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6 December 2022

SSP GROUP PLC

Results for year ended 30 September 2022

Strong recovery and return to operating profit for the year

SSP Group, a leading operator of food and beverage outlets in travel locations worldwide, announces its financial results for the year ended 30 September 2022. A rapid recovery in passenger demand through the year and disciplined cost management has resulted in SSP delivering a strong set of results. We remain well-positioned to benefit from the continued recovery and further growth of the global travel market over the medium-term.

Financial Overview:

- Revenue of £2,185.4m (2021: £834.2m), up 162.0% vs 2021 (back to 78% of 2019 level, i.e. pre Covid-19)
- Underlying[1] EBITDA[2] of £142.0m compared to an underlying EBITDA loss of £108.3m in 2021 (both on a pre-IFRS 16 basis[3])
- Operating profit of £91.5m on a reported basis under IFRS 16, including credit for non-underlying items of £59.8m (2021: £309.2m loss on a reported basis under IFRS 16, including credit for non-underlying items of £14.1m). On a pre-IFRS 16 basis[3], the underlying operating profit[1] was £30.3m (2021: £209.0m loss)
- Profit before tax of £25.2m on a reported basis under IFRS 16 (2021: £411.2m loss). On a pre-IFRS 16 basis[3], the underlying loss[1] before tax was £6.7m (2021: £251.0m loss)
- Basic loss per share of 1.3 pence on a reported basis under IFRS 16 (2021: basic loss per share of 51.3 pence). On a pre-IFRS 16 basis[3], underlying basic loss per share[1] of 4.5 pence (2021: underlying basic loss per share of 31.9 pence)
- Free cash inflow of £52.0m (2021: outflow of £58.1m), after £148.9m capital investment, primarily for new unit openings[4]
- Net debt of £1,150.7m, which includes lease liabilities of £854.6m. On a pre-IFRS 16 basis[3], net debt[5] of £296.5m, down from £308.0m at 30 September 2021, leaving leverage at 2.1x Net Debt:EBITDA[2]
- Liquidity position strong, with cash and undrawn facilities of £708.2m[6] at the end of September 2022

Business Highlights

- Strong recovery in revenue from 64% of 2019 levels in H1 to 90% of 2019 levels in H2; further strengthening in the first eight weeks of the new financial year to 104% of 2019 levels. The recovery in passenger numbers has been led by strong leisure travel demand over the summer holiday season, which has continued well into the autumn
- Disciplined approach in re-opening of nearly all our units whilst managing industry wide challenges including low labour availability, inflation and supply chain constraints
- The recovery in revenue combined with the benefit of operating leverage, our ongoing management of inflationary pressures and a continued focus on operating efficiency has enabled us to deliver £127.3m EBITDA in H2, taking full year EBITDA to £142.0m (both on a pre-IFRS 16 basis)
- Free cash flow of £82.9m in H2, including a significant working capital inflow as sales recovered, resulting in full year cash generation of £52.0m
- A strengthened balance sheet position with Net Debt of £296.5m and leverage (Net Debt:EBITDA) of 2.1x; significant available liquidity of over £700m
- High level of contract retention maintained, underpinned by the strength of our operational performance, client relationships and brand portfolio
- New business pipeline continues to be mobilised at pace, with the opening programme expected to accelerate into the current financial year, increasing capital expenditure to c£250m in 2023
- Further new business won in H2, increasing the expected annual sales value of net gains since 2019 to c.£550m, once fully mobilised by 2025
- A clear growth strategy to further strengthen our market-leading positions in food travel markets globally, based on our key priorities: the delivery of leading customer propositions, a focus on skilled and engaged colleagues, and driving growth and returns through our proven economic model. These are underpinned by embedding sustainability throughout the business
- Well-placed to succeed in a challenging macroeconomic environment due to traveller resilience, our geographic diversification, flexible cost base, strong balance sheet and available liquidity

Recent Trading and Outlook

Continued momentum in recent trading

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

The new financial year has started well with sales strengthening further to an average of 104% of 2019 levels in the first eight weeks, including revenues tracking above 2019 levels in North America, Continental Europe and the Rest of the World. This revenue performance includes the benefit from net contract gains and price increases compared to the same period in 2019. In North America, revenues are now at 131%, reflecting the ongoing recovery in domestic air travel and the strength of net gains. In Continental Europe, revenues are at 108%, with most markets performing strongly, boosted by an extended holiday season which has helped both the Air and Rail sectors. In the Rest of the World, revenues are at 106% and continuing to recover well, with strong performances in India, Australia, Thailand and Egypt partially offset by the impact of very low passenger numbers in China and Hong Kong. In the UK, sales are at 84% reflecting the higher rail to air mix of business, with the rail sector recovering more slowly.

Further medium term recovery anticipated

Whilst we continue to face into a high level of macroeconomic uncertainty and ongoing cost inflation and labour availability challenges, we believe that the travel food and beverage sector will remain structurally resilient to pressures on consumer spending and that our flexible business model will enable us to actively manage and mitigate these impacts and to deliver further improvements in profitability as the travel sector recovers.

As we look ahead to our 2023 and 2024 financial years, based on the current pace of the recovery of the travel sector, we are planning for a recovery in passenger numbers to between 85% and 90% of 2019 levels in 2023, and between 90% and 95% in 2024. Revenues are expected to include the effect of accumulated inflation between 2019 and 2023 of c.12% and between 2019 and 2024 of c.14%. In addition to this, we expect a benefit from net new contracts as we mobilise our secured pipeline. The overall pipeline of secured net contract gains is currently expected to add c.£550m to annualised revenue by 2025 (compared with 2019), when fully mobilised. Based on our planned opening programme, the pipeline will contribute cumulative net contract gains of c £200m in 2023 and £350-400m in 2024 (compared with 2019).

In total, we are planning for revenues to be in the region of £2.9-3.0bn in 2023 and in the region of £3.2-3.4bn in 2024, with a corresponding EBITDA (pre IFRS 16) in the region of £250-£280m in 2023 and £325-£375m in 2024.

These planning scenarios are consistent with our previous expectations for the like-for-like business to return to broadly pre-Covid levels of EBITDA (on a pre-IFRS 16 basis) by 2024. The additional revenues from our secured pipeline are planned to contribute incremental EBITDA, albeit the contribution will, as normal, initially include the impact of maturity and pre-opening costs.

Our priorities for the use of capital and the delivery of returns to shareholders remain unchanged, which are to focus on organic investment opportunities, where we can deliver high returns on investment, typically with 3–4 year discounted paybacks, and value creating infill acquisition opportunities. As our revenues and profits recover, we expect to reduce balance sheet leverage, benefitting from the normal cash generative nature of our business model. We are committed to returning to our medium-term leverage target range of 1.5 – 2.0x (Net Debt:EBITDA, on a pre-IFRS 16 basis). The Board recognises the importance of dividends and other capital returns to shareholders and, given current planning assumptions, would anticipate the resumption of ordinary dividend payments, beginning with a payment in respect of the 2023 financial year.

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

"This has been a year of strong recovery for SSP, with momentum building strongly through the second half and into our new financial year. Group revenues are now tracking at 104% of 2019 levels, and as revenues have recovered we have delivered good profits and robust cash flows.

SSP is a fabulous business with strong foundations on which to build. The global air and rail travel sectors are set up for long-term structural growth, consumer demand for quality food offerings in travel locations remains strong, and we have significant head room for growth in multiple markets across the world. In particular, we see significant potential for further expansion in North America - a $6bn market in which we currently only have a 10% market share. North America is central to our growth plans, and we envisage it becoming a much bigger part of the Group over the next few years. We are also rapidly building our presence in selected Asia-Pacific markets and continue to expand in a targeted way in the UK, Europe and the Middle East.

As we finish 2022, I would especially like to thank our outstanding colleagues across the world for the enormous contribution that they make to SSP each and every day. The quality of our people, the resilience of our business model, the support of our client, brand and supply partners, and the structural growth in travel demand mean that, despite the current macroeconomic uncertainty, we remain confident in the future growth and returns prospects for SSP."

