Full Year Results Presentation

Sale process progressing alongside further operational optimisation

21 June 2023

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Agenda

1. Highlights
2. Full Year results
3. Renewables
4. Aviation
5. Conclusions

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Strategic review conclusions

Why undertake a strategic review?

- Pandemic and challenging economic backdrop impacted revenue generation and access to growth capital.
- High debt levels following the pandemic including financing £134.2m of historical liabilities relating to aircraft leases.
- These liabilities impacted funding for operating businesses that have different strategic and financial needs

What were the outcomes of the review?

- Board concluded that interests of stakeholders best served by seeking new owners for operating businesses through managed sale process.
- Operating businesses will benefit from long-term strategic owners with access to capital to support growth ambitions, while offering stability and certainty to staff, customers and suppliers.
- Sale proceeds, alongside sale of non-core assets, will be used to repay debt, provide working capital and ultimately return value to shareholders.

Current progress

Process to sell Esken Renewables at advanced stage working with a preferred bidder

Esken has started the process for the sale of London Southend Airport

Star Handling operations at MAN and STN sold for up to £4.8m

Progressing plans to dispose of remaining portfolio of non-core assets

Business highlights

Delivering operational progress

- Esken Renewables took steps to optimise its margins and secured additional sub-supply agreements.
- easyJet entered a multiyear agreement for the return of flying to LSA with three Summer routes – Malaga, Palma and Faro
- easyJet recently announced new all-year-round routes to Paris and Amsterdam.

Maintaining strict financial discipline

- In November 2022, Esken secured a new lending facility comprising £50m of committed funding.
- As at 28 February 2023, Esken had cash headroom of £50.3m.
- Esken is reducing the cost base of the Group in line with the sale of assets and the requirements of the remaining businesses.

Residual matters

- At the year end, four Propius aircraft had been returned with four aircraft remaining with c£25m of associated liabilities through to Q3 FY2024. Post year end, two further aircraft have been returned with costs in line with year-end provisions.
- Legacy tax issues resolved bar one, releasing a further £2.3m of tax provisions, remaining provision totals £1.0m.
- Legacy legal matters now largely resolved.

FULL YEAR RESULTS

Financial performance

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Financial summary

Revenue

£120.0m

Revenue improved by 14.7% following an increase in the total volume of biomass supplied by Esken Renewables.

Adjusted EBITDA[1]

£5.6m

Adjusted EBITDA[1] decreased from £10.6m mainly as a result of one-off income received last year.

Loss before tax

£27.7m

The loss before tax improved by 22.4% largely due to favourable one-off impairment movements year on year.

Net debt excluding IFRS 16[2]

£197.6m

Includes £133.0m of convertible debt. Net debt including IFRS 16 is £290.1m.

Headroom

£50.3m

Esken had £50.3m of cash as at 28 February 2023 (including £5.3m of ring fenced LSA cash and £1.0m of restricted cash).

[1]Adjusted EBITDA represents profit/(loss) before interest, tax, depreciation and impairments.
[2]Refers to the impact of right of use assets, net investment in lease and additional lease liabilities recognised as a result of IFRS 16.

Divisional performance

Revenue (£m)	2023	2022	Movement
Renewables	93.7	79.7	17.7%
Aviation	25.5	23.4	8.7%
Two core operating divisions	**119.2**	**103.1**	**15.6%**
Investments and Non-Strategic Infrastructure	0.6	0.7	(7.1%)
Group central and eliminations	0.2	0.8	(79.6%)
Total	**120.0**	**104.6**	**14.7%**

Adjusted EBITDA[1] (£m)	2023	2022	Movement
Renewables	18.4	20.3	(9.5%)
Aviation	(3.8)	(0.8)	(390.9%)
Two core operating divisions	**14.6**	**19.5**	**(25.3%)**
Investments and Non-Strategic Infrastructure	(1.7)	3.3	(153.3%)
Group central and eliminations	(7.3)	(12.2)	41.0%
Total	**5.6**	**10.6**	**(46.9%)**

[1]Adjusted EBITDA represents profit/(loss) before interest, tax, depreciation and impairments.

