful in winning further new business across the first half, with c.80 additional new units secured, adding an estimated c.£75m of annual sales once mobilised. Compared to our 2019 pre Covid-19 revenues, the cumulative net gains secured since the end of the 2019 financial year are expected to add around £500m to annual sales once fully mobilised by 2025. This includes approximately £150m of additional sales generated by the units which were opened just before the onset of Covid-19, as previously reported, and £50m sales from net new units opened during the pandemic, with a further c.£300m to come from c.230 units in our pipeline yet to open. We expect the capex to mobilise these unopened units to amount to c.£110m.

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 Covid-19. As the travel sector continues to recover, we expect this activity to gather pace.

Our strong client and consumer offer positions us well to win space in competitive tenders. We have seen some examples of where competitors have decided to retreat from the travel market, at least in the near term.

We believe our strong financial position and track record of delivery for clients put us in a strong position to capitalise on these growth opportunities. Should the recovery in passenger numbers continue to follow our Rights Issue Base Case scenario, we estimate that we would have the financial capacity to invest up to £425-475m to drive further business growth, whilst remaining within our target leverage range of 1.5x to 2.0x net debt to EBITDA (both on a pre IFRS 16 basis). This is higher than our previous estimate of £350-£400m, reflecting our stronger than expected cashflow and net debt position.

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 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 rebuilding, 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 drive performance.

Currently the industry is facing significant inflationary pressures for a combination of reasons including food, commodity and energy prices. Where there is low labour availability, this is also resulting in higher labour costs. Whilst to date the impact on SSP has been limited, we are expecting inflation to step up through the second half and into next year. Our approach is to mitigate these inflationary pressures by taking action, such as menu and range engineering and making greater use of technology. Managing inflation is a very important part of our business model and we have demonstrated over many years our ability to mitigate its impact.

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 costs 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 particular in North America and in the UK, 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 Eatery at Arlanda airport, a food court with a wide range of options designed to suit families and leisure travellers, Soul & Grain, a fresh food to go concept with artisanal coffee, which recently launched in the UK, and Brooklyn Diner, a full bar and restaurant bringing a selection of classic American dishes to passengers at LaGuardia 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 have seen a huge acceleration in digital engagement by customers over the last few years and it is now an important part of our customer proposition. Customers are now comfortable using technology to order which provides them with a more seamless experience in addition to generating operating efficiencies for our units and increasing average spend per transaction. We have plans to further expand this technology in the second half, doubling our current number of digital touchpoints to around 700.

We continue to make significant investments to improve the quality of our information systems and technology infrastructure and have recommenced 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 of 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:
As our unit reopening programme has gathered pace, we are of course focused on both the safety of our returning colleagues and re-engaging them within the business. In response to a challenging labour market, particularly for customer-facing colleagues, we have innovated our processes to ensure we can continue to attract, recruit and retain our talent. To support our growth, we have implemented extensive recruitment, induction and skills training for new colleagues across our key markets.

Local events have supported our aim of building momentum behind the importance of colleague wellbeing. We carried out our second global engagement survey at the end of the first half and were pleased with an 83% response rate (10% higher than the prior year). Furthermore, we recorded an improving 'Positive Question Response Rate' of 76.5%, up from 75.1%. We were also pleased with a c.10% point improvement in colleagues feeling like they have access to training and development opportunities, which was an area specifically targeted as a result of our 2021 survey action plan.

Sustainability:

Embedding sustainability across our business, strategy and culture is a key priority in the delivery of long-term sustainable value for all our stakeholders. We launched our new Sustainability Framework in December 2021, focused on supporting our colleagues and communities, serving our customers responsibly and protecting our environment. We have set stretching targets and have an ambitious programme of activities against each of these pillars.

In the first half, we have made good progress, including already achieving our 2025 target for 33% female representation in senior leadership. For customers, we are offering products to support healthier lifestyle choices and satisfying dietary needs, including a growing portfolio of wellness brands as well as vegetarian and plant-based meals. Additionally, in response to the tragic circumstances unfolding in Ukraine, many of our colleagues across different countries came together to raise funds or other essential items to support the Ukrainian humanitarian crisis. This was further bolstered by donations from the Group.

We are currently working with specialists to map our total carbon footprint across our value chain (Scope 1, 2 and 3) and developing our roadmap for achieving our 2040 net zero ambitions. We have committed to the most widely recognised best practice approach of setting science-based targets that are in line with limiting warming to 1.5 degrees globally.

Reducing food waste is key to our net zero strategy. Through our partnership with 'Too Good To Go', surplus food is sold at discounted prices to save it from going to waste. This is supporting our work to reduce emissions, helping to tackle food poverty, while also reducing costs for our business.

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 to be between 1.5x and 2.0x net debt to EBITDA (on a pre-IFRS 16 basis).

Financial review

Group performance

	H1 2022 £m	H1 2021 £m	Year-on-year change (%)
Revenue	**803.2**	256.7	212.9%
Underlying operating loss	**(52.6)**	(226.6)	76.8%
Operating profit / (loss)	**26.0**	(219.9)	111.8%

- Underlying operating loss was £36.4m (2021: £160.7m loss) on a pre-IFRS 16 basis.
- Revenue in H1 2019 was £1,261.6m.

Although Covid-19 has continued to adversely affect the Group's trading performance during the first half of the financial year, revenue in our major markets has continued to recover. Total first half Group Revenue of £803.2m averaged 64% of 2019 levels (up from 30% in the last financial year, and from 53% at the end of September 2021) and increased over three-fold compared with the first half of last year, which was significantly impacted by the stringent lockdowns in place across many markets.

As reported at our Preliminary Results in early December 2021, trading had recovered well during the autumn, with revenue running at 66% of 2019 levels during the first nine weeks of the new financial year (from 1 October to 5 December 2021). This had been led by the Rail sector, at c.71% of 2019 levels, benefitting from a return to office working, as well as strengthening leisure traffic, with the Air sector, at c.62% of 2019 levels, boosted by an extended holiday season in the autumn across the UK, Continental Europe and North America.

The spread of the Omicron variant around the world and the subsequent government restrictions inevitably had an impact on passenger numbers in many of our markets during December and January, with revenue in this period running at c.57% of 2019 levels. Trading remained resilient during December and through the Christmas and New Year holiday period, before softening from early January. However, since February, as government restrictions have been progressively lifted around the world, we have seen sales continue to trend positively again, averaging c.61% of 2019 levels in February and c.74% in March. This improvement has been driven by a strong bounce-back in the Rail sector as commuter travel has returned, and by strengthening passenger numbers in airports.

During the early weeks of the third quarter, we have seen continued further improvements in trading across all of our major markets, with sales over the most recent six weeks averaging c.83% of 2019 levels, and whilst there remains uncertainty in the outlook, including from Covid-19 and the current geopolitical and macroeconomic situation , we remain confident that we are well positioned for a strong summer period in our key markets, notwithstanding the short-term supply chain challenges being seen across the travel industry as it fully remobilises.

