Ivy Holdco Limited
Company Registration Number 07497036

Report and unaudited condensed interim consolidated financial statements for the period ended 30 June 2023

BUSINESS REVIEW

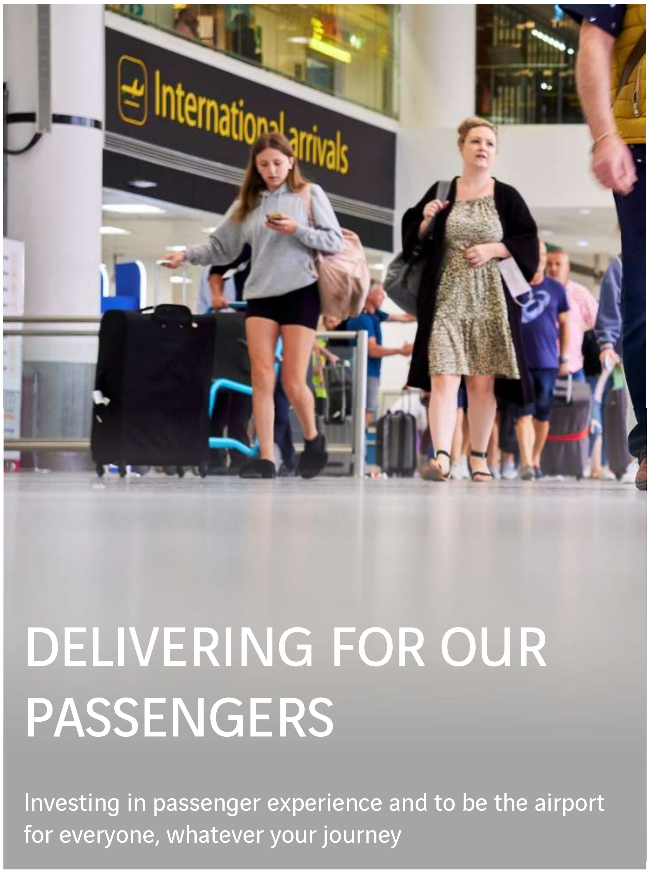
FINANCIAL STATEMENTS

BUSINESS REVIEW

HIGHLIGHTS FOR THE PERIOD

TRAFFIC AND FINANCIAL RECOVERY ON TRACK

Continued recovery in passenger numbers flowing through to EBITDA and cash flow

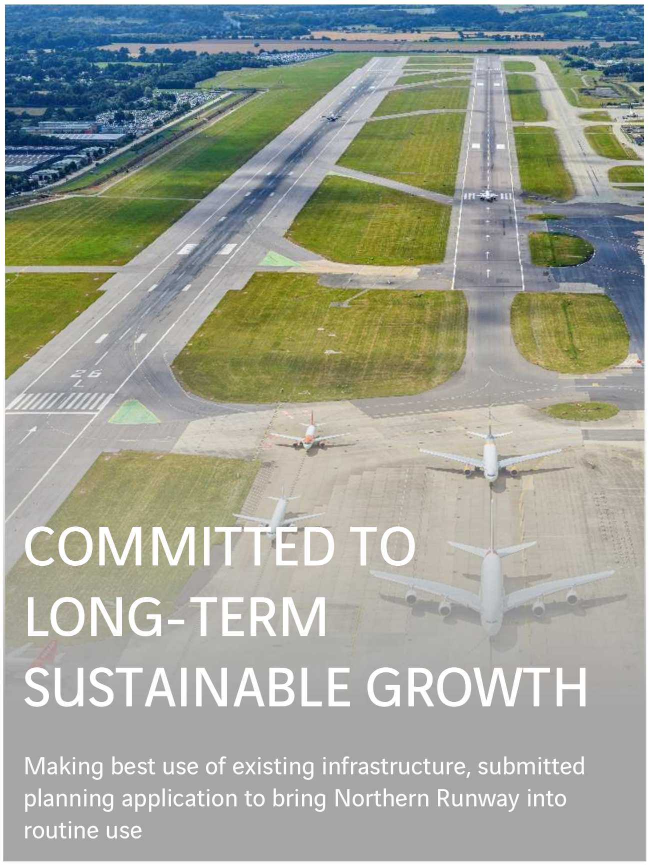


DELIVERING FOR OUR PASSENGERS

Investing in passenger experience and to be the airport for everyone, whatever your journey

EXECUTING OUR SUSTAINABILITY ROAD MAPS

Robust and achievable plans in place to meet sustainability goals, including net zero by 2030



COMMITTED TO LONG-TERM SUSTAINABLE GROWTH

Making best use of existing infrastructure, submitted planning application to bring Northern Runway into routine use

Our strategy

OUR VISION

To be the airport for everyone, whatever your journey

"Our vision is to be the airport for everyone, whatever your journey. Underpinning this is a strengthened focus and investment on simplifying the journey through the airport, ensuring it is an easy and efficient experience."

Stewart Wingate
CEO

OUR VALUES

Ambitious
We are redefining what's possible

Competitive
We give our best

Resilient
We never give up

Resourceful
We deliver what matters

Together
We are a team

OUR PRIORITIES

Great service
Give every passenger an enjoyable and effortless experience

Be sustainable
Continually drive greener and more sustainable solutions

Build and grow
Strengthen our airline, retail and commercial offer

Work smarter
Drive efficiency and resilience

Engage our people
Foster excitement and pride in working here

Keep our airport moving forward
Invest in projects that serve our customers and enable growth

Safety and Security underpins everything we do

SOLID PERFORMANCE IN FIRST HALF OF 2023

PASSENGERS

▲ **18.5m**

FROM 13.1m IN 2022

AIR TRAFFIC MOVEMENTS

▲ **117,158**

FROM 89,143 IN 2022

▼ **62.3%**

ON TIME DEPARTURES

FROM 64.7% IN 2019

▲ **97.5%**

OF PASSENGERS PASSED THROUGH SECURITY IN 5 MINUTES OR LESS

FROM 83.7% IN 2022

PASSENGER SERVICE NPS

▲ **46%**

UP 4% FROM 2022

CARBON INTENSITY (SCOPE 1+2) PER PASSENGER IN 2022

▼ **0.75KG**

FROM 0.81KG IN 2019

▼ **56%**

OF AIRPORT WASTE REUSED OR RECYCLED IN 2022

FROM 70% IN 2019

▼ **0.26**

LOST TIME INJURIES PER 100K HOURS WORKED

FROM 0.27 IN 2022

▲ **32.9%**

WOMEN IN LEADERSHIP (MANAGER AND ABOVE)

FROM 32.5% IN 2022

▲ **£235.7m**

EBITDA (EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION, AMORTISATION AND EXCEPTIONAL COSTS)

FROM £148.3m IN 2022

▲ **3.76x**

SENIOR ICR (INTEREST COVER RATIO)

FROM 0.91x IN 2022

▲ **£79.1m**

PROFIT FOR THE PERIOD

FROM £50.6m IN 2022

▼ **0.52x**

SENIOR RAR (NET INDEBTEDNESS TO 3-YR TRAILING EBITDA MULTIPLE)

FROM 0.91x IN 2022

OUR RECOVERY CONTINUES...

OPERATIONAL REVIEW

"Strong demand for travel has continued in the first half of 2023, with passenger numbers up 41% compared with 2022. This is reflective of the travel industry bouncing back in peak periods, but also demand still building outside of those periods.

Despite a challenging operational environment, we continued to meet our high service standards in the first half of 2023, clearly demonstrated by hitting all of our Core Service Standard targets. This has been a direct result of working alongside our airport partners to be well resourced ahead of the summer.

Operationally, while air traffic movements at the airport remain below pre-pandemic levels at 86% for the period, heavier than normal air traffic control restrictions across large swathes of Europe impacted on time performance. We will continue working closely with EUROCONTROL, NATS and our airlines to minimise disruption.

Looking further ahead, we started a £10 million-plus project to transform the passenger experience in our North Terminal International Departure Lounge. This will provide a more enjoyable and efficient journey through the departure lounge, which highlights our refreshed vision – to be the airport for everyone, whatever your journey.

We're focused on long-term sustainable growth and central to this is our plan to bring the existing Northern Runway into routine use. If approved, our forward-looking and low-impact plan will use the airport's existing infrastructure to unlock new capacity and improve resilience. Importantly, the plans will secure the long-term future of the airport and economic prosperity for thousands of families, businesses and future generations across the region.

Building on our sustainability commitment to be net zero for Scope 1 and 2 emissions by 2030, we've strengthened our Decade of Change goals. We've done this by setting out ten roadmaps to achieve quantitative and qualitative outcomes for each goal. This will ensure we grow in an environmentally conscious way, that benefits both our community and the UK economy."

Stewart Wingate
Chief Executive Officer

OPERATIONAL REVIEW

BUILDING ON OUR RECOVERY

Positive first half of 2023

Passenger numbers continued to grow in peak periods but remain lower than pre-pandemic levels outside of the peak. This is due to travel still not returning to 2019 levels for some business and discretionary leisure flights.

During the first six months of 2023, 18.5 million passengers flew through London Gatwick. In June, passenger numbers recovered to 90% compared with 2019.

Best serving our passengers

Following a rapid recovery in 2022, we continue to focus on recruitment and serving our passengers to make sure their airport experience is smooth and efficient, so supporting our safety and security culture. As always, safety is our highest priority so we continue to invest in training our teams, to best serve our passengers, airport community and colleagues.

Several initiatives are underway to make the passenger journey through the airport even better. For example, earlier in the year we launched our Accessibility Strategy. This aims to ensure passengers requiring assistance can book, plan and receive this assistance, which provides them with the same access as everyone else.

The number of passengers seeking assistance through the airport has increased this year. So it's more important than ever that we continue to adapt and create the most accessible spaces and services for all our passengers. Consistent delivery of our core service standards indicate that we're delivering for all passengers.

Ahead of the summer we recruited a further 200 security officers to manage the increase in passengers. This has had a positive result with over 97.5% of passengers passing through security in less than five minutes. In fact, we've continued to deliver strong service levels across our airport, meeting 99.6% of all measured service level requirements for the first half 2023.

In February, we partnered with UK Border Force to trial the use of e-gates for 10 and 11-year-olds. After a successful trial we've fully implemented this initiative at the airport, allowing more families to travel through e-gates for speed and convenience.

We closely collaborated with airlines, ground handlers and the wider airport community to prepare for the summer season. This ensured adequate resources were in place for a smooth operation. Furthermore, we conducted regular reviews with key airport partners to ensure readiness. We've also continued to invest in contingency resource to support ground handlers, should it be needed.

Air traffic restrictions have been our biggest challenge for the first half of 2023. European air traffic control ("ATC") strikes, en route ATC staffing issues and air space restrictions have led to cancellations and delays. Also, the ongoing conflict in Ukraine continues to cause restrictions on the use of large volumes of airspace. Despite this and industrial action from both UK Border Force and train drivers, we've continued to operate at a good level. Our teams developed action plans, which were well executed and minimised the impact of wider disruption across Europe.

We are working closely with NATS and the airlines to improve areas of performance within our control. This includes ensuring aircraft leave London Gatwick on time during the first wave of departures early in the morning and throughout the rest of the day.

Investing in our future

As the recovery continued in 2023, we restarted our capital investment plan with a refreshed pipeline of key projects. These range from construction on the airfield with the Rapid Exit Taxiway ("RET"), to starting a major transformation of our North Terminal departure lounge.

Recognising the urgent need to make net zero a reality, we've accelerated our commitment to reach net zero (Scope 1 and 2) by 2030, ten years ahead of our previous commitment. We'll achieve by investing over £250 million in initiatives to reduce carbon emissions. For example moving to an electric vehicle fleet and replacing gas boilers and refrigerants with low-carbon alternatives.

On 11 July 2023, we published the 2023 five-year Capital Investment Programme ("CIP"). This programme sets out our ambition to invest over £2 billion in facilities and services for our passengers and airline customers through to 31 March 2029.

OPERATIONAL REVIEW

Passenger traffic trends

In the six months to 30 June 2023, passenger numbers increased by 41% to 18.5 million compared with 13.1 million over the same period in 2022. The recovery continued with passenger numbers reaching 83% of 2019 levels in the same period.

The first quarter, traditionally the quietest period during the year, saw passenger traffic increasing to 80% of 2019 levels in March when airlines began their ramp-up ahead of the summer season. With the start of the new season's schedules in the second quarter, a string of new airlines and services resulted in a recovery, reaching 90% of 2019 levels in June.

Our short-haul market saw a faster recovery in the six months to 30 June and passenger numbers reached 89% of 2019 levels.

- easyJet's traffic continued to grow during the period, up 24% compared with 2022, exceeding 2019 levels in quarter two and peaking at 106% of 2019 levels in June.
- British Airways capacity increased by 160% compared with 2022, due to their later restart of services in 2022. They contributed 9% of the total short-haul passengers during the first half of 2023.
- Vueling continued to deliver more passengers after increasing the number of based aircraft and capacity. Passenger numbers grew by 86% compared with 2022, significantly ahead of 2019 levels.
- Wizz Air's traffic for the first half of 2023 reached 1.0 million passengers, more than doubling 2022 levels as they continued to increase capacity by using the five aircraft they now have based at London Gatwick.
- New airlines such as Lufthansa and SkyExpress began operating at London Gatwick during the first half of 2023 as part of the 34 airlines operating to 155 short-haul destinations, providing a greater choice for passengers.