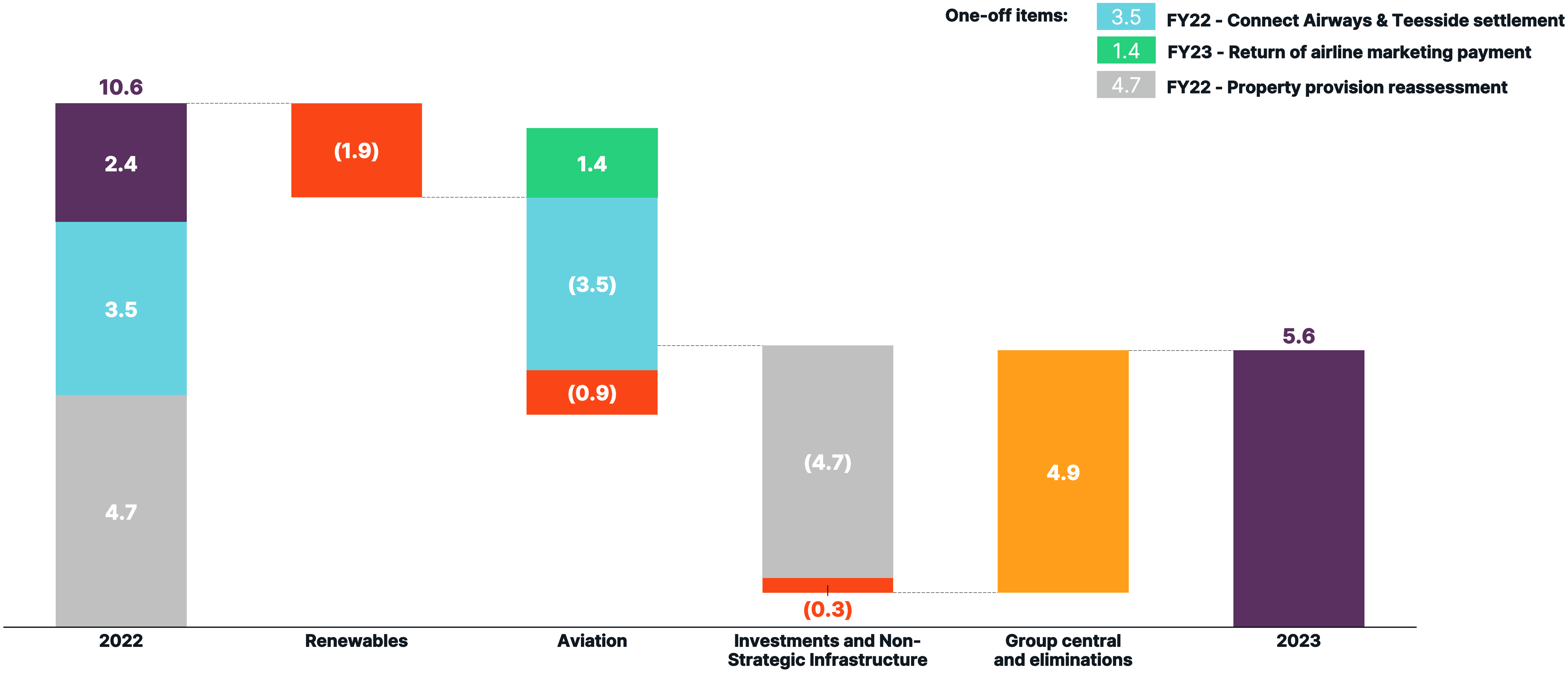
Revenue

- Renewables tonnes supplied were 1.6m compared with 1.5m last year.
- Aviation passengers reduced from 94k last year to 89k this year, however revenue increased within the hotel and jet centre operations.
- Group central revenue reduced as a result of rental income ceasing at the end of last financial year when the assets were sold to the lessee.