Operating profit / loss

The underlying operating loss for the first half was £52.6m, compared to an equivalent loss of £226.6m in the prior year. On a pre-IFRS 16 basis, the Group reported an underlying operating loss of £36.4m (2021: £160.7m loss), and positive underlying EBITDA of £14.7m, compared to an underlying EBITDA loss of £110.3m in the prior year (both on a pre-IFRS 16 basis).

On a reported basis, the operating profit was £26.0m (2021: £219.9m loss), reflecting a net credit of £78.6m (2021: £6.7m credit) for the non-underlying operating items.

The significant strengthening of sales over the last twelve months has meant that we have materially reduced our underlying operating loss in comparison to H1 2021, with a year-on-year improvement of 76.8%. As has been the case throughout the pandemic, the underlying loss has been mitigated by the extent of our operating cost reductions, helped by ongoing government furlough and other support measures, and our continuing success in negotiating rent concessions, principally via waivers of minimum guaranteed rents. Reflecting this, the underlying pre-IFRS 16 basis operating profit conversion was c.22% on the reduced sales compared to the 2019 financial year.

Our current expectation is for sales in the second half of the current financial year to be around 80-85% of pre Covid-19 levels and for full year sales to be in the region of £2.0bn to £2.1bn. Whilst the final profit outturn will be dependent on a number of external factors, including the trajectory of the recovery and inflationary cost pressures, we would expect the full year EBITDA margin (on a pre-IFRS 16 basis)[3] to be between approximately 5% (at the lower end of sales range) to approximately 6% (at the higher end) which is consistent with the previously indicated range of 25% to 30% profit conversion on the reduced sales compared to 2019.

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 £78.6m (2021: £6.7m) are summarised below:

- *Impairment of property, plant and equipment and right of use assets:* the Group carried out a review of impairment indicators at the period end and determined that certain cash generating units within the Rest of World division had a potential impairment of assets. Full impairment tests were therefore carried out on these cash generating units. This impairment review compared the value-in-use of individual cash-generating units, based on management's updated assumptions regarding future trading performance (taking into account the forecast recovery from Covid-19) to the carrying values of the associated assets. Following this review, an impairment charge of £2.1m (2021: £26.6m impairment charge) has been recognised, which includes the impairment of right of use assets of £0.4m (2021: £16.8m).

- *Gain on derecognition of leases:* as a consequence of certain contract renegotiations and government intervention in certain jurisdictions, a number of leases have now been rebased such that the minimum guaranteed rental commitments are now calculated on a 'per passenger' basis, i.e. the fixed minimum annual guarantees have been removed from the contracts. Accordingly, these lease payments now fall outside the scope of IFRS 16 and the leases have been derecognised in the period, resulting in a gain of £61.5m (2021: £nil).

- *IFRS 16 rent credit:* as part of its response to Covid-19, the Group has renegotiated rent agreements with its clients, including a number of temporary waivers for the period up to the end of March

2022 totalling £19.3m (2021: £53.3m). 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.

Segmental performance

This section summarises the Group's performance across its four operating segments. For full details of our key reporting segments, please refer to note 2 on pages 35-36.

UK (including Republic of Ireland)

	H1 2022 £m	H1 2021 £m	Year-on-year change
Revenue	**232.7**	45.6	410.3%
Underlying operating loss	**(3.7)**	(37.8)	90.2%
Operating profit / (loss)	**3.9**	(30.2)	112.9%

- Underlying operating profit was £1.4m (2021: £24.9m loss) on a pre-IFRS 16 basis.
- Revenue in H1 2019 was £385.2m.

Our UK business has continued to recover strongly during the first half of the financial year, despite the interruption to trading caused by the Omicron variant, particularly during January. Revenue increased by 410.3% to £232.7m compared to the prior year and averaged 60% of 2019 levels for the first half as a whole.

During October and November, UK sales continued to recover strongly, with steadily improving Rail commuter numbers and Air passenger numbers boosted by an extended European summer holiday season. While sales remained resilient in December despite the emergence of the Omicron variant, the re-imposition of working from home guidance and the end of the Christmas and New Year holiday period resulted in sales weakening considerably in January, before a steady recovery during February and March as Covid-19 restrictions were eased. During the first six weeks of the third quarter, UK sales have averaged c.82% of 2019 levels, with trading over the Easter holiday period particularly strong.

The underlying operating loss for the first half of the financial year for the UK was £3.7m compared to a loss of £37.8m in the prior year, with a reported operating profit of £3.9m (2021: £30.2m loss). Non-underlying operating items comprised IFRS 16 rent credits of £7.6m. On a pre-IFRS 16 basis, the underlying operating profit was £1.4m, which compared to an underlying operating loss of £24.9m last year.

Continental Europe

	H1 2022 £m	H1 2021 £m	Year-on-year change (%)
Revenue	**315.4**	118.0	167.3%
Underlying operating loss	**(27.9)**	(99.9)	72.1%
Operating profit / (loss)	**37.8**	(100.0)	137.8%

- Underlying operating loss was £16.4m (2021: £71.1m loss) on a pre-IFRS 16 basis.
- Revenue in H1 2019 was £452.7m.

First half revenue in Continental Europe of £315.4m represented an increase of 167.3% compared to 2021 and averaged c.70% of 2019 levels.

As was the case in the UK, sales in Continental Europe recovered strongly in the autumn, helped by the extended European summer holiday season, before Omicron impacted trading in the period from November to January as travel restrictions were re-imposed across our European markets. As restrictions were gradually lifted across February and March, sales have continued to strengthen in all of our key markets. During the first six weeks of the third quarter, sales in Continental Europe have averaged c.88% of 2019 levels, with trading in our Spanish airports particularly strong over the Easter holiday period.

The underlying operating loss for the period was £27.9m compared to an equivalent loss of £99.9m in the prior year, with a reported operating profit of £37.8m (2021: £100.0m loss). Non-underlying operating items of £65.7m comprised a £61.5m gain on derecognition of leases under IFRS 16, mainly in Spain and Netherlands, and IFRS 16 rent credits totalling £4.9m, offset by impairments of £0.7m. On a pre-IFRS 16 basis, the underlying operating loss was £16.4m, which compared to an underlying operating loss of £71.1m last year.

North America

	H1 2022 £m	H1 2021 £m	Year-on-year change (%)
Revenue	**174.6**	55.1	216.9%
Underlying operating profit / (loss)	**2.1**	(37.5)	105.6%
Operating profit / (loss)	**4.3**	(34.9)	112.3%

- Underlying operating profit was £1.3m (2021: £27.2m loss) on a pre-IFRS 16 basis.
- Revenue in H1 2019 was £235.9m.

Revenue during the first half of £174.6m increased by 216.9% compared to the prior year, averaging 74% of 2019 levels.

During the first quarter, the sales recovery in North America remained strong, as the region continued to benefit from improving domestic passenger numbers, which continued to strengthen through the December holiday period despite the emergence of Omicron. Sales then softened considerably in January, as the new Covid-19 variant led to flight cancellations and high sickness levels in a number of US states,

followed by a sharp rebound in sales across February and March as case numbers reduced and demand for domestic leisure travel increased. During the first six weeks of the third quarter, sales have been running at c.84% of 2019 levels. As has been the case over the last year, labour availability remains a challenge for us in North America.

