

Ivy Holdco Limited
Company Registration Number 07497036

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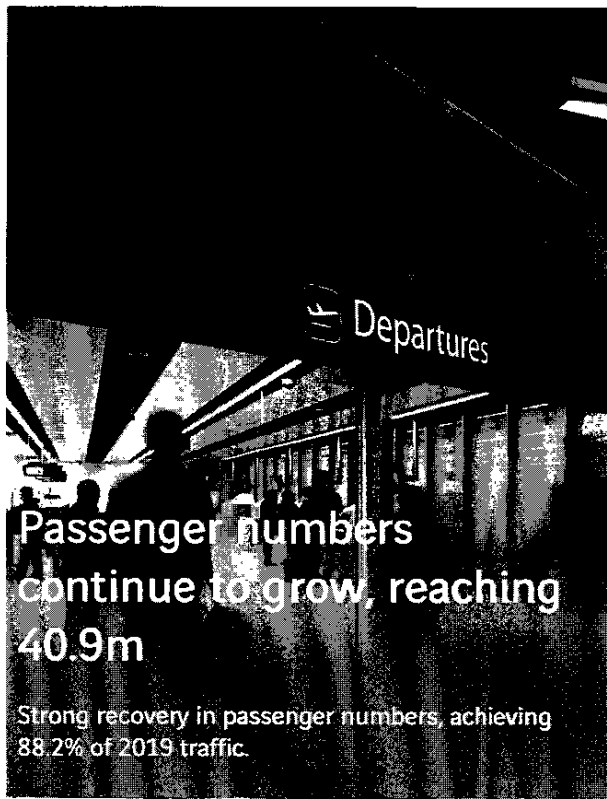
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2023 HIGHLIGHTS



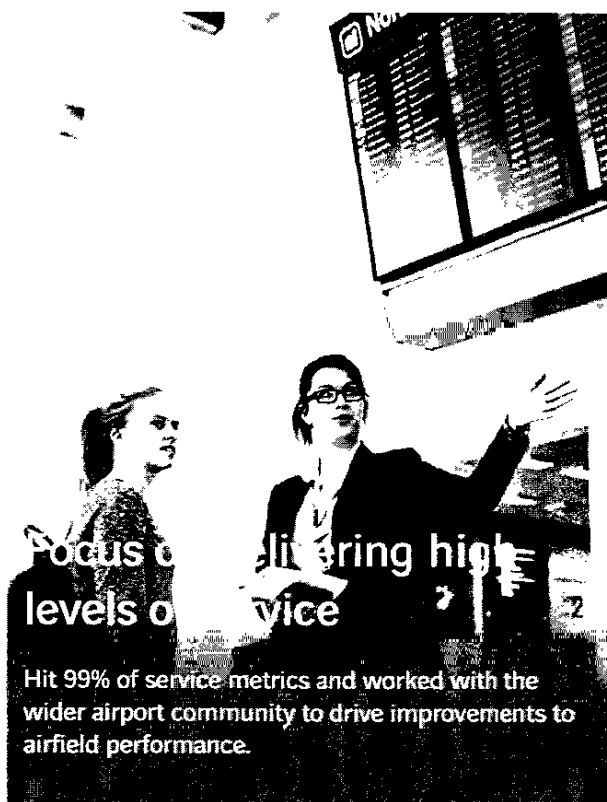
Passenger numbers continue to grow, reaching 40.9m

Strong recovery in passenger numbers, achieving 88.2% of 2019 traffic.



Strong financial performance

Increased passenger numbers and more choice driving financial performance.



Focus on delivering high levels of service

Hit 99% of service metrics and worked with the wider airport community to drive improvements to airfield performance.



Offering our passengers more choice

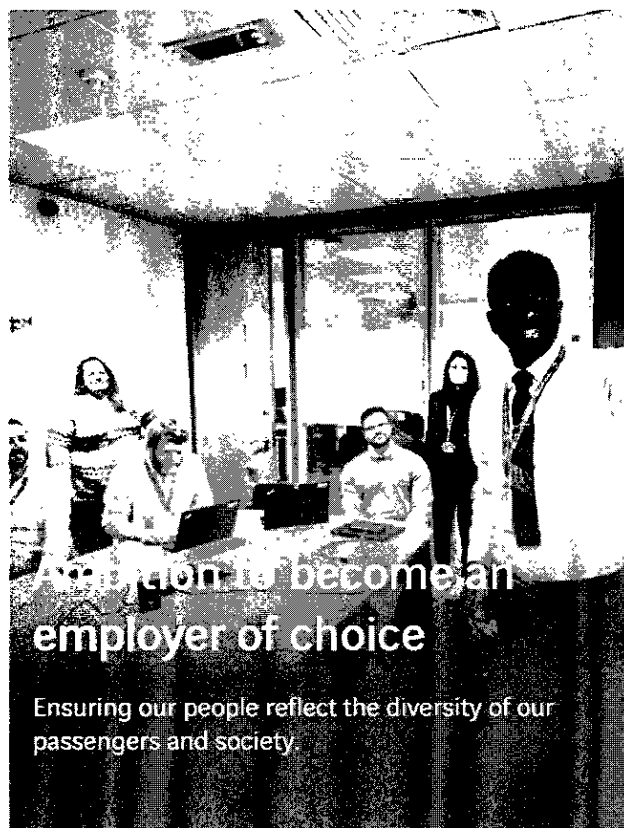
Existing and new airlines now flying to over 220 destinations. Passengers can now choose from over 116 shops, restaurants and bars.

2023 HIGHLIGHTS



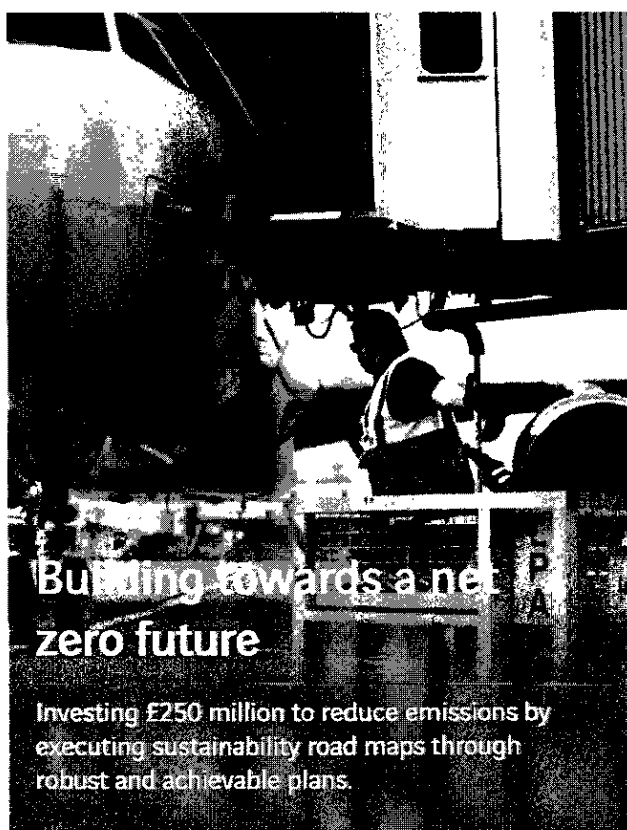
Investing in service, capacity and resilience

Published Capital Investment Programme with an ambition to invest over £2 billion.



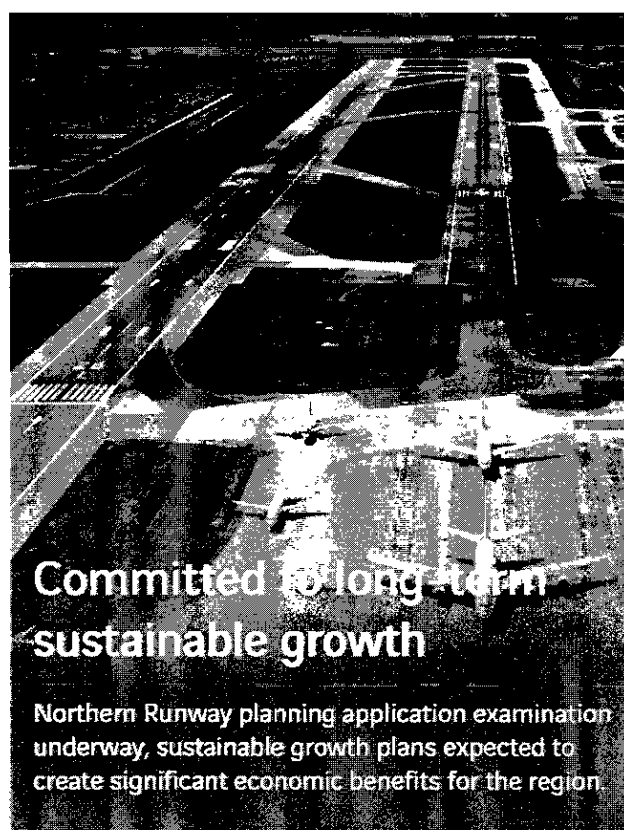
Ambition to become an employer of choice

Ensuring our people reflect the diversity of our passengers and society.



Building towards a net zero future

Investing £250 million to reduce emissions by executing sustainability road maps through robust and achievable plans.



Committed to long-term sustainable growth

Northern Runway planning application examination underway, sustainable growth plans expected to create significant economic benefits for the region.

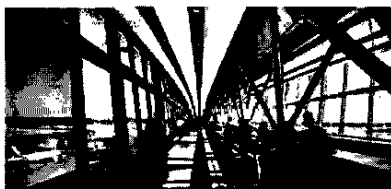
Timeline of key airport improvements



Three runway extensions accommodate larger aircraft, including from US west coast.



Extension to the North Terminal departure lounge into large shopping mall format.



Pier 6 is built in North Terminal and is connected to airport by world's largest air passenger bridge.



North Terminal Interchange opens with new forecourt and upgraded inter-terminal shuttle enters service.



In the South Terminal, gate rooms refurbished on Pier 2 and new forecourt creates light, modern entrance to the airport.



Multi-storey car park 6 opens.



New walk-through duty free store in South Terminal opens and six new security lanes in North Terminal.

1958

1964-1973

1988

1994

2000

2005

2009

2010

2011

2012

2013



Queen Elizabeth II opens world's first airport with direct railway link.



Queen Elizabeth II returns to open £200 million North Terminal.



£60 million extensions to both terminals provide new check-in and baggage reclaim facilities.



GLOBAL INFRASTRUCTURE PARTNERS

£1 billion investment programme announced by new owners Global Infrastructure Partners ("GIP").



£47m project creates security facility in the South Terminal with 19 lanes, including automated boarding card readers and faster screening to eliminate queues.



£85m extension to North Terminal, adds two new check-in zones.



£14m invested in snow clearance equipment to maintain business continuity.



GIP uplift investment programme to £2 billion.



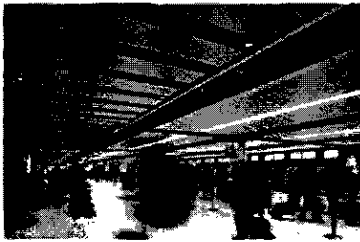
Gatwick becomes the first airport to install e-gates in Immigration.



New £145 million 27-train Gatwick Express fleet launches – helping rail capacity double.



£186 million state-of-the-art baggage facility and five new gate rooms improve efficiency in South Terminal.



World's largest self-service bag drop opens in the North Terminal, increasing check-in capacity from 3,000 to 4,350 passengers per hour.



Gatwick is first UK airport to introduce the sunflower lanyard to support passengers with hidden disabilities.



Dedicated lounge for passengers requiring assistance opens in North Terminal.



Airport offers over 60 long-haul routes as it serves a record 46.6 million passengers.



Expansion of the North Terminal mezzanine food and beverage area.



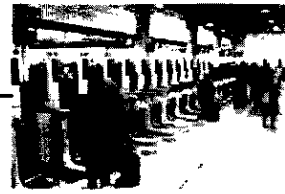
After 2 years impacted by COVID-19 fastest ramp-up.



New £250 million train station concourse doubles space available for passengers.

2013

2015



North Terminal Immigration upgraded, including 15 e-gates.



2016

£80 million renovation of Pier 5, includes refurbished gate rooms.



£36 million investment in faster screening halves passenger time passing through security in North Terminal.



New fleet of 12-car trains link airport with Bedford, Cambridge and Peterborough.

2018



London Gatwick becomes first airport in UK to open a sensory room VINCI Airports takes a 50.01% stake in London Gatwick.

2019



New South Terminal domestic arrivals reclaim opens.

2020

2022

2023



London Gatwick becomes first European airport with a dedicated electric vehicle charging station.

ABOUT LONDON GATWICK

OUR BUSINESS

London Gatwick is the second largest airport in the UK and in 2023 was eighth largest in Europe by passenger numbers. Our airport generated almost £5.5 billion in gross added value for the UK and regional economies and supported over 76,000 jobs in 2023.

In 2023, there were a total of 253,101 aircraft movements, with 48.6 million seats available to passengers. The load factor in these flights was 84%. With a declared capacity of 55 movements an hour, we're the most efficient single runway airport in the world.

Our vision is to be the airport for everyone, whatever their journey, with safety and security underpinning everything we do.

Our passengers

Our airport is located at the heart of one of the most prosperous, densely populated and best-connected regions of the UK. More than a quarter of England's population (15 million) live within one hour by road and rail of our airport, including the whole of London.

That's a big reason why, in 2023, a total of 40.9 million passengers used our airport, including 5.7 million flying on our airport's long-haul services. Over 97% of passengers also passed through security in five minutes or under.

Our commercial partners

We work with a wide portfolio of carriers including many of the world's largest airlines. Currently, passengers have a choice of 56 airlines flying to 169 short-haul and 51 long-haul destinations. Airlines that fly from our airport benefit from competitive costs and an ongoing programme of airport improvements.

And our broad range of retail and food and beverage partners reflects our airport's diverse range of passengers. Over 116 outlets currently operate across both terminals. They include a range of premium products and nine airport lounges to suit the needs of all passengers.

The infrastructure

Our airport's principal asset is a 3,316-metre Main Runway, served by two terminal buildings – the South Terminal and the North Terminal. In fact, over the last two decades our airport has undergone major redevelopment. These improvements will continue with a major £2 billion capital investment programme announced in 2023 to upgrade passenger facilities and the airfield. This includes a £250 million investment so that we reach net-zero emissions within our control by 2030.

Our airport's dedicated train station offers passengers direct links to over 120 destinations, including numerous central London locations within just 30 minutes. To significantly improve the experience of these passengers, a major three-year redevelopment to double the size of the station concourse completed in 2023.



ABOUT LONDON GATWICK

MAXIMISING VALUE AND EFFICIENCY

Increasing value and efficiency by maximising income, lowering operating costs and driving capital efficiency is a key pillar of our business strategy.

Our income – how do we earn our revenue?

Our income comes from the facilities we operate and services we offer. Our airline partners and passengers are significant contributors.

Aeronautical income	Landing fees	Airlines pay a fee for each aircraft to land and take off. This varies by aircraft weight, emissions and individual airline agreements.
	Parking fees	Airlines pay for the use of our stands, taxiways and on-airfield parking for each aircraft.
	Passenger fees	Airlines pay a fee per departing passenger as per our published tariff, and may pay additional charges, such as special assistance.
Non-aeronautical income	Retail income	Passengers make purchases in our retail outlets within the terminal and the retailer pays us a fee.
	Car parking income	Passengers pay for the use of our long-term and short-term parking facilities including drop-off.
	Property income	Various organisations pay us rental income for use of our buildings and facilities.
	Other income	Other income includes recharges for services provided by London Gatwick such as Special Assistance, logistics services and hold baggage screening.

Our costs – what are our outgoings?

We incur significant costs in providing services and facilities across our airport.

Operating costs	Staff costs	To keep the operation running 24/7 we employ a large workforce.
	Maintenance and equipment costs	We're open 24 hours a day, with millions of passengers passing through our airport. We're consistently cleaning, repairing, renewing and updating our buildings and equipment.
	Rent and rates costs	We pay local council rates and taxes for properties across our business.
	Utilities costs	Every part of our operation requires power. Since 2013, we've been using 100% renewable energy but we continue to work hard to save energy and be as sustainable as we can.
	Other costs	The significant range of our operations results in a wide variety of costs. For example, policing, air traffic control and insurance.



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. These cover price, service, transparency, financial resilience, operational resilience and dispute resolution. The commitments put commercial agreements between airports and airlines at the very centre of our business and have transformed outcomes for passengers. They're backed by an economic licence issued by the CAA.

The first generation of commitments expired on 31 March 2021 having 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 extension and final licence conditions in May 2021.

Following conversations 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. We'll also significantly increase investment in facilities. All under a price ceiling which is expected to decline, on average, in real terms. Furthermore, 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 in Summer 2023. We expect it to reach its final decision on the regulatory framework by the end of 2024 and this would be applied from April 2025. The proposal's key features are as follows:

- **Service:** London Gatwick commits to maintain excellent service delivery for its passengers and airlines and will remain financially incentivised to do so. London Gatwick is engaging with the airline community as the package of Core Service Standards ("CSS") is reviewed. We've proposed reintroducing a CSS metric focused on ATC performance at our 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. What's more, there'll be an additional £100 million investment in the international departure lounges and over £500 million to start the Northern Runway programme. Over the 10-year period from 2019, London Gatwick's planned investment is £2.6 billion. This is 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 our commitment to sharing commercial risk, London Gatwick proposes to switch from RPI to CPI. We propose limiting airport charges with a ceiling and 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:** London Gatwick has published its vision "To be the airport for everyone, whatever your journey". The vision recognises the range of customers and is built on three core foundations – ease, efficiency and experience. This will flow through investment plans and operations.
- **Capacity growth:** London Gatwick commits to increase the resilience and efficiency of its airfield infrastructure. In our 2023 CIP we've committed for the period to March 2029 to bearing the cost of developing these plans, securing 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). We're 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.

CAPITAL INVESTMENT AT LONDON GATWICK

Continued traffic recovery through 2023, coupled with careful cost management, created a strong financial platform to help the continued increase of capital investment, in line with our 2023 CIP, published in July. Page 43 outlines 2023's investment. As we look ahead, we expect to maintain our progress and invest across a wide range of initiatives. This will help us deliver great service, meet our ambitious sustainability goals and grow London Gatwick to meet the future needs of the London air travel market.

LONDON GATWICK HAS SEVEN KEY INVESTMENT DRIVERS:

- Safety, security and compliance
- Sustainability
- Cost efficiencies
- Growth
- Asset stewardship and resilience
- Capacity and service
- Commercial revenue

Safety, security and compliance

Providing a safe and secure environment for our passengers and staff underpins everything we do. We need to invest to comply with requirements from a range of authorities and to be able to continue to operate safely. The largest investment in this category is the upgrade of the security technology used to screen passengers and their cabin baggage, mandated by the Department for Transport ("DfT"). Planning started in 2021 and work on site commenced in October 2023 and will continue through 2024. As well as enhancing security-screening capability, the new technology offers significant passenger service benefits, as it will allow liquids and electrical items to be left in bags once the roll-out is complete. Meanwhile, safety-related projects planned for 2024 include upgrades to lighting and emergency escape routes in the South Terminal baggage hall, improving road safety at a crossing point near the North Terminal and replacing the North Terminal fire alarm system.

Asset stewardship and resilience

Effective maintenance of our asset base underpins our ability to offer consistently high levels of operational performance for our passengers and airline customers. In the coming years, we'll invest in some major maintenance programmes, such as the rolling programme of runway and taxiway rehabilitation, and the replacement and upgrade of several key air-traffic systems. This includes our airport's Instrument Landing System.

Alongside these major investments, the CIP includes a substantial Core Asset Stewardship programme. This covers all our day-to-day renewal projects; the replacement of mechanical assets such as passenger boarding bridges, escalators and lifts; upgrading lights with more energy-efficient LED units; renewing IT assets, both hardware and software, that support core operational systems; and updating our 400-strong vehicle fleet. Where appropriate, instead of just renewing assets on a like-for-like basis as they reach the end of their economic lives, we upgrade them, so delivering a higher-performing asset base over time. This approach will be vital in delivering our Scope 1 and 2 net zero goals, for example, by replacing life-expired gas boilers, chillers and vehicles with sustainable alternatives.

A consistent and high-quality 'look and feel' across the campus plays an important part in ensuring we offer a competitive service proposition to passengers. In summer 2023, we commissioned independent market research to understand what was important to our passengers and their perceptions of London Gatwick compared to other London airports. A key part of their feedback was that areas of our terminals are feeling tired and dated. To tackle this issue, work is almost complete on a £10+ million project to refurbish the North Terminal departure lounge. This will improve orientation and wayfinding, as well as upgrade seating, flooring and lighting to give a fresh and modern feel throughout. In 2024, work will commence on a similar upgrade to the South Terminal departure lounge plus a multi-million programme will refresh other areas such as gaterooms, reclaim halls and toilets.

The resilience of our airport is vital to us, our airline partners and our passengers. That's why we invest in a variety of measures to enhance our ability to recover from disruption. On the airfield, we've completed work on a new rapid exit taxiway. Its main purpose is to provide an additional fast exit route off the runway for arriving aircraft, in a location that is optimised for landing Code C, narrow-bodied aircraft. This'll improve the resilience of runway operations and aid on-time performance.

Finally, our CIP continues to invest in an extensive IT programme to improve the resilience of our critical IT systems and guard against the increasing risk of cyber-attack. We recognise that aviation is a high-profile target and we'll remain vigilant to threats and agile in our response.

CAPITAL INVESTMENT AT LONDON GATWICK

Sustainability

We aim to lead the way in sustainable aviation. To this goal, in 2021 we launched our second Decade of Change, focusing on 10 key topics over 10 years, such as people and community, local environment, and net zero. We continue to engage with Sustainable Aviation's work on decarbonisation and the Jet Zero Council's work on sustainable aviation fuel, and to identify ways of influencing others to reduce carbon. In 2023 we announced we were accelerating our goal to reach net zero for Scope 1 and 2 emissions by 10 years, from 2040 to 2030. Our capital programme includes energy-efficiency projects, such as the replacement of light fittings with LEDs, a campus-wide programme for the replacement of gas boilers and diesel vehicles, and the exploration of alternative fuel sources such as geothermal heat for our buildings and hydrogenated vegetable oil for our vehicle fleet. We're also planning investment in on-site renewable energy such as solar power, as well as off-site Power Purchase Agreements.

As well as addressing our own sustainability objectives, our investment plans support our airline and other third-party partners to meet their goals to reduce aircraft and surface access emissions. For example, we'll invest in the CAA-led Airspace Modernisation programme, redesigning the airspace over Southern England. This will deliver "quicker, quieter and cleaner journeys", with the aim of further enhancing aviation safety and improving the capacity, efficiency, resilience and environmental performance of the airspace system. Meanwhile, our CIP includes investment in electric vehicle ("EV") charging infrastructure to aid the transition from diesel powered ground-support equipment operated by our airline partners and their ground handling teams. Also, we're investigating the provision of pre-conditioned air to reduce the use of aircrafts' auxiliary power units on the ground. What's more, we demonstrated our capability to distribute Sustainable Aviation Fuel ("SAF") in 2021, fuelling around 50 easyJet aircraft travelling to COP26 in Glasgow via our hydrant system. And, working with our transport partners, we've invested in measures to boost active travel, particularly for staff living locally, such as improvements to cycle routes to the airport and more secure bike storage. Looking to the future, we're starting to explore the infrastructure impact of future aircraft technologies, such as electric and hydrogen flight.

Our Decade of Change includes a wide range of sustainability goals beyond carbon emissions. For example by 2030, we aim to reduce water consumption by 50% per passenger, ensure that all waste materials are repurposed for beneficial use, while increasing biodiversity, investing in our local communities and being a partner for a thriving local economy. Our capital programme is similarly wide-ranging and includes significant investment in projects such as the on-site treatment and re-use of rainwater (to flush toilets, for example). This will reduce our wholesome water consumption and further improve the quality of the water we discharge into

our rivers and streams. Furthermore, we're exploring opportunities to further enhance our award-winning biodiversity activities with, for example, a scheme to plant more wildflowers alongside our roadways.

All in all, we have ambitious plans for transformation, while at the same time focusing on sustainable growth. By putting the needs of our passengers and airlines alongside our responsibilities to local communities, our investment plans can deliver the biggest benefit to the highest number of people. This way, as London Gatwick grows, the whole region continues to thrive.

Capacity and service

In 2023, our traffic recovered strongly with peak periods back to pre-pandemic levels. Traffic forecasting determines the capacity required to meet the future needs of our airline partners and passengers. So we're planning capital investment to meet a number of scenarios. Infrastructure provision relies on satisfying peak demand and considers trends including the mix of airlines and routes operating from our airport, up-gauging of aircraft, such as easyJet's change from A320 to the A321, changes in load factors, greater slot utilisation and winter growth.

We operate in a highly competitive environment, so the quality of service we provide is key to attracting and retaining customers and airline services. Our success in the previous decade was seen in overall traffic growth reaching record levels, increasing market share, an expanding network of long-haul routes and a consistently rising level of passenger satisfaction. We also pay close attention to airline and third-party operational performance targets and the impact of these on our passengers. For example, on-time performance ("OTP") is a critical success factor for our airlines and a key part of passenger satisfaction.

The Pier 6 extension project will provide eight new aircraft stands. These will be pier-served, reducing the number of passengers who travel by bus to a remote stand. And the new stands are ideally positioned for our short-haul airlines, close to the runways, offering short taxi times for arriving and departing aircraft.

CAPITAL INVESTMENT AT LONDON GATWICK

We're embedding sustainability throughout the project lifecycle of all our investments. This way we're not only considering what we're delivering, but how we will deliver it.

The Pier 6 western extension project is a good example of our approach. We've revisited the 2020 design and, while still providing the same eight new pier-served stands to improve passenger service, it now has a 50% smaller footprint, generating a significant carbon saving by simply building less. The team then looked at the construction methodology, challenging London Gatwick's traditional concrete and steel approach, driving a further 20% carbon saving. The revised design, which is on track to achieve a BREEAM rating of 'excellent', also looks at the operation of the building. What's more, it seeks to minimise water consumption, incorporate smart, energy-efficient lighting and optimise the whole-life carbon cost of heating and cooling.

In addition, the design of extensions to both North Terminal and South Terminal departure lounges is underway. As well as adding new space, the proposals take a holistic approach to passenger experience and reconfigure the existing lounges to optimise space and flow. Each lounge will accommodate a wide range of core services that we know are critical to passengers, such as seating, toilets and special assistance points. This responds to what our passengers told us via Quadrangle's 2023 independent market research, while offering a broader mix of services and activities for passengers to tailor their travel plans.

Technology plays a vital role in making our passengers' experience easy and efficient. That's why we're partnering with several airlines to explore the next generation of self-service bag drop, the automation of the boarding process and baggage handling. In addition, trials of "smart stand" technology that started in 2023 are delivering interesting results and could reduce the time taken to turn an aircraft and drive on-time performance improvements. Meanwhile, in our car parks, the installation of a new monitoring system will aid passengers to find a space. Finally, investment in technology to monitor the flow of passengers through terminals allows us to give passengers real-time information about queue times.

Cost efficiencies

Cost efficiency continues to be vital as resource shortages across the aviation industry challenge us to identify opportunities to do things differently. For example, we're trialling a valet parking service that uses robots to park cars closer together, reducing the amount of space needed. This will open up the potential for 2,000 existing long-stay spaces to be accessed via a valet drop-off, just a short walk from the South Terminal. Beyond this, technology to drive efficiency across a range of airport activities is also included in our investment programme with prioritisation and phasing adjusted each year to reflect trial progress.

Commercial revenue

London Gatwick seeks to maximise the revenue it can generate through commercially returning projects. The provision of a wide choice of quality restaurants, shops, car parking, car rental and other services enhances our passengers' airport experience.

In delivering additional car-parking capacity, we're responding to Crawley Borough Council's local plan policy (GAT 3), which states that all additional car parking should be provided on-airport to avoid adverse impacts on their community. We recognise that we must support their strategy by providing the appropriate number of spaces and the right range of products at different price points to meet the needs of our passengers. That's why, in 2024, we'll add over 3,000 mid-stay car-parking spaces in a new multi-storey car park linked to the North Terminal. This will also serve the increased demand for mid-stay (two to three days) for both business travellers and passengers visiting friends and families at weekends.

Passengers continue to value a wide range of food and drink options at our airport. Therefore, our plans include continued improvement and updating of our catering and retail proposition.

Growth

In July 2023 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. The Examination process started in February 2024 and a decision from the Secretary of State for Transport is expected early in 2025.

We're highly aware we need to strike the right balance between the clear benefits of growth and the impact on our local communities and the environment. You can find further details on this in our Sustainable Growth section on page 35.

CAPITAL INVESTMENT AT LONDON GATWICK

Bringing you a better London Gatwick Airport rail station

In November 2023, London Gatwick's bigger and better rail station opened, transforming the journey from train to plane for millions of passengers every year. This makes journeys between London and Brighton easier, faster and more reliable.

London Gatwick was the first airport in the world to have a direct connection between trains and planes. We've remained committed to rail as the cornerstone of access to our airport, investing over £42 million in the project. Once inside the station, passengers experience a new, 500m² arrivals concourse, doubling the space for those transiting the station. Also, eight new escalators and five new lifts provide a step change in accessibility. The new lifts and escalators, along with four new stairways and widened platforms, are now making it easier for passengers to move between the station platforms and the airport terminal. This particularly helps those with heavy luggage, pushchairs or wheelchairs.



Easier journeys from the train to terminal halve the time passengers take to clear the platform. This reduces congestion and platform queueing that delays trains, which benefits not just London Gatwick, but the wider rail network. This increased efficiency is creating faster journey times on some routes.



In addition, the existing concourse has been reconfigured. This has allowed for more space, more ticket machines and gates, new customer information systems and a dedicated passenger assistance point for those needing help to move through the station. This concourse, along with footbridges and the link bridge to the terminal, has been fully refurbished to give a modern, bright finish, while new wayfinding supports a seamless one-way system to and from the station. A new link bridge offers direct, easy access to the South Terminal's forecourt for those using London Gatwick's station as an interchange for buses, taxis and commuter parking.

London Gatwick's station was originally designed for nine million passengers per year. However, by 2019, when the project started, the station was handling over 20 million. The project required close collaboration between Network Rail, their contractor Costain and Govia Thameslink Railway, the rail operator, as the station – the fifth busiest in the UK outside central London – had to remain open throughout the redevelopment. In early 2020, the project had to pause for several weeks when the first COVID-19 lockdown was imposed. The team worked hard to re-design construction staff access and welfare arrangements and redefine standard operating procedures to accommodate social distancing. They were therefore able to re-start and continue on-site throughout the pandemic. While pandemic working presented some big challenges on a busy construction site, the team's work was also helped by significant reductions in air and train passenger numbers and a much-reduced train schedule.

This project was not directly delivered by London Gatwick, yet our Construction and Engineering teams worked closely with Costain, the main contractor. This approach ensured, for example, that utility diversions and the erection and dismantling of cranes close to the flight path didn't cause any detrimental impact to airport operations.

Though over 40% of our passengers access our airport by rail each year, we aim to increase this to 50% by 2030 as part of our ambitious Decade of Change carbon reduction goals. Designed to handle 65 million passengers per year, the station will have the capacity to support sustainable growth for many decades to come. We hope a more efficient station, faster journey times on some routes and an improved experience will encourage more passengers and staff to make a more sustainable choice.



CHAIR'S STATEMENT



"I was privileged to join the Board of London Gatwick at the start of November 2023 and my initial impressions are all positive.

I've been a regular customer of the airport for many years and since joining I've been struck by the continual focus on improving the levels of service we provide to our passengers. It's the return of our passengers in large numbers and the restoration of our short and long-haul route networks that underscores the airport's strong recovery post-pandemic.

There have of course been challenges and we took robust action following issues in our air traffic control tower this year. Intense planning has been underway for many months since to ensure a resilient operation for summer 2024. This is complex and takes impressive levels of coordination and collaboration with numerous and varied stakeholders.

Investment

It's an exciting time to have joined London Gatwick, with several major investment programmes approved by the Board to drive significant improvements for our passengers, airline partners and other stakeholders. The airport has transformed over recent decades and these investments are the latest milestones on our journey to continually modernise and maintain a world-class airport experience.

CHAIR'S STATEMENT

Central to this journey is our long-term plan for sustainable growth. We have a vital year ahead of us as the Planning Inspectorate examines our Northern Runway plans in details before a final decision is made by the government. Bringing our Northern Runway into routine use would bring benefits to a wide range of airport and community stakeholders and will help secure the region's economic prosperity for decades to come.

Our redeveloped train station opened to passengers in November 2023, and offers passengers modern facilities and fully accessible, easy access to London and the wider region. This very important investment followed years of close collaboration between our public and private sector partners, and we're delighted to see it completed.

Sustainability

Rightly, we now live in a world where considerations about sustainability are paramount. By securing Level 4+ of the Airport Accreditation Scheme – a global carbon management certification programme for airports – we took a further, important step toward making net zero a reality. The Board fully recognises that achieving net zero is critical to the future success of our airport. With this in mind, a £250 million investment programme was endorsed that will see our airport reach net zero (scope 1 and 2 emissions) by 2030, 10 years faster than the previous commitment.

People and communities

We remain passionate and fully committed to supporting our people and the communities surrounding the airport and beyond. Continued investment in our people and our communities supports our airport's sustainability ambitions. However, it's not just about providing funding to charities and numerous local causes. This year over 98,000 school children benefitted from our education programmes and we are looking to engage with one million young people by the end of the decade.

These efforts will be supported by our new STEM centre, which opened its doors in 2023. This impressive facility provides a bespoke, hands-on space to engage and teach school children across the region about Science, Technology, Engineering and Maths. These subjects are all vital for careers that will help keep our airport running into the future.

Looking forward

Investments such as our refurbished North Terminal Departure Lounge, a new multistorey car park and airfield improvements will come to fruition in 2024, helping us to deliver the best passenger experience. This will be supported with greater choice for passengers as we grow our route network and retail offering further.

Finally, on behalf of the Board, I would like to thank all our colleagues for the hard work and dedication that led to our airport's success in 2023. I am also grateful for the stewardship of Stewart Wingate and his Executive team during my first two months in post."

Baroness Margaret Ford of Cuninghame (OBE)

Chair

OVERALL STRONG PERFORMANCE IN 2023

OPERATIONAL:

PASSENGERS

40.9m▲

FROM 37.3m IN 2022

AIR TRAFFIC MOVEMENTS

253,101▲

FROM 235,471 IN 2022



SERVICE:

54.5%▼

ON TIME DEPARTURES
FROM 55.8% IN 2022

97%▲

OF PASSENGERS PASSED THROUGH
SECURITY IN 5 MINUTES OR LESS

FROM 88.1% IN 2022

NET PROMOTER SCORE

41%▼

FROM 42% IN 2022



SUSTAINABILITY:

0.67KG▼

CARBON INTENSITY
(SCOPE 1 & 2) PER PASSENGER
FROM 0.78KG IN 2022

59%▲

OF AIRPORT WASTE REUSED
OR RECYCLED
FROM 56% IN 2022

0.28▲

LOST TIME INJURIES PER
100K HOURS WORKED
FROM 0.24 IN 2022

34%▼

WOMEN IN LEADERSHIP
(MANAGER AND ABOVE)
FROM 36% IN 2022



FINANCIAL:

3.48x▼

SENIOR
ICR
FROM 4.15x IN 2022

£314.8m▲

PROFIT FOR
THE YEAR
FROM £108.5 IN 2022

£617.7m▲

EBITDA (EARNINGS BEFORE INTEREST,
TAXES, DEPRECIATION, AMORTISATION
AND EXCEPTIONAL COSTS)
FROM £448.8m IN 2022



0.45x▼

SENIOR
RAR
FROM 0.55x IN 2022



LONDON
GATWICK

OUR STRATEGY

OUR VISION

To be the airport for everyone, whatever your journey

Underpinning our vision is a strengthened focus and investment on simplifying the journey through our airport, ensuring an easy and efficient experience.

OUR VALUES

Our values support our strategy. They represent what we believe in and who we aspire to be. It's not just what we achieve, but how we work together, that sets us apart. Guided by our values, we'll make London Gatwick an even better place to work.

Our core values are:

- We are **Ambitious**. We set ourselves big goals and we push the boundaries to deliver for our passengers
- We are **Competitive**. We thrive on punching above our weight
- We are **Resilient**. Being prepared and in control makes us ready for the inevitable challenges
- We are **Resourceful**. We are obsessed with finding a better way
- We are **Together**. Amazing things happen when we work together



OUR PRIORITIES

London Gatwick is focused on strategic priorities which set out our ambition to remain as one of Europe's best airports. Safety and security underpins everything we do.

Great service

Give every passenger an enjoyable and effortless experience

Progress in 2023	<ul style="list-style-type: none">• Our passengers received good levels of service as we hit 99% of our agreed service levels.• Our world-beating security gets over 97% of passengers through in five minutes.• Eight out of ten rate their last flight as good or excellent, according to survey of recent flyers.
What's next?	We will continue to roll out next-generation security technology across both terminals, improving efficiency and convenience for our passengers.

Be sustainable

Continually drive greener and more sustainable solutions

Progress in 2023	<ul style="list-style-type: none">• Achieved Level 4+ 'Transition' of the global carbon programme for airports.• Opened a new on-site STEM centre providing a bespoke, hands-on space to engage and teach school children across the region. In addition, over 98,000 school children benefitted from our education programmes.• Provided funding to 159 community projects through the Gatwick Foundation Fund and the Gatwick Airport Community Trust.
What's next?	In January 2024, we opened Europe's first airport Electric Forecourt, a dedicated electric vehicle charging station, helping our passengers, staff and local residents to drive electric vehicles by providing charging infrastructure.

OUR STRATEGY

Build and grow

Strengthen our airline, retail and commercial offer

Progress in 2023	<ul style="list-style-type: none"> Across the year, 56 airlines fly from our airport to 177 short-haul and 53 long-haul destinations. By serving over 40 million passengers in 2023, we rank as one of Europe's top 10 airports. The Centre for Aviation ("CAPA") awarded us Large Airport of the Year for our 'remarkable recovery' post-COVID.
What's next?	Work to refurbish our North Terminal departure lounge is almost complete. We'll continue to give our passengers even greater choice by growing our long-haul network across North America and Asia.

Work smarter

Drive efficiency and resilience

Progress in 2023	<ul style="list-style-type: none"> We've increased resilience and reduced the time aircraft spend on the Main Runway by building a new Rapid Exit Taxiway. Trials of "smart stand" technology delivered results that could reduce the time taken to turn an aircraft and drive on-time performance improvements.
What's next?	A pilot of valet parking using robots to test whether 2,000 existing long stay spaces could be used without passengers having to get a bus to the terminal.