Adjusted EBITDA[1]

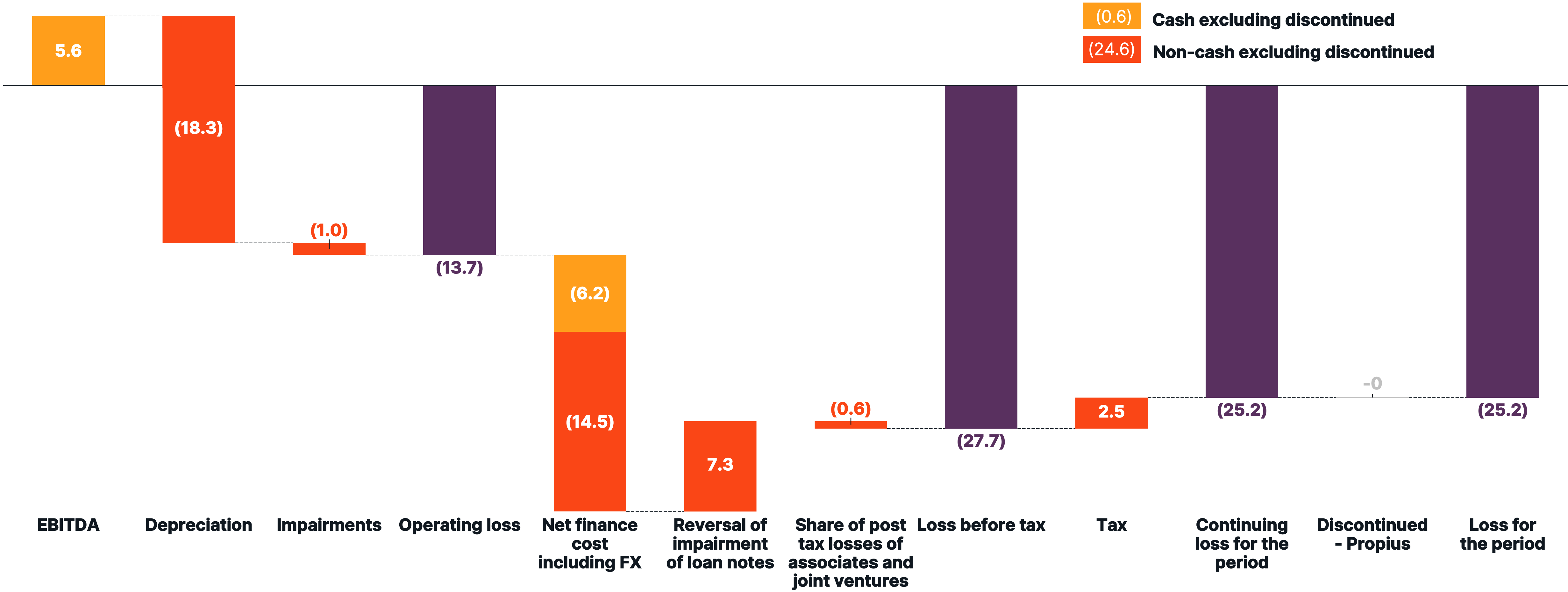
- Renewables was impacted by unplanned outages at higher margin plants resulting in reduced profitability despite an increase in revenue.
- Aviation received £1.4m in the current year, related to the recovery of airline marketing support payments, and benefitted from £3.5m in the prior year, associated with Connect Airways and the conclusion of the partnership at Teesside International Airport.
- Non-Strategic Infrastructure benefitted from a £4.7m one-off property provision reassessment in the prior year.
- Esken central has reduced costs this year after incurring £5.6m of legal costs in the prior year.