The underlying operating profit for the period was £2.1m, compared to an equivalent loss of £37.5m in the prior year, and the reported operating profit was £4.3m (2021: 34.9m loss). Non-underlying operating items of £2.2m comprised of IFRS 16 rent credits of £2.5m, offset by impairments of £0.3m. On a pre-IFRS 16 basis, the underlying operating profit was £1.3m, which compared to an underlying operating loss of £27.2m last year.

Rest of the World

	H1 2022 £m	H1 2021 £m	Year-on-year change (%)
Revenue	**80.5**	38.0	111.8%
Underlying operating loss	**(5.0)**	(29.3)	82.9%
Operating loss	**(1.9)**	(21.5)	91.2%

- Underlying operating loss was £4.6m (2021: £15.5m loss) on a pre-IFRS 16 basis.
- Revenue in H1 2019 was £187.8m.

Revenue of £80.5m increased by 111.8% compared to the prior year, averaging 43% of 2019 levels.

Compared to our other three regions, the sales recovery in the Rest of World markets during the autumn was much slower, impacted by ongoing lockdowns in one or two markets, notably Australia and Thailand. The emergence of Omicron and re-imposition of significant travel restrictions in other markets such as India and China further delayed the recovery across December and January, although the impact was partially mitigated by stronger trading in our Eastern Europe and Middle East region, where holiday destinations such as Egypt traded particularly well. Only recently have we seen a more material improvement in passenger numbers and sales for the region as a whole, which have averaged c.69% over the first six weeks of the third quarter, despite ongoing very low levels of travel in several markets, notably China and Hong Kong.

The underlying operating loss for the period was £5.0m, compared to a loss of £29.3m in the prior year, and the reported operating loss was £1.9m (2021: £21.5m). Non-underlying operating items (a net credit of £3.1m) comprised an impairment charge of £1.2m, offset by IFRS 16 rent credits of £4.3m. On a pre-IFRS 16 basis, the underlying operating loss was £4.6m, which compared to a loss of £15.5m last year.

Share of profit from associates

The Group's share of profits from associates was £1.9m (2021: £0.5m profit), driven primarily by strong performance from the Group's associate in Qatar. On a pre-IFRS 16 basis, the Group's share of profit from associates was also £1.9m (2021: £0.1m loss).

Net finance costs

The underlying net finance expense for the first half of the financial year was £36.6m (2021: £34.8m), which includes interest on lease liabilities of £15.8m (2021: £13.5m). A credit to finance costs of £6.4m has been recognised within non-underlying items relating to the amortisation of the liability arising from the 2021 debt modification charge. The reported net finance expense was £30.2m (2021: £80.3m).

On a pre-IFRS 16 basis, underlying net finance costs were in line with the prior year at £20.8m (2021: £21.2m).

Taxation

The Group's underlying tax charge for the period was £4.3m (H1 2021: £24.5m credit), representing a negative effective tax rate of 4.9% (2021: 9.4%) of underlying loss before tax. On a reported basis, the tax charge for the period was £22.5m (2021: £31.5m credit) representing a negative effective tax rate of 978.3% (2021: 10.5%).

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. As the Group starts to recover from the impact of Covid-19, we expect to see some countries return to taxable profits more quickly than others. The underlying tax charge expected for the full year reflects a combination of tax charges projected for those countries offset by the continued non-recognition of losses in other countries where the recovery has been slower.

Looking forward, we expect the underlying tax rate to be approximately (negative) 5% (2021: 12%) for the full year. However, given the relatively small underlying loss and the uncertainty over the pace of the recovery across the countries in which we operate, the actual underlying rate for the full year could be substantially different.

Non-controlling interests

The profit attributable to non-controlling interests was £7.6m (2021: £6.7m attributable loss). On a pre-IFRS 16 basis the profit attributable to non-controlling interests was £9.2m (2021: £3.7m attributable loss), with the year-on-year change largely reflecting the recovery from Covid-19 improving the results of our joint venture operations in North America and in the Rest of World.

Loss per share

The Group's reported loss per share was 4.1 pence per share (2021: 42.3 pence per share), and its underlying loss per share was 12.3 pence per share (2021: 35.9 pence per share). On a pre-IFRS 16 basis the underlying loss per share was 8.4 pence per share (2021: 26.1 pence per share).[1]

[1] H1 2021 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, the Directors will not be declaring an interim dividend (2021: no dividend). No final dividend was

recommended for the year ended September 2021 (year ended 30 September 2020: no final dividend) and therefore no dividend was paid in the period.

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 outflow for the first half of 2022:

	H1 2022	H1 2021
	£m	£m
Underlying operating loss[1]	(36.4)	(160.7)
Depreciation and amortisation	51.0	50.4
Exceptional restructuring and other costs[3]	-	(10.6)
Working capital	15.0	22.1
Net tax receipt / (payment)	1.9	(0.4)
Other	2.1	1.0
Capital expenditure[2]	(41.9)	(25.2)
Net dividends to non-controlling interests and from associates	(6.4)	(1.4)
Net finance costs	(16.2)	(16.1)
Free cash outflow	**(30.9)**	(140.9)

[1] Presented on an underlying pre-IFRS 16 basis (refer to pages 21 - 24 for details)
[2] Capital expenditure is net of cash capital contributions received from non-controlling interests of £4.4m (2021: £0.6m)
[3] Refer to the APMs section on pages 21-24 for further details.

The Group's free cash outflow during the first half year of £30.9m (2021: £140.9m) reflected its continued tight management of operating costs and working capital.

The working capital inflow during the period of £15.0m (2021: £22.1m) benefited from the overall improvement in the average level of weekly sales across the first half (increasing from around 53% of 2019 levels in September 2021 to around 74% in March 2022), offset by a reduction in deferred liabilities over the first half. We estimate that the cumulative outstanding value of deferred liabilities and extended payment terms during the pandemic amounts to approximately £120m, and we would expect up to two thirds of this amount to unwind over the next 6 months as sales continue to recover.

Net corporation tax receipts were £1.9m as compared to payments of £0.4m in 2021. Tax receipts in certain jurisdictions reflected the ability to carry back losses against prior year liabilities. Looking forward, we expect some cash tax outflow in the second half of the year as operations in some countries once again become liable to make preliminary payments on account.

Capital expenditure was £41.9m, a significant increase compared to £25.2m in the prior year as we continued to restart our capital expenditure programmes across the Group. As we indicated in December, we are currently planning for expenditure of around £150m in the 2022 financial year.

Net finance costs paid of £16.2m were broadly in line with the prior year.

Net debt

Overall net debt increased by £32.1m to £340.1m on a pre-IFRS 16 basis, largely reflecting the free cash outflow in the year of £30.9m as detailed above. On a reported basis under IFRS 16, net debt was £1,154.6m (30 September 2021: £1,480.4m), including lease liabilities of £814.8m (30 September 2021: £1,172.8m). The significant further reduction in our IFRS 16 lease liabilities over the last six months reflects our continued success in converting what were previously fixed minimum guaranteed rent liabilities into future commitments that are variable with passenger numbers, thereby removing them from the scope of IFRS 16.