Financial highlights:

	IFRS 16 2022 £m	IFRS 16 2021 £m
Revenue	**2,185.4**	**834.2**
Revenue change (%)		
- vs 2021	**162.0%**	**N/A**
- vs 2019	**(21.8%)**	**(70.1%)**
Underlying operating profit/(loss)[1]	**31.7**	**(323.3)**
Underlying loss before tax[1]	**(43.2)**	**(393.1)**
Underlying loss per share (p)[1]	**(7.7)**	**(46.5)**
Net debt[5]	**(1,150.7)**	**(1,480.4)**

	Pre-IFRS 16[3] 2022 £m	Pre-IFRS 16[3] 2021 £m
Underlying operating profit/(loss)[1]	**30.3**	**(209.0)**
Underlying loss before tax[1]	**(6.7)**	**(251.0)**
Underlying loss per share (p)[1]	**(4.5)**	**(31.9)**
Net debt[5]	**(296.5)**	**(308.0)**

Statutory reported results:

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

	2022 £m	2021 £m
Revenue	**2,185.4**	**834.2**
Operating profit/(loss)	**91.5**	**(309.2)**
Profit/(loss) before tax	**25.2**	**(411.2)**
Loss per share (p)	**(1.3)**	**(51.3)**
Net debt[5]	**(1,150.7)**	**(1,480.4)**

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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 profit/(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] A reconciliation of Underlying operating profit/(loss) to Free cashflow is shown on page 19.

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

[6] Available liquidity at 30 September 2022 has been computed as £708.2m, comprising cash and cash equivalents of £543.6m, undrawn revolving credit facility of £150.0m and other undrawn local government backed facilities of £14.6m.

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

A live webcast will be held at 9am (UKT) today, and details of how to join can be accessed at:

SSP — Food Travel Expert (foodtravelexperts.com)

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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 35 countries around the world and have a portfolio of more than 550 international, national and local brands.

Performance Review

Overview
In another very challenging year, with the advent of Omicron resulting in a prolonged period of travel restrictions, immediately followed by the outbreak of war in Ukraine, the business has performed strongly. From a low point in December and January (when revenues were just c.57% of 2019 levels) we have navigated a strong recovery in demand, re-opening nearly all our outlets, whilst at the same time managing labour shortages and supply side challenges, as well as inflationary pressures across all areas of the business.

Disciplined management of the unit re-opening programme, with simplified menus and ranges focussed on travellers' needs, delivered a strong revenue performance. At the same time, we managed the cost base tightly, including renegotiating rental contracts and achieving waivers of minimum rent clauses. In addition, we have actively mitigated high levels of cost inflation, carefully balancing our customer offer with profit protection. The result has been a strong conversion of revenue to profit. A strong focus on cash and working capital has delivered free cash flow of £52.0m, leaving net debt at £296.5m and leverage at 2.1x net debt to EBITDA (both on a pre IFRS 16 basis), and with over £700m of available liquidity.

Managing cost inflationary pressures
During the year we have faced high levels of cost inflation as well as the challenge of labour availability, most notably in the UK and North America. However, despite these pressures, we have seen a strong recovery in our EBITDA margins, in line with the expectations that we have previously set out. We remain confident in our ability to mitigate the ongoing inflationary pressures through productivity and pricing initiatives, whilst sustaining the positive momentum in consumer demand.

We have been very effective in mitigating the impact of food commodity and supply chain inflation, delivering an improvement in our gross margins during the second half of the year, as these pressures became heightened across the industry. We have achieved this by leveraging our procurement scale and expertise and, wherever possible, putting in place contractual protection from inflation. We have also been proactive in seasonal buying and flexing our range of menus and recipes to manage our exposure to food commodities suffering high levels of cost inflation.

We have addressed these labour availability challenges through local recruitment and retention schemes, including additional short term local pay increases and bonuses to reduce employee turnover. We have also reduced labour requirements through actively managing our menus and ranges, for example focussing on grab and go products, sourcing pre-prepared products and utilising digital order technology order and payment technology.

Energy costs are a relatively small part of the cost base (approximately 1-2% of revenue) and utilities are, in many locations, provided by our landlords as part of service contracts. However, we continue to drive energy efficiency programmes, including investing in new, more energy-efficient equipment (such as ovens and fryers) and deploying energy management systems into our units.

Extending the new contract pipeline
We have had further success in winning and retaining important new business during the year to add to an already very strong pipeline of new units to mobilise over the next three years. The secured pipeline is now expected to deliver an additional £550m of revenue by 2025, once fully opened, with two-thirds of the expected sales coming from contracts in the North America and Rest of World regions. During the last financial year we invested c.£150m in capital expenditure and we anticipate capital expenditure will be in the region of £250m in 2023, as we accelerate our opening programme.

Strategy overview

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

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

Our strategy encompasses:

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

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

The key elements within each are:

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

Ensuring we have skilled and engaged colleagues
- Enhancing our approach to attraction and retention
- Building a culture of inclusion and engagement
- Investing in training and development
- Promoting safety and wellbeing

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

Embedding sustainability within the business

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

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

1. Leading market positions

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

2. Food travel expertise

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

3. Long-term client relationships

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

4. Skilled and engaged colleague base

Our 35,000 colleagues have a broad range of skills and experience spanning the food and beverage, travel and retail industries. In all our key markets, we employ dedicated teams of senior managers focused on business development, sales, marketing and operations, who work closely with our clients to ensure their requirements are met. They are supported by experienced, locally-based teams who have a track record of delivering operational excellence and great customer service.

5. Local insight and international scale

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

SSP is well-placed to deliver long term sustainable growth

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

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

We have already seen a strong recovery in passenger volumes during 2022. Industry estimates indicate a return to above pre-Covid levels of demand by 2025.

Clearly consumers and businesses are facing multiple economic headwinds which are most pronounced in the UK and Europe. However, we believe that our markets are fundamentally more resilient to those pressures on consumer spending than many other consumer sectors. This is reinforced by the fact that the passenger recovery has been driven by leisure travellers, which currently underpin approximately 70% of our revenues.

We recently commissioned research into the behaviours, spending patterns and expectations of leisure travellers, which demonstrate this resilience. Key insights from this research were that: 70-80% of leisure flights were made by people earning above median income; travel is the highest priority for discretionary spending; an average leisure traveller intended to take more flights in the coming year. This is allied to the fact that food and beverage experiences are now felt to be an increasingly important part of the travel journey.

Strong Economic Model

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

Key areas of focus

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

1. Geographic focus
2. Enhancing business capability
3. Driving operating efficiency

1. Geographic focus

Geographically, we are increasing our focus on the higher growth markets of North America and Asia, whilst continuing to grow selectively in the UK, Europe and the Middle East. These large and fragmented markets, in which SSP already has well-established businesses, offer significant growth potential for the Group. The mobilisation of our current c£550m pipeline alone is expected to result in a material shift in the geographic mix, from 16% of our business at IPO in 2014 being represented by North America and Asia Pacific, to at least 40% in and beyond 2025.

2. Enhancing business capability

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

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

We are undertaking extensive research into customer behaviour to understand how our customer needs have evolved during Covid. Simultaneously we are refreshing some of our original UK brands and introducing new ranges. We are also creating new formats and brands, such as the Koh Hop bars in Thailand, the premium bar concept in the UK, Juniper, and Soul+ Grain, a health and sustainability-focused coffee format.

Digital Technology - Embracing digital technology solutions is an important part of our strategy to improve our customers' experiences and drive like-for–like sales through improved penetration levels and average spend per transaction. It will also act as an enabler for operational efficiencies, both front and back of house. We are accelerating the roll out of digital order and payment systems, such as kiosks (typically in fast food outlets) and order at table (in bars and restaurants), as well as trialling new, innovative formats. For example, this year we launched our first self-serve unit using Zippin technology at John F. Kennedy International Airport in New York, with plans now under way to roll out this technology more widely.

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

During the year, in response to a challenging labour market we have enhanced our processes to ensure we continue to attract and retain our talent. To support our growth, we have implemented extensive recruitment, induction and skills training for new colleagues across our key markets. During the year, we developed an holistic Diversity, Equity & Inclusion approach which included launching our Global Inclusion Council and establishing a number of colleague led advisory groups. As our unit reopening programme has gathered pace, we have focused on both the safety of our colleagues and on re-engaging them within the business. We are placing increased focus on our wellbeing agenda and have organised a number of campaigns and local events throughout the year to raise awareness. Whilst doing this we have improved engagement levels as measured by the aggregate positivity scores in our annual colleague survey for 2022 by 1.5ppts to 76%.

Sustainability - Having developed our Sustainability Strategy in 2021, our focus in 2022 has been on further embedding sustainability into the business and building the governance structures, strategic management and local capabilities within our teams to drive progress. Our strategy focuses on three priority areas: serving our customers responsibly, protecting our environment, and supporting our colleagues and communities. These are supported by clear and measurable targets to 2025, as well as our ambition to achieve net zero carbon emissions (Scopes 1, 2 and 3) by 2040. We have already made significant progress, for example increasing our plant-based menu offerings and eliminating unnecessary single use plastic from around 80% of our own brand packaging. We have now mapped our carbon footprint and are developing the roadmap to achieve net zero emissions by 2040. We are seeking to take a leadership position in this area and we are developing a "climate-smart" food agenda to tackle our key area of emissions, the food and beverages we serve.