Adjusted EBITDA[1] movement from 2022 to 2023



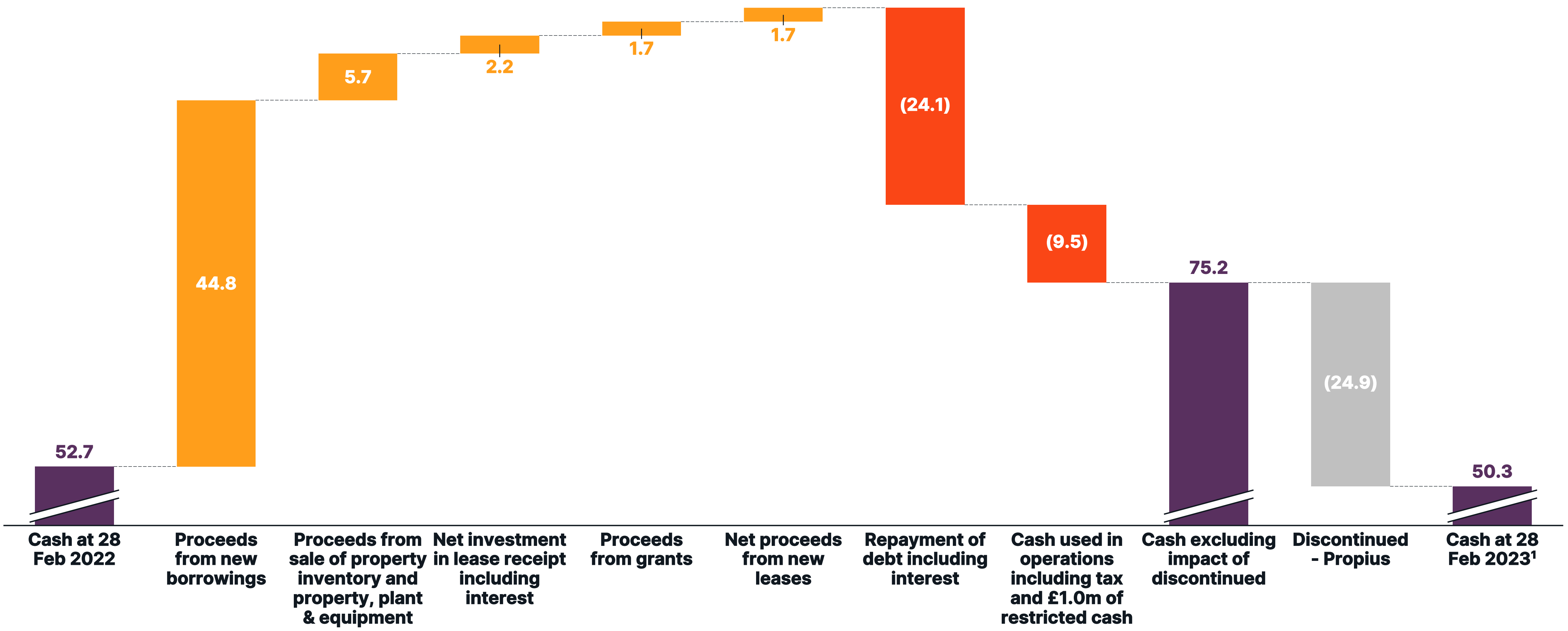
[1]Adjusted EBITDA represents profit/(loss) before interest, tax, depreciation and impairments.

Adjusted EBITDA[1] to loss for the year



[1]Adjusted EBITDA represents profit/(loss) before interest, tax, depreciation and impairments.

Movement in cash



[1]Includes £5.3m of ring-fenced cash in London Southend Airport and £1.0m of restricted cash.

Balance sheet

£m	Feb 2023	Feb 2022
Intangible assets	54.7	54.7
Tangible assets	218.2	223.0
IFRS 16 ROU assets and net investment in lease	62.1	64.7
Investment and non-current receivables	17.7	17.0
Current assets (excluding cash)	35.9	36.4
Cash	50.3	52.7
Gross assets	**438.9**	**448.5**
Loans and borrowings	(247.9)	(193.2)
IFRS 16 lease liabilities[1]	(92.5)	(106.8)
Other liabilities	(58.6)	(77.9)
Net assets	**39.9**	**70.6**
Gearing - excluding IFRS 16[1]	281.1%	124.7%
Gearing	726.8%	350.5%

- **Tangible assets and right of use assets** decreased due to depreciation.
- **Cash** held is in line with management expectations.
- **Loans and borrowings** increased as includes new debt facility held at £45.2m (net of costs). The convertible debt balance increased by £14.1m as interest accrues and costs are unwound.
- **IFRS 16 lease liabilities**[1] reduced due to repayments made, largely relating to legacy aircraft leases. £15.0m of the IFRS 16 lease liabilities at Feb 2023 relates to Propius.
- **Other liabilities** reduced due to repayments made under aircraft maintenance provisions and the settlement of tax to HMRC.

