This announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

21 June 2023

Esken Limited
("Esken" or the "Group")
Results for the 12 months ended 28 February 2023

Sale process advancing alongside continuing operational optimisation

Esken Limited, the Aviation and Renewables Group, today announces its results for the 12 months to 28 February 2023.

Summary

- Esken completed a strategic review of its operating businesses and is actively progressing a managed sale process of its core Renewables and Aviation businesses.
- The sale of Esken Renewables is progressing well and is now at an advanced stage working with a preferred bidder on an exclusive basis.
- Esken has started the process for the sale of London Southend Airport (LSA), its key strategic airport asset within the Aviation business.
- In November 2022, Esken secured a new borrowing facility comprising £50m of committed funding.
- 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 and has recently announced additional all-year-round routes to Paris and Amsterdam. These new routes and airline partnership are encouraging signs that LSA's recovery is now under way.
- Since the year end, Esken has completed the sale of Star Handling Limited for up to £4.8m in May 2023.
- As at 28 February 2023, the Group's headroom was £50.3m, in line with management expectations (see Alternative performance measure note for the definition of headroom).

Strategic Review

At the time of our interim results we announced that a decision had been taken by the Board to conduct a strategic review of the Group's operational businesses. The Board concluded that the interests of all stakeholders would be best served by seeking a new owner for each of the core businesses through a managed sale process. In each case the Renewables and Aviation businesses will benefit from long term strategic owners with access to capital to support growth ambitions, while offering stability and certainty to the staff, customers and suppliers.

In view of the different rates of recovery of the businesses we initiated a sale of the Renewables business first and that process is now at an advanced stage working with a preferred bidder on an exclusive basis. We have also started the process for the sale of LSA, the core asset within the Aviation business.

As we progress with these disposals we are reducing the underlying cost base of the Group to a level sufficient to support the remaining operations, including an exit from the residual non-core assets. In line with this approach we are exploring a move to the Standard segment of the Main Market following completion of the disposal of Renewables.

David Shearer, Executive Chairman of Esken said,

"Over the last financial year, we secured a successful debt fund raising in difficult market conditions, completed a strategic review of our operating businesses, and are now progressing with our plans to sell our core operating businesses and residual non-core assets through a managed disposal process with a view to returning any remaining value to Esken shareholders.

Our Renewables business saw increased revenues albeit at a lower margin, reflecting increased volumes of lower margin fuel supply, an increased number of unplanned outages at customer waste *wood biomass plants and the impact of inflationary pressures where there is a lag before the benefit of indexation on our contracts impact. The Division is focused on steps to improve margins going forwards, including optimising the fleet for efficiency and strong cost control.*

Our Aviation business continues to make progress as demand recovers, with LSA signing a multi-year partnership with easyJet in January 2023 – the airline will now serve five destinations from the airport. We installed a new, experienced senior management team and the case for the airport remains well founded as demonstrated by the increase in routes served by easyJet."

£'m	**2023**	**Restated[1] 2022**	***% change***
Revenue by Division			
Renewables	93.7	79.7	*17.7%*
Aviation	25.5	23.4	*8.7%*
Revenue for 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 revenue	**120.0**	**104.6**	***14.7%***
Adjusted EBITDA[2] by division			
Renewables	18.4	20.3	*(9.5%)*
Aviation	(3.8)	(0.8)	*(390.9%)*
Adjusted EBITDA[2] for 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 adjusted EBITDA[2]	**5.6**	**10.6**	***(46.9%)***
Loss before tax	**(27.7)**	**(35.7)**	***22.4%***
Tax	2.5	9.9	*(74.6%)*
Discontinued operations, net of tax	(0.0)	(2.4)	*97.5%*
Loss for the year	**(25.2)**	**(28.2)**	***10.5%***
Net debt	(290.1)	(247.3)	*(17.3%)*
Cash and undrawn banking facilities	50.3	72.7	*(30.9%)*

1 The 2022 results have been restated where required due to prior period adjustments.
2 Adjusted EBITDA represents profit/(loss) before interest, tax, depreciation and impairments. Refer to Segmental information note for reconciliation to statutory loss before tax.

Financial summary

- Esken's core Aviation and Renewables businesses generated a combined positive adjusted EBITDA of £14.6m (2022: £19.5m).
    - Esken Renewables supplied 1.6m tonnes of biomass fuel, up 9.4% on last year (2022: 1.5m tonnes). The overall increase in the volume of fuel supplied reflected an improvement in lower margin forestry by-product and third-party fuel supply and resulted in revenue increasing by 17.7% to £93.7m (2022 £79.7m). However, a series of 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 (2022 £20.3m).
    - Within Aviation, staffing challenges and industrial action taking place at airports across Europe reduced some planned flights inbound to LSA at various points during the second half of the year. As a result, passenger numbers reduced by 5.3% from 94k to 89k. The Aviation Division received £1.4m related to the recovery of airline marketing support payments and delivered an adjusted EBITDA loss of £3.8m in FY23. In the prior year, the Division reported a loss of £0.8m having benefitted from £3.5m of one-off receipts associated with Connect Airways and the conclusion of the partnership with Teesside International Airport.

- Group central significantly reduced its costs during the year whilst there was no repeat of the £4.7m benefit of the onerous lease exit in Non-Core Infrastructure in the prior year. Overall Group adjusted EBITDA reduced by 46.9% to £5.6m (2022 £10.6m). However, the Group benefitted from the reversal of impairment of loan notes and a reduction in property impairments in the year and, as a result, total losses before tax improved by 22.4% to £27.7m (2022 £35.7m).
- At year end, the Group's portfolio of non-core assets had an aggregate book value of £43.1m (2022 £39.7m) following the disposal of a portion of land in Widnes and the reversal of impairment of MBE loan notes during the year. Since the period end, Esken completed the sale of Star Handling Limited for up to £4.8m in May 2023.
- Esken continues to work to realise value from its remaining non-core assets; future proceeds of which will be used to reduce debt and provide working capital as the realisation strategy is implemented. Once completed and any remaining Group liabilities are settled, any surplus will be returned to shareholders.

ESG progress

- 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 has developed a Net Zero Roadmap to reduce its Scope 1 by 8% over the next 3-5 years and aims to reduce its Scope 2 emissions to nil by 2030.
- Esken continued to collect and voluntarily reported initial Scope 3 emissions data, with reduction plans under review.
- Esken Renewables again undertook third-party research with Logika Consultants to validate Scope 1-3 emissions data. The research established that whilst Esken produced around 134,925 tonnes of greenhouse gas (GHG) emissions in FY23, it saved the UK 620,000 tonnes of additional GHG emissions (equivalent to taking c.430k cars off the road) by supplying biomass power customers directly or via third parties over 1.1m tonnes of waste wood that would have otherwise gone to landfill, producing methane.
- 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.
- The company established an ESG risk register and put in place ESG performance KPIs linked to Executive remuneration.

Outlook

The challenges Esken Renewables experienced during the financial year ending 28 February 2023 regarding biomass plant outages has continued into the new financial year but there are now signs of an improvement in gate fees and more consistency of plant performance, with an expectation of improving performance as the year progresses.

Following the sale of Star Handling's ground handling operations at Manchester and Stansted airports the Aviation Division is now entirely focused on the recovery at LSA. That airport has started the year positively as demand for flights across the market has shown a strong recovery towards pre pandemic levels. The return of a route to Amsterdam and increased flight frequencies to Faro mean that there is a 30% uplift in planned easyJet flights during the summer. Flights will then continue through the winter months with the announcement that easyJet will operate flights to Paris in addition to Amsterdam starting from 29 October 2023.

These new routes and airline partnerships are encouraging signs that LSA's recovery is now underway. While signs are encouraging, the aviation industry as a whole has not yet fully recovered from the effects of the pandemic. As a result and in view of the current sale process, Esken has taken the decision not to reinstate guidance for LSA at this time.

The Board is encouraged by the progress on the sale process for Renewables and now has a sound base with which to progress the process for the sale of LSA. The Board would expect to update the market with further substantive progress in the months ahead.

Going concern

As at 28 February 2023, the Group had cash balances of £50.3m (FY22: £52.7m), of which £5.3m is ring fenced in LSA and its subsidiaries, as part of the Carlyle Global Infrastructure Opportunity Fund (CGI) convertible debt facility. While the Group continues to tightly manage its cash resources as it executes the sale of the Renewables and Aviation Divisions, the current position is that the Group has a material uncertainty primarily in relation to the timing of the disposal of the Renewables business. Full discussion around the Group's going concern position is set out in the notes to the extracts from the audited financial statements in this results announcement. This section must be read in order to fully understand the significant judgements the Directors have made and the material uncertainty that exists in respect of the going concern assumption for the Group.

The Group will provide a live presentation relating to its results via the Investor Meet Company platform at 9:30am BST today.

The presentation is open to all existing and potential shareholders. Investors can sign up to Investor Meet Company for free and add to meet Esken via: https://www.investormeetcompany.com/esken-limited/register-investor. Investors who already follow Esken on the Investor Meet Company platform will automatically be invited.

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Chairman's Statement

I am pleased to present my chairman's statement for the year to the end of February 2023. This has been a year when the Group, in common with many other businesses, has faced a number of challenges.

Review of the year

The year has seen continued progress as we streamlined the Group to focus on the core businesses of Renewables and Aviation while completing a medium-term debt refinancing in difficult market conditions to support the Group through the implementation of its strategy. The Board decided to undertake a strategic review and concluded that it was in the interests of all stakeholders to pursue a sale of the core businesses. I refer to the detail of this review below but we have made good progress with the sale of the Renewables business at an advanced stage working with a preferred bidder on an exclusive basis. The process for the sale of LSA now underway.