3. Driving operational efficiency

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

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

Financial review

Group performance

	2022 £m	2021 £m	Year-on-year change vs 2021 (%)
Revenue	2,185.4	834.2	162.0%
Underlying operating profit/(loss)	31.7	(323.3)	109.8%
Operating profit/(loss)	91.5	(309.2)	129.5%

Underlying operating profit was £30.3m (2021: £209.0m loss) on a pre-IFRS 16 basis.

Revenue in 2019 was £2,794.6m.

Although Covid-19 continued to have a significant impact on the Group's trading performance during the year, revenue in our major markets continued to recover well. Total Group revenue of £2,185.4m increased by 162% compared to 2021 and averaged 78% of 2019 levels (up from 30% in the previous financial year).

During the first half year, trading strengthened during the autumn (October and November averaged 66% of 2019 levels) before the spread of the Omicron variant around the world and the subsequent government restrictions imposed during December and January inevitably had an impact on passenger numbers in many of our markets, with revenue in this period dropping back to 57% of 2019 levels. From February, as government restrictions were gradually lifted around the world, we saw sales continue to trend positively again, averaging 61% of 2019 levels in February and 74% in March.

During the second half year, Group revenue continued to strengthen, averaging 87% of 2019 levels in the third quarter and 92% across the fourth quarter, with the half as a whole averaging 90% of 2019 levels. This progressive improvement was driven by a continued strong recovery in passenger numbers in the majority of our markets, led by domestic and leisure travel across both the Air and Rail sectors, with business and commuter travel also recovering, albeit more slowly. This revenue performance includes the benefit from net contract gains and price increases compared to the same period in 2019.

Since our year-end we have seen trading continue to strengthen in all of our principal markets, with first quarter revenue during the first eight weeks averaging 104% of 2019 levels, and 97% of 2020.

Operating profit/(loss)

Underlying operating profit for the year was £31.7m, compared to an equivalent loss of £323.3m in 2021. On a pre-IFRS 16 basis, the Group reported an underlying operating profit of £30.3m (2021: underlying operating loss of £209.0m) and underlying EBITDA of £142.0m (2021: underlying EBITDA loss of £108.3m).

On a reported basis, the operating profit for the year was £91.5m, reflecting a net credit of £59.8m for the non-underlying operating items. The equivalent operating loss for the prior year was £309.2m.

Throughout the year, the impact on the underlying operating profit from the lower sales compared to 2019 continued to be mitigated by the extent of our operating cost reductions, other government support measures, and our ongoing success in negotiating rent concessions, principally via waivers of minimum guaranteed rents. During the second half year, as sales recovered to 90% of pre-pandemic levels, we saw a significant improvement in our underlying operating profit performance, reflecting the operating leverage in our business, as well as our ongoing management of inflationary cost pressures through productivity and pricing initiatives.

As we look forward to the 2023 financial year, whilst there remains considerable uncertainty in the macroeconomic environment, we are confident that our flexible and resilient business model will enable us to continue to offset cost inflation, manage supply chain and labour volatility, and optimise profitability and returns as our travel markets continue to recover. Our medium-term expectations for the recovery remain unchanged, which are for a return to broadly pre-Covid levels of like-for-like profitability, augmented by the roll out of our secured new business pipeline.

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 £59.8m (2021: £14.1m) 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 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 £18.2m (2021: £24.4m) has been recognised, which includes the impairment of right of use assets of £6.1m (2021: £12.5m). The £18.2m is net of the reversal of certain impairments recognised in 2020 and 2021 totalling £4.2m.

- *Gain on de-recognition of leases*: as a consequence of certain contract renegotiations and government intervention in certain jurisdictions, a number of previously impaired 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: £2.3m).

- *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 September 2022 totalling £23.0m (2021: £92.0m). In respect of these waivers, prior to 30 June 2022, the Group 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. Waivers obtained subsequent to 30 June 2022 have been recognised as a lease modification.

- *Restructuring and site exit costs*: the Group recognised a charge of £2.9m (2021: £21.3m) relating to its restructuring costs (primarily in respect of site exits) carried out during the year.
- *Fees related to extension of bank facilities*: in August 2022 the maturity date of the Group's main bank facilities was extended by one year from 15 January 2024 to 15 January 2025. In consideration for this extension, the Group incurred fees totalling £1.3m and this cost has been recognised as a non-underlying expense in the year. In the prior year, with effect from completion of its Rights Issue in April 2021, the Group's main bank facilities were extended from 15 July 2022 to 15 January 2024, secured alongside waivers and amendments to its principal covenants under both its main bank facilities and US private placement notes until 2024. In consideration for these extensions and amendments, the Group incurred fees totalling £5.4m, and this cost was recognised as a non-underlying expense in 2021.
- *Other non-underlying expenses*: in the current year these items, primarily relating to legal fees, amounted to £2.3m. In the prior year items totalling £2.7m comprised a recurring adjustment for the amortisation of acquisition-related intangible assets of £1.9m and other legal costs of £0.8m.

Regional performance

This section summarises the Group's performance across its four operating segments. For full details of our key reporting segments, please refer to note 2 on pages 32 to 33.

North America

	2022 £m	2021 £m	Year-on-year change vs 2021 (%)
Revenue	455.4	194.2	134.5%
Underlying operating profit/(loss)	18.4	(48.7)	137.8%
Operating profit/(loss)	17.3	(51.0)	133.9%

Underlying operating profit was £17.4m (2021: £31.4m loss) on a pre-IFRS 16 basis.

Revenue in 2019 was £533.4m.

Revenue of £455.4m increased by 134.5% compared to 2021 and averaged 85% of 2019 levels for the year.

During the first quarter the sales recovery in North America was strong, as the region benefited 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 several US states, followed by a sharp rebound in sales across February and March as case numbers reduced and demand for leisure travel increased. First half sales averaged 74% of 2019 levels.

During the second half, the recovery in North America continued to gather pace, with third quarter sales averaging 91% of 2019 levels and the fourth quarter strengthening to 98%, driven by a sustained recovery in domestic air travel, despite labour availability remaining a challenge in this market for much of the summer. During the early weeks of the new financial year trading has continued to improve, and sales are currently running at 131% of 2019 levels and 109% of 2020.

The underlying operating profit for North America was £18.4m and reported operating profit was £17.3m. Non-underlying operating items comprised an impairment charge of £6.4m, offset by IFRS 16 rent concession credits of £5.3m. On a pre-IFRS 16 basis, the underlying operating profit was £17.4m, which compared to an equivalent loss of £31.4m last year.

Continental Europe

	2022 £m	2021 £m	Year-on-year change vs 2021 (%)
Revenue	867.9	360.5	140.7%
Underlying operating profit/(loss)	22.6	(134.3)	116.8%
Operating profit/(loss)	82.0	(119.0)	168.9%

Underlying operating profit was £19.8m (2021: £85.7m loss) on a pre-IFRS 16 basis.

Revenue in 2019 was £1,036.9m.

Revenue of £867.9m increased by 140.7% compared to 2021 and averaged 84% of 2019 levels.

Sales in Continental Europe recovered strongly last 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 during February and March, sales began to strengthen again, leaving first half sales at 70% of 2019 levels on average.

During the third quarter, sales strengthened significantly to 93% of 2019 levels, initially boosted by very strong trading in our Spanish airports during the Easter holiday period and thereafter by a sustained recovery in leisure travel across the entire region. In the fourth quarter, sales averaged 95% of 2019 levels, driven by increasing numbers of both air and rail passengers over the summer holiday season. Since our year-end, trading in the Continental Europe region has made good further progress, with sales currently running at 108% of 2019 levels and 101% of 2020.

The underlying operating profit for Continental Europe was £22.6m (2021: £134.3m loss) and reported operating profit was £82.0m (2021: £119.0m loss). Non-underlying operating items comprised an impairment charge of £5.9m, offset by a gain on lease disposal of £59.7m and an IFRS 16 rent concession credit of £5.6m. On a pre-IFRS 16 basis, the underlying operating profit was £19.8m, which compared to an underlying operating loss of £85.7m last year.

UK (including Republic of Ireland)

	2022 £m	2021 £m	Year-on-year change vs 2021 (%)
Revenue	614.9	190.0	223.6%
Underlying operating profit/(loss)	23.5	(52.2)	145.6%
Operating profit/(loss)	27.7	(57.4)	148.3%

Underlying operating profit was £25.9m (2021: £31.1m loss) on a pre-IFRS 16 basis.