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

	£m
Net debt excluding lease liabilities at 1 October 2021 (Pre-IFRS 16 basis)	(308.0)
Free cash flow	(30.9)
Impact of foreign exchange rates	(1.2)
Net debt excluding lease liabilities at 31 March 2022 (Pre-IFRS 16 basis)	**(340.1)**
IFRS 16 adjustments	0.3
Lease liabilities	(814.8)
Net debt including lease liabilities at 31 March 2022 (IFRS 16 basis)	**(1,154.6)**

Available liquidity and medium-term outlook

The Group had cash on its balance sheet of £445.8m at 31 March 2022, and total available liquidity of £606.9m at that date.

The stronger trading and cash flow performance in the first half of the 2022 financial year is encouraging, and with sales currently broadly in line with our Base Case scenario as set out at the time of the Rights Issue, our medium-term expectation of a return to broadly pre Covid-19 levels of revenue and EBITDA margins (on a pre-IFRS 16 basis) by 2024 remains unchanged. With the travel sector recovering, we also expect to continue the mobilisation of our secured pipeline which is expected to contribute to an additional £500m net gains once fully mobilised by 2025.

As we indicated in the autumn, 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 Rights Issue Base Case scenario this would give us the financial capacity for an additional £425-£475m of capex to drive further business growth and to capitalise on the recovery.

Principal risks

The principal risks facing the Group for the remainder of the year are unchanged from those reported in the Annual Report and Accounts 2021.

These risks, together with the Group's risk management process, are detailed on pages 52 to 67 of 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.

Alternative Performance Measures

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

1. Revenue measures

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

(£m)	UK	Continental Europe	North America	RoW	Total
H1 2022 Revenue at actual rates by segment	232.7	315.4	174.6	80.5	803.2
Impact of foreign exchange	0.4	7.0	(4.6)	0.3	3.1
H1 2022 Revenue at constant currency[1]	**233.1**	**322.4**	**170.0**	**80.8**	**806.3**
H1 2021 Revenue at constant currency	**45.6**	**115.3**	**54.2**	**37.5**	**252.6**

[1] Constant currency is based on average 2021 exchange rates weighted over the financial year by 2021 results.

2. Non-underlying profit items

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

	Non-underlying items	
	IFRS 16	**IFRS 16**
	H1 2022	**H1 2021**
	£m	**£m**
Operating costs		
Impairment of goodwill	**-**	(3.1)
Impairment of property, plant and equipment	**(1.7)**	(9.8)
Impairment of right-of-use assets	**(0.4)**	(16.8)
Gain on derecognition of leases	**61.5**	-
IFRS 16 rent credit	**19.3**	53.3
Restructuring expenses	**-**	(9.8)
Facilities Agreement and USPP amendment and extension fees associated with the April 2021 Rights Issue	**-**	(5.4)
Amortisation of intangible assets arising on acquisition	**-**	(0.9)
Other non-underlying costs	**(0.1)**	(0.8)
	78.6	6.7
Finance expenses		
Debt modification loss and effective interest rate adjustments	**6.4**	(44.1)
Retrospective USPP interest charge	**-**	(1.4)
	6.4	(45.5)
Taxation		
Tax (charge) / credit on non-underlying items	**(18.2)**	7.0
Total non-underlying items	**66.8**	(31.8)

Further details of the non-underlying operating items have been provided in the Financial Review section on page 14. Furthermore, a reconciliation from the underlying to the statutory reported basis is presented below:

	H1 2022 (IFRS 16)				H1 2021 (IFRS 16)		
	Underlying	**Non-underlying Items**	**Total**		Underlying	Non-underlying Items	Total
Operating (loss) / profit (£m)	**(52.6)**	**78.6**	**26.0**		(226.6)	6.7	(219.9)
Operating margin	**(6.6)%**	**9.8%**	**3.2%**		(88.3)%	2.6%	(85.7)%
Loss before tax (£m)	**(87.3)**	**85.0**	**(2.3)**		(260.9)	(38.8)	(299.7)
Loss per share (p)[1]	**(12.3)**	**8.2**	**(4.1)**		(35.9)	(6.4)	(42.3)

[1] H1 2021 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 on a pre-IFRS 16 basis. This is because the pre-IFRS 16 profit is consistent with the financial information used to inform business decisions and investment appraisals. It is our view that presenting the information on a pre-IFRS 16 basis will provide a useful and necessary basis for understanding the Group's results. As such, commentary has also been included in the Business Review, Financial Review and other sections with reference to underlying profit measures computed on a pre-IFRS 16 basis.

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

		Six months ended 31 March 2022			Six months ended 31 March 2021		
	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	**803.2**	**-**	**803.2**	256.7	-	256.7
Operating costs	4	**(855.8)**	**16.2**	**(839.6)**	(483.3)	65.9	(417.4)
Operating (loss) / profit		**(52.6)**	**16.2**	**(36.4)**	(226.6)	65.9	(160.7)
Share of profit / (loss) of associates		**1.9**	**-**	**1.9**	0.5	(0.6)	(0.1)
Finance income	5	**1.4**	**-**	**1.4**	1.1	-	1.1
Finance expense	5	**(38.0)**	**15.8**	**(22.2)**	(35.9)	13.6	(22.3)
(Loss) / profit before tax		**(87.3)**	**32.0**	**(55.3)**	(260.9)	78.9	(182.0)
Taxation		**(4.3)**	**1.6**	**(2.7)**	24.5	(7.4)	17.1
(Loss) / profit for the period		**(91.6)**	**33.6**	**(58.0)**	(236.4)	71.5	(164.9)
(Loss) / profit attributable to:							
Equity holders of the parent		**(97.9)**	**30.7**	**(67.2)**	(222.2)	61.0	(161.2)
Non-controlling interests		**6.3**	**2.9**	**9.2**	(14.2)	10.5	(3.7)
(Loss) / profit for the period		**(91.6)**	**33.6**	**(58.0)**	(236.4)	71.5	(164.9)
Loss per share (pence)[1]:							
- Basic	3	**(12.3)**		**(8.4)**	(35.9)		(26.1)
- Diluted	3	**(12.3)**		**(8.4)**	(35.9)		(26.1)

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

Removing the impact of IFRS 16 reduces the underlying operating loss, as adding back the depreciation of the right-of-use assets of £86.7m more than offsets the fixed rents of £68.0m and underlying lease disposals of £2.5m resulting in a net credit to underlying operating loss of £16.2m. Adding back the interest charge

on the lease liabilities of £15.8m giving the underlying loss before tax impact of £32.0m. The impact of IFRS 16 on net debt is primarily the recognition of the lease liability balance.