Recovery for long-haul flights is gradual, reflective of the fact that the UK holiday market recovered faster. China was the last country to lift travel restrictions, with services restarting in quarter two. For the six months to 30 June 2023, long-haul passengers reached 2.6 million, an increase of 62% compared with the same period in 2022, but still 42% lower than 2019 levels. Long-haul traffic recovery peaked in June, reaching 63% of 2019 levels.

Following the start of the summer season, many of our existing airlines launched new services, and we also welcomed several returning and new carriers. British Airways started their long-haul operations to Vancouver, Las Vegas, Aruba and Georgetown, Guyana. Norse added another three destinations to their portfolio – Orlando, Washington and Fort Lauderdale. Air China resumed their operation at the start of quarter two, while China Eastern did so at the end of the period – both now operating to Shanghai.

Air India, a new carrier for London Gatwick, introduced four new routes and is now operating 12 weekly services to India. Delta commenced a daily service to New York JFK, while Saudia started a daily flight to Jeddah.

	Six months ended 30 June		
	2023	2022	2019
	m	m	m
Short haul			
Europe (including UK and Channel Islands)	**15.3**	11.2	17.4
Northern Africa	**0.6**	0.3	0.5
Total short haul	**15.9**	11.5	17.9
Long haul			
North America	**0.8**	0.3	2.0
Caribbean and Central America	**0.7**	0.7	1.1
South America	**-**	-	0.1
Sub-Sahara Africa	**0.2**	0.1	0.2
Middle East and Central Asia	**0.8**	0.4	0.6
Far East and South Asia	**0.1**	0.1	0.3
Total long haul	**2.6**	1.6	4.3
Total passengers	**18.5**	13.1	22.2

Outlook for rest of 2023

We'll continue to see new destinations and airlines being introduced throughout the rest of 2023. We expect to reach 210 destinations by the end of 2023, including several not previously served from London Gatwick. Norse are due to start new services to Los Angeles and San Francisco in quarter three along with some winter sun routes to Montego Bay, Barbados and Kingston in quarter four. At the same time, we'll welcome another new carrier – Air Mauritius – launching their first daily service from London Gatwick.

In the first half of this year the travel industry has continued to bounce back. The capacity growth cap that was in place for July and August 2022 was not necessary in 2023. This reflected our partners having resources in place to manage demand, along with our ability to keep delivering good levels of service.

OPERATIONAL REVIEW

OUR PEOPLE

Recruitment

Passenger numbers are continuing to increase in 2023 and traffic levels are expected to approach pre-pandemic levels during the summer. With this in mind, we've created 350 new jobs so far this year, so we can continue to deliver the levels of service our passengers, airlines and airport partners expect. Given the tight labour market, our focus remains on recruiting the best candidates while also developing our current colleagues.

Reward

Earlier in the year we rewarded our colleagues for their efforts over our first year of recovery with a bonus for 2022 performance. For our negotiated colleagues we worked with our unions to reach a pay settlement. This reflected the market conditions and our continued focus on retaining and attracting core staff. We also provided a pay award for salaried staff, and continued to develop our reward and benefits package. That way we ensure it is market-competitive and sets our people up for continued success.

As we continue to rebuild, investing in leadership development is a priority. That's why at the start of 2023 we launched Leading into the Future. This is an intensive two-day training programme for our 200 front-line managers, equipping them with the skills and knowledge to be even better leaders. We'll follow this with Leading for Success, a development programme for our middle managers.

We've also designed our 2023 bonus scheme to align, motivate and reward individual performance across a balanced scorecard of business measures.

Diversity, Equality and Inclusion strategy

In early 2023 we continued to build on our Diversity, Equality and Inclusion ("DE&I") goals, through introducing a dedicated DE&I strategy. Our strategy formalises the work we're doing to improve DE&I across London Gatwick. We want to be recognised by our colleagues, passengers and stakeholders as a business that places DE&I at our heart. Underpinning this is our vision – to be the airport for everyone, whatever your journey.

It's our aim to create a place where everyone belongs and has a voice, and feels valued for the important role they play in our success.

Our Executive Management-led DE&I Council goes from strength to strength. It'll continue to build our Business Resource Groups ("BRGs"). In 2023 we've launched three further BRGs to support our DE&I strategy alongside our existing BRG Equal Plane – REACH, for race, ethnicity and cultural heritage, Able2, representing disability, and Gatwick Pride, focusing on LGBTQ+. All are employee-led, with an executive sponsor. This ensures we remain focused on delivering against our strategy – to build a more inclusive workplace in which we attract and retain a diverse range of talent, reflecting both our passengers and community.

OTHER MATTERS

Key management changes

After two and half years as London Gatwick's Chief Operating Officer, Adrian Witherow moved to Sydney Airport in January 2023 as its Chief Transformation Officer. Adrian joined London Gatwick during the height of the pandemic and led the Operations team through a challenging period. Business Improvement Director John Higgins has taken over as interim Chief Operating Officer.

FINANCIAL REVIEW

BASIS OF PREPARATION

Ivy Holdco Limited (the "Company") is a holding company of a group of companies (the "Ivy Holdco Limited Group") that owns London Gatwick ("Gatwick"). These are the unaudited condensed interim consolidated financial statements of the Group for the period ended 30 June 2023; the comparative period is the period ended 30 June 2022. The financial statements of the Group have been prepared in accordance with UK adopted International Accounting Standard 34 and with the requirements of the Companies Act 2006.

The financial information presented within these financial statements has been prepared on a going-concern basis. See page 17 and note 1 for further details.

REVIEW OF 2023

Throughout the first half of 2023, passenger numbers continued to recover accompanied by strong financial performance. Revenue increased 45.2% from £291.5 million for the six months to 30 June 2022 to £423.3 million for the same period in 2023. We continued our focus on recruiting staff to ensure we had appropriate levels alongside careful management of costs as operations ramped back up. As a result, total operating costs (excluding depreciation, amortisation and exceptional items) increased by 30.9% from £143.2 million for the six months ended 30 June 2022 to £187.5 million for the same period in 2023.

REVENUE

For the six months ended 30 June 2023, total revenue was £423.3 million with growth across each category. Firstly, this was due to a 41% increase in passenger numbers. Additionally, while the South Terminal was closed for quarter one in 2022, all major infrastructure is now open in 2023.

Revenue mix has remained consistent. Airport and other traffic charges income represented 50% of total revenue compared with 49% in 2022. The next largest category was retail, at 21% in both 2022 and 2023.

	Six months ended 30 June	
	2023	2022
	£m	£m
Airport and other traffic charges	**212.7**	142.2
Retail	**89.7**	62.7
Car parking	**59.5**	38.8
Property income	**15.8**	15.0
Operational facilities and utilities income	**21.5**	14.5
Other income	**24.1**	18.3
Total revenue	**423.3**	291.5

Airport and other traffic charges

Airport and other traffic charges income is driven by passenger and aircraft traffic volume, the level of airport charges and the terms of bilateral contracts with airlines. Charges are set in line with our Contracts and Commitments Framework. This currently allows for a maximum annual price increase of RPI+0% with a reference date of 2019. This is effective from 1 April each year following consultation with the airline community.

For the six months ended 30 June 2023, airport and other traffic charges income increased £70.5 million (49.6%) compared with the same period in 2022. This was against a backdrop of a 41% increase in passengers. Aeronautical income per passenger (which includes the impact of bilateral pricing agreements) was £11.50 for the 2023 period, up 5.9% from the same period in 2022. A combination of factors have driven this increase in income per passenger including:

- a change in airline mix as we welcomed a number of new carriers such as Air India, Saudia and Delta along with existing carriers expanding their networks, giving greater choice for passengers in terms of airlines, price points and destinations;
- increases to the planned gross yield in relation to the year commencing 1 April 2023 (ie, the planned aeronautical revenue per passenger excluding the terms of bilateral contracts) in accordance with our Contracts and Commitments Framework; and
- a decrease from 1 April 2023 in the permitted security cost adjustment associated with a hold baggage-screening project.

FINANCIAL REVIEW

Retail

We've worked closely with all operators to ensure a smooth start to 2023 and a successful summer operation delivering great customer service. This has included supporting concessionaires with recruitment of more than 500 people. In the first half of 2023, we've also opened a number of new catering units and introduced new product offerings in our specialist shops.

Due to these activities, compared with the same period in 2022, net retail income for the six months to 30 June 2023 rose by £26.2 million to £88.3 million. This is an increase of 42.2% compared with a 41% increase in passenger numbers. Within net retail income, catering experienced the highest growth (56.6%). This was largely driven by the limited number of units open in 2022, along with restricted operating hours for some units where concessionaires experienced staffing issues.

Net retail income per passenger was £4.77 for the six months to 30 June 2023, compared with £4.74 in 2022. This equates to headline growth of 0.7% but masks several factors. Catering has continued to perform strongly with income per passenger growth of nearly 11%, but other categories experienced lower levels of growth (such as Specialist shops and Duty and tax-free). This reflects the challenges concessionaires face in passing on rising prices. Also, last year some bookshop and pharmacy units benefited from higher demand due to reduced onboard catering provision. However, the main reason for a relatively small overall increase in retail income per passenger was due to Bureau de Change. We minimised the impact of adverse market trends in this category by changing provider in April 2022.

	Six months ended 30 June	
	2023	2022
	£m	£m
Duty and tax-free	**30.0**	21.0
Specialist shops	**18.5**	12.8
Catering	**26.0**	16.6
Bureau de Change	**6.8**	5.8
Other retail	**8.4**	6.5
Retail revenue	**89.7**	62.7
Less: retail expenditure	**(1.4)**	(0.6)
Net retail income	**88.3**	62.1
Passengers (millions)	**18.5**	13.1
Net retail income per passenger	**£4.77**	£4.74

Car parking

Car parking revenue comprises revenue from various parking products available across the airport. For example, short stay, long stay and valet operations, together with revenue from forecourt charges for passenger drop-offs.

For the six months ended 30 June 2023, car parking revenue was £59.5 million, an increase of £20.7 million on the same period in 2022. This represents revenue growth of 53.4% compared with passenger growth of 41%. Key to this was the differing mix of parking products on offer in the first half of 2023 compared with 2022 when the South Terminal was closed for quarter one. In that period last year there were also challenges with local market dynamics and operational constraints.

Car parking continues to see of higher proportion of UK-originating departing passengers than pre-COVID-19. Net car parking income per passenger for the six months ended 30 June 2023 was £2.62, an increase of 8.8% compared with the same period in 2022.

	Six months ended 30 June	
	2023	2022
	£m	£m
Car parking revenue	**59.5**	38.8
Less: car parking expenditure	**(11.1)**	(7.3)
Net car parking income	**48.4**	31.5
Passengers (millions)	**18.5**	13.1
Net car parking income per passenger	**£2.62**	£2.40

Other income

For the six months ended 30 June 2023, total other income increased by £13.6 million (28.5%) compared with 2022. These categories include recharges to the airline community for services. For example, check-in facilities, hold-baggage screening and services for special assistance passengers. Also, higher utility costs are being recharged across the wider airport community, reflecting recent market trends.

	Six months ended 30 June	
	2023	2022
	£m	£m
Property income	**15.8**	15.0
Operational facilities and utilities income	**21.5**	14.5
Other income	**24.1**	18.3
Other income	**61.4**	47.8

FINANCIAL REVIEW

OPERATING COSTS

With passenger numbers increasing by 41% in the first six months of 2023 compared with the same period in 2022, total operating costs (pre-exceptional items) rose by 16.6% to £262.4 million. This was down to our committed focus on balancing good passenger service and operational requirements alongside tight cost management. It also reflects the fixed nature of certain costs such as business rates, police, air traffic control and insurance.

Our largest cost category is staff. This represents 30.1% of total operating costs and amounted to £79.1 million for the six months to 30 June 2023, an increase of 38.3% compared with the same period in 2022. During 2022, we began rebuilding our teams to ensure appropriate staffing levels (particularly in security) for the growth in passengers. This activity has continued into 2023. As a result, average full-time equivalent ("FTE") employees increased from 1,820 for the six months to 30 June 2022 to 2,217 FTEs for the same period in 2023, an increase of 21.8%.

At the start of the year a number of staff cost-related mitigations remained in place following actions taken in 2021 due to COVID-19. However, these were fully lifted by 31 March 2023 and all staff received a pay award with effect from 1 April 2023.

Both retail and car parking expenditure increased in the six-month period ended 30 June 2023 compared with 2022 levels. This was driven by higher revenues across both categories. Retail expenditure relates to cost of sales for e-commerce and advertising revenues. Car park expenses include the costs of operating the car parks themselves, but also sales costs from operating our website and booking engine.

Maintenance and IT costs were £4.4 million higher in 2023 compared with 2022. This stems from greater maintenance activity in 2023 as a result of both terminals being open. Also, this was due to some activity being rescheduled to the second half of 2022 to enable a major capital project to resurface our Main Runway. Across both of these cost categories, we've been working with suppliers to manage inflationary pressures on third-party contracts wherever possible.