This was all achieved against the backdrop of the Russian invasion of Ukraine which had an immediate impact on energy prices and a significant knock-on effect on the global economy. This occurred just as the aviation industry was finally emerging from the pandemic and created further uncertainty with our airline customers. In addition, the disruption to global supply chains as they recovered from the pandemic led to strong inflationary pressures across the developed world. The response from central banks was to raise interest rates significantly and tighten money supply, all of which impacted demand. These inflationary pressures and interest rate increases affected the cost base of the Group.

In a year characterised by these significant geo-political and economic events, we continued our journey toward becoming a focussed group with interests in Renewables and Aviation, while managing the exit of non-core assets for value and reducing residual liabilities. These liabilities had arisen through the historic decisions in relation to the guarantee of aircraft lease arrangements by the Group in 2017 which crystallised following the failure of Stobart Air in June 2021. A number of these aircraft had been returned by the year end and the remaining liabilities are due to run off during Q3 of FY24. In total the Group is expecting to have spent £134.2m addressing these matters from the administration of Connect Airways to conclusion, meaning these funds were not otherwise available to reduce debt or invest in the core operations. We continued to streamline the cost base of the Group consistent with the prevailing needs of the business.

In November 2022, we concluded a successful debt fund raising with a medium-term facility of £50m to support the operational needs of the business and settle the final residual liabilities of Stobart Air and

Propius. In view of the difficult market conditions for raising debt at that time, the cost of this funding was expensive but gave the Group certainty on its funding needs going forward.

At LSA we changed the entire senior management team to ensure the right leadership was in place to take that business forward through the recovery. These changes were a combination of internal promotions and external recruitment and provide a good blend of knowledge of the operational assets and a fresh perspective on the way forward. It was clear in the second half of the year that aviation demand at London airports would recover to pre pandemic levels and LSA is starting to see the impact of this with a continuing momentum in new routes operating from the airport.

Results

Esken Renewables supplied 1.62m tonnes of fuel to biomass plant customers in the year to 28 February 2023, up 9.4% on the prior year (2022 1.47m tonnes). However, this increase reflected improved demand from biomass plants to which Esken Renewables primarily supplies third party and forestry by-product, which is at a lower margin. Higher margin biomass plants that use waste wood experienced an increased number of unplanned outages, particularly during the winter months. This reduced the total volume of waste wood supplied by Esken Renewables and the associated gate fee income. This in turn resulted in adjusted EBITDA reducing by 9.5% from £20.3m to £18.4m.

Esken Renewables has taken a number of steps to improve margins going forward. The fleet has been optimised to achieve the most efficient use of trucks and drivers, and strong cost control has resulted in lower overheads. Inflationary pressures have been eased by RPI-linked indexation elements within the Division's long-term customer supply contracts, however these are retrospective in a number of cases and as such the full benefit of indexation will not be seen until FY24. Esken Renewables also took the decision to close its Port Clarence site having entered into a new sub-supply agreement to replace the supply provided from Port Clarence. This is expected to deliver an additional £0.9m of annual recurring adjusted EBITDA from 1 April 2023.

Whilst LSA maintained adequate staffing levels during the year, staffing challenges elsewhere across the aviation sector led to the removal of planned flights at LSA at various points particularly during the second half of the year. This resulted in passenger numbers reducing by 5.3% from 94k to 89k.

The Aviation Division received £1.4m relating to the recovery of previously paid airline marketing support payments and delivered an adjusted EBITDA loss of £3.8m in FY23. In the prior year, the Division reported a loss of £0.8m having benefitted from £3.5m of one-off receipts associated with Connect Airways and the conclusion of the partnership with Teesside International Airport.

The airport continued to make progress despite the residual impacts of the pandemic across the sector. It signed a multi-year partnership with easyJet in January 2023 and easyJet started operating a new route to Amsterdam at the end of May 2023 with Paris staring October 2023. These two new routes will operate year round. The addition of these routes takes the number of destinations easyJet serves from the airport to five including Malaga, Palma and Faro. The airline has also announced an increase in the weekly frequency of flights to Faro.

Central costs were significantly reduced during the year as the business was streamlined whilst there was no repeat of the £4.7m benefit of the onerous lease exit in Non-Core Infrastructure in the prior year. Overall Group adjusted EBITDA reduced by 46.9% to £5.6m (2022 £10.6m). However, the Group benefitted from the reversal of impairment of MBE loan notes and a reduction in property impairments in the year and, as a result, total losses before tax improved by 22.4% to £27.7m (2022 £35.7m).

At year end, the Group's portfolio of non-core assets had an aggregate book value of £43.1m (2022 £39.7m) following the sale of a portion of land in Widnes and the reversal of impairment of MBE loan notes. Esken continues to work to realise the value of its non-core assets and future proceeds will be used to reduce debt and provide working capital as the Group executes its realisation strategy. Since the year end Esken completed the sale of Star Handling Limited for up to £4.8m in May.

Strategic Review of operating businesses

At the time of our interim results, we announced that a decision had been taken by the Board to conduct a strategic review of the Group's operational businesses. This was prompted by the fact that the two core operating Divisions were recovering at differing rates coming out of the pandemic, there was limited synergy between the two businesses, each had different strategic and financial needs to realise the full potential of its business, and the Group remained financially constrained to support those future growth plans. In common with many companies at the smaller end of the UK listed market, there also appeared to be a disconnect between the share price and the potential value of the businesses on a sum of the parts basis.

The Board worked with Canaccord Genuity in conducting this review and the Board has concluded that the interests of all stakeholders would be best served by seeking a new owner for each of the core businesses through a managed sale process. In each case the Renewables and Aviation 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. The market will determine the value of each of these businesses and the proceeds, in conjunction with the ongoing disposal process of the non-core assets, will be used to repay debt, provide working capital and ultimately return value to shareholders.

In view of the different rates of recovery of the businesses we initiated a sale of the Renewables business first and are at an advanced stage of process with a preferred bidder now undertaking due diligence. We have also started the process for LSA which is the key strategic asset within the Aviation business. The market for aviation has improved significantly over the last six months with most external analysis suggesting that capacity use at London airports will have returned to pre pandemic levels this summer. We would expect to see continuing positive moves by our airline partners in the months ahead which will offer support to our market approach. LSA was a proven airport in the pre pandemic period and is a key strategic asset in the provision of passenger air services to London at a time when peak time slots are starting to become constrained once more. The Board is of the view that the airport has strong potential within the right ownership structure along with capital to support its medium to long term growth ambitions.

In May 2023, we announced the sale of Star Handling, our ground handling business with operations at Manchester and Stansted Airports, while retaining the ground handling capability at LSA to support the airport. While this business had been successful in winning contracts and delivering for its airline clients it remained sub scale in a market dominated by major international competitors and we took the opportunity to exit for value at this time.

As we progress with these disposals, we are reducing the underlying cost base of the Group to a level sufficient to support the remaining operations, including an exit from the residual non -core assets. In line with this approach, we are exploring a move to the Standard segment of the Main Market at the time of completing the disposal of Renewables. The Board believe that moving from the Premium segment will have a limited effect on shareholders but will allow us to reduce the costs of being a listed business while making it easier from an administrative point of view to conclude the final delivery of the strategy. Once there is clarity on the outcome of the sale processes, we will review the appropriate means to return value to shareholders.

Environmental, social and governance

We have continued to build on the last two years of our ESG journey by increasing the ownership and delivery within our operating divisions. In light of the outcome of the strategic review the divisions have further enhanced their own governance structure to include a Steering Group, Working Groups and ownership and oversight of their own individual implementation plans and KPI tracking.

We understand the importance of developing our plans to reduce our carbon footprint and this year have developed Net Zero Roadmaps for our operating divisions that aim to bring our carbon footprint to zero by 2040. These roadmaps are aligned with each division's growth plans.

Our colleagues have continued to build relationships and fundraise for our charitable partnerships. A partnership has been developed with the Co-op Levy Share to contribute a percentage of Esken's apprenticeship levy to community partners to take on apprentices. An employee volunteering programme was also launched during Volunteers' Week and our colleagues contributed over 500 hours of volunteering in the local community. Not only did this benefit the chosen cause, but also provided invaluable team building opportunities.

Board and people
I would like to express my personal thanks to my Board and all of our colleagues at Esken for their hard work and support over the last year. It has continued to be a challenging time for everyone and I appreciate the efforts and dedication of our staff through this difficult period. I do appreciate that the decisions taken following the strategic review of our operating businesses creates an element of uncertainty as to the future, in particular for those people who work in the Group support areas at the centre. In making the decision to sell the core operating businesses we will have regard to ensuring that new owners will offer long term security to the workforce and the opportunity for these businesses to grow. Throughout the implementation period, the senior management team and myself have engaged actively with staff affected and will offer support for those who need to seek new roles outside the Group.

We have deferred any decisions around future Board composition given the future direction of the Group. In particular, while recognising that the Group does not meet the diversity targets in respect of either gender or ethnicity, the skill sets which we have around the Board table are best placed to support the Group through its realisation strategy. The Board has decided against adding additional Board members in view of the revised strategic objectives.

Future
A successful conclusion to the sale process for Renewables will allow the Group to reduce its core debt significantly while providing working capital to facilitate the managed reduction of Group support functions, facilitate the exit of the remaining non-core assets and support the liquidity needs of LSA through to its sale. There is no set timescale on the completion of the airport sale as the Board wishes to ensure that the value is optimised from a shareholder perspective as aviation continues to recover. Following the completion of these steps, the remaining value will be returned to shareholders.

David Shearer
Executive Chairman

Financial review

Strategic review
The Board has concluded that it is in the best interests of all stakeholders to secure the long-term potential of the Group's operating divisions, Esken Aviation and Esken Renewables, and deliver value for the Esken shareholders through a managed disposal of both of the businesses. A sale process for Esken Renewables is at an advanced stage working with a preferred bidder on an exclusive basis. A sale of the Aviation business will focus on London Southend Airport (LSA) with the aim of securing a buyer with the capital to drive growth at the airport over the long term.