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

	Six months ended 31 March 2022	Six months ended 31 March 2021
	£m	£m
Pre-IFRS 16 underlying EBITDA profit / EBITDA (loss)	**14.7**	(110.3)
Depreciation of property, plant and equipment	**(45.7)**	(45.7)
Amortisation of intangible assets	**(5.3)**	(4.7)
Other charges	**(0.1)**	-
Pre-IFRS 16 underlying operating loss for the period	**(36.4)**	(160.7)

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

	Six months ended 31 March 2022	Six months ended 31 March 2021
	£m	£m
Pre-IFRS 16 underlying operating loss for the period	**(36.4)**	(160.7)
Depreciation of right-of-use assets	**(86.7)**	(133.9)
Fixed rent on leases	**68.0**	56.8
Gain on lease disposal	**2.5**	11.2
Non-underlying operating profit (note 4)	**78.6**	6.7
Share of profit from associates	**1.9**	0.5
Finance expense	**(36.6)**	(34.8)
Non-underlying finance income / (expense) (note 5)	**6.4**	(45.5)
Taxation	**(22.5)**	31.5
Loss after tax	**(24.8)**	(268.2)

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

	Six months ended 31 March 2022	Six months ended 31 March 2021
	£m	£m
Underlying operating loss	**(52.6)**	(226.6)
Non-underlying operating profit (note 4)	**78.6**	6.7
Share of profit from associates	**1.9**	0.5
Finance income	**1.4**	1.1
Finance expense	**(38.0)**	(35.9)
Non-underlying finance expense (note 5)	**6.4**	(45.5)
Loss before tax	**(2.3)**	(299.7)
Taxation	**(22.5)**	31.5
Loss after tax	**(24.8)**	(268.2)

4. Liquidity and cashflow

Liquidity remains a key KPI for the Group. Available liquidity at 31 March 2022 has been computed as £606.9m, comprising cash and cash equivalents of £445.8m, undrawn revolving credit facility of £150.0m and other local government backed facilities of £11.1m.

A reconciliation of free cashflow to underlying operating loss is shown on page 19.

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

We confirm that to the best of our knowledge:

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

- the interim management report includes a fair review of the information required by:
  - DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board

Patrick Coveney	Jonathan Davies
Chief Executive Officer	Deputy Chief Executive Officer and Chief Financial Officer
23 May 2022	23 May 2022

INDEPENDENT REVIEW REPORT TO SSP GROUP PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2022 which comprises the condensed consolidated income statement, condensed consolidated statement of other comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement, and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2022 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

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

As disclosed in note 1, the latest annual financial statements of the group were prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the next annual financial statements will be prepared in accordance with UK-adopted international accounting standards. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

Our responsibility

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

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

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Nicholas Frost

for and on behalf of KPMG LLP

Chartered Accountants

15 Canada Square

London, E14 5GL

23 May 2022

Condensed consolidated income statement
for the six months ended 31 March 2022

	Notes	**Six months ended 31 March 2022**			Six months ended 31 March 2021		
		Underlying[1]	**Non-underlying items**	**Total**	Underlying[1]	Non-underlying items	Total
		£m	**£m**	**£m**	£m	£m	£m
Revenue		**803.2**	**-**	**803.2**	256.7	-	256.7
Operating costs	4	**(855.8)**	**78.6**	**(777.2)**	(483.3)	6.7	(476.6)
Operating (loss)/profit		**(52.6)**	**78.6**	**26.0**	(226.6)	6.7	(219.9)
Share of profit of associates		**1.9**	**-**	**1.9**	0.5	-	0.5
Finance income	5	**1.4**	**-**	**1.4**	1.1	-	1.1
Finance expense	5	**(38.0)**	**6.4**	**(31.6)**	(35.9)	(45.5)	(81.4)
(Loss) / profit before tax		**(87.3)**	**85.0**	**(2.3)**	(260.9)	(38.8)	(299.7)
Taxation		**(4.3)**	**(18.2)**	**(22.5)**	24.5	7.0	31.5
(Loss) / profit for the period		**(91.6)**	**66.8**	**(24.8)**	(236.4)	(31.8)	(268.2)
(Loss) / profit attributable to:							
Equity holders of the parent		**(97.9)**	**65.5**	**(32.4)**	(222.2)	(39.3)	(261.5)
Non-controlling interests		**6.3**	**1.3**	**7.6**	(14.2)	7.5	(6.7)
(Loss) / profit for the period		**(91.6)**	**66.8**	**(24.8)**	(236.4)	(31.8)	(268.2)
Loss per share (p):							
- Basic[2]	3	**(12.3)**		**(4.1)**	(35.9)		(42.3)
- Diluted[2]	3	**(12.3)**		**(4.1)**	(35.9)		(42.3)

[1] Stated on an underlying basis, which excludes non-underlying items as further explained in the section on Alternative Performance Measures (APMs) on pages 21 – 24.
[2] 2021 EPS has been restated to reflect the impact of the 2021 Rights Issue. See Note 3.

Condensed consolidated statement of other comprehensive income
for the six months ended 31 March 2022

	Six months ended 31 March 2022 £m	Six months ended 31 March 2021 £m
Other comprehensive income / (expense)		
Items that will never be reclassified to the income statement		
Remeasurements on defined benefit pension schemes	**4.2**	2.1
Tax charge relating to items that will not be reclassified	**(0.9)**	(0.4)
Items that are or may be reclassified subsequently to the income statement		
Net gain on hedge of net investment in foreign operations	**(2.5)**	31.1
Other foreign exchange translation differences	**1.2**	(29.9)
Effective portion of changes in fair value of cash flow hedges	**0.2**	0.4
Cash flow hedges - reclassified to income statement	**1.0**	1.3
Tax credit relating to items that are or may be reclassified	**-**	5.7
Other comprehensive income for the period	**3.2**	10.3
Loss for the period	**(24.8)**	(268.2)
Total comprehensive expense for the period	**(21.6)**	(257.9)
Total comprehensive (expense) / income attributable to:		
Equity shareholders	**(30.4)**	(247.1)
Non-controlling interests	**8.8**	(10.8)
Total comprehensive expense for the period	**(21.6)**	(257.9)

Condensed consolidated balance sheet
as at 31 March 2022

	Notes	31 March 2022	30 September 2021
		£m	**£m**
Non-current assets			
Property, plant and equipment		**391.9**	388.7
Goodwill and intangible assets		**679.2**	684.1
Right-of-use assets		**714.0**	1,002.9
Investments in associates		**11.7**	12.0
Deferred tax assets		**70.2**	93.2
Other receivables		**73.0**	69.7
		1,940.0	2,250.6
Current assets			
Inventories		**27.0**	23.7
Tax receivable		**8.2**	15.3
Trade and other receivables		**103.8**	118.4
Cash and cash equivalents	8	**445.8**	773.6
		584.8	931.0
Total assets		**2,524.8**	3,181.6
Current liabilities			
Short-term borrowings	8	**(12.1)**	(304.2)
Trade and other payables		**(546.0)**	(519.1)
Tax payable		**(21.9)**	(24.9)
Lease liabilities		**(194.9)**	(299.9)
Provisions		**(18.6)**	(17.7)
		(793.5)	(1,165.8)
Non-current liabilities			
Long-term borrowings	8	**(773.5)**	(777.0)
Post-employment benefit obligations		**(10.5)**	(14.9)
Lease liabilities		**(619.9)**	(872.9)
Other payables		**(10.4)**	(7.2)
Provisions		**(22.7)**	(21.5)
Derivative financial liabilities	8	**-**	(2.1)
Deferred tax liabilities		**(7.8)**	(9.5)
		(1,444.8)	(1,705.1)
Total liabilities		**(2,238.3)**	(2,870.9)
Net assets		**286.5**	310.7
Equity			
Share capital		**8.6**	8.6
Share premium		**472.7**	472.7
Capital redemption reserve		**1.2**	1.2
Other reserves		**6.5**	7.7
Retained losses		**(277.1)**	(249.9)
Total equity shareholders' funds		**211.9**	240.3
Non-controlling interests		**74.6**	70.4
Total equity		**286.5**	310.7

