Edinburgh Airport Limited

Annual report and financial statements for the year ended 31 December 2023

Company registration number: SC096623

Edinburgh Airport Limited

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Edinburgh Airport Limited

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Strategic report

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006. The group has complied with the guidelines for disclosure and transparency in private equity revised July 2014 (commonly referred to as 'The Walker Guidelines').

Edinburgh Airport started life as the Royal Naval Air Service Aerodrome "Turnhouse" in March 1916. It was a key military base during World War I. After its use during World Wars I and II, it launched its first commercial services in 1947. Responsibility for Edinburgh Airport transferred from the Ministry of Defence to the Ministry of Aviation in 1960. In 1966, Edinburgh Airport was transferred to the British Airports Authority (BAA) who operated the Airport until it was privatised in July 1987, becoming BAA Edinburgh. BAA continued to operate the Airport until May 2012, after which it was sold to Global Infrastructure Partners and co-investors.

1. General strategy

Edinburgh Airport Limited ("EAL") is Scotland's busiest airport with 14.4 million passengers passing through its terminal in 2023. The Airport makes a significant contribution to the economic, cultural, and social wellbeing of the city of Edinburgh and Scotland. Since acquisition by Global Infrastructure Partners in 2012, Edinburgh Airport's management team has successfully delivered growth in passenger numbers and route connectivity as well as significant investment in new facilities and improved levels of customer service. Edinburgh Airport's goal is to provide a world class operation by delivering sustainable growth through choice, whilst balancing the needs of its stakeholders and managing risks responsibly.

Edinburgh Airport launched its "Greater Good" strategy in 2021, the Airport's approach to a sustainable future by linking environmental, societal, and economic issues and solutions. Further information in relation to the Greater Good strategy is included within section 6, Sustainability Strategy.

The Airport is committed to reducing its emissions footprint, improving operational resilience, and adapting to the anticipated effects of a changing climate now and in the future. To support the Airport's push towards a sustainable future, the group financial statements include reporting against the Task Force on Climate-related Financial Disclosures ('TCFD') framework. These disclosures represent a voluntary, early adoption of this reporting framework and the disclosures will be expanded and enhanced in the coming years.

2. Review of 2023 and outlook

The Airport's recovery from the pandemic has been more rapid than anticipated with 2023 passenger numbers almost fully recovered on 2019 levels. The volume recovery was particularly strong in the second half of the year where passenger numbers exceeded 2019 levels. The recovery has been led by strong demand for leisure and international travel, particularly long-haul. The Airport hosts 33 airlines and connects to over 170 destinations, and during 2023 the Airport welcomed several new airlines as well as extensions to existing route connectivity. Passenger numbers for the year ended 31 December 2023 are 14.4 million (2022 – 11.3 million), representing a 28% year on year increase from 2022.

The strong volume recovery has resulted in a significant increase in EBITDA for the year ended 31 December 2023 to £186.9 million (2022 - £118.4 million). This is despite cost challenges including increased energy prices, the highest levels of inflation in a generation and investment in operational resilience.

Community commitment
The Airport continues its commitment to play its part in its community through actions, including:

- £140,000 awarded to local community groups & charities;
- £39,000 raised for the Airport's charity partner of the year "The Larder" through staff fundraising activities and foreign coin collections;
- A further £47,000 worth of gifts-in-kind were provided to "The Larder" in the form of advertising space and confiscated alcohol donations;
- Holding regular Edinburgh Airport Consultative Committee meetings with community stakeholders;
- Regular attendance at our local community council meetings in the Lothians and Fife; and
- Recommencing a community facing newsletter to inform and initiate dialogue with neighbours.

Strategic report (continued)

2. Review of 2023 and outlook (continued)

Capital investments
The Airport scaled back its capital investment programme in response to the Covid-19 pandemic. The Airport is now steadily increasing its capital investment programme again to support future growth, provide a better passenger experience and ensure sufficient operational resilience, all whilst supporting the Airport's carbon reduction ambitions. During 2023, the Airport invested £30.9 million (2022: £17.7 million) across a range of projects across the terminal and the airfield. The principal areas of focus include:

- Installation of an onsite solar farm with capacity to provide 25% of the Airport's ongoing energy needs (operational from February 2024);
- Implementation of new security technology in preparing for upcoming changes to security regulations, such as 3D imaging of hand luggage and 100% body scanning (expected to go live during 2024);
- Completion of the safety and operability improvements to the pickup & drop off zone; and
- Series of runway upgrades and rehabilitation works.

Commercial developments
Overall, 2023 passenger volumes represent 98% of 2019 levels driven by growth in demand for leisure and international traffic. Passenger numbers from July to December 2023 tracked 2% ahead of 2019 and the outlook into 2024 remains encouraging. Several new destinations and routes came online during 2023 with further growth forecast in 2024. In addition, during 2023 the Airport saw increased frequency from Qatar Airways (now twice daily) and Turkish Airlines (daily year-round), with Hainan Airlines also returning operations to Edinburgh for the first time since Summer 2019. The new routes include:

Airline	Routes	Start date
British Airways CityFlyer	San Sebastian and Olbia	May 2024
Eurowings	Stuttgart	May 2024
Jet2	Rome and Malta	March 2024 (Rome), May 2024 (Malta)
JetBlue	New York JFK	May 2024
Ryanair	Bergerac, Agadir and Biarritz	April 2024 (Bergerac), April 2024 (Agadir and Biarritz)
WestJet	Toronto and Halifax	May 2024 (Toronto), June 2024 (Halifax)

2023 has seen an enhancement in the Airport's catering estate and investment in its duty-free offering. The Airport opened two new Pret A Manger stores improving the food and drink options both airside and landside. The new Express World duty free store opened in July 2023 and during the year the Airport began the duty-free main store expansion which is expected to complete in 2024.