Renewables
Adjusted EBITDA for the division was lower than anticipated at the start of the financial year at £18.4m due to a number of challenges. An increased number of unplanned shutdowns at customer plants have resulted in a lower than expected supply of biomass material by the division, along with increases in associated costs. Gate fee income has been reduced as a result of a more competitive market for waste wood impacting volumes and prices, in addition to the reduced ability of several processing sites to take in waste wood during times of unplanned customer plant closures. The transport margin has been adversely affected by high fuel costs and the rollover impact of wage inflation due to driver shortages last year. The division has taken mitigating actions to counter these challenges: the fleet size has been reduced to achieve the most efficient use the trucks and drivers, and strong cost control has resulted in lower than anticipated overheads. Inflationary pressures have been eased by RPI-linked indexation elements within the division's long-term customer supply contracts. However, these are retrospective in a number of cases and as such the true benefits of indexation will not be seen until FY24.

Aviation

The division serviced three routes for passenger flights during the year, however airline take up of available slots at the airport was lower than expected and passenger numbers are still well below pre-COVID levels. Due to the slow take up management decided that the best course of action was for LSA to be closed to commercial flights for Winter 2022/2023. The division's cargo contract with its global logistics partner ceased in September 2022 resulting in an estimated £3.8m reduction in adjusted EBITDA for FY23 and FY24. These downsides have been partly offset by cash benefits of receipt of airline marketing costs and a number of commercial initiatives including filming and other media opportunities.

LSA has secured a multi-year agreement with easyJet. The airline will operate a new route to Amsterdam, in addition to the three existing destinations of Malaga, Majorca and Faro. For the Summer 2023 season LSA will operate around 30% more flights in Summer 2023 than in Summer 2022 due to the new route and an increase in the number of flights to Faro.

Liquidity

On 9 November 2022, the Group signed a three-year £50m term loan agreement, see financial assets and liabilities note for further details. The new loan will be used to settle maintenance and lease liabilities in Propius, fees payable for cancellation of the old Revolving Credit Facility (RCF) and entry into the facility itself, and provide working capital for the Group. This loan was fully drawn on 15 December 2022 and on the same day the Group cancelled its £19.1m RCF with Lloyds and AIB. Going forward, the Group will operate all corporate banking through Barclays. The Group's headroom at the year end is £50.3m and includes £5.3m of ringfenced cash in LSA. The Group also has non-core assets with a net book value of £43.1m.

Non-core assets and sale of Star Handling

In August 2022, the Group disposed of another plot of land at Widnes for £3.5m at net book value. Management is exploring a number of options for the Group's remaining non-core assets. On 15 May 2023, the Group disposed of Star Handling Limited, our ground handling business with operations at Manchester and Stansted Airports, to Skytanking UK Ltd for a maximum cash consideration of £4.8m.

Discontinued operations

Four of the eight ATR aircraft leased by Propius have been successfully returned to the lessor by the year end, with the remaining four to be returned in the period to September 2023. The Group agreed the early hand back of two of the four aircraft returned, resulting in maintenance savings of £2.0m. At 28 February 2023, the Group has c.£25.2m of obligations relating to leases, maintenance and other aircraft-related costs, that will be settled within one year, see alternative performance measure note for breakdown of the costs. The remaining costs have been fully provided for in these financial statements.

Revenue

	2023 £'m	2022 £'m	Movement
Renewables	**93.7**	79.7	17.7%
Aviation	25.5	23.4	8.7%
Revenue from two main operating divisions	**119.2**	**103.1**	**15.6%**
Investments	-	-	0%
Non-Strategic Infrastructure	0.6	0.7	(7.1%)
Group Central and Eliminations	0.2	0.8	(79.6%)
Total revenue	**120.0**	**104.6**	**14.7%**

Revenue from continuing operations has increased by 14.7% to £120.0m. Revenue from our two main operating divisions, Renewables and Aviation, has increased by 15.6% to £119.2m. RPI-linked contracts in the Renewables division have been the main driver of the increase in the division's revenue year-on-year. Revenue in the Aviation division increased due to improved performance of the hotel, solar farm and Star Handling, partly offset by a £1.5m one-off receipt in the prior year related to Teesside settlement not repeating in the current year.

Profitability

	2023 £'m	Restated[1] 2022 £'m	Movement
Adjusted EBITDA[2]			
Renewables	18.4	20.3	(9.5%)
Aviation	(3.8)	(0.8)	(390.9%)
Adjusted EBITDA[2] from two main operating divisions	**14.6**	**19.5**	**(25.3%)**
Investments[3]	-	-	-
Non-Strategic Infrastructure	(1.7)	3.3	(151.8%)
Group Central and Eliminations	(7.3)	(12.2)	41.0%
Adjusted EBITDA[2]	**5.6**	**10.6**	**(46.9%)**
Depreciation	(18.3)	(20.7)	
Impairments	(1.0)	(6.0)	
Operating loss	**(13.7)**	**(16.1)**	
Reversal of impairment of loan notes	7.3	-	
Finance costs (net)	(20.7)	(19.2)	
Share of post-tax losses of associates and joint ventures[3]	(0.6)	(0.4)	
Loss before tax	**(27.7)**	**(35.7)**	
Tax	2.5	9.9	
Loss for the year from continuing operations	**(25.2)**	**(25.8)**	
Loss from discontinued operations, net of tax	(0.0)	(2.4)	
Loss for the year	**(25.2)**	**(28.2)**	

1 The 2022 results have been restated where required due to prior period adjustments, see prior year restatement note.
2 Adjusted EBITDA represents profit/(loss) before interest, tax, depreciation and impairments. Refer to segment note for reconciliation of divisional adjusted EBITDA to loss before tax.
3 In the prior year the share of post-tax losses of associates and joint ventures was presented as part of adjusted EBITDA. This year it is presented on its own line as part of the loss before tax.

Adjusted EBITDA and profit before tax are the Group's key measures of profitability. Adjusted EBITDA has decreased by 46.9% to £5.6m (2022: £10.6m) and the loss before tax has decreased by £8.0m to £27.7m (2022: £35.7m).

In the Renewables division, performance has been hit by unplanned shutdowns of customer plants and the impact of market pressures on gate fee receipts, leading to a 9.5% decrease in adjusted EBITDA to £18.4m (2022: £20.3m). The Aviation division adjusted EBITDA loss has increased by 390.9% to £3.8m (2022: £0.8m) primarily due to one-off receipts in the prior year of £3.5m associated with Connect Airways and the conclusion of the partnership with Teesside International Airport not being repeated in the current year.

In the Non-Strategic Infrastructure division a £4.7m one-off receipt in the prior year relating to the agreement to exit a long-term onerous property lease has not been repeated in the current year. This is the main driver of the decrease in adjusted EBITDA to a £1.7m loss (2022: £3.3m gain). The Group Central and Eliminations division's adjusted EBITDA loss decreased by 41.0% to £7.3m (2022: £12.2m) mainly due to one-off legal fees and an increase in the provision for part 1 claims relating to LSA in the prior year which have not been repeated.

Business segments

The business segments reported in the financial statements are Renewables, Aviation, Investments and Non-Strategic Infrastructure, which represent the operational and reporting structure of the Group. The Operational review contains further details about the performance of the operating divisions.

The fair value of the investment in Logistics Development Group plc (LDG), increased by £1.0m (2022: £1.2m decrease) due to an increase in the LDG share price. The gain on revaluation of the investment to current market share price is presented in the consolidated statement of comprehensive income.

The Non-Strategic Infrastructure division continues to realise value from its property assets when the time and price is right. At 28 February 2023, the book value of Infrastructure assets held was £43.1m (2022: £39.7m). During the year, there was a disposal of a portion of Widnes land generating net proceeds of £3.5m (2022: £nil). Following commercial discussions regarding a potential disposal of the Group's investment in, and shareholder loan notes issued to, Mersey Bioenergy Holdings Limited (MBHL), the Group recognised a reversal of impairment of the loan notes from £nil to £7.3m.

Depreciation
Depreciation has reduced from £20.7m to £18.3m due to an overall reduction in the asset base across the Group.

Impairments and reversal of impairment of loan notes
There was an impairment of £1.0m of assets relating to the Port Clarence site in the Renewables division ahead of the disposal of the site post year end. The £7.3m reversal of impairment of MBHL loan notes is presented on a separate line, impairment of loan notes, on the consolidated income statement.

Net finance costs
Finance costs increased by £3.3m to £24.8m, mainly due to full year’s interest charged on the CGI convertible debt instrument in the current year, but only part year in the prior. Finance income increased by £1.8m to £4.0m primarily due to gains on the revaluation of Esken Limited’s intercompany US Dollar denominated loan with Propius.

Tax
The tax credit on continuing operations of £2.5m (2022: £9.9m) reflects an effective tax rate of 9.1% (2022: 27.7%). The effective rate is lower than the standard rate of 19%, mainly due to the net release of provisions relating to uncertain tax positions. Deferred tax has been calculated at a blended rate. The amounts expected to unwind pre 1 April 2023 are calculated at 19% and the amounts expected to unwind post 1 April 2023 are calculated at 25%.

Discontinued operations
The results of Propius, our aircraft leasing business are presented as discontinued as it is abandoned in line with the IFRS 5 definition of a discontinued operation. The decrease in the loss from discontinued operations of £2.4m to £0.1m is primarily due to the provision of maintenance and other aircraft related costs being made in the prior year.

Loss per share
Loss per share from continuing operations was 2.47p (2022: 3.12p). Total basic loss per share was 2.47p (2022: 3.41p).