Utility prices have remained volatile and high. To mitigate the impact of these adverse market conditions, we've continued to hedge electricity and gas commodity prices. This meant utility costs only rose by £2.3 million (16.8%) in the six months to 30 June 2023 compared with 2022.

Rent and rates increased primarily due to the Valuations Office Agency increasing the rateable value of our property assets by £14.2 million with effect from 1 April 2023.

The other operating expenses category includes a range of costs that are largely fixed in nature (such as police, air traffic control and insurance). There's also costs with both fixed and variable elements (including special-assistance, cleaning, logistics and hold baggage screening). We continue to see the impact of wage inflation on our labour-intensive contracts. Expenditure on professional fees for compliance, regulation and to further develop and embed our environment, social and governance ("ESG") agenda, are also included here. In line with prior years, we're focused on identifying areas to generate efficiencies, alongside delivering operational requirements and a good passenger experience.

For the six months ended 30 June 2023, other operating costs increased by £8.9 million (28.3%) compared with the same period in 2022. Within the 2022 cost is £4.0 million income from the Department for Transport ("DfT") in relation to the Airports and Ground Operators Support Scheme. Adjusting for this, other operating expenses increased by 12% between periods.

Depreciation and amortisation decreased by £7.1 million or 8.7% due to reduced capital investment in recent years following the impact of COVID-19.

	Six months ended 30 June	
	2023	2022
	£m	£m
Staff costs	**79.1**	57.2
Retail expenditure	**1.4**	0.6
Car parking expenditure	**11.1**	7.3
Maintenance and IT expenditure	**22.0**	17.6
Utility costs	**16.0**	13.7
Rent and rates	**17.7**	15.4
Other operating expenses	**40.3**	31.4
Depreciation and amortisation	**74.8**	81.9
Total operating costs (pre - exceptional items)	**262.4**	225.1

FINANCIAL REVIEW

EBITDA AND OPERATING PROFIT

EBITDA increased to £235.7 million for the period ended 30 June 2023 compared with £148.3 million for the same period in 2022. This resulted in an increased EBITDA margin of 55.7% for 2023 compared with 50.9% in 2022.

For the period ended 30 June 2023, the Group recorded an operating profit of £160.9 million compared with £66.4 million for the same period in 2022. This increase was mainly driven by the continued recovery in passenger numbers during 2023.

	Six months ended 30 June	
	2023	2022
	£m	£m
Operating profit	**160.9**	66.4
Depreciation and amortisation	**74.8**	81.9
EBITDA (pre-exceptional items)	**235.7**	148.3

PROFIT FOR PERIOD

For the period ended 30 June 2023, the Group recorded a profit before tax of £100.2 million (2022: £60.7 million) and a profit after tax of £79.1 million (2022: £50.6 million).

Fair value of investment property continued to see a recovery in 2023. This resulted in a non-cash fair value adjustment of £27.0 million.

Net finance costs increased by £13.4 million in 2023 due to higher interest payable on the Group's interest rate swaps. This was a result of the swap portfolio restructure in 2021 to protect the Senior ICR (interest cover ratio) during the pandemic. This was offset by a decrease in interest payable on fixed rate bonds due to the tender offer to purchase some of the outstanding Class A bonds in December 2022. A total of £462.6 million of nominal debt was purchased at a cost of £350.9 million.

Fair value loss on derivative financial instruments for the six months ended 30 June 2023 was £30.0 million (2022: £21.0 million). This was a result of both increasing RPI indexation and increased floating rates (SONIA), given the interest rate rises announced by the Bank of England during the first half of 2023.

	Six months ended 30 June	
	2023	2022
	£m	£m
Operating profit	**160.9**	66.4
Investment property revaluation gain	**27.0**	60.5
Gain on disposal of fixed assets	**0.9**	-
Net finance costs	**(58.6)**	(45.2)
Fair value loss on derivative financial instruments	**(30.0)**	(21.0)
Income tax charge	**(21.1)**	(10.1)
Profit for the period	**79.1**	50.6

TAX

The tax charge for the six months ended 30 June 2023 was £21.1 million (2022: £10.1 million). This is based on an effective tax rate of 21.1% (2022: 16.6%) applied to profit before tax of £100.2 million (2022: £60.7 million). The effective tax rate for the period is below the expected statutory rate of 23.5% for the year ended 31 December 2023 primarily due to group relief.

During the period, the Group paid corporation tax of £28.0 million (2022: £5.2 million).

CASH POSITION AND CASH FLOW

On 30 June 2023, the Group had £32.8 million (2022: £342.0 million) of cash and cash equivalents. In the 12-month period to 30 June 2023, there was a decrease of £309.2 million in cash and cash equivalents. Decrease in cash equivalents was primarily driven by one-off transactions. For example the purchase of some of the outstanding Class A bonds for £350.9 million and a reduction in the outstanding balance on the Group's Revolving Credit Facility ("RCF") by £280.0 million, which was offset by cash generated from operations.

In the six months ended 30 June 2023, cash generated from operations increased to £174.4 million (2022: £157.4 million). The following table reconciles EBITDA to cash generated from operations.

	Six months ended 30 June	
	2023	2022
	£m	£m
EBITDA	**235.7**	148.3
Increase in inventories, trade and other receivables	**(20.8)**	(18.3)
(Decrease)/increase in trade and other payables	**(4.9)**	32.6
Difference between pension charge and cash contributions	**(7.6)**	-
Corporation tax paid	**(28.0)**	(5.2)
Cash generated from operations	**174.4**	157.4

FINANCIAL REVIEW

CAPITAL EXPENDITURE

London Gatwick continued to drive capital investment in the first half of 2023. We either restarted or initiated a wide range of major projects in the period. We invested £49.4 million in the six months ended 30 June 2023 compared with £30.2 million in same period in 2022. During the period, we launched many projects in which we expect to invest a significant amount during the second half of 2023.

Key projects and areas of investment during the period were:

Asset stewardship and resilience

We completed a five-year, £20 million project to replace old copper network cabling with resilient fibre-optic cabling around the entire airfield. One of the few, mission-critical projects that continued throughout the COVID-19 pandemic, this project is detailed in the case study on page 22. Work on the airport's rolling programme of taxiway rehabilitation restarted on site in April.

In addition, construction work restarted on a new Rapid Exit Taxiway ("RET"), which will optimise use of the main runway and provide more resilience. This project had been paused in 2020 following the impact of COVID-19.

Capacity and service

Detailed design for a project to extend Pier 6 in the North Terminal to provide eight new pier-served stands, which was paused in 2020, restarted in January. The project used the COVID-19 hiatus to challenge the previous design and adopt more sustainability best practice in its design, construction and operation.

We continue to contribute to Network Rail's redevelopment of the train station, with final delivery expected in late 2023. The station upgrade will create more space and provide greater accessibility, via more lifts and escalators for passengers. This will make their journeys easier, improve their experience and increase the efficiency of the station.

Construction also began on an exciting new project to improve the look and feel of the North Terminal departure lounge. We've significantly invested in new seating, flooring, lighting and wayfinding, to provide a better departure lounge experience for our passengers.

Sustainability

During the first half of the year we commenced an energy-efficiency programme, with several projects to replace conventional lighting with low-energy LEDs. Half of our lights are already LEDs and this rolling programme will replace the remaining 50% in the next few years. To support delivery of our ambitious Second Decade of Change goals, work continued to develop detailed delivery 'road maps' for reducing Scope 1,2 and 3 emissions.

This aims to reduce water consumption, improve water quality and drive the use of public transport for airport travel. Further details can be found on page 23.

Safety, security and compliance

Following successful trials of new security-screening technology for passengers and their cabin baggage, we placed orders for this new equipment and are working towards the DfT deadline. As well as enhancing security screening capability, the technology offers significant passenger service benefits. For example, it doesn't require liquids and electronic items to be removed from bags, making passengers' security experience easier and more efficient.

Commercial revenue

We restarted work on the construction of multi-storey car park 7 in North Terminal, which will provide over 3,000 extra car parking spaces near to the terminal. As the North Terminal has become busier, demand has increased for mid-stay (two to three days) for both business travellers and passengers visiting friends and families at weekends.

Growth

We finalised our plans to bring the existing Northern Runway into routine use and submitted our Development Consent Order ("DCO") application to the Planning Inspectorate on 6 July 2023. Making best use of existing infrastructure is in line with Government policy and delivers sustainable, incremental growth to meet future demand in London and the South East. This will create thousands of new jobs and inject over £1 billion into the local economy each year. On 3 August, the Planning Inspectorate accepted our plans for detailed examination.

FINANCIAL REVIEW

FINANCING

Financing structure

Gatwick Airport Limited ("GAL") has an RCF under the Authorised Credit Facility ("ACF") of £300.0 million, with a termination date of 21 June 2025. The outstanding balance on 30 June 2023 was £20.0 million.

To provide additional liquidity following the purchase of some of the outstanding Class A bonds in December 2022, in February 2023 the Group entered into a new RCF under an ACF of £100.0 million. This has a termination date of 23 August 2024 with an option to extend to 23 February 2025. The facility remains fully undrawn as of 30 June 2023.

The Group also has access to a committed £150.0 million Liquidity Facility ("LF") to ensure interest payment obligations can be kept current for over 12 months. This gives extra assurance to bondholders and bank lenders. The facility remains fully undrawn as of 30 June 2023.

Further details of the Group's financing structure can be found in the Group's Annual Report and Consolidated Financial Statements for the year ended 31 December 2022.

Between 2011 and 2019, Gatwick Funding Limited issued £3,100.0 million of publicly listed fixed-rate secured bonds with scheduled and legal maturities ranging from 2024 and 2026 to 2049 and 2051 respectively. Details and current outstanding balances are shown below.

	Scheduled maturity	Legal maturity	Issue date	**As of 30 June 2023 £m**	As of 30 June 2022 £m	Borrower
Class A 5.25 per cent.	2024	2026	20 Jan 2012	**150.0**	300.0	Gatwick Airport Ltd
Class A 6.125 per cent.	2026	2028	2 Mar 2011	**300.0**	300.0	Gatwick Airport Ltd
Class A 2.5 per cent.	2030	2032	15 Apr 2021	**300.0**	300.0	Gatwick Airport Ltd
Class A 4.625 per cent.	2034	2036	27 Mar 2014	**350.0**	350.0	Gatwick Airport Ltd
Class A 5.75 per cent.	2037	2039	20 Jan 2012	**300.0**	300.0	Gatwick Airport Ltd
Class A 3.125 per cent.	2039	2041	28 Sep 2017	**350.0**	350.0	Gatwick Airport Ltd
Class A 6.5 per cent.	2041	2043	2 Mar 2011	**300.0**	300.0	Gatwick Airport Ltd
Class A 2.625 per cent.	2046	2048	7 Oct 2016	**180.1**	300.0	Gatwick Airport Ltd
Class A 3.25 per cent.	2048	2050	26 Feb 2018	**203.3**	300.0	Ivy Holdco Ltd
Class A 2.875 per cent.	2049	2051	5 July 2019	**204.0**	300.0	Gatwick Airport Ltd
				2,637.4	3,100.0	

The Group regularly prepares long-term cash flow forecasts to test the sufficiency of its financing facilities to meet its funding requirements. The Directors consider that the current level of credit facilities is sufficient to meet its present forecast funding requirements and provides the Group with appropriate headroom.

During 2021, the Group was granted covenant waivers and an amendment of certain terms under the financing documents from Qualifying Borrower Secured Creditors. This includes: a) that any default relating to Senior ICR and Senior RAR (Regulatory Asset Base) levels are waived in respect of the calculation dates falling on December 2021 and June 2022; and b) a temporary amendment (until June 2024) to the calculation of the Senior RAR to replace both the April 2020 to March 2021 EBITDA and the April 2021 to March 2022, in such calculation with the average of the 2017, 2018 and 2019 financial years, corresponding to each relevant calendar quarter, to prevent results in this exceptional period continuing to impact the Senior RAR.

On 30 June 2023, the Group's consolidated senior net debt was £2,744.0 million. It comprised:

	As of 30 June **2023 £m**	2022 £m
Class A bonds	**2,637.4**	3,100.0
Index-linked derivative accretion	**119.4**	39.7
Revolving credit facilities	**20.0**	300.0
Cash and cash equivalents	**(32.8)**	(342.0)
Senior net debt	**2,744.0**	3,097.7

For the six months ended 30 June 2023, the average interest rate payable on borrowings was 6.64% (six months ended 30 June 2022: 3.81%).

FINANCIAL REVIEW

Financial covenant ratios

The maximum net indebtedness to the total Senior RAR and minimum Senior ICR are the Group's financial covenants that govern the Group's ability to raise incremental debt under the ACF Agreement. The Group's financial covenants on 30 June 2023 and 31 December 2022 under the CTA are shown below.

A lower Senior ICR for the 12 months ended 30 June 2023 has occurred due to increased finance costs as a result of increased floating rates, higher inflation and an unwinding of interest rate swaps undertaken during the pandemic. Senior RAR at June 2023 is lower than December 2022 due to an increase in Transfer RAB driven by the improved operating performance of the business (Transfer RAB linked to EBITDA multiple).