Condensed consolidated statement of changes in equity
for the six months ended 31 March 2022

	Share capital	Share premium	Capital redemption reserve	Merger relief reserve[1]	Other reserves[2]	Retained losses	Total parent equity	NCI	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 October 2020	5.8	472.7	1.2	206.9	3.1	(559.6)	130.1	71.9	202.0
Change in accounting policy	-	-	-	-	-	0.2	0.2	-	0.2
Loss for the period	-	-	-	-	-	(261.5)	(261.5)	(6.7)	(268.2)
Other comprehensive income / (expense) for the period	-	-	-	-	12.7	1.7	14.4	(4.1)	10.3
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	1.0	1.0
Purchase of NCI shareholding	-	-	-	-	-	-	-	(0.4)	(0.4)
Dividends paid to NCI	-	-	-	-	-	-	-	(1.0)	(1.0)
Share-based payments	-	-	-	-	-	1.0	1.0	-	1.0
Tax on share based payments	-	-	-	-	-	(0.2)	(0.2)	-	(0.2)
At 31 March 2021	5.8	472.7	1.2	206.9	15.8	(818.4)	(116.0)	60.7	(55.3)
At 1 October 2021	**8.6**	**472.7**	**1.2**	**-**	**7.7**	**(249.9)**	**240.3**	**70.4**	**310.7**
Loss for the period	-	-	-	-	-	**(32.4)**	**(32.4)**	**7.6**	**(24.8)**
Other comprehensive income / (expense) for the period	-	-	-	-	**(1.2)**	**3.2**	**2.0**	**1.2**	**3.2**
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	**4.3**	**4.3**
Dividends paid to NCI	-	-	-	-	-	-	-	**(8.9)**	**(8.9)**
Share-based payments	-	-	-	-	-	**2.0**	**2.0**	-	**2.0**
At 31 March 2022	**8.6**	**472.7**	**1.2**	**-**	**6.5**	**(277.1)**	**211.9**	**74.6**	**286.5**

[1] The merger relief reserve arose following an equity placement by the Company in March 2020. The excess of the gross proceeds raised over the nominal value of the shares issued and fees incurred is recorded in the merger relief reserve, in accordance with Section 612 of the Companies Act 2006. At 30 September 2021, the merger relief reserve was reclassified to retained losses.

[2] At 31 March 2021 and 31 March 2022, the other reserves include the translation reserve and cash flow hedging reserve.

Condensed consolidated cash flow statement
for the six months ended 31 March 2022

	Notes	**Six months ended 31 March 2022 £m**	Six months ended 31 March 2021 £m
Cash flows from operating activities			
Cash flow from operations	6	**124.4**	(50.6)
Tax refund/(paid)		**1.9**	(0.4)
Net cash flows from operating activities		**126.3**	(51.0)
Cash flows from investing activities			
Dividends received from associates		**2.5**	-
Interest received		**1.4**	1.0
Purchase of property, plant and equipment		**(43.8)**	(24.7)
Purchase of other intangible assets		**(2.5)**	(1.1)
Acquisitions, net of cash and cash equivalents acquired		**-**	(0.4)
Net cash flows from investing activities		**(42.4)**	(25.2)
Cash flows from financing activities			
(Repayment)/drawdown of Covid Corporate Financing Facility (CCFF)		**(300.0)**	175.0
Net drawdown of other bank facilities		**3.9**	28.7
Loans taken from non-controlling interests		**2.1**	-
Payment of lease liabilities – principal		**(78.3)**	(33.6)
Payment of lease liabilities – interest		**(16.5)**	(13.8)
Interest paid excluding interest on lease liabilities		**(17.6)**	(17.1)
Dividends paid to non-controlling interests		**(8.9)**	(1.0)
Capital contribution from non-controlling interests		**4.3**	0.6
Net cash flows from financing activities		**(411.0)**	138.8
Net increase in cash and cash equivalents		**(327.1)**	62.6
Cash and cash equivalents at beginning of the period		**773.6**	185.0
Effect of exchange rate fluctuations on cash and cash equivalents		**(0.7)**	(7.5)
Cash and cash equivalents at end of the period		**445.8**	240.1
Reconciliation of net cash flow to movement in net debt			
Net (decrease) / increase in cash in the period		**(327.1)**	62.6
Cash outflow / (inflow) from CCFF		**300.0**	(175.0)
Cash inflow from other changes in debt		**(3.9)**	(28.7)
Change in net debt resulting from cash flows, excluding lease liabilities		**(31.0)**	(141.1)
Translation differences		**(2.3)**	26.8
Other non-cash changes		**1.1**	(33.5)
(Increase) in net debt excluding lease liabilities in the period		**(32.2)**	(147.8)
Net debt at beginning of the period		**(307.6)**	(691.3)
Net debt excluding lease liabilities at end of the period		**(339.8)**	(839.1)
Lease liabilities at end of the period		**(814.8)**	(1,194.8)
Net debt including lease liabilities at end of the period		**(1,154.6)**	(2,033.9)

Notes

1 Basis of preparation and accounting policies

1.1 Basis of preparation

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

The annual financial statements of the group for the year ended 30 September 2022 will be prepared in accordance with UK-adopted international accounting standards. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the year ended 30 September 2021 which were prepared in accordance with International Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Those accounts were reported upon by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified did not contain statements under Section 498 (2) or (3) of the Companies Act 2006. The comparative figures for the six months ended 31 March 2021 are not the Group's statutory accounts for that financial year.

These financial statements are presented in Sterling and, unless stated otherwise, rounded to the nearest £0.1 million. The financial statements are prepared on the historical cost basis except for the derivative financial instruments which are stated at their fair value.

Except as described below, the accounting policies adopted in the preparation of these condensed consolidated half-yearly financial statements to 31 March 2022 are consistent with the accounting policies applied by the Group in its consolidated financial statements as at, and for the year ended, 30 September 2021 as required by the Disclosure and Transparency Rules of the UK's Financial Conduct Authority.

1.2 Going concern

These financial statements are prepared on a going concern basis.

The Board has reviewed the Group's financial forecasts, 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. Whilst cash flow forecasts have been prepared for a period of 16 months to coincide with the Group's 2023 financial year end, the period of assessment for going concern purposes is assessed as being 12 months from the date of approval of these interim financial statements ("the going concern period"). Having carefully reviewed these forecasts, the Directors have concluded that it is appropriate to adopt the going concern basis of accounting in preparing these financial statements for the reasons set out below.