Balance sheet

	2023 £’m	**Restated 2022 £’m**
Non-current assets	352.7	359.3
Current assets	86.2	89.2
Non-current liabilities	(272.7)	(244.9)
Current liabilities	(126.3)	(133.0)
Net assets	**39.9**	**70.6**

The overall value of property, plant and equipment (PPE) of £263.4m (2022: £269.9m) has decreased in the year mainly due to the depreciation charge across the Group and the impairment of Port Clarence assets, partly offset by the reclass of Widnes land from property inventories, and fixed asset additions related to terminal improvements at LSA and plant and machinery in Renewables.

There has been a £7.3m reversal of impairment of MBHL loan notes and a £3.1m increase in trade receivables, offset by a £10.8m decrease in property inventory and a £2.5m decrease in cash, see following section on the major cash flows in the year.

Non-current liabilities have increased from £244.9m to £272.7m. In the year a £44.8m liability was recognised on the balance sheet relating to the term loan and an interest accrual of £12.2m on the CGI convertible debt. These increases are partially offset by a £19.3m reduction in lease liabilities, due to capital repayments, and a £13.3m reduction in non-current provisions, mainly due to maintenance payments.

Current liabilities have reduced mainly due to a reduction in corporation tax provisions.

Debt and gearing[1]

	2023	Restated 2022
Loans and borrowings	£340.4m	£300.0m
Cash	(£50.3m)	(£52.7m)
Net debt	**£290.1m**	**£247.3m**
Adjusted EBITDA/interest	0.2	0.6
Net debt/total assets	66.1%	55.1%
Gearing	726.8%	350.5%

1 See Alternative performance measures note for an explanation and reconciliation of gearing.

During the year the Group signed a three year £50m term loan, following the loan the £19.1m RCF with current bank lenders was cancelled.

Cash flow

	2023 £'m	2022 £'m
Operating cash flow	(10.5)	3.2
Investing activities	9.6	(5.2)
Financing activities	22.4	82.2
Increase in the year	**21.5**	**80.2**
Discontinued operations	(24.9)	(39.9)
Restricted cash	1.0	-
At beginning of year	52.7	12.4
Cash at end of year	**50.3**	**52.7**

Discontinued cash flows in the year relates to Propius lease, maintenance and other aircraft related costs.

Restricted cash relates to money held in escrow within the Renewables division as security for one of its contracts.

Investing activities include inflows of £3.5m received from the sale of a portion of Widnes land, £2.2m from the sale of PPE and £1.7m for the receipt of the capital element of net investment in leases.

Financing activities includes net proceeds from the term loan of £44.8m. Offsetting this there were outflows of £16.4m for the repayment of the capital element of lease obligations and £6.8m for interest payments.

Lewis Girdwood
Chief Financial Officer

Operating reviews

Renewables
Esken Renewables supplied 1.6m tonnes of fuel to biomass plant customers in the year to 28 February 2023, up 9.4% on the prior year (2022 1.5m tonnes).

However, this increase reflected improved demand from biomass plants to which Esken Renewables primarily supplies third party and forestry by-product, at a lower margin. Higher margin biomass plants that use waste wood experienced an increased number of unplanned outages, particularly during the winter months. This reduced the total volume of waste wood supplied by Esken Renewables and the associated gate fee income. Ongoing fluctuations in UK construction supply chains also led to a market wide reduction in waste wood, further impacting gate fee income and margins.

The overall increase in volume supplied resulted in revenue increasing 17.7% to £93.7m (2022 £79.7m) but the reduction in higher margin waste wood income resulted in adjusted EBITDA reducing by 9.5% from £20.3m to £18.4m.

Margins are expected to improve as biomass plant customers continue to better understand their infrastructure and optimise performance. Margins will also be supported by continued annual contracted indexation revisions that reflect the cost inflation experienced during the year. RPI linked contracts for two of the six largest plants were revised to reflect higher costs in April 2022 with a further two revised by the end of the first half of the financial year. The remaining two contracts were revised in January 2023.

Further steps were taken to optimise ongoing margins through the closure of Esken Renewables' Port Clarence processing and storage site, which had originally been built to service the Port Clarence Biomass Plant, which was never commissioned. The processing site had never been profitable as a result. Esken Renewables took the decision to close the site having entered into a new sub-supply agreement to support the Chilton Biomass plant, replacing the supply provided from Port Clarence. The sub-supply agreement and closure of Port Clarence is expected to deliver an additional £0.9m of annual recurring EBITDA from 1 April 2023.

A new sub-supply arrangement in Yorkshire and the Cramlington supply contract moving to an exclusive basis from September 2022 will also support improved recurring revenues going forward, and Esken Renewables continues to seek further supply agreements and strategic partnerships.

Aviation
The Aviation Division received £1.4m related to the recovery of airline marketing support payments and delivered an adjusted EBITDA loss of £3.8m in FY23. In the prior year, the Division reported a loss of £0.8m having benefitted from £3.5m of one-off receipts associated with Connect Airways and the conclusion of the partnership with Teesside International Airport. The adjusted EBITDA loss of £3.8m included positive contributions from the airport hotel, London Southend Jet Centre, and Star Handling.

The aftereffects of the pandemic continued to impact the aviation sector during the year. Whilst LSA continued to maintain adequate staffing levels, several aviation businesses saw their staffing numbers reduce during the last two years and the industry experienced challenges in recruiting people back into aviation. During the summer months, many airline staff also went on strike, causing airlines to both continue to retrench to traditional hub bases and remove flights if there weren't staff available to operate them. The challenges elsewhere in turn led to the removal of planned flights at LSA at various points over the summer, reducing passenger numbers by 5.3% from 94k to 89k.

LSA has continued to position itself for recovery despite the legacy challenges that followed the pandemic. This recovery will be built on having in place a strong management team that is taking a proactive approach to airline engagement while continuing to develop the airport proposition.

John Upton joined the airport team as CEO in September 2022 and has sought to engender an entrepreneurial spirit in the business. John leads a new management team with the Finance Director and Business Development Director appointed toward the beginning of the year under review. They are joined by recently promoted operations and commercial directors in a newly formed operational Board.

That team are regularly engaging with airlines on both based and non-based flying, using the data from 40 previously proven routes to indicate the profit opportunities arising from operating at LSA.

Those airlines are increasingly aware that London's traditional airport hubs are now very close to pre-pandemic operating levels and that peak slot capacity is reaching a cliff edge. LSA is therefore making the case for profitable and sustainable growth capacity now, serving the fast-growing east London and east of England catchment area. Direct rail access to London Liverpool Street and Stratford, the UK's busiest train station, with further connections to the Elizabeth Line 30 minutes away in Shenfield also add to the attractiveness of the airport's location.

The airport's affluent and growing catchment area, direct, quick rail access to London and modern airport infrastructure were important factors that led to LSA signing a multi-year partnership with easyJet in January 2023. easyJet started operating a new route to Amsterdam at the end of May 2023 with Paris starting October 2023. These two new routes will operate year round. The addition of these routes takes the number of destinations easyJet serves from the airport to five including Malaga, Palma and Faro. The airline has also announced an increase in the weekly frequency of flights to Faro.

LSA will also aim to build on its positive engagement last summer with airlines following a small number of flights that were added by Blue Air to Bucharest, Sky Express to Athens and Wideroe to Bergen in late July. The airport team will also continue to explore further logistics opportunities following a successful operation supporting a new logistics partner on a temporary basis from January through to March 2023.

The Board of Esken believe LSA has the potential to grow well beyond the 2.1m passengers that it welcomed in FY20. The Board concluded that the best way to help the airport achieve this potential, and deliver value for Esken shareholders, is through a managed disposal process. A key objective will be to find the right buyer with the capital to support the growth prospects of the airport over the long term and benefit airline partners, customers and local stakeholders.

Consolidated income statement
For the year ended 28 February 2023

	Year ended 28 February 2023 £'000	**Restated[1] Year ended 28 February 2022 £'000**
Continuing operations		
Revenue	120,004	104,633
Other income	2,220	8,364
Operating expenses	(116,587)	(102,386)
Adjusted EBITDA	**5,637**	**10,611**
Depreciation	(18,284)	(20,749)
Impairments	(1,016)	(5,970)
Operating loss	**(13,663)**	**(16,108)**
Reversal of impairment of loan notes	7,302	-
Finance costs	(24,786)	(21,446)
Finance income	4,027	2,240
Share of post-tax losses of associates and joint ventures	(566)	(356)
Loss before tax	**(27,686)**	**(35,670)**
Tax	2,508	9,865
Loss for the year from continuing operations	**(25,178)**	**(25,805)**
Discontinued operations		
Loss from discontinued operations, net of tax	(59)	(2,386)
Loss for the year	**(25,237)**	**(28,191)**
Loss per share expressed in pence per share – continuing operations		
Basic	(2.47)p	(3.12)p
Diluted	(2.47)p	(3.12)p
Loss per share expressed in pence per share – total		
Basic	(2.47)p	(3.41)p
Diluted	(2.47)p	(3.41)p

[1]The 2022 results have been restated where required due to prior period adjustments, see note below.

Consolidated statement of comprehensive income
For the year ended 28 February 2023

	Year ended 28 February 2023 £'000	Restated[1] Year ended 28 February 2022 £'000
Loss for the year	**(25,237)**	**(28,191)**
Exchange differences from discontinued operations, net of tax	(7,017)	(1,824)
Other comprehensive expense – items that are or may be reclassified subsequently to profit or loss, net of tax	**(7,017)**	**(1,824)**
Remeasurement of defined benefit plan	324	1,876
Change in fair value of financial assets classified as fair value through other comprehensive income	963	(1,187)
Tax on items relating to components of other comprehensive income	(341)	(417)
Other comprehensive income – items that will not be reclassified to profit or loss, net of tax	**946**	**272**
Other comprehensive expense for the year, net of tax	**(6,071)**	**(1,552)**
Total comprehensive expense for the year	**(31,308)**	**(29,743)**

[1]The 2022 results have been restated where required due to prior period adjustments, see note below.