Revenue in 2019 was £840.5m.

Revenue of £614.9m increased by 223.6% compared to 2021 and averaged 73% of 2019 levels.

In the early months of the year, 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 at 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. Overall first half sales were 60% of 2019 levels.

In the second half, UK trading in both Air and Rail continued to strengthen, with the third quarter running at 82% of 2019 levels and the fourth quarter improving to 85%, despite the impact of the industrial action in the rail network over the summer. Since our year-end trading in the UK has remained at similar levels to the fourth quarter of last year, with further impacts from the ongoing industrial action in the rail network, leaving sales currently running at 84% of 2019 levels and 80% of 2020.

The underlying operating profit for the financial year for the UK was £23.5m compared to a loss of £52.2m in the prior year, with a reported operating profit of £27.7m (2021: £57.4m loss). Non-underlying operating items comprised an impairment charge of £4.1m, offset by a gain on lease disposal of £0.7m and an IFRS 16 rent concession credit of £7.6m. On a pre-IFRS 16 basis, the underlying operating profit was £25.9m, which compared to an underlying operating loss of £31.1m last year.

Rest of the World

	2022 £m	2021 £m	Year-on-year change vs 2021 (%)
Revenue	247.2	89.5	176.2%
Underlying operating profit/(loss)	13.5	(51.1)	126.4%
Operating profit/(loss)	14.6	(33.7)	143.3%

Underlying operating profit was £13.8m (2021: £24.3m loss) on a pre-IFRS 16 basis.

Revenue in 2019 was £383.8m.

Revenue of £247.2m increased by 176.2% compared to 2021 and averaged 64% of 2019 levels.

Compared to our other three regions, the sales recovery in the Rest of the World markets during the first half of the year was much slower, impacted during the autumn by the continued lockdowns in one or two markets, notably Australia and Thailand, and thereafter by the emergence of Omicron and the re-imposition of significant travel restrictions in many other markets, notably India and China. First half sales for the region in aggregate were 43% of 2019 levels.

In the second half of the year sales recovered strongly in most of our markets, with the third quarter running at 75% of 2019 levels and the fourth quarter improving to 88%. Sales in China and Hong Kong have, however, remained at low levels throughout the second half, reflecting the ongoing lockdowns and travel restrictions in those markets. Furthermore, the loss of Chinese travellers has continued to negatively impact passenger numbers across the entire Asia Pacific region. Since our year-end we've seen trading in the Rest of the World region make further progress, with sales currently running at 106% of 2019 levels and 104% of 2020.

The underlying operating profit for the Rest of the World was £13.5m (2021: £51.1m) and reported operating profit was £14.6m (2021: £33.7m). Non-underlying operating items comprised an impairment charge of £1.8m and exceptional restructuring costs of £2.9m, offset by an IFRS 16 concession credit of £4.7m and a gain on disposal of leases of £1.1m. On a pre-IFRS 16 basis, the underlying operating profit was £13.8m, which compared to an equivalent loss of £24.3m last year.

Share of profit of associates

The Group's share of profits from associates was £6.6m (2021: £2.3m profit). On a pre-IFRS 16 basis, the Group's share of profits from associates was also £6.6m (2021: £1.7m profit).

Net finance costs

The underlying net finance expense for the year was £81.5m, which included interest on lease liabilities of £37.9m.

Reported net finance expense was £72.9m, including an adjustment of £8.6m relating to non-cash net debt modification gains primarily arising from the non-underlying unwind of prior year debt modification losses.

On a pre-IFRS 16 basis, underlying net finance costs remained consistent with the prior year at £43.6m (2021: £43.7m).

Taxation

The Group's underlying tax credit for the year was £0.9m (2021: £50.6m credit), representing an effective tax rate of 2.1% (2021: 12.9%) of underlying loss before tax. On a reported basis, the tax charge for the year was £15.3m (2021: £48.9m credit).

On a pre-IFRS 16 basis, the Group's underlying tax charge was £4.6m (2021: 30.6m credit), equivalent to a negative effective tax rate of 68.7% (2021: a positive effective tax rate of 12.1%) of the underlying loss before tax.

The Group's tax rate is sensitive to the geographic mix of profits and losses and reflects a combination of higher rates in certain jurisdictions, as well as the impact of losses in some countries for which no deferred tax asset is recognised. The tax rates for the current and the prior year compared to historical, pre-pandemic rates of around 22% are due to the impact of Covid-19 which has led to a significant change in that geographic mix.

The varying pace of recovery around the Group means that some countries have returned taxable profits during the year more quickly than others. The small underlying tax credit for the year reflects a combination of tax charges for those countries, offset by the impact of the continued non-recognition of deferred tax credits for others. In addition, the Group's effective tax rate benefited in the prior year from a credit of £13.0m in relation to the remeasurement of UK deferred tax assets. This follows the enactment of legislation in 2021 to increase the main rate of corporation tax in the UK to 25% from April 2023.

Non-controlling interests

The profit attributable to non-controlling interests was £20.1m (2021: loss of £5.0m). On a pre-IFRS 16 basis there was a profit attributable to non-controlling interests of £24.2m (2021: £2.1m), with the year-on-year change reflecting a significantly improved performance from our partly-owned operations in North America and in the Rest of the World.

Loss per share

The Group's underlying loss per share was 7.7 pence per share (2021: 46.5 pence per share), and its reported loss per share was 1.3 pence per share (2021: 51.3 pence per share). On a pre-IFRS 16 basis the underlying loss per share was 4.5 pence per share (2021: 31.9 pence per share).

Dividends

Under the terms of the current financing arrangements with the Group's lending group of banks and US Private Placement note holders, the Company is currently restricted from declaring or paying dividends until the expiry of certain restrictions that apply during the covenant waiver and amendment period. As such, no interim dividend was declared during the 2022 financial year and the Directors will not be recommending a final dividend for the year, which will result in no ordinary dividends for the year (2021: £nil).

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

Free cash flow

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

	2022 £m	2021 £m
Underlying operating profit/(loss)[1]	**30.3**	(209.0)
Depreciation and amortisation	**111.7**	100.7
Exceptional restructuring costs[3]	**(3.6)**	(18.4)
Working capital	**116.7**	171.7
Net tax	**(2.3)**	1.1
Capital expenditure[2]	**(148.9)**	(69.4)
Acquisition of subsidiaries, adjusted for net debt acquired and acquisition of non-controlling interest	**(1.4)**	(0.4)
Net dividends to non-controlling interests and from associates	**(14.5)**	(2.6)
Net finance costs	**(40.5)**	(32.9)
Other	**4.5**	1.1
Free cash flow	**52.0**	(58.1)

1 *Presented on an underlying pre-IFRS 16 basis (refer to pages 21 to 24 for details).*

2 *Capital expenditure is net of capital contributions from non-controlling interests of £10.7m (2021: £5.2m).*

3 *Refer to the APMs section on pages 21 to 24 for further details.*

The Group generated a free cash inflow of £52.0m, a significant improvement from the £58.1m outflow in the prior year, primarily reflecting the Group's return to operating profitability during the year, particularly during the second half year as sales recovered towards pre-pandemic levels.

The significant working capital inflow of £116.7m also benefited from the steady recovery in sales across the year (increasing from around 50% of 2019 levels in September 2021 to over 90% by September 2022) while we continued to benefit in several areas of the business from improved payment terms with both partners and clients. Payment deferrals of up to £80m, largely relating to rental negotiations during the pandemic are now expected to unwind in the next financial year.

Capital expenditure was £148.9m, a significant increase compared to the £69.4m in the prior year as we continued to restart our capital expenditure programmes across the Group. With passenger numbers in most of our key markets continuing to strengthen during the autumn, we expect capital expenditure in the year ahead to increase accordingly and are currently planning for expenditure of c.£250m in the 2023 financial year.

Net finance costs paid of £40.5m were £7.6m higher than the prior year, mainly reflecting increased interest payments in respect of the Group's US Private Placement notes following the Rights Issue in 2021.

Net debt

Overall net debt decreased by £11.5m to £296.5m on a pre-IFRS 16 basis, with the reduction of £52.0m as a result of the free cash inflow in the year of offset by non-cash increases of £40.5m, including a £45.8m increase as a result of changes in foreign exchange rates following the weakening of Sterling during the year. On a reported basis under IFRS 16, net debt was £1,150.7m.

The table below highlights the movements in net debt in the year.