[1]IFRS 16 lease liabilities refers to leases which have a corresponding right of use asset or net investment in lease.

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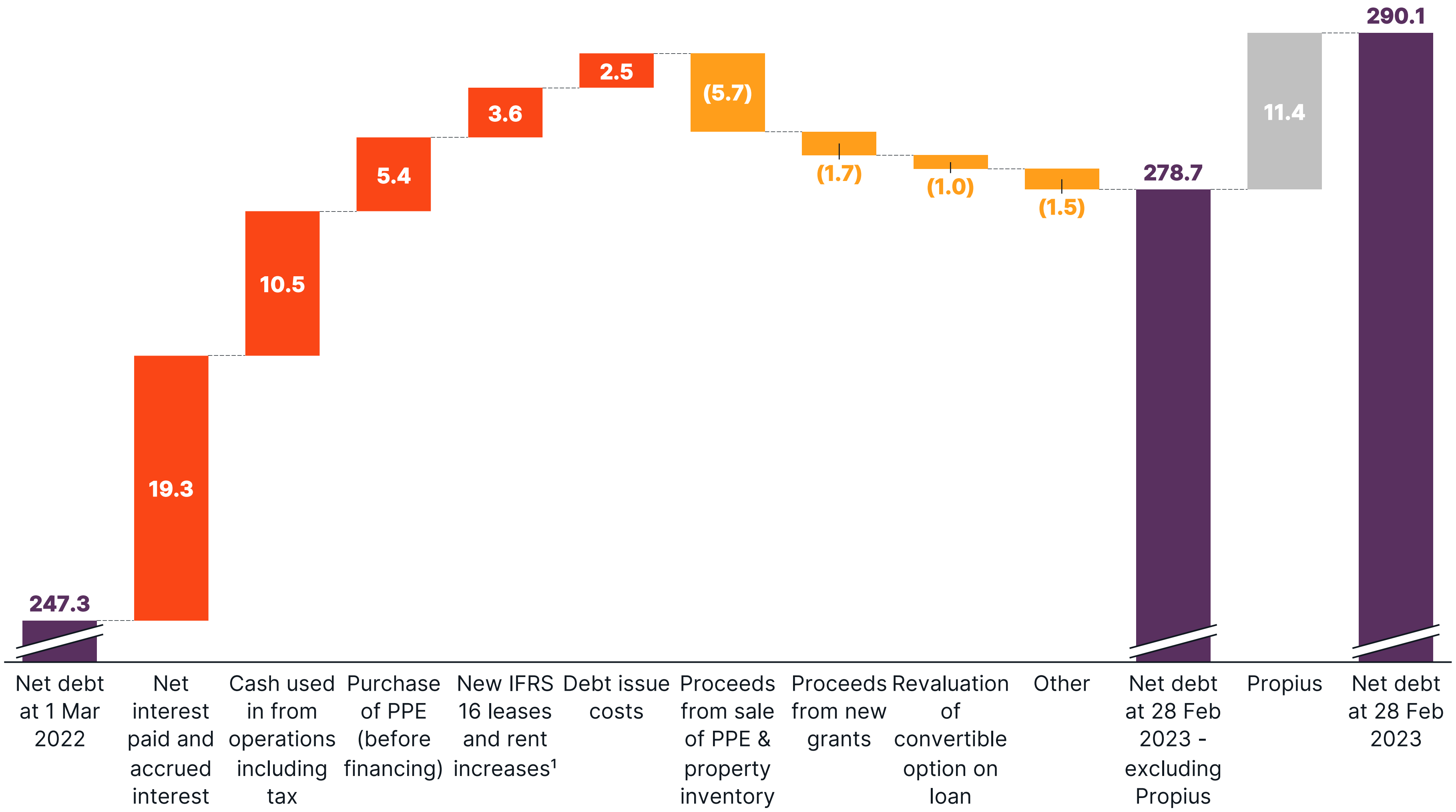
Net debt movement