Of the total comprehensive expense for the year, a loss of £24,232,000 (2022: £25,533,000) is in respect of continuing operations and a loss of £7,076,000 (2022: £4,210,000) is in respect of discontinued operations.

Consolidated statement of financial position
As at 28 February 2023

	28 February 2023 £'000	Restated[1] 28 February 2022 £'000
Non-current assets		
Property, plant and equipment	263,412	269,944
Investment in associates and joint ventures	450	1,016
Other financial assets	15,324	14,105
Intangible assets	54,669	54,669
Net investment in leases	16,888	17,763
Defined benefit pension surplus	1,937	348
Other receivables	-	1,495
	352,680	**359,340**
Current assets		
Inventories	1,729	12,552
Trade and other receivables	34,195	23,883
Cash and cash equivalents	49,264	52,738
Restricted cash	1,000	-
	86,188	**89,173**
Total assets	**438,868**	**448,513**
Non-current liabilities		
Loans and borrowings	(259,841)	(222,981)
Other liabilities	(8,894)	(8,643)
Provisions	(3,942)	(13,279)
	(272,677)	**(244,903)**
Current liabilities		
Trade and other payables	(27,611)	(30,160)
Loans and borrowings	(80,521)	(77,099)
Corporation tax	(583)	(5,110)
Provisions	(17,560)	(20,674)
	(126,275)	**(133,043)**
Total liabilities	**(398,952)**	**(377,946)**
Net assets	**39,916**	**70,567**
Capital and reserves		
Issued share capital	102,534	102,534
Share premium	403,225	403,225
Foreign currency exchange reserve	(6,799)	218
Reserve for own shares held by employee benefit trust	(7,596)	(7,596)
Retained deficit	(451,448)	(427,814)
Group shareholders' equity	**39,916**	**70,567**

[1]The 2022 results have been restated where required due to prior period adjustments, see note below.

Consolidated statement of changes in equity

For the year ended 28 February 2023

	Issued share capital £'000	Share premium £'000	Foreign currency exchange reserve £'000	Reserve for own shares held by EBT £'000	Retained deficit £'000	Total equity £'000
Balance at 1 March 2022 (restated)	102,534	403,225	218	(7,596)	(427,814)	70,567
Loss for the year	-	-	-	-	(25,237)	(25,237)
Other comprehensive expense for the year	-	-	(7,017)	-	946	(6,071)
Total comprehensive expense for the year	-	-	(7,017)	-	(24,291)	(31,308)
Employee benefit trust	-	-	-	-	(3)	(3)
Share-based payment charge	-	-	-	-	630	630
Tax on share-based payment charge	-	-	-	-	30	30
Balance at 28 February 2023	**102,534**	**403,225**	**(6,799)**	**(7,596)**	**(451,448)**	**39,916**

For the year ended 28 February 2022 (restated[1])

	Issued share capital £'000	Share premium £'000	Foreign currency exchange reserve £'000	Reserve for own shares held by EBT £'000	Retained deficit £'000	Total equity £'000
Balance at 1 March 2021	62,492	390,336	3,826	(7,480)	(400,861)	48,313
Prior period adjustments	-	-	-	-	1,204	1,204
Balance at 1 March 2021 - restated	62,492	390,336	3,826	(7,480)	(399,657)	49,517
Loss for the year	-	-	-	-	(28,191)	(28,191)
Other comprehensive (expense)/income for the year	-	-	(1,824)	-	272	(1,552)
Total comprehensive expense for the year	-	-	(1,824)	-	(27,919)	(29,743)
Issue of ordinary shares	40,042	12,889	-	-	(600)	52,331
Employee benefit trust	-	-	-	(116)	(4)	(120)
Reclassification of exchange differences on disposal of subsidiaries	-	-	(1,784)	-	-	(1,784)
Share-based payment charge	-	-	-	-	285	285
Tax on share-based payment charge	-	-	-	-	81	81
Balance at 28 February 2022	**102,534**	**403,225**	**218**	**(7,596)**	**(427,814)**	**70,567**

[1]The 2022 results have been restated where required due to prior period adjustments, see note below.

Consolidated statement of cash flows
For the year ended 28 February 2023

	Year ended 28 February 2023 £'000	Year ended 28 February 2022 £'000
Cash (used in)/generated from continuing operations	**(8,481)**	**3,291**
Cash outflow from discontinued operations	(10,610)	(17,775)
Income taxes paid	(2,060)	-
Net cash outflow from operating activities	**(21,151)**	**(14,484)**
Purchase of property, plant and equipment net of financing	1,705	(3,015)
Proceeds from the sale of property inventory	3,539	-
Proceeds from the sale of property, plant and equipment	2,197	1,115
Receipt of capital element of net investment in lease	1,725	1,547
Cash disposed on liquidation/disposal of subsidiary undertakings	-	(362)
Acquisition of other investments	-	(4,900)
Interest received	451	415
Cash inflow/(outflow) from discontinued operations	2,171	(7,808)
Net cash inflow/(outflow)/inflow from investing activities	**11,788**	**(13,008)**
Proceeds from the issue of ordinary shares (net of issue costs)	-	52,330
Proceeds from issue of convertible debt (net of costs)	-	111,459
Proceeds from new borrowings (net of costs)	44,784	-
Proceeds from grants	1,705	2,600
Principal element of lease payments	(16,603)	(17,026)
Net repayment of revolving credit facility (net of costs)	(850)	(58,165)
Interest paid	(6,658)	(8,992)
Cash outflow from discontinued operations	(16,489)	(14,384)
Net cash inflow from financing activities	**5,889**	**67,822**
(Decrease)/increase in cash and cash equivalents	(3,474)	40,330
Cash and cash equivalents at beginning of year	52,738	12,408
Cash and cash equivalents at end of year	**49,264**	**52,738**
Cash transferred from unrestricted cash	1,000	-
Cash , cash equivalents and restricted cash	**50,264**	**52,738**

Notes to the consolidated financial statements

Accounting policies of Esken Limited

Basis of preparation and statement of compliance
The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 28 February 2023 and 28 February 2022. The information presented is an extract from the audited consolidated Group statutory accounts. The Auditors have reported on those accounts; their report was (i) unqualified, and (ii) contains a material uncertainty in respect of going concern to which the auditor drew attention by way of emphasis without modifying their report. The Auditors' report can be found in the Group's full 2023 Annual Report and Accounts which will be published on the Group's website.

These Group financial statements have been prepared in accordance with UK-adopted international accounting standards.

The financial statements of the Group are also prepared in accordance with the Companies (Guernsey) Law 2008.

Esken Limited (the Company) is a Guernsey-registered company. The Company's ordinary shares are traded on the London Stock Exchange.

Measurement convention
The financial statements are prepared on the historical cost basis except financial assets held at fair value through other comprehensive income (FVOCI) and derivative financial instruments which are stated at their fair value.

Going concern
The Group's business activities, together with factors likely to affect its future performance and position, are set out in the Executive Chairman's statement and the financial position of the Group, its cash flows and funding are set out in the Financial Review.

The financial assets and liabilities note of the financial statements includes details of the Group's loans and borrowings at the year end, together with the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposure to credit risk and liquidity risk. After making enquiries, the Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future until at least 30 June 2024. Accordingly, the financial statements have been prepared on a going concern basis. However, there is a material uncertainty in respect of this going concern assumption and the Directors have exercised a significant degree of judgement in concluding that the Group remains a going concern. In particular, the assumption that the disposal of the Renewables business will complete prior to 31 August 2023, with the timing of completion and forecast consideration are both significant judgements.

In performing the going concern assessment, the Directors have reviewed the cash flow forecasts together with the funding options that may be available to the Group and the likelihood of them being accessible, for the period to 30 June 2024. Within this timescale, it is forecast that funds will be generated from the disposal of the Renewables business and that those proceeds, together with certain non-core asset disposals, will enable the repayment of the £50m term loan, and associated costs, settlement of the exchangeable bonds (bonds) in May 2024, and provide further liquidity to London Southend Airport (LSA), in addition to the short-term facility currently being negotiated with an existing lender, during the ongoing sale process.

The project to dispose of the Renewables business is significantly progressed, with the process being at an advanced stage with a preferred bidder now undertaking due diligence. The current timetable and management judgement assumes completion in August 2023.

As at 28 February 2023, the Group had cash balances of £50.3m. Included in this £50.3m of cash is £5.3m of cash ringfenced in London Southend Airport (LSA) and its subsidiaries, as part of the Carlyle Global infrastructure Opportunity Fund (CGI) convertible debt facility. Whilst the Group continues to tightly manage its cash resources, the current position is that the Group needs to complete the disposal of the Renewables business prior to the end of December 2023, or complete significant asset disposals, otherwise the Group may be unable to continue trading. The Directors have a reasonable expectation, following discussions with the appointed advisor, that the required disposal of the Renewables business will be completed at the quantum and within the timescales required.

Should the business disposal not successfully complete before the end of December 2023, this is expected to lead to severe liquidity issues and the Group will likely breach its forward looking covenant. The Directors would have a limited amount of time to raise additional funds if the timing of the business disposal was to be delayed, to allow the Group to continue trading. The Directors have prepared base case forecasts, together with sensitivity analysis on those forecasts, including a severe but plausible downside set of assumptions detailed below. Under both the base and plausible downside scenario, Group liquidity following the maturity of the bonds in May 2024 becomes negative, excluding the key mitigating action of disposal of the Renewables business. The reasonableness of the assumption made by the Directors that funds from the disposal of the Renewables business will be received is a significant judgement and this gives rise to a material uncertainty in respect of securing the necessary funds. Both forecasts include the critical assumption that the business disposal is successful, the base case forecast indicates Group headroom of c.£26m at 30 June 2024 and the severe but plausible downside indicates that the Group will have headroom of c.£4m at this date.