	12 mths ended 30 Jun 2023	Year ended 31 Dec 2022 audited	Trigger	Default
Minimum interest cover ratio (Senior ICR)	**3.76**	**4.15**	<1.50	<1.10
Maximum net indebtedness to the total regulatory asset base (Senior RAR)	**0.52**	**0.55**	>0.70	>0.85

PENSION SCHEME

Gatwick operates a defined benefit pension scheme, which closed to new members in June 2010. On 30 June 2023, the defined benefit pension scheme, as measured under IAS 19, was funded at 134% (31 December 2022: 125%). This translated into an accounting surplus of £106.2 million (31 December 2022: £84.4 million).

The £21.8 million increase in surplus is primarily driven by the changes in financial markets over the period. Increases in bond yields led to large decreases in the value placed on plan liabilities over the year. These gains were mainly, though not entirely, offset by losses on the plan assets.

The Directors believe the scheme has no significant plan-specific or concentration risks.

DIVIDENDS

The Directors have not declared a dividend during the period ended 30 June 2023 (period ended 30 June 2022: £nil).

GROUP STRUCTURE

There have been no changes to the Group structure during the period ended 30 June 2023. Further details of the Group structure can be found in the Group's Annual Report and Consolidated Financial Statements for the year ended 31 December 2022.

GOING CONCERN

The Directors have prepared the financial statements on a going concern basis. In assessing the going concern position of the Group, the Directors have considered a number of scenarios and potential impact on the cash flow and liquidity of the Group over the next 12 months. They have also considered the corresponding impact on the covenants associated with the Group's financing arrangements.

In forming this view, the Directors have noted that 2020 and 2021 was an unprecedented period in the aviation sector. 2022 was the start of the recovery, which has continued at pace in 2023. The actions taken since the start of the pandemic have put the Group in a strong position. However, given the ongoing economic situation, short-term uncertainty remains in the passenger forecasts.

See Note 1 for further details.

Our principal risks

The principal corporate risks, as identified by the Board of Directors, have not changed since 31 December 2022. The Group undertaken an annual comprehensive review in line with the risk management framework. The principal corporate risks are explained in more detail in the Group's Annual Report and Consolidated Financial Statements for the year ended 31 December 2022, and relate to the following key areas:

Safety, security and resilience risks

- Fire, health and safety, and security
- Stable and resilient operations
- Information (including personal data) security

Regulatory, legal, commercial, growth and reputational risks

- CAA regulation
- Change in demand
- Growth
- Capital investment
- Climate change and net zero

People risks

- People and industrial relations

Financial risks

- Cash flow interest rate
- Funding and liquidity
- Counterparty credit

Task Force on Climate-related Financial Disclosures

The Group's most recent Task Force on Climate-related Financial Disclosures ("TCFD") are provided in the Annual Report and Consolidated Financial Statements for the year ended 31 December 2022.

During 2023, we've started to assess our resilience under different climate transition risk scenarios. We're simulating the impact of transition risks through 2030, and to 2040 for physical risks. Insights from this work will further strengthen the importance and relevance of our climate-related actions outlined in our Carbon Action Plan.

STRATEGIC DEVELOPMENTS

REGULATION AT LONDON GATWICK

London Gatwick is subject to economic regulation by the Civil Aviation Authority ("CAA") under the Civil Aviation Act 2012. This takes the form of legally enforceable undertakings ("commitments") made by London Gatwick to airlines, covering price, service, transparency, financial resilience, operational resilience and dispute resolution. These undertakings put commercial agreements between airports and airlines at the very centre of our business, delivering improved outcomes for passengers. They're backed by a licence issued by the CAA.

The first generation of commitments expired on 31 March 2021. These commitments delivered consistently for passengers and airlines, with service levels and overall investment significantly exceeding what was committed. Having consulted with stakeholders, in January 2020 we proposed an extension to the arrangement with an improved set of commitments to run from 1 April 2021 to 31 March 2025. The CAA confirmed the final licence conditions in a notice in May 2021 (CAP 2144).

Following extensive engagement with airlines and passenger representatives, we've proposed an extension to the current commitments until 31 March 2029 incorporating several important enhancements. This extension will benefit passengers and provide a more stable, predictable environment to help airlines continue to recover from the pandemic. Over this period, we'll give confidence to airlines and passengers by striving for outstanding service, continuing to invest in facilities, and provide a price which Gatwick has committed to decline, on average, in real terms. We'll actively strive to get consent to start work needed to bring our Northern Runway into routine use, and add capacity and additional resilience to the airfield.

The CAA consulted on our proposal until 28 July 2023. It will now review consultation responses and undertake its own analysis. During 2024, we expect the CAA to reach its final decision on the regulatory framework, which would be applied from April 2025. The proposal's key features are as follows:

- Service: Gatwick commits to maintain excellent service delivery for its passengers and airlines and will remain financially incentivised to do so. Gatwick is engaging with the airline community as the package of Core Service Standards ("CSS") is reviewed. Gatwick is considering reintroducing a CSS metric focused on ATC performance at the airport and strengthening the special assistance metric.

- Investment: The 2023 Capital Investment Programme ("CIP") reflects a substantially enhanced capital programme with over £80 million added to deliver sustainability objectives, an additional £100 million investment in the international departure lounges and over £500 million to start the Northern Runway programme. Over the ten-year period from 2019, Gatwick's planned investment is £2.6 billion – substantially higher than the minimum investment commitment of £1.5 billion and delivered under a lower price ceiling.

- Price: Recognising cost pressures and economic uncertainty and underlining Gatwick's commitment to sharing commercial risk, Gatwick proposes to switch to CPI and to limit airport charges with a ceiling and a maximum annual rate increase of CPI-1% for the first two years of the extension (but not to reduce below 0% nominal) with a trajectory of CPI+0% thereafter.

- Vision: As part of the current CIP process, Gatwick published its vision which is underpinned by the following statement: "To be the airport for everyone, whatever your journey". This vision recognises the breadth of airline and passenger customers and is built on three core foundations – ease, efficiency and experience. This will flow through investment plans and operations.

- Capacity growth: Gatwick commits to increase the resilience and efficiency of its airfield infrastructure, and to continue, for the present, to bear the cost of developing these plans, securing the necessary statutory and planning approvals, and implementing the projects. This includes potential projects to maximise the use of the existing Main Runway and to bring into routine use the existing Northern Runway (sometimes referred to as the 'stand-by' or 'emergency' runway). Gatwick is also committed to delivering greater passenger choice with routes and airlines, as well as retail growth.

All airport operators are also subject to aerodrome licensing under the Air Navigation Order 2009, which requires an airport operator to demonstrate its competence for conducting aerodrome operations safely. That licensing requirement is not affected by the Civil Aviation Act 2012.

STRATEGIC DEVELOPMENTS

CAPITAL INVESTMENT AT LONDON GATWICK

Our CIP is a rolling five-year investment view which we publish each year as part of our Contracts and Commitments regulatory framework. The programme is consulted upon with our airline customers and London Gatwick Consultative Committee's Passenger Advisory Group ("PAG"). It is informed by a continuous and extensive range of passenger feedback and research to understand their needs.

Consultation on the 2020 CIP had almost been completed when the COVID-19 pandemic hit, so the investment programme was scaled back significantly. Given the uncertain conditions, we agreed with the airline community that it wouldn't consult on a 2021 or 2022 CIP but wait until the airport's recovery was clearer. Following the significant recovery of passenger traffic during the second half of 2022, we started to work in re-energising our CIP, and consultation began in November 2022. We consolidated feedback from airline customers and the PAG on their goals and priorities into the 2023 CIP, which was published on 11 July 2023. The programme sets out our ambition to invest over £2 billion in facilities and services for our passengers and airline customers through to 31 March 2029.

We've retained seven key investment drivers:

- safety, security and compliance
- asset stewardship and resilience
- sustainability
- capacity and service
- cost efficiencies
- growth
- commercial revenue

Safety, security and compliance

Above all else, providing a safe and secure environment for our passengers and staff is vital for our business. We need to invest to comply with the requirements from a range of authorities to continue to operate safely.

The two most significant projects under this investment driver are the upgrades to security-screening technology mandated by the DfT and continued investment in the CAA's Airspace Modernisation programme. This involves a complete redesign of Gatwick's airspace as part of a national programme to deliver "quicker, quieter and cleaner journeys". It will enhance aviation safety and improve the capacity, efficiency, resilience and environmental performance of the UK's airspace system.

Asset stewardship and resilience

Offering consistently high levels of operational performance for our passengers and airline customers is key to our success. The effective maintenance of our existing assets is key to delivering our core service standards. Asset stewardship investment will crucially contribute to the achievement of our net zero and other sustainability goals. For example, gas boilers at the end of their economic lives will be replaced by zero emission alternatives.

It will also play a key role in updating the look and feel of some areas of the airport. These have been highlighted through our passenger research and airline consultation "as in need for a refresh" to maintain the great experience we envisage for our passengers. Specific projects to address major areas such as the North and South Terminal departure lounges, some piers and gaterooms have already been identified. A range of other areas will also be included in asset investment.

Other examples of projects under this driver include completion of the project to replace the ceiling in South Terminal check-in area. Also, there's replacement of 75% of the seating across the campus, along with renewal of air navigation systems such as the instrument landing systems. Finally, we're planning provision of a new standby air traffic control tower, as well as replacement of airfield, engineering and baggage assets.

Multi-million-pound North Terminal redevelopment

Passengers travelling through our North Terminal will soon be able to enjoy a host of new features, as its biggest ever transformation gets underway.

The project is scheduled to complete in early 2024 and will see more than £10 million invested in a host of improvements. Passengers will be provided with a more personalised experience and a relaxing place to spend time.

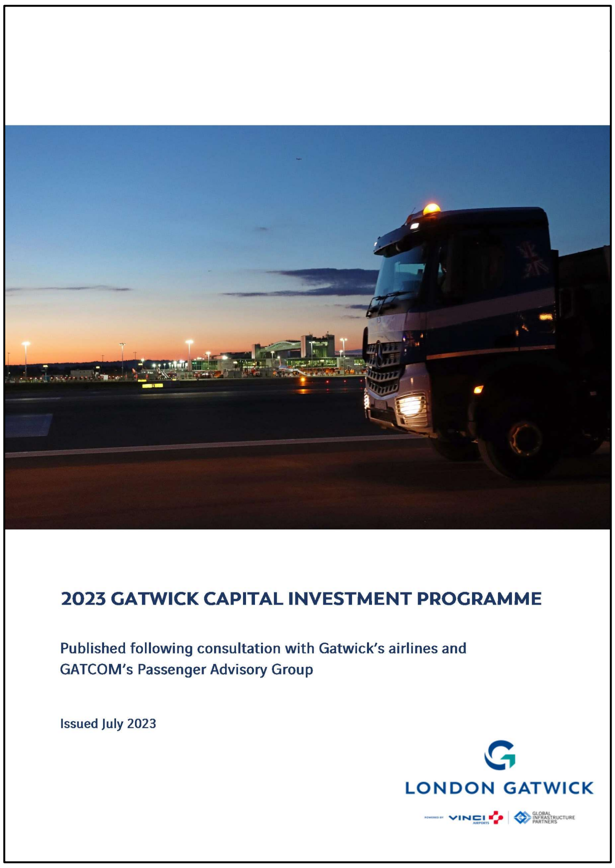
The modernised departure lounge will feature new flooring and contemporary seating. All seats will have accessible power points, located in differentiated 'mood zones'. This allows passengers to spend their pre-flight time how they choose, whether relaxing, working or shopping.

A sustainable planting scheme will bring the outside in, inspired by the beautiful West Sussex countryside. Local artwork will take pride of place, further demonstrating our connection to the surrounding region.

STRATEGIC DEVELOPMENTS

Sustainability

Operating sustainably and being a responsible business is critical to our long-term success. In 2021, we launched an update to our Sustainability Policy, called our Second Decade of Change, which looks ahead to 2030. Our 2023 CIP sets out substantial investment in sustainability to ensure we achieve our commitment to be a net zero airport (Scope 1 and 2) by 2030. Further details can be found on page 23.



Capacity and service

We undertook a high-level traffic assessment to help inform the long-term capital investment forecast. Within this, we've taken a broadly positive assessment over the medium-term period, while recognising the volatility in demand forecasting in the current environment. Based on the forecasts, we've conducted a high-level demand assessment, and included capital projects designed to address the emerging capacity and/or service shortfalls in our investment plans. The extension of Pier 6 to add eight new pier served stands is the single biggest example of this.

Investment in service will be key to delivering our vision "to be the airport for everyone, whatever your journey" and building the three core foundations – ease, efficiency and experience – that underpin it. Examples include the completion of the train station upgrade, expansion of the departure lounges in both terminals, exploration of the next generation of check-in and boarding gate automation. Furthermore, we're planning upgrades to terminal and piers environments, a rolling programme of toilet upgrades and equipment, and facilities to aid passenger with special assistance needs.