	£m
Net debt excluding lease liabilities at 1 October 2021 (pre-IFRS 16 basis)	(308.0)
Free cash flow	52.0
Impact of foreign exchange rates	(45.8)
Other non-cash changes[1]	5.3
Net debt excluding lease liabilities at 30 September 2022	**(296.5)**
Lease liabilities	(854.6)
Other	0.4
Net debt including lease liabilities at 30 September 2022	**(1,150.7)**

1. Other non-cash changes represent £3.1m of losses recognised on debt modifications and revised estimated future cash flows, offset by an effective interest rate gain of £13.7m and a charge of £5.3m relating to the repayment/modification of below market interest rate government loans.

Available liquidity and medium-term outlook

At 30 September 2022, the Group had available liquidity of £708.2 million, including cash of approximately £543.6 million and a committed undrawn revolving credit facility of £150.0 million, and smaller undrawn local facilities totalling £14.6 million.

Travel demand has recovered strongly throughout the last financial year and into the early months of the new financial year. As we look ahead to 2023, whilst there remains considerable uncertainty in the macroeconomic environment, we are confident that our flexible and resilient business model will enable us to continue to offset cost inflation, manage supply chain and labour volatility, and optimise profitability and returns. Our medium-term expectations for the recovery, which are for a return to broadly pre Covid-19 levels of like-for-like revenue and EBITDA (on a pre-IFRS 16 basis) by 2024, augmented by the roll out of our secured new business pipeline, remain unchanged.

Principal risks

One new risk relating to "Mobilisation of Pipeline" has been added to the principal risks since last year. The specific Brexit risk has been deleted and its impact included in the "Availability of labour" and "Supply chain disruption" risks. The "Food safety and product compliance" risk has been incorporated into a broader "Health and Food safety" risk. In the prior year the Group disclosed 18 Principal risks. In current year the disclosure has been limited to the 10 Principal risks noted below. The other 8 prior year risks are now designated "Other risks" and continue to be assessed and considered by the Board on an annual basis together with the "Principal Risks", however have not been judged to be sufficiently high risk to warrant disclosure in the Annual Report and Accounts.

The Group's "Principal risks", together with the Group's risk management process, will be set out in the Annual Report and Accounts 2022, and relate to the following areas: Business environment, geopolitical uncertainty and terrorism threat, Availability of labour and wage inflation, Supply chain disruption and product cost inflation, Sufficient senior capability at Group and country level, Impact of Covid-19, Compliance, Health and food safety, Sustainability, Information security and stability and Mobilisation of pipeline.

Alternative Performance Measures

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

1. Revenue measures

As the Group operates in 35 countries, it is exposed to translation risk on fluctuations in foreign exchange rates, and as such the Group's reported revenue and operating profit or loss will be impacted by movements in actual exchange rates. The Group regularly presents its financial results on a constant currency basis in order to eliminate the effect of foreign exchange rates and to evaluate the underlying performance of the Group's businesses. The table below reconciles reported revenue to constant currency sales.

(£m)	North America	Continental Europe	UK	RoW	Total
2022 Revenue at actual rates by region	455.4	867.9	614.9	247.2	2,185.4
Impact of foreign exchange	(38.0)	13.7	0.7	(3.8)	(27.0)
2022 Revenue at constant currency[1]	**417.5**	**881.6**	**615.6**	**243.4**	**2,158.4**
2021 Revenue at constant currency[1]	207.2	360.5	190.1	93.1	850.9
Constant currency sales increase	101.5%	144.7%	224.0%	171.6%	158.7%

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 year and the prior year.

	Non-underlying items	
	IFRS 16	IFRS 16
	2022	2021
	£m	£m
Operating costs		
Impairment of goodwill	**–**	(26.4)
Impairment of property, plant and equipment	**(12.1)**	(11.9)
Impairment of right-of-use assets	**(6.1)**	(12.5)
Gain on derecognition of leases	**61.5**	2.3
IFRS 16 rent credit	**23.0**	92.0
Restructuring costs and site exits	**(2.9)**	(21.3)
Debt amendment expenditure and extension of bank facilities	**(1.3)**	(5.4)
Amortisation of intangible assets arising on acquisition	**–**	(1.9)
Other	**(2.3)**	(0.8)
	59.8	14.1
Finance expenses		
Debt modification loss and effective interest rate charge	**8.6**	(31.0)
Retrospective USPP interest charge	**–**	(1.2)
	8.6	(32.2)
Taxation		
Tax charge on non-underlying items	**(16.2)**	(1.7)
Total non-underlying items	**52.2**	(19.8)

Further details of the non-underlying operating items have been provided in the Financial Review section on pages 14-15. Furthermore, a reconciliation from the underlying to the statutory reported basis is presented below:

		2022 (IFRS 16)			2021 (IFRS 16)	
	Underlying	**Non-underlying Items**	**Total**	Underlying	Non-underlying Items	Total
Operating profit/ (loss) (£m)	31.7	59.8	91.5	(323.3)	14.1	(309.2)
Operating margin	1.5%	2.7%	4.2%	(38.8)%	1.7%	(37.1)%
Loss before tax (£m)	(43.2)	68.4	25.2	(393.1)	(18.1)	(411.2)
Loss per share (p)	(7.7)	6.4	(1.3)	(46.5)	(4.8)	(51.3)

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 IFRS 16 profit measures to 'Pre-IFRS 16' numbers is presented below:

		Year ended 30 September 2022			Year end 30 September 2021		
		Underlying IFRS 16	**Impact of IFRS 16**	**Underlying Pre-IFRS 16**	Underlying IFRS 16	Impact of IFRS 16	Underlying Pre-IFRS 16
	Notes	**£m**	**£m**	**£m**	£m	£m	£m
Revenue	2	**2,185.4**	–	**2,185.4**	834.2	–	834.2
Operating costs	4	**(2,153.7)**	**(1.4)**	**(2,155.1)**	(1,157.5)	(114.3)	(1,043.2)
Operating profit/(loss)		**31.7**	**(1.4)**	**30.3**	(323.3)	(114.3)	(209.0)
Share of profit of associates		**6.6**	**–**	**6.6**	2.3	0.6	1.7
Finance income	5	**4.9**	**–**	**4.9**	2.6	–	2.6
Finance expense	5	**(86.4)**	**37.9**	**(48.5)**	(74.7)	(28.4)	(46.3)
Loss before tax		**(43.2)**	**36.5**	**(6.7)**	(393.1)	(142.1)	(251.0)
Taxation		**0.9**	**(5.5)**	**(4.6)**	50.6	20.0	30.6
(Loss)/profit for the period		**(42.3)**	**31.0**	**(11.3)**	(342.5)	(122.1)	(220.4)
Loss attributable to:							
Equity holders of the parent		**(60.9)**	**25.4**	**(35.5)**	(323.9)	(101.4)	(222.5)
Non-controlling interests		**18.6**	**5.6**	**24.2**	(18.6)	(20.7)	2.1
(Loss)/profit for the year		**(42.3)**	**31.0**	**(11.3)**	(342.5)	(122.1)	(220.4)
Loss per share (pence):							
– Basic	3	**(7.7)**		**(4.5)**	(46.5)		(31.9)
– Diluted	3	**(7.7)**		**(4.5)**	(46.5)		(31.9)

IFRS 16 increases the underlying operating profit, whereby the depreciation of the right-of-use assets of £170.0m is offset primarily by the reduced rent expense of £154.8m and a gain on lease disposals of £16.6m, resulting in a net charge to underlying operating loss of £1.4m. This loss, together with the interest charge on the lease liabilities of £37.9m, give the underlying loss before tax impact of £36.5m. The impact of IFRS 16 on net debt is due to the recognition of the lease liability balance.

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

	Year ended 30 September 2022 £m	Year ended 30 September 2021 £m
Pre-IFRS 16 underlying EBITDA	**142.0**	(108.3)
Depreciation of property, plant and equipment	**(97.9)**	(90.9)
Amortisation of intangible assets	**(13.8)**	(11.7)
Adjustment for amortisation of intangible assets arising on acquisition	**–**	1.9
Pre-IFRS 16 underlying operating profit/(loss) for the period	**30.3**	(209.0)

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

	Year ended 30 September 2022 £m	Year ended 30 September 2021 £m
Pre-IFRS 16 underlying operating profit/(loss) for the period	**30.3**	(209.0)
Depreciation of right-of-use assets	**(170.0)**	(245.7)
Fixed rent on leases	**154.8**	119.5
Gain on derecognition of leases	**16.6**	11.9
Non-underlying operating profit (note 4)	**59.8**	14.1
Share of profit from associates	**6.6**	2.3
Net finance expense	**(81.5)**	(72.1)
Non-underlying finance expense (note 5)	**8.6**	(32.2)
Taxation	**(15.3)**	48.9
Profit/(loss) for the year	**9.9**	(362.3)

Liquidity

Liquidity remains a key KPI for the Group. Available liquidity at 30 September 2022 was £708.2m, comprising cash and cash equivalents of £543.6m, undrawn revolving credit facility of £150.0m, and smaller undrawn local facilities of £14.6m.