£m	Feb 2023
Convertible loan	133.0
Exchangeable bond	52.6
New debt facility	45.2
IFRS 16 lease liabilities[1]	92.5
Other lease liabilities	17.1
Cash	(50.3)
Net debt	**290.1**

[1]IFRS 16 lease liabilities refers to leases which have a corresponding right of use asset or net investment in lease.

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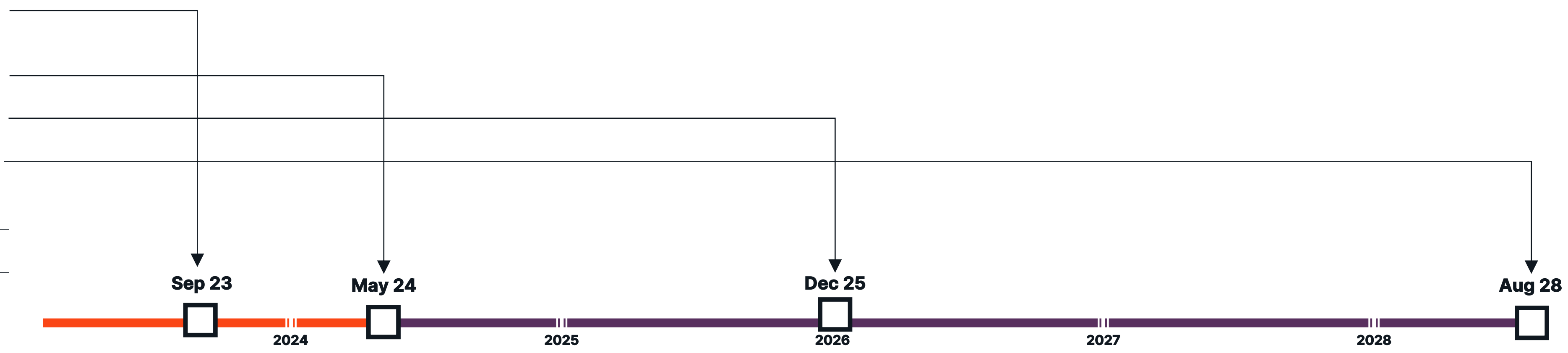
Debt timelines

£m	Feb 2023
Other lease liabilities	17.1
IFRS 16 lease liabilities[1] - Other	77.5
IFRS 16 lease liabilities[1] - Propius	15.0
Exchangeable bond[2]	52.6
New debt facility	45.2
Convertible loan[4]	133.0
Cash	(50.3)
Net debt	**290.1**

Renewables	13.2
Aviation	3.0
Other	0.9

Renewables	27.3
Aviation	21.5
Other	28.7



[1]IFRS 16 lease liabilities refers to leases which have a corresponding right of use asset or net investment in lease.
[2]£10.2m of shares in Logistics Development Group plc are held as at 28 February 2023 as security against the bond and could be sold on maturity to mitigate the liability.
[4]This is the 30% convertible loan issued by London Southend Airport to Carlyle for £125m in August 2021. This balance includes accrued interest.

DIVISION PERFORMANCE

Operating performance

ESG

Environmental

Net zero

Across its businesses Esken produced 23,633 tonnes of carbon dioxide, representing a 11% decrease on the baseline year for Scope 1 and 2 emissions.

Esken developed a Net Zero Roadmap to eliminate Scope 2 emissions by 2030.