Engage our people

Foster excitement and pride in working here

Progress in 2023	<ul style="list-style-type: none"> Four employee-led groups now represent colleagues from ethnic minority backgrounds, those with disabilities and long-term health conditions, our LGBTQ+ employees and those interested in gender equality. New Talent Experience Team in place to source best quality candidates, provide personal growth and build inclusive environment for colleagues. Over 400 managers attended a cross-company development programme, equipping them with the skills and knowledge to be better leaders.
What's next?	In 2024, we'll develop and unveil a new employer brand helping retain and attract new colleagues to our airport.

Keep our airport moving forward

Invest in projects that serve our customers and enable growth

Progress in 2023	<ul style="list-style-type: none"> Opened a redeveloped rail station, doubling space and improving accessibility for our passengers. Started construction on a £50+ million multi-storey car park in the North Terminal. Announced a £2 billion, six-year capital investment plan, which includes £250 million investment to become a net-zero airport (Scope 1 and 2 emissions) by 2030.
What's next?	We'll take our Northern Runway Plan through detailed examination by the Planning Inspectorate.

OPERATING REVIEW



"Our recovery continued in 2023 with a significant uplift in financial performance and passenger numbers as traffic continued to grow back.

An overall successful year saw our airport's short-haul operations grow above 2019 passenger levels in some instances, with our long-haul network hitting over 63%. We also achieved 99% of our agreed service measures this year, thanks to the hard work and dedication of our frontline colleagues.

ATC staffing issues in our control tower did however cause some challenges at the end of the summer. By taking a strong leadership position and facilitating intensive dialogue with NATS, they have assured us that a robust plan is in place that will provide passengers with reliable flight schedules in 2024.

We're delighted to have welcomed a new Chair to our airport. Baroness Margaret Ford is one of the UK's most experienced chairs. I'm also looking forward to working with Mark Johnston, our airport's new Chief Operating Officer, who joined the team earlier this month.

Finally, our Northern Runway project is our airport's pathway to future growth. The Planning Inspectorate has accepted our planning application and I'm looking forward to detailed examination of our plans in 2024."

REVIEW OF THE YEAR

FOCUSED ON DELIVERING FOR OUR PASSENGERS

Building on our recovery

Passenger numbers continued to grow in peak periods, reaching 94% of pre-pandemic levels, but remained lower outside of the peak. This is due to travel still not returning to 2019 levels for some business and discretionary leisure flights.

During 2023, 40.9 million passengers flew through London Gatwick.

Overall successful year

Delivering strong service levels remains our critical focus. Supported by the hard work of frontline colleagues, our airport hit 546 out of 552 of our agreed service measures. This includes getting 97.2% of passengers through security in less than five minutes. To support this important standard, we successfully recruited a further 200 security officers. These new colleagues were fully trained ahead of the busy summer season to ensure smooth and efficient journeys for our passengers.

Ground operational challenges did however impact our airport's on-time performance. We took a strong leadership role facilitating collaboration between airlines and air control traffic providers across this complex area. We're pleased to report significant progress has been made and we're now confident that aircraft will be better prepared and 'ready to go' for their dedicated runway slots. This way passengers will experience more reliable and predictable schedules throughout 2024.

Air traffic restrictions were our biggest challenge during the first half of 2023. European air traffic control ("ATC") strikes, en route ATC staffing issues and air-space restrictions 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.

ATC staffing issues in our control tower also led to some disruption towards the end of the summer. With that in mind, strong leadership and intensive dialogue with the airlines, NATS and Eurocontrol has seen robust plans developed. This increased resilience for the remainder of 2023 and into 2024. Five new air traffic controllers will also start in our airport's control tower ahead of summer 2024, added to the four that joined in 2023.

Initiatives to improve the passenger journey during the year include a successful trial with UK Border Force for 10- and 11-year-olds to use the e-gates at immigration. This initiative

is now fully operational across our airport. The number of passengers using the facility is up 6% as more families choose to travel through immigration more quickly and conveniently.

A new Accessibility Strategy furthered our vision to be the airport for everyone, by improving services for passengers who may require assistance. We resourced our airport's assisted services well throughout the year and hit all service standard targets. This was supported by new PRM location beacons providing high-quality digital tracking of service provision in real time. Also, we retained the incumbent service provider, Wilson James, for a further five-year period.

Ahead of the summer period, we worked closely with airlines, ground handlers and the wider airport community. This ensured adequate resources were in place to enable an overall smooth operation. This included contingencies to ensure healthy resource levels.

Safety and security remain at the very heart of our operation. We've worked tirelessly with the wider airport community to ensure we're well-prepared to provide passengers with reliable services during what is forecast to be a busy 2024 summer season.

New brand and vision

In April the airport unveiled its new brand identity and refreshed vision, providing a platform for the airport's next phase of growth. The new brand reaffirms London Gatwick's position as a major international gateway. It also recognises the airport as part of the broader VINCI Airports network.

The vision – To be the airport for everyone, whatever your journey – focuses on delivering a personalised experience to meet passengers' individual needs. Underpinning the vision is a strengthened focus and investment on simplifying the journey through the airport by focusing on ease, efficiency and experience.

Investing in our future

As 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, 10 years ahead of our previous commitment. We'll achieve this by investing over £250 million in initiatives to reduce carbon emissions.

To make clear our plans, we've also published the 2023 six-year Capital Investment Programme. 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.

REVIEW OF THE YEAR

The CIP also includes measures to secure our airport's long-term future by developing its plans to bring the Northern Runway into routine use. A planning application was submitted in July 2023 and was subsequently accepted for detailed examination by the Planning Inspectorate in August. A period of detailed and rigorous examination of the proposals by a panel of independent experts started in February 2024.

Reflecting on 2023

In the year ended 31 December 2023, passenger numbers increased by over 24%, from 32.8 million in 2022 to 40.9 million, reaching over 88% of 2019 levels.

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 a busy summer. At the start of the summer season, a string of new airlines and services contributed to the increase in traffic with the recovery reaching 94% of 2019 levels in July and October.

In the short-haul market, the recovery continued to be higher with passenger levels reaching 94% of 2019 levels, an increase of 16 percentage points compared to 2022.

- easyJet traffic reached 100% of 2019 levels, peaking at 113% in July and remaining above 100% for the remainder of the summer season despite their decision to reduce their capacity.
- British Airways increased by 77% compared to 2022 as they continued to build back their short-haul operation. Their traffic benefitted from the gradual introduction of the larger Airbus A321 aircraft to their London Gatwick fleet from the start of the summer season.
- Vueling continued to deliver more passengers building on their 2022 operations, delivering 37% more passengers in 2023 compared to 2022.
- Wizz Air's traffic in 2023 reached 2.6 million passengers, growing by over 40% compared to 2022, fully using their five based aircraft in addition to inbound flying from their other European bases.
- New short-haul airlines such as Lufthansa and SkyExpress began operating at London Gatwick during 2023 as part of 36 airlines flying to 177 short-haul destinations, providing a greater choice for passengers.

The long-haul market continued its path towards recovery throughout the year. In the first quarter, long-haul passenger traffic reached over 55% of 2019 levels, increasing to 68% in the fourth quarter. 2023 was the year when Chinese traffic began its recovery following the removal of the last remaining travel restrictions, which enabled Air China and China Eastern to start their services in the second quarter.

During the first half of the year, London Gatwick saw the arrival of several new airlines such as Air India, Delta and

Saudia. Incumbent carriers such as BA and Norse also continued adding new long-haul services. Norse grew from one to five based aircraft, adding routes to Orlando, Washington, Miami, Los Angeles, San Francisco and Boston.

Meanwhile, BA started operations to Vancouver, Las Vegas, Aruba and Georgetown, Guyana. Furthermore, in October British Airways added new flights to Accra, while Norse commenced new services to the Caribbean.

In addition, another three new airlines started their long-haul operations at London Gatwick. Air Mauritius moved their daily Heathrow operation to London Gatwick while Ethiopian Airlines and China Southern also chose London Gatwick to grow their London services.

In total, 2023 saw 5.8 million passengers on 53 long-haul routes served by 20 airlines.

	Year ended 31 December		
	2023 m	2022 m	2019 m
Short haul			
Europe (including UK and Channel Islands)	33.8	28.0	36.6
Northern Africa	1.3	0.8	1.0
Total short haul	35.1	28.8	37.6
Long haul			
North America	1.9	1.3	4.1
Caribbean and Central America	1.4	1.4	2.2
South America	0.1	-	0.3
Sub-Saharan Africa	0.4	0.2	0.5
Middle East and Central Asia	1.6	1.0	1.4
Far East and South Asia	0.4	0.1	0.5
Total long haul	5.8	4.0	9.0
Total passengers	40.9	32.8	46.6
Air traffic movements (ATMs)	253,101	213,947	280,660

We're expecting a strong 2024, benefitting from the new capacity that was launched by new and existing airlines in 2023. Also, we've already seen a number of exciting announcements from airlines coming to London Gatwick. This includes Singapore Airlines launching a new service five time per week from June 2024.

Attention is now focused on our 2024 operations and ensuring we offer our passengers the high levels of service they expect from us.

OUR PEOPLE

OUR PEOPLE ARE CENTRAL TO EVERYTHING WE DO

Recruitment

As passenger numbers continued to grow towards pre-pandemic levels, we recruited 350 new staff to ensure good levels of service for passengers, airlines and other airport partners. This recruitment took place in what continues to be a tight labour market. Therefore, we remain focused on creating the right environment to attract new people, while also developing our current colleagues, 40% of whom are new.

Our new vision – to be the airport for everyone – is supported by clear business priorities and a values framework to guide our airport's continuing journey to become the employer of choice in the local market. This includes making sure our people reflect the diversity of our passengers and society. To this end, a new Talent Experience Team is in place to create a new Employee Value Proposition. This will help source the best quality candidates for the future airport, provide personal growth for existing colleagues and continue to build an inclusive environment for everyone working at our airport.

To that goal, our successful engineering apprentice programme continued with a fresh intake in 2023. Also, the Gatwick Graduates programme recommenced this year, with the 2024 programme already well-subscribed.

Reward

We delivered a significant compensation and benefits programme this year to ensure our airport remains a market-competitive employer. The programme is also designed to strengthen employee perceptions of the fair deal offered by the Company.

In March 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, as well as providing a pay award for salaried staff. This reflected the market conditions and our continued focus on retaining and attracting staff. The next round of pay negotiations commenced at the beginning of 2024.

In 2023, we also launched a new, comprehensive 'My Reward' scheme for employees. In addition to a fully refreshed benefits package, we introduced total reward statements, employee recognition, discount and cashback schemes, which were received positively according to our employee engagement survey.

We also continue to make investing in leadership development a priority. Over 400 managers attended a cross-company development programme this year, equipping them with the skills and knowledge to be better leaders. This includes 230 middle and senior managers attending the

Lead4Success programme, which was co-designed and delivered in partnership with VINCI Airports.

Employee engagement

We engage regularly with three unions. With formal negotiation and consultative bodies, we discuss pay, terms and conditions of employment, as well as business issues and performance.

We have in place formal agreements designed to resolve disputes. Where possible, discussions take place at a department level to avoid escalation. Our airport's senior negotiating forum, the Gatwick Joint Committee, has a strong focus on business strategy and performance. In addition, Executive Management Board ("EMB") level oversight is provided by the People Committee and Board of Directors level oversight by our Remuneration and People Committee.

Employee engagement data is collated using the UK's Best Companies survey, which had a 69% response rate in 2023 – 5% above the average for respondents to the survey. Employee satisfaction – as measured by the Best Companies Index ("BCI"). This increase comes at a time when 40% of other measured organisations experienced a decline. Our goal for 2024 is to reach the One to Watch rating on the BCI index at the Company level.

Diversity, Equity and Inclusion

The diversity of our workforce is highly important for the organisation, including all leaders and hiring managers.

This year, we furthered our Diversity, Equity and Inclusion ("DE&I") goals with a dedicated DE&I strategy to underpin our airport's vision – to be the airport for everyone. The strategy supports our airport's ambition to be recognised as a business that places DE&I at its heart so that everyone belongs, has a voice and feels valued.

In 2023, we achieved the first stage of our gender ambition to ensure that 30% of our leadership team were female. We now aim for 33% of these roles to be taken by women by 2026 and at least 40% by 2030.

Meanwhile, our four Business Resource Groups continue to raise awareness and drive forward issues of relevance. These employee-led groups currently represent colleagues from Black, Asian and minority ethnic backgrounds, those with disabilities and long-term health conditions, our LGBTQ+ employees and those interested in gender equality. The Count Me In campaign was launched in 2023 to increase disclosure rates of personal information to ensure we've appropriate data to measure and improve our DE&I progress. Our recruitment policies were also reviewed through a DE&I lens, with improvements including upgraded maternity, paternity and adoption policies. These better reflect our commitment to recruit diverse talented individuals from all sectors of the community.

OTHER MATTERS

Impact of COVID-19

The COVID-19 pandemic had an unprecedented impact on the global aviation industry, with significantly reduced traffic and substantial cuts in capacity by airlines.

From March 2020, we took a number of steps to reduce cash outgoings and to reposition the business for the mid-term. These included reducing operating expenditure and minimising our Capital Investment Programme, with only operationally critical projects or those near completion continuing.

In addition to the actions to reduce cash outgoings, we took steps to increase the availability of cash and committed funding. During 2020 and 2021 we were granted covenant waivers and an amendment of certain terms under the financing documents from Qualifying Borrower Secured Creditors.

During 2022, after two years impacted by COVID-19, London Gatwick saw its fastest ramp-up in passenger traffic.

Key management changes

Baroness Margaret Ford of Cunninghame (OBE) was appointed as London Gatwick's new chair in November 2023. Baroness Ford is one of the most experienced chairs in the UK having chaired four public companies and acted as senior director on a further four. In addition, she has chaired several privately owned businesses and National Government bodies, mainly in the infrastructure/regulated sector. Baroness Ford has taken over from Sir David Higgins, who had been chair since 2017.

Sir David Higgins will remain on the Board as a non-executive director following the retirement of William Woodburn in November 2023. Eric Delobel resigned from the Board of Directors in November and was replaced by Guillaume Dubois. We'd like to welcome Baroness Ford and Guillaume and also thank William Woodburn and Eric Delobel for their contribution.

After two and half years as 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 an extremely challenging period. The Executive Management Board thanks Adrian for his work in ensuring we delivered a smooth operation in 2022. Business Improvement Director John Higgins has taken over as interim Chief Operating Officer.

In addition, Mark Johnston joined London Gatwick from AGS Airports (owners of Aberdeen, Glasgow and Southampton airports) in March 2024, taking on the role of Chief Operating Officer. Mark will join our airport with over two decades of highly relevant technical and professional experience, having led security, technical, infrastructure and airport terminal departments.

Finally, General Counsel and Company Secretary Rachel Ford left London Gatwick in December. Chief Financial Officer, Jim Butler has taken over responsibility for the Legal team as we appoint a replacement.

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 ongoing political and economic situations and their impact 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 the impact of COVID-19 was an unprecedented period in the aviation sector. However, it did demonstrate the swift actions that can be taken to manage the impact of such an event on the Group's cash flow and liquidity. Given the ongoing global political and economic situation, there remains short-term uncertainty in passenger forecasts for 2024.

See Note 1 for further details.

Stewart Wingate

Chief Executive Officer

DECADE OF CHANGE – OUR SUSTAINABILITY POLICY



"Sustainability at London Gatwick is continuously evolving – 2023 was an exciting year for our journey. We announced investment of over £250 million to accelerate our commitment to reach net zero (Scope 1 and 2) by 2030, ten years ahead of its previous target.

We achieved Level 4+, 'Transition', of the Airport Carbon Accreditation scheme, which recognises our carbon management and reduction strategy. Demonstrating our commitment to reducing our own direct emissions, and to driving third parties on our airport campus to reduce emissions in line with global climate goals.

Another step on our carbon reduction journey is that we have further increased the level of our reporting for Scope 3 greenhouse gas emissions. This is an important step to reducing these emissions; we will be continuously improving our measurement process and exploring new ways of capturing data to enhance decision making and transparency.

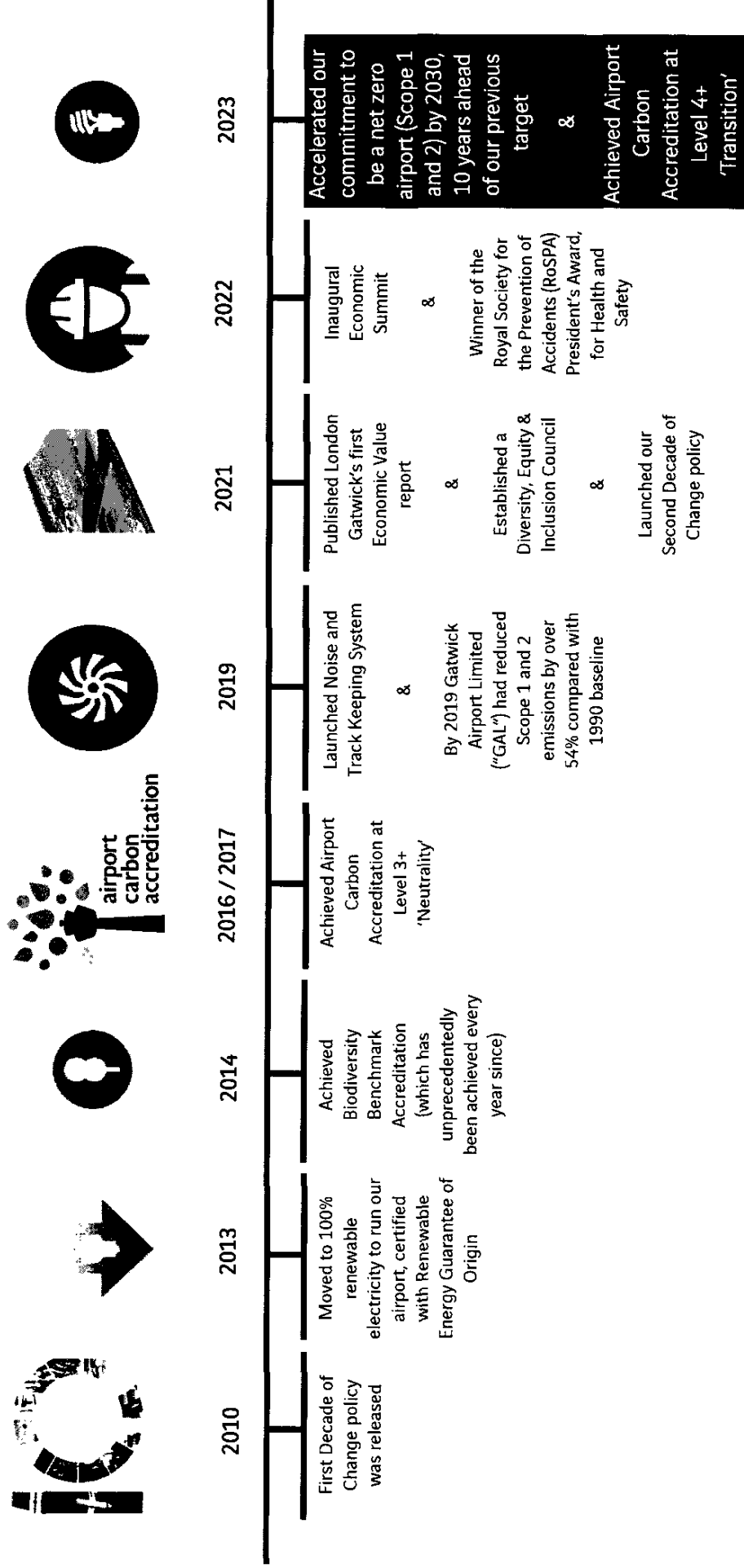
We also strengthened our ten Decade of Change goals with ten roadmaps. These clearly define our ambition and set out key performance indicators for each goal. Each year we will track our progress against these key performance indicators and in 2030 they will be used to determine whether we have met the goals set out in our second Decade of Change policy."

Stewart Wingate
Chief Executive Officer

DECADE OF CHANGE – OUR SUSTAINABILITY POLICY

DECADE OF CHANGE TIMELINE

London Gatwick has made significant progress against the Decade of Change goals since their launch in 2010.



DECADE OF CHANGE – OUR SUSTAINABILITY POLICY






OUR GOALS

Operating sustainably and being a responsible business is critical to our long-term success.

In 2021 we successfully launched an update to our Sustainability Policy, our Second Decade of Change. This looks ahead to 2030 and sets out a renewed set of goals covering 10 topics. Recognising the urgent need to make net zero a reality, in March 2023 we announced our commitment to be a net zero airport (Scope 1 and 2) by 2030, 10 years ahead of its previous target.


Our goals, shown below, are shared across three themes: people and communities, net zero and local environment.

People and communities

- 
1. Local economy
 Be a partner and advocate for a thriving resilient economy and contribute to local and regional workforce skills partnerships and initiatives
- 
2. Opportunity and accessibility
 To increase workforce diversity through recruitment, training and retention practices and partnerships and ensure accessibility and opportunity for colleagues and passengers with disabilities
- 
3. Workplace safety
 Be a leading airport for the safety, health and wellbeing of our workforce and passengers, striving to learn and continually improve
- 
4. Local communities
 Invest resources in programmes and partnerships for those communities most affected by London Gatwick's operations
- 
5. Noise
 Limit and where possible reduce our airport's impact on local communities by working with partners and stakeholders to create the most noise-efficient operation possible

Net zero




Continue London Gatwick's net zero transition and further improve local air quality by:

- 
6. Airport emissions
 - Reaching net zero for our Scope 1 and 2 emissions by 2030
 - Sourcing 50% of airport network electricity and 50% of heat network from UK renewable sources via on-site generation and direct purchase agreements ("PPAs") by 2030
 - Requiring all GAL and airport duty vehicles, ground support equipment and mobile construction equipment to meet zero or ultra-low emission standards by 2030

7. Aircraft and surface access emissions

- Playing our part in UK aviation and ground transport transition to net-zero carbon
- Working with airlines and fuel providers to implement the Sustainable Aviation decarbonisation roadmap and interim goals
- Working with transport partners to increase airport passenger and staff usage of public transport and zero and ultra-low emission journey modes to 60% by 2030

Local environment

- 
8. Water
 Reduce our airport's potable water consumption by 50% on a per passenger basis by 2030 compared to 2019, continue to improve the quality of water leaving our airport and work with partners to promote local water stewardship
- 
9. Zero waste
 Ensure that by 2030 all materials used at London Gatwick in operations, commercial activity and construction, are repurposed for beneficial use, ie, repaired, reused, donated, recycled, composted or converted to fuel for heating or transport
- 
10. Biodiversity
 Have a sector-leading 'net gain' approach to protecting and enhancing biodiversity and habitats on our airport: estate, including zero use of pesticides by 2030. Support biodiversity partnerships in our region



DECADE OF CHANGE – 2023 IN NUMBERS



40.9

million passengers



2,463

Gatwick Airport
Limited (GAL)
employees



253,101

Commercial passenger air
traffic movements



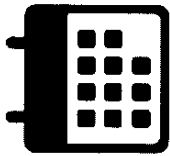
100%

renewable electricity
used to run the airport



67.27%

Cumulative scope 1 &
2 emissions reduction
versus 1990 baseline



68

Local events
supported

£93.9m

Spend in the
local & regional
supply chain



£136m

Direct and upstream
net impact
(Value2Society™)



59.03%

of airport waste Reused or Recycled



Zero

untreated waste to landfill



72%

flights by the cleanest
aircraft ICAO CAEP 8
standard



17.5

Biodiversity surveys
conducted

DECADE OF CHANGE – OUR SUSTAINABILITY POLICY

People and communities

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

- In 2023, we announced a new partnership with a data, insight and analytics platform, mnAi, to support our procurement policy to include local or regional suppliers in all procurement-led tenders where a suitable business exists.
- We also opened our STEM (science, technology, engineering and maths) centre which will support school children across the region in exploring STEM skills and activities.
- We launched two new business strategies, an accessibility strategy and our DE&I strategy. We want to become the airport of choice for disabled passengers, and an airport where everyone belongs.
- The Airspace and Noise team has redeveloped the previously static Airline Noise Performance table into an interactive tool to support engagement with airlines to improve performance.

Gatwick Gender & Ethnicity Pay Gap Report 2023

We've published our Gender Pay Gap Report for seven years, and for the second time we're voluntarily sharing our Ethnicity Pay Gap Report. We've done this because we want to improve all areas of inclusion and be transparent about the changes and progress we're making and the challenges we still face.

In 2023 passenger volumes increased and over 2,200 staff helped us provide good levels of service to our passengers and partners. Throughout 2023, our refreshed vision – to be the airport for everyone, whatever your journey – guided us as we continued our strong recovery from the pandemic. Our gender and ethnicity pay gaps are not a result of unequal pay, but of the imbalance of gender and ethnic diversity in some sectors of the company.

Compared to last year, there's an increase of female representation in all quartiles. There has been a significant decrease of 5.5 percentile points on the mean pay gap. Our median gap is in line with the average for the major airports of 14.2% and the mean gap is slightly lower than the average of 15.0%. There is an increase of ethnic diverse employees in all quartiles. There has been a decrease of 1.5 percentile points on the mean pay gap, compared with 2022.

Though there has been an increase in the median pay gap, both for gender and ethnicity, this is not the result of unequal pay, but of the unbalanced representation in certain areas of the business. To close both gaps, we're focused on increasing ethnic and gender diversity, particularly at senior level. We remain committed to creating an inclusive workplace, one where everyone feels welcome. It's encouraging to see the progress we're making to ensure London Gatwick is a great place to work.



DECADE OF CHANGE – OUR SUSTAINABILITY POLICY

Net zero

Our net zero theme includes work relating to airport greenhouse gas (“GHG”) emissions (Scope 1 and 2) and aircraft and surface access GHG emissions (Scope 3).

- We’ve identified our key net-zero workstreams as decarbonisation of heat, reducing refrigerant leakage and upgrading our vehicle fleet to electric. Work has begun on Pathfinder projects.
- We conducted trials to replace the use of diesel with hydrotreated vegetable oil (“HVO”) on a range of operational vehicles. In February 2024 we started to roll out the use HVO across the majority of the fleet following the successful trials and tests.
- The new London Gatwick rail station concourse opened in November 2023. This will improve the passenger experience and support our target to increase passenger and staff usage of public transport and zero and ultra-low emission journey modes to 60% by 2030.

Airport Carbon Accreditation

London Gatwick achieved Level 4+ ‘Transition’ of the Airport Carbon Accreditation scheme – the only institutionally endorsed, global carbon management certification programme for airports. The global scheme independently assesses and recognises the efforts of airports to manage and reduce their carbon emissions through seven levels of certification: ‘Mapping’, ‘Reduction’, ‘Optimisation’, ‘Neutrality’, ‘Transformation’, ‘Transition’ and the recently announced Level 5.

In addition to our existing carbon reduction success, we achieved Level 4+ ‘Transition’, of the Airport Carbon Accreditation scheme – demonstrating our commitment to reducing our own direct emissions, and to driving third parties on our airport campus to reduce emissions in line with global climate goals.

We’ve been carbon neutral since 2017, through the ACA scheme. This required our airport to offset our residual Scope 1 and 2 emissions, as well as emissions related to business travel. Key to achieving this accreditation was also London Gatwick’s Stakeholder Partnership Plan. This sets out how our airport will drive third parties on the airport campus to reduce their emissions, either through their own reduction plans or measures initiated by our airport.



Local environment

Our local environment theme includes work relating to water, zero waste and biodiversity.

- We formed a relationship with the Crawley and Horley hygiene bank. By segregating and sorting toiletries sacrificed at our security bins, we’ve been able to donate four tonnes of toiletries since implementing the process in April.
- We’ve begun the development of a nature-based solution, using a reed bed treatment system, to decontaminate the water that leaves our airport from de-icer.
- This year we also introduced a new survey that identified breeding territories for nightingales (*luscinia megarhynchos*). We’ve confirmed at least four breeding territories, up from two in 2020.

DECADE OF CHANGE – OUR SUSTAINABILITY POLICY

ROADMAP TO 2030

We've strengthened our Decade of Change goals with 10 roadmaps, which can be found [here](#). These set out quantitative and qualitative outcomes for each goal, clearly showing what we plan to achieve. Together, the Decade of Change policy and the roadmaps outline our approach to creating a sustainable airport for the future.

ARE WE ON TRACK?

Sustainability has been a key part of our transformation since 2009. Each year we report on our progress – our latest Decade of Change report provides a detailed progress update against each goal.



DECADE OF CHANGE – OUR SUSTAINABILITY POLICY

Q&A with our Head of Sustainability Mark Edwards

WHAT'S YOUR AMBITION FOR SUSTAINABILITY AT LONDON GATWICK?

The sustainability agenda is constantly evolving, both in terms of understanding and expectations. Consequently, there is no limit to my ambition for sustainability at London Gatwick.

Taking action on sustainability isn't new at London Gatwick (we're midway through our second Decade of Change), but a new age is dawning. Everyone at London Gatwick has a role to play in improving the sustainability of our airport. I want everyone at London Gatwick to embrace every job as a sustainability job.



WHAT'S IN THE PIPELINE FOR SUSTAINABILITY IN 2024?

2024 will be a key year in delivering our sustainability ambitions. Engagement, both internal and external, will be at the forefront of our sustainability work.

2024 marks the start of a significant long-term sustainability engagement programme which will give our colleagues the ability and opportunity to take action and to make more sustainable decisions every day. A significant part of that is increasing awareness of our excellent work in delivering on the social aspects of sustainability.

We are hoping to launch the London Gatwick Sustainability Forum this year. The aim is to enable co-ordinated and effective action on sustainability with partners across our airport.

Finally, we have some crucial decisions to make on the technology we will use to meet our Net Zero 2030 target. The decisions will form the foundation of our implementation programme affecting all the work to 2030.

WHAT EXTERNALITIES DO YOU THINK WILL DRIVE CHANGE AT GATWICK?

In the past few years, the financial sector has become increasingly interested in the sustainability agenda, undoubtedly fuelled by the advent of TCFD reporting requirements. Consequently, linking sustainability performance and financial activities is an area that is ripe for development.

We're actively considering the creation of a sustainable financing framework. This will enable access to this nascent source of funding and will reflect commitment to our sustainability targets set out in the Decade of Change. There are a range of options and tools to we need to explore, but there is one commonality: we must ensure that any KPIs and commitments set are substantive, credible and realistically achievable within the timeframes involved.

HOW DOES THE POTENTIAL NORTHERN RUNWAY DEVELOPMENT IMPACT LONDON GATWICK'S SUSTAINABILITY GOALS?

Our Decade of Change goals are independent of the Northern Runway Project but underpin our plans to grow our airport. Nationally significant infrastructure projects, like the northern runway, strive to balance the economic benefits of growth such as job creation, with the environmental impacts. Our northern runway plans seek to mitigate impacts in many ways. For example, by providing more water storage and treatment capability to capture the additional surface water that the extra concreted areas will create; by expanding the road network to avoid causing congestion on the network; and by enhancing our noise insulation scheme.

DECADE OF CHANGE – OUR SUSTAINABILITY POLICY

OUR CARBON FOOTPRINT

We monitor our carbon footprint and report on our GHG emissions annually. This helps us to identify opportunities to reduce our emissions and assess our progress towards our carbon-reduction goals. This section includes our mandatory reporting of GHG emissions and energy use pursuant to the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and Streamlined Energy and Carbon Reporting ("SECR") under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The method used to calculate our carbon follows the Greenhouse Gas Protocol, using BEIS emission factors for the assessment year, and quantifying all six GHGs measured in terms of carbon dioxide equivalence (CO₂e).

Greenhouse Gas Protocol	Airport Carbon Accreditation Category	Greenhouse gas emissions	
		2023	2022
	Energy & fuel consumption used to calculate emissions:		
	Natural gas (kWh)	35,816,364	39,709,287
	Electricity (kWh)	87,150,980	81,860,307
	Vehicle fuels (litres)	876,115	375,656
	Propane (tonnes)	7	4
	Refrigerants (kg)	221	405
	De-icer (kg)	8,300	3,060
	De-icer (litres)	111,321	273,756
	SCOPE 1 (tonnes CO₂e)	9,201	8,922¹
Company facilities	Combustion of natural gas	6,552	7,249
Company vehicles	Combustion of vehicle fuels	2,162	961
Company facilities	Propane and materials use in fire training and workshops	20	13
Company facilities	Use of refrigerants	337	600
Company facilities	Use of deicer	130	99
	SCOPE 2 (tonnes CO₂e)		
Purchased electricity for own use	Purchased electricity (location-based)	18,047	15,830
Purchased electricity for own use	Purchased electricity (market-based)	-	-
	SCOPE 1 and 2 (tonnes CO₂e)		
	Total gross location-based SCOPE 1 and 2	27,248	24,752
	Total gross market-based SCOPE 1 and 2	9,201	8,922
	SCOPE 1 and 2 carbon intensity		
	Intensity ratio: kgCO ₂ e/passenger	0.67	0.75
	Intensity metric: passenger numbers	40,899,064	32,838,194
	SCOPE 3 (tonnes CO₂e) (location-based)	3,829,464	2,871,524
Purchased goods and services	Purchased goods and services	23,171	-
Capital goods	Capital goods	30,271	-
Fuel and energy related activities	Fuel and energy well-to-tank	6,121	-
Fuel and energy related activities	Fuel and energy transmission and distribution	1,561	1,448
Waste generated in operations	Waste and wastewater	503	439
Business travel	Business travel	1,315	362
Employee commuting	Staff commuting and home office	43,373	38,940
Use of sold products	Aircraft landing and take-off (LTO)	400,109	297,631
Use of sold products	Aircraft climb, cruise and descent (CCD)	3,122,925	2,366,897
Use of sold products	Passenger surface access	182,773	149,295
Use of sold products	Aircraft engine testing	1,053	1,207
Use of sold products	De-icer	1,431	704
Use of sold products	Non-road construction machinery	797	1,290
Downstream leased assets	3 rd party consumption	14,061	13,311
	SCOPE 3 carbon intensity – (location-based)		
	Intensity ratio: kgCO ₂ e/passenger	93.6	88.2
	Intensity metric: passenger numbers	40,899,064	32,838,194
	SCOPE 1,2 and 3 (tonnes CO₂e)		
	Total gross location-based SCOPE 1, 2 and 3	3,856,712	2,896,275
	Total gross market-based SCOPE 1, 2 and 3	3,830,354	2,872,836

DECADE OF CHANGE – OUR SUSTAINABILITY POLICY

Our carbon footprint

The location-based method reflects the average emissions intensity of the grid on which energy consumption occurs. The market-based method reflects emissions from electricity that has been purposefully chosen.

Emissions for aircraft landing and take-off (LTO) and aircraft climb, cruise and descent (CCD) are estimated.

The GHG protocol sets out 15 categories for an organisation's SCOPE 3 emissions. We have continued to expand our SCOPE 3 reporting, most recently with the inclusion of de-icer and aircraft climb, cruise, and descent in our 2022 footprint, as set out in the Airport Carbon Accreditation Level 4+ requirements.

We have included de-icer consumption into our SECR calculations for this 2023 Annual Report which we did not in 2022, however this was reported in our annual Decade of Change Performance Report 2022. Subsequently, the totals for 2022 have been adjusted to reflect this inclusion.

For 2023, we have expanded our SCOPE 3 reporting with four new categories: home working, purchased goods and services, capital goods and well-to-tank.

Spend data has been used as a proxy for primary data to calculate the emissions from both purchased goods and services and capital goods. Emissions have been calculated for the top 36 suppliers, accounting for over 70% of the Group's annual spend. We recognise that the remaining 30% of the spend is made up of an additional 700 suppliers, and we plan to widen our calculations in the future.

The Group operates a hybrid working model for office staff and remote working has been accounted for within the *employee commuting category for the first time this year's* footprint. The DEFRA emissions factors for homeworking for 2023, which take into account the use of office equipment and heating, were used to calculate the emissions associated with working from home.

Well to Tank emissions have been included in the 2023 footprint under the fuel and energy related activities category. This category includes emissions related to the production of fuels and energy purchased and consumed by the Group. These emissions relate to the production of electricity, natural gas, diesel, petrol, and fire training fuels.

Future enhancements to carbon footprint reporting

The Group is now reporting on all but one of the relevant SCOPE 3 categories set out by the GHG protocol. To clearly demonstrate this, we have reclassified previously reported emissions sources to align with the protocol, as set out in the above table. All future carbon footprints will align to this structure. Category 4, "Upstream Transportation and Distribution" is the final category pertinent to the airport and its activities, but we do not currently have a credible way to calculate these emissions and they are therefore excluded from the 2023 assessment.

SUSTAINABLE GROWTH

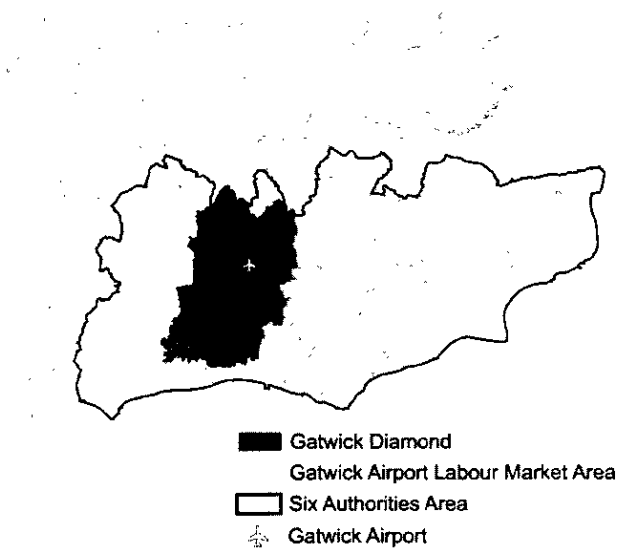
London Gatwick has an important economic relationship with the region it serves. At the same time, we embrace our responsibilities to protect the environment and grow in a sustainable way which provides enhanced employment opportunities while supporting the Government’s commitment to reach net-zero emissions by 2050.

SUPPORTING LOCAL AND REGIONAL ECONOMIC GROWTH

Our airport plays a vital role sustaining the local and regional economy. From generating employment, supporting the supply chain and creating other business opportunities, to providing connectivity for tourists and opportunities for inward investment and trade, we have an important economic relationship with the region we serve.

The full extent of our airport’s economic relationship with the region is best highlighted in the latest economic value report from Oxera. In 2023 we supported over 56,000 jobs across the region and added over £4.0 billion of gross value. This is expected to grow with our Northern Runway plans.