Cost efficiencies

Cost efficiencies is another key investment driver. This means projects targeted at improving operational efficiency and reducing costs both for our airline and ground-handling communities and for the airport. Examples include automation of check-in and bag drop facilities, boarding gates and baggage handling to reduce reliance on resource and 'smart stand' trials. We're also planning next-generation stand entry guidance to give pilots more information to optimise taxi times, saving time, fuel and emissions.

Commercial revenue

We seek to maximise revenue through commercially returning projects. This benefits passengers through the provision of a wide choice of quality restaurants, shops, car parking, car rental and other services which enhance their experience, while also helping us to maintain competitive airport charges and thereby incentivise further growth in airline services and destinations. Examples of commercial projects in the 2023 CIP include the continued updating and revitalising of our shops and restaurants, provision of on-airport hotel beds and office facilities, and upgrading of media sites across the campus. We've also started construction on a new multi-storey car park in North Terminal to serve mid-stay passengers.

Growth

In the last six months, we finalised our plans to bring the existing Northern Runway into routine use. On that basis, we submitted our DCO application to the Planning Inspectorate on 6 July. Making best use of existing infrastructure is in line with Government policy and delivers sustainable, incremental growth to meet future demand in London and the South East. This will allow us to serve 75 million passengers a year by 2038. The additional capacity will bring material benefits to passengers, with a broader choice of routes, competitive prices and greater resilience in the London system. At the same time it will benefit the local and national economy by creating thousands of new jobs and injecting over £1 billion into the local economy each year.

STRATEGIC DEVELOPMENTS

Building resilience with our cutting-edge network infrastructure

In April 2023, London Gatwick achieved a significant milestone with the completion of our Airfield Data Network ("ADN") project. This is a ground-breaking endeavour to enhance the connectivity and resilience of the network which supports critical air navigation systems across the airport campus. Launched in 2018, the project aimed to replace outdated copper cable infrastructure installed in the 1950s with a more reliable efficient and resilient solution.

After a rigorous evaluation process, Fujitsu was chosen as the technology partner for the project. Working in collaboration with ROC, they helped deliver an integrated fibre-switched network solution that ensures high availability and reliability. This cutting-edge network infrastructure was designed to meet the demands of London Gatwick, a critical component of national infrastructure.

The project involved an extensive installation process; over 65 kilometres of fibre cable and more than 40,000 fibre terminations in 30 strategic locations across Gatwick. Our Construction team faced the challenge of constructing new cable routings, installing additional power distribution and building concrete plinths adjacent to key air traffic control systems on the airfield, while ensuring uninterrupted operations.

Throughout the construction phase, the network design evolved based on lessons learned from earlier proof of concept testing. A full trial build of the network was conducted offsite at Fujitsu's facility in Solihull. Here, rigorous testing and assessments were carried out to ensure a seamless transition of air navigation systems onto the ADN with zero disruption to aircraft operations.

Removal of old network cables

London Gatwick took rapid and decisive action to scale back its capital investment programme in response to the devastating impact of the COVID-19 pandemic. However, ADN was a mission-critical project and investment was maintained throughout the period. The project teams adapted their method statements and implemented safety measures to protect the wellbeing of all involved. Construction teams adhered to strict distancing protocols, and safety precautions were also taken during factory testing and regional lockdowns to ensure the project's continuity.

By early 2023, installation, testing and commissioning were complete. One-by-one, seven critical air navigation systems were successfully migrated from the old network to the new. This included zero unplanned operational impact and was ahead of a BT deadline to discontinue support of the old network.

New network cabinets

The implementation of the ADN has brought numerous benefits to London Gatwick. With an impressive uptime of over 99.999%, the network ensures uninterrupted connectivity and robust services for all connected air traffic control systems. Its resilient design, featuring equipment redundancy and multiple fibre loops, guarantees continuous 'always on' connectivity even in challenging circumstances. The network is also flexible and scalable, ready to accommodate Gatwick's future expansion plans.

Enhanced security measures, including air-gapped protection, safeguard critical operations against potential cyber threats. An advanced battery monitoring system provides reliable backup power, contributing to operational resilience. Furthermore, the streamlined operations resulting from reduced reliance on third-party service providers have increased efficiency and allowed for significant operating cost savings.

STRATEGIC DEVELOPMENTS

DECADE OF CHANGE – OUR SUSTAINABILITY POLICY

In 2021, we launched an update to our Sustainability Policy, called our Second Decade of Change. This looks ahead to 2030 and sets out a renewed set of goals covering ten topics, shared across three themes: people and communities, local environment and net zero.

SUSTAINABILITY ROADMAPS

In August we launched ten sustainability roadmaps to align with the ten goals that make up our Second Decade of Change. The roadmaps strengthen our goals by adding definition, quantitative and qualitative key performance indicators of what success will look like in 2030. The roadmaps are available on our website.

Progress so far in 2023:

People and communities

Our people and communities theme includes work relating to the local economy, opportunity and accessibility, workplace safety, local communities, and noise.

The noise theme sets out our ambition to "create the most noise efficient operation" through driving changes to behaviour and introducing operational measures. These measures also form a vital part of our ongoing work to reduce the impact of aircraft noise on people living in the local communities around London Gatwick. Airline engagement sessions form an important part of this ambition. These sessions allow the airport to assist in improving awareness and operational compliance that promotes improved environmental performance. The Airspace Office has facilitated a record 16 airline engagement sessions to date this year. Of these, nine were to welcome new airlines to London Gatwick, while seven were to re-establish connections with existing or returning airlines. This represents a 60% over-achievement of the team's targeted engagement for 2023.

We continue to build on our education and careers programmes are maintaining high levels of engagement. The education programme and STEM events have reached almost 50,000 students so far this year.

The 2023 CIP includes significant sums for automation and innovation. Automation of baggage, for example, would reduce the significant manual handling burden faced by ground-handling staff. Initiatives such as 'smart stands' also consider how technology could minimise the need for resources to be deployed to high-risk apron environments.

Net zero

Our net zero theme covers all work relating to airport greenhouse gas ("GHG") emissions, and aircraft and surface access GHG emissions. We continue to seek ways to reduce energy consumption, increase energy efficiency and eliminate emissions. The 2023 CIP includes significant investment to support our net zero ambitions. In order to deliver a net zero airport (Scope 1 and 2) by 2030, we've developed key workstreams. Our objectives and progress against these workstreams are below.

Workstream	2030 objective	Progress in 2023
Decarbonisation of heat	To reduce energy consumption and halt the burning of natural gas within our direct control.	Defined a heat strategy for the airport, including retaining central heat networks and identifying appropriate technology options. Identified and planned the first phase projects for the workstream. Heating temperature strategy in place across campus to reduce energy consumption.
Refrigerant gas emissions	To further reduce the number of refrigerant leaks as far as possible, acknowledging that we already see very minimal leaks of refrigerant gasses across the campus, and to reduce the global warming potential of gasses that are used on campus.	Proactive condition-based maintenance and monitoring put in place.
Fleet transition and EV infrastructure	To stop burning fuel within Scope 1; and for all of our and airport duty vehicles, ground support equipment and mobile construction equipment to meet zero emission standards by 2030; and to provide infrastructure to support future zero emission fleets across the campus.	Progressing our plan to replace diesel in our vehicles with Hydro Vegetated Oil ("HVO") in 2023 as a transition measure.
Energy efficiency and renewable generation	To reduce energy consumption by introducing new technology that requires less power to perform the task or produce the same result; and to source 50% of airport electricity from UK renewable sources via onsite generation and direct PPAs.	Progress against our LED lighting upgrade programme; we've two projects in delivery and one in design. Defined a two-phase renewables strategy for the airport.

STRATEGIC DEVELOPMENTS

As part of our journey to net zero, we've submitted an application for Level 4+ of the Airport Carbon Accreditation. Achieving Level 4+ 'Transition' builds on the work we've done to date: compiling a footprint report (level 1), providing evidence of effective carbon management procedures (level 2), and engaging third parties in and around the airport (level 3). The application for level 4+ includes a Stakeholder Partnership Plan which sets out our approach to driving carbon reduction with key third parties, including airlines.

In addition, and as part of our DCO application for the Northern Runway Project, we've prepared a CAP. This includes commitments on GHG emission relating to aviation, construction and airport buildings, and ground operations. The CAP also includes a 'toolbox' of initiatives which we may deploy to achieve our commitments.

We're committed to playing our part in the UK aviation and ground transport transition to net zero and have included a range of initiatives in the 2023 CIP designed to support airlines and ground handlers in their own net zero ambitions. There's also a range of initiatives in our Airport Surface Access Strategy ("ASAS") to support passengers and staff in using sustainable modes of travel to and from the airport. Increasing airport passenger and staff use of public transport is key to reducing our surface access emissions, and so we continue to invest in our public transport facilities. In addition to the redevelopment of the train station, we've contributed financially to 20 zero emission hydrogen busses which are now being deployed in the Crawley, Horley and London Gatwick area. The route of this new fleet operates 24/7 and is vital for passengers and staff travelling to and from the airport.

Local environment

The local environment theme includes work relating to water, waste and biodiversity. Our 2023 CIP includes investment to reduce the consumption of potable water, improve the quality of water leaving our site, reduce waste to zero, and improve biodiversity on our estate.

Our waste goal is to recover 100% of our operational, commercial and construction waste for beneficial use by 2030 (beneficial use is defined as repair, reuse, donation, recycling, composting, or converting to fuel). In March of this year, we agreed a partnership with the Crawley & Horley Hygiene Bank to donate toiletries sacrificed by passengers at security. Since go-live, we've donated 725kg of toiletries, which has enabled the Hygiene Bank to increase the number of local community partners they support from eight to twelve. The products collected at Gatwick support two local schools, three local food banks, one food club, Ten Little Toes baby bank and the Danny Gallivan trust supporting homeless veterans. Furthermore, we support other charities aiding those living with disabilities, fleeing domestic abuse and refugees.

The 2023 volume forecast for aerosol and cosmetic waste surrendered by passengers at security is 205 tonnes. Previous disposal routes resulted in 100% of cosmetics and 87% of aerosols being recycled, and the remaining 13% of aerosols being recovered. Through our agreement with the Hygiene Bank, we expect to divert an estimated seven tonnes of the forecast aerosol and cosmetic waste. Diverting this waste for reuse demonstrates our commitment to meeting our ambitions and using resources more sustainably.

London Gatwick also won Airports Council International's Eco Innovation Award in June for its sector-leading 'net gain' approach to protecting and enhancing biodiversity and habitats on the airport estate.

STRATEGIC DEVELOPMENTS

SUSTAINABLE GROWTH

The past few years have reinforced our view that we play an important role in supporting the local and regional economy. Whether in terms of employment and job opportunities, fostering tourism, connecting businesses and attracting inward investment, or by providing work to the wider supply chain, we recognise the important relationship between London Gatwick and the region.

At the same time, we're acutely aware of our responsibilities to the future of the planet. We'll therefore grow in a way that supports government in achieving its commitment to reach net zero emissions by 2050. We'll do this by minimising our impacts on the environment and for local residents directly affected by our operations.

We're committed to working across industry and with government to deliver success, recognising that ambitions for the future of the sector must be delivered in partnership. Our CEO, Stewart Wingate was appointed Co-Chair of the newly formed Aviation Council. We also supported the publication of Sustainable Aviation's updated Net Zero Carbon Road-map, which confirms that UK aviation can continue to grow while meeting its commitment to reach net zero carbon emissions by 2050.

Progress with taking forward the 2019 Masterplan

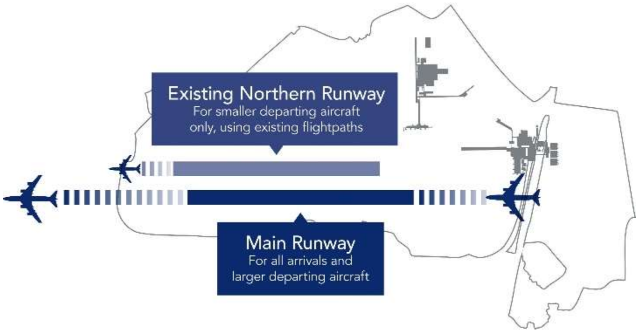
Our 2019 Masterplan set out how London Gatwick could grow to meet demand in the most sustainable way by 2030. It presented three scenarios:

1. Continuing to make best use of our Main Runway through the use of technology
2. Preparing a planning application to bring the Northern Runway into routine use
3. Continuing to seek that national and local planning policy safeguards land for an additional runway in the future

We continue to look at ways to make the best use of the Main Runway, a key piece of national transport infrastructure that was successfully resurfaced in 2022 to maintain its operability into the next decade. We're continuing to explore a number of technological and process initiatives to allow us to use its full capacity. We hope to also improve the resilience of our operation, to reduce delays and disruption.

On safeguarding (point 3) we continue to make representations to local authorities to ensure the right land-use planning framework is in place to achieve our aims. We also want to ensure land to the south of London Gatwick continues to be safeguarded, in line with national aviation and planning policy.

In terms of bringing the existing Northern Runway into routine use (point 2), we're confident that we'll return to pre-pandemic passenger levels during 2025 on a rolling 12-month basis. By the end of the 2020s, we believe passenger levels will have returned to broadly where they would have been had the pandemic not occurred. This confidence led us to submit a planning application, known as a Development Consent Order ("DCO"), to the Planning Inspectorate on 6 July 2023.