For the purposes of this going concern analysis, the base case forecast assumes:

- The Group completes the disposal of its Renewables business before 31 August 2023. The proceeds of which will be used to repay the term loan drawn in December 2022;
- The Group settles its bonds, paying cash in excess of the collateral shares held;
- Full year passenger volumes from LSA of c.0.1m for the year ending 28 February 2024 and c.0.5m passengers in the year ending 28 February 2025;
- £34.0m cash received in respect of non-core asset disposals in the year ending February 2024;
- The Group is able to finalise terms with an existing lender for a suitable additional short-term facility that would enable additional required liquidity of up to £5m to be injected into LSA, prior to 31 July 2023; and
- Proceeds from the Renewables disposal would be available to be used in the LSA Group to meet ongoing forecast liquidity needs.

The severe but plausible downside excludes all but £9m of non-core asset disposals. That forecast also includes a reduction in 2025 Aviation operational and trading performance due to the slower recovery following the COVID-19 pandemic, resulting in a cash reduction to forecast. The passenger forecast for 2024, of c.0.1m, is primarily based on the known current routes available, and therefore management do not believe that a downside sensitivity is required to these assumptions. The severe but plausible forecast also assumes that the completion of the Renewables business disposal will be delayed until November 2023. Based on those assumptions, the severe but plausible downside scenario does not have a material impact on the ability of the Group to continue in operational existence for the foreseeable future. However, it is important to note that if the Renewables business disposal is delayed beyond the severe but plausible downside forecast, the forward looking covenant will be breached without additional mitigating actions, including the accelerated disposal of non-core assets and alternative funding arrangements.

Overall, the Directors are satisfied that the Group will have sufficient funds to continue to meet its liabilities as they fall due until at least 30 June 2024 and therefore have prepared the financial statements on a going concern basis. However, as previously noted this is highly dependent on the successful completion of the Group's disposal plans, which indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Significant accounting policies

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

(a) New standards, amendments to existing standards and interpretations to existing standards adopted by the Group

The Group has considered the following amendments and definitions that are effective in this financial year and concluded that they do not have a material impact on the financial position or performance of the Group:

- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

(b) New standards and interpretations not applied

The following UK-endorsed standards and amendments have an effective date after the date of these financial statements:

	Effective for accounting periods commencing on or after	Proposed adoption in the year ending
Classification of Liabilities as Current or Non-current and non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024	28 February 2024
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2024	28 February 2024

The adoption of these standards and amendments is not expected to have a material effect on the net assets, results and disclosures of the Group. There are no other new UK-endorsed standards and amendments that are issued but not yet effective that would be expected to have a material impact on the Group in future reporting periods and on foreseeable future transactions.

Segmental information

The reportable segment structure is determined by the nature of operations and services. The operating segments are Renewables, Aviation, Investments and Non-Strategic Infrastructure. The results for Propius are presented as discontinued operations on the face of the consolidated income statement.

The Renewables segment specialises in the supply of sustainable biomass material for the generation of renewable energy. The Aviation segment specialises in the operation of commercial airports and the provision of ground handling services. The Investments segment holds a non-controlling interest in a logistics services investing business and a baggage-handling business. The Non-Strategic Infrastructure segment specialises in the management, development and realisation of a portfolio of property assets, including Carlisle Lake District Airport.

The Executive Directors are regarded as the Chief Operating Decision Maker. The Directors monitor the results of each business unit separately for the purposes of making decisions about resource allocation and performance assessment. The main segmental profit measure is adjusted EBITDA, which is calculated as loss before interest, tax, depreciation and impairments. Income taxes and certain central costs are managed on a Group basis and are not allocated to operating segments. No segmental assets or liabilities information is disclosed because no such information is regularly provided to, or reviewed by, the Chief Operating Decision Maker.

Year ended 28 February 2023	**Renewables £'000**	**Aviation £'000**	**Investments £'000**	**Non-Strategic Infrastructure £'000**	**Group Central and Eliminations £'000**	**Total £'000**
Revenue						
External	93,748	25,455	-	516	285	120,004
Internal	-	-	-	100	(100)	-
Total revenue	**93,748**	**25,455**	**-**	**616**	**185**	**120,004**
Adjusted EBITDA	**18,388**	**(3,845)**	**(34)**	**(1,694)**	**(7,178)**	**5,637**
Depreciation	(7,615)	(9,763)	-	(387)	(519)	(18,284)
Impairment	(1,016)	-	-	-	-	(1,016)
Reversal of impairment of loan notes	-	-	-	7,302	-	7,302
Finance costs (net)	(1,783)	(15,191)	(1,535)	(46)	(2,204)	(20,759)
Share of post-tax losses of associates and joint ventures	-	-	(566)	-	-	(566)
Profit/(loss) before tax from continuing operations	**7,974**	**(28,799)**	**(2,135)**	**5,175**	**(9,901)**	**(27,686)**

Year ended 28 February 2022 (restated)	Renewables £'000	Aviation £'000	Investments £'000	Non-Strategic Infrastructure £'000	Group Central and Eliminations £'000	Total £'000
Revenue						
External	79,650	23,389	-	563	1,031	104,633
Internal	-	22	-	100	(122)	-
Total revenue	**79,650**	**23,411**	**-**	**663**	**909**	**104,633**
Adjusted EBITDA	**20,308**	**(773)**	**(34)**	**3,273**	**(12,163)**	**10,611**
Depreciation	(8,469)	(10,831)	-	(357)	(1,092)	(20,749)
(Impairment)/impairment reversal	(6,790)	-	-	820	-	(5,970)
Finance costs (net)	(1,753)	(8,700)	(1,596)	(330)	(6,827)	(19,206)
Share of post-tax losses of associates and joint ventures	-	-	(356)	-	-	(356)
(Loss)/profit before tax from continuing operations	**3,296**	**(20,304)**	**(1,986)**	**3,406**	**(20,082)**	**(35,670)**

Internal revenue above relates to inter-segment revenues that are eliminated within Group central and eliminations. Intra-segment revenues are eliminated within each segment.

Discontinued operations

Propius and Stobart Air

Propius, our aircraft leasing business, formerly leased all eight of its aircraft to Stobart Air. In the prior year the Ireland High Court appointed liquidators to Stobart Air. Due to the liquidation the Stobart Air balance sheet was deconsolidated in the Group accounts. Net liabilities deconsolidated totalled £15,562,000 and £4,255,000 of costs in relation to the liquidation were incurred, resulting in a profit on liquidation of £11,307,000.

Propius and Stobart Air were both separately considered major lines of business. The results of Propius, along with the prior year results of Stobart Air and profit on liquidation, are reported on a single line, net of tax on the face of the consolidated income statement. While the results of Propius are presented as discontinued, in the period up to 28 February 2024 there will be ongoing finance charges and cash flows in respect of aircraft leases and cash flows in respect of maintenance obligations, with the corresponding liabilities remaining on the Group's consolidated statement of financial position.

The results of Propius and Stobart Air included in discontinued operations are as follows.

Results of discontinued operations of Propius	2023 £'000	2022 £'000
Operating expenses	783	(9,613)
Reversal of impairment of property assets	879	-
Net finance costs	(1,721)	(2,601)
Results from operating activities before tax	**(59)**	**(12,214)**
Tax	-	(90)
Loss for the year from discontinued operations, net of tax	**(59)**	**(12,304)**

Results of discontinued operations of Stobart Air	2023 £'000	2022 £'000
Revenue	-	3,449
Operating expenses	-	(4,858)
Net finance costs	-	325
Results from operating activities before tax	**-**	**(1,084)**
Profit on liquidation	-	11,307

Profit for the year from discontinued operations, net of tax	**-**	**10,223**

The above results from discontinued operations are attributable to the owners of the Company.

The cash flows in relation to the Propius and Stobart Air operations are as follows.

Cash flows used in discontinued operations of Stobart Air	**2023**	**2022**
	£'000	**£'000**
Net cash used in operating activities	(10,610)	(2,160)
Net cash used in investing activities	2,171	(7,808)
Net cash used in financing activities	(16,489)	(12,241)
Net cash flows for the year	**(24,928)**	**(22,209)**

Cash flows used in discontinued operations of Propius	**2023**	**2022**
	£'000	**£'000**
Net cash used in operating activities	-	(15,751)
Net cash used in financing activities	-	(2,143)
Net cash flows for the year	**-**	**(17,894)**

The results and cash flows of Stobart Air and Propius discontinued operations included in the above tables are after the elimination of intra-group transactions between Propius and Stobart Air.

Disposal of Stobart Rail Limited

In the prior year, the Group incurred residual costs in relation to the disposal of Stobart Rail, which the Group divested of on 14 July 2020, along with the receipt of contingent consideration from the disposal. The prior year loss of £305,000 is included as part of the single line loss from discontinued operations, net of tax on the face of the consolidated income statement. There was a prior year cash inflow of £136,000 in relation to the operation.