Area	Jobs supported	Gross added Value
National	76,560	£5.5 billion
Gatwick Diamond	35,725	£2.6 billion
Six Authorities	56,570	£4.1 billion



LIMITING AND REDUCING IMPACTS

We’re also fully committed to protecting the environment. We’ll grow in a way that limits and, where possible, reduces our impact on the environment and on local residents directly impacted by airport operations.

Our airport is a Council Member of Sustainable Aviation and fully supports their updated Net Zero Carbon Roadmap. This Roadmap confirms that UK aviation can continue to grow while meeting its commitment to reach net-zero emissions by 2050.

Recognising that long-term sustainable investment is critical to the future of our airport, we’ve accelerated its commitment to reach net zero for emissions under our direct control (Scope 1 and 2 emissions) by 10 years to 2030. This will be achieved by investing in zero or low-carbon technologies.

In addition, our latest 10-year sustainability policy – the Decade of Change – has also been strengthened. Roadmaps outline how our airport will help grow the region’s economy, support local communities, while also reducing impact on the environment.

TAKING FORWARD THE 2019 MASTERPLAN

The 2019 Masterplan set out how our airport could grow to meet demand in the most sustainable way by 2030. It set out three scenarios:

- 1. Continuing to make best use of our airport’s Main Runway through the use of new 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.

Our airport’s Main Runway was resurfaced in 2022 and a new Rapid Exit Taxiway has improved resilience and performance since completion at the end of 2023. We’re continuing to explore a number of further opportunities to adopt new technology and process initiatives to further improve this key piece of national infrastructure.

We want to ensure that land south of London Gatwick is safeguarded in line with national aviation and planning policy. Also, we want to continue to make representations to our local authorities in this respect.

SUSTAINABLE GROWTH

OUR NORTHERN RUNWAY PLANNING APPLICATION

As passenger numbers continued to grow towards pre-pandemic levels, we submitted a planning application, known as a Development Consent Order ("DCO"), to the Planning Inspectorate ("PINS") on 6 July 2023. This outlined our plan to bring our airport's existing Northern Runway into routine use.

In line with up-to-date Government policy, the plan seeks to make best use of existing infrastructure, with the majority of works contained within our airport boundary. The DCO was submitted after preparing the necessary environmental, economic and transport studies and also two formal stages of public consultation.

This forward-looking and low-impact plan aims to use our airport's existing infrastructure to unlock new capacity and improve airport resilience. By investing in our airport's long-term future, the plan will also create around 14,000 new jobs and inject £1 billion into the region's economy every year.

The DCO application was accepted for detailed examination by the Planning Inspectorate ("PINS") in August 2023. A period of detailed and rigorous examination of the proposals by a panel of independent experts started in February 2024.

Following a six-month examination, PINS will make a recommendation to the Secretary of State for Transport, who will then make the ultimate decision. If approved, the privately financed plan would be one of the largest capital investment projects in the region for decades. Construction could start in 2025 and be completed by the end of the decade.

In summary, bringing our airport's Northern Runway into routine use, alongside its Main Runway, would help London Gatwick meet future passenger demand by serving around 75 million passengers a year by the late 2030s.

FINANCIAL REVIEW



"The continued recovery of traffic has been a key driver of our financial performance"

"The continued recovery of traffic has been a key driver of our revenues, while maintaining control of our cost base with a leaner and more effective organisation has delivered significant benefits in operating costs. With the hard work from the dedicated London Gatwick team, this ensured a good level of service for our passengers.

The improvement in performance resulted in strong cash from operations and a cash position of £259.9 million at 31 December 2023, a significant increase compared to 2022. Our liquidity position remains robust at £814.9 million as of 31 December 2023, noting however that we repaid a £150m bond maturity in January 2024. Credit ratings remain on an upward trajectory with a recent positive outlook from Moody's (Moody's Baa2 positive outlook / S&P BBB stable outlook / Fitch BBB+ stable outlook).

We continued to re-build our capital investment programme through 2023. We restarted projects that were paused during the necessarily low-investment years of the pandemic, while also initiating a wide range of new projects through the year. We invested £154.7 million across our airport in 2023.

In the year ended 31 December 2023, the Group's revenue increased to £1,015.1 million with EBITDA and profit after tax of £617.7 million and £314.8 million respectively."

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 Gatwick Airport (London Gatwick). These financial statements are the consolidated financial statements of the Group for the year ended 31 December 2023, the comparative period is the year ended 31 December 2022. The financial statements of the Ivy Holdco Limited have been prepared in accordance with UK-adopted International Accounting Standards 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 91 and Note 1 for further details.

The Group has separately presented certain items on the income statement as exceptional as it believes this helps investors to understand underlying performance and aids comparability of the Group's result between periods. The exceptional items are material items of expense that are considered to merit separate presentation because of their size or incidence. They are not expected to be incurred on a recurring basis.

REVIEW OF 2023

2023 saw strong financial performance compared with 2022, as passenger numbers continued to grow. Revenue increased by 30.7% with increases across all revenue streams. Operating expenditure faced inflationary pressures, as we and many of our key suppliers awarded staff pay increases for the first time since before the COVID-19 pandemic; however, operating costs (pre-exceptional items) grew at a slower rate than revenues, increasing by 11.5% compared with 2022.

REVENUE

For the year ended 31 December 2023, total revenue was £1,015.1 million. This was driven by continued growth in passenger numbers, improved terms with the airlines and retail concessionaires, a wider retail offering and favourable changes in the passenger mix.

Airport and other traffic charges income in 2023 made up 53.8% of our total revenue, which is 1.5 percentage points higher than 2022. The proportion of 2023 revenue falling into other categories was also broadly similar to 2022.

	Year ended 31 December	
	2023	2022
	£m	£m
Airport and other traffic charges	545.7	405.7
Retail	207.7	158.6
Car parking	132.8	101.7
Property income	31.0	30.8
Operational facilities and utilities income	41.2	34.6
Other income	56.7	45.2
Total revenue	1,015.1	776.6

Airport and other traffic charges

Airport and other traffic charges income is driven by passenger and aircraft traffic volumes, 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, effective from 1 April each year following consultation with the airline community. This current arrangement runs until 31 March 2025.

For the year ended 31 December 2023, airport and other traffic charges income increased by £140.0 million compared with the same period in 2022. This is an increase of 34.5%.

These results reflect a combination of factors, including:

- 8.1 million more passengers in 2023 compared with 2022, an increase of 24.7%;
- 39,154 more aircraft movements (up 18.3%); and
- increases to the planned gross yield in accordance with our Contracts and Commitments Framework.

FINANCIAL REVIEW

Retail

In the year to 31 December 2023, net retail income was £204.3 million. This was £47.8 million higher than 2022 (30.5%), with passenger numbers being 24.7% higher. As a result, income per passenger in 2023 was £4.99, which was £0.22 more than 2022.

This outcome is due to different factors, including a different passenger mix as our recovery continues, new commercial terms with concessionaires, and the opening of new outlets during the year. In 2022, the South Terminal was closed for substantially all of the first quarter, which limited the range of the retail offering. In 2023 however, we've seen a number of new brands open at the airport such as The Breakfast Club, Greggs, Krispy Kreme and BrewDog.

Duty and tax-free continues to be the largest income category with 33.8% of total retail revenue. Catering saw the highest growth at 41.9% compared with 2022.

	Year ended 31 December	
	2023	2022
	£m	£m
Duty and tax-free	70.3	52.7
Specialist shops	42.3	33.8
Catering	58.9	41.5
Other retail	36.2	30.6
Retail revenue	207.7	158.6
Less: retail expenditure	(3.4)	(2.1)
Net retail income	204.3	156.5
Passengers (millions)	40.9	32.8
Net retail income per passenger¹	£4.99	£4.77

1. APMs are defined on page 151.

Car parking

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

For the year ended 31 December 2023, car parking revenue was £132.8 million, an increase of £31.1 million (30.6%) compared to 2022. This was driven by:

- a higher proportion of UK-originating departing passengers than seen in 2022;
- a different mix of parking products at different times of the year;
- the impact of forecourt charging, including higher revenue from Penalty Charge Notices; and
- increased demand for parking on days affected by rail strikes.

Net car-parking income per passenger for the year ended 31 December 2023 was £2.63, an increase of £0.06 compared to 2022. This reflects higher revenues but also inflationary pressures on a labour-intensive cost base.

	Year ended 31 December	
	2023	2022
	£m	£m
Car parking revenue	132.8	101.7
Less: car parking expenditure	(25.3)	(17.6)
Net car parking income	107.5	84.1
Passengers (millions)	40.9	32.8
Net car parking income per passenger¹	£2.63	£2.57

1. APMs are defined on page 151.

Other income

For the year ended 31 December 2023, total other income amounted to £128.9 million, an increase of £18.3 million compared to 2022.

Income from operational facilities and utilities was £6.6 million (19.0%) higher than 2022. These categories include recharges to the airlines for check-in facilities, as well as reflecting higher utility costs being recharged across the wider airport community.

Other income includes recharges for Special Assistance Services, staff parking and logistics services. Overall, these categories grew by £11.5 million in the year ended 31 December 2023, due to higher traffic and underlying cost increases.

	Year ended 31 December	
	2023	2022
	£m	£m
Property income	31.0	30.8
Operational facilities and utilities income	41.2	34.6
Other income	56.7	45.2
Other income	128.9	110.6

FINANCIAL REVIEW

OPERATING COSTS

Total operating costs (pre-exceptional items) for the year ended 31 December 2023 increased by £57.0 million (11.5%). A strong focus on cost management has ensured that operating costs have not grown at the same rate as traffic and revenue despite the impact of high inflation.

Staff costs for the year ended 31 December 2023 were £33.6 million higher than the previous year (24.7%). A negotiated pay rise was agreed with the unions with effect from 1 April 2023, reflecting both high inflation and that there'd been no wage increases since before the COVID-19 pandemic. To ensure appropriate staffing levels as passenger numbers have grown, the average number of full-time equivalent ("FTE") employees increased from 1,977 in 2022 to 2,294 in 2023.

Both retail and car parking expenditure increased in the year ended 31 December 2023 compared to 2022. Most of the growth in retail expenditure related to e-commerce cost of sales. This was mainly due to the re-introduction of premium passport control in June 2023, which incurs a running cost.

Car parking expenditure increased by £7.7 million. This was caused by a higher volume of transactions, inflationary increases related to supplier's wage costs and a change in product mix.

Maintenance and IT costs were £7.2 million (18.0%) higher in 2023 compared to 2022. Higher traffic volumes, greater FTEs and more infrastructure all contributed to the growth in these areas. In addition, the trend towards more cloud-based IT solutions means that more cost is treated as operating expense, as opposed to capital expenditure.

While hedging helped mitigate the risk of volatile gas and electricity prices, utility costs for the year ended 31 December 2023 increased by 14.2% compared to the prior year. This stemmed from growth in passenger numbers and staffing levels pushing up consumption, as well as higher commodity rates.

The rateable value used to assess business rate liability was increased by 24.8% with effect from April 2023. Consequently, rent and rates costs for the year ended 31 December 2023 were £6.7 million higher than 2022.

The 'Other operating expenses' category includes a range of costs that do not vary directly with traffic volumes (such as police, air traffic control and insurance), as well as those that have both fixed and variable elements (including special assistance services, cleaning, logistics and hold baggage screening). Expenditure on professional fees for compliance,

regulation and to further develop our environment, social and governance ("ESG") agenda, are also included within this cost category. For the year ended 31 December 2023, other operating costs increased by £6.5 million (8.5%) compared to the year ended 31 December 2022. As well as the impact of traffic growth, the increase in these costs reflects inflationary pressures, particularly for service contracts with high levels of staffing.

Other operating expenditure in the year ended 31 December 2022 was net of a £4.0 million contribution from the Government's Airports and Ground Operators Support Scheme. This was a scheme designed to help businesses in our sector during the recovery from the pandemic; consequently, there was no such support in the year ended 31 December 2023.

This cost category also includes the effect of transferring project-related costs to capital expenditure (thereby reducing operating costs). As the business continued to recover from the pandemic, the capital investment programme was revived, thereby increasing the amount capitalised by £12.0 million in 2023 compared to 2022.

Across our entire cost base, we continue to focus on identifying areas to generate efficiencies, alongside delivering operational requirements and a good passenger experience.

Depreciation and amortisation decreased by £10.1 million or 6.2% due to reduced capital investment in recent years post-COVID-19.

	Year ended 31 December	
	2023	2022
	£m	£m
Staff costs	169.5	135.9
Retail expenditure	3.4	2.1
Car parking expenditure	25.3	17.6
Maintenance and IT expenditure	47.1	39.9
Utility costs	33.0	28.9
Rent and rates	36.4	29.7
Other operating expenses	82.7	76.2
Depreciation and amortisation	154.1	164.2
Total operating costs (pre - exceptional items)	551.5	494.5

FINANCIAL REVIEW

EBITDA AND OPERATING PROFIT

For the year ended 31 December 2023, the Group recorded an operating profit of £463.6 million compared to £251.6 million in 2022. The increase in operating profit was mainly driven by the continued recovery in passenger numbers during 2023.

Exceptional costs have been disclosed separately from the above due to their one-off nature. Due to the impact of the COVID-19 pandemic, the Group has recognised a non-cash impairment of £30.5 million on assets in the course of construction in the year ended 31 December 2022. In March 2020, we placed a number of partially complete projects on hold, some of which are unlikely to be restarted without material changes to the original proposed design. Costs incurred to date on these projects have been impaired.

EBITDA increased to £617.7 million compared to £446.3 million in 2022, resulting in an EBITDA margin of 60.8% compared to 57.5%.

	Year ended 31 December	
	2023	2022
	£m	£m
Operating profit	463.6	251.6
Depreciation and amortisation	154.1	164.2
Exceptional costs	-	30.5
EBITDA (pre-exceptional items)	617.7	446.3

PROFIT OR LOSS FOR YEAR

For the year ended 31 December 2023, the Group recorded a profit before tax of £403.2 million (2022: £263.9 million) and a profit after tax of £314.8 million (2022: £196.5 million).

Fair value of investment property continued to see a recovery in 2023, which resulted in a non-cash fair value adjustment of £72.7 million.

Net finance costs increased by £4.1 million as a result of rate step-ups in our swap portfolio compared with 2022 offset by bond interest cost savings due to lower Class A debt as a result of the bond tender offer in December 2022 that purchased £462.6 million of nominal debt.

Fair value loss on derivative financial instruments for the year ended 31 December 2023 was £18.8 million (2022: £49.7 million). Overall, positive fair value movements in our fixed to floating rate SWAP portfolio broadly offset negative movements in our inflation-linked SWAP portfolio. A lower credit value adjustment drove the majority of the fair value loss.

	Year end 31 December	
	2023	2022
	£m	£m
Operating profit	463.6	251.6
Investment property revaluation gain	72.7	61.1
Loss on disposal of fixed assets	(1.0)	(1.1)
Net finance costs	(113.3)	(109.2)
Exceptional gain on derecognition of financial liabilities	-	111.2
Fair value loss on derivative financial instruments	(18.8)	(49.7)
Income tax charge	(88.4)	(67.4)
Profit for year	314.8	196.5

FINANCIAL REVIEW

TAX

The tax charge for the year ended 31 December 2023 was £88.4 million (2022: £67.4 million). Based on a profit before tax of £403.2 million (2022: £263.9 million), this results in an effective tax rate of 21.9% (2022: 25.5%).

The effective tax charge for 2023 is lower than the statutory rate of 23.5% (2022: 19%) primarily due to the effect of group relief (2022: higher than the statutory rate primarily due to some of the current year deferred tax movements being at the 25% tax rate and non-deductible expenses increasing the tax charge for the year).

During the year the Group paid corporation tax of £38.7 million (2022: refund received of £14.7 million).

CASH POSITION AND CASH FLOW

On 31 December 2023, the Group had £259.9 million (31 December 2022: £34.0 million) of cash and cash equivalents. In the 12 months ended 31 December 2023, there was an increase of £225.9 million in cash and cash equivalents.

Increase in cash equivalents was primarily driven by strong cash flow from operations, along with lower capital expenditure as Gatwick continues to ramp-up its investment programme.

In the 12 months ended 31 December 2023, net cash from operating activities increased to £563.7 million (2022: £535.2 million). The following table reconciles EBITDA to net cash from operating activities:

	Year ended 31 December	
	2023	2022
	£m	£m
EBITDA (pre-exceptional items)	617.7	446.3
Increase in inventories, trade and other receivables	(19.0)	(6.1)
Increase in trade and other payables	9.3	81.7
Difference between pension charge and cash contributions	(7.3)	(4.2)
Other non-cash movements	1.7	2.8
Corporation tax (paid)/refunds received	(38.7)	14.7
Net cash from operating activities	563.7	535.2

FINANCIAL REVIEW

CAPITAL EXPENDITURE

We continued to re-build our capital investment programme through 2023. We restarted projects that were paused during the necessarily low-investment years of the pandemic, while also starting a wide range of new projects through the year.

We invested £154.7 million across our airport in 2023 compared to £64.5 million in 2022.

Key projects and areas of investment during 2023 were:

Asset stewardship and resilience

We completed the five-year, £21 million Airfield Data Network project to replace old copper network cabling with resilient fibre-optic cabling around the entire airfield. The network supports all the air navigation systems at our airport such as ground radar and the Instrument Landing System. This was one of only a handful of mission-critical projects that continued throughout the COVID-19 pandemic.

Work on our airport's rolling programme of taxiway rehabilitation restarted on site in April. In particular, construction work restarted on the new Rapid Exit Taxiway ("RET") project, which was paused in 2020. The RET provides a fast exit route off the runway for arriving aircraft, in a *location optimised for landing Code C, narrow-bodied aircraft*. This will improve the resilience of runway operations and aid on-time performance.

Capacity and service

In November 2023, London Gatwick's bigger and better rail station opened to passengers, transforming the journey from train to plane for millions of passengers every year. This transformation gives passengers travelling between London and Brighton an easier, faster and more reliable journey. We invested over £42 million in the project to provide a new arrivals concourse which doubles the space for passengers transiting the station. It also offers eight new escalators and five new lifts to improve accessibility and wider platforms that will make it easier for passengers to move between the station platforms and the airport terminals. This will particularly aid those with heavy luggage, pushchairs and wheelchairs. Further details can be found on page 14.

The Pier 6 Extension project to provide eight new pier-served stands, paused in 2020, recommenced detailed design in January. The project is defining how we embed sustainability into each stage of our project process. It challenges how we deliver the same business requirements with a smaller footprint, how we build with more sustainable materials and how the building can operate more sustainably, once it's constructed.

In addition, construction 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. A second, similar project to enhance the look and feel of the South Terminal departure

lounge progressed through feasibility and early-stage design in the year, and will start on site in 2024.

Technology plays a key role in making our passengers' journeys through our airport easy and efficient. The installation of a queue measurement system in the Immigration halls in both terminals gives live information to Border Force staff and lets us update passengers on waiting times via screens on their route to the halls. We also invested in similar technology to track the performance of our special assistance service this summer. In addition, working with easyJet and IAG, investment this past autumn in two trial 'smart stands' is already delivering interesting insights into the potential benefits that a range of ground-handling innovations might bring, *either individually or collectively*.

Meanwhile, we're setting out to significantly improve aircraft turn times and drive better on-time performance. This will happen through remote jet bridge operation, automated detection and clearance of foreign object debris on the stand, automated activation of Stand Entry Guidance Systems and computer vision turn-performance monitoring. This will give accurate, unbiased and real-time reporting of events.

FINANCIAL REVIEW

Sustainability

This year we started the first tranches of an energy-efficiency programme to replace conventional lighting with low-energy LEDs. The first individual project, the replacement of streetlights across the campus, was completed. Meanwhile, two other projects, to upgrade lighting on Pier 4, Pier 6 and in our multi-storey car parks, are in delivery and will be completed in 2024.

Investment in 2023 towards our carbon emission goals focused on feasibility studies to define clear strategies that would then create a portfolio of projects across the campus. We initiated and moved into the design phase a range of projects to decarbonise heat, replace chillers with high fugitive emissions and replace life expired diesel vehicles.

Feasibility design was also completed on a project to treat surface water on-site. This would both improve the quality of water discharged to our river(s) and, potentially, re-use the water for flushing toilets, thus reducing our potable water consumption.

London Gatwick's Engineering team has run a highly successful STEM (Science, Technology, Engineering and Maths) out-reach programme with local schools for several years. This aims to inspire young people to develop STEM skills so critical across the aviation industry. This year, we invested in an on-site facility – the STEM Centre – which will increase the number of schools and pupils that we can reach and the number of our airport staff who can get involved. In the first three months that the Centre has been open, over 350 young people have visited.

Safety, security and compliance

Following successful trials of new security-screening technology, mandated by the Department for Transport ("DfT"), for passengers and their cabin baggage, construction started in October 2023 on the first two lanes, in North Terminal. This went into service in December 2023. As well as enhancing security screening capability, the technology offers significant passenger service benefits as it will allow liquids and electrical items to be left in bags once the roll-out is complete. Work to upgrade the remaining lanes will continue through 2024.

Commercial revenue

Work restarted on the construction of a new multi-storey car park in North Terminal, which will provide over 3,000 extra mid-stay (2-3 days) car parking spaces directly linked to the North Terminal.

A wide range of new restaurants, bars and other eateries were introduced to back-fill units left vacant by the pandemic and broaden passenger choice. In North Terminal, the Breakfast Club restaurant, Krispy Creme store, Black Sheep coffee shop and BrewDog bar all started trading. In South Terminal, Vagabond restaurant, South Downs bar and Greggs bakery all opened and the Giraffe restaurant expanded.

Growth

On 6 July 2023, 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. We're confident that our plans are wholly consistent with Government policy to make best use of existing infrastructure and deliver sustainable 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 2023, the Planning Inspectorate accepted our plans and then started the Examination process in February 2024.

FINANCIAL REVIEW

FINANCING

Financing structure

In 2011, we put a secured financing structure in place. As part of these arrangements, the Group entered into a Common Terms Agreement ("CTA") with its debt investors. The CTA sets out the terms and conditions of the Group's borrowing and the ongoing management of its secured financing, which includes Class A Bonds, an Authorised Credit Facility ("ACF") and a Liquidity Facility ("LF"). The CTA also sets out the financial and non-financial covenants that must be complied with in relation to the financing.

Class A bonds are issued by Gatwick Funding Limited (as Issuer), which are lent to either the Company or Gatwick Airport Limited ("GAL") as borrowers under the respective Borrower Loan Agreements, with Deutsche Trustee Company Limited acting as Borrower Security Trustee.

GAL has a Revolving Credit Facility ("RCF") under the ACF of £300.0 million, with a termination date of 21 June 2025. The outstanding balance on the RCF at 31 December 2022 was £60.0 million and this was fully repaid over the course of 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, providing additional assurance to bondholders and bank lenders.

To provide additional liquidity following the purchase of some of the outstanding Class A bonds, 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 and an option to extend to 23 February 2025.

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. Following repayments, the remainder detailed below.

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

The Group uses interest rate swaps to hedge against both movements in floating rates (SONIA) and to convert some of its fixed-rate Class A bonds into RPI-linked debt. The RPI-linked interest rate swaps have total nominal value of £396.0 million, of which £356.0 million swap interest from a fixed-rate coupon, with the remaining £40.0 million swapping interest from floating rates. During 2021, new interest rate swaps, with a notional value of £289.0 million and a tenor ranging between five and seven years, were executed, where the Group will receive a fixed coupon and pay SONIA. In addition, during 2021 RPI-linked swaps with a nominal value of £131.5 million were restructured to reduce the interest cost on these swaps for 2021 and 2022. The new and restructured interest rate swaps reduced the interest rate burden on the Group during a period of low operational income.

FINANCIAL REVIEW

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 Ratio) 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 31 December 2023, the Group's consolidated senior net debt was £2,527.7 million. It comprised:

	Year ended 31 December	
	2023	2022
	£m	£m
Class A bonds	2,637.4	2,637.4
Index-linked derivative accretion	150.2	81.0
Revolving credit facilities	-	60.0
Cash and cash equivalents	(259.9)	(34.0)
Senior net debt ¹	2,527.7	2,744.4

¹ APMs are defined on page 151.

For the year ended 31 December 2023, the average interest rate payable on borrowings was 6.65% pa (31 December 2022: 6.57% pa).

Financing activities in 2023

To provide additional liquidity following the purchase of some of the outstanding Class A bonds, in February 2023 the Group entered into a new RCF under an ACF of £100.0 million with a termination date of 23 August 2024 and an option to extend to 23 February 2025.

Financial covenant ratios

The maximum net indebtedness to the total Senior RAR¹ and minimum Senior ICR¹ 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 31 December 2023 and 2022 under the CTA are shown below.

Senior ICR in 2023 remains strong and provides significant headroom to the trigger and default levels. The decrease compared to prior year relates to positive non-recurring items in 2022 associated with tax and interest. Senior RAR has improved as a result of reduced senior net debt as well as an increase to the Transfer RAB as a result of higher EBITDA in 2023.

	Year ended 31 December		Trigger	Default
	2023	2022		
Minimum interest cover ratio (Senior ICR) ¹	3.48	4.15	<1.50	<1.10
Maximum net indebtedness to the total regulatory asset base (Senior RAR) ¹	0.45	0.55	>0.70	>0.85

¹ APMs are defined on page 151.

PENSION SCHEME

Gatwick operates a defined benefit pension scheme, which closed to new members in June 2010. On 31 December 2023, the defined benefit pension scheme, as measured under IAS 19, was funded at 119% (31 December 2022: 125%). This translated into an accounting surplus of £68.2 million (31 December 2022: £84.4 million).

The £16.2 million decrease in the surplus is primarily driven by higher than assumed inflation under IAS 19 over 2023. Also, this is a result of updated projections following the completion of the 2022 actuarial valuation.

The Directors believe the scheme has no significant plan-specific or concentration risks. Further details can be found in Note 25.

DIVIDENDS

The directors have not declared a dividend during the year ended 31 December 2023 (2022: £nil). The directors did not recommend the payment of a final dividend (2022: £nil).

Jim Butler

Chief Financial Officer

OUR APPROACH TO RISK MANAGEMENT

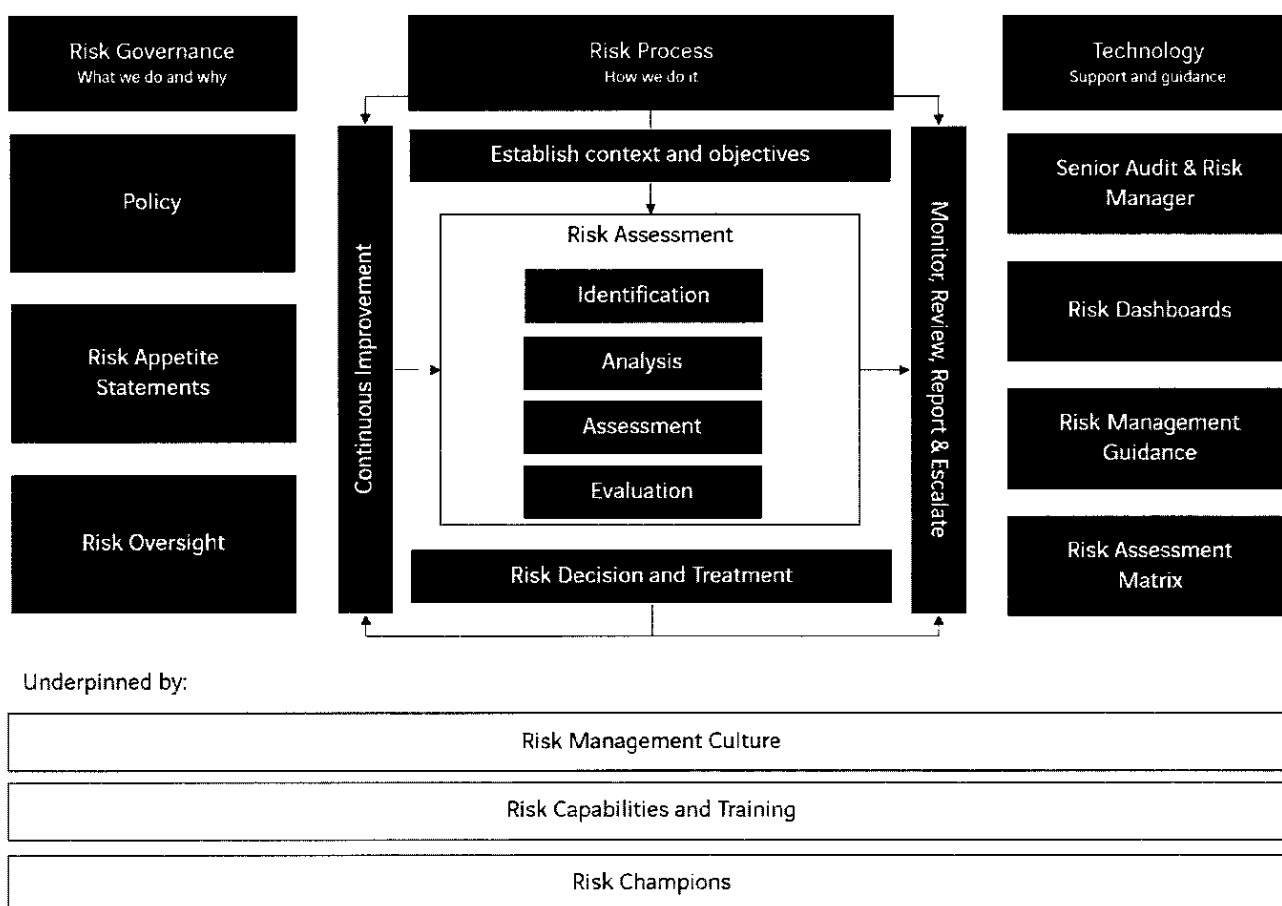
RISK MANAGEMENT FRAMEWORK

Risk management is a central element of our strategic decisions and operations. We're committed to implementing appropriate strategies and processes that identify, analyse and manage the risks associated with the organisation. This way we can minimise the frequency and impact of undesired and unexpected events, while optimising business opportunities.

The principal aim of our risk-management strategy is to embed the awareness of risk at all levels of the organisation in such a way that ensures all significant business decisions are risk-informed. Particular emphasis is given to safety and security, environmental, climate, cyber, data, commercial, financial, reputational and legal risks.

A key element of the risk-management process is the risk assessment methodology. This determines the threats to the achievement of business objectives and day-to-day operations in terms of likelihood and consequence at a residual level, after taking account of mitigating and controlling actions. These internal controls and processes are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, not absolute, assurance against material misstatements or loss.

Our risk management framework provides the business with guidance on how risk should be identified, assessed, treated and reported across the business:



OUR APPROACH TO RISK MANAGEMENT

RISK APPETITE

Our risks are evaluated based on defined risk appetite levels which have been agreed by the Board. These risk appetite levels guide our risk management framework and allow us to balance our risk decisions with achievement of our objectives. Our risk appetite is summarised in the statement below:

"In the pursuit of our objectives, we are most open to taking commercial risks compared to all other risks, with the lowest appetite for health and safety, security and compliance risks. As an operational business we accept that in some instances we must take a more balanced approach to our acceptance of financial, operational and reputational risks; ensuring that when we make decisions, we fully consider the potential impacts, and how they may be minimised. We carefully assess risks and develop contingency plans to manage uncertainties effectively.

We aim to identify and address risks proactively rather than adopting a reactionary approach. By conducting comprehensive risk assessments and developing effective risk mitigation strategies, we will be better equipped to seize opportunities while safeguarding the organisation's interests. We have established robust risk governance structures and processes to ensure a consistent and transparent approach to managing our risks. Accountability for risk-taking decisions lies with the relevant stakeholders, and we encourage open communication and reporting to foster a culture of risk awareness. We recognise that managing our risks is essential to ensure the sustainable growth and success of our operations. Our risk appetite reflects our commitment to striking a balance between innovation and prudence, enabling us to seize opportunities while safeguarding our financial stability resilience, the environment and commitment to our sustainability goals."

Our risk appetite statement outlines the principles that guide our decision-making and risk-taking across our risk categories. It is a living statement that will be regularly reviewed and updated to reflect changes in our strategic priorities, market conditions and risk landscape. By adhering to these principles, we aim to foster a culture of responsible risk-taking, enabling London Gatwick to maintain its position as a leading airport and deliver value to our stakeholders.

OUR APPROACH TO RISK MANAGEMENT

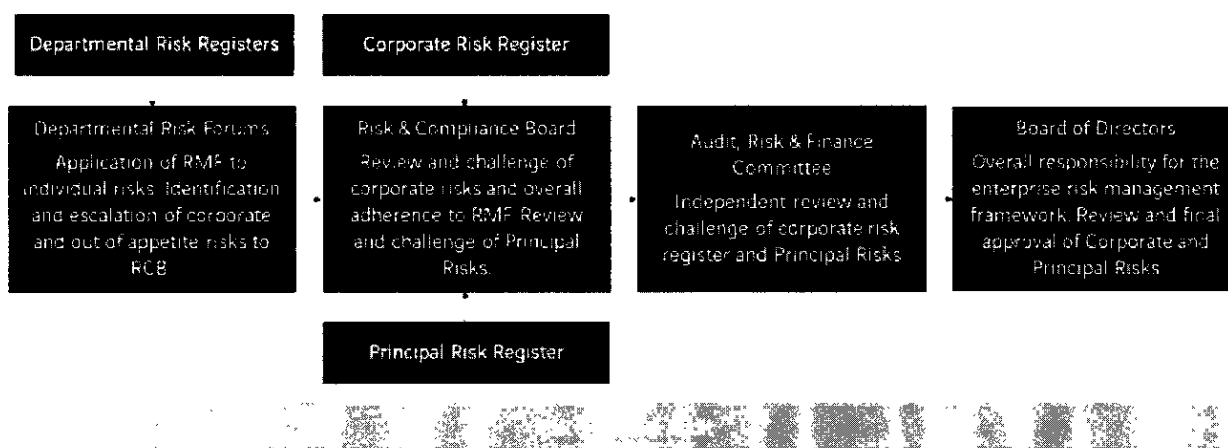
RISK GOVERNANCE

The risk management process is also aimed at defining and implementing clear accountabilities, processes and reporting formats. This delivers efficient and effective management assurance to the Board of Directors to ensure statutory compliance, protect and enhance our reputation, while supporting business units to successfully manage their operations and properly embed risk management.

During 2023, we aimed to strengthen our enterprise risk management system and in doing so, have established a new executive committee, the Risk and Compliance Board ("RCB"). The new RCB replaced the Managing Corporate Risk and Responsibility Committee ("MCRR") as the forum overseeing our enterprise risk management system and reports directly into the Audit, Risk and Finance Committee.

In addition, our leadership teams also have departmental risk forums which focus on key risks in their area and progress in implementing agreed mitigating actions. These forums are supported by the Senior Audit and Risk Manager and each department's Risk Champion, who is responsible for coordinating, formulating and reviewing the department's risk register and holding risk challenge sessions. Operational risks previously discussed at MCRR now report to the newly established Operations Resilience Board ("ORB"), which reports on the most significant operational risks to the RCB. ORB also reports specific updates on the management of operational risks to the Operations, Health and Safety Committee ("OHSC").

Risks are escalated to the RCB through these departmental risk forums based on whether they have a corporate impact and/or are in or out of appetite. The Audit, Risk and Finance Committee and our Executives (through the MCRR, and now through the RCB) receive regular detailed management information on our risk exposure. This arrives in the form of reports which highlight key corporate risks, material changes to the risk profile, risks outside of appetite, along with plans in place to mitigate the risk down to an acceptable level.



The Audit, Risk and Finance Committee provides, among other things, independent oversight of the risk management of the Group. The key features of the Group's internal control and risk-management systems in relation to the financial reporting process include:

- a Group-wide comprehensive system of financial reporting and financial planning and analysis;
- documented procedures and policies;
- a defined and documented organisational structure with clear delegated financial authority levels and segregation of duties;
- a formal risk management process that includes the identification of safety and security, environmental, climate, cyber, data, commercial, financial, reputational and legal risks;
- detailed reviews by the Executive Management Board and the Board of management accounts measuring actual performance against both budgets and forecasts on key metrics;
- Audit, Risk and Finance Committee review of key interim and annual financial statements and press releases before submission to the Board, scrutinising among other items:
 - compliance with accounting, legal, regulatory and lending requirements;
 - critical accounting policies and the going concern assumption;
 - significant areas of judgement and estimates; and
 - key financial statement risk areas as reported further below in the report;
- independent review of controls by the Internal Audit function, reporting to the Audit, Risk and Finance Committee; and
- a confidential whistleblowing process.

OUR PRINCIPAL RISKS

This section contains a description of the significant risks specific to London Gatwick's activities as identified by the Board. These principal risks are presented in categories without hierarchy. Each risk is detailed by indicating a complete description of the risk, the risk trend (how it has changed during the year), how it links to our strategic objectives, the potential effects for the Group in the event of occurrence, as well as the systems put in place to control our activities and risks.

Our principal risks are kept under review as the risk environment within which we operate is continually evolving. If the Board identifies changes in the risk profile, new or emerging risks; these will be added to our principal risk register.

Our principal risks are grouped into the below categories:

1. **Strategy:** risks and uncertainties that may hamper the achievement of our strategic and/or business plans; and impact our long-term objectives.
2. **Business:** risks and uncertainties that impact the effectiveness and efficiency of our airport's operational activities.
3. **Financial:** risks and uncertainties with respect to the financial position of the Company.
4. **Regulatory and Compliance:** risks and uncertainties with respect to laws and regulations (internally and externally).