The application is the culmination of four years' work, following the publication of the Masterplan. This included designing and developing the scheme, as well as carrying out the necessary environmental, economic and transport studies, including two formal stages of public consultation. In line with up-to-date Government policy, the project seeks to make best use of existing infrastructure with the majority of the works contained within the existing airport boundary.

The scheme will bring significant economic benefits to the region, including the creation of around 14,000 additional jobs across the region, 3,000 of which would be directly on-airport and generate about £1 billion of gross value add each year. The project also includes numerous mitigation measures to minimise and reduce the impacts, including a legally binding commitment to reduce noise over the time, the introduction of an enhanced noise insulation scheme for local residents, and a carbon action plan setting out a series of measures to reduce carbon emissions. Improvements to the highways around the airport are also proposed to provide better separation of airport traffic from local traffic, and public transport mode share targets to encourage sustainable journeys for passengers and staff.

Following a six-month examination, the Planning Inspectorate will make a recommendation to the Secretary of State for Transport, who will then make the ultimate decision. Work would be phased to meet passenger demand, with dual runway operations beginning by the end of the decade.

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

	Note	**Unaudited six months ended 30 June 2023 £m**	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Revenue	3	**423.3**	291.5	776.6
Operating costs	4	**(262.4)**	(225.1)	(525.0)
Operating profit		**160.9**	66.4	251.6
Analysed as:				
Operating profit before exceptional items		**160.9**	66.4	282.1
Operating costs - exceptional	5	**-**	-	(30.5)
Investment property revaluation	11	**27.0**	60.5	61.1
Gain/(loss) on disposal of fixed assets	6	**0.9**	-	(1.1)
Financing				
Fair value loss on derivative financial instruments		**(30.0)**	(21.0)	(49.7)
Finance income	7	**31.1**	30.5	62.6
Finance costs	8	**(89.7)**	(75.7)	(171.8)
Exceptional gain on derecognition of financial liabilities	17	**-**	-	111.2
Profit before tax		**100.2**	60.7	263.9
Income tax charge	9	**(21.1)**	(10.1)	(67.4)
Profit for the period		**79.1**	50.6	196.5

The notes on pages 31 to 47 form an integral part of these unaudited condensed interim consolidated financial statements.

All income and expenses recognised during the current and prior periods are from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Profit for the period	**79.1**	50.6	196.5
Other comprehensiv e income			
Items that will not be reclassified to the consolidated income statement			
Remeasurement of retirement benefit asset	**12.3**	44.9	19.3
Tax charge	**(3.1)**	(11.2)	(5.0)
Other comprehensive income for the period	**9.2**	33.7	14.3
Total comprehensive income for the period	**88.3**	84.3	210.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Share capital £m	Merger reserve £m	Retained earnings £m	Total £m
Balance at 1 January 2022 (audited)	599.4	(260.8)	(482.9)	(144.3)
Total comprehensive income	-	-	84.3	84.3
Share based payments	-	-	0.4	0.4
Balance at 30 June 2022 (unaudited)	599.4	(260.8)	(398.2)	(59.6)
Balance at 1 January 2023 (audited)	599.4	(260.8)	(272.9)	65.7
Total comprehensive income	-	-	88.3	88.3
Balance at 30 June 2023 (unaudited)	**599.4**	**(260.8)**	**(184.6)**	**154.0**

The notes on pages 31 to 47 form an integral part of these unaudited condensed interim consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	Unaudited 30 June 2023 £m	Unaudited 30 June 2022 £m	Audited 31 December 2022 £m
Assets				
Non-current assets				
Property, plant and equipment	10	**2,046.8**	2,134.2	2,061.2
Investment properties	11	**1,162.0**	1,133.6	1,134.7
Intangible assets	12	**13.0**	19.4	16.4
Lease receivables	14	**16.8**	16.9	16.8
Other non-current assets	15	**300.1**	300.1	300.1
Retirement benefit asset	18	**106.2**	105.2	84.4
		3,644.9	3,709.4	3,613.6
Current assets				
Inventories		**7.3**	6.3	7.1
Trade and other receivables		**130.8**	102.9	95.5
Corporation tax receivable		**17.4**	39.0	-
Cash and cash equivalents		**32.8**	342.0	34.0
		188.3	490.2	136.6
Total assets		**3,833.2**	4,199.6	3,750.2
Liabilities				
Non-current liabilities				
Non-current borrowings	17	**(2,468.9)**	(3,351.5)	(2,657.3)
Derivative financial instruments	13	**(397.1)**	(338.4)	(367.1)
Lease liabilities	16	**(74.3)**	(76.6)	(74.9)
Deferred tax liabilities		**(356.7)**	(311.1)	(342.4)
		(3,297.0)	(4,077.6)	(3,441.7)
Current liabilities				
Current borrowings	17	**(149.7)**	-	-
Lease liabilities	16	**(3.0)**	(3.1)	(3.1)
Trade and other payables	19	**(209.8)**	(154.0)	(224.0)
Current tax liabilities		**-**	(2.8)	(2.6)
Deferred income		**(19.7)**	(21.7)	(13.1)
		(382.2)	(181.6)	(242.8)
Total liabilities		**(3,679.2)**	(4,259.2)	(3,684.5)
Net liabilities		**154.0**	(59.6)	65.7
Equity				
Share capital		**599.4**	599.4	599.4
Retained earnings		**(184.6)**	(398.2)	(272.9)
Merger reserve		**(260.8)**	(260.8)	(260.8)
Total equity		**154.0**	(59.6)	65.7

The notes on pages 31 to 47 form an integral part of these unaudited condensed interim consolidated financial statements.

These condensed interim consolidated financial statements of Ivy Holdco Limited (Company registration number: 07497036) were approved by the Board of Directors on 23 August 2023 and were signed on its behalf by:

Marten Soderbom
Director

Rémi Maumon de Longevialle
Director

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2023

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Cash flows from operating activities			
Profit before tax	**100.2**	60.7	263.9
Adjustments for:			
Investment property revaluation	**(27.0)**	(60.5)	(61.1)
(Gain)/loss on disposal of fixed assets	**(0.9)**	-	1.1
Fair value loss on financial instruments	**30.0**	21.0	49.7
Finance income	**(31.1)**	(30.5)	(62.6)
Finance costs	**89.7**	75.7	171.8
Exceptional gain on derecognition of financial liabilities	**-**	-	(111.2)
Depreciation and amortisation	**74.8**	81.9	164.2
Impairment of fixed assets	**-**	-	33.3
Increase in inventories, trade and other receivables	**(20.8)**	(18.3)	(6.1)
(Decrease)/increase in trade and other payables	**(4.9)**	32.6	81.7
Defined benefit pension contributions	**(7.6)**	-	(4.2)
Cash generated from/(used i n) operations	**202.4**	162.6	520.5
Corporation tax (paid)/repayment	**(28.0)**	(5.2)	14.7
Net cash from operating activities	**174.4**	157.4	535.2
Cash flows from investing activities			
Interest received	**0.6**	0.7	3.5
Sale of tangible fixed assets	**0.9**	-	-
Purchase of fixed assets	**(44.6)**	(22.9)	(68.3)
Net cash from investing activities	**(43.1)**	(22.2)	(64.8)
Cash flows from financing activities			
Interest paid	**(91.3)**	(74.8)	(125.0)
Payment of lease liabilities and interest	**(0.8)**	(1.4)	(3.5)
Repayment of fixed rate borrowings	**-**	-	(350.9)
Decrease in revolving credit facility	**(40.0)**	-	(240.0)
Repayment of Covid Corporate Financing Facility	**-**	(275.0)	(275.0)
Issue costs for revolving credit facility	**(0.4)**	-	-
Net cash from financing activities	**(132.5)**	(351.2)	(994.4)
Net decrease in cash and cash equivalents	**(1.2)**	(216.0)	(524.0)
Cash and cash equivalents at the beginning of the period	**34.0**	558.0	558.0
Cash and cash equivalents at the end of the period	**32.8**	342.0	34.0

The notes on pages 31 to 47 form an integral part of these unaudited condensed interim consolidated financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. BASIS OF PREPARATION

Ivy Holdco Limited ("the Company") is a private company, limited by shares, and is registered and incorporated in England, United Kingdom. These condensed interim consolidated financial statements are prepared in order to comply with the requirements contained within the Group's secured financing structure.

These financial statements are the condensed interim consolidated financial statements of Ivy Holdco Limited and its subsidiaries ("the Group") for the six months ended 30 June 2023. The comparative periods are the six months ended 30 June 2022 and the year ended 31 December 2022; comparatives for the year ended 31 December 2022 are derived from the audited consolidated financial statements for the year ended 31 December 2022. They are presented in sterling and rounded to the nearest £0.1 million. These condensed interim consolidated financial statements have been prepared in accordance with UK adopted International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34"). The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: certain financial assets and financial liabilities (including derivatives) measured at fair value, investment property and liabilities for cash-settled share-based payments. The Group has taken advantage of the exemption under DTR 4.4.2 from preparation in accordance with the Disclosure Guidance and Transparency rules (DTR) of the United Kingdom's Financial Conduct authority.

The interim financial information does not include all the notes of the type normally included in the annual financial statements. The financial information for the six-month period ended 30 June 2023 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. It should be read in conjunction with the statutory accounts for the year ended 31 December 2022, which were prepared in accordance with UK-adopted international accounting standards.

Where financial information in the notes to the condensed consolidated financial statements for year ended 31 December 2022 is labelled audited, the amounts have been derived from the Group's audited financial statements for the year ended 31 December 2022.

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied by the Group in its audited consolidated financial statements for the year ended 31 December 2022 except for the estimations of income tax (see note 9) which are prepared in accordance with UK adopted international accounting standards and in conformity with the requirements of the Companies Act 2006.

A number of amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Going Concern

The Directors have prepared the financial statements on a going concern basis. In assessing the going concern position of the Group, the Directors have considered the potential impact of ongoing political and economic situations on the cash flow and liquidity of the Group over the next 12 months, and the corresponding impact on the covenants associated with the Group's financing arrangements.

In forming this view, the directors have noted that 2020 and 2021 were an unprecedented period in the aviation sector. 2022 was the start of the recovery, which has continued at pace in 2023. The actions taken since the start of the pandemic have put the Group in a strong position. However, given the ongoing economic situation, short-term uncertainty remains in the passenger forecasts.

The Group's financing arrangements are cross-guaranteed by each company within the Ivy Holdco Group. This results in each company being interdependent on the overall results and cash flows of the Group as a whole. This arrangement is further disclosed within note 17.

As at 30 June 2023, the Group held cash of £32.8 million and £20.0 million of the £300.0 million Revolving Credit Facility was drawn. To provide additional liquidity following the purchase of some of the outstanding Class A bonds, in February 2023 the Group entered into a new Revolving Credit Facility under an Authorised Credit facility of £100.0 million with a termination date of 23 August 2024 with an option to extend to 23 February 2025. The Group also has access to a committed £150.0 million Liquidity Facility to ensure interest payment obligations can be kept current for over 12 months. The Group does not currently expect to utilise the Liquidity Facility. The Group's forecasts demonstrate that the Group continues to have liquidity headroom for at least the next 12 months.

During 2021, the Group was granted covenant waivers and an amendment of certain terms under the financing documents from Qualifying Borrower Secured Creditors. This includes: a) that any default relating to Senior ICR and Senior RAR levels are waived in respect of the calculation dates falling on December 2021 and June 2022; and b) a temporary amendment (until June 2024) to the calculation of the Senior RAR to replace both the April 2020 to March 2021 EBITDA and the April 2021 to March 2022 EBITDA, in such calculation with the average of the 2017, 2018 and 2019 financial years, corresponding to each relevant calendar quarter, to prevent results in this exceptional period continuing to impact the Senior RAR.

In the six months to 30 June 2023, passenger numbers increased by 41% to 18.5 million compared with 13.1 million over the same period in 2022, reaching over 90% of 2019 passenger levels in June 2023. This bounce back was a result of strong demand from passengers and airlines putting significant capacity back into the market. The Group's most recent forecast shows expected passenger numbers in 2023 of circa 89% compared to 2019 and stronger performance compared to previous forecasts.

The Directors have considered this, in addition to a number of severe but plausible downside scenarios, including the impact of ongoing economic and political situations. The Directors consider that the Group can maintain sufficient liquidity over a period of at least 12 months from the date of the approval of the financial statements. Considering amendment of certain terms under the financing documents described above, the Group anticipates compliance with all covenant tests at the relevant calculation dates over a period of at least 12 months from the date of the approval of the financial statements. Accordingly the Directors have a reasonable expectation that the Group will continue as a going concern, and the financial statements have been prepared on that basis.

2. GENERAL INFORMATION

The comparative figures for the financial year ended 31 December 2022 are not the Company's statutory accounts for that financial year but are derived from those accounts. Those accounts have been reported on by the Company's auditor and will be delivered to the Registrar of Companies. The report of the auditor was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

3. REVENUE

The Directors consider the business has only one segment (defined as the Airport due to the nature of its regulatory environment, type of operation, geographic location, and internal management reporting framework).