Social

Charity partnerships

Esken continued to support its charity partnerships through fundraising and launched a volunteering programme, contributing over 500 hours of volunteering to benefit the communities in which we operate.

Governance

KPIs

The company established an ESG risk register and put in place ESG performance KPIs linked to Executive renumeration.

DIVISION PERFORMANCE

Esken Renewables

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Esken Renewables focused on improving margins

- Esken Renewables supplied 1.6m tonnes of biomass fuel, up 9.4% - resulting in revenue increasing by 17.7% to £93.7m - unplanned outages at plants where we supply higher margin waste wood fuel, coupled with the impacts of inflation, resulted in a 9.5% reduction in adjusted EBITDA to £18.4m.
- Future margins will be supported by continued annual contracted indexation revisions, fleet size optimisation and cost control measures.
- Closed a loss-making processing and storage site, which is expected to deliver an additional £0.9m of annual recurring adjusted EBITDA from 1 April 2023.
- Secured a new sub-supply arrangement in Yorkshire and the Cramlington supply contract moving to an exclusive basis from September 2022.

Volumes supplied

Volumes supplied up 9.4% to 1.6m tonnes.

Revenue

Revenue up 17.7% to £93.7m.

Adjusted EBITDA[1]

Adjusted EBITDA[1] reduced 9.5% to £18.4m.

[1]Adjusted EBITDA represents profit/(loss) before interest, tax, depreciation and impairments.

Reduced waste wood supply and gate fee income

CONTRACTED SUPPLY

Sourcing wood from 3rd parties across the UK.

Primarily servicing regions where supply of Unprocessed Waste Wood is lower (NW & NE) or ER does not have a Processing facility (SW/Wales & N.I.).

0.7m MT
Third party processed waste wood

Receiving wood and charging a gate fee

Significant market share in London/SE market.

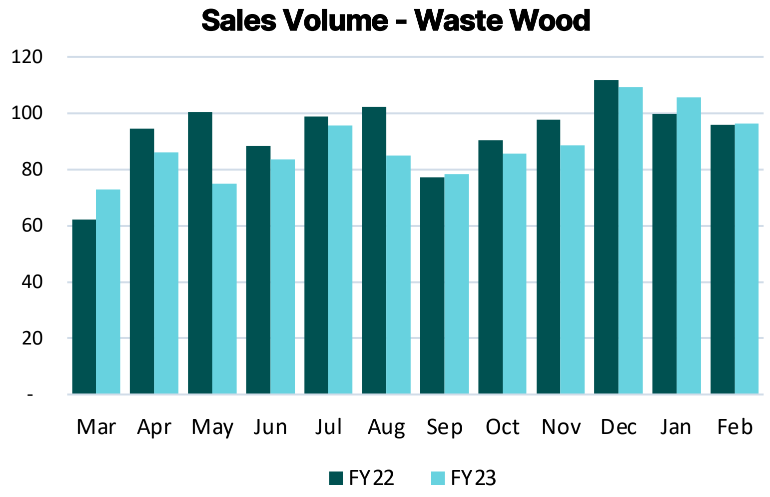
Receiving gate fee income. c.80% "spot" with established supply chain.

0.5m MT
Unprocessed waste wood

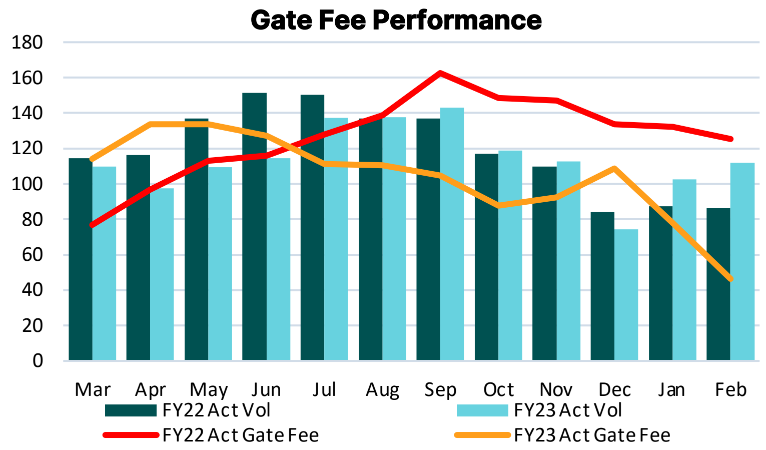
Sourced 100% via a key strategic supply partner.