The 13 principal risks as identified by the Board of Directors are as follows:

Principal risk	Link to strategic priorities	Change in 2023
Strategy risks		
Recovery from COVID-19	2	↘
Growth	2, 5, 6	→
Climate change	All	→
Business risks		
Stable and resilient operations	1, 2, 5	→
Health, safety and security	All	→
Information security	1, 3, 5, 6	→
Capital investment	All	→
People and industrial relations	All	→
Financial risks		
Cash flow interest rate risk	3	→
Funding and liquidity risk	3	→
Counterparty credit risk	3	↘
Regulatory and compliance risks		
CAA economic regulation	All	↘
Business ethics and compliance	All	→

Our Strategic Priorities		
1. Great Service	2. Build and Grow	3. Work Smarter
4. Engage Our People	5. Keep Our Airport Moving Forward	6. Be Sustainable
Safety and security underpins everything we do		

↗ risk is increasing	→ risk is stable	↘ risk is decreasing
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OUR PRINCIPAL RISKS

Recovery from COVID-19	
While leisure demand has returned quickly, there's a risk that other segments such as some long-haul travel, some business traffic and certain markets, have been slower to recover to pre-pandemic levels.	
Link to priorities	2
Change in 2023	↻
Risk status	
Reducing risk observed, reflecting strong recovery in demand segments across 2023, with an 88% recovery of 2019 realised.	
Certain demand segments remain subdued, notably in quieter off-peak periods of the year, though the absolute impact in totality is less significant than in prior years and the trajectory is showing a positive ongoing improvement.	
Risk impact	
This could mean the traffic mix at London Gatwick remains uncertain in the short term or the trajectory of passenger volume recovery could be impacted for longer.	
Risk mitigations	
We employ various mechanisms to mitigate and manage this risk, including implementing a strategy to diversify our network and carriers. We actively engage with the airline industry to target, attract and grow new carriers and new routes, and participate in industry events and conferences – critical for future growth.	
We also participate in the ACI Expert Group on Slots Board and continually engage with ACL, our slot coordinators, to optimise the slot portfolio at London Gatwick, maximising airport infrastructure use. Additionally, our pricing mechanism remains very competitive and attractive to airlines with bilateral contracts in place, which encourages committed passenger volumes. A strong focus on improving the passenger experience helps to secure market share capture.	

Growth	
Gatwick Airport Limited ("GAL") requires numerous permissions and licences from various external bodies and organisations to develop facilities and infrastructure at our airport.	
Link to priorities	2, 5, 6
Change in 2023	→
Risk status	
In July 2023, GAL submitted its application for a Development Consent Order ("DCO") to bring forward plans for the routine use of the existing Northern Runway. The application was accepted by the Planning Inspectorate, on behalf of the Secretary of State and will now be examined by a panel of independent inspectors during 2024. A full suite of application documents accompanied the DCO including an Environmental Statement, Transport Assessment and Planning Statement. A decision is expected in early 2025.	
A 'no objection' for the Pier 6 Extension was also received from Crawley Borough Council.	
Risk impact	
If permissions are not obtained there's a risk that facilities are delayed or not brought forward in a timely manner to meet long-term demand as well as the needs of our airlines, passengers and stakeholders.	
Risk mitigations	
We actively participate in and respond to consultations and calls for evidence to secure clear and stable policy so that permissions can be applied for, and investment decisions taken, with confidence. We also produce and consult on documents such as our Airport Master Plan and a Capital Investment Plan, setting out the infrastructure and development requirements likely to be needed by our airport over the medium and longer term.	
We engage extensively across stakeholder groups including the DfT, our consultative committee GATCOM, statutory consultees, members of parliament, local authorities, airlines, airport companies, community groups and business organisations, to seek views and feedback on our proposals.	
Executive level oversight: Investment and Growth Board (a subset of our Executive Management Board). Board level: Capital, Environment and Sustainability Committee.	

OUR PRINCIPAL RISKS

Climate change	
Climate change presents significant strategic risks to the aviation sector and London Gatwick. Climate change is a significant global risk that has implications across the sector.	
Link to priorities	All
Change in 2023	→
Risk status	
A high profile risk for many industries, the pace of climate change continues and in several instances exceeds the expectations of some forecasts. There is widespread reporting of comparative temperature records consistently being exceeded in various parts of the world, along with a significant frequency of weather events globally which are often attributed to climate change.	
Risk impact	
Risks related to climate change are considered within two categories – transition risks and physical risks. Transition risks arise, amongst other aspects, from the impact of policies that governments implement to ensure aviation achieves net zero in due course, along with consumer and stakeholder confidence in the ability of the sector to decarbonise. These risks can vary significantly depending on the nature and speed at which the UK Government aligns to a Paris Agreement trajectory. There may be measures that limit demand for aviation, including raising the cost of air travel or limiting airport capacity.	
In the longer term, physical risks could pose a greater threat to our ability to run stable operations as result of extreme weather events. More detail regarding these risks is included in our climate disclosure on page 58.	
Risk mitigations	
Set out in greater detail within the climate disclosure.	

Stable and resilient operations	
Business interruption and/or disruption can be caused by a wide range of events out of our direct control (including technical system failures, adverse weather events, pandemic, war, riot or political action). Certain events may lead to prolonged closure of airspace or pervasive travel restrictions. Enduring trends in the macroeconomic or physical environment could have longer-term impact on the stability and resilience of our operation. Vulnerability in our supply chain caused by events outside of our/our suppliers' control, could also have a material adverse effect on the stability and resilience of our operation.	
Link to priorities	1, 2, 5
Change in 2023	→
Risk status	
The risk of external variables impacting our operating stability is similar to last year with the exception of cyber. We have seen an increase in cyber-related disruption from within the airport campus supply chain.	
While we had challenges impacting on-time performance, ongoing European air traffic restrictions and ATC staffing issues, alongside periods of industrial action by UK Border Force and train drivers, we worked with our partners and airlines, and deployed action plans to minimise disruptions and increase resilience going into 2024.	
Number of incidents requiring a command state activation is in line with previous high-intensity years 2018 and 2019. Our ability to recover from disruption events has improved over the same period.	
Risk impact	
Failure to maintain a stable and resilient operation has an impact on our service levels and passenger experience. It could also have significant impact on air traffic movements, passenger numbers and, consequently, airport revenue. Material, long-term impact to our operation could have consequential adverse financial impact for our airport.	
For system-related issues the service impacted dictates the nature of the disruption and/or passenger impact. At worst, this can lead to check-in or security queues, delayed flights and cancelled flights. Failure to maintain our normal stable operation affects the service levels and passenger experience expected which could result in regulatory fines incurred through CSS failures. Any inability to effectively deliver a stable operation could also have repercussions on future growth aspirations (Main Runway Optimisation and Development Consent Order).	
Risk mitigations	
We maintain detailed contingency plans to minimise disruption and passenger inconvenience, updated through routine testing, best practice and lessons learned from previous incidents.	
Our corporate insurance framework protects against events outside of our control. We also monitor financial resilience of our key suppliers.	
Executive level oversight: Operations Resilience Board ("ORB"), the Risk and Compliance Board ("RCB") (both subsets of our Executive Management Board). Board-level oversight: Operations and Health & Safety Committee ("OHSC").	

OUR PRINCIPAL RISKS

Health, safety and security	
Key risks relating to fire, health, safety and security	
Link to priorities	All
Change in 2023	→
Risk status	
It is the Joint Terrorism Analysis Centre (JTAC's) assessment that the threat to commercial aviation globally has reduced compared to 2014-2017. Although the perceived threat has reduced, aviation remains an enduring, symbolic and attractive target for terrorist acts. The targeting of civil aviation is consistent throughout recent history.	
Risk impact	
We ensure our airport infrastructure, assets, systems and processes meet legal and regulatory requirements to protect aviation security and the ongoing security and operation of a critical piece of national infrastructure.	
Any threat to safety at our airport could result in injury or loss of human life, damage to airport infrastructure, impact to flight schedules, short- or long-term closure of our facilities with consequential impact on passenger traffic levels, and broad-reaching reputational impact.	
Failure to comply with our obligations could have serious consequences for GAL as an organisation and for individuals employed by the Group. Sanctions include fines, disqualification and imprisonment.	
Risk mitigations	
We undertake multi-agency risk assessments in accordance with DfT Airport Security planning policy for both directed threats (ie, person-borne improved explosive device) and locally assessed security threats (ie, environmental protestors).	
We liaise with Government agencies, the police and armed forces to assess the current threat environment. Our security procedures are subject to independent scrutiny from the CAA and other domestic/international agencies.	
London Gatwick has a clear Health, Safety and Environment ("HSE") policy statement of intent that is executed through internationally recognised ISO management systems, designed to underpin all GAL's work, including corporate risk. The focus is on Safety, Occupational Health and Wellbeing, Environment, Fire and Performance Improvement.	
We promote a just and fair culture. We have a comprehensive occupational health and wellbeing service for our people, as well as a confidential reporting line for concerns about health, safety and security.	
Oversight of our security-related controls and multi-agency mitigations: Risk Advisory Group co-chaired by our Head of Security and Security Risk and Safety Manager.	
Executive-level oversight of our risk identification, assessment, mitigation, management and assurance strategies: Operations Resilience Board and Risk and Compliance Board (subsets of our Executive Management Board). Board-level oversight: Operations and Health & Safety Committee and Audit, Risk and Finance Committee.	

Information security	
London Gatwick continues to see a rise in the threats from multiple facets such as Nation States, Organised Crime and Artificial Intelligence ("AI"). The methods of attack are ever-changing with the increase in ransomware-as-a-service and AI. The risk of highly disruptive or catastrophic system outages due to a cyber-attack continues to be a key focus.	
Resilience of the supply chain is a key risk. Cyber defence is on the global and local governmental risk registers, making the topic a shared focus in Critical National Infrastructure.	
We process a large amount of personal data, both customers and employees. As a leading airport, part of critical national infrastructure and with perceived close links to immigration and law enforcement, we remain at high risk for data breaches and cyber-attack.	
Link to priorities	1, 3, 5, 6
Change in 2023	→
Risk status	
Common attacks in 2023 saw; denial of service attacks on our website and affiliated websites, phishing and targeted supply-chain attacks. The impact of the war in Ukraine and other geopolitical conflicts, and the fast-growing pace of technological changes, increases the likelihood of attacks. There has been an increase in the use of AI as a cyber weapon, making attacks more accessible to low-skilled, but politically motivated threat actors. Regulatory regimes associated with cyber resilience, data and infrastructure security are becoming more complex (GDPR/NIS). The fast-moving nature of this risk and reliance on legacy operational technology means that the Group needs to retain strong momentum to keep risk at acceptable levels.	
Risk impact	
A major cyber-attack could result in significant operational disruption over an extended period. This could mean a loss of core infrastructure, service outages, system compromises or compromises of critical infrastructure. Negative impacts could include loss of revenue through inability to operate at planned capacity, regulatory fines incurred through CSS failures or reportable incident defined by DfT, financial loss through ransomware demands or penalties imposed under GDPR if the attack includes loss or breach of personal data. There's also potential for impact to reputation and customer confidence and perception over safety of operational systems.	
Risk mitigations	
We run a dedicated cyber function of certified professionals supported by industry-leading technologies designed to detect, prevent and respond to cyber incursions.	
Cyber and phishing awareness courses are undertaken annually by all staff, supplemented by regular briefings and updates.	
We work closely with the National Cyber Security Centre, Civil Aviation Authority, Department of Transport, our shareholding companies' cyber teams and external specialists to keep up with latest trends, threat intelligence and counter measures. We monitor the controls and mitigations including an ongoing GDPR Compliance Programme. Information security risk is explicitly managed and reported on at both Executive Management and Board levels.	

OUR PRINCIPAL RISKS

Capital investment	
Failure to develop and implement a Capital Investment Programme to match the needs of our airlines, passengers and stakeholders, impacting ability to sustain growth. This Programme encompasses asset replacement, compliance, sustainability, capacity and service, and commercial return.	
Link to priorities	All
Change in 2023	→
Risk status	
<p>During the COVID-19 pandemic, capital investment was severely curtailed. In 2022, we started to rebuild our investment pipeline and 2023 saw rapid acceleration with project spend totalling almost £160 million planned for the year (vs pre-pandemic levels of between £200 million and £250 million per annum).</p> <p>While investment was broadly on track for the year, we experienced challenges in recruiting GAL Construction team members with the right skills and experience and continued to see fragility in the supply chain, which manifested in fewer tender applications and much longer award-to-contract finalisation periods.</p> <p>Operational disruption during the peak summer months impacted airline schedules and also caused challenges for project delivery teams. Many project teams have limited working windows during the night and schedule disruption means these windows are further constrained.</p>	
Risk impact	
This risk could have a material impact on delivery of our future growth ambitions and to the level of service offered to passengers, with consequential adverse financial and reputational impact.	
Risk mitigations	
<p>Each year we consult with our airline community and our Passenger Advisory Group to publish a rolling five-year Capital Investment Programme.</p> <p>Our investment plans are underpinned by the latest traffic forecasts and service-delivery performance. We seek passenger feedback via our Quality-of-Service in-house survey and regular independent market research. We also benchmark against comparator airports through industry bodies. Closely monitoring industry technological developments, we include trials and pilot schemes in our investment plans, with the successes incorporated into our next Capital Investment Programme.</p> <p>Our Asset Stewardship Programme allows us to monitor the performance of our assets and plan replacements. Sustainability is a fundamental consideration at the heart of our growth strategy and our investment plans are refreshed each year to reflect our sustainability goals and the progress we've made towards achieving them.</p> <p>Clear 3-5-year pipeline planning aids us in building confidence in our supply chain and attracts and retains talent in our development and delivery teams. Finally, we have integrated project teams that collaborate ensuring our capital investment optimises value. Executive-level oversight: Investment and Growth Board (a subset of the EMB). Board-level oversight: Capital, Environment and Sustainability Committee.</p>	


People and industrial relations	
Our people are central to everything that we do. GAL consists of a large operational and engineering workforce which is supported by a team of support functions. Within both these workforces there are inherent and distinctive risks.	
Link to priorities	All
Change in 2023	→
Risk status	
<p>The inherent risks have stabilised this year. The organisation size has met the controlled organisation number agreed with the Board. We have continued with our successful engineering apprentice programme and recommenced the hiring of Graduates. In 2024, we'll enhance our early careers programme with the addition of summer interns.</p> <p>Our compensation and benefits programme this year included a successful pay negotiation for our collective employees and a pay award for our global graded team, creating a fresh start after the conclusion of the Post Furlough Mitigation Plan. The MyReward programme launched with refreshed employee benefits, a new employee recognition scheme, a refreshed career milestones programme and the provision of total reward statements.</p> <p>We conduct our employee engagement survey using the Best Companies survey. This year we had a 69% response rate from colleagues and all eight elements of the survey saw an increase in satisfaction from 2022.</p> <p>Leadership of our people is an ongoing focus. This year we welcomed five new Senior Leaders to the Company, and a new Chief Operations Officer joins us 2024. We also introduced two new leadership development offers for our c.400 first level leaders and middle managers.</p>	
Risk impact	
A sustained period of employee shortages or incorrect capability has an impact on our ability to deliver on our commitments across a range of operational and support function activities, which in turn could create adverse headlines for our business. Maintaining our organisational health supports employee engagement and improves our ability to attract the best talent.	
Risk mitigations	
<p>Our people plan deploys a range of policies, resources and activities to recruit, engage, develop and reward our employees appropriately, to ensure we retain the critical talent required for the future of our business. Our recruitment policy reflects our commitment to recruit diverse, talented individuals. We welcome candidates from all genders, gender identities, sexual orientations, ages, disabilities, marital status, pregnancy or maternity status, colour, race, ethnic origin, religion, belief or lack thereof.</p> <p>Working arrangements for most employees are covered by a collective bargaining agreement which recognises three trade unions (Unite, Prospect and PCS). We work with formal negotiation and consultative bodies to discuss pay, terms and conditions of employment as well as business issues and performance. Executive-level oversight of our controls and mitigations: People Committee (a subset of the EMB). Board-level oversight: Remuneration and People Committee.</p>	

OUR PRINCIPAL RISKS

Cash flow interest rate risk	
The Group is exposed to interest rate fluctuations on both floating debt and interest rate swaps.	
Link to priorities	3
Change in 2023	→
Risk status	
The Group's existing hedging position (% fixed rate debt as a proportion of total debt) is currently at 90% (30 June 2023). We therefore have lower than normal exposure to interest rate fluctuations in our existing debt portfolio. However, we will be raising new fixed rate debt and will be exposed to the interest rate environment at the time of issuance.	
Risk impact	
Increased interest rates would negatively impact the Group's profitability.	
Risk mitigations	
The Board of Directors approves prudent treasury policies for the Group and delegates certain responsibilities to Senior Management, who directly control day-to-day treasury operations. The treasury function is not permitted to speculate in financial instruments. Its purpose is to identify, mitigate and hedge treasury-related financial risks inherent in the Group's business operations and funding. To achieve this, the Group enters into interest rate and index-linked swaps to protect against interest rate and inflation risks.	
The Group's policy is to maintain a mix of fixed and floating-rate debt within Board-approved parameters, such that a minimum of 75% of existing and forecast debt is at a fixed or retail price index-linked rate. The Group's aeronautical revenues and the use of index-linked swaps offset some of the exposure to changes in the retail price index. Interest rate swaps are also used to manage the effective level of fixed/floating rate debt on the long-term bonds.	

Funding and liquidity risk	
The Group uses a mixture of bond and bank debt, with an exposure to refinancing risk if the debt capital markets are closed for long periods of time.	
Link to priorities	3
Change in 2023	→
Risk status	
We do not have any re-financing exposure for the next 24 months. A £150 million bond matured in January 2024, which was repaid from cash on balance sheet and then the next bond maturity of £300 million is not until March 2026.	
We've been an infrequent issuer to the debt capital markets since the COVID-19 pandemic. Its last issuances were in H1 2021 when it issued a £450 million high-yield bond and a £300 million Sterling Class A bond. As we re-engage with the debt capital markets, we must ensure that investors understand our sustainability strategy, along with the ambition of our plan. This is now a key hurdle to access capital going forward.	
Risk impact	
The Group's liquidity could be impacted if debt is unable to be refinanced efficiently or at high market rates.	
Risk mitigations	
The Group has established a multicurrency programme for the issuance of bond debt in addition to bank debt and a liquidity facility. To ensure continuity of funding and flexibility, debt maturities are spread over a range of dates, so the Group is not exposed to excessive refinancing risk in any one year.	
Covenants under the financing arrangements are continuously monitored and forecast, with formal testing reported to the Board of Directors, Audit, Risk and Finance Committee, and Executive Management Board, along with all investors. Following the granting of covenant waivers in both 2020 and 2021, along with an amendment to its Transfer RAB for the period up to 30 June 2024, the Group continues to comply with all borrowing obligations and financial covenants.	

OUR PRINCIPAL RISKS

Counterparty credit risk	
Counterparty credit risk exists through interest rate, or retail price index-linked, swaps held by the Group to mitigate its interest rate exposures. Counterparty risk exists through Bank Deposits held by the Group among various banks.	
Link to priorities	3
Change in 2023	
Risk status	
<p>The existing financial position of London Gatwick's interest rate, and retail price index-linked, swaps are out-of-money. This means the present value of the floating-rate (or index-linked) payments exceeds the fixed-rate receipts to London Gatwick. Therefore, our counterparty risk is currently low.</p> <p>With the cash flow and liquidity build-up over the course of this year, the Group has substantial cash balances deposited with banks for operational and yield enhancement purposes. This results in counterparty risk.</p>	
Risk impact	
<p>The Group could be exposed to credit-related losses in the event of non-performance by counterparties to financial instruments.</p> <p>The Group could be exposed to loss of cash deposits in the event of bank counterparties going into financial crises resulting in run on the banks and eventually not being able to redeem fully or partly the deposited cash.</p>	
Risk mitigations	
<p>The Group manages a portfolio of derivatives including interest rate and inflation linked swaps with 10 separate counterparties. The Group monitors the credit rating of derivative counterparties and ensures no positions are entered into with counterparties with long-term credit rating below BBB- as rated by S&P and Fitch.</p> <p>The Group manages cash deposits portfolio by diversifying and depositing cash among multiple banks (currently five) with minimum single A credit rating. It also spreads deposits maturities over various tenors to ensure availability of liquidity to meet operational requirements on timely basis.</p>	

OUR PRINCIPAL RISKS

CAA economic regulation	
We're subject to economic regulation by the CAA. London Gatwick makes 'commitments' including a ceiling on the average level of airport charges, a minimum level of investment and a system of rebates if we miss core service standards. The commitments are formalised in an economic licence from the CAA, which also monitors financial metrics, on-time performance and operational resilience.	
Link to priorities	All
Change in 2023	↻
Risk status	
Risk increased in 2023 as the current commitments expire in March 2025. In summer 2023 the CAA consulted on our proposal to extend the commitments to March 2029. We are awaiting the CAA's provisional decision on the terms of the extension and its duration. We expect the CAA to reach its final decision on the regulatory framework by the end of 2024 and this would be applied from April 2025.	
Risk impact	
Changes to the economic regulation framework could have a material impact on our business. The CAA's decision on the price ceiling is significant for our profitability. Additionally, if the CAA identifies passenger harm through its monitoring regime, then it may seek to amend GAL's economic licence to introduce additional obligations. Non-compliance with licence conditions could result in substantial fines, enforcement orders and, in extreme cases, loss of licence (preventing GAL from levying airport charges).	
Risk mitigations	
Our regulatory structure encourages strong collaboration to provide outstanding service to passengers, airlines and other airport partners. Economic regulation is represented on the Executive Management Board by the Chief Financial Officer. A full-time senior leader heads economic regulation, focusing on regulatory strategy and compliance, including through regular internal discussions across the business, regular meetings with the CAA and presentations to the Board.	

Business ethics and compliance	
We're subject to laws, regulations and guidelines relating to business integrity and unethical conduct. There's a risk that non-compliant conduct by our employees or business partners may result in significant legal, financial and reputational consequences for our business.	
Link to priorities	All
Change in 2023	→
Risk status	
Despite the implementation and continuous improvement of our procedures designed to prevent, detect and remediate any non-compliance with laws, regulations and guidelines, given the complexity of the regulatory and operational environment within which we operate, there's a risk that employees or partners do not comply or that the procedures in place do not entirely mitigate all instances of non-compliance.	
Risk impact	
Non-compliance with applicable laws and regulations could result in material legal and consequential penalties including substantial fines, reputational damage, loss of stakeholder confidence and the ability for London Gatwick to continue its activities without restriction.	
Risk mitigations	
Business integrity is represented on GAL's Risk and Compliance Board, which is chaired by the Chief Financial Officer. The risk of non-compliance is mitigated by a dedicated team, whose role is to implement a programme designed to prevent, detect and remediate non-compliance with laws and regulations, and advise London Gatwick's Management and Board of Directors on business integrity matters.	

CLIMATE-RELATED FINANCIAL DISCLOSURES

We have committed to a sustainable London Gatwick, and our ambition to achieve this is stronger than ever. As an airport, we are susceptible to increasing public scrutiny and we want to embed sustainability into the heart of our business and decision-making. There is a rising global awareness of climate change as a systemic issue and financial risk that has potentially significant repercussions on our industry. Therefore, investors and other stakeholders are seeking greater transparency on climate-related risks and opportunities so they may make more informed financial decisions.

On 6 April 2022, the Companies (Strategic Report) (Climate related Financial Disclosure) Regulations 2022 amended the Companies Act 2006 to mandate that large UK companies include Climate-related Financial Disclosures ("CFD") as a part of their strategic reporting.

These CFD requirements closely align with the recommendations of the Taskforce on Climate-related Financial Disclosures ("TCFD"). Following this change, we have aligned our climate risk analysis and disclosures to comply with the new requirements in the current year. In the table below, we have aligned the CFD's specific requirements with the TCFD pillars of Governance, Climate Strategy, Risk Management, and Metrics and Targets, which we reported against in 2022.

We've accelerated our commitment to reach net zero by 2030 for Scope 1 and 2 emissions, 10 years earlier than our previous goal. In 2022, we began a more formal process to comprehensively address climate-change risks. We formed our Decade of Change and Sustainability Steering Group and tasked it with conducting a full assessment of climate-related risks and opportunities. The group's purpose is to provide leadership and direction. It will ensure the integration of all of our Second Decade of Change commitments, including climate-related risks into London Gatwick's business strategy, and identify and manage risks and opportunities.

We believe reporting practices bring discipline and accountability, which aid us to manage our key business issues and execute our strategy. We seek to continuously improve, and so we expect our climate-related reporting to improve as we mature in our identification and management of material climate-related risks and opportunities. This year's disclosures have built upon last year's by leveraging external specialists in climate change and risk assessments and evaluating the impact of a wider range of both risks and opportunities, in greater detail by undertaking qualitative scenario analysis.

In this section we set out our latest views on material climate-related financial risks and how we're managing them. The table below references other sections of our report, which contain further information on our approach to climate change and the action we're taking to address climate-related risks.

Disclosure recommendation	Section reference	Page
Governance		
Description of the company's governance arrangements in relation to assessing and managing climate-related risks and opportunities.	Our approach to risk management	47
	Sustainable Growth	35
	Climate-related Financial Disclosures	60
Climate strategy		
Description of: <ul style="list-style-type: none"> The principal climate-related risks and opportunities arising in connection with the company's operations. The time periods by reference to which those risks and opportunities are assessed. 	Climate-related Financial Disclosures	60-64
	Climate-related Financial Disclosures	62-63
Description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy.	Sustainable Growth	35
Analysis of the resilience of the company's business model and strategy, taking into account consideration of different climate related scenarios.	Climate-related Financial Disclosures	64
Risk management		
Description of how the company identifies, assesses and manages climate-related risks and opportunities.	Our approach to risk management	47
	Climate-related Financial Disclosures	60
Description of how processes for identifying, assessing and managing climate-related risks are integrated into the company's overall risk management process	Our approach to risk management	47
	Climate-related Financial Disclosures	60
Metrics and targets		
Description of key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based.	Climate-related Financial Disclosures	64
	Decade Of Change – Our Sustainability Policy	27, 31
Description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets	Climate-related Financial Disclosures	64
	Decade Of Change – Our Sustainability Policy	27, 31

CLIMATE-RELATED FINANCIAL DISCLOSURES

GOVERNANCE

The Board oversees and the Executive Management Board has responsibility for sustainability matters, including climate-related issues. The Board reviews such issues at least once every two months through the Capital, Environment and Sustainability Committee ("CESC"), to allow for review and guidance on strategy, business plan and capital investment plans, as well as monitoring of implementation and performance against goals and targets as set out in our Second Decade of Change sustainability policy and the KPI's set out in our Decade of Change Roadmaps 2023-2030, see page 25 for further details. In addition, the Executive Management Board has responsibility for reviewing and approving the annual Decade of Change Performance report. This includes the underlying objectives, performance data and sustainability roadmap.

The Board has been involved in shaping and reviewing our strategy and goals. It sets out our strategic response to the sustainability matters. This includes climate-related risks facing our business and the need to both reduce our impact on climate change through mitigation, and to limit the physical effects of climate change on our operation through adaptation.

The appointment of Lucy Chadwick to the Gatwick Airport Limited ("GAL") Board in June 2022 further strengthens the Board's knowledge and capability to consider the climate-change agenda and the risks and opportunities climate change poses to our business. Lucy Chairs CESC, a sub-committee of the Board.

Sustainability and climate risks follow our ongoing risk-management process as outlined on page 47. The Risk and Compliance Board discusses the principal risks facing our business at least five times a year including during the strategic planning and budgeting processes. Further support is provided by the Audit, Risk and Finance Committee, which maintains oversight of risk management, internal controls and the preparation and content of our TCFD disclosure.

In 2022, we created the Decade of Change and Sustainability Steering Group to specifically address sustainability matters, including climate-related issues. The Committee is chaired by our Head of Sustainability, and comprises core members from all key functions across the business, including our Chief Financial Officer, Chief Operating Officer, Chief Technical Officer, Chief Planning Officer and a number of Executive Management and Senior Leaders. The Group's purpose is to provide leadership and direction for sustainability-related matters. The Committee meets at least monthly.

The Decade of Change and Sustainability Steering Group is responsible for:

- monitoring progress towards achieving our Second Decade of Change and broader sustainability goals;
- embedding sustainability into the culture of London Gatwick;
- developing appropriate sustainability key performance indicators ("KPIs") to be monitored by Executive Management Board at regular intervals;
- promoting sustainability as a business priority to deliver economic and efficient operations; and
- promoting awareness, understanding and engagement on sustainability issues with internal and external stakeholders.

The Head of Sustainability reports to the Chief Technical Officer, providing reports and updates to the Executive Management Board, and informs the Board as needed. He is supported by a team of sustainability professionals.

To ensure focused implementation of London Gatwick's sustainability strategy, selected sustainability-related KPIs are included in the incentive plans of the Executive Management Board.

CLIMATE-RELATED FINANCIAL DISCLOSURES

RISK MANAGEMENT

Climate risks and opportunities are included in the scope of our overall risk-management framework, processes and reporting. The principal aim of our risk-management strategy is to embed the awareness of risk at all levels of the organisation, so ensuring all significant business decisions are risk-informed.

Our risk management framework provides guidance on how risk should be identified, assessed, treated and reported across the business. Further details can be found on page 47 along with an organisation chart indicating flow of risk information.

The risk management framework is supported by:

- a top-down assessment, performed by the Board and Executive Management Board to create a good understanding of the organisation's key risks;
- a bottom-up assessment that occurs in parallel, collecting individual departmental risk assessments; and
- a specific climate-change risk assessment to support the identification, assessment and management of climate-related risks and opportunities.

In 2023, we strengthened our methodology and tools to identify, assess and manage our sustainability risks and opportunities. We established a new executive committee, the Risk and Compliance Board ("RCB"). The new RCB replaced the Managing Corporate Risk and Responsibility Committee in December as the forum for overseeing our enterprise risk management system. It reports directly into the Audit, Risk and Finance Committee.

In addition, our leadership teams also have departmental risk forums which focus on key risks in their area and progress in implementing agreed mitigating actions. These teams are supported by the Senior Audit and Risk Manager and each department's Risk Champion, who's responsible for coordinating, formulating and reviewing the department's risk register.

Risks are escalated to the RCB through these departmental risk forums based on whether they have a corporate impact. The Audit, Risk and Finance Committee and our Executives receive regular detailed management information on our risk exposure. This highlights key corporate risks, material changes to the risk profile and risks outside of appetite, along with plans in place to mitigate the risk down to an acceptable level.

CLIMATE STRATEGY

Our strategic priorities include sustainable growth and achieving our Second Decade of Change goals. Our first Decade of Change set out the airport's goals between 2010 and 2020. During that decade we met or exceeded our goals. Our commitment to a sustainable London Gatwick is stronger than ever, and in June 2021 we published our Second Decade of Change Sustainability Policy, which looks ahead to 2030.

Building on the success of our first ten-point plan, our new strategy contains ten new goals to be met by 2030. In formulating these goals we aligned with local and national priorities and with investors' sustainability and ESG requirements. Our climate-related goals include reducing emissions from our own operations to meet net zero before 2030, and to play our part in UK aviation and ground transportation achieving net zero emissions by 2050, which aligns to the Paris Agreement trajectory. Our goals align with several of the United Nations' Sustainable Development Goals, including Goal 13: Climate Action. Furthermore, they align with the UK Sustainable Aviation Coalition's aims, published as the Sustainable Aviation Decarbonisation Roadmap in 2020 and updated in 2023.

Our renewed goals are adopted by the Board, with strategic implementation and performance monitoring led by the Chief Executive Officer and the Chief Technical Officer.

CLIMATE-RELATED FINANCIAL DISCLOSURES

Our climate-related risks

Both direct and indirect risks have been considered. London Gatwick provides links to over 250 global destinations, approximately 65% of which are in Europe. This exposes the Group to a range of climate-related risks and opportunities; and we must think beyond our airport to consider our dependency on other destination and origin airports to ensure smooth operations at Gatwick Airport. As part of the identification and assessment process, we considered our exposure to a varied range of risks, including physical risks in our own operations, wider value chain, air travel network and flight destinations, existing and emerging regulations across the aviation industries, changes to consumer preferences due to sustainable consumer behaviour and technology changes to support the transition to a lower-carbon economy.

Due to the nature of our role in the wider aviation sector, some of the risks and opportunities identified are indirect in nature. This means that whilst they impact airlines or end customers directly, the Group would still experience some impacts. Both direct and indirect risks have been considered in our assessment.

For risks identified as material, our strategic responses to mitigate such risks are outlined above. To achieve risk mitigation, strong industry collaboration is needed, as well as engagement and alignment with other external stakeholders, such as Governments and leaders in other sectors, such as the energy sector, our reliance of future technological advancements, policies and regulations.

This year's focus has been on updating our existing risk and opportunity assessment with a refreshed and detailed climate risk register leveraging external specialists in climate change and risk assessments. Following the risk identification process, a short-list of principal climate-related risks were identified, including three transition risks and three physical risks. For this year we have decided not to disclose climate-related opportunities as part of our short-list as we are still assessing the potential impacts to our business.

The below tables provide a description short-list of principal climate-related risks. The table provides a summary of the potential financial impacts to the Group, as well as potential impact ratings, which include an indication of the time horizon in which the impact of each risk is expected to occur. In considering climate risks, we tested our current strategies against two scenarios:

- **Current Policies:** this represents an ambitious scenario aligned with the UK Government's Jet Zero Strategy 2022 that limits global warming to 1.5°C by 2100 as a result of climate policies and innovation.

- **No Further Action:** this assumes that only currently implemented policies are preserved, resulting in an acceleration of climate change driving warming of 3.5-4.5°C by 2100. It is linked to the IPCC aligned SSP4-8.5 (RCP8.5).

Various other well-known climate sources such as the International Energy Agency ("IEA"), Intergovernmental Panel on Climate Change ("IPCC"), Network for Greening the Financial System ("NGFS"), Bloomberg New Energy Finance ("BNEF"), and the Climate Change Committee ("CCC") were explored to complement the data sets relating to these two scenarios.

The impact rating of the three transition risks was made with reference to the "Current Policies" scenario and physical risks against the "No Further Responses" scenario. This selection was made to test each risk category against the most relevant and stringent scenario in each instance. It is reasonable to state that the "No Further Responses" scenario represents a severe climatic situation - in future assessments, the Group will also consider a more moderate scenario aligning with warming of 2°C.

In determining potential impact of climate change the risks have been assessed across the following time horizons:

- **Short term (to 2030):** aligned with our forecasting, budgeting and economic regulatory cycles within this period
- **Medium term (to 2040):** aligned with our asset management processes and a staging post as the industry works towards net zero aviation by 2050
- **Long term (to 2050):** aligned with our long term growth plans

Undertaking this detailed climate risk assessment has enable us to understand our exposure, vulnerability and identify potential mitigation measures to climate-related risks and disclose these in a transparent manner to our stakeholders.

Impact of climate change and the Group's commitment to reach net zero by 2030 for Scope 1 and 2 emissions has been considered for any necessary asset replacement and the residual useful economic life of our existing property, plant and equipment. Also, the valuation approach of the Group's investment property has considered our assessment of the impact of climate change on forecasts; sustainability and environmental matters.

CLIMATE-RELATED FINANCIAL DISCLOSURES

Transition risks

The transition risks identified as potentially impactful to our business and sector span the policy, legal and market categories, such as increasing regulations and restrictions targeting the aviation industry, the future cost and availability of sustainable aviation fuel ("SAF") and changing consumer behaviours. These could have a direct financial impact to the Group based on new aviation standards, passenger forecasts and additional costs.

Climate related risk	Increasing regulations and restrictions such as ban of short haul flights targeting the aviation industry, leading to reduced revenue and/or impaired assets
Risk description	If the UK Government imposed more stringent caps on ATMs then demand could be reduced, fewer passenger would result in lower revenue for the Group. New aircraft efficiency standards and regulations will be costly and may require some aircraft to be grounded from operations that would reduce the profitability for airlines. As a result, airlines may reduce operations or increase costs to align with new standards, the cost of which may be passed on to customers, fewer passenger would result in lower revenue for the Group. Jet Zero Strategy will be reviewed every 5 years, hence there may be risk of such action at these staging posts, depending on progress.
Potential financial impact	Decreased revenue as result of few passengers and ATM's and associated income
Potential impact rating	Low in the short-term, rising to Medium in the long-term
Mitigation plans and actions	As a Council Member of Sustainable Aviation, we are already taking steps to create a collective approach to decarbonise UK aviation. We will continue to work with Government, industry peers and bodies, thinktanks, research bodies, other sectors, such as energy, to help the aviation industry reach its decarbonisations targets and decrease the financial impact of corresponding carbon tax.

Climate related risk	Costly and/or unavailable future supply of SAF in the UK to meet levels described in Jet Zero
Risk description	The Jet Zero High Ambition scenario foresees SAF representing 17% of the overall abatement solutions by 2050. Securing SAF for airlines may come at a significant additional cost which may be passed onto passengers, disincentivising travel. We need to consider our competitive position in terms of access to SAF, for example by forming SAF partnerships with suppliers. Potential financial impact Decreased revenue as a result of fewer passengers due to higher SAF costs for airlines Potential impact rating Low in the short-term, rising to Medium in the mid-term Mitigation plans and actions Along with tracking changes in sectoral policy and relevant legislation through participation in national and regional collaborations, we will drive change through forums such as the UK DfT's Aviation Council, of which our CEO is co-chair.

Climate related risk	Decline of passengers due to shifts in consumer preferences and behaviour, and increasingly negative public/business sentiment towards air transport such as flight shaming or misaligned decarbonisation goals, resulting in loss of revenue
Risk description	Consumers and businesses are becoming more aware of their carbon footprints and there is a growing demand for sustainable living. For example, awareness of the 'flygskam'/flight shaming movement – originating from Scandinavia & Northern Europe – is growing as consumers opt for more sustainable forms of transportation. The change in customer behaviour means reduced passengers and lost revenues as customers are increasingly seeking more low-carbon offerings for travel such as rail. Potential financial impact Decreased revenue as result of few passengers and ATM's and associated income. Cost implications resulting from Net Zero by 2030 goal. Potential impact rating Low in the short-term, rising to Medium in the long-term Mitigation plans and actions In 2021 we introduced a new carbon charge to incentivise airlines and airport operators to use more sustainable and cleaner fleets. We will look to further develop ways to incentivise airlines to use lower-carbon alternatives such as SAF and hydrogen-powered aircraft in due course. We have progressed Gatwick's airspace modernisation project, which is a key enabler in reducing SCOPE 3 emissions from air traffic movements. Additionally, although decarbonising the flight is the key enabler for growth, we are committed to cutting our own carbon footprint and to be net zero (SCOPE 1 and 2) by 2030.

CLIMATE-RELATED FINANCIAL DISCLOSURES

Physical risks

The physical risks relevant to our business and sector include increases in temperature, acute climate events and extreme weather events, resulting in higher costs and loss of revenue due to increases in operational disruptions. Considering the airport's location at the confluence of several waterways, such climate events include pluvial and fluvial flooding.

Climate related risk	Chronic risk: Increases in temperature impacting key assets
Risk description	Increases in temperatures may impact material durability at the airport including the runways that could be prone to cracking, which may need to be repaired driving up costs and leading to delays.
Potential financial impact	Increased maintenance costs, potentially driven by higher frequency needs triggered by climate pressures.
Potential impact rating	Low in the short-term, rising to Medium in the mid-term and High in the long-term
Mitigation plans and actions	The ongoing runway monitoring and replacement programme will look to manage the effects on the runway of increased temperatures. We have also created a low carbon cooling strategy for buildings, with a variety of actions planned from 2023 such as reducing the temperature in our buildings. All of our designed buildings put sustainability at its core; BREEAM considerations are included in every Gatwick designed building of appropriate size and at the highest level where feasible.