Disaggregation of revenue

All of the Group's revenue arises in the United Kingdom and is from continuing operations. Additional details of the revenue generated by each of the Group's key activities are given below.

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Airport and other traffic charges	**212.7**	142.2	405.7
Duty and tax-free	**30.0**	21.0	52.7
Specialist shops	**18.5**	12.8	33.8
Catering	**26.0**	16.6	41.5
Bureau de change	**6.8**	5.8	13.2
Other retail	**8.4**	6.5	17.4
Retail	**89.7**	62.7	158.6
Car parking	**59.5**	38.8	101.7
Property income	**15.8**	15.0	30.8
Operational facilities and utilities income	**21.5**	14.5	34.6
Other income	**24.1**	18.3	45.2
	423.3	291.5	776.6

4. OPERATING COSTS

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Wages and salaries	**63.9**	46.2	110.2
Social security costs	**7.2**	5.7	13.6
Pension costs	**3.7**	2.5	5.1
Share based payments	**0.6**	0.5	0.9
Other staff related costs	**3.7**	2.3	6.1
Staff costs	**79.1**	57.2	135.9
Retail expenditure	**1.4**	0.6	2.1
Car parking expenditure	**11.1**	7.3	17.6
Depreciation and amortisation	**74.8**	81.9	164.2
Maintenance and IT expenditure	**22.0**	17.6	39.9
Rent and rates	**17.7**	15.4	29.7
Utility costs	**16.0**	13.7	28.9
Police costs	**6.5**	6.4	12.3
General expenses	**26.4**	17.6	48.4
Aerodrome navigation service costs	**7.4**	7.4	15.5
Exceptional costs	**-**	-	30.5
	262.4	225.1	525.0

Other operating expenses includes impairment of trade receivables amounting to £0.4 million in the period (30 June 2022: £0.2 million, 31 December 2022: £0.3 million) and government grants relating to the Airport and Ground Operations Support Scheme ("AGOSS") of nil (30 June 2022: £4.0 million, 31 December 2022: £4.0 million).

5. OPERATING COSTS - EXCEPTIONAL

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Impairment of fixed assets [(a)]	**-**	-	30.5

(a) As a consequence of the impact of the COVID-19 pandemic, in March 2020, a number of partially complete projects were placed on hold. Some of these were unlikely to be restarted without material changes to the original proposed designs, including changes made to reflect a more sustainable approach. The Group reviewed its assets for indicators of impairment and recognised an exceptional non-cash impairment on costs incurred to date of £30.5 million.

6. GAIN/(LOSS) ON DISPOSAL OF FIXED ASSETS

Loss on disposal of fixed assets relate to assets no longer in use by the Group.

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Gain/(loss) on disposal of fixed assets	**0.9**	-	(1.1)

7. FINANCE INCOME

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Interest receivable from other group undertakings [(a)]	**8.0**	8.0	16.1
Interest receivable on money markets and bank deposits	**0.2**	0.2	2.5
Interest receivable on derivative financial instruments [(b)]	**20.4**	21.3	41.8
Lease income	**0.4**	0.4	0.9
Finance return on pension schemes	**2.1**	0.6	1.3
	31.1	30.5	62.6

(a) These amounts relate to interest receivable on a £300.0 million intercompany loan with Ivy Super Holdco Limited.

(b) These amounts relate to interest receivable on £396.0 million interest to index-linked derivatives and £289.0 million fixed to floating interest-linked derivatives. Refer to note 13 for detail on the notional value of the Group's swaps.

8. FINANCE COSTS

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Interest on fixed rate bonds	**56.9**	65.4	131.3
Foreign exchange loss	**-**	-	0.1
Interest on bank borrowings	**1.7**	2.3	5.1
Interest payable on derivative financial instruments	**29.3**	3.3	22.3
Amortisation of debt costs	**1.6**	1.8	10.3
Non-utilisation fees on bank facilities	**0.9**	0.5	0.7
Lease expense	**7.2**	6.3	12.8
Capitalised borrowings costs	**(7.9)**	(3.9)	(10.8)
	89.7	75.7	171.8

9. INCOME TAX

The tax charge for the six months ended 30 June 2023 is based on an estimated effective annual tax rate of 21.1% (30 June 2022: 16.6%, 31 December 2022: 25.5%). The standard UK corporation tax rate increased from 19% to 25% from 1 April 2023.

The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges.

The calculation of the Group's total tax charge necessarily involves a degree of judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with HMRC or, as appropriate, through a formal legal process. The Group is currently in discussions with HMRC regarding the utilisation of certain losses and taxes associated with a group reorganisation, and while the final resolution of this matter is uncertain at this time, having taken external advice the directors believe the group has a very strong position and accordingly are confident this will not give rise to any additional tax liability. However, due to the inherent uncertainty surrounding matters of this nature the final resolution could give rise to material difference in the tax charge and related cash flows. The resolution of matters of this nature is not always within the control of the Group and it is often dependent on the efficacy of the legal processes in the relevant tax jurisdictions in which the Group operates.

10. PROPERTY, PLANT AND EQUIPMENT

	Terminal complexes	Airfield assets	Group occupied properties	Plant, equipment & other assets	Assets in the course of construction	Total
	£m	£m	£m	£m	£m	£m
Cost						
1 January 2023 (audited)	1,649.2	563.2	196.0	707.0	194.5	3,309.9
Additions at cost	-	-	-	-	49.4	49.4
Interest capitalised	-	-	-	-	7.9	7.9
Transfers to completed assets (including to investment properties and intangible assets)	4.5	11.5	0.9	13.1	(31.0)	(1.0)
30 June 2023 (unaudited)	**1,653.7**	**574.7**	**196.9**	**720.1**	**220.8**	**3,366.2**
Depreciation						
1 January 2023 (audited)	(643.0)	(227.9)	(51.8)	(326.0)	-	(1,248.7)
Charge for the period	(35.7)	(12.6)	(4.4)	(18.0)	-	(70.7)
30 June 2023 (unaudited)	**(678.7)**	**(240.5)**	**(56.2)**	**(344.0)**	**-**	**(1,319.4)**
Net book value						
30 June 2023 (unaudited)	**975.0**	**334.2**	**140.7**	**376.1**	**220.8**	**2,046.8**
30 June 2022 (unaudited)	1,009.9	335.4	141.7	428.3	218.9	2,134.2
31 December 2022 (audited)	1,006.2	335.3	144.2	381.0	194.5	2,061.2

Security

As part of the financing agreements outlined in note 17, the Group has granted security over its assets and share capital to the Group's secured creditors via a Security Agreement, with Deutsche Trustee Company Limited acting as the Borrower Security Trustee.

Capital commitments

Contracted commitments for capital expenditure amount to £89.7 million (31 December 2022: £30.5 million, 30 June 2022: £41.0 million).

11. INVESTMENT PROPERTIES

	Investment properties £m
Valuation	
1 January 2023 (audited)	1,134.7
Transfers to completed assets (from assets in the course of construction)	0.3
Revaluation gain	27.0
30 June 2023 (unaudited)	**1,162.0**
Net book value	
30 June 2023 (unaudited)	**1,162.0**
30 June 2022 (unaudited)	1,133.6
31 December 2022 (audited)	1,134.7

Investment properties and land held for development were valued at open market value at 30 June 2023 by Jones Lang LaSalle Limited at £1,162.0 million (31 December 2022: £1,134.7 million, 30 June 2023: £1,133.6 million). These valuations were prepared in accordance with the Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors taking account, inter alia, of planning constraints and reflecting the demand for airport related uses. As a result of the valuation, a gain of £27.0 million is recognised in the income statement (31 December 2022: £61.1 million, 30 June 2023: £60.5 million).

The Group's car parking assets are held as investment properties.

The fair value measurement for all of the investment properties has been categorised as a level 3 fair value based on the inputs to the valuation technique used (refer to note 14). Valuations were carried out having regard to comparable market evidence. In assessing fair value, current and potential future income (after deduction of non-recoverable outgoings) has been capitalised using yields derived from market evidence. When considering future income, the valuations have had regard to the Group's assessment of the impact of climate change on forecasts; sustainability and environmental matters have been considered as part of the valuation approach.

12. INTANGIBLE ASSETS

	Intangible assets £m
Cost	
1 January 2023 (audited)	91.7
Transfers to completed assets (from assets in the course of construction)	0.7
30 June 2023 (unaudited)	**92.4**
Amortisation	
1 January 2023 (audited)	(75.3)
Charge for the period	(4.1)
30 June 2023 (unaudited)	**(79.4)**
Net book value	
30 June 2023 (unaudited)	**13.0**
30 June 2022 (unaudited)	19.4
31 December 2022 (audited)	16.4

13. DERIVATIVE FINANCIAL INSTRUMENTS

	Unaudited 30 June 2023		Unaudited 30 June 2022		Audited 31 December 2022	
	Notional £m	**Fair value £m**	Notional £m	Fair value £m	Notional £m	Fair value £m
Variable rate to index-linked swaps	**40.0**	**28.0**	40.0	26.9	40.0	24.3
Fixed rate to index-linked swaps	**356.0**	**286.8**	356.0	244.9	356.0	262.4
Fixed rate to floating-linked swaps	**289.0**	**82.3**	289.0	66.6	289.0	80.4
	685.0	**397.1**	685.0	338.4	685.0	367.1

Variable rate to index-linked swaps
Variable rate to index-linked swaps have been entered into to economically hedge debt instruments and inflation-linked revenue.

Fixed rate to index-linked swaps
Fixed rate to index-linked swaps have been entered into to economically hedge debt instruments and inflation-linked revenue.

Fixed rate to floating-linked swaps
Fixed rate to floating rate swaps have been entered into to reduce the proportion of fixed rate debt held by the group to below 90%.

The above swaps are designated as financial instruments which are fair valued through the Income Statement. Changes in the fair value of these derivative instruments are recognised immediately in the Income Statement, along with the reduction to reflect the credit risk of the Group on its swap position at the reporting date, in accordance with IFRS 9.

14. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's principal financial instruments (other than derivatives) comprise bank loans, cash and short term deposits. The main purpose of these instruments is to raise finance for the Group's operations.

The Group also enters into derivative transactions, principally interest rate swaps and index-linked swaps. The purpose of these transactions is to manage the interest rate and inflation risks arising from the Group's operations and its sources of finance.

The Group does not use financial instruments for speculative purposes. The treasury function operates on a centralised non-speculative risk basis. Its purpose is to identify, mitigate and hedge treasury-related financial risks inherent in the Group's business operations and funding.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk.

Financial instruments by category

The Group's financial instruments can be analysed under the following categories:

	Unaudited 30 June 2023 £m	Unaudited 30 June 2022 £m	Audited 31 December 2022 £m
Lease receivables	**16.8**	16.9	16.8
Net trade receivables	**31.8**	39.2	18.8
Other receivables	**0.1**	29.4	0.2
Cash and cash equivalents	**32.8**	342.0	34.0
Amounts owed by group undertakings	**340.1**	324.0	332.1
Accrued interest receivables	**12.7**	14.4	14.3
	434.3	765.9	416.2

	Unaudited 30 June 2023		Unaudited 30 June 2022		Audited 31 December 2022	
	Other financial liabilities at amortised cost	**Liabilities at fair value through income statement**	Other financial liabilities at amortised cost	Liabilities at fair value through income statement	Other financial liabilities at amortised cost	Liabilities at fair value through income statement
	£m	**£m**	£m	£m	£m	£m
Borrowings	**2,618.6**	**-**	3,351.5	-	2,657.3	-
Derivative financial liabilities	**-**	**397.2**	-	338.4	-	367.1
Lease liabilities	**77.3**	**-**	79.7	-	78.0	-
Trade payables and accruals	**84.3**	**-**	62.7	-	101.5	-
Other payables	**35.6**	**-**	8.4	-	27.6	-
Capital payables	**21.2**	**-**	21.0	-	9.4	-
Accrued interest payable	**68.3**	**-**	61.9	-	85.5	-
Total financial liabilities	**2,905.3**	**397.2**	3,585.2	338.4	2,959.3	367.1

At 30 June 2023, the Group has not designated any financial liabilities at fair value through the Income Statement, other than its derivative financial liabilities which do not qualify for hedge accounting.

For the six months ended 30 June 2023, the Group recognised a £30.0 million loss (30 June 2022: £21.0 million loss, 31 December 2022: £49.7 million loss) on financial derivatives through the Income Statement.

Financial instruments by category

The tables below analyse the gross undiscounted contractual cash outflows/(inflows) on the Group's financial liabilities and net settled derivative financial instruments as at 30 June 2023 to the contract maturity date.