Summary of discontinued operations recognised within the consolidated income statement

	2023	**2022**
	£'000	**£'000**
Propius	(59)	(12,304)
Stobart Air	-	10,223
Stobart Rail	-	(305)
Loss for the year from discontinued operations, net of tax	**(59)**	**(2,386)**

Summary of cash flows from discontinued operations

	2023	**2022**
	£'000	**£'000**
Propius	(24,928)	(22,209)
Stobart Air	-	(17,894)
Stobart Rail	-	136
Net cash flows for the year	**(24,928)**	**(39,967)**

Financial assets and liabilities

Loans and borrowings	2023 £'000	Restated 2022 £'000
Non-current		
Obligations under leases	82,895	104,119
Convertible debt (net of costs)	132,977	118,862
Term loan (net of costs)	43,969	-
	259,841	**222,981**
Current		
Exchangeable bonds	52,637	52,385
Term loan (net of costs)	1,250	-
Obligations under leases	26,634	24,714
	80,521	**77,099**
Total loans and borrowings	**340,362**	**300,080**
Cash	(49,264)	(52,738)
Restricted cash	(1,000)	-
Net debt	**290,098**	**247,342**

Restricted cash relates to money held in escrow, included within the Renewables division as security for one of its contracts. Included in the cash balance of £49,264,000 is £5,286,000 of ring-fenced cash for use in London Southend Airport and its subsidiaries under the terms of the convertible debt agreement with Carlyle Global Infrastructure Opportunity Fund, and £943,000 for use in the Employee Benefit Trust.

Reconciliation of movements of liabilities to cash flows arising from financing activities

Liabilities	Exchange-able bond £'000	Revolving credit facility £'000	Convertible debt £'000	Term loan £'000	Obligations under leases £'000	Total £'000
Balance at 1 March 2022	52,385	-	118,862	-	128,833	300,080
Changes from financing cash flows:						
Additional loans	-	-	-	50,000	-	50,000
Cash outflow from debt issue costs	-	(850)	-	(5,216)	-	(6,066)
Principal elements of lease payments – continuing operations	-	-	-	-	(16,603)	(16,603)
Principal elements of lease payments – discontinued operations	-	-	-	-	(14,446)	(14,446)
Interest paid – continuing operations	(1,460)	(331)	-	(1,457)	(3,410)	(6,658)
Interest paid – discontinued operations	-	-	-	-	(2,043)	(2,043)
Total changes from financing cash flows	**(1,460)**	**(1,181)**	**-**	**43,327**	**(36,502)**	**4,184**
Release of deferred issue costs	376	-	1,934	435	-	2,745
Revaluation of derivative	(124)	-	(960)	-	-	(1,084)
New leases entered into	-	-	-	-	10,407	10,407
Termination of lease	-	-	-	-	(2,298)	(2,298)
The effect of changes in foreign exchange rates	-	-	-	-	3,046	3,046
Non-cash interest accruals	1,460	1,181	13,141	1,457	6,043	23,282
Balance at 28 February 2023	**52,637**	**-**	**132,977**	**45,219**	**109,529**	**340,362**
Deferred issue costs included in the above liabilities	438	-	10,608	4,781	-	15,827

Liabilities	Exchange-able bond £'000	Revolving credit facility £'000	Convertible debt £'000	Obligations under leases £'000	Total £'000
Balance at 1 March 2021	52,010	52,329	-	158,908	263,247
Prior period adjustments	-	-	-	7,232	7,232
Balance at 1 March 2021 – restated	52,010	52,329	-	166,140	270,479
Changes from financing cash flows:					
Additional loans	-	-	125,000	-	125,000
Net cash repaid	-	(55,000)	-	-	(55,000)
Cash outflow from debt issue costs	-	(3,165)	(13,541)	-	(16,706)
Principal elements of lease payments – continuing operations	-	-	-	(17,026)	(17,026)
Principal elements of lease payments – discontinued operations	-	-	-	(11,470)	(11,470)
Interest paid – continuing operations	(1,460)	(3,624)	-	(3,908)	(8,992)
Interest paid – discontinued operations	-	-	-	(2,913)	(2,913)
Total changes from financing cash flows	**(1,460)**	**(61,789)**	**111,459**	**(35,317)**	**12,893**
Release of deferred issue costs	375	4,411	998	-	5,784
Reclass to other debtors	-	1,425	-	-	1,425
New leases entered into	-	-	-	3,737	3,737
Termination of lease	-	-	-	(6,707)	(6,707)
Unwind of discount	-	-	-	171	171
Disposal of subsidiary undertaking	-	-	-	(7,265)	(7,265)
The effect of changes in foreign exchange rates	-	-	-	1,077	1,077
Non-cash interest accruals	1,460	3,624	6,405	6,997	18,486
Balance at 28 February 2022	**52,385**	**-**	**118,862**	**128,833**	**300,080**
Deferred issue costs included in the above liabilities	814	-	12,542	-	13,356

Esken Limited cancelled its £19.125m undrawn Revolving Credit Facility (RCF) with Lloyds/AIB on the 15 December 2022 in line with signing its new £50m three year term loan, see following Term loan section.

Esken Limited provides support to its subsidiaries where required including guarantees to certain counterparties in the Renewables business linked to energy supply contracts. Further examples of support include intercompany funding arrangements and the provision of guarantees in relation to financing lines provided by a number of lenders. In addition, one Renewables contract has a covenant relating to the market capital of Esken Limited, where a breach would be remedied by additional letters of credit or a security deposit. The Group was in compliance with, or received waivers for, all financial covenants throughout both the current and prior year and subsequent to the year end.

Term loan

On 9 November 2022, the Group signed a three-year (with one year extension at lender's discretion) £50m term loan with Avenue Capital Management. The term loan also has an optional (at lender's discretion) £40m uncommitted tranche. The £50m term loan was drawn down on 15 December 2022 - in line with the cancellation of the £19.125m Lloyds/AIB RCF. Interest is paid quarterly at SONIA + 9.875% with an element of principal amortisation (first year deferred). The SONIA rate used for the interest is the one-year SONIA rate and resets on 15 December each year. Secured on all non-LSA group assets, via fixed and floating charges and debentures.

Convertible debt

On 26 August 2021, the Group signed an agreement with Carlyle Global Infrastructure Opportunity Fund (CGI) for a £125m investment in LSA through a 30% convertible debt instrument (loan). The loan can be converted by CGI at any time following this date until maturity, being seven years. If CGI does not convert prior to maturity, the loan is repayable at the greater of an amount achieving 10% IRR for CGI or £193.8m (Repayment Price). Interest accrues at 8% per annum to be paid in cash or rolled into the principal, depending on cash generated by LSA in the previous year and certain minimum liquidity headroom requirements. In addition, 2% per annum PIK interest is rolled into the principal. The loan includes three derivatives in relation to conversion, however, these have been accounted for as one single compound derivative as they are not considered independent of each other.

The loan liability is valued at amortised cost, applying the effective interest rate (EIR) method. This takes into account the expected future cash flows and timings of these cash flows over the life of the instrument. Judgement has been used in determining the timing of the future cash payments to be earlier than the maturity date. When judgements relating to the future cash flows are made, the Group recalculates the gross carrying amount of the amortised cost of the financial liability as the present value of the estimated future contractual cash flows that are discounted at the financial instrument's original effective interest rate or, when applicable, the revised effective interest rate. This adjustment is recognised in profit or loss as interest income or interest expense. The derivative was fair valued at £1,005,000 on issue of the loan and is revalued at each reporting date, with any gain or loss recognised in finance costs in the consolidated income statement. The host contract is measured at amortised cost. At 28 February 2023, the fair value of the derivative is £45,000, which is unchanged from 31 August 2022 interim review.

Exchangeable bonds

On 3 May 2019, the Group placed £53.1m of secured guaranteed exchangeable bonds (Bonds). The Bonds have a five-year maturity, bear interest at 2.75% per annum and are exchangeable into ordinary shares of 1p each in the capital of Logistics Development Group plc (LDG). The bondholders have an unconditional right to require the Group to settle the bonds by giving the bondholders contractually agreed number of shares in LDG at any time. The Bonds have a May 2024 maturity, with repayment being the difference between the £53.1m gross Bonds and shares in LDG into which the Bonds are convertible. At 28 February 2023 this amounted to £42.9m.

Provisions

	Site restoration £'000	**Onerous contracts £'000**	**Litigation and claims £'000**	**Remediation provision £'000**	**Maintenance reserve £'000**	**Total £'000**
At 1 March 2022	1,250	2,021	3,095	3,942	23,645	33,953
Provisions used	(1,250)	(1,361)	(1,522)	-	(9,231)	(13,364)
Provisions made	-	215	-	-	705	920
Provisions reversed	-	-	-	-	(2,758)	(2,758)
Currency retranslation	-	-	-	-	2,751	2,751
At 28 February 2023	**-**	**875**	**1,573**	**3,942**	**15,112**	**21,502**
Analysis of provisions:						
Current	-	875	1,573	-	15,112	17,560
Non-current	-	-	-	3,942	-	3,942

Site restoration

During the year the Group paid the remaining £1,250,000 of dilapidation obligations it had in relation to a long leasehold property the Group has agreed on 3 March 2022 to exit.

Onerous contracts

The Group holds a provision for unavoidable costs related to the eight ATR aircraft in Propius which will be incurred prior to their redelivery to the lessor. During the year, £1,351,000 of this provision has been used. The provision is separate from the maintenance provision held for the aircraft, see following.

Litigation and claims

The balance at the year end primarily relates to a provision for part 1 claims relating to London Southend Airport and other legal costs and claims around the Group. During the year part 1 claims totalling £1,230,000 have been settled and £215,000 was paid in relation to a legal case. It is expected that these claims and cases will be settled within 12 months.

Remediation provision
This relates to the estimated cost required for remediation works on leased land in Widnes. The Group commissioned surveys by independent environmental and sustainability specialists, received in November 2021 and April 2022, providing options for the scope of work, methods and estimates of cost of remediation. The surveys indicated a range of £2.1m to £5.7m depending on the scope and method of remediation. Taking into account uncertainties over the final cost, scope and method of remediation required, in addition to ongoing discussions with appropriate regulators and sample water testing, management believes that the provision of £3.9m is appropriate. It is anticipated that the majority, if not all, works on the site will be carried out after 12 months and so the provision has been presented as a non-current liability.