Climate related risk	Acute risk: acute climate events can cause an increase in disruption, delay minutes, and cancellations on runway operations
Risk description	Acute climate events, such as low visibility, high wind speeds, frost and snowfall, disrupt and delay runway and airfield operations. Climate change is also expected to have impacts on wind speed and direction. Changes in wind speed and direction can result in disruptions to airport and aircraft operations, and changes to jet streams can impact on flight time and fuel efficiency, increasing the take-off distance and/or reducing the maximum load that can be carried by aircraft (passengers and cargo). This may result in an increase in disruptions, delays and cancellations, which will subsequently have a knock-on effect from the airlines onto the Group, resulting in a loss of revenue.
Potential financial impact	Decreased revenue as result of few passengers and ATM's and associated income. Increased costs implications driven by greater staff requirement to manage and mitigate.
Potential impact rating	Low in the medium-term, rising to Medium in the long-term
Mitigation plans and actions	Deployment of additional support staff to manage this will further ensure that the runway remains at high capacity. Additionally, creating flood barriers and having good drainage systems will also minimise the impacts of floods. Time Based Separation enables performance to be maintained even under strong winds.

Climate related risk	Acute risk: London Gatwick's ability to operate at full capacity can be severely impacted by extreme weather conditions, leading to delays and cancellations due to damage and/or operational disruptions to airport assets and dependencies (e.g., accessibility)
Risk description	Extreme weather events, such as flooding, may cause the partial or complete closure of airport facilities, such as terminal buildings and towers, as well as loss in power or water. This would lead to flight delays and cancellations resulting in loss of revenue. It may also damage critical infrastructure such as switch boards and sub-stations which will be costly to fix/replace/upgrade and reduce operational capacity, resulting in a loss of revenue. Extreme climate events may also impact surface access such as delays or closures on road or rail.
Potential financial impact	Decreased revenue as result of few passengers and ATM's and associated income
Potential impact rating	Low in the medium-term, rising to Medium in the long-term
Mitigation plans and actions	We have outlined several mitigation actions (2022-2026) as part of our Climate Change and Adaption Progress Report 2021. We plan to continue implementing and monitoring the impact of such actions and will continue to conduct regular inspections of our infrastructure and take additional measures if necessary.

CLIMATE-RELATED FINANCIAL DISCLOSURES

The climate scenario analysis undertaken has identified key areas that we can build on. Our aim is to take critical learnings from this exercise forward, and define future actions to enhance data quality, define and validate methodologies to enable more quantitative assessment. We will review the outputs of the climate scenario analysis to understand how we can integrate the outputs into the business decision making processes, and to fully understand the resilience of our business model and strategy considering the two contrasting climate scenarios. We plan to review the assessment on an annual basis, expand our scenarios, and update changes to our assessment as required.

Additionally, our strategic approach aligns with the sustainability agendas of our shareholders, VINCI and Global Infrastructure Partners. We regularly collaborate with shareholders on climate related initiatives and plans, leveraging the expertise of both organisations in this area.

Business Resilience

The assessment exercises to determine climate-related risks under two scenarios support the resilience of the business model. This is the case within the short, medium and long-term horizons. The focus of the organisation on a robust sustainability strategy and the commitment to a Net Zero target by 2030 emphasise the importance of safeguarding the future operation of the airport, within the context of the risks presented by climate change. London Gatwick is an active participant in groups and forums which aim to ensure that the aviation sector develops in a sustainable manner, to ensure the commercial longevity of the industry and to be able to continue to facilitate the travel requirements of our customer base in a way which minimises any adverse impact on the environment. An example of this is the position of London Gatwick as a Council Member of Sustainable Aviation.

Climate risks form a central part of the overall risk management framework of the organisation, and by doing so ensures that awareness of these risks contributes to the future growth and resilience of London Gatwick. The approach undertaken within the climate risk assessment, so as to consider transition and physical risks against the most challenging scenarios (1.5C for transition risks, and 3.5-4.5C for physical risks) underlines the stringency of the analysis in order to protect the organisation against these risks. Mitigating actions are set out within each climate risk to highlight the actions which are currently and in future will be undertaken to ensure that the resilience of the business model of London Gatwick is maintained in future years. It is our assessment that this framework will deliver that future resilience for the airport, both operationally and commercially, under the climate scenarios set out.

METRICS AND TARGETS

London Gatwick has set out an industry leading commitment to reach net zero for Scope 1 and 2 emissions by 2030, as the aviation sector works towards delivering net zero by 2050.

Our targets towards this goal are split into two components:

Airport emissions

- Achieve net zero for our Scope 1 and 2 greenhouse gas emissions by 2030.
- Source 50% of our network electricity and 50% of heat network from UK renewable sources by 2030. We will generate power onsite, and buy renewable energy direct from suppliers.
- By 2030, all on-airport vehicles must meet zero or ultra-low emission standards. This includes ground support equipment and mobile construction equipment.

Aircraft and ground transport emissions

- Play our part in the UK aviation and ground transport transition to net zero carbon.
- Work with airlines and fuel providers to apply the Sustainable Aviation decarbonisation roadmap.
- Work with transport providers to increase airport passenger and staff use of public transport and zero and ultra-low emission journey modes to 60% by 2030.

Detailed definition of our targets are included in our Decade of Change goals with 10 roadmaps, which can be found [here](#). These set out quantitative and qualitative outcomes for each goal, clearly showing what we plan to achieve.

Each year we publish our Decade of Change Performance Report, where we regularly measure and disclose our performance against all of our Second Decade of Change commitments and our annual Greenhouse Gas Assessment. In addition to our existing metrics and targets, we continue to look at how best to enhance disclosures. This includes improving our ability to identify and measure emissions, working with our suppliers, airlines and other airport operators, and exploring new ways of capturing data to enhance decision making and transparency.

On page 33 we report our energy and carbon footprint as required by the Streamlined Energy and Carbon Reporting (SECR) regime. This includes our Scope 1 and 2 energy usage and greenhouse gas emissions, while we've further increased the level of our reporting for Scope 3.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

Pursuant to the provisions outlined in sections 414CA and 414CB of the Companies Act 2006, which specify the criteria for non-financial and sustainability reporting, the following table summarises our alignment with the required reporting:

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SECTION 172 (1) STATEMENT

Section 172 of the Companies Act 2006 requires the directors of the Group to act in the way they consider, in good faith, would most likely promote the success of the Group for the benefit of its members.

In doing so, section 172 requires a director to have regard (among other matters) to:

- a. The likely consequences of any decisions in the long term
- b. The interests of the Company's employees
- c. The need to foster the Company's business relationships with suppliers, customers and others
- d. The impact of the Company's operations on the community and environment
- e. The desirability of the Company maintaining a reputation for high standards of business conduct
- f. The need to act fairly as between members of the Company

The directors discharge their section 172 duty by having regard to the factors set out above along with other relevant factors. The directors will ensure key decisions are in line with the Group's vision, purpose and values.

As in any large organisation, the directors delegate authority for the day-to-day management of the Group to the EMB. They then engage Management in setting, approving and overseeing execution of the business strategy and related policies.

The Group's key stakeholders are its passengers, local communities and environment, colleagues, airlines, shareholders and investors, commercial partners and supplier and regulators. The impact of the Group's activities on these stakeholders is important when making relevant decisions.

The directors have set out below some examples of how we've actioned matters set out in section 172(1)(a)-(f) when discharging our section 172 duty.

KEY DECISIONS MADE BY THE BOARD

Capital allocation

The Board considers a number of factors when implementing financing strategies and levels of distributions (as defined under the CTA) to any shareholder affiliate companies outside of the Ivy Holdco Group. During the year ended 31 December 2023, the Group did not raise any new external financing or make any distributions.

In setting this level, the directors considered the following factors:

- the overall performance of the business and near-term market conditions;
- the financial outlook for key airlines;

- the likely views of rating agencies regarding these factors;
- the forward view of the Ivy Holdco Group's debt and interest-cover credit ratios;
- the extent of the pension fund deficit reduction;
- the ability to maintain adequate liquidity;
- the ability to allocate sufficient capital to reinvest in asset maintenance, airport resilience, capacity and service improvements; and
- the ability to allocate sufficient resources and capital to achieve stretching environmental goals, which ensure the long-term sustainability of the Group.

The level of external financing and distributions reflects a balanced approach that considered all the factors above, but gave significant weight to the factors that safeguarded the long-term best interests of the Group. Further details of the Group's financing arrangements and activities can be found on page 45.

Carbon strategy

London Gatwick is committed to low-carbon growth. Our Second Decade of Change Sustainability Policy, published in June 2021 and discussed in the Decade of Change section of this report, sets out our commitment to reducing carbon emissions. Recognising the urgent need to make net zero a reality, in 2023 London Gatwick has accelerated its commitment to be a net zero airport (Scope 1 and 2) by 2030, ten years ahead of its previous target. The Second Decade of Change Sustainability Policy also sets out our commitment to playing our part in the UK aviation and ground transport transition to net zero.

We also strengthened our ten Decade of Change goals with ten roadmaps. These clearly define our ambition and set out key performance indicators for each goal. Each year we'll track our progress against these key performance indicators. And in 2030 they'll be used to determine whether we have met the goals set out in our second Decade of Change policy.

Airfield resilience

London Gatwick implemented a temporary limit on daily flight movements between 25 September and 15 October 2023 to prevent delays and last-minute cancellations for passengers. The decision was made alongside NATS, who run the Gatwick air traffic control tower, and means the airport limited movements to 800 flights a day.

The daily cap prevented last-minute cancellations and delays for passengers while NATS work through challenges driven by sickness and staffing constraints. NATS have assured us that a robust plan is in place that will provide passengers with reliable flight schedules in 2024.

SECTION 172 (1) STATEMENT

Sustainable growth

We published our Masterplan in July 2019, setting out how we could develop to sustainably meet demand over the next 15 years. While COVID-19 has impacted the entire industry, our recovery continued in 2023. Therefore, our strategy and approach to sustainable growth set out in the Masterplan remains robust and sound. The 2019 Masterplan set out how we could develop to meet demand in the most sustainable way through to the 2030s, by:

- continuing to make best use of our Main Runway through the use of technology;
- preparing a planning application to bring our Northern Runway into routine use; and
- continuing to seek that national and local planning policy safeguards land for an additional runway in the future.

To bring the Northern Runway into routine use, we've undertaken detailed design work as well as environmental, highways and other studies over several years after the publication of the Masterplan. This helped us to undertake two comprehensive pre-application consultations, which took place in 2021 and again in 2022. Following the close of the consultations, we then carefully considered responses, and based on the feedback received.

Following the close of the second consultation in 2022, we finalised for submission the planning application for the Northern Runway Project. Under the Planning Act 2008, the development is termed a Nationally Significant Infrastructure Project and will therefore be prepared as a DCO. The application was submitted to the Planning Inspectorate on 6 July. The Planning Inspectorate on behalf of the Secretary of State has started the detailed examination of the proposals and will then make a recommendation. The Secretary of State for Transport will then make the ultimate decision, which is likely to be in 2025.

Commitments

In January 2020, London Gatwick proposed an extended set of commitments to run from 1 April 2021 to 31 March 2025. The CAA confirmed the extension and final licence conditions in May 2021 (CAP 2144).

Following extensive engagement with airlines and passenger representatives, we proposed an extension to the current commitments until 31 March 2029, including 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 and significantly increasing investment in facilities – all under a price ceiling which is expected to decline, on average, in real terms. Also, we'll actively strive to get consent to start work

needed to bring the Northern Runway into routine use and add capacity and additional resilience to the airfield.

The CAA consulted on the proposal in Summer 2023. We expect the CAA to reach its final decision on the regulatory framework, which would be applied from April 2025, by the end of 2024.

New brand and vision

In April the airport unveiled its new brand identity and refreshed vision, providing a platform for the airport's next phase of growth. The new brand reaffirms London Gatwick's position as a major international gateway. It also recognises the airport as part of the broader VINCI Airports network.

The vision – To be the airport for everyone, whatever your journey – focuses on delivering a personalised experience to meet passengers' individual needs. Underpinning the vision is a strengthened focus and investment on simplifying the journey through the airport by focusing on ease, efficiency and experience.

SECTION 172 (1) STATEMENT

STAKEHOLDER ENGAGEMENT

The Executive Management Board, along with Senior Management, engages with key stakeholders. The output of this engagement informs business-level decisions. Below are examples of this engagement.

Passengers

London Gatwick engages with passengers through various channels to understand their needs and to help shape future plans.

We formally consult with the Passenger Advisory Group (PAG), a sub-group of the Gatwick Airport Consultative Committee (GATCOM), on capital investment plans. We listen to their views on our facilities and services and their recommendations for improving the passenger experience. In addition to this consultation with the PAG, we work with them through several other consultative work streams to hear about passengers' experiences and journey needs.

Furthermore, our comprehensive research strategy systematically collects and analyses passengers' views on all aspects of their journeys to and through our airport, at touchpoints where passengers interact with airport services and facilities. We also have an online feedback tool to make it simple for passengers to leave comments. Meanwhile, social-media channels such as X, Instagram and Facebook all offer customers the opportunity to offer 'in the moment' opinions on their airport experiences, as well as providing important opportunities for communication.

To supplement the feedback we routinely receive from passengers through the above research channels, every few years we commission an independent research agency to provide an in-depth view of what passengers expect when journeying through our airport and how this compares to other UK airports. During 2023, jointly with the PAG and the airline community, we commissioned Quadrangle to undertake this research. This involved six focus groups covering a mix of passenger types and an online survey during August, with 2,600 respondents who had flown from our airport during the past 12 months. The results of this research will be used to inform our future capital investment plans.

Regulator

London Gatwick is subject to an economic regulatory framework, based on commitments backed by a licence and supplemented by a monitoring regime by the Civil Aviation Authority (CAA). Management meet regularly with the CAA to discuss all issues relating to the regulation of London Gatwick. As part of this licence, we're required to provide various documents and information.

Airlines

We engage with our airline customers through a variety of established forums to understand their needs and deliver the right operating environment. At London Gatwick the airlines have established two consultative bodies:

- Airport Consultative Committee (ACC) who represent the airlines on strategic topics
- Airline Operators Committee (AOC) whose focus is on day-to-day airport operations and membership includes the ground handling community

The key forums used to engage with these consultative bodies are:

- Airport and Airlines Group (AAG) meets monthly with the ACC focusing on the strategic direction of our airport
- Joint Operations Group (JOG) meets monthly with the AOC to discuss operational issues, review the previous month's operational performance and collaborate on plans for summer and winter seasons
- Annual consultation with the ACC on London Gatwick's Capital Investment Programme including the creation of specific project working groups
- Charges Group consults each autumn/winter directly with all airlines on the structure and level of airport charges to take effect from the following April

In addition to the above forums, we consulted the ACC during a series of meetings during 2022 and 2023 on our proposal to extend the existing Commitments regulatory framework by four years to 31 March 2029.

SECTION 172 (1) STATEMENT

Colleagues

London Gatwick is a complex business employing over 2,500 individuals directly. So there are risks associated with all aspects of the employee experience including hiring, career development, training, reward and recognition and retention. Our HR approach is to deploy a range of policies and resources to engage, motivate and reward our employees appropriately. We also seek to ensure the retention of critical talent required for the future of the business.

Ahead of the busy summer we recruited a further 200 security staff and other people to fill critical roles via a mix of external hiring and internal development. Our commitment to developing emerging talent continued with the 2023 apprentice intake. Also, we further developed the Gatwick Graduate Programme in partnership with local universities – we're looking forward to welcoming our next intake in September 2024.

We continue to make investing in leadership development a priority. Over 400 managers attended a cross-company development programme this year, equipping them with the skills and knowledge to be better leaders. This includes 230 middle and senior managers attending the Lead4Success programme, which was co-designed and delivered in partnership with VINCI Airports.

We continued to work with our trade unions throughout the year on plans and our approach to managing operating costs. The Post Furlough Mitigation Agreement, which implemented a range of cost and productivity measures, was lifted on 1 April 2023. For our negotiated colleagues we worked with our unions to reach a pay settlement, as well as providing a pay award for salaried staff. This reflected the market conditions and our continued focus on retaining and attracting staff. The next round of pay negotiations commenced at the beginning of 2024.

Suppliers and commercial partners

We work with suppliers and commercial partners to deliver the best passenger experience. To that end, we regularly attend events with the local business community and also hosted the second Gatwick Economic Forum, attended by over 150 local business advocates and economic partners.

Our procurement strategy is to use the services of local businesses where possible, supporting local people, making best use of local expertise, and reducing our environmental impact. The Gatwick Procurement team routinely invites local suppliers to be part of 'request for x' (RFXs), providing opportunities for consideration on a range of goods and services. As an example of this strategy, in 2023 we were delighted to have two local companies heavily involved in the redevelopment of our North Terminal departure lounge, a £10m+ project.

Local suppliers may also register interest in working with us via the registration portal.

In addition, we actively track spend with local suppliers and will continue to develop long-term sustainable procurement practices that benefit the local economy. We continue our commitment to pay SMEs within 30 days. In line with the Prompt Payment Code in 2023, we paid over 99% of invoices within 60 days but on average taking 29 days.

Investors

Understanding the needs of investors helps us to access a cost-effective financing base and maintain the investment grade-rating.

We provide regular financial updates to both shareholders. These shareholders are represented by our Board of Directors, made up of Executive and Non-executive Directors. To update our shareholders, we also publish annual and semi-annual reports and financial statements, which include enhanced disclosures. We perform investor roadshows to update current and potential investors on performance. And management liaises with credit-rating agencies to ensure we understand the impact of our strategic decisions.

SECTION 172 (1) STATEMENT

Local communities and economy

Our focus on stakeholder engagement has continued throughout the year. This helps us to respond to local priorities, through our community engagement programmes and economic partnership activity.

Ahead of the summer we connected with local community representatives, inviting them to our airport for an airfield tour and to learn more about our recovery and business priorities, in a programme known as "Discover Gatwick". In this case, we welcomed stakeholders from parish and town councils, local businesses, education providers, economic partnerships and charity partners.

In addition, the Gatwick Foundation Fund relaunched after being suspended during the pandemic. This provided grants to local organisations in Kent, Surrey and Sussex to support young people, improve health and well-being, tackle social isolation and disadvantage or raise aspirations.

A brand-new STEM Centre was unveiled, extending education outreach to schools across the region. The London Gatwick STEM Centre is a dedicated space designed to inspire and educate local students about Science, Technology, Engineering and Maths ("STEM"). It will benefit thousands of pupils across the South East with a unique opportunity to learn about and explore careers in STEM.

A programme of economic engagement has also taken place throughout the year with a wide range of local and regional stakeholders. This included local authorities, education partners, business membership organisations and economic partnerships, and culminated in our second London Gatwick Economic Summit. 150 leaders from across the region met to discuss how we can work together to drive long-term sustainable local economic growth and future inward investment.

The Gatwick Airport Consultative Committee has also continued to be a central point for engagement. Its members actively represent a wide range of interests. These include local authorities, business, tourism and community and environmental groups.

Finally, engagement with national government has continued to be a priority. This occurs through engagement with local Members of Parliament, as well as a wide range of government officials and ministers. A team from London Gatwick also attended the Conservative, Labour and Liberal Democrats party conferences. Here we met with Ministers, Shadow Minister, MPs and parliamentary candidates to update them on operational matters, brief them on the status of the Northern Runway planning application and progress on airspace modernisation, and advocate for measures to aid the decarbonisation of aviation.

CORPORATE GOVERNANCE

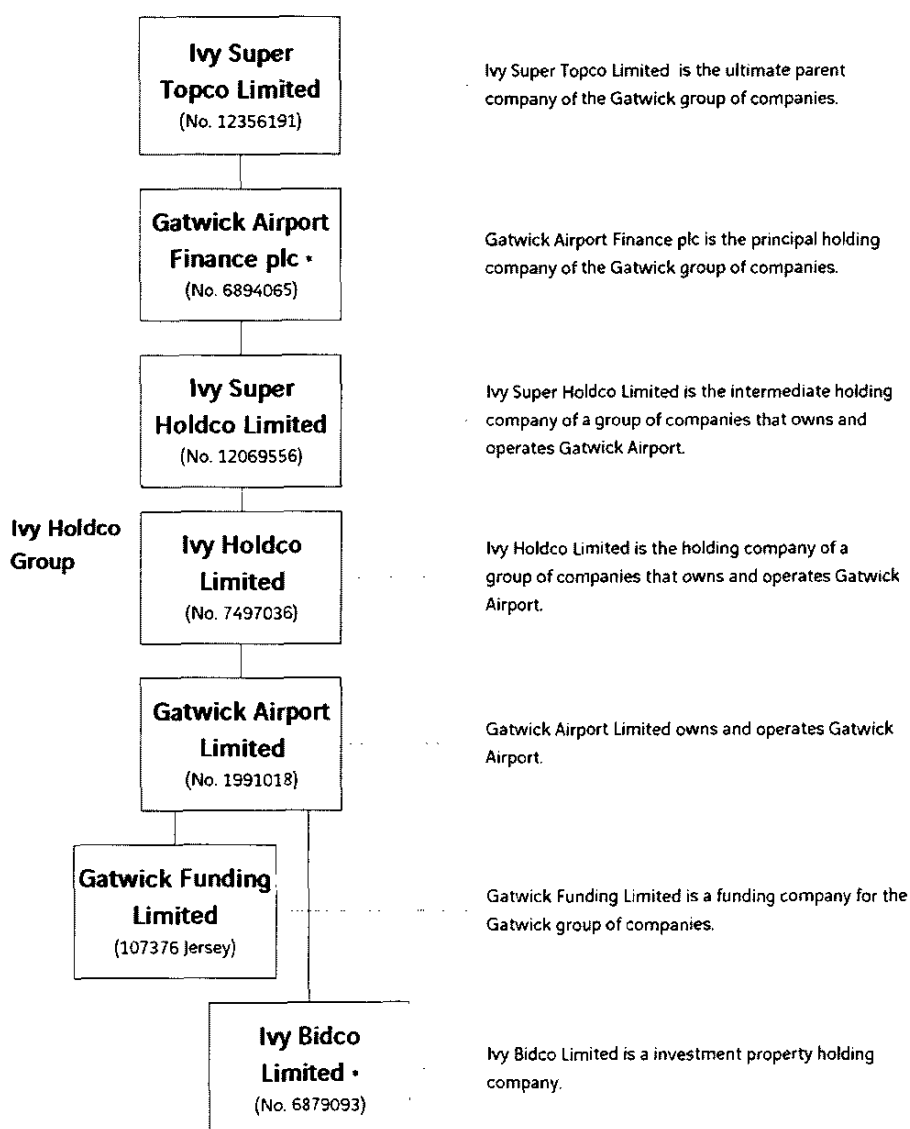
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GROUP STRUCTURE

Ivy Holdco Limited (the "Company") is a holding company of a group of companies (the "Ivy Holdco Limited Group") that owns London Gatwick ("Gatwick"). The Company's subsidiary, Gatwick Airport Limited, accounts for the significant majority of the Group's operations.

The Board of Directors of Gatwick Airport Limited (the "GAL Board") determines the long-term strategy of the Group, ensuring that it acts ethically, has the necessary resources to meet its objectives, monitor performance and meet its responsibilities as a major UK infrastructure asset.

The ultimate parent company of the Gatwick Group is Ivy Super Topco Limited. A simplified structure of Ivy Super Topco Limited and its subsidiaries, along with their principal activities within the Group, is illustrated in the diagram below.



* Structure has been simplified for ease of reference; company has dormant subsidiary.

OWNERSHIP

The Gatwick Group is ultimately owned by VINCI SA (VINCI) and a consortium of investors managed by Global Infrastructure Partners ("GIP")

On 13 May 2019, Cruiser Bidco Limited, a wholly owned subsidiary of VINCI SA, completed the acquisition of 50.01% interest in the Group for a total equity consideration of approximately £3.0 billion.

VINCI Airports, as the world's leading private airport operator in the world, manages the development and operation of more than 70 airports in 13 countries in Europe, Asia and the Americas. Served by more than 250 airlines, VINCI Airports' network handled 267 million passengers in 2023, 96% of the 2019 levels. Through its expertise as a comprehensive integrator, VINCI Airports develops, finances, builds and operates airports, leveraging its investment capability and know-how in optimising operational performance, modernising infrastructure and steering environmental transition. VINCI Airports' annual revenue in 2023 was €3.9 billion, ahead of 2019. For more information, visit www.vinci-airports.com.

Global Infrastructure Partners is a leading global independent infrastructure fund manager. GIP targets infrastructure businesses and assets in the energy, transportation, digital, water and waste sectors. GIP has grown to be one of the world's largest infrastructure investors and currently manages \$100 billion in assets on behalf of its global investor base. The companies in GIP's equity portfolios have combined annual revenues greater than \$80 billion and employ approximately 100,000 people. For more information, visit www.global-infra.com.

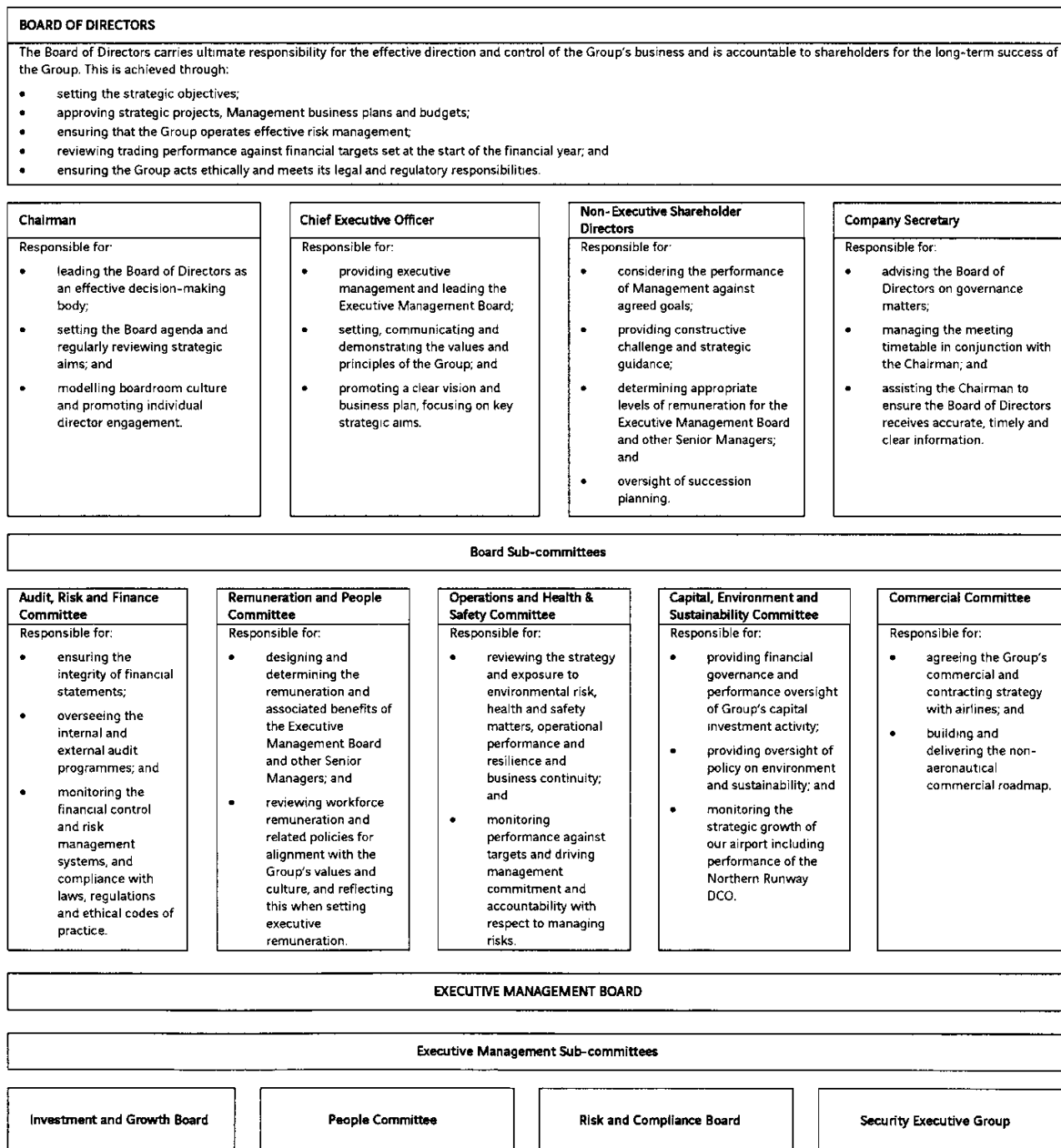
Governance arrangements resulting from the Group's secured financing structure

In 2011, a secured financing structure was put in place. As part of these arrangements, the Group entered into a Common Terms Agreement ("CTA") with its debt investors. The CTA sets out the terms and conditions of the Group's borrowing and the ongoing management of its secured financing. The CTA also sets out the financial and non-financial covenants that must be complied with in relation to the financing.

BOARD GOVERNANCE

The Board of Directors is ultimately accountable to the Group's shareholders, and is responsible for ensuring that Management actions are aligned with the interests of other stakeholders. The Board of Directors has approved a governance framework in order to effectively discharge its collective responsibility. This framework supports our directors' compliance and their duty to promote our success under section 172 of the Companies Act 2006.

The framework includes the delegation of specific authorities to the Board sub-committees, the Audit, Risk and Finance Committee, the Remuneration and People Committee, the Operations and Health & Safety Committee, the Capital, Environment and Sustainability Committee, and the Commercial Committee.



GATWICK AIRPORT LIMITED BOARD OF DIRECTORS

Chair, Executive Directors and Company Secretary



Baroness Margaret Ford

Non-executive Chair

Baroness Ford is one of the most experienced chairs in the UK having chaired four public companies and acted as a senior director on a further four. In addition, she has chaired several privately owned businesses and National Government bodies, mainly in the infrastructure/regulated sector. She stepped down from Deloitte in November 2023, having served on the European and UK Boards and the Global Advisory board. She recently completed six years chairing the Challenge Board of the building renewal programme at Buckingham Palace. She’s a trustee of the British Olympic Association and Honorary President of Epilepsy Action. She sits as a Crossbench Peer in the House of Lords.



Stewart Wingate

Chief Executive Officer

Stewart has served as the Chief Executive Officer since 2009. Stewart was with BAA from 2004 until September 2009, first as Customer Services Director of Glasgow Airport, then as Chief Executive Officer of Budapest Airport, and then as Managing Director of Stansted Airport. He is a Chartered Engineer and a Fellow of the Institute of Engineering and Technology. Stewart has a Master’s in business administration with Distinction, and a first-class honours degree in Electrical and Electronic Engineering.



Jim Butler

Chief Financial Officer, acting Head of Legal and Compliance

Jim was appointed London Gatwick’s Chief Financial Officer in September 2021. Prior to that, Jim served in various roles at American Airlines since 1996, including Senior Vice President – Airport Operation and Cargo; President of the Cargo Division, and Managing Director of Commercial Planning and Performance. Jim has previously led airport operations and had oversight of strategic initiatives across American’s global network throughout the United States, Latin America, the Caribbean, Europe and the Pacific. He has also served as a member of the Board of Directors of BAR UK; IATA Cargo Committee and the A4A Cargo Executive Council. Jim is also a licensed private pilot.

Committee key

- | | | | |
|---|--|----|---|
| ● | Committee chair | A | Audit, Risk and Finance Committee |
| R | Remuneration and People Committee | C | Capital, Environment and Sustainability Committee |
| O | Operations and Health & Safety Committee | Co | Commercial Committee |

GATWICK AIRPORT LIMITED BOARD OF DIRECTORS

Non-executive Shareholder Directors



Michael McGhee

R

GIP representative

Michael is a transport partner of GIP and is based in London. He was a Managing Director of the Investment Banking Department of Credit Suisse and Head of the Global Transportation and Logistics Group since 1998. Previously he was head of BZW's Global Transportation Group, since founding it in July 1990, and has advised governments on several privatisations in the transport sector globally.



Lucy Chadwick

C A

GIP representative

Lucy joined GIP in 2019 and is a Partner and Head of ESG, based in London.

Lucy has over 30 years of transport and government experience. She is the Chair of GIP's ESG Committee and participates on the Investment Committee as an adviser, providing continuity and consistency when assessing key ESG considerations for new opportunities. She also sits on the boards of London Gatwick, NTV Italo and Naturgy Energy Group on behalf of GIP. Prior to joining GIP, Lucy was a Director General in the UK Department for Transport, and an adviser to Prime Minister Tony Blair on transport. Lucy was a member of Accenture's senior management team for 13 years. She has a BSc from the University of Exeter.



Sir David Higgins

GIP representative

Sir David Higgins was appointed Non-executive Chairman in January 2017. As Chief Executive of Network Rail, Sir David initiated a major reform programme focusing on transparency, value for money and accountability. Sir David also served as Chief Executive of the organisation responsible for the delivery of the London 2012 Olympic Games, the Olympic Delivery Authority, establishing the organisation and negotiating the overall budget with HM Treasury, and led the commercial negotiations for Stratford City, London & Continental Railways and Westfield. Sir David holds a degree in Engineering from Sydney University and a Diploma from the Securities Institute. He's also a Fellow of both the Royal Academy of Engineering and the Institute of Civil Engineers.



David McMillan

CalPERS representative

David has had a long career in the transport sector, with a focus on aviation. He's currently Chair of the Air Traffic Management Policy Institute. Previously he has held a number of key positions including Chair of the global Flight Safety Foundation and Director General of Eurocontrol, which coordinates air traffic across 40 European states. Before that he was UK Director General of Civil Aviation and spoke for Europe on environmental issues at ICAO. Earlier in his career, David led for the Government on the establishment of the NATS PPP and Network Rail, and was Secretary to the RUCATSE report on airport capacity in South East England. David started his career in the Diplomatic Service and is a fellow of the Chartered Institute of Transport and the Royal Aeronautical Society.

GATWICK AIRPORT LIMITED BOARD OF DIRECTORS



Marten Soderbom

CO A R O C

GIP representative

Marten Soderbom is a Principal at GIP and is based in London. Marten focuses on the transport sector at GIP and worked on the recent sale of London Gatwick, the sale of London City Airport and the acquisition of NTV Italo Rail. Prior to joining GIP in 2012, Marten spent 12 years at Credit Suisse, where he was a Director in the Transport team. His experience includes numerous airport, port and rail M&A transactions and privatisations. He also has M&A, capital-raising and restructuring experience in other transport sub-sectors, including airline, shipping and bus.



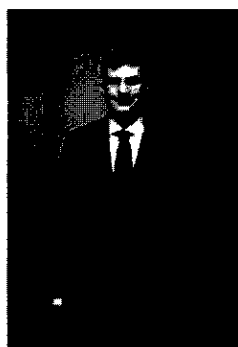
Nicolas Notebaert

R

VINCI representative

Nicolas is a member of the VINCI Group Executive Committee and serves as CEO of VINCI Concessions, bringing together global market leaders VINCI Airports, VINCI Highways and VINCI Railways.

Nicolas joined the VINCI Group in 2002 as Head of Operations for the French road concession Cofiroute, before being appointed Director of Business Development for VINCI Concessions France in 2004. In February 2008, he became President of VINCI Airports, and CEO of VINCI Concessions in 2016. Prior to joining the VINCI Group, he held various positions in the French Ministry of Public Works and served as a cabinet member of the French Minister for Transportation and Infrastructure. He started his career in 1994 as a consultant to the World Bank. Nicolas is a graduate of Ecole Polytechnique and Ecole Nationale des Ponts et Chaussées.



Olivier Mathieu

A R

VINCI representative

Olivier is an alumnus of the ESSEC business school (MBA). He began his career as an adviser to the Chief Financial Officer of VINCI in 1995. He then successively became Management Controller at G+H Montage (VINCI Group – Germany), Chief Financial Officer of Sogea-Satom (Africa branch of VINCI Construction) and Chief Administrative and Financial Officer of VINCI Construction Filiales Internationales (Africa, Overseas France, Germany, Central Europe). Olivier was then appointed Chief Financial and Asset Management Officer of VINCI Concessions. He was appointed Executive Vice-President of VINCI Concessions in 2012.



Rémi Maumon de Longevialle

A R C

VINCI representative

Rémi graduated from Ecole Polytechnique and ENSAE in France and has a Master of Public Affairs from Sciences-Po Paris. He started his career at PwC where he was a member of the PPP/Project Finance team in Paris for two years. He joined VINCI in 2012 as Project Manager in the VINCI Concessions Structured Finance team where he took part in the financing of large infrastructure projects in Europe and Latin America (motorways, railways and stadiums). In 2014, he joined the Business Development team of VINCI Airports as Project Manager. He was notably in charge of the successful bid, closing and operational takeover of the Kansai Airports in Japan from 2015 to 2016. Rémi was then appointed as Project Director for the Middle East and Central Asia regions where he managed several airport acquisition projects before being named Chief Financial Officer of VINCI Airports in 2018.

GATWICK AIRPORT LIMITED BOARD OF DIRECTORS



Pierre-Hugues Schmit

Co

VINCI representative

Pierre-Hugues is a graduate of Ecole Polytechnique (Paris) in 2001 and the French National University of Civil Aviation (ENAC in Toulouse) in 2003. He has also spent one year in UC Berkeley as graduate student in transportation engineering. Pierre-Hugues worked at the French CAA for seven years, three of which as the head of the French Airlines Department (2006–09). From 2010 to 2012, Pierre-Hugues worked as an adviser to the French Transportation Minister. He then joined Aéroports de Paris as deputy director of the Le Bourget division. In 2014, along with three partners, he founded La compagnie, a scheduled airline based in Paris delivering pure business class service to New York. Pierre-Hugues joined VINCI Airports in June 2017 where he supervises the airport business expertise on air service development, extra aeronautical activities and airport operations.



Guillaume Dubois

C

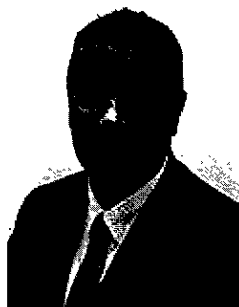
VINCI representative

In 2015, Guillaume joined the VINCI Group and settled in Canada as CEO of the Regina Bypass project, the largest transportation infrastructure project in Saskatchewan. Building on this experience, Guillaume was subsequently appointed Director of Asset Management in North America for VINCI Concessions. In October 2020, Guillaume was appointed Technical and Operations Director of VINCI Highways and joined its Executive Committee. In 2023, he was nominated Chief Technical Officer of VINCI Airports, joined its Management Committee and also in charge of VINCI Concessions' Hydrogen competence centre.