Consolidated income statement
for the year ended 30 September 2022

	Notes	**Year ended 30 September 2022**			Year ended 30 September 2021		
		Underlying[1]	**Adjustments**	**Total**	Underlying[1]	Adjustments	Total
		£m	**£m**	**£m**	£m	£m	£m
Revenue	2	**2,185.4**	**-**	**2,185.4**	834.2	-	834.2
Operating costs	4	**(2,153.7)**	**59.8**	**(2,093.9)**	(1,157.5)	14.1	(1,143.4)
Operating profit / (loss)		**31.7**	**59.8**	**91.5**	(323.3)	14.1	(309.2)
Share of profit of associates		**6.6**	**-**	**6.6**	2.3	-	2.3
Finance income	5	**4.9**	**-**	**4.9**	2.6	-	2.6
Finance expense	5	**(86.4)**	**8.6**	**(77.8)**	(74.7)	(32.2)	(106.9)
(Loss)/profit before tax		**(43.2)**	**68.4**	**25.2**	(393.1)	(18.1)	(411.2)
Taxation		**0.9**	**(16.2)**	**(15.3)**	50.6	(1.7)	48.9
(Loss)/profit for the year		**(42.3)**	**52.2**	**9.9**	(342.5)	(19.8)	(362.3)
(Loss)/profit attributable to:							
Equity holders of the parent		**(60.9)**	**50.7**	**(10.2)**	(323.9)	(33.4)	(357.3)
Non-controlling interests		**18.6**	**1.5**	**20.1**	(18.6)	13.6	(5.0)
(Loss)/profit for the year		**(42.3)**	**52.2**	**9.9**	(342.5)	(19.8)	(362.3)
Loss per share (p):							
- Basic	3	**(7.7)**		**(1.3)**	(46.5)		(51.3)
- Diluted	3	**(7.7)**		**(1.3)**	(46.5)		(51.3)

[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.

Consolidated statement of other comprehensive income
for the year ended 30 September 2022

	2022	2021
	£m	£m
Other comprehensive income / (expense)		
Items that will never be reclassified to the income statement		
Remeasurements on defined benefit pension schemes	**8.5**	3.5
Tax charge relating to items that will not be reclassified	**(1.2)**	(1.1)
Items that are or may be reclassified subsequently to the income statement		
Net (loss)/gain on hedge of net investment in foreign operations	**(56.3)**	22.3
Other foreign exchange translation differences	**45.6**	(22.0)
Foreign exchange reclassified to income statement	**-**	(0.5)
Effective portion of changes in fair value of cash flow hedges	**(0.1)**	0.5
Cash flow hedges – reclassified to income statement	**1.4**	2.6
Tax credit / (charge) relating to items that are or may be reclassified	**3.6**	(2.1)
Other comprehensive income/(expense) for the year	**1.5**	3.2
Profit/(loss) for the year	**9.9**	(362.3)
Total comprehensive income/(expense) for the year	**11.4**	(359.1)
Total comprehensive expense attributable to:		
Equity shareholders	**(19.6)**	(350.3)
Non-controlling interests	**31.0**	(8.8)
Total comprehensive income/(expense) for the year	**11.4**	(359.1)

Consolidated balance sheet
as at 30 September 2022

	Notes	2022 £m	2021 £m
Non-current assets			
Property, plant and equipment		**469.3**	388.7
Goodwill and intangible assets		**701.7**	684.1
Right-of-use assets		**736.3**	1,002.9
Investments in associates		**17.0**	12.0
Deferred tax assets		**89.0**	93.2
Other receivables		**85.5**	69.7
		2,098.8	2,250.6
Current assets			
Inventories		**37.0**	23.7
Tax receivable		**1.5**	15.3
Trade and other receivables		**142.0**	118.4
Cash and cash equivalents		**543.6**	773.6
		724.1	931.0
Total assets		**2,822.9**	3,181.6
Current liabilities			
Short-term borrowings	8	**(68.8)**	(304.2)
Trade and other payables		**(719.3)**	(519.1)
Tax payable		**(18.5)**	(24.9)
Lease liabilities		**(216.5)**	(299.9)
Provisions		**(24.6)**	(17.7)
		(1,047.7)	(1,165.8)
Non-current liabilities			
Long-term borrowings	8	**(771.1)**	(777.0)
Post-employment benefit obligations		**(10.8)**	(14.9)
Lease liabilities		**(638.1)**	(872.9)
Other payables		**(1.4)**	(7.2)
Provisions		**(35.9)**	(21.5)
Derivative financial liabilities		**–**	(2.1)
Deferred tax liabilities		**(6.9)**	(9.5)
		(1,464.2)	(1,705.1)
Total liabilities		**(2,511.9)**	(2,870.9)
Net assets		**311.0**	310.7
Equity			
Share capital		**8.6**	8.6
Share premium		**472.7**	472.7
Capital redemption reserve		**1.2**	1.2
Other reserves		**(9.0)**	7.7
Retained losses		**(248.5)**	(249.9)
Total equity shareholders' funds		**225.0**	240.3
Non-controlling interests		**86.0**	70.4
Total equity		**311.0**	310.7

Consolidated statement of changes in equity
for the year ended 30 September 2022

	Share capital	Share premium	Capital redemption reserve	Merger relief reserve	Other reserves [1]	Retained losses	Total parent equity	NCI	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 October 2020	**5.8**	**472.7**	**1.2**	**206.9**	**3.1**	**(559.6)**	**130.1**	**71.9**	**202.0**
Covid waiver extension amendment	-	-	-	-	-	0.2	0.2	-	0.2
Loss for the year	-	-	-	-	-	(357.3)	(357.3)	(5.0)	(362.3)
Other comprehensive expense for the year	-	-	-	-	4.6	2.4	7.0	(3.8)	3.2
Capital contributions from NCI	-	-	-	-	-	-	-	10.3	10.3
Acquisition of shares in partly owned subsidiary from NCI	-	-	-	-	-	-	-	(0.4)	(0.4)
Transaction with non-controlling interest	-	-	-	-	-	(0.4)	(0.4)	0.4	-
Subsidiary disposal	-	-	-	-	-	-	-	3.8	3.8
Rights Issue	2.8	-	-	454.1	-	-	456.9	-	456.9
Reclassification to retained losses	-	-	-	(661.0)	-	661.0	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(4.6)	(4.6)
Share-based payments	-	-	-	-	-	1.8	1.8	-	1.8
Tax on share-based payments	-	-	-	-	-	(0.2)	(0.2)	-	(0.2)
Other movements	-	-	-	-	-	2.2	2.2	(2.2)	-
At 30 September 2021	**8.6**	**472.7**	**1.2**	**-**	**7.7**	**(249.9)**	**240.3**	**70.4**	**310.7**
Loss for the year	-	-	-	-	-	(10.2)	(10.2)	20.1	9.9
Other comprehensive expense for the year	-	-	-	-	(16.7)	7.3	(9.4)	10.9	1.5
Capital contributions from NCI	-	-	-	-	-	-	-	3.4	3.4
Dividends paid to non controlling interests	-	-	-	-	-	-	-	(18.8)	(18.8)
Share-based payments	-	-	-	-	-	4.0	4.0	-	4.0
Tax on share-based payments	-	-	-	-	-	0.1	0.1	-	0.1
Other movements	-	-	-	-	-	0.2	0.2	-	0.2
At 30 September 2022	**8.6**	**472.7**	**1.2**	**-**	**(9.0)**	**(248.5)**	**225.0**	**86.0**	**311.0**

[1] At 30 September 2021 and 30 September 2022, the other reserves include the translation reserve and cash flow hedging reserve.