As at 31 March 2022, the Group had available liquidity of £606.9m, including cash of £445.8m and a committed undrawn revolving credit facility of £150.0m, as well as smaller undrawn local facilities totalling £11.1m.

In making the going concern assessment, the Directors have considered forecast cash flows and the liquidity available over the going concern period. In doing so they assessed a number of scenarios, including a base case scenario and a severe but plausible downside scenario. The base case scenario reflects an expectation of a slow but steady recovery in passenger numbers in most of our key markets during the forecast period, with Group sales reaching approximately 80% of 2019 levels by September 2022, approximately 95% by March 2023 and approximately 105% by September 2023.

With some uncertainty surrounding the economic and geo-political environment over the next eighteen months, as well as the ongoing impact from Covid-19, a downside scenario has also been modelled, applying severe but plausible assumptions to the base case. This downside scenario reflects a very pessimistic view of the travel markets for the remainder of the current financial year, assuming sales that are around 10% lower compared to 2019 levels than in the base case scenario, thereby reaching only 70% of 2019 levels by September 2022. That slower recovery profile compared to the base case scenario is then assumed to continue throughout the 2023 financial year, with sales by September 2023 reaching 95% of 2019 levels.

Following its Rights Issue in 2021, the Group must comply with monthly covenants specifying a minimum level of liquidity of £150m and a maximum level of adjusted 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 net debt of nine times adjusted EBITDA and a minimum interest cover multiple of one times adjusted EBITDA (both on a pre-IFRS 16 basis) at that date. The leverage covenant is then tested again at June 2023 (with a maximum net debt of five times adjusted EBITDA) and at September 2023 (with a maximum net debt of 3.5 times adjusted EBITDA). The interest cover covenant will also be tested again at September 2023, with a minimum four times threshold applicable. 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 going concern period.

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, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. The Directors have therefore deemed it appropriate to prepare the financial statements for the six months ended 31 March 2022 on a going concern basis.

1.3 Changes in accounting policies and disclosures

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

- Amendments to IFRS 9 and IFRS 7 Interest Rate Benchmark Reform

There is no significant impact of adopting this new standard on the Group's consolidated financial statements (see note 8).

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:

- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts - Cost of fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- IFRS 17 'Insurance Contracts'
- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (Amendments to IAS 8)
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single transaction
- Sale of Contribution of Assets between an investor and its Associate or Joint Venture (amendments to IFRS 10 and IAS 28)

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 and Canada; 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
Six months ended 31 March 2022						
Revenue	**232.7**	**315.4**	**174.6**	**80.5**	**-**	**803.2**
Underlying operating (loss) / profit	**(3.7)**	**(27.9)**	**2.1**	**(5.0)**	**(18.1)**	**(52.6)**
Non-underlying operating profit / (costs)	**7.6**	**65.7**	**2.2**	**3.1**	**-**	**78.6**
Operating profit / (loss)	**3.9**	**37.8**	**4.3**	**(1.9)**	**(18.1)**	**26.0**
Six months ended 31 March 2021						
Revenue	45.6	118.0	55.1	38.0	-	256.7
Underlying operating loss	(37.8)	(99.9)	(37.5)	(29.3)	(22.1)	(226.6)
Non-underlying operating profit / (costs)	7.6	(0.1)	2.6	7.8	(11.2)	6.7
Operating loss	(30.2)	(100.0)	(34.9)	(21.5)	(33.3)	(219.9)

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

	UK	Continental Europe	North America	RoW	Non-attributable	Total
	£m	£m	£m	£m	£m	£m
Six months ended 31 March 2022						
Depreciation and amortisation	**(20.9)**	**(60.8)**	**(29.0)**	**(22.6)**	**(4.4)**	**(137.7)**
Six months ended 31 March 2021						
Depreciation and amortisation	(30.7)	(88.9)	(30.9)	(30.2)	(3.6)	(184.3)

3 Loss per share

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

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

	Six months ended 31 March 2022	Six months ended 31 March 2021 Restated[1]
	£m	£m
Loss attributable to ordinary shareholders	**(32.4)**	(261.5)
Adjustments:		
Non-underlying operating profit	**(78.6)**	(6.7)
Non-underlying costs attributable to non-controlling interests	**1.3**	7.5
Non-underlying finance credit	**(6.4)**	45.5
Tax effect of adjustments	**18.2**	(7.0)
Underlying loss attributable to ordinary shareholders	**(97.9)**	(222.2)
Basic weighted average number of shares	**795,975,909**	618,270,002
Dilutive potential ordinary shares	**-**	-
Diluted weighted average number of shares	**795,975,909**	618,270,002
Loss per share (p):		
- Basic	**(4.1)**	(42.3)
- Diluted	**(4.1)**	(42.3)
Underlying loss per share (p):		
- Basic	**(12.3)**	(35.9)
- Diluted	**(12.3)**	(35.9)

The number of ordinary shares in issue as at 31 March 2022 was 796,113,196 which excludes treasury shares (31 March 2021: 537,659,932). The Company also holds 263,499 ordinary shares in treasury (31 March 2021: 263,499). The majority of the increase in share capital relates to the issue of 258,076,764 shares as part of a Rights Issue which completed on 22 April 2021.

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

[1] 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 31 March 2021 were (48.6)p basic and diluted loss per share and (41.3)p basic and diluted underlying loss per share.

4 Operating costs

	Six months ended 31 March 2022 £m	Six months ended 31 March 2021 £m
Cost of food and materials:		
Cost of inventories consumed in the period	**(226.1)**	(71.2)
Labour cost:		
Employee remuneration	**(275.4)**	(146.6)
Overheads:		
Depreciation of property, plant and equipment	**(45.7)**	(45.7)
Depreciation of right-of-use assets	**(86.7)**	(133.9)
Amortisation of intangible assets	**(5.3)**	(4.7)
Non-underlying operating profit	**78.6**	6.7
Profit on lease disposal	**2.5**	11.2
Rentals payable under leases	**(101.5)**	(28.2)
Other overheads	**(117.6)**	(64.2)
	(777.2)	(476.6)

Non-underlying operating profit / (costs)

The non-underlying operating profit / (costs) in the six months ended 31 March 2022 are shown below.

	Six months ended 31 March 2022 £m	Six months ended 31 March 2021 £m
Impairment of goodwill	**-**	(3.1)
Impairment of property, plant and equipment	**(1.7)**	(9.8)
Impairment of right-of-use assets	**(0.4)**	(16.8)
IFRS 16 rent credit	**19.3**	53.3
Gain on disposal of leases	**61.5**	-
Restructuring expenses	**-**	(9.8)
Facilities Agreement and USPP amendment and extension fees associated with the April 2021 Rights Issue	**-**	(5.4)
Amortisation of intangible assets arising on acquisition	**-**	(0.9)
Other non-underlying costs	**(0.1)**	(0.8)
Total non-underlying operating profit	**78.6**	6.7

Impairment of goodwill

Goodwill is not amortised but is tested annually for impairment, by calculating the value in use of groups of cash-generating units (‘**CGUs’**) to determine the recoverable amount. In the prior year, due to the slower recovery in the travel sector compared to our expectations in September 2020, goodwill impairments of £3.1m were recognised.