	Less than one year £m	One to two years £m	Two to five years £m	Greater than five years £m
30 June 2023 (unaudited)				
Class A Bonds – Principal payments	150.0	-	300.0	2,187.4
Class A Bonds – Interest payments	114.8	107.0	284.1	1,003.1
Derivative financial instruments	20.9	119.2	118.2	189.8
Revolving credit facility	-	20.0	-	-
	285.7	**246.2**	**702.3**	**3,380.3**
30 June 2022 (unaudited)				
Class A Bonds – Principal payments	-	300.0	300.0	2,500.0
Class A Bonds – Interest payments	131.8	131.8	329.6	1,284.1
Derivative financial instruments	(29.6)	(3.2)	182.1	267.5
Revolving credit facility	-	-	300.0	-
	102.2	428.6	1,111.7	4,051.6
31 December 2022 (audited)				
Class A Bonds – Principal payments	-	150.0	300.0	2,187.4
Class A Bonds – Interest payments	114.8	114.8	302.5	1,070.2
Derivative financial instruments	16.7	19.1	213.7	193.8
Revolving credit facility	-	-	60.0	-
	131.5	283.9	876.2	3,451.4

Fair value estimation

The Group considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:

- Trade receivables
- Trade payables
- Cash and cash equivalents

	Unaudited 30 June 2023 £m	Unaudited 30 June 2022 £m	Audited 31 December 2022 £m
Class A Bonds			
Book value	**2,599.4**	3,052.3	2,598.0
Fair value	**2,159.4**	2,934.0	2,269.3

The fair values of listed borrowings are based on quoted prices.

Financial instruments that are measured in the Statement of Financial Position at fair value are classified by the following fair value measurement hierarchy:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of the Group's derivative financial instruments is determined using the present value of the estimated future cash flows based on observable yield curves. As at 30 June 2023, all of the resulting fair value estimates in the Group are included at Level 2 except for Bonds which are valued at Level 1, consistent with previous years (30 June 2022: Level 2 except for Bonds which are valued at Level 1, 31 December 2022: Level 2 except for Bonds which are valued at Level 1).

15. OTHER NON-CURRENT ASSETS

Other non-current assets relate to amounts due from parent undertakings.

	Unaudited 30 June 2023 £m	Unaudited 30 June 2022 £m	Audited 31 December 2022 £m
Other non-current assets	**300.1**	300.1	300.1

16. LEASES

As a lessee

'Property, plant and equipment' comprise owned and leased assets.

	30 June 2023 £m	30 June 2022 £m	31 December 2022 £m
Property, plant and equipment owned	**1,868.3**	1,950.2	1,879.9
Right-of-use assets	**178.5**	184.0	181.3
	2,046.8	2,134.2	2,061.2

The Group's leased assets include Group occupied property, vehicles and machinery. Information about leases for which the Group is a lessee is presented below.

Lease liabilities included in the Statement of Financial Position

	30 June 2023 £m	30 June 2022 £m	31 December 2022 £m
Current	**3.0**	3.1	3.1
Non-current	**74.3**	76.6	74.9
Total lease liabilities	**77.3**	79.7	78.0

Amounts recognised in the Income statement

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m	Year ended 31 December 2022 £m
Interest on lease liabilities	**7.2**	6.3	12.8
Depreciation expense on right-of-use assets	**3.0**	2.0	6.0
	10.2	8.3	18.8

17. BORROWINGS

	Unaudited 30 June 2023 £m	Unaudited 30 June 2022 £m	Audited 31 December 2022 £m
Fixed rate borrowings	**2,599.4**	3,052.3	2,598.0
Authorised Credit Facility – Revolving Facility	**19.2**	299.2	59.3
	2,618.6	3,351.5	2,657.3
Maturity Profile:			
Repayable within 1 year	**149.7**	-	-
Repayable between 1 and 2 years	**19.2**	299.0	149.6
Repayable between 2 and 5 years	**298.2**	597.0	357.3
Repayable in more than 5 years	**2,151.5**	2,455.5	2,150.4
	2,618.6	3,351.5	2,657.3

All the above borrowings are carried at amortised cost. The fixed rate borrowings and Authorised Credit Facility are secured.

Ivy Holdco Group Facilities

Gatwick Airport Limited and Ivy Holdco Limited are party to a Common Terms Agreement ("CTA") with, *inter alia*, the National Westminster Bank as Authorised Credit Facility ("ACF") agent and previously the Initial Authorised Credit Facility ("Initial ACF") agent. Gatwick Airport Limited and Ivy Holdco Limited have Borrower Loan Agreements with Gatwick Funding Limited (as Issuer), and Deutsche Trustee Company Limited (as Borrower Security Trustee). The CTA together with a Master Definitions Agreement covers, *inter alia*, the Initial ACF Agreement, the ACF Agreement and the Borrower Loan Agreements.

There are £20.0 million drawings outstanding on the Revolving Credit Facility at 30 June 2023 (30 June 2022: £300.0 million, 31 December 2022: £60.0 million). Between 2011 and 2019, Gatwick Funding Limited issued £3,100.0 million of publicly listed fixed rate secured bonds with scheduled and legal maturities ranging from 2024 and 2026 to 2049 and 2051 respectively, as detailed below.

	Scheduled maturity	Legal maturity	Issue date	**As of 30 June 2023 £m**	As of 30 June 2022 £m	As of 31 December 2022 £m	Borrower
Class A 5.25 per cent.	2024	2026	20 Jan 2012	**150.0**	300.0	150.0	Gatwick Airport Ltd
Class A 6.125 per cent.	2026	2028	2 Mar 2011	**300.0**	300.0	300.0	Gatwick Airport Ltd
Class A 2.5 per cent.	2030	2032	15 Apr 2021	**300.0**	300.0	300.0	Gatwick Airport Ltd
Class A 4.625 per cent.	2034	2036	27 Mar 2014	**350.0**	350.0	350.0	Gatwick Airport Ltd
Class A 5.75 per cent.	2037	2039	20 Jan 2012	**300.0**	300.0	300.0	Gatwick Airport Ltd
Class A 3.125 per cent.	2039	2041	28 Sep 2017	**350.0**	350.0	350.0	Gatwick Airport Ltd
Class A 6.5 per cent.	2041	2043	2 Mar 2011	**300.0**	300.0	300.0	Gatwick Airport Ltd
Class A 2.625 per cent.	2046	2048	7 Oct 2016	**180.1**	300.0	180.1	Gatwick Airport Ltd
Class A 3.25 per cent.	2048	2050	26 Feb 2018	**203.3**	300.0	203.3	Ivy Holdco Ltd
Class A 2.875 per cent.	2049	2051	5 July 2019	**204.0**	300.0	204.0	Gatwick Airport Ltd
				2,637.4	3,100.0	2,637.4	

The proceeds of all bond issuances by Gatwick Funding Limited (together "the Bonds") are lent to either Gatwick Airport Limited or Ivy Holdco Limited under the Borrower Loan Agreement, the terms of which are "back-to-back" with those of the Bonds.

At 30 June 2023, the average interest rate payable on borrowings was 6.64% (30 June 2022: 3.81%, 31 December 2022: 6.57%). At 30 June 2023, the Group had £380.0 million (30 June 2022: £nil, 31 December 2022: £240.0 million) undrawn committed borrowing facilities available in respect of which all conditions precedent had been met at that date.

In December 2022 the Group launched a tender offer to purchase some of the outstanding Class A bonds. This was funded from excess liquidity generated in the Group during 2022 as the impact of the pandemic eased. A total of £462.6 million of nominal debt was purchased at a cost of £350.9 million. At the same time the Borrower loans between Gatwick Funding Limited, Ivy Holdco Limited and Gatwick Airport Limited were reduced by the same nominal amount. This Group recognised an exceptional gain on derecognition of financial liabilities of £111.2 million.

Financial covenants

During 2020 and 2021 the Group was granted covenant waivers and an amendment of certain terms under the financing documents, from Qualifying Borrower Secured Creditors. This includes: a) that any Default relating to Senior ICR and Senior RAR levels are waived in respect of the calculation dates falling on December 2020, June 2021, December 2021 and June 2022; and b) a temporary amendment (until June 2024) to the calculation of the Senior RAR to replace both the April 2020 to March 2021 EBITDA and the April 2021 to March 2022 EBITDA in such calculation with the average of the 2017, 2018 and 2019 financial years corresponding to each relevant calendar quarter, to prevent results in this exceptional period continuing to impact the Senior RAR.

The following table summarises the Group's financial covenants compliance as at 30 June 2023 under the CTA, and lists the trigger and default levels as at 30 June 2023, 31 December 2022 and future calculation dates in the absence of any covenant waivers:

Covenant	**Unaudited six months ended 30 June 2023**	**Audited year ended 31 December 2022**	**Trigger**	**Default**
Minimum interest cover ratio ("Senior ICR")	**3.76**	**4.15**	<1.50	<1.10
Maximum net indebtedness to the total regulatory asset base ("Senior RAR")	**0.52**	**0.55**	>0.70	>0.85

18. RETIREMENT BENEFIT OBLIGATIONS

For some employees, the Group operates a funded pension plan providing benefits based on final pensionable pay. Assets of the plan are held in a separate trustee administered fund.

Plan assets at 30 June 2023 have been recognised at their fair value based on an interim valuation. Plan liabilities were projected to 30 June 2023 from the last triennial valuation by an independent qualified actuary in accordance with IAS 19. The amount included in the Statement of Financial Position arising from the Group's net surplus in respect of its defined benefit plan is as follows:

	Unaudited 30 June 2023 £m	Unaudited 30 June 2022 £m	Audited 31 December 2022 £m
Present value of plan liabilities	**(315.0)**	(373.0)	(331.5)
Fair value of plan assets	**421.2**	478.2	415.9
Surplus	**106.2**	105.2	84.4

19. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2023 £m	Unaudited 30 June 2022 £m	Audited 31 December 2022 £m
Trade payables	**16.8**	12.6	18.2
Accruals	**67.8**	50.1	83.3
Capital payables	**21.2**	21.0	9.4
Accrued interest payable	**68.4**	61.9	85.5
Other payables	**35.6**	8.4	27.6
	209.8	154.0	224.0

20. RECONCILIATION IN NET DEBT

Net debt comprised the Group's borrowings net of cash and cash equivalents excluding interest accruals.

	As at 1 January 2023 £m	(1) Cash flow £m	(1) Other non-cash changes £m	(1) As at 30 June 2023 £m
Borrowings	**(2,657.3)**	**40.0**	**(1.3)**	**(2,618.6)**
Derivative financial liabilities	**(367.1)**	**-**	**(30.0)**	**(397.1)**
Lease liabilities	**(78.0)**	**0.8**	**(0.1)**	**(77.3)**
Total financing liabilities	**(3,102.4)**	**40.8**	**(31.4)**	**(3,093.0)**
Cash and cash equivalents	**34.0**	**(1.2)**	**-**	**32.8**
Net debt	**(3,068.4)**	**39.6**	**(31.4)**	**(3,060.2)**

	As at 1 January 2022 £m	(1) Cash flow £m	(1) Other non-cash changes £m	(1) As at 30 June 2022 £m
Borrowings	(3,624.3)	275.0	(2.2)	(3,351.5)
Derivative financial liabilities	(317.4)	-	(21.0)	(338.4)
Lease liabilities	(81.2)	1.4	0.1	(79.7)
Total financing liabilities	(4,022.9)	276.4	(23.1)	(3,769.6)
Cash and cash equivalents	558.0	(216.0)	-	342.0
Net debt	(3,464.9)	60.4	(23.1)	(3,427.6)

	As at 1 January 2022 £m	Cash flow £m	Other non-cash changes £m	As at 31 December 2022 £m
Borrowings	(3,624.3)	865.9	101.1	(2,657.3)
Derivative financial liabilities	(317.4)	-	(49.7)	(367.1)
Lease liabilities	(81.2)	3.5	(0.3)	(78.0)
Total financing liabilities	(4,022.9)	869.4	51.1	(3,102.4)
Cash and cash equivalents	558.0	(524.0)	-	34.0
Net debt	(3,464.9)	345.4	51.1	(3,068.4)

(1) Unaudited

21. RELATED PARTY TRANSACTIONS

During the period the Group entered into transactions with related parties as follow:

	Income/(expense) to related party		
	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Ivy Super Holdco Limited [(a)]	**8.0**	8.0	16.1
VINCI Airports SAS [(b)]	**(3.1)**	(2.3)	(5.7)
Global Infrastructure Partners [(b)]	**(2.2)**	(1.7)	(4.8)

	Amounts owed from/(due to) related party		
	Unaudited as at 30 June 2023 £m	Unaudited as at 30 June 2022 £m	Audited as at 31 December 2022 £m
Gatwick Airport Finance plc [(a)]	**1.0**	1.0	1.0
Ivy Super Holdco Limited [(a)]	**339.1**	323.0	331.1
VINCI Airports SAS [(b)]	**(10.5)**	(6.8)	(7.4)
Global Infrastructure Partners [(b)]	**(8.0)**	(5.6)	(5.8)

(a) Amounts receivable from related party relate to interest income.

(b) Amounts payable to related party relate to royalties and service fees.

22. CLAIMS AND CONTINGENT LIABILITIES

As part of the Group's financing agreements, the Group has granted security over their assets and share capital to the Group's secured creditors via a Security Agreement, with Deutsche Trustee Company Limited acting as the Borrower Security Trustee.

Other than the above and the disclosure in note 9, the Group has no contingent liabilities, comprising letters of credit, performance/surety bonds, performance guarantees and no other items arising in the normal course of business at 30 June 2023.