Consolidated cash flow statement
for the year ended 30 September 2022

	Notes	2022 £m	2021 £m
Cash flows from operating activities			
Cash flow from operations	6	**434.5**	129.4
Tax paid/(refund)		**(2.3)**	1.1
Net cash flows from operating activities		**432.2**	130.5
Cash flows from investing activities			
Dividends received from associates		**4.3**	2.0
Interest received		**2.2**	2.0
Purchase of property, plant and equipment		**(146.0)**	(65.7)
Purchase of other intangible assets		**(13.6)**	(8.9)
Acquisitions, net of cash and cash equivalents acquired		**(1.4)**	-
Other		-	(0.1)
Net cash flows from investing activities		**(154.5)**	(70.7)
Cash flows from financing activities			
Equity funding from shareholders		**-**	474.9
Equity raising expenses		**-**	(16.5)
Capitalised debt modification fees paid		**(1.3)**	(1.3)
Receipt of bank loans		**1.0**	28.0
Repayment of borrowings		**(4.9)**	(1.6)
Loans taken from non-controlling interests		**8.6**	-
(Repayment)/Drawdown on Covid Corporate Financing Facility		**(300.0)**	175.0
Payment of lease liabilities – principal		**(137.0)**	(61.4)
Payment of lease liabilities – interest		**(37.9)**	(28.4)
Acquisition of shares in partly owned subsidiary from non-controlling interest		**-**	(0.4)
Interest paid excluding interest on lease liabilities		**(42.7)**	(34.9)
Dividends paid to non-controlling interests		**(18.8)**	(4.6)
Capital contribution from non-controlling interests		**10.7**	5.2
Net cash flows from financing activities		**(522.3)**	534.0
Net increase/(decrease) in cash and cash equivalents		**(244.6)**	593.8
Cash and cash equivalents at beginning of the year		**773.6**	185.0
Effect of exchange rate fluctuations on cash and cash equivalents		**14.6**	(5.2)
Cash and cash equivalents at end of the year		**543.6**	773.6
Reconciliation of net cash flow to movement in net debt			
Net (decrease)/increase in cash in the year		**(244.6)**	593.8
Cash inflow from Covid Corporate Financing Facility		**300.0**	(175.0)
Cash inflow from other changes in debt		**(4.7)**	(26.4)
Change in net debt resulting from cash flows, excluding lease liabilities		**50.7**	392.4
Translation differences		**(44.5)**	19.9
Other non-cash changes		**5.3**	(28.6)
Decrease / (increase) in net debt excluding lease liabilities in the year		**11.5**	383.7
Net debt at beginning of the year		**(307.6)**	(691.3)
Net debt excluding lease liabilities at end of the year		**(296.1)**	(307.6)
Recognition of lease liabilities upon transition to IFRS 16			-
Lease liabilities at beginning of the year		**(1,172.8)**	(1,349.3)
Cash outflow from payment of lease liabilities		**174.9**	89.8
Lease amendments		**198.5**	34.9
Translation differences		**(55.2)**	51.8
Lease liabilities at end of the year		**(854.6)**	(1,172.8)
Net debt including lease liabilities at end of the year		**(1,150.7)**	(1,480.4)

Notes

1 Basis of preparation and accounting policies

1.1 Basis of preparation

SSP Group plc (the Company) is a company incorporated in the United Kingdom under the Companies Act 2006. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group) and equity-account the Group's interest in its associates. These financial statements have been prepared in accordance with UK-adopted International Accounting Standards('IAS'), with International Financial Reporting Standards('IFRS') as issued by the International Accounting Standards Board ('IASB') and with the requirements of the Companies Act 2006 (the 'Act').

The financial statements are presented in Sterling, which is the Company's functional currency. All information is given to the nearest £0.1 million.

The financial statements are prepared on the historical cost basis, except in respect of financial instruments (including derivative instruments) and defined benefit pension schemes for which assets are measured at fair value, as explained in the accounting policies below.

1.2 Going concern

These financial statements are prepared on a going concern basis.

The Board has reviewed the Group's financial forecasts as part of the preparation of its financial statements, including cash flow forecasts prepared for a period of twelve months from the date of approval of these financial statements ("the going concern period") and taking into consideration a number of different scenarios. 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 30 September 2022, the Group had available liquidity of £708.2 million, including cash and cash equivalents of approximately £543.6 million and a committed undrawn revolving credit facility of £150.0 million, and smaller undrawn local facilities totalling £14.6 million.

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 further steady recovery in passenger numbers in most of our key markets during the forecast period.

With some uncertainty surrounding the economic and geo-political environment over the next twelve 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.

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 consolidated net debt on a pre-IFRS 16 basis of £800m. The Group will next be tested on its leverage and interest cover covenants at March 2023, with a maximum leverage multiple of nine times EBITDA and a minimum interest cover multiple of one times EBITDA (both on a pre-IFRS 16 basis) at that date. The leverage covenant is then tested again at June 2023 (with a maximum multiple of five times EBITDA) and at September 2023, at September 2023 (with a maximum multiple of 3.5 times EBITDA) (in each case on a pre IFRS basis). The leverage test reverts to the pre Covid test of 3.25 in March 2024. The interest cover covenant also tested again at September 2023, where it reverts to a minimum 4 times threshold. In both its base case and its severe but plausible downside case scenarios, the Group would have headroom against all of these covenant tests at all testing dates during the next twelve months.

Based on the scenarios modelled, 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 year ended 30 September 2022 on a going concern basis.

1.3 Changes in accounting policies and disclosures

During the year ended 30 September 2022, the Group adopted the Interest Rate Benchmark Reform – Phase 2 amendments to IFRS 7, IFRS 4 and IFRS 16 ('IBOR' reform). In accordance with the transition provisions, the amendments have been applied retrospectively, to hedging relationships and instruments. Comparative amounts have not been restated and there was no impact on opening reserves on adoption at 1 October 2021.

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:

Title	**Effective date**
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 October 2022
Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)	1 October 2022
Onerous Contracts - Cost of fulfilling a Contract (Amendments to IAS 37)	1 October 2022
Annual Improvements to IFRS Standards 2018-2020	1 October 2022
IFRS 17 'Insurance Contracts'	1 October 2023
Classification of liabilities as current or non-current (Amendments to IAS 1)	effective date to be confirmed
Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2)	1 October 2023
Definition of Accounting Estimate (Amendments to IAS 8)	1 October 2023
Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single transaction	1 October 2023

2 Segmental reporting

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

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

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

	North America	Continental Europe	UK	RoW	Non-attributable	Total
	£m	£m	£m	£m	£m	£m
Year ended 30 September 2022						
Revenue	**455.4**	**867.9**	**614.9**	**247.2**	**-**	**2,185.4**
Underlying operating profit/(loss)	**18.4**	**22.6**	**23.5**	**13.5**	**(46.3)**	**31.7**
Non-underlying operating profits/(losses)	**(1.1)**	**59.4**	**4.2**	**1.1**	**(3.8)**	**59.8**
Operating profit/(loss)	**17.3**	**82.0**	**27.7**	**14.6**	**(50.1)**	**91.5**
Year ended 30 September 2021						
Revenue	194.2	360.5	190.0	89.5	-	834.2
Underlying operating loss	(48.7)	(134.3)	(52.2)	(51.1)	(37.0)	(323.3)
Non-underlying operating profits/(losses)	(2.3)	15.3	(5.2)	17.4	(11.1)	14.1
Operating loss	(51.0)	(119.0)	(57.4)	(33.7)	(48.1)	(309.2)

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

	North America	Continental Europe	UK	RoW	Non-attributable	Total
	£m	£m	£m	£m	£m	£m
Year ended 30 September 2022						
Depreciation and amortisation	**(62.6)**	**(123.7)**	**(42.0)**	**(40.3)**	**(13.1)**	**(281.7)**
Year ended 30 September 2021						
Depreciation and amortisation	(58.6)	(171.4)	(55.8)	(50.9)	(9.7)	(346.4)

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

	2022	2021
	£m	£m
Underlying operating profit/(loss)	**31.7**	(323.3)
Non-underlying operating profit / (costs) (note 4)	**59.8**	14.1
Share of profit from associates	**6.6**	2.3
Finance income	**4.9**	2.6
Finance expense	**(86.4)**	(74.7)
Non-underlying finance expense (note 5)	**8.6**	(32.2)
Profit/(loss) before tax	**25.2**	(411.2)
Taxation	**(15.3)**	48.9
Profit/(loss) after tax	**9.9**	(362.3)

3 Loss per share

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

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

	2022	2021
	£m	£m
Loss attributable to ordinary shareholders	**(10.2)**	(357.3)
Adjustments:		
Non-underlying operating income	**(59.8)**	(14.1)
Non-underlying finance (gains)/costs	**(8.6)**	32.2
Tax effect of adjustments	**16.2**	1.7
Less non-underlying costs attributable to NCI	**1.5**	13.6
Underlying loss attributable to ordinary shareholders	**(60.9)**	(323.9)
Basic weighted average number of shares	**796,050,446**	696,983,219
Dilutive potential ordinary shares	**-**	-
Diluted weighted average number of shares	**796,050,446**	696,983,219
Loss per share (p):		
- Basic	**(1.3)**	(51.3)
- Diluted	**(1.3)**	(51.3)
Underlying loss per share (p):		
- Basic	**(7.7)**	(46.5)
- Diluted	**(7.7)**	(46.5)

The number of ordinary shares in issue as at 30 September 2022 was 796,113,196 which excludes treasury shares (30 September 2021: 795,736,696). The Company also holds 263,499 treasury shares (2021: 263,499).