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

The Group carried out a review of impairment indicators at the period end and determined that certain cash generating units within the Rest of World division had a potential impairment of assets. Full impairment tests were therefore carried out on these cash generating units. This impairment review compared the value-in-use of individual cash-generating units, based on management’s updated assumptions regarding future trading performance (taking into account the forecast recovery from Covid-19) to the carrying values of the associated assets. Following this review, an impairment charge of £2.1m

(2021: £26.6m impairment charge) has been recognised, which includes the impairment of right of use assets of £0.4m (2021: £16.8m).

IFRS 16 rent credit

During the period, the Group successfully negotiated several rent waivers with clients, totalling £19.3m (2021: £53.3m), as part of its response to the Covid-19 pandemic. The Group applies the practical expedient issued as a part of the Amendment to IFRS 16 to record this as a reduction in rent expense and an exceptional item within the consolidated income statement.

Gain on disposal of leases

As a consequence of certain contract renegotiations and government interventions in certain jurisdictions, a number of leases have now been rebased such that the minimum guaranteed rental commitments are now calculated on a 'per passenger' basis, i.e. the fixed minimum annual guarantees have been removed from the contracts. Accordingly, these lease payments now fall outside the scope of IFRS 16 and the leases have been de-recognised in the period, resulting in a gain of £61.5m (2021: £nil).

Restructuring expenses

In the prior year as a result of the impact of Covid-19, the Group recognised a charge of £9.8m relating to its restructuring programmes carried out across the Group. The charge primarily related to redundancy costs.

Facilities Agreement and USPP amendment and extension fees associated with the April 2021 Rights Issue

In the prior year, the Group agreed amendments to its main bank Term Loans and Revolving Credit Facility ('**RCF**'), and to its US private placement (**'USPP'**) debt. The amendments took effect from 22 April 2021 and extended the Term Loans debt maturity date, the RCF maturity date and the covenant waiver period (as well as making certain amendments to the covenant tests). Amendment and extension fees of £5.4m were incurred.

Amortisation of intangible assets

Underlying operating (loss) / profit excludes non-cash accounting adjustments relating to the amortisation of intangible assets arising on acquisition of the SSP business in 2006.

5 Finance income and expense

	Six months ended 31 March 2022 £m	Six months ended 31 March 2021 £m
Finance income		
Interest income	**1.4**	1.1
Total finance income	**1.4**	1.1
Finance expense		
Total interest expense on financial liabilities measured at amortised cost	**(19.6)**	(18.2)
Lease interest expense	**(15.8)**	(13.5)
Non-underlying finance credit / (costs)	**6.4**	(45.5)
Net change in fair value of cash flow hedges utilised in the period	**(1.0)**	(1.3)
Unwind of discount on provisions	**(0.1)**	(0.3)
Net interest expense on defined benefit pension obligations	**-**	(0.1)
Other	**(1.5)**	(2.5)
Total finance expense	**(31.6)**	(81.4)

Non-underlying finance costs

The non-underlying finance costs in the six months ended 31 March 2022 include income recognised as a result of the prior year amendments and extensions of borrowings under IFRS 9.

	Six months ended 31 March 2022 £m	Six months ended 31 March 2021 £m
Debt modification loss	**-**	(43.9)
Change in USPP estimated future cash flows	**-**	(8.0)
Effective interest rate gain	**6.4**	7.8
Retrospective USPP interest charge	**-**	(1.4)
Total non-underlying finance costs	**6.4**	(45.5)

In the prior year non-substantial modifications to the Group's financing arrangements resulted in a one-off charge of £43.9m which was recognised as non-underlying. The amortisation of the liability resulting from this charge through the effective interest rate calculation has therefore also been recognised as non-underlying.

6 Cash flow from operations

	Six months ended 31 March 2022 £m	Six months ended 31 March 2021 £m
Loss for the period	**(24.8)**	(268.2)
Adjustments for:		
Depreciation of property, plant and equipment	**45.7**	45.7
Depreciation of right-of-use assets	**86.7**	133.9
Amortisation of intangible assets	**5.3**	5.6
Profit on disposal of lease	**(64.0)**	(11.2)
IFRS 16 rent credit	**(19.3)**	(53.3)
Impairments	**2.1**	29.7
Share-based payments	**2.0**	1.0
Finance income	**(1.4)**	(1.1)
Finance expense	**31.6**	81.4
Share of profit of associates	**(1.9)**	(0.5)
Taxation	**22.5**	(31.5)
	84.5	(68.5)
(Increase) / decrease in trade and other receivables	**10.9**	14.4
Decrease in inventories	**(3.3)**	5.5
Increase / (decrease) in trade and other payables including provisions	**32.3**	(2.0)
Cash flow from operations	**124.4**	(50.6)

7 Dividends

No final dividend for the year ended 30 September 2021 has been approved or paid during the period (Year ended 30 September 2020: no final dividend paid). No interim dividend for H1 2022 has been paid or is proposed (H1 2021: no interim dividend proposed or paid).

8 Fair value measurement

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

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

- the fair values of the Group's borrowings are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date; 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 31 March 2022 £m	As at 30 September 2021 £m
Financial assets measured at amortised cost		
Cash and cash equivalents	**445.8**	773.6
Trade and other receivables	**151.1**	155.4
Total financial assets measured at amortised cost	**596.9**	929.0
Non-derivative financial liabilities measured at amortised cost		
Bank loans	**(441.9)**	(441.1)
Covid Corporate Financing Facility (CCFF)	**-**	(297.7)
US private placement notes	**(343.7)**	(342.4)
Lease liabilities	**(814.8)**	(1,172.8)
Trade and other payables	**(523.0)**	(495.1)
Total financial liabilities measured at amortised cost	**(2,123.4)**	(2,749.1)
Derivative financial liabilities		
Interest rate swaps	**(0.7)**	(2.1)
Total derivative financial liabilities	**(0.7)**	(2.1)

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 31 March 2022, was £767.2m (30 September 2021: £1,061.7m).

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 prior financial year, The Financial Conduct Authority announced the dates that panel bank submissions for all LIBOR settings would cease, after which some LIBOR rates would 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 ended for GBP in December 2021 and 3-month LIBOR will end for USD in June 2023.

The Group has managed this change by amending its 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 was Q1 2022 in GBP only. From the start of Q1 2022, both the bank debt and derivatives transitioned from using 3-month LIBOR to Sterling Overnight Index Average (SONIA) based indices. Consequently, hedge accounting relationships have been maintained. There was no significant change in interest costs as a result.

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 Related parties

Related party relationships exist with the Group's subsidiaries, associates, key management personnel, pension schemes and employee benefit trusts. A full explanation of the Group's related party relationships is provided on page 192 of the Annual Report and Accounts 2021.

There are no material transactions with related parties or changes in the related party transactions described in the last annual report that have had, or are expected to have, a material effect on the financial performance or position of the Group in the six month period ended 31 March 2022.

10 Forward looking statement

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

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