EXECUTIVE MANAGEMENT BOARD

The Board of Directors delegates responsibility for the day-to-day operational management of the Group to the Chief Executive Officer, Stewart Wingate, who is supported by the Executive Management Board.

See page 75 for biographical details for Stewart Wingate (Chief Executive Officer), Jim Butler (Chief Financial Officer).



John Higgins

Interim Chief Operating Officer

John joined London Gatwick as Head of Airfield in 2012 and led the roll-out of our programme to improve runway efficiency. In October 2017 he was appointed to the role of Business Improvement Director, and in December 2022 John took on the role of Interim Chief Operating Officer. He began his career with General Electric as a graduate trainee and held a number of senior roles within the company, including Managing Director of its Industrial Diamond business in Ireland, latterly running the pipeline business for Europe and Asia.

John handed over the Chief Operating Officer responsibilities to Mark Johnston who joined the team in March 2024.



Jonathan Pollard

Chief Commercial Officer

Jonathan joined London Gatwick's Executive team in September 2020. Prior to this, over a three-year period as Chief Commercial Officer at Luton Airport, he helped deliver significant growth in passenger volume, as well as the completion of a significant terminal transformation programme. He holds a BSc in Air Transport Management from Loughborough University and joined the National Express Group as a graduate in 2005, going on to hold several executive roles.



Cédric Laurier

Chief Technical Officer

A graduate of the Ecole Nationale des Ponts et Chaussées and the Institut Français d'Urbanisme, Cédric began his career in 1996 at the Paris Chamber of Commerce and Industry. He joined the VINCI Group's Cofiroute subsidiary in 2003. He worked for five years as Special Advisor and subsequently Project Manager of the Duplex 86. In 2008, Cédric joined Aéroports de Paris, where he worked for four years as Project Director before becoming Director of the Project Management Division in 2012. He was appointed as Technical Director of VINCI Airports in 2018 and subsequently appointed Chief Technical Officer of London Gatwick in May 2019.



Tim Norwood

Chief Planning Officer

Tim joined London Gatwick as Chief Planning Officer in February 2017 with responsibility for the development of the long-term Masterplan, and subsequently took on Corporate Affairs and Sustainability, creating a combined Directorate. He was previously Chief Planning Officer at EDF Energy, with responsibility for securing consent for the Hinkley Point C Project and progressing the planning and environmental assessment work for nuclear new build at Sizewell. Tim is a member of the Royal Town Planning Institute. He has a Masters in Town Planning from the University of Newcastle upon Tyne and a geography degree from the University of London.

EXECUTIVE MANAGEMENT BOARD



Lorenzo Rebel

Deputy Chief Financial Officer

Lorenzo was appointed Deputy CFO in August 2020. He started his career as an External Auditor at PwC before joining VINCI in 2009 as a Financial Controller for Eastern Europe. Lorenzo held different positions in Finance and Internal Audit within the VINCI Group before being appointed the CFO of Nantes Atlantique Airport in 2015.

Before joining London Gatwick, he'd been the CFO of the Salvador Bahia Airport in Brazil since 2017. Lorenzo is a graduate in Finance from the Grenoble School of Business (MBA).



David Conway

HR Director

David was appointed as HR Director in January 2021 and has over 30 years' experience in the oil and energy, aviation and retail industries for brand leaders including BP, British Airways and Sainsbury's.

He joined London Gatwick from BP where he worked for over 13 years. His last role was HR Vice President for BP's Alaska business, which operated the Prudhoe Bay oil field and the trans-Alaska pipeline. David previously worked for British Airways in Operations and HR, and started his career with Sainsbury's in Customer Service and Operations.



Bronwen Jones

Development Director

Bronwen joined BAA in 1989 as a graduate trainee with a degree in business studies from Aston University. In 1995, she moved to Heathrow Airport and worked in a wide variety of operational roles before returning to London Gatwick in 2003 as Head of Customer Services. More recently, as Head of Development, Bronwen has played a central role in some of our largest transformational programmes, including self-service bag drop, the North Terminal development programme and the creation of Gatwick Connects.



Rachel Bulford

Retail Director

Rachel was appointed Retail Director in July 2020, having joined London Gatwick as Head of Retail in 2016. She's responsible for the shops, restaurants, media advertising and foreign exchange across our airport. Her role includes developing and executing London Gatwick's retail strategy and delivering projects that add to or reconfigure the retail space. Rachel began her career at Marks and Spencer as a graduate trainee and went on to hold various roles at the retailer including working in international development in India, Russia and South Korea.

EXECUTIVE MANAGEMENT BOARD



Nick Batchelor

IT Director

Nick was appointed IT Director in November 2019. He has worked in mission-critical IT environments for nearly 30 years with a specific background in IT Operations, Infrastructure and Enterprise Architecture. Nick has worked in a number of business domains, including financial services and manufacturing, as well as transportation, with nearly 10 years at Network Rail prior to joining London Gatwick. In his current role at London Gatwick, Nick is responsible for the evolution and performance of IT Business Services and Infrastructure, as well as the delivery of technology projects that form part of London Gatwick's Capital Investment Programme.



Alasdair Scobie

Capital Programmes Director

Alasdair was appointed Capital Programmes Director in November 2019, with responsibility for the delivery of London Gatwick's Capital Investment Programme. He joined London Gatwick in 2014 as Head of Commercial Operations before moving, in 2017, to become Head of Capital Investment Delivery (Infrastructure), where he led the delivery of London Gatwick's infrastructure-focused Capital Investment Programmes across airfield, baggage and piers.



EXECUTIVE SUB-COMMITTEES

Investment and Growth Board

The Investment and Growth Board acts under authority delegated by the Executive Committee as a single accountable forum on capital investment across London Gatwick. It's responsible for medium-term capital investment plans, capital investment appraisal and policy decisions including our Decade of Change Sustainability Strategy. It's chaired by the Chief Financial Officer. Most of the Executive Management Board are also members.

People Committee

This committee provides appropriate levels of governance with regards to 'people matters', focusing on developing and investing in high-performing people. On behalf of the Executive Management Board, it ensures policies and practices associated with the People strategy are consistent with the Group's values and strategic priorities. It enables agile and transparent decision making, while assuring levels of consistency across the organisation. It is chaired by the Chief Executive Officer; other members include the Chief Financial Officer, HR Director, General Counsel and Company Secretary, as well as representatives from the Commercial and Operations teams.

Risk and Compliance Board

This Board is responsible for reviewing the effectiveness of the risk-management strategy and framework, and for reviewing the principal risks. It covers cyber and data risks and all aspects of safety, including fire, physical health and safety, airside safety and psychological and environmental safety. It's chaired by the Chief Financial Officer and the Executive Management Board are members.

Security Executive Group

The Security Executive Group is responsible for agreeing, reviewing and delivering effective airport security through collaboration by security stakeholders at our airport to effectively mitigate threats from crime, including terrorism and serious and organised crime. It's chaired by Interim Chief Operating Officer. Other members include senior representatives of the local police force, airlines and other operators at our airport.

COMPOSITION OF BOARD AND ITS COMMITTEES

The Board of Directors comprises the Chairman, 10 Non-executive Shareholder Directors and two Executive Directors, the Chief Executive Officer and Chief Financial Officer. The names and biographies of all Directors of Gatwick Airport Limited ("GAL") are published on pages 75 to 81. The Board of Directors has collective responsibility for the Group's strategy and performance. Each director has a clear understanding of their accountability and responsibilities.

The Non-executive Directors bring outside experience in areas such as aviation, transport, health and safety, sustainability, climate change, energy, government and finance, and provide constructive challenge and influence from outside the Group.

The directors are required to comply with the Group's policies, including policies on professional conduct, health and safety, conflicts of interest and anti-bribery, gifts and hospitality.

- oversight and review of operational performance across stable operations, EHS, and passenger service, as well as preparedness of upcoming peak periods; and
- review and approval of the Group's Modern Slavery Act Statement

BOARD ACTIVITIES IN 2023

The Board held five scheduled meetings during the year. Its main activities were:

- approval of annual report and financial statements for the year ending 31 December 2022 and interim group financial statements for six months ended 30 June 2023;
- approval of the 2023 budget;
- setting strategic direction and oversight of executive execution of strategy (providing approvals where appropriate in accordance with Delegated Financial Authority) in respect of:
 - commercial strategy in respect of four commercial revenue pillars such as aeronautical, retail, car parks and real estate
 - key capital investments at the airport including North terminal departure lounge refurbishment and rapid exit taxiway
- taken forward sustainable growth plans with the submission of DCO planning application to bring the existing Northern Runway into routine use;
- proposed an extension to the current Contract and Commitments Framework until 31 March 2029, incorporating several important enhancements;
- recognising the urgent need to make net zero a reality, we accelerated our commitment to be a net zero airport (Scope 1 and 2) by 2030, ten years ahead of its previous target;
- decision alongside NATS to implement a temporary cap on the number of air traffic movements from 25 September to 15 October 2023;

AUDIT, RISK AND FINANCE COMMITTEE

INTRODUCTION

The Audit, Risk and Finance Committee members include a Chair appointed by the Board and two Shareholder Non-executive Directors who are also Board Members. Together they have appropriate competence in audit, risk and financing. The current Audit, Risk and Finance Committee members are:

Olivier Mathieu (Chair)
Marten Soderbom
Rémi Maumon de Longevialle
Lucy Chadwick

During the year, the Committee continued to play a key role in assisting the Board in fulfilling its oversight responsibility.

ROLES AND RESPONSIBILITIES

The Audit, Risk and Finance Committee is a sub-committee of the Board and meets at least three times per annum. Its responsibilities include:

- considering the appointment of the external auditor;
- considering relevant ethical guidance and assessing the independence of the external auditor, and ensuring that key audit personnel are rotated at appropriate intervals (including overseeing the process for selecting the external auditor and making recommendations to the Board);
- recommending the audit fee to the Board for approval and pre-approving any fees in respect of non-audit services provided by the external auditor, and ensuring that the provision of non-audit services does not impair the external auditor's independence or objectivity;
- discussing with the external auditor the nature and the scope of the audit and reviewing the auditor's quality-control procedures and steps taken by the auditor to respond to changes;
- reviewing the effectiveness of systems for financial control, financial reporting and risk management;
- monitoring the integrity of the financial statements of the Group and reviewing;
- challenging where necessary, the actions and judgements of Management in relation to the interim and annual financial statements, and any press releases related to those statements;
- reviewing internal audit reports to the Audit, Risk and Finance Committee on the effectiveness of the Group's systems for internal control, financial reporting and risk management;
- reviewing the external auditor's management letter and Management's responses;
- considering Management's responses to any major external or internal audit recommendations;
- approving the appointment and dismissal of the Head of Business Assurance;
- reviewing London Gatwick's procedures for handling allegations from whistleblowers;
- reviewing the ethics policy and monitoring its application throughout the business, considering any ethical issues which arise as a result of audit findings;
- reviewing London Gatwick's tax policy and insurance strategy and arrangements;
- reviewing the results of the Data Protection Officer's Data Privacy Compliance Monitoring Programme and ensuring the Data Protection Office is adequately resourced to carry out its tasks;
- confirming that the financial statements are fair, balanced and understandable;
- review and confirmation of the going concern disclosure for the annual report and financial statements; and
- oversight of the Group's compliance with laws and regulations and review of the effectiveness of the compliance risk management framework.

AUDIT, RISK AND FINANCE COMMITTEE

ACTIVITIES IN 2023

The Committee held five scheduled meetings during the year as well as a number of additional meetings to consider key financing decisions. The Committee's main activities were to:

Financial reporting:

- review and recommend approval of the interim annual report and financial statements and the associated going-concern statements;
- challenge and endorse significant accounting judgements recommended by Management;
- review accounting developments and their impact to the Group's financial statements; and
- review and approve the approach of the Task Force on Climate-related Financial Disclosures ("TCFD").

External audit:

- consider reports by the external auditor on its audit and its review of the annual and interim financial statements;
- review the external audit strategy and assess effectiveness of the external audit;
- review audit and non-audit fees incurred in 2023; and
- review and recommended approval of the change in the Group's external auditor for the year ended 31 December 2023.

Internal audit:

- review and approve the scope of the 2024 internal audit plan;
- review the conclusions, key findings and remediation plans from internal audits completed during 2023; and
- monitor progress of the implementation of actions from internal audit activity.

Risk management:

- review the effectiveness of risk management and internal governance for the Group, with particular focus on security, financial, climate and cyber risks.

Financing:

- consider the Group's long-term financing strategy with particular emphasis on ESG and sustainability-linked financing.

Legal and regulatory compliance:

- review current material legal and regulatory compliance risks; and
- review the effectiveness of Group's legal and regulatory compliance risk management framework.

REMUNERATION AND PEOPLE COMMITTEE

INTRODUCTION

The Remuneration and People Committee members include a Chair appointed by the Board and four Shareholder Non-executive Directors who are also Board members. The current Remuneration and People Committee members are:

Nicolas Notebaert (Chair)
Michael McGhee
Olivier Mathieu
Marten Soderbom
Rémi Maumon de Longevialle

- reviewed the Diversity and Inclusion Strategy and release of the 2023 Gatwick Airport Limited Gender Pay Gap Report;
- approved the compensation package for new members appointed to the Executive Management Board; and
- reviewed forecast performance of all active short- and long-term incentive plans.

ROLES AND RESPONSIBILITIES

The Remuneration and People Committee is a sub-committee of the Board and is responsible for overseeing Board, Executive Management Board and other Senior Management appointments, remuneration and succession planning, including:

- the compensation packages of the members of the Executive Management Board (including salary, bonus, pensions and other incentive compensation);
- the contractual terms for the members of the Executive Management Board and independent Non-executive Directors;
- the design and terms of bonus plans including approval of off-cycle bonus payments including sign-on, retention and guaranteed bonuses;
- the design and terms of long-term incentive plans;
- succession planning for the members of the Executive Management Board; and
- approving the operating framework for remuneration delegated to the Chief Executive Officer.

The Committee meets at least twice per annum.

ACTIVITIES IN 2023

The Committee held three scheduled meetings during the year. Its main activities were:

- reviewed and approved employee remuneration strategy;
- reviewed and approved the design of the 2023 annual bonus plan;
- approved the ending of post-furlough mitigations including the return to regular normal overtime rates and employer pension contributions;

OPERATIONS AND HEALTH & SAFETY COMMITTEE

INTRODUCTION

The Operations and Health & Safety Committee members include a Chair appointed by the Board and one Shareholder Non-executive Director who's also a Board member. The current Operations and Health & Safety Committee members are:

Pierre-Hugues Schmit (Chair)
Marten Soderbom

ROLES AND RESPONSIBILITIES

The Operations and Health & Safety Committee is a sub-committee of the Board and is responsible for reviewing the Group's strategy and exposure to risk with respect to EHS matters, operational organisation, performance and resilience, business continuity and asset replacement. This includes Company-wide operational and EHS initiatives, policies and procedures. The Committee monitors the Group's performance against targets and drives management commitment and accountability with respect to managing risks.

The Committee meets at least six times per annum.

ACTIVITIES IN 2023

The Committee held six scheduled meetings during the year. Its main activities were:

- operational performance review, across Stable Operations, EHS and Passenger Service;
- oversight and review of key operational and HSE decisions, including:
 - Summer 2023 readiness planning, including independent decision points, timing of recruitment;
 - endorsed airport and operator incentives schemes to ensure good levels of service for passenger; and
 - awarded incumbent PRM service provider, Wilson James a further five-year contract;
- review and approval of key productivity initiatives across both 12-month and five-year plans;
- driving capital investment in technology to improve airfield resilience and performance of existing infrastructure;
- worked with NATS to invest and increase resilience in airfield operations at London Gatwick and en route;
- review of winter 2023 and summer 2024 operational plans, partnering with key stakeholders; and
- review of health and safety risks for passengers and staff.

CAPITAL, ENVIRONMENT AND SUSTAINABILITY COMMITTEE

INTRODUCTION

The Capital, Environment and Sustainability Committee members include a Chair appointed by the Board of Directors and three Shareholder Non-executive Directors who are also Board members. The current Capital, Environment and Sustainability Committee members are:

Lucy Chadwick (Chair)
Marten Soderbom
Rémi Maumon de Longevialle
Guillaume Dubois

ROLES AND RESPONSIBILITIES

The Capital, Environment and Sustainability Committee is primarily responsible for discharging the Board's duties by providing financial governance and performance oversight in relation to the Capital Investment Programme, including reviewing all major capital investment proposals and providing related recommendations to the Board. It also has oversight of all environment and sustainability matters (including related policy and compliance) and the strategic growth of our airport.

The Committee meets at least six times per annum.

ACTIVITIES IN 2023

The Committee held 11 scheduled meetings during the year. Its main activities were:

- oversight and review of the capital investment capability to rapidly build back capital investment programme;
- review of our long-term Capital Investment Programme covering March 2023 through to March 2029;
- financial governance, performance oversight and review of capital investment activity, including strategic projects such as:
 - North Terminal departure lounge refurbishment;
 - new rapid exit taxiway;
 - new multi-storey car park; and
 - next-generation security systems;
- challenge management on design of Pier 6 western extension with a focus on sustainability through construction phase and operational life;
- review and challenge management on noise and noise envelope associated with growth plans; and
- oversight and review of environment and sustainability matters, the review of roadmaps including setting out detailed targets, trajectories and action plans to reduce emissions.

COMMERCIAL COMMITTEE

INTRODUCTION

The Commercial Committee members include a Chair appointed by the Board of Directors and one Shareholder Non-executive Director who's also a Board member.

Marten Soderbom (Chair)
Pierre-Hugues Schmit

ROLES AND RESPONSIBILITIES

The Commercial Committee is primarily responsible for agreeing London Gatwick's commercial strategy relating to our airport's primary revenue streams, and for oversight of key commercial initiatives across London Gatwick. The Committee meets a minimum of six times per annum, though meeting frequency often increases aligned with peaks in commercial activity.

ACTIVITIES IN 2023

The Committee held four scheduled meetings during the year. Its main activities were:

- oversight, evaluation and review of traffic forecasts;
- strategic oversight and approval of key bilateral airline contracts;
- oversight and endorsement of London Gatwick's prospect airline pipeline and planned business development activity;
- evaluation and approval of London Gatwick's retail category strategy ensuring the right balance and choice for London Gatwick's passenger mix;
- oversight and approval on key contract renewals and awards across both retail and property such as first international airport to open dedicated electric vehicle charging station;
- strategic oversight of commercially driven capital investment projects, including refurbishment of the North Terminal international departure lounge and development of the new multistorey car park;
- evaluation and oversight of London Gatwick's performance relative to relevant external benchmarks; and
- evaluation and approval of London Gatwick's traffic and income components of the business plan.

DIRECTORS' REPORT

The directors present their report and audited consolidated financial statements for the year ended 31 December 2023.

Principal activities

The principal activity of Ivy Holdco Limited is a holding company of a group of companies that owns London Gatwick. A review of the progress of the Group's business during the year, the key performance indicators, internal controls, principal business risks and likely future developments are contained in the Strategic and Governance Reports.

Results and dividends

The profit after taxation for the financial year amounted to £314.8 million (2022: £196.5 million).

No dividends were paid in 2023 or 2022.

The statutory results for the year are set out on page 100100.

Board of Directors

The directors who served during the year and since the year end, except where noted, were as follows:

Michael McGhee
William Woodburn – resigned 1 November 2023
Sir David Higgins – appointed 1 November 2023
Olivier Mathieu
Nicolas Notebaert
Rémi Maumon de Longevialle
Pierre-Hugues Paul Schmit
David McMillan
Lucy Chadwick
Eric Delobel – resigned 1 November 2023
Guillaume Dubois – appointed 1 November 2023
Marten Soderbom

Company Secretary

Company Secretary, Rachel Ford left the Group in December 2023. On an interim basis, Chief Financial Officer, Jim Butler has taken on the role of Head of Legal and Compliance along with responsibilities of the Company Secretary until a replacement is appointed.

Statement of engagement with employees

The directors have promoted the information in this statement to the Section 172(1) statement shown on page 66.

Employment policies

The Group's aim is to ensure that all employees and job applicants are given equal opportunity and that we represent our passenger base. In accordance with our diversity and inclusion policy, candidates are selected for employment, promotion or training on the basis of their merit, regardless of age, gender, gender identity, race, religion, sexual orientation, disability, marital status or maternity and pregnancy. Disabled people are encouraged to apply and progress their career with us – we see people for their abilities, not their disabilities. Adjustments are made for job applicants and employees to guarantee we're breaking or minimising any barriers to their development.

Our policies are continuously being reviewed to ensure we're an inclusive and accessible employer.

All employees will be given help and encouragement to develop their full potential and use their unique talents. Therefore, the skills and resources of the Group will be fully used to maximise the efficiency of the whole workforce.

All employees, no matter whether they are part-time, full-time, or temporary, will be treated fairly and with respect. This policy is adopted throughout the Group in relation to all recruitment and to succession planning, to support a diverse pipeline.

Statement on engagement with stakeholders

The directors have promoted the information in this statement to the Section 172(1) statement shown on page 66.

DIRECTORS' REPORT

Statement of Corporate Governance Arrangements

For the year ended 31 December 2022, under the Companies (Miscellaneous Reporting) Regulations 2018, the Group has applied the Wates Corporate Governance Principles for Large Private Companies, published by the Financial Reporting Council ("FRC") in December 2018.

The Wates Principles provide a framework for the Board of Directors to monitor corporate governance of the Group and see where governance standards can be raised to a higher level across the business.

The table below shows the six Wates Principles and indicates where more information can be found in the Strategic and the Governance Reports.

Principle	Page
Purpose and leadership	18, 66, 75
Board composition	75, 82
Director responsibilities	75, 82
Opportunity and risk	47, 83, 84
Remuneration	85
Stakeholder relationships and engagement	18, 66

Future developments

The directors have promoted the information on future development to the Strategic Report on pages 35 to 37.

Streamlined Energy and Carbon Reporting

In accordance with the Streamlined Energy and Carbon Reporting requirements, the Group's energy usage has been reported in the Strategic Report on page 33.

Subsequent events

There are no subsequent events to disclose.

Financial risk management

The directors have disclosed financial risk management in the Strategic Report on page 50.

Political donations

No political donations were made during the year.

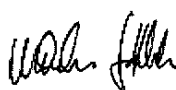
Research and development

There was no research and development activity during the year.

Directors' indemnity

During the year ended 31 December 2023 and as at the date of approval of the financial statements, the Company's Articles of Association provide that, subject to the provisions of the Companies Act 2006, but without prejudice to any indemnity to which the person concerned might otherwise be entitled, every director of the Company shall be indemnified out of the assets of the Company against any liability incurred by them for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

The Strategic Report and Directors' Report were approved by the Board and signed on its behalf by:



Marten Soderbom
Director
13 March 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under the that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and they have elected to prepare the parent Company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

Each of the directors, whose names and functions are listed in officers and professional advisors confirm that, to the best of their knowledge:

- the group and company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the group and company, and of the profit of the group; and
- the strategic report includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditor is aware of that information.

On behalf of the Board



Marten Soderbom
Director
13 March 2024

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Independent auditor's report

to the members of Ivy Holdco Limited

Our opinion is unmodified

We have audited the financial statements of Ivy Holdco Limited ("the Company") for the year ended 31 December 2023 which comprise the Consolidated and Company Statements of Financial Position, the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, and the Consolidated and Company Cash Flow Statements for the year then ended, and the related notes, including the accounting policies in note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 19 April 2023. The period of total uninterrupted engagement is for the one financial year ended 31 December 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: £15.2m
group financial statements as a whole
2.5% of EBITDA (earnings adjusted for interest, tax, depreciation and amortisation) pre exceptional items and gain on derecognition of financial liabilities.

Coverage 100% of group revenue

Key audit matters

- Valuation of investment property (Group)
- Uncertain tax position (Group)
- Recoverability of investment in Ivy Super Holdco Limited (Company)

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Valuation of Investment Property (£1,201.3 million; 2022: £1,134.7m) <i>Refer to page 43-44 (Strategic Report), consolidated note 2(d) and Note 3 (accounting policies) and note 15 (financial disclosures)</i>	Subjective Valuation <ul style="list-style-type: none"> The Group holds investment properties including Car Parks, Offices and Non-operational Land, which represents a significant proportion of the Group's total assets. Investment Properties are held at fair value. The valuation of the Group's property portfolio is inherently subjective in nature. Key assumptions such as yield, revenue growth and discount rate, are sensitive to change. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of investment properties has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 15) disclose the sensitivity estimated by the Group. 	<p>We performed the detailed tests below rather than seeking to rely on any of the company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> Assessing valuer's credentials: assessing the competence, capability and objectivity of JLL & CBRE; Assess the valuation approach: with the assistance of our own valuation specialist, assessing if the valuation approach is in accordance with professional valuation standards, and has been applied correctly; Our sector experience: Evaluating significant assumptions used, in particular those relating to yield, revenue growth assumptions, and discount rate, aided by our own valuation specialist. Validate information inputs: vouching a sample of leases, to verify key data points used as inputs to the valuation (annual rent and lease term); Assessing transparency: Assessing whether the Group's disclosures about the sensitivity of the outcome of the valuation assessment to changes in key assumptions reflect the risks inherent in the valuation of investment property. We also performed an assessment of whether an omission of certain sensitivity disclosure was material. <p>Our results We found the group's valuation and related disclosures to be acceptable.</p>

The risk	Our response
<p>Uncertain Tax Position</p> <p>(Contingent Liability: £64m; 2022: £64m)</p> <p><i>Refer to consolidated note 3(b) (accounting policy) and note 12 (financial disclosures).</i></p>	<p>Accounting Treatment</p> <ul style="list-style-type: none"> The Group continues to be in discussion with HMRC regarding the utilisation of certain losses and Stamp Duty Land Tax (SDLT) associated with a group reorganisation in 2015. The amounts involved are potentially significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability, is inherently subjective. The resolution of these matters are not entirely within the control of the Group and has been disclosed as a significant judgement and a contingent liability. The financial statements disclose the range of potential outcomes estimated by the Group in note 12. There is a risk that the final resolution of the matters could give rise to a material difference in the tax charge and related cashflows. <p>We performed the detailed tests below rather than seeking to rely on any of the company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> Our tax expertise: Use of our own tax specialists to assist us in assessing the likelihood of a liability arising as a result of the open enquiry with HMRC, reviewing the Group's tax position and supporting legal opinion provided by the company's lawyers, a review of all correspondence with HMRC, and our knowledge and experience of the application of relevant tax legislation; Assessing transparency: Assessing the adequacy of the Group's disclosures in respect of the uncertain tax position. <p>Our results</p> <p>We found the Group's treatment of uncertain tax as contingent liability and the related disclosure to be acceptable.</p>
<p>Recoverability of Investment in Gatwick Airport Limited</p> <p>(£949.9 million; 2022: £949.9 million)</p> <p><i>Refer company note 3 (accounting policy) and note 6 (financial disclosures).</i></p>	<p>Low risk, high value</p> <ul style="list-style-type: none"> The carrying amount of the parent Company's investment in subsidiaries represents 99% (2022: 99%) of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit. <p>We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> Assessing subsidiary audits: Assessing the work performed by the audit team on all of those subsidiaries and considering the results of that work, on those subsidiaries' profits and net assets. Comparing valuations: the investments carrying amount exceeded the net asset value, therefore we compared the carrying amount of the investment with the expected value of the business based on a suitable multiple of the subsidiaries' profit. <p>Our results:</p> <p>We found the Company's conclusion that there is no impairment of its investment in subsidiaries to be acceptable.</p>

1. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £15.2m, determined with reference to a benchmark of Group EBITDA (earnings adjusted for interest, tax, depreciation, and amortisation) pre-exceptional items and gain on derecognition of financial liabilities, as disclosed on page 176, of which it represents 2.5%.

Materiality for the parent Company financial statements as a whole was set at £9.5m, determined with reference to a benchmark of Company total assets, of which it represents 1%.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% of materiality for the financial statements as a whole, which equates to £11.4m for the Group and £7.1m for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.76m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

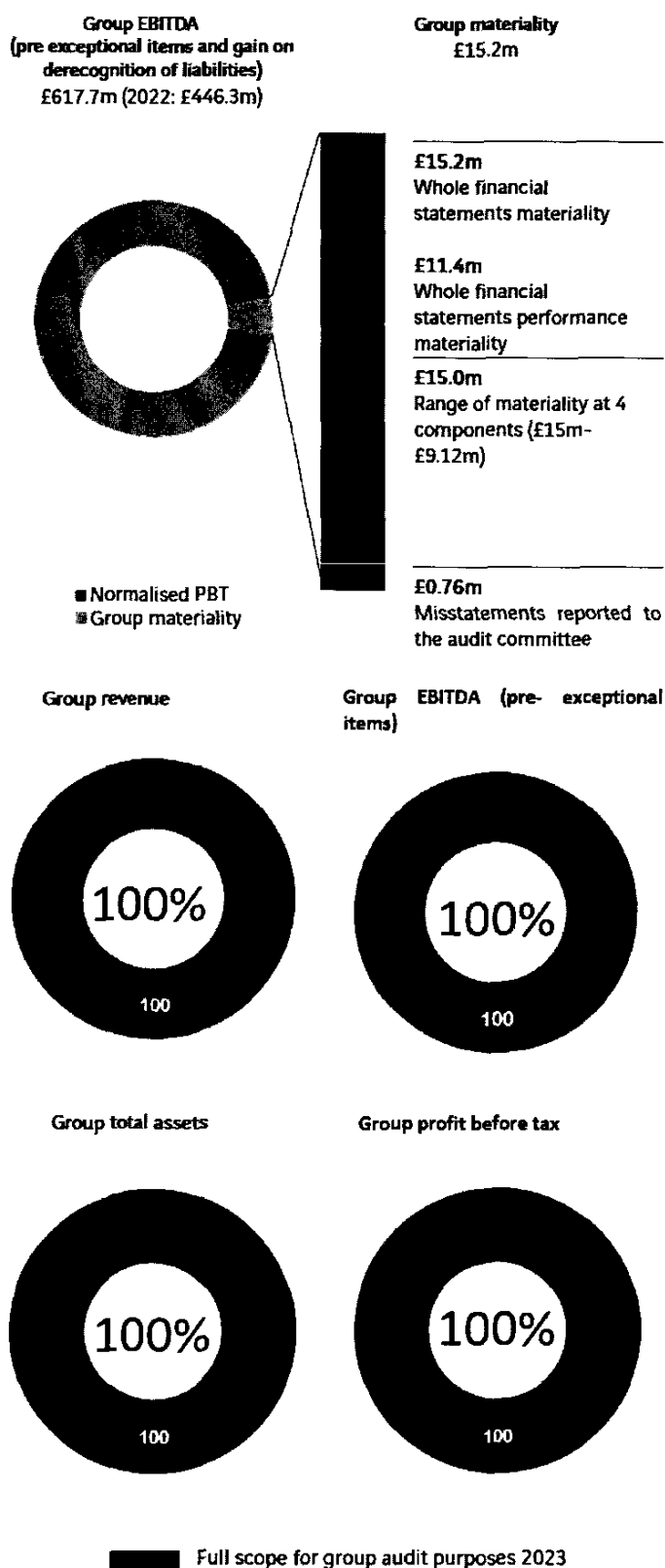
Of the Group's 4 reporting components, we subjected 3 to full scope audits for group purposes.

For the residual components, we performed specified risk-focused audit procedures over cash and cash equivalents, and an analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The components within the scope of our work accounted for the percentages illustrated opposite.

The work on all of the components was performed by the Group team. The Group team determined component materialities, which ranged from £15m to £10.6m, having regard to the mix of size and risk profile across the components.

The scope of the audit work performed as predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.



4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to debt covenants over this period were lower than expected passenger volumes.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Group's current and projected cash and facilities (a reverse stress test).

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Considering remuneration incentive schemes and performance targets for key management and directors.
- Consulting with our own forensic professionals regarding potential fraud risks for consideration in our audit. This involved discussion between the engagement partner and the forensic professional.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to manage the expectations of users, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the uncertain tax position. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue constitutes a high volume of individually low value items, the majority of which involve no estimation, judgement or complexity. Where some estimation does arise in respect of discount rebates, opportunity is considered limited with estimates and judgements being immaterial.

We identified a fraud risk related to the treatment of the uncertain tax position, in response to possible pressures to manage the expectation of users. Further detail in response of these areas are set out in the key audit matter disclosures in section 2 of this report.

We also performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included entries posted to unusual account combinations for revenue, cash and loan and Property Plant and Equipment, and entries with specific high risk terms in their description.
- Assessing whether the judgements made in accounting estimates are indicative of a potential bias.

5. Fraud and breaches of laws and regulations – ability to detect (Continued)

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: compliance with its license obligations set by the Civil Aviation Authority (CAA), health and safety, data protection laws, anti-bribery, employment law and certain aspects of company legislation recognising the regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Further details in response of tax law compliance is set out in the key audit matter disclosures in section 2 of this report.

We discussed with the audit committee matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 106, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

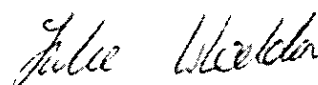
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Julie Wheeldon

(Senior Statutory Auditor)

**for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants**

Global House, Crawley, RH10 1DQ

20 March 2024

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

		Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
	Note		
Revenue	4	1,015.1	776.6
Operating costs	5	(551.5)	(525.0)
Operating profit		463.6	251.6
Analysed as:			
Operating profit before exceptional items		463.6	282.1
Operating costs – exceptional	6	-	(30.5)
Investment property revaluation	15	72.7	61.1
Loss on disposal of fixed assets	8	(1.0)	(1.1)
Financing			
Fair value loss on derivative financial instruments	9	(18.8)	(49.7)
Finance income ^(a)	10	25.9	40.3
Finance costs ^(a)	11	(139.2)	(149.5)
Exceptional gain on derecognition of financial liabilities	23	-	111.2
Profit before tax		403.2	263.9
Income tax charge	12	(88.4)	(67.4)
Profit for the year		314.8	196.5

The notes on pages 104 to 142 form an integral part of these financial statements.

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

(a) See note 2 for explanation of a presentational restatement of the comparatives.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

		Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Profit for the year		314.8	196.5
Other comprehensive income			
Items that will not be reclassified to the consolidated income statement			
Remeasurements of defined benefit asset	24	(27.9)	19.3
Tax credit/(charge)	22	7.0	(5.0)
Other comprehensive (expense)/income for the year		(20.9)	14.3
Total comprehensive income for the year		293.9	210.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital £m	Merger reserve £m	Retained earnings £m	Total £m
Balance at 1 January 2022	599.4	(260.8)	(482.9)	(144.3)
Total comprehensive expense	-	-	210.8	210.8
Share based payments	-	-	(0.8)	(0.8)
Balance at 31 December 2022	599.4	(260.8)	(272.9)	65.7
Total comprehensive income	-	-	293.9	293.9
Balance at 31 December 2023	599.4	(260.8)	21.0	359.6

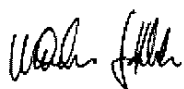
The notes on pages 104 to 142 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		31 December 2023 £m	31 December 2022 £m
	Note		
Non-current assets			
Property, plant and equipment	14	2,086.8	2,061.2
Investment properties	15	1,201.3	1,134.7
Intangible assets	16	10.0	16.4
Finance lease receivables	20	16.8	16.8
Other non-current assets	21	300.1	300.1
Retirement benefit asset	24	68.2	84.4
		3,683.2	3,613.6
Current assets			
Inventories		7.5	7.1
Trade and other receivables	17	130.0	95.5
Current tax assets		1.2	-
Cash and cash equivalents		259.9	34.0
		398.6	136.6
Total assets		4,081.8	3,750.2
Liabilities			
Non-current liabilities			
Non-current borrowings	23	(2,450.4)	(2,657.3)
Derivative financial liabilities	18	(385.9)	(367.1)
Lease liabilities	20	(75.3)	(74.9)
Deferred tax	22	(387.0)	(342.4)
		(3,298.6)	(3,441.7)
Current liabilities			
Current borrowings	23	(149.8)	-
Lease liabilities	20	(3.1)	(3.1)
Trade and other payables	25	(255.3)	(224.0)
Current tax liabilities		-	(2.6)
Deferred income		(15.4)	(13.1)
		(423.6)	(242.8)
Total liabilities		(3,722.2)	(3,684.5)
Net assets		359.6	65.7
Equity			
Share capital	26	599.4	599.4
Retained earnings		21.0	(272.9)
Merger reserve		(260.8)	(260.8)
Total equity		359.6	65.7

The financial statements of Ivy Holdco Limited (company registration number 07497036) on pages 100 to 142 were approved by the Board of Directors on 13 March 2024 and signed on its behalf by:



Marten Soderbom
Director



Rémi Maumon de Longevialle
Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2023

		Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Cash flows from operating activities			
Profit before tax		403.2	263.9
<i>Adjustments for:</i>			
Investment property revaluation	15	(72.7)	(61.1)
Loss on disposal of fixed assets		1.0	1.1
Fair value loss on financial instruments	9	18.8	49.7
Finance income	10	(25.9)	(40.3)
Finance costs	11	139.2	149.5
Exceptional gain on derecognition of financial liabilities		-	(111.2)
Depreciation and amortisation	5	154.1	164.2
Impairment of fixed assets	14	1.7	33.3
Increase in inventories, trade and other receivables		(19.0)	(6.1)
Increase in trade and other payables		9.3	81.7
Defined benefit pension contributions		(7.3)	(4.2)
Cash generated from operations		602.4	520.5
Corporation tax (paid)/repaid		(38.7)	14.7
Net cash from operating activities		563.7	535.2
Cash flows from investing activities			
Interest received		3.9	3.5
Purchase of fixed assets		(130.7)	(68.3)
Sale of tangible fixed assets		0.9	-
Net cash used in investing activities		(125.9)	(64.8)
Cash flows from financing activities			
Interest paid		(149.6)	(125.0)
Payment of lease liabilities	27	(1.6)	(3.5)
Repayment of in fixed rate borrowings		-	(350.9)
Repayment of revolving credit facility		(60.0)	(240.0)
Repayment of CCFF		-	(275.0)
Revolving credit facility issue costs		(0.7)	-
Net cash used in financing activities		(211.9)	(994.4)
Net increase/(decrease) in cash and cash equivalents		225.9	(524.0)
Cash and cash equivalents at the beginning of the period		34.0	558.0
Cash and cash equivalents at the end of the year		259.9	34.0

The notes on pages 104104 to 142 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 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. The registered number is 07497036 and the registered address is 8th Floor, 20 Farringdon Street, London, EC4A 4AB.