Material is typically sourced from managed woodlands, and it is then process into a fuel. ER typically earn a fixed margin per MT.

0.5m MT
Forest by product



Several key waste wood biomass plants experienced unforeseen issues, impacting volume supplied year on year by -6.9%.



Gate fee income reduced during the summer months with reduced availability of waste wood compared to corresponding period in prior year.

DIVISION PERFORMANCE

Aviation

Progress in Aviation despite post pandemic challenges

- In January 2023 LSA signed a multi-year partnership agreement with easyJet – with routes serving Faro, Malaga and Palma.
- Staffing challenges and industrial action at airports across Europe impacted flights inbound to LSA during the second half of the year. As a result, passenger numbers reduced by 5.3% to 89k.
- In May 2023 easyJet started a new all year-round route from LSA to Amsterdam. The airline also added up to an additional 4x a week to Faro.
- The new route and increased frequencies to Faro means the airline will now operate up to 18 weekly departures this summer - a 30% increase in easyJet operations compared with last summer.
- easyJet also announced year-round flights to Paris Charles de Gaulle will start 29 October 2023.
- LSA has a strong proposition to address London peak time capacity constraints.
- Esken took the opportunity to sell its sub scale ground handling operations (Star Handling) at MAN and SEN for £4.8m. Aviation division now focused entirely on LSA.

Passenger numbers

Passenger numbers reduced by 5.3% to 89k during the period.

Revenue

Revenue increased by 8.7% to £25.5m.

Adjusted EBITDA[1]

Adjusted EBITDA[1] loss of £3.8m includes £1.4m of recovered airline marketing costs.

[1]Adjusted EBITDA represents profit/(loss) before interest, tax, depreciation and impairments.

Proven and well-invested solution to London’s airspace capacity constraint

Ideally placed to benefit as London airspace capacity constraints reassert themselves

Well-connected with LSA-owned station and fast journey times to and from Central London

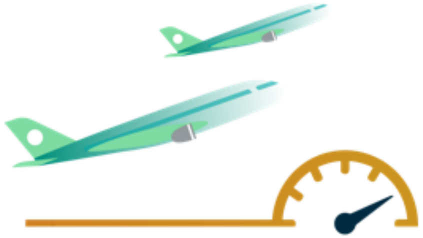
Serving a progressively affluent catchment (20m wider reach)

Diversified revenue generation across purpose-built infrastructure

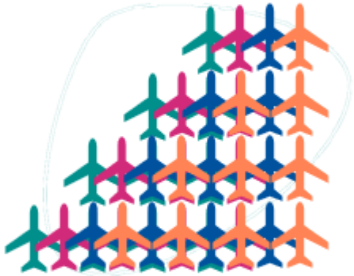
London's quickest and easiest award-winning passenger experience

Accelerated upside to base case unlocked through a clear roadmap of capital investment

Best opportunity for airlines to secure peak slots at a higher cost efficiency



On track to accelerate recovery significantly beyond pre-Covid levels



Continued demand supported by short-haul airlines increasing their fleets over the coming years

Unlocking shareholder value

Renewables being optimized and disposal advancing

Esken Renewables sale process at advanced stage working with a preferred bidder on an exclusive basis.

London Southend Airport re-start is well under way

LSA's partnership with easyJet is growing with increased flight frequencies and new routes. Airport is proactively marketing to new airlines.

Sale of further assets progressing

Post period, Esken completed the sale of Star Handling operations at Manchester and Stansted airports for up to £4.8m.

Reducing central costs inline with asset sales

Esken is reducing the cost base of the Group to a level sufficient to support the remaining operations as we progress the sale process.

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