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

4 Operating costs

	2022	2021
	£m	**£m**
Cost of food and materials:		
Cost of inventories consumed in the year	**(610.2)**	(234.8)
Labour cost:		
Employee remuneration	**(686.7)**	(352.2)
Overheads:		
Depreciation of property, plant and equipment	**(97.9)**	(90.9)
Depreciation of right-of-use assets	**(170.0)**	(245.7)
Amortisation of intangible assets	**(13.8)**	(9.8)
Non-underlying operating profit	**59.8**	14.1
Gain on lease derecognition	**16.6**	11.9
Rentals payable under leases	**(299.3)**	(96.4)
Other overheads	**(292.4)**	(139.6)
	(2,093.9)	(1,143.4)

Non-underlying operating items

The non-underlying operating costs in each year are shown below.

	2022	2021
	£m	£m
Impairment of goodwill	**-**	(26.4)
Impairment of property, plant and equipment	**(12.1)**	(11.9)
Impairment of right-of-use assets	**(6.1)**	(12.5)
IFRS 16 rent credit	**23.0**	92.0
Restructuring and site exit costs	**(2.9)**	(21.3)
Fees for debt amendment and extension of bank facilities	**(1.3)**	(5.4)
Amortisation of intangible assets arising on acquisition	**-**	(1.9)
Gain on lease derecognition	**61.5**	2.3
Other non-underlying costs	**(2.3)**	(0.8)
Total non-underlying operating items	**59.8**	14.1

5 Finance income and expense

	2022 £m	2021 £m
Finance income		
Interest income	**3.9**	2.3
Other	**1.0**	0.3
Total finance income	**4.9**	2.6

	2022 £m	2021 £m
Finance expense		
Total interest expense on financial liabilities measured at amortised cost	**(45.4)**	(39.3)
Lease interest expense	**(37.9)**	(28.4)
Debt modification losses	**(3.1)**	(43.9)
Effective interest rate adjustment	**13.7**	14.8
Changes to estimated future cashflows on US Private Placement notes	**-**	(1.9)
Net change in fair value of cash flow hedges utilised in the year	**(1.4)**	(2.6)
Unwind of discount on provisions	**(0.3)**	(0.8)
Net interest expense on defined benefit pension obligations	**(0.1)**	(0.2)
Other net foreign exchange losses	**(3.3)**	-
Other	**-**	(4.6)
Total finance expense	**(77.8)**	(106.9)

Non-underlying finance costs

The non-underlying finance costs in the year to 30 September 2022 includes a credit arising as a result of the unwind of prior year debt modification charges under IFRS 9.

	2022 £m	2021 £m
Effective interest rate charge and debt modification losses	**8.6**	(31.0)
Retrospective interest charged on US Private Placement notes	**-**	(1.2)
Total non-underlying finance credit/(costs)	**8.6**	(32.2)

6 Cash flow from operations

	2022	2021
	£m	£m
Loss for the year	**9.9**	(362.3)
Adjustments for:		
Depreciation of property, plant and equipment	**97.9**	90.9
Depreciation of right-of-use assets	**170.0**	245.7
Amortisation of intangible assets	**13.8**	11.7
Profit on derecognition of leases	**(78.1)**	(14.2)
IFRS 16 rent credit	**(23.0)**	(92.0)
Impairments	**18.2**	50.8
Share-based payments	**4.5**	1.8
Finance income	**(4.9)**	(2.6)
Finance expense	**77.8**	106.9
Pension costs	**0.6**	
Disposal of subsidiary	**-**	3.7
Share of profit of associates	**(6.6)**	(2.3)
Taxation	**15.3**	(48.9)
	295.4	(10.8)
Decrease in trade and other receivables	**(45.9)**	7.6
(Increase) / decrease in inventories	**(13.3)**	(0.2)
Increase / (decrease) in trade and other payables including provisions	**198.3**	132.8
Cash flow from operations	**434.5**	129.4

7 Dividends

No final dividend for year ended 30 September 2022 has been approved or paid during the period (2021: final dividend for the year ended 30 September 2020: nil per share)

8 Fair value measurement

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

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

- the fair values of the Group's borrowings are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date; and
- the derivative financial liabilities relate to interest rate swaps. The fair values of interest rate swaps have been determined using relevant yield curves and exchange rates as at the balance sheet date.

Carrying value and fair values of certain financial instruments

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

	As at 30 September 2022 £m	As at 30 September 2021 £m
Financial assets measured at amortised cost		
Cash and cash equivalents	**543.6**	773.6
Trade and other receivables	**186.6**	155.4
Total financial assets measured at amortised cost	**730.2**	929.0
Non-derivative financial liabilities measured at amortised cost		
Bank loans	**(455.2)**	(441.1)
Covid Corporate Financing Facility (CCFF)	**–**	(297.7)
US private placement notes	**(384.7)**	(342.4)
Lease liabilities	**(854.6)**	(1,172.8)
Trade and other payables	**(689.9)**	(495.1)
Total financial liabilities measured at amortised cost	**(2,384.4)**	(2,749.1)
Derivative financial liabilities		
Interest rate swaps	**-**	(2.1)
Total derivative financial liabilities	**-**	(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 30 September 2022 was £825.5m (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 year the transition from GBP LIBOR was completed and from January 2022 onwards our GBP denominated Term Loans have referenced Sterling Overnight Index Average (SONIA) based indices. We are expecting to transition from using the USD LIBOR rate to the Secured Overnight Financing Rate (SOFR) in respect of our USD denominated Term Loans for interest periods commencing after June 2023. 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 Debt amendments

On 5 August 2022, a non-substantial modification to the Senior Facilities occurred whereby the debt maturity was extended by a further 12 months to 15 January 2025. There was no change to the margins, which remained at 3.5% per annum for the Term Loans and 3.0% per annum for the Revolving Credit Facility, but the previously agreed conditional amortisation payments were modified with the amount repayable increased from 5.85% to 11.7% of Facility A should certain criteria be met by 31 December 2022. In addition, a new unconditional repayment of 11.7% was required to be made 30 June 2023, but only if the conditional 31 December 2022 payment had not been made. Finally, the further conditional payment due by 31 December 2023 was increased from 5.85% to 11.7% and made unconditional. Together these amended amortisation payments match the value of two annual amortisation payments originally due in July 2020 and July 2021 which had previously been waived.

For non-substantial debt modifications under IFRS 9, the difference between the modified future cash flows, discounted at the original effective interest rate applied, and the current carrying value of the debt is recognised as a gain or loss in the income statement with the other side applied to the reduction being unwound through the effective interest rate.

As a result of the August 2022 modification, a non-underlying one-off loss of £3.1m was recognised in the income statement.

10 Annual General Meeting

The Group’s Annual General Meeting will be held in February 2023. Details of the resolutions to be proposed at that meeting will be included in the notice of Annual General Meeting that will be sent to shareholders in January 2023.

11 Other information

The financial information set out above does not constitute the Company's statutory accounts for the years ended 30 September 2022 or 30 September 2021 but is derived from those accounts. Statutory accounts for year ended 30 September 2021 have been delivered to the Registrar of Companies, and those for year ended 30 September 2022 will be delivered in due course.

The auditor has reported on the accounts for the year ended 30 September 2022; their report was:

i. unqualified, and

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

The Company's Annual Report and Accounts for the year ended 30 September 2022 will be posted and made available to shareholders on the Company's website in January 2023.

12 Forward looking statement

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

Forward looking statements cover all matters which are not historical facts and include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of expected future revenues, financing plans, expected expenditures and divestments, risks associated with changes in economic conditions, the strength of the food and support services markets in the jurisdictions in which the Group operates, fluctuations in food and other product costs and prices and changes in exchange and interest rates. Forward looking statements can be identified by the use of forward looking terminology, including terms such as 'believes', 'estimates', 'anticipates', 'expects', 'forecasts', 'intends', 'plans', 'projects', 'goal', 'target', 'aim', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology. Forward looking statements in this Annual Report and Accounts are not guarantees of future performance. All forward looking statements in this Annual Report and Accounts are based upon information known to the Company on the date of this Annual Report and Accounts. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward looking statements, which speak only at their respective dates.

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