These financial statements are the consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2023. The comparative period is the year ended 31 December 2022. The financial statements of the Ivy Holdco Limited have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards and prepared under the historical cost convention, except for investment properties and derivative financial instruments. These exceptions to the historic cost convention have been measured at fair value in accordance with IFRS in conformity with the requirements of the Companies Act 2006.

Changes in accounting policies

The following accounting standards have been adopted by the Group to comply with amendments to UK-adopted IFRS. Their adoption has not had a material effect on the financial statements:

- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- IFRS 17 Insurance Contracts, Amendments to IFRS 17, Initial Application of IFRS 17 and IFRS 9—Comparative Information

There are no new accounting standards that are not yet effective that are expected to have a material impact on the financial statements.

Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transactions gains or losses), arising from intra-group transactions, are eliminated.

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 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

As at 31 December 2023 the Group had net current liabilities of £25.0 million (2022: £106.2 million). As at 31 December 2023, the Group held cash of £284.2 million and the £300.0 million Revolving Credit Facility was undrawn. 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 £100.0 million Authorised Credit Facility or 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 year ended 31 December 2023, passenger numbers increased by over 24%, from 32.8 million in 2022 to 40.9 million, reaching over 88% of 2019 levels. 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 2024 of circa 94% 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 on passenger numbers. 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 and do not currently expect to utilise the Authorised Credit Facility or Liquidity Facility. 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 for a period of at least 12 months from the date of the approval of the financial statements, and the financial statements have been prepared on that basis.

The financial statements were approved by the Directors on 13 March 2024.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue

Revenue is recognised when the Group satisfies performance obligations by transferring control of goods or services to its customers. Revenue is measured at the fair value of the consideration receivable net of rebates, discounts and VAT. Note 4 provides further details.

(b) Exceptional Items

Exceptional items are material items of income or expense that, because of the unusual nature or frequency of the events giving rise to them, merit separate presentation to allow an understanding of the Group's financial performance. Such items may include gains or losses on disposal of assets or financial liabilities, impairment of assets, major reorganisation of business, closure or mothballing of terminals and those costs incurred in bringing new airport terminal complexes and airfields to operational readiness that are not able to be capitalised as part of the project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

(c) Property, Plant and Equipment

Property, plant and equipment constitutes the Group's operational asset base including terminal complexes, airfield assets, plant, equipment, Group occupied properties and right to use assets recognised under IFRS 16. The Group has elected to use the cost model under IAS 16 Property, Plant and Equipment as modified by the transitional exemption to account for assets at deemed cost that were fair valued upon transition to IFRS at 1 April 2014 in accordance with IFRS 1 *First-time Adoption of International Financial Reporting Standards*. Consequently, property, plant and equipment is stated at cost or deemed cost less accumulated depreciation.

Assets in the course of construction are stated at cost less provision for impairment (if any). Assets in the course of construction are transferred to completed assets when substantially all the activities necessary to get the asset ready for use are complete. Where appropriate, cost includes relevant borrowing costs, own labour costs of construction and related project management costs, and directly attributable overheads. Costs associated with projects that are in the early stages of planning are capitalised where the Directors are satisfied that it is probable the necessary consents will be received and the resources will be available to achieve a successful delivery of an asset such that future commercial returns will flow to the Group.

The Group reviews these projects on a regular basis, and at least every six months, to determine whether events or circumstances have arisen that may indicate that the carrying amount of the asset may not be recoverable, at which point the asset would be assessed for impairment.

Depreciation is provided on operational assets, other than land, and assets in the course of construction, on a straight-line basis over their expected useful life as follows:

Terminal building, pier and satellite structures	20 - 60 years
Terminal fixtures and fittings	5 - 20 years
Airport plant and equipment:	
- baggage systems	15 years
- screening equipment	7 years
- lifts, escalators, travellators	20 years
- other plant and equipment including runway lighting and building plant	5 - 20 years
Airport tunnels, bridges and subways	50 - 100 years
Runway surfaces	10 - 15 years
Runway bases	100 years
Taxiways and aprons	50 years
Motor vehicles	4 - 8 years
Office equipment	5 - 10 years
Computer equipment	4 - 8 years
Right of use assets	over period of lease

The Group assesses at each financial position date, whether there is an indication that an asset's residual value and/or useful life may not be appropriate. If such indication exists, the useful lives and residual values are reviewed, and adjusted if appropriate. The Group's commitment to reach net zero by 2030 for Scope 1 and 2 emissions and any necessary asset replacement has been considered in assessing the residual useful economic life of assets.

Interest payable resulting from financing property, plant and equipment whilst in the course of construction is capitalised once planning permission has been obtained and a firm decision to proceed taken. Capitalisation of interest ceases once the asset is complete and ready for use.

(d) Investment Properties

The Group recognises investment property in accordance with IAS 40 *Investment Properties*. An investment property is one held to either earn rental income or for capital growth. The Group has elected to use the fair value model and therefore investment properties are initially recognised at cost then revalued to fair value at the reporting date by an Independent Property Valuer. Gains or losses in fair value of investment properties are recognised in the Income Statement in the period in which they arise. Gains or losses on disposal of investment property are recognised in the Income Statement on completion. If an investment property becomes Group occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(e) Intangible Assets

Intangible assets relate to computer software costs and are measured at cost less accumulated amortisation. Amortisation is recognised in the Income Statement on a straight-line basis over the expected useful economic life (4 – 10 years), from the date that the assets are available for use. Amortisation methods and useful lives are reviewed annually and adjusted if appropriate. Software costs within intangible assets are all acquired.

(f) Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. Where the asset does not generate cash flows that are independent of other assets, the recoverable amount of the income-generating unit to which the asset belongs is estimated. Recoverable amount is the higher of an asset's net realisable value and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the Income Statement in those expense categories consistent with the function of the impaired asset. The Group has carried out sensitivity analyses on the reasonably possible changes in key assumptions in the impairment tests. In all cases tested, there is sufficient headroom and no indication of a material impairment of assets.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount less any residual value, on a straight-line basis over its remaining useful life.

(g) Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at a cost which comprises the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate to dismantle and remove the underlying asset, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset can be reduced by impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability for the Group comprise of fixed payments and any amounts expected to be payable under a residual value guarantee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments, resulting in an adjustment made to the carrying value of the right-of-use asset.

The Group presents right-of-use assets in 'property, plant and equipment', and lease liabilities in 'lease liabilities' in the statement of financial position.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases for low value assets. The Group recognises the lease payments associated with such leases as an expense on a straight-line basis over the lease term.

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease.

Leases where the Group transfers substantially all the risks and rewards of ownership are classified as a finance lease. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Leases where the Group retains substantially all the risks and benefits of ownership are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognised over the lease term on the same basis as the income. The Revenue accounting policy note provides further details.

(h) Inventories

Inventories consist of engineering spares and other consumable stores and are recorded at the lower of cost and net realisable value.

(i) Cash and Cash Equivalents

Cash, for the purpose of the statement of financial position, comprises cash in hand and deposits repayable on demand. For the purpose of the cash flow statement, cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Cash that can only be used for a specific purpose or where access is restricted, is classified as restricted cash.

(j) Financial Instruments

Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

The Group's financial assets are measured at amortised cost. Classification depends on the nature and purpose of the financial assets and is determined on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. Amortised cost

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as amortised cost. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

2. Impairment of financial assets

The Group applies a provision matrix using historical loss experience, adjusting for current conditions and reasonable forecasts. The Group uses three years of historical data to establish an average default rate. This probability is applied to current information, taking into account adjustments for current external conditions and reasonable forecasts.

The Group's adjustment of current external conditions and reasonable forecasts extend to assessing individual financial assets for indicators of impairment, where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the assets have been affected. Objective evidence of impairment could include:

- significant financial difficulty of the counterparty; or
- default or delinquency in payments; or
- it becoming probable that the counterparty will enter administration/bankruptcy or financial re-organisation.

The Group's definition of default is based on the ageing of debts and will also consider the financial status of the customer. The Group considers any debts over 180 days overdue, or any customer that falls into receivership, in default.

Trade receivables are assessed monthly for any impairments. For trade receivables and other assets that are in scope of the IFRS 9 impairment model, an expected credit loss model has been applied, taking into account current conditions and reasonable forecasts.

Financial Liabilities

Financial liabilities are classified as either:

- financial liabilities at fair value through profit or loss (FVTPL); or
- other financial liabilities (e.g. borrowings, trade and other payables, etc.)

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of a business after deducting all of its liabilities.

1. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and subsequently stated at amortised cost. Any difference between the amount initially recognised (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2. Debt issue costs and arrangement fees

Issue costs are those that are incurred directly in connection with the issue of a financial instrument, that would not have been incurred had the instrument not been issued. These are accounted for as a deduction from the amount of consideration received and amortised under the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Facility and arrangement fees resulting from the negotiation of finance that do not qualify as issue costs are written off to the Income Statement as incurred. Debt issue costs on refinanced instruments are written off directly to the Income Statement when the liability is derecognised.

3. Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are non-interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4. Derivative financial instruments

The Group has a number of derivative financial instruments used to manage its exposure to inflation and interest rate risk. The derivative financial instruments utilised by the Group are interest rate and index-linked swaps.

The purpose of the interest rate swaps is to hedge the cash interest rate risk that arises on borrowings with variable interest rates. Interest receivable on the swaps matches the benchmark interest rate payable on the borrowings, and interest payable is at a fixed rate. The purpose of the index-linked swaps is to hedge the inflation risk arising on inflation related income, particularly RPI linked airport and other traffic charges. Interest receivable on the swaps matches the benchmark interest rate payable on the borrowings, and interest payable on the swaps is based on a fixed real interest rate (excluding inflation) plus a periodic inflation adjustment amount based on the cumulative movement in the RPI inflation index. On each five-year anniversary date of the index-linked swaps, a further payment is made based on the cumulative movement in the RPI index applied to the notional principal value of the swaps.

Derivative financial instruments are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each financial position date (i.e. are designed as financial instruments at FVTPL).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group's current derivative instruments do not qualify for hedge accounting. Changes in the fair value of these derivative instruments and the periodic change in the accrued amount of inflation accretion on the notional principal value of the index-linked swaps 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. All presented as fair value gain or loss on derivative financial instruments.

The periodic amounts of net interest payable or receivable on interest rate and index-linked swaps are taken to the Income Statement; presented as finance cost or finance income. The Directors believe this provides a fair representation of the Group's total interest cost and is linked to the Group's financial covenants.

Net accrued interest payable or receivable is included in current liabilities or current asset, and the inflation accretion accrual is included in non-current debt in the Statement of Financial Position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

(k) Retirement Benefit Obligations

The Group operates a self-administered defined benefit plan. The defined benefit obligation is calculated each reporting date by independent actuaries using the projected unit method. The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as an asset or liability on the Statement of Financial Position.

Current service costs, past service costs, net interest on the defined benefit liability (assets) and plan administration expenses are recognised within the Income Statement as they are incurred. Re-measurements on retirement benefit obligations and the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset) are recognised in Other Comprehensive Income under IAS 19 Employee Benefits.

The Group also operates a defined contribution scheme. The pension costs of this scheme are charged to the Income Statement in the period in which they are incurred.

(l) Current and Deferred Taxation

The tax expense for the year comprises current and deferred taxation. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised directly in equity.

Current tax assets or liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

Deferred tax is provided on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, for instance, deferred tax is recognised on temporary differences arising from the revaluation of investment properties.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred taxation is determined using the tax rates and laws that have been enacted, or substantively enacted, by the financial position date and are expected to apply in the periods in which the timing differences are expected to reverse.

(m) Share Capital

Ordinary shares are classified as equity and are recorded at the par value of proceeds received, net of direct issue costs. Where shares are issued above par value, the proceeds in excess of par value are recorded in the share premium account.

(n) Dividend Distribution

A dividend distribution to the Group's shareholders is recognised in the Group's financial statements in the period in which the shareholders' right to receive payment of the dividend is established by approval of the dividend at the Annual General Meeting, or board meeting for interim dividends.

(o) Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(p) Finance income and finance costs

Finance costs include interest payable, finance charges on lease liabilities recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Finance income comprises interest receivable on funds invested, interest income on lease receivables and net foreign exchange gains. Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Prior year restatement

In the prior year the periodic interest settlements on the pay and receive legs of the swaps were presented gross in interest expense and income respectively. To reflect the net settlements of these legs, these amounts are now shown net in either interest income or expense. The comparative income statement presented interest receivable of £41.8 million and interest payable of £22.3 million. This has been updated to a net interest receivable of £19.5 million.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In applying the Group's accounting policies, management have made estimates and judgements. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to changes in estimates and assumptions. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

(a) Estimates

Investment Properties

Investment properties were valued at fair value at 31 December 2023 by Jones Lang LaSalle Limited and CBRE Limited (2022: Jones Lang LaSalle Limited). The valuations were prepared in accordance with IFRS and the appraisal and valuation manual issued by the Royal Institution of Chartered Surveyors. Valuations were carried out having regard to comparable market evidence. Each property was valued individually.

Car parks are valued primarily on a profits method of valuation which uses an estimate of the maintainable level of trade and future profitability that a competent operator of the business would be expected to achieve. This considers income and operating costs from previous years together with estimated forecasts, assumptions around future growth rates and varying discount rates depending on the attributes of each individual car park. Further details are available in note 15.

Other properties are valued using current and potential future income (after deduction of non-recoverable outgoings), capitalised using yields derived from market evidence. The Group has carried out sensitivity analyses on the reasonably possible changes in key assumptions and any material changes in the inputs could lead to a material change in the valuation.

Fair Value of Derivative Financial Instruments

The fair value of derivative financial instruments is determined by using valuation techniques. These techniques require judgement and make assumptions that are mainly based on market conditions existing at each reporting date. The valuation technique used is a discounted cash flow methodology. Sensitivity analysis over the key inputs which create estimate uncertainty has been performed to assess the impact of changes in market conditions (note 19).

Retirement Benefit Obligations

Certain assumptions have been adopted for factors that determine the valuation of the Group's liability for pension obligations at period end and future returns on pension scheme assets and charges to the Income Statement. The factors have been determined in consultation with the Group's actuary taking into account market and economic conditions. Changes in assumptions can vary from period-to-period as a result of changing conditions and other determinants which may cause increases or decreases in the valuation of the Group's liability for pension obligations. The objective of setting pension scheme assumptions for future years is to reflect the expected actual outcomes. The impact of the change in assumptions on the valuation of the net financial position for pension schemes is reflected in the Statement of Comprehensive Income. Further details are available in note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

Taxation

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. The recognition of a deferred tax asset in the financial statements is therefore based on management's estimates of forecast profits in future years. Further details are available in note 12 and note 22.

(b) Judgements

Capitalisation

Management are required to make judgements in relation to the capitalisation of costs within fixed assets. This relates to when amounts may begin to be capitalised, the asset class, the useful economic life applied, and where there may be doubt about the ultimate completion of the asset, for example with the Northern Runway project where there will be regulatory requirements such as planning consents. The Capital Investment Programme tollgate governance process dictates when amounts are capitalised and this also requires endorsement from the directors that they support the project business case and this investment is part of the strategic Capital Investment Plan. The carrying value of assets in the course of construction is disclosed in note 14.

Investment Properties

Investment property classification and valuation are areas of judgement. The directors define investment property as land that is held by the Group for long term and strategic purposes and is not held for resale. Investment properties are land and buildings where the building is built to maximise the return on land and buildings which are held for long term rental yield and are not occupied by the Group. Properties leased to third parties under operating leases are generally classified as investment property. The directors consider car park assets meet this classification criteria therefore hold them as investment property. Under IAS 40 Investment Properties, an entity treats a property as investment property if the ancillary services it provides are insignificant to the arrangement as a whole. Gatwick provides insignificant ancillary services as the operation of the car park is outsourced to an external provider. The revenue represents rental income for the use of the space.

Income tax

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. Further details are available in note 12.

4. REVENUE

The Directors consider the business to have 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). 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.

Nature of services

The Group's main revenue streams are:

- Airport and other traffic charges
 - Retail income
 - Car parking income
 - Property income
 - Operational facilities, utilities and other income
-
- Airport and other traffic charges: there are four distinct performance obligations, these are landing, parking, departing and other charges (i.e. noise and fixed electrical ground power). The revenue from these charges is recognised on the day the movement takes place or services are rendered. There are a number of airline contracts in place with discounts which vary by season (Summer/Winter). The Group recognises the discount over the period during which it is earned. Discounts are typically focussed on the Winter season.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

- **Retail income:** the Group deems that the performance obligation is the provision of retail space in return for a fee. The fee is either a fixed rental fee or a concession fee based on the concessionaire's turnover. The performance obligation is satisfied over time by the customer occupying the retail space.
- **Car parking income:** car parking revenue is recognised either
 - a) on the date of arrival at the car parking in the case of pre-booked reservation; or
 - b) on the date of departure from the car park in the case of pay-on-exit (roll up) and forecourt charges.

The performance obligation is the provision of a car parking space in return for a fee.

- **Property income:** the performance obligation is the provision of office space or land in return for a fee. The fee is either a fixed rental fee or a fee based on the tenant's turnover in the case of the hotel and petrol stations. The Group considers the performance obligation is satisfied by the customer occupying the office space or land. Income is recognised in accordance with IFRS 16.
- **Operational facilities, utilities and other income:** this revenue is derived from the recovery of certain costs incurred by the Group. The Group considers the performance obligation is satisfied when the customers make use of the facilities and utilities provided by the Group.

Several of the Group's revenue streams comprise of variable consideration. Variable consideration is typically based on either:

- passenger numbers primarily for airport and other traffic charge; or
- concessionaires' or tenants' turnover primarily for retail income and property income

Disaggregation of revenue

In the following table, revenue is disaggregated by the Group's primary service lines:

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Airport and other traffic charges	545.7	405.7
Retail		
- Duty and tax-free	70.3	52.7
- Specialist shops	42.3	33.8
- Catering	58.9	41.5
- Other retail	36.2	30.6
	207.7	158.6
Car parking	132.8	101.7
Property income	31.0	30.8
Operational facilities and utilities income	41.2	34.6
Other	56.7	45.2
	1,015.1	776.6

More than 10% of the Group's total revenue is derived from easyJet in the current and prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

Contract balances

	31 December 2023 £m	31 December 2022 £m
Net trade receivables (note 17)	33.9	18.8
Contract assets	23.2	22.4
Contract liabilities	(15.4)	(13.1)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights to receive consideration become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognised when the Group's performance obligations have been satisfied (deferred income).

The amount of revenue recognised in the period to 31 December 2023 from performance obligations satisfied in previous periods is £9.0 million (2022: £3.2 million). This is due to a revision in estimated passenger numbers in respect to the annual assessment of various aeronautical and retail contracts.

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

	31 December 2023 £m		31 December 2022 £m	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Revenue recognised that was included in contract liability balance at the beginning of the period	-	9.2	-	4.5
Increases due to cash received (excluding amounts recognised as revenue in the period)	-	(13.1)	-	(8.8)
Transfers from contract assets recognised at the beginning of the period to receivables	(22.4)	-	(6.2)	-
Increases as a result of changes in the measure of progress	23.2	-	22.4	-

Transaction price allocated to the remaining performance obligations

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about the remaining performance obligations that have original expected durations of one year or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. OPERATING COSTS

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Wages and salaries	137.3	110.2
Social security costs	15.5	13.6
Pension costs	6.8	5.1
Share-based payments	2.1	0.9
Other staff related costs	7.8	6.1
Staff costs	169.5	135.9
Retail expenditure	3.4	2.1
Car parking expenditure	25.3	17.6
Depreciation and amortisation	154.1	164.2
Maintenance and IT expenditure	47.1	39.9
Rent and rates	36.4	29.7
Utility costs	33.0	28.9
Police costs	12.7	12.3
Other operating expenses ^(a)	54.3	48.4
Aerodrome navigation service costs	15.7	15.5
Exceptional costs	-	30.5
	551.5	525.0

(a) Other operating expenses includes the impairment of trade receivables amounting to £1.9 million in the year (2022: reversal of impairment of £0.3 million) and government grants relating to the Airport and Ground Operations Support Scheme ("AGOSS") of £nil (2022: £4.0 million).

Average full-time equivalent ("FTE") employees

	Year ended 31 December 2023	Year ended 31 December 2022
Average operation FTE employees	1,908	1,679
Average non-operational FTE employees	386	298
Average FTE employees	2,294	1,977

Audit services

Fees payable to the company's auditor for the audit of consolidated financial statements totalled £0.5 million in the period (2022: £0.5 million). Fees payable to the company's auditor for audit-related assurance services totalled £0.1 million in the period (2022: £0.1 million). The allocation to the Company is £10,000 (2022: £5,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

6. OPERATING COSTS - EXCEPTIONAL

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Impairment of fixed assets ^(a)	-	30.5
	-	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 are unlikely to be restarted without material changes to the original proposed designs, including changes made to reflect a more sustainable approach. In 2022 the Group reviewed its assets for indicators of impairment and recognised an exceptional non-cash impairment on costs of £30.5 million.

7. DIRECTORS' EMOLUMENTS

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Directors' emoluments		
Aggregate emoluments	0.2	0.1

An amount of £nil (31 December 2022: £nil) was paid into money purchase schemes in respect of the Directors. Aggregate amounts receivable under long-term incentive schemes were £nil (2022: £nil).

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Highest paid Director		
Aggregate emoluments and benefits	0.1	0.1

Nine Directors (2022: nine) were not remunerated by the Company but the Directors estimate £0.2 million (2022: £0.2 million) is attributable for services provided to the Company by Non-executive shareholder directors. No Directors exercised share options during the year (2022: nil). No Directors are members of the Gatwick Airport Limited defined benefit pension plan (2022: nil).

No compensation was received by former Directors for loss of office during the year (2022: nil). No Directors had awards receivable in the form of shares under the Company's LTIP (2022: nil).

8. LOSS ON DISPOSAL OF FIXED ASSETS

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

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Loss on disposal of fixed assets	1.0	1.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. FAIR VALUE MOVEMENT ON DERIVATIVE FINANCIAL INSTRUMENTS

Fair value loss on derivative financial instruments represents the movement in the year of the present value of expected net cash outflows in interest rate and index-linked derivative contracts (refer to note 18).

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Fair value loss on derivative financial instruments	(18.8)	(49.7)

10. FINANCE INCOME

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Interest receivable from other group undertakings	16.2	16.1
Interest receivable on money markets and bank deposits	4.3	2.5
Net interest receivable on derivative financial instruments ^(a, b)	-	19.5
Finance lease income	0.9	0.9
Finance return on pension schemes	4.5	1.3
	25.9	40.3

(a) These amounts relate to net interest receivable on £396.0 million interest to index-linked derivatives and £289.0 million fixed to floating interest-linked derivatives. Refer to note 19 for detail on the nominal value of the Group's swaps.

(b) See note 2 for explanation of a presentational restatement of the comparatives.

11. FINANCE COSTS

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Interest on fixed rate bonds	114.8	131.3
Foreign exchange loss	-	0.1
Interest on bank borrowings ^(a)	1.8	5.1
Net interest payable on derivative financial instruments ^(b, d)	19.7	-
Amortisation of debt costs	3.5	10.3
Non-utilisation fees on bank facilities	1.6	0.7
Interest on lease liabilities	14.1	12.8
Capitalised borrowing costs ^(c)	(16.3)	(10.8)
	139.2	149.5

(a) These amounts mainly relate to interest payable on loans drawn under the £300.0 million Authorised Credit Facilities Agreement.

(b) These amounts relate to net interest payable on £396.0 million interest to index-linked derivatives and £289.0 million fixed to floating interest-linked derivatives. Refer to note 19 for detail on the nominal value of the Group's swaps.

(c) Borrowing costs have been capitalised using a rate of 7.51% (2022: 5.67%), which is the weighted average of rates applicable to the Group's overall borrowings outstanding during the year. The capitalised interest amount is calculated by applying the capitalisation rate to the average monthly balance of assets in the course of construction, after deducting the value of construction work undertaken but not paid for, and included in the value of such assets.

(d) See note 2 for explanation of a presentational restatement of the comparatives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

12. INCOME TAX

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Current tax		
Total current tax charge	(33.8)	(19.7)
Adjustment in respect of prior years	(3.0)	(0.4)
Total current tax charge	(36.8)	(20.1)
Deferred tax		
Current year	(53.7)	(35.9)
Adjustment in respect of prior years	4.1	1.0
Effect of change in tax rate	(2.0)	(12.4)
Total deferred tax charge	(51.6)	(47.3)
Income tax charge	(88.4)	(67.4)

Reconciliation of effective tax rate

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 23.5% (2022: 19.0%). The actual tax charge for the current and prior years differs from the standard rate for the reasons set out in the following reconciliation:

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Profit before tax	403.2	263.9
Tax on loss at 23.5% (2022: 19.0%)	(94.8)	(50.1)
Effect of:		
Adjustment in respect of prior years	1.1	0.6
Expenses not deductible for tax purposes ^(a)	(1.5)	(11.8)
Tax rate changes	(2.0)	(12.4)
Group relief	8.8	7.1
Revaluation on investment property	-	(0.8)
Total tax charge	(88.4)	(67.4)

(a) Expenses not deductible for tax purposes is primarily due to capital expenditure which does not qualify for tax relief amounting to £0.7 million (2022: £11.1 million).

An increase in the UK corporation tax rate from 19.0% to 25.0% (effective 1 April 2023) was substantively enacted on 24 May 2021.

To address concerns about uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15%. In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework, followed by detailed guidance released in March 2022, that is expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws. The United Kingdom substantively enacted the tax legislation related to the top-up tax on 20 June 2023 in the Finance Act and the legislation is effective in the UK for periods commencing on or after 1 January 2024. In addition, amendments to IAS 12 'International Tax Reform – Pillar Two Model Rules' were endorsed by the UK Endorsement Board on 19 July 2023 and the exception from recognition and disclosures of deferred taxes in this regard as required by IAS 12.4A has been taken. The legislation is not expected to have a material impact on the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

The calculation of the Group's total tax charge necessarily involves 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 cooperating with HMRC on the use of certain existing corporation tax losses and stamp duty land tax associated with a Group reorganisation in 2015. After assessing the risk based on external legal and tax advice, alongside the directors' judgement of the robustness of the evidence available to defend the dispute, we believe the Group has a strong position. 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 directors do not consider it probable that a financial outflow will be required to settle the case and no provision has been made on the balance sheet. However, if unsuccessful, the financial outflow could be up to a maximum of £64 million (excluding interest). 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 UK.

13. DIVIDENDS

The directors did not declare or pay any dividends during the year (2022: £nil). The Directors did not recommend the payment of a final dividend (2022: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

14. PROPERTY, PLANT AND EQUIPMENT

Cost	Terminal complexes	Airfield assets	Group occupied properties	Plant, equipment & other assets	Assets in the course of construction	Total
	£m	£m	£m	£m	£m	£m
1 January 2022	1,614.0	571.9	188.1	741.6	202.6	3,318.2
Additions at cost	-	-	-	-	64.5	64.5
Impairment ^(a)	-	-	-	-	(33.3)	(33.3)
Interest capitalised	-	-	-	-	10.8	10.8
Transfers to completed assets ^(b)	4.2	30.4	4.3	9.3	(50.1)	(1.9)
Reclassification between categories ^(c)	32.2	-	3.9	(38.3)	-	(2.2)
Disposals	(1.2)	(39.1)	(0.3)	(5.6)	-	(46.2)
31 December 2022	1,649.2	563.2	196.0	707.0	194.5	3,309.9
Additions at cost	-	-	-	-	154.7	154.7
Impairment ^(a)	-	-	-	-	(1.7)	(1.7)
Interest capitalised	-	-	-	-	16.3	16.3
Transfers to completed assets ^(b)	10.5	18.9	56.4	23.9	(113.0)	(3.3)
Reclassification between categories ^(c)	1.1	2.8	3.8	1.4	-	9.1
Disposals	(6.8)	(2.9)	(0.1)	(6.1)	-	(15.9)
31 December 2023	1,654.0	582.0	256.1	726.2	250.8	3,469.1
Accumulated Depreciation						
1 January 2022	(569.3)	(232.5)	(42.3)	(296.7)	-	(1,140.8)
Charge for the year	(70.9)	(33.4)	(9.3)	(39.7)	-	(153.3)
Reclassification between categories	(4.0)	-	(0.5)	4.8	-	0.3
Disposals	1.2	38.0	0.3	5.6	-	45.1
31 December 2022	(643.0)	(227.9)	(51.8)	(326.0)	-	(1,248.7)
Charge for the year	(70.4)	(26.9)	(9.1)	(41.5)	-	(147.9)
Disposals	5.7	2.5	0.1	6.0	-	14.3
31 December 2023	(707.7)	(252.3)	(60.8)	(361.5)	-	(1,382.3)
Net book value						
31 December 2023	946.3	329.7	195.3	364.7	250.8	2,086.8
31 December 2022	1,006.2	335.3	144.2	381.0	194.5	2,061.2
1 January 2022	1,044.7	339.4	145.8	444.9	202.6	2,177.4

(a) £nil previously capitalised costs impaired. (2022: £30.5) relate to impairment of fixed assets included in exceptional costs. See note 6.

(b) Transfer of assets in the course of construction to other asset classes, investment property (note 15) and intangible assets (note 16).

(c) Reclassification between asset classes, investment property (note 15) and intangible assets (note 16).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

Valuation

Terminal complexes, airfield assets, Group occupied properties, plant and equipment and other assets are shown at historical cost or deemed cost following fair value revaluation upon the Group's transition to IFRS at 1 April 2014 or following reclassification from investment property. The Group reviews its asset base on a regular basis to determine whether events or circumstances have arisen that may indicate that the carrying amount of the asset may not be recoverable, at which point the asset would be assessed for impairment. This review includes consideration of the Group's assessment of the impact of climate change and commitments made under the Decade of Change.

Capitalised interest

Interest costs of £16.3 million (2022: £10.8 million) have been capitalised in the year at a capitalisation rate of 7.51% (2022: 5.67%) based on a weighted average cost of borrowings.

Security

As part of the financing agreements outlined in note 23, the Group have 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.

15. INVESTMENT PROPERTIES

Valuation	Investment properties £m
1 January 2022	1,073.1
Transfers to completed assets ^(a)	0.5
Revaluation gain	61.1
	1,134.7
31 December 2022	
Transfers to completed assets ^(a)	0.5
Reclassification between categories ^(b)	(6.1)
Disposals	(0.5)
Revaluation gain	72.7
31 December 2023	1,201.3
Net book value	
31 December 2023	1,201.3
31 December 2022	1,134.7
1 January 2022	1,073.1

(a) Transfer of assets in the course of construction to other asset classes (note 14), investment property and intangible assets (note 16).

(b) Reclassification between asset classes (note 14), investment property and intangible assets (note 16)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

Valuation

Investment properties and land held for development were valued at open market value at 31 December 2023 by Jones Lang LaSalle Limited and CBRE Limited at £1,201.3 million (2022: £1,134.7 million valued by Jones Lang LaSalle Limited). 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 £72.7 million is recognised in the income statement (2022: £61.1 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 (refer to note 19). 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. There have been no transfers in either direction between Level 2 and Level 1 in the period (2022: no transfers in either direction), and no transfers in either direction with Level 3 (2022: no transfers in either direction).

The fair valuation of the Group's investment property includes a number of unobservable assumptions. The sensitivities analysis below covers the Group's entire investment property portfolio including car parks. Therefore, the valuation has been determined based on reasonably possible changes to the respective assumptions. The methodology used in arriving at the incremental changes shown is consistent with that used for the valuation at the year end.

As at 31 December 2023, each 0.5% change in yield would have resulted in the following increase/(decrease) in the fair value of investment properties:

	31 December 2023 £m
0.5% increase in yield	(79.2)
0.5% decrease in yield	90.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

16. INTANGIBLE ASSETS

Cost	Intangible assets £m
1 January 2022	92.5
Transfers to completed assets ^(a)	1.4
Reclassification between categories ^(b)	2.2
Disposals	(4.4)
31 December 2022	91.7
Transfers to completed assets ^(a)	2.8
Reclassification between categories ^(b)	(3.0)
Disposals	(1.7)
31 December 2023	89.8
Accumulated Amortisation	
1 January 2022	(68.5)
Charge for the year	(10.9)
Reclassification between categories	(0.3)
Disposals	4.4
31 December 2022	(75.3)
Charge for the year	(6.2)
Disposals	1.7
31 December 2023	(79.8)
Net book value	
31 December 2023	10.0
31 December 2022	16.4
1 January 2022	24.0

(a) Transfer of assets in the course of construction to other asset classes (note 14), investment property (note 15) and intangible assets

(b) Reclassification between asset classes (note 14), investment property (note 15) and intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

17. TRADE AND OTHER RECEIVABLES

	31 December 2023 £m	31 December 2022 £m
Trade receivables	42.3	25.3
Less: loss allowance	(8.4)	(6.5)
Net trade receivables	33.9	18.8
Accrued interest receivable	13.0	14.3
Other receivables	0.6	0.2
Prepayments and accrued income ^(a)	34.3	30.2
Amounts owed by group undertakings – interest free	0.6	0.6
Amounts owed by group undertakings – interest bearing	47.6	31.4
	130.0	95.5

(a) Includes contract assets of £23.2 million (2022: £22.4 million)

The carrying value of trade and other receivables is classified at amortised cost.

Trade receivables are assessed monthly for any impairments. For trade receivables and other assets that are in scope of the IFRS 9 impairment model, an expected credit loss model has been applied, taking into account current conditions and reasonable forecasts.

Trade receivables are non-interest bearing and are generally on 14-day payment terms.

For further information about the Group's exposure to credit and market risks, and impairment losses for trade receivables, refer to note 19.

18. DERIVATIVE FINANCIAL LIABILITIES

	31 December 2023 Notional £m	31 December 2023 Fair value £m	31 December 2022 Notional £m	31 December 2022 Fair value £m
Variable rate to index-linked swaps	40.0	31.5	40.0	24.3
Fixed rate to index-linked swaps	356.0	293.2	356.0	262.4
Fixed rate to floating-linked swaps	289.0	61.2	289.0	80.4
	685.0	385.9	685.0	367.1

Variable rate to index-linked swaps

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

Fixed rate to index-linked swaps

Fixed rate to index-linked swaps have been entered into to economically hedge borrowings 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 85%.

The above swaps are designated as financial instruments which are fair valued through profit or loss. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

The Group has recognised a £18.8 million loss in financial derivatives through the income statement for the year ended 31 December 2022 (2022: £49.7 million loss).

The Group has recognised a total cumulative gain of £29.9 million at 31 December 2022 (2022: £50.4 million) to reflect the credit risk on the Group's external swap position.

19. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's principal financial instruments (other than derivatives) comprise bank borrowings, 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. The Board of Directors approves prudent treasury policies for managing each of the risks which are summarised below:

Market risk

Market risk is the risk that changes in market prices, such as interest rates and inflation indices (such as RPI) will affect the Group's income and expenditure or the value of its holdings of financial instruments.

The Group's interest rate risk arises primarily from its borrowings. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to maintain a mix of fixed to floating rate debt within Board approved parameters such that a minimum of 75% of existing and forecast debt is at a fixed rate. To manage this mix, the Group enters into interest rate swaps. These swaps may be designated to hedge underlying debt obligations. The Group also uses floating rate interest bearing financial assets as a natural hedge of the exposure to fair value interest rate risk. These instruments do not qualify for hedge accounting.

As at 31 December 2023, the Group's fixed: floating interest rate profile, after hedging, on gross debt was 91:9 (2022: 89:11).

As at 31 December 2023, each 0.5% change in interest rates would have resulted in the following gain/(loss) to pre-tax profit and equity, due to movement in the finance income, finance cost and mark-to-market valuation of derivatives. There would be no change to other comprehensive income.

	31 December 2023 £m	31 December 2022 £m
0.5% increase in interest rates	(3.3)	(5.0)
0.5% decrease in interest rates	3.3	5.0
0.5% increase in inflation indices	(39.1)	(47.5)
0.5% decrease in inflation indices	37.5	45.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet their contractual obligations. Credit risk arises from cash and cash equivalents, derivative financial instruments and accounts receivable. The Group has no significant concentrations of credit risk. The Group's exposure to credit related losses, in the event of non-performance by counterparties to financial instruments, is mitigated by limiting exposure to any one party or instrument and ensuring only counterparties within defined credit risk parameters are used.

Financial assets

For the financial assets that are in scope of the IFRS 9 impairment model, the Group applies a provision matrix using historical loss experience, adjusting for current conditions and reasonable forecasts. The assets assessed by the Group are the receivables, and the Group uses three years of historical data to establish an average default rate.

The Group's adjustment for current external conditions and reasonable forecasts extend to assessing individual financial assets for indicators of impairment, where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

- significant financial difficulty of the counterparty; or
- default or delinquency in payments; or
- it becoming probable that the counterparty will enter administration/bankruptcy or financial re-organisation.

The Group's definition of default is based on the ageing of debts and will also consider the financial status of the customer. The Group considers any debts over 180 days overdue, or any customer that falls into receivership, in default.

The Group has recognised a provision based on current external factors of £8.4 million as at 31 December 2023 (2022: £6.5 million).

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
At 1 January	6.5	6.6
Increase during the year	3.1	2.5
Reversal of amounts previously impaired	(1.2)	(2.6)
As at 31 December	8.4	6.5

Credit risk exposure

The table below summarises the Group's exposure to credit risk by customer group calculated as a portion of impairment of trade receivables over the annual revenue. Nil percentages are due to the reversal of amounts previously impaired.

	Year ended 31 December 2023 %	Year ended 31 December 2022 %
Retail	0.5	-
Property	0.5	4.8
Other	0.1	0.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

As the Group's exposure to credit risk is mainly influenced by the individual characteristics of each customer group, the Group analyses each customer for creditworthiness by using external ratings. The Group can also adjust payment terms to mitigate its exposure to credit risk.

The airport charges and payment terms for airlines are published in the Conditions of Use. As the charges are significantly based on the number of departing passengers, the outstanding debt can escalate quickly. Therefore financial security is requested from all new customers, invoices are raised on a five day cycle and where credit is granted, it is on 14 day payment terms or less. Airline credit exposure is monitored on a daily basis and payment terms and financial security requirements amended as appropriate.

Many of the retail concessionaires have a significant high street presence and are affected by the changes in their marketplace. The performance of their contracts at the Airport are constantly monitored and the broader impact of their overall business is considered. Additional financial security is requested where there is an indication of increased credit risk.