Maintenance reserves
The maintenance reserves represent the estimated cost of ensuring the remaining four ATR aircraft in Propius at the year end are kept in a suitable condition for when they are handed back at the end of the leases including redelivery costs. The estimate of maintenance reserves is sensitive to changes in market prices and the level of wear on specific components once in the process of overhaul. The impact of discounting is not material and has not been recognised.

The estimated proportion of the provision is £6.0m and largely relates to airframe, engines and propeller blade costs. A large portion of airframe checks (£3.8m) is considered estimable due to the potential for costs to vary significantly. However, the chance of this significant variance is considered low based on experience of actual costs incurred on airframe works for the aircraft handed back to date. The estimable portion of engines covers items outside of the firm fixed price offered by the supplier and is based on Propius incurred costs to date. A key estimate of propeller blades is the scrap rate, currently 15% (c.£0.5m). The condition of each aircraft across the fleet is not expected to significantly differ due to their age and the hours that each has flown. The key driver to all provision estimation is the work required to put the aircraft into a condition defined by the leases prior to redelivery, outside of the fixed cost work required. If all estimated costs increased by 20%, this would drive a material increase in provision of c.£1.2m.

Post balance sheet events
On 15 May 2023, the Group disposed of its wholly owned subsidiary Star Handling Limited to Skytanking UK Ltd, a wholly owned subsidiary of Prime Flight Aviation Services Inc, for a maximum cash consideration of £4.8m on a debt free cash free basis. Under the terms of the agreement, the Group received £3.5m in cash, with up to a further £0.3m being payable following agreement of completion accounts. An additional payment of up to £1.0m (equating to 20% of the maximum cash consideration) is deferred and will be payable subject to the business achieving forecast customer revenue targets in the 12 months following completion.

Notes to the consolidated cash flow statement

	Year ended 28 February 2023 £'000	Restated Year ended 28 February 2022 £'000
Loss before tax from continuing operations	**(27,686)**	**(35,670)**
Adjustments to reconcile loss before tax to net cash flows:		
Non-cash:		
Realised profit on sale of property, plant and equipment	(947)	(308)
Share of post-tax profits of associates and joint ventures accounted for using the equity method	566	356
Depreciation of property, plant and equipment	18,284	20,749
Finance income	(1,922)	(2,240)
Finance costs	24,786	20,962
Release of grant income	(1,339)	(788)
(Impairment reversal)/impairment	(6,286)	5,970
Charge for share-based payments	630	285
Foreign exchange retranslation	(2,099)	445
Gain on swaps mark to market valuation	-	(93)
Working capital adjustments:		
Decrease/(increase) in inventories	148	(144)
(Increase)/decrease in trade and other receivables	(5,751)	6,625
Decrease in trade and other payables	(1,841)	(7,840)
Decrease in retirement benefits and other provisions	(4,024)	(5,018)
Cash transferred to restricted cash	(1,000)	-
Cash (used in)/ generated from continuing operations	**(8,481)**	**3,291**

Related parties

Relationships of common control or significant influence
W A Tinkler was a related party until 14 June 2018 when he ceased to be a Director of the Group. The amounts outstanding are unsecured and were entered into under normal commercial terms.

WA Developments International Limited is owned by W A Tinkler. There were no related party sales or purchases during the current or prior years. At the year end £60,000 (2022: £60,000) was due from WA Developments International Limited. As of 14 June 2018, WA Developments International Limited was no longer a related party.

Apollo Air Services Limited is owned by W A Tinkler. There were no related party sales or purchases during the current or prior years. At the year end £83,000 (2022: £83,000) was owed by the Group and £46,000 (2022: £46,000) was owed to the Group by this company. As of 14 June 2018, Apollo Air Services Limited was no longer a related party.

WA Tinkler Racing is owned by W A Tinkler. There were no related party sales or purchases during the current or prior years. At the year end £30,000 (2022: £26,000) was owed to the Group. As of 14 June 2018, WA Tinkler Racing was no longer a related party.

During the current and prior years, the Group made no purchases from or sales to Stobart Capital Limited, a business part-owned by W A Tinkler, relating to investment management. At the year end £nil (2022: £6,000) was owed to the Group due to the write-off of invoices totalling £6,000. As of 14 June 2018, Stobart Capital Limited was no longer a related party.

Speedy Hire plc is a related party from 1 June 2019 when David Shearer became Non-Executive Chairman of the Group, as he is also Non-Executive Chairman of Speedy Hire plc. During the year, the Group made purchases of £8,000 (2022: £3,000) relating to equipment hire of which £2,000 (2022: £nil) was owed by the Group at the year end.

Buchanan Shearer Associates LLP is a related party from 1 June 2019 when David Shearer became Non-Executive Chairman of the Group, as he is also a designated member of Buchanan Shearer Associates LLP. During the year, the Group made purchases of £33,000 including VAT (2022: £207,000) relating to recharge of expenses. At the year end, £nil (2022: £nil) was owed by the Group.

Associates and joint ventures

The Group has loans, not part of the net investment, outstanding from its associate interest, Mersey Bioenergy Holdings Limited (MBHL), of £7,302,000 (2022: £nil) at the year end due to the reversal of impairment of the loans. The loans are unsecured and have a ten-year term ending in November 2024.

During the year, the Group made sales of £7,246,000 (2022: £7,411,000) to Mersey Bioenergy Limited (a subsidiary of Mersey Bioenergy Holdings Limited) relating to the sale of material. At the year end, £1,390,000 (2022: £220,000) was owed to the Group.

There were no other balances between the Group and its joint ventures and associates during the current or prior year.

All loans are unsecured and all sales and purchases are settled in cash on the Group's standard commercial terms.

Alternative performance measures

In the reporting of financial information, the Directors have adopted various alternative performance measures (APMs). These measures are not defined by International Financial Reporting Standards (IFRS) and therefore may not be directly comparable with other companies' APMs.

APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements. Non-GAAP APMs are used as they are considered to be both useful and necessary as well as enhancing the comparability of information between reporting periods, by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid users in understanding the Group's performance.

Consequently, APMs are used by the Directors and management for internal performance analysis, planning, reporting and incentive-setting purposes. The presentation of these measures facilitates comparability with other companies, although management's measures may not be calculated in the same way as similarly titled measures reported by other companies.

Adjusted EBITDA

Adjusted EBITDA is the key profitability measure used by management for performance review in the day-to-day operations of the Group. Adjusted EBITDA represents loss before interest, tax, depreciation and impairments. Refer to segments note for reconciliation to statutory loss before tax.

Headroom

This is the sum of cash and restricted cash per the consolidated statement of financial position.

Net debt and gearing

Net debt is defined as the sum of obligations under leases, revolving credit facility, exchangeable bonds and convertible debt, less cash and cash equivalents, see note financial assets and liabilities note above for a reconciliation. Gearing is defined as net debt divided by Group shareholders' equity per the consolidated statement of financial position.

Propius lease and aircraft-related costs

This is the sum of cash outflows related to the ATR aircraft in Propius to be paid in FY24. It consists of net lease payments, less deposit paid of £9.2m, maintenance outflows of £15.1m, see maintenance reserves section of provisions note, and other unavoidable aircraft costs of £0.9m, see note onerous leases/contracts section of provisions note.

Prior year restatement

During the year, errors were identified relating to the adoption of IFRS 16: Leases from the year ended 29 February 2020. The errors concerned minimum rent payment increases built into the terms of several leases and one sublease across the Group, that were omitted from the calculations on transition. In addition, the classification of the difference between a headlease liability and sublease net investment in lease has been corrected. These errors led to a material understatement within lease liabilities, right-of-use assets and net investment in leases, with the balance of these errors impacting retained earnings.

The cumulative net impact of adjustments to retained earnings as at 28 February 2022 was a decrease in retained deficit of £424,000. Lease liabilities were understated by £5,442,000 and right-of-use assets were understated by £4,307,000 at the same date. There was no impact on net cash flows.

The following tables summarise the impacts on the Group's consolidated financial statements.

Consolidated income statement and other comprehensive income

	Year ended 28 February 2022 – As previously reported £'000	Year ended 28 February 2022 – Adjustments £'000	Year ended 28 February 2022 – Restated £'000
Depreciation	(20,464)	(285)	(20,749)
Impairments	(5,369)	(601)	(5,970)
Finance costs	(21,228)	(218)	(21,446)
Finance income	2,239	1	2,240
Others	17,734	-	17,734
Loss for the year	**(27,088)**	**(1,103)**	**(28,191)**
Others comprehensive (expense)/income for the year, net of tax	(1,875)	323	(1,552)
Total comprehensive expense for the year	**(28,963)**	**(780)**	**(29,743)**

Loss per share

	Year ended 28 February 2022 – As previously reported £'000	Year ended 28 February 2022 – Adjustments £'000	Year ended 28 February 2022 – Restated £'000
Loss per share expressed in pence per share – total			
Basic	(3.28)p	(0.13)p	(3.41)p
Diluted	(3.28)p	(0.13)p	(3.41)p

Consolidated statement of financial position

	Year ended 28 February 2022 – As previously reported £'000	Year ended 28 February 2022 – Adjustments £'000	Year ended 28 February 2022 – Restated £'000
Assets			
Property plant and equipment	265,637	4,307	269,944
Net investment in lease	16,204	1,559	17,763
Others	160,806	-	160,806
	442,647	**5,866**	**448,513**
Liabilities			
Loans and borrowings	(294,638)	(5,442)	(300,080)
Others	(77,866)	-	(77,866)
	70,143	**(5,442)**	**70,567**
Net assets			
Capital and reserves			
Retained deficit	(428,238)	424	(427,814)
Others	498,381	-	498,381
Group shareholders' equity	**70,143**	**424**	**70,567**