Passenger car parking charges are either paid in advance or paid prior to exit from the car park. Parking charges for contractors and service providers are billed on a monthly cycle and where credit is granted, it is on 14 day payment terms.

Certain customers and suppliers are critical to the operation of the Airport, such as ground handling agents and failure of such companies can have a significant impact on the operation of the Airport. The credit risk of these companies is constantly monitored and where an increase in credit risk is identified an appropriate action plan is agreed with that company in order to ensure a stable operation of the Airport and to minimise any financial loss.

The Group apply the same policies and procedures to amounts owed by group undertakings. As at 31 December 2023 no provision was required (31 December 2022: nil) for amounts owed by group undertakings.

Cash and Cash equivalents

The Group maintains a prudent split of cash and cash equivalents across a range of market counterparties in order to mitigate counterparty credit risk.

Debt securities

Board approved investment policies and relevant debt facility agreements provide counterparty investment limits, based on short- and long-term credit ratings. Investment activity is reviewed on a regular basis and no cash or cash equivalents are placed with counterparties with short-term credit ratings lower than A-3/F3. The Group monitors the credit rating of derivative counterparties regularly and ensures no positions are entered into with counterparties with a long-term credit rating below BBB+(S&P), BBB+(Fitch) or Baa1 (Moody's).

As at 31 December 2023, the Group had no credit risk exposure with derivative counterparties of its interest rate swaps and index-linked swaps due to a liability position on the mark to market (2022: nil).

The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Although there can be no certainty that financing markets will remain open for issuance at all times, debt maturities are spread over a range of dates, thereby ensuring that the Group is not exposed to excessive refinancing risk in any one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

Financial assets by category

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

	31 December 2023 £m	31 December 2022 £m
Lease receivables	16.8	16.8
Net trade receivables	33.9	18.8
Other receivables	0.6	0.2
Cash and cash equivalents	259.9	34.0
Amounts owed by group undertakings	348.3	332.1
Accrued interest receivable	13.0	14.3
Total financial assets	672.5	416.2

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. The Group regularly reviews and maintains or adjusts the capital structure as appropriate in order to achieve these objectives.

	31 December 2023	31 December 2023	31 December 2022	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
	£m	£m	£m	£m
Borrowings	2,600.2	-	2,657.3	-
Derivative financial liabilities	-	385.9	-	367.1
Lease liabilities	78.4	-	78.0	-
Trade payables and accruals	96.2	-	101.5	-
Other payables	36.9	-	27.6	-
Capital creditors	36.7	-	9.4	-
Accrued interest payable	85.4	-	85.5	-
Total financial liabilities	2,933.8	385.9	2,959.3	367.1

Changes in the fair value of derivative financial 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.

The Group has recognised a £18.8 million loss (2022: £49.7 million loss) in financial derivatives through the income statement for the year ended 31 December 2023.

At 31 December 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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 31 December 2023 to the contract maturity date. Other non-interest bearing financial liabilities have been excluded. All current liabilities have varying maturity dates within the next 12 months.

	Less than one year £m	One to two years £m	Two to five years £m	Greater than five years £m
31 December 2023				
Class A Bonds – Principal payments	150.0	-	300.0	2,187.4
Class A Bonds – Interest payments	114.8	107.0	284.1	981.6
Derivative financial instruments	22.2	128.3	116.7	234.2
	287.0	235.3	700.8	3,403.2
31 December 2022				
Class A Bonds – Principal payments	-	-	450.0	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
	131.5	133.9	966.2	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
- Amounts due to/from group undertakings

	31 December 2023 £m	31 December 2022 £m
Bonds		
Book value	2,600.2	2,598.0
Fair value	2,452.5	2,269.3

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

Assets and liabilities 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 31 December 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 and Investment Properties which are valued at Level 3, consistent with the prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

20. LEASES

As a lessee

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

	Note	31 December 2023 £m	31 December 2022 £m
Property, plant and equipment owned		1,909.3	1,879.9
Right-of-use assets		177.5	181.3
	14	2,086.8	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.

Right-of-use assets

Cost

	Group occupied properties £m	Plant and equipment £m	Total £m
1 January 2022	33.9	181.2	215.1
Additions in the Year	0.1	0.1	0.2
Disposals in the year	-	(0.3)	(0.3)
31 December 2022	34.0	181.0	215.0
Additions in the year	1.9	0.2	2.1
Disposals in the year	-	(0.1)	(0.1)
31 December 2023	35.9	181.1	217.0

Accumulated depreciation

1 January 2022	(4.4)	(23.6)	(28.0)
Charge in the Year	(2.4)	(3.6)	(6.0)
Disposals in the Year	-	0.3	0.3
31 December 2022	(6.8)	(26.9)	(33.7)
Charge in the Year	(2.3)	(3.6)	(5.9)
Disposals in the Year	-	0.1	0.1
31 December 2023	(9.1)	(30.4)	(39.5)

Net Book value

31 December 2023	26.8	150.7	177.5
31 December 2022	27.2	154.1	181.3
1 January 2022	29.5	157.6	187.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

Lease liabilities included in the statement of financial position

	31 December 2023 £m	31 December 2022 £m
Current	3.1	3.1
Non-current	75.3	74.9
Total lease liabilities	78.4	78.0

The following table sets out the maturity analysis of lease liabilities, showing the undiscounted lease payments payable after the reporting date. The significant difference between total lease liabilities and total undiscounted lease payments payable is primarily due to the discounting of lease payments on long term lease liabilities.

	31 December 2023 £m	31 December 2022 £m
Less than one year	12.2	16.1
Between one and five years	50.9	56.9
More than five years	714.4	702.0
Total undiscounted lease payments payable	777.5	775.0

Significant proportion of the undiscounted lease payments payable more than five year relate to one lease with 59 years (2022: 60 years) remaining on the lease.

Amounts recognised in Income statement

	31 December 2023 £m	31 December 2022 £m
Interest on lease liabilities	14.1	12.8
Depreciation expense on right-of-use assets	5.9	6.0
	20.0	18.8

(a) Short-term leases amount to £58,115 for the year ended 31 December 2023 (2022: £24,855)

As a Lessor

Leases where the Group transfers substantially all the risks and rewards of ownership are classified as a finance lease. Please see note 10 for the Group's finance lease income for the year.

Leases included in the statement of financial position

	31 December 2023 £m	31 December 2022 £m
Non-current assets	16.8	16.8
Total lease asset	16.8	16.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

The following table sets out the maturity analysis of the lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	31 December 2023 £m	31 December 2022 £m
Less than one year	0.9	0.8
Between one and five years	2.7	3.6
More than five years	74.2	74.2
Total undiscounted lease payments receivable	77.8	78.6

The difference between the total undiscounted lease payments receivable and the total lease assets included in the statement of financial position is due to unearned finance income.

The Group has classified leases that do not transfer substantially all the risks and rewards incidental to the ownership of the assets as operating leases.

Lease income from operating leases for the year is £31.0 million (2022: £30.8 million) of which £1.6 million (2022: £0.9 million) is variable consideration linked to the tenant's turnover. Note 4 provides details on income that is recognised in accordance with IFRS 16.

21. OTHER NON-CURRENT ASSETS

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

	31 December 2023 £m	31 December 2022 £m
Other non-current assets	300.1	300.1

During the year ended 31 December 2019 the Group advanced its immediate parent, Ivy Super Holdco Limited, £300.0 million.

22. DEFERRED TAX

The following are the deferred tax assets and (liabilities) recognized by the Group and associated movements during the Year:

	Losses £m	Fixed assets £m	Retirement benefit obligations £m	Short term timing differences £m	Total £m
1 January 2022	158.0	(433.7)	(14.4)	-	(290.1)
(Charge)/credit to income	(32.7)	(15.9)	(1.4)	2.7	(47.3)
Charge to equity	-	-	(5.0)	-	(5.0)
31 December 2022	125.3	(449.6)	(20.8)	2.7	(342.4)
(Charge)/credit to income	(31.2)	(18.6)	(2.9)	1.1	(51.6)
Credit to equity	-	-	7.0	-	7.0
31 December 2023	94.1	(468.2)	(16.7)	3.8	(387.0)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

23. BORROWINGS

	31 December 2023 £m	31 December 2022 £m
Fixed rate borrowings	2,600.2	2,598.0
Authorised Credit Facility–Revolving Facility ^(a)	-	59.3
	2,600.2	2,657.3
Maturity Profile:		
Repayable in less than 1 year	149.8	-
Repayable between 1 and 2 years	-	149.6
Repayable between 2 and 5 years	298.5	357.3
Repayable in more than 5 years	2,151.9	2,150.4
	2,600.2	2,657.3

(a) This amount includes capitalised upfront costs in relation to the bank facilities entered into on 21 June 2018. These costs are being amortised over the term of the facility. The Authorised Credit Facility was repaid during the year.

At the balance sheet date, the Group recognised unamortised capitalised coupon discount and debt issuance costs of £37.2 million (2022: £40.1 million).

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

Ivy Holdco Group Facilities

The Group is 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.

The ACF Agreement entered into on 21 June 2018 has a Revolving Credit Facility of £300.0 million with a termination date of 21 June 2025. There are no drawings outstanding on the Revolving Credit Facility at 31 December 2023 (2022: £60.0 million). 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, providing additional assurance to bondholders and banks.

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. The Group recognised an exceptional gain on derecognition of financial liabilities of £111.2 million.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

Between 2011 and 2019, the Company's subsidiary, 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. Following repayments, the remainder is detailed below:

	Scheduled maturity	Legal maturity	Issue date	As at 31 December 2023 £m	As at 31 December 2022 £m	Borrower
Class A 5.25 per cent	2024	2026	20 Jan 2012	150.0	150.0	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	180.1	Gatwick Airport Ltd
Class A 3.25 per cent	2048	2050	26 Feb 2018	203.3	203.3	Ivy Holdco Ltd
Class A 2.875 per cent	2049	2051	5 Jul 2019	204.0	204.0	Gatwick Airport Ltd
				2,637.4	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.

The Class A 5.25 per cent. bond of £150.0 million was repaid on 23 January 2024.

At 31 December 2023, the average interest rate payable on borrowings was 6.65% p.a. (2022: 5.57% p.a.).

At 31 December 2023, the Group had £300.0 million (2022: £240.0 million) of undrawn committed borrowing facilities available in respect of which all conditions precedent had been met at that date.

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 as at 31 December 2023 under the CTA, and lists the trigger and default levels:

Covenant	31 December 2023	Trigger	Default
Minimum interest cover ratio ("Senior ICR")	3.48	< 1.50	< 1.10
Maximum net indebtedness to the total regulatory asset base ("Senior RAR")	0.45	> 0.70	> 0.85

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

24. RETIREMENT BENEFIT ASSET

Defined contribution plan

The Group operates a defined contribution scheme for all qualifying employees.

The total cost charged to the Income Statement of £6.5 million (2022: £4.5 million) represents contributions payable to this scheme by the Group at rates specified in the rules of the plans. As at 31 December 2023, £1.3 million of contributions (2022: £0.4 million) due in respect of the current reporting year remain unpaid to the scheme.

Defined benefit pension plan

For some employees, the Group operates a funded pension plan providing benefits for its employees based on their pensionable service and final pensionable pay. The assets of the Plan are held in a separate trustee administered fund.

Cash contributions to the plan are reviewed at funding valuations carried out every three years. If there is a shortfall against this target, then the Group and trustees will agree on deficit contributions to meet this.

At the previous actuarial valuation at 30 September 2022 there was a surplus in the plan of £31.5 million. As a result, the Company's deficit contributions of £1.3 million per month ceased with effect from July 2023.

There is a risk to the Company that adverse experience could lead to a requirement for the Company to make additional contributions to recover any future deficit that arises in the plan.

The plan's current investment strategy targets holding 40% of the assets in return seeking investments and 60% in a liability hedging portfolio, which aims to hedge interest rate and inflation risk relative to 80% of the total asset value. This is designed to mitigate these risks relative to the plan's cash funding position, which is calculated by reference to gilt yields, and therefore may not provide the same hedging to the accounting position which is heavily based on corporate bond yields.

The majority of the plan's assets are held within instruments with quoted market prices in an active market. Whilst the majority of the plan's holdings are regarded as being readily marketable, the plan has an allocation to private credit where the assets are subject to a maximum 9 year lockup period from September 2017. The plan does not invest directly in property occupied by the Company or in financial securities issued by the Company. The investment strategy is set by the Trustee of the plan in consultation with the Company.

Results from the actuarial valuation as at 30 September 2022 were projected to 31 December 2023 by an independent qualified actuary in accordance with IAS 19 for the purpose of these pension disclosures.

The following table sets out the key IAS 19 assumptions used for the plan:

	31 December 2023 %	31 December 2022 %
Rate of increase in salaries	1.5	1.5
Rate of increase in pensions in payment (RPI)	2.9	3.0
Rate of increase in pensions in payment (5% LPI)	2.9	3.0
Discount rate	4.6	4.8
Retail Prices Index inflation	3.0	3.2
Consumer Prices Index inflation	2.3	2.4

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For the year ended 31 December 2023

The majority of the Plan's assets are held within instruments with quoted market prices in an active market. Whilst the majority of the Plan's holdings are regarded as being readily marketable, the Plan has an allocation to private credit where the assets are subject to a maximum 9 year lockup period from September 2017. The plan does not invest directly in property occupied by the Company or in financial securities issued by the Company. The investment strategy is set by the Trustee of the Plan in consultation with the Company.

In the plan, pensions in payment are generally increased in line with inflation and benefit payments have an average duration of 16 years (2022: 17 years).

The mortality assumptions used were as follows:

	31 December 2023 Years	31 December 2022 Years
Life expectancy of male aged 60 at the Statement of Financial Position date	25.7	26.1
Life expectancy of male aged 60 in 20 years' time	27.1	27.4
Life expectancy of female aged 60 at the Statement of Financial Position date	28.0	28.3
Life expectancy of female aged 60 in 20 years' time	29.3	29.6

The sensitivities regarding the principal assumptions used to measure the plan liabilities are set out below:

Assumptions	Change in assumption	Impact on plan liabilities at 31 December 2023 £m
Discount rate	-0.5%	30.5
Inflation	+0.5%	23.6
Life expectancy	+ 1 year	10.4

The sensitivity analyses above have been calculated to show the movement in the defined benefit obligation at the end of the reporting year in isolation and may not be representative of the actual change. Each change is based on a change in the key assumption shown while holding all other assumptions constant and assuming no change in the corresponding asset value for the Plan. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the previous year.

The amount included in the Statement of Financial Position arising from the Group's obligations in respect of its defined benefit plan is as follows:

	31 December 2023 £m	31 December 2022 £m
Present value of plan liabilities	(361.8)	(331.5)
Fair value of plan assets	430.0	415.9
Surplus	68.2	84.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

Reconciliation of present value of plan liabilities

	31 December 2023 £m	31 December 2022 £m
Opening present value of plan liabilities	(331.5)	(562.9)
Current service cost	(0.1)	(0.2)
Interest cost	(15.6)	(10.9)
Contributions from plan members ^(a)	(0.1)	(0.1)
Benefits paid	10.9	21.5
Actuarial (loss)/gain	(25.4)	221.1
Closing present value of plan liabilities	(361.8)	(331.5)

(a) Contributions from plan members include contributions paid by the Group on behalf of plan members via salary sacrifice.

Reconciliation of fair value of plan assets:

	31 December 2023 £m	31 December 2022 £m
Opening fair value of plan assets	415.9	622.6
Interest on plan assets	20.0	12.1
Actuarial loss	(2.5)	(201.3)
Benefits paid	(10.9)	(21.5)
Contributions paid by employer	7.7	3.9
Contributions paid by members	0.1	0.1
Running costs	(0.3)	-
Closing fair value of plan assets	430.0	415.9

The Group has the ability to recognise the surplus in the pension plan in full, based on legal advice and review of the scheme rules the Group has an unconditional right to a refund of surplus upon the conclusion of the winding up of the pension plan.

The current allocation of the plan's assets is as follows:

	31 December 2023	31 December 2022
Equity funds	-	24%
Private equity funds	6%	6%
Asset backed securities	18%	17%
Diversified growth funds	9%	10%
Liability driven investment funds	25%	33%
Money market cash	40%	10%
Cash held at bank	2%	-
	100%	100%

Plan assets do not include any of the Group's own financial instruments, or any property occupied by Group.

Re-measurements under IAS 19 are determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on index-linked investments are based on relevant indices as at the financial position date. Expected returns on equity investments and diversified growth funds reflect long-term real rates of return expected in the respective markets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

The amounts recognised in the income statement are as follows:

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Employer's part of current service cost	(0.1)	(0.2)
Running costs	(0.3)	-
Net interest	4.4	1.2
	4.0	1.0

Remeasurements of defined benefit asset

The amount recognised in other comprehensive income are as follows:

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Changes in financial assumptions	(7.3)	255.6
Changes in demographic assumptions	4.0	2.3
Experience adjustments on benefit obligations	(22.1)	(37.3)
Return on plan assets less interest	(2.5)	(201.3)
(Loss)/gain recognised in other comprehensive income	(27.9)	19.3

The Group operates the schemes under the UK regulatory framework. Benefits are paid to members from trustee-administered funds, and the trustees of each scheme are responsible for ensuring that each representative scheme is sufficiently funded to meet current and future benefit payments. Scheme assets are held in trusts separate to the Group. If investment experience is worse than expected the Group's obligations increase.

25. TRADE AND OTHER PAYABLES

	31 December 2023 £m	31 December 2022 £m
Trade payables	23.3	18.2
Accruals	72.9	83.3
Capital payables ^(a)	36.7	9.4
Accrued interest payable	85.4	85.5
Accrued financing charges	0.1	-
Other payables	36.9	27.6
Corporation tax payable	-	-
	255.3	224.0

(a) Trade and other payables relating to capital expenditure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

26. SHARE CAPITAL

	31 December 2023 £m	31 December 2022 £m
Called up, allotted and fully paid		
599,418,486 (2022: 599,418,486) ordinary shares of £1.00 each	599.4	599.4

27. RECONCILIATION IN NET DEBT

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

	As at 1 January 2023 £m	Cash flow £m	Other non-cash changes £m	As at 31 December 2023 £m
Borrowings	(2,657.3)	60.7	(3.6)	(2,600.2)
Derivative financial liabilities	(367.1)	-	(18.8)	(385.9)
Lease liabilities	(78.0)	1.6	(2.0)	(78.4)
Total financing liabilities	(3,102.4)	62.3	(24.4)	(3,064.5)
Cash and cash equivalents	34.0	225.9	-	259.9
Net debt	(3,068.4)	288.2	(24.4)	(2,804.6)

	As at 1 January 2022 £m	Cash flow £m	Other non-cash changes £m	As at 31 December 2022 £m
Borrowings	(2,657.3)	60.7	(3.6)	(2,600.2)
Derivative financial liabilities	(367.1)	-	(18.8)	(385.9)
Lease liabilities	(78.0)	1.6	(2.0)	(78.4)
Total financing liabilities	(3,102.4)	62.3	(24.4)	(3,064.5)
Cash and cash equivalents	34.0	225.9	-	259.9
Net debt	(3,068.4)	288.2		(2,804.6)

The other non-cash changes in borrowings primarily relate to the exceptional gain on derecognition of financial liabilities (note 24) offset by amortisation of debt costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

29. RELATED PARTY TRANSACTIONS

During the Year the Group entered into transactions with related parties as follows:

	Income/(Expense) to related party		Amounts owed from/(due to) related party	
	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m	As at 31 December 2023 £m	As at 31 December 2022 £m
Gatwick Airport Finance plc ^(a)	0.1	-	1.0	1.0
Ivy Super Holdco Limited ^(a)	16.1	16.1	347.2	331.1
VINCI Airports SAS ^(b)	(7.2)	(5.7)	(6.5)	(7.4)
Global Infrastructure Partners ^(b)	(4.5)	(4.8)	(6.8)	(5.8)

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

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

Ivy Super Holdco Limited is the Group's immediate parent entity in the UK. Gatwick Airport Finance plc is the parent entity of Ivy Super Holdco Limited.

Key management personnel compensation

	31 December 2023 £m	31 December 2022 £m
Aggregate emoluments	12.4	17.5

The executive management board consisting of 15 members (2022: 15) are considered key management personnel, the aggregate emoluments cover short- and long-term compensation. As the business began its recovery in 2022, the shareholders established a new LTIP for certain executive board members, this incentive plan will measure the evolution of a broad range of metrics from 2020 to 2024.

No key management personnel exercised share options during the year (2022: nil). No key management personnel are members of the Gatwick Airport Limited defined benefit pension plan (2022: nil). Ten key management personnel are members of the Gatwick Airport Limited defined contribution pension plan (2022: 11), accruing benefits of £0.2m (2022: £0.1m). No compensation was received by former key management personnel for loss of office during the year (2022: nil). No key management personnel had awards receivable in the form of shares under the Company's LTIP (2022: nil). 15 key management personnel accrued benefits under the Group's other LTIP schemes (non-share based) of £4.0m (2022: £9.9m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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30. COMMITMENTS

Capital commitments

Contracted commitments for capital expenditure amount to £68.2 million (2022: £30.5 million).

Other commitments

During the year ended 31 March 2014, the Group reviewed its current policy around noise alleviation. In April 2014 Gatwick launched a new revised domestic noise insulation scheme for local communities affected by noise around the Airport. The scheme is one of the most innovative in Europe and covers an additional 1,000 homes and increases the area eligible by 17km². Estimated payments under this scheme will total £3.0 million.

In addition, there are live blight schemes to support the market for housing in areas identified for a potential future full length additional runway at Gatwick. Obligation under these schemes will only crystallise once the Group announces its intention to pursue a planning application for a new additional runway. At this time, no decisions have been made.

31. CLAIMS AND CONTINGENT LIABILITIES

As part of the refinancing agreements outlined in note 23, the Group have 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 disclosures in note 12, the Group has no contingent liabilities, comprising letters of credit, performance/surety bonds, performance guarantees and no other material items arising in the normal course of business at 31 December 2023 (2022: nil).

32. ULTIMATE PARENT UNDERTAKING AND CONTROLLING ENTITY

At 31 December 2023 the Group's ultimate parent and controlling party is VINCI SA, a company incorporated in France.

The Group's results are included in the audited consolidated financial statements of VINCI SA for the year ended 31 December 2023, the largest group to consolidate these financial statements. The consolidated financial statements of VINCI SA can be obtained from the Company Secretary, VINCI, 1973 boulevard de La Défense, 92757 Nanterre Cedex, France

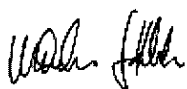
COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	31 December 2023 £m	31 December 2022 £m
Assets			
Non-current assets			
Investment in subsidiaries	6	949.9	949.9
Deferred tax asset		-	5.0
		949.9	954.9
Current assets			
Cash and cash equivalents		0.7	0.7
Total assets		950.6	955.6
Liabilities			
Non-current liabilities			
Borrowings	7	(199.1)	(198.9)
Current liabilities			
Trade and other payables	8	(151.2)	(144.7)
Total liabilities		(350.3)	(343.6)
Net assets		600.3	612.0
Equity			
Share capital	9	599.4	599.4
Retained earnings		0.9	12.6
Total equity		600.3	612.0

The loss for the year ended 31 December 2023 was £11.7 million (2022: £11.7 million loss).

These parent company financial statements on pages 143 to 150 were approved by the Board of Directors on 13 March 2024 and signed on its behalf by:



Marten Soderbom
Director



Rémi Maumon de Longevialle
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Note	Share capital £m	Retained earnings £m	Total £m
Balance at 1 January 2022		599.4	24.3	623.7
Total comprehensive expense	4	-	(11.7)	(11.7)
Balance at 31 December 2022		599.4	12.6	612.0
Total comprehensive expense	4	-	(11.7)	(11.7)
Balance at 31 December 2023		599.4	0.9	600.3

The notes on pages 145 to 150 form an integral part of these parent company financial statements.

COMPANY CASH FLOW STATEMENT

For the year ended 31 December 2023

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Cash flows from operating activities		
Loss before tax	(6.7)	(11.7)
<i>Adjustments for:</i>		
Finance expense	6.7	11.7
Net cash from operating activities	-	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	0.7	0.7
Cash and cash equivalents at the end of the year	0.7	0.7

The notes on pages 145 to 150 form an integral part of these parent company financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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. The registered number is 07497036 and the registered address is 8th Floor, 20 Farringdon Street, London, EC4A 4AB.

These financial statements are the financial statements of Ivy Holdco Limited ("the Company") for the year ended 31 December 2023. The comparative period is the year ended 31 December 2022. They have been prepared applying the recognition and measurement requirements of UK-adopted international accounting standards and in conformity with the requirements of the Companies Act 2006 and prepared under the historical cost convention, except for investment properties and derivative financial instruments. These exceptions to the historic cost convention have been measured at fair value in accordance with IFRS in conformity with the requirements of the Companies Act 2006.

Going concern

The Directors have prepared the financial statements on a going concern basis. 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 24 of the notes to the consolidated financial statements. The going concern assessment of the Group is disclosed within note 1 of the notes to the consolidated financial statements.

As at 31 December 2023 the Company had net current liabilities of £150.5 million (2022: £144.0 million net current liabilities) and net assets of £600.3 million (2022: £612.0 million). Taking into account the Company's current assessment of ongoing economic and political situations, and the considerations disclosed in the notes to the consolidated financial statements, the Directors consider the Company can maintain sufficient liquidity over the next 12 months, and they continue to adopt a going concern basis for the preparation of the Financial Statements.

The financial statements were approved by the Directors on 13 March 2024.

The principal accounting policies, which have been applied consistently throughout the period, are set out below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Investments in subsidiaries

Investments are held as fixed assets and are stated at cost and reviewed for impairment if there are indications that the carrying value may not be recoverable.

(b) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment.

(c) Current and deferred taxation

The tax expense for the Year comprises current and deferred income tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised directly in equity.

Current tax assets or liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Deferred tax is provided on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred taxation is determined using the tax rates and laws that have been enacted, or substantively enacted, by the financial position date and are expected to apply in the Years in which the temporary differences are expected to reverse.

(d) Financial instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Payables excluding borrowings are non-interest bearing and are stated at their fair value and subsequently measured at amortised cost using the effective interest method.

(e) Share Capital

Ordinary shares are classified as equity and are recorded at the par value of proceeds received, net of direct issue costs. Where shares are issued above par value, the proceeds in excess of par value are recorded in the share premium account.

(f) Cash and cash equivalents

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

3. ACCOUNTING JUDGEMENTS AND ESTIMATES

In applying the Company's accounting policies management have made estimates and judgements. Actual results may, however, differ from the estimates calculated and management believe that the following presents the greatest level of uncertainty.

Investments in subsidiaries – Estimate

Management assesses at each reporting date, whether there is an indication that the investment in subsidiaries (see note 6) may be impaired. If any such indication exists, or when annual impairment testing for an investment is required, the Company makes an estimate of the investment's recoverable amount. Recoverable amount is the higher of an investment's net realisable value and its value in use. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the investment. Impairment losses of continuing operations are recognised in the Income Statement in those expense categories consistent with the function of the impaired asset.

4. COMPANY RESULT FOR THE YEAR

The loss for the year ended 31 December 2023 was £11.7 million (2022: £11.7 million loss).

As permitted by Section 408 of the Companies Act 2006, no separate Income Statement is presented in respect of the Company.

Audit fees of £10,000 (2022: £5,000) are borne by Gatwick Airport Limited.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Employee information

The Company had no employees during the year. All staff costs are borne by Gatwick Airport Limited, the Company's subsidiary.

No Directors received remuneration for services to the company.

5. DIVIDENDS

No dividends were declared during the year (2022: £nil). The Directors did not recommend the payment of a final dividend (2022: £nil).

The Company did not receive dividends from its wholly owned subsidiary, Gatwick Airport Limited, during the year (2022: £nil).

6. INVESTMENT IN SUBSIDIARIES

	31 December 2023 £m	31 December 2022 £m
Investment in subsidiaries	949.9	949.9

The Company has investments in the following subsidiary undertakings:

Subsidiary Undertakings	Principal activity	Holding	%
Gatwick Airport Limited	Airport owner and operator	Ordinary Shares	100%
Gatwick Funding Limited ^(a)	Financing company	Ordinary Shares	100%
Ivy Bidco Limited ^(a)	Property company	Ordinary Shares	100%
Gatwick Airport Pension Trustees Limited ^(a)	Dormant company	Ordinary Shares	100%

(a) Held by a subsidiary undertaking

All subsidiaries (except for Gatwick Funding Limited ("GFL")) are incorporated and operate in England, United Kingdom. Gatwick Airport Limited and Gatwick Airport Pension Trustees Limited have registered office 5th Floor Destinations Place, Gatwick Airport, West Sussex, RH6 0NP. Ivy Bidco Limited has registered office 8th Floor, 20 Farringdon Street, London, United Kingdom, EC4A 4AB. GFL is incorporated in Jersey and has registered office 44 Esplanade, St Helier, Jersey, JE4 9WG.

7. BORROWINGS

	31 December 2023 £m	31 December 2022 £m
Fixed rate borrowings	199.1	198.9
Maturity Profile:		
Repayable in more than 5 years	199.1	198.9
	199.1	198.9

All the above borrowings are secured and carried at amortised cost.

At the balance sheet date, the Company recognised unamortised capitalised coupon discount and debt issuance costs of £4.2 million (2022: £4.4 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Ivy Holdco Group Facilities

Gatwick Airport Limited and the Company 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.

Between 2011 and 2019, the Company's subsidiary, 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. Following repayments, the remainder is detailed below:

	Scheduled maturity	Legal maturity	Issue date	As at 31 December 2023 £m	As at 31 December 2023 £m	Borrower
Class A 5.25 per cent	2024	2026	20 Jan 2012	150.0	150.0	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	180.1	Gatwick Airport Ltd
Class A 3.25 per cent	2048	2050	26 Feb 2018	203.3	203.3	Ivy Holdco Ltd
Class A 2.875 per cent	2049	2051	5 Jul 2019	204.0	204.0	Gatwick Airport Ltd
				2,637.4	2,637.4	

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

The Class A 5.25 per cent. bond was repaid on 23 January 2024 funded by liquidity generated by the Group.

At 31 December 2023, the average interest rate payable on borrowings was 6.65% (2022: 6.57% p.a.).

At 31 December 2023, the Group had £300.0 million (2022: £240.0 million) undrawn committed borrowing facilities available in respect of which all conditions precedent had been met at that date.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

The following table summarises the Group's financial covenants as at 31 December 2023 under the CTA, and lists the trigger and default levels:

Covenant	31 December 2023	Trigger	Default
Minimum interest cover ratio ("Senior ICR")	3.48	< 1.50	< 1.10
Maximum net indebtedness to the total regulatory asset base ("Senior RAR")	0.45	> 0.70	> 0.85

8. TRADE AND OTHER PAYABLES

	31 December 2023 £m	31 December 2022 £m
Accruals	(0.1)	-
Amounts owed to group undertakings – interest free	145.7	139.1
Accrued interest payable to other group undertakings	5.6	5.6
	151.2	144.7

9. SHARE CAPITAL

	31 December 2023 £m	31 December 2022 £m
Called up, allotted and fully paid		
599,418,486 (2021: 599,418,486) ordinary shares of £1.00 each	599.4	599.4

10. RELATED PARTY TRANSACTIONS

During the year the Company entered into the following transactions with related parties as follows:

	Interest payable with related party		Amounts owed to related party	
	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m	As at 31 December 2023 £m	As at 31 December 2022 £m
Gatwick Airport Limited	-	-	(145.7)	(139.1)
Gatwick Funding Limited	(6.7)	(9.7)	(204.7)	(204.5)
	(6.7)	(9.7)	(350.4)	(343.6)

Gatwick Airport Limited is a subsidiary of the Company (refer to note 6). Gatwick Funding Limited and Ivy Bidco Limited are both subsidiary companies of Gatwick Airport Limited.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

11. CLAIMS AND CONTINGENT LIABILITIES

As part of the Group's financing agreements, the Company 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, the Company 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 31 December 2023.

12. RECONCILIATION IN NET DEBT

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

	As at 1 January 2023 £m	Cash flow £m	Other non- cash changes £m	As at 31 December 2023 £m
Cash and cash equivalents	0.7	-	-	0.7
Borrowings	(198.9)	-	(0.2)	(199.1)
	(198.2)	-	(0.2)	(198.4)

	As at 1 January 2022 £m	Cash flow £m	Other non- cash changes £m	As at 31 December 2022 £m
Cash and cash equivalents	0.7	-	-	0.7
Borrowings	(293.6)	-	94.7	(198.9)
	(292.9)	-	94.7	(198.2)

The other non-cash changes in the prior year primarily relate to the exceptional gain on derecognition of financial liabilities offset by amortisation of debt costs.

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING ENTITY

At 31 December 2023, VINCI SA, a company incorporated in France, is the ultimate parent and ultimate controlling party of Ivy Holdco Limited, a United Kingdom ("UK") incorporated and domiciled company.

The Company's results are included in the audited consolidated financial statements of VINCI SA for the year ended 31 December 2023, the largest group to consolidate these financial statements. The company financial statements of VINCI SA can be obtained from the Company Secretary, VINCI, 1973 boulevard de La Défense, 92757 Nanterre Cedex, France.

ALTERNATIVE PERFORMANCE MEASURES

The Group presents its results in accordance with IFRS and also uses other financial measures not defined by IFRS as Alternative Performance Measures ("APMs"). The APMs are measures of the Group's performance and are useful for management, investors, and other stakeholders. The APMs are non-IFRS measures and are not uniformly or legally defined financial measures. These are not substitutes for IFRS measures in assessing our overall financial performance. An explanation of each APM is provided below.

EBITDA

The Group defines EBITDA as profit for the year before depreciation, amortisation, profit/(loss) on disposal of fixed assets, investment property revaluations, exceptional items, net finance costs, and tax.

EBITDA is included in this Annual Report because it is a measure of the Group's operating performance and the Group believes that EBITDA is useful to investors as it is frequently used by securities analysts, investors and other stakeholders. EBITDA is useful to management and investors as a measure of comparative operating performance from year to year as it is reflective of changes in pricing decisions, cost controls and other factors that affect operating performance, and it removes the effect of the Group's asset base (primarily depreciation and amortisation), capital structure (primarily finance costs), and items outside the control of management (primarily taxes).

EBITDA is used as a financial metric when assessing the credit worthiness of the Group by credit rating analysts and utilised to calculate the Group's debt leverage position and interest coverage under the financial covenants as defined within the Common Terms Agreement.

The Group has separately presented certain items on the income statement as exceptional as it believes it assists investors to understand underlying performance and aids comparability of the Group's result between periods. The exceptional items are material items of expense that are considered to merit separate presentation because of their size or incidence. They are not expected to be incurred on a recurring basis.

	2023 £m	2022 £m
Operating profit	463.6	251.6
Depreciation and amortisation	154.1	164.2
Exceptional costs	-	30.5
EBITDA	617.7	446.3

ALTERNATIVE PERFORMANCE MEASURES

Net retail income per passenger

The Group defines net retail income per passenger as total retail revenue less retail expenditure divided by the number of passengers in the year.

Net retail income is included in this Annual Report because it is a measure of the operating performance of the Group relating to retail income used by management and investors. Considering net income on a per passenger basis provides a comparison between periods and eliminates the impact of passenger growth.

	2023 £m	2022 £m
Duty and tax-free	70.3	52.7
Specialist shops	42.3	33.8
Catering	58.9	41.5
Other retail	36.2	30.6
Retail revenue	207.7	158.6
Less: retail expenditure	(3.4)	(2.1)
Net retail income	204.3	156.5
Passengers (millions)	40.9	32.8
Net retail income per passenger	£4.99	£4.77

Net car parking income per passenger

The Group defines net car parking income per passenger as total car parking revenue less car parking expenditure divided by the number of passengers in the year.

Net car parking income is included in this Annual Report because it is a measure of the operating performance of the Group relating to car parking income used by management and investors. Considering net income on a per passenger basis provides a comparison between periods and eliminates the impact of passenger growth.

	2023 £m	2022 £m
Car parking revenue	132.8	101.7
Less: car parking expenditure	(25.3)	(17.6)
Net car parking income	107.5	84.1
Passengers (millions)	40.9	32.8
Net car parking income per passenger	£2.63	£2.57

ALTERNATIVE PERFORMANCE MEASURES

Senior ICR, Senior RAR and Senior Debt net of cash

Senior interest cover ratio ("Senior ICR"), and Senior Regulatory Asset Ratio ("Senior RAR") and Senior Debt net of cash ("Senior net debt") are defined in the CTA and calculated as shown in the tables below. These APMs are included in the Annual Report as they are used to assess covenant compliance for the Group.

The Senior ICR and Senior RAR are calculated based on the consolidated results of Ivy Holdco Limited and therefore the inputs are different to those disclosed in this Annual Report and align with the published Compliance Certificates under the CTA.

Senior ICR

	2023 £m	2022 £m
Cash generated from operations	602.4	520.5
Add back: one off, non-recurring extraordinary or exceptional items	-	1.6
Less: UK corporation tax paid	(38.7)	14.7
Less: 2% of Total RAB	(106.7)	(86.1)
Cash Flow (A)	457.0	450.7
Net Interest and equivalent charges paid on Senior Debt ⁽¹⁾	131.5	108.7
Total Interest (B)	131.5	108.7
Senior ICR (A/B)	3.48	4.15

(1) 'Interest and equivalent charges paid on Senior Debt' comprises all interest paid, including interest paid which is capitalised into the cost of tangible fixed assets.

ALTERNATIVE PERFORMANCE MEASURES

Senior RAR

	2023	2022
	£m	£m
Class A 6.125 per cent. Bonds	300.0	300.0
Class A 6.5 per cent. Bonds	300.0	300.0
Class A 5.25 per cent. Bonds	150.0	150.0
Class A 5.75 per cent. Bonds	300.0	300.0
Class A 4.625 per cent. Bonds	350.0	350.0
Class A 2.625 per cent. Bonds	180.1	180.1
Class A 3.125 per cent. Bonds	350.0	350.0
Class A 3.25 per cent. Bonds	203.3	203.3
Class A 2.875 per cent. Bonds	204.0	204.0
Class A 2.5 per cent. Bonds	300.0	300.0
Other Senior Debt	-	60.0
Accretion on inflation-linked Treasury Transactions	150.2	81.0
Senior Debt	2,787.6	2,778.4
Less: Cash	(259.9)	(34.0)
Senior Debt net of cash (X)	2,527.7	2,744.4
RAB (Y)	5,664.5	5,003.3
Senior RAR (X/Y)	0.45	0.55