During December 2023, Passengers with Restricted Mobility (PRM) services was outsourced to OCS Group UK. This resulted in 126 employees being TUPE transferred from Edinburgh Airport Services Limited ('EASL').

Key financial metrics
These are provided in Section 4 of the Strategic report.

Review of the year
The profit for the financial year was £88.2 million (2022: £77.8 million profit). Shareholders' funds at the year-end totalled £89.1 million (2022: £72.2 million deficit) of which a surplus of £20.7 million (2022: £13.0 million surplus) related to the profit and loss account. See Statement of changes in equity on pages 36 and 37.

The group has overall third-party funding of £1,105.0 million (2022: £1,055.3 million). The funding consists of a combination of bank debt and longer-term institutional loans. At 31 December 2023 £50.0 million (2022: £nil) was drawn down on the revolving credit facility. The group has positive cash flows with net cash flows from operating activities of £147.2 million (2022: £126.4 million). As at 31 December 2023, the group's cash and cash equivalents totalled £12.9 million (2022: £60.7 million) and available headroom under undrawn committed bank facilities was £50.0 million (2022: £60.0 million). Although there can be no certainty that financing markets will always remain open, debt maturities are spread over a range of dates, thereby ensuring the group is not exposed to excessive refinancing risk in any one year.

The group completed a refinancing exercise in April 2023 by agreeing a £450 million 5-year bank debt facility with several banks. The funding package includes a £350 million term loan and a £100 million revolving credit facility. The proceeds were applied to the full prepayment of debt facilities which were due to fall due in March 2024 and May 2024 amounting to £175.3 million and £235 million respectively. The group's next scheduled debt maturity is in October 2026 when £80 million of long-term institutional debt is due for repayment.

Developments since beginning of 2024 and future outlook
The Airport's focus for 2024 and beyond is sustainable growth. There are several pivotal capital projects already in progress and expected to commence in 2024 which will facilitate the Airport's ability to deliver this growth. As at 29 February 2024 the group had £18.5 million of cash in the bank and £50.0 million of unutilised committed facilities.

Further details regarding the adoption of the going concern basis can be found in the Directors' report.

Strategic report (continued)

2. Review of 2023 and outlook (continued)

Exceptional items

Exceptional items recognised in the Statement of comprehensive income relate to costs incurred in relation to:
- one-off consultancy and staff payments
- refinancing activity
- de-recognition of assets under the course of construction
- regulatory licencing
- flood prevention projects

3. S.172 Statement

During the year, in performing their duties the directors have had regard to:

(a) The likely consequences of any decision in the long term

The group has a 2040 Masterplan in place, which sets out a long-term, strategic view of the future of the Airport. In addition, the group maintains a rolling 5-year plan, ensuring the directors are always planning for the longer term. Long-term capital projects are planned and viewed collectively at least annually by directors. This approach encourages longer-term operational decision making to support the capital plans. A refreshed Masterplan will be published during 2024.

(b) The interests of the group’s employees

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings, Union meetings, weekly team briefing documents, regular letters to employee home addresses and the group e-magazine and intranet. The group also host monthly virtual ‘town-halls’ to keep employees up to date as not all staff members physically work on site at all times.

Results from the 2022 Annual People Survey were completed in Q1 2023, this involves staff answering a number of questions around their employment with EAL, allowing the opportunity to provide feedback to management. Action points were identified from this review and policies introduced or changed directly as a result and feedback provided to staff. The 2023 survey concluded in December and results were published Q1 2024 with an associated action plan.

The group has appropriate policies for the management and fair treatment of employees in line with Advisory, Conciliation and Arbitration Service (‘ACAS’) guidelines and has collective bargaining agreements in place with Trade Unions.

The group places a strong emphasis on employee wellbeing and has policies and practices in place to ensure this, including extensive occupational health support, free physiotherapy, mental health support and podiatry, generous pension contributions, financial education and benefits for ill-health and death in service. The Airport has achieved Disability Confident Leader status and works in partnership with the Department for Work and Pensions to support employment on campus for the long-term unemployed and supporting young people through apprenticeships, graduate recruitment and internships.

The group has a Talent and Inclusion strategy to support employment especially in disadvantaged groups and to encourage diversity. The group has recently been re-accredited by Work180 who promote organisational standards that raise the bar for women in the workplace, and only endorse employers that are committed to making real progress so that all women can expect better. The group has also engaged with the Social Mobility Index to understand and improve engagement with socially disadvantaged groups. The group also achieved Silver Employer Recognition Scheme (ERS) Award, an accolade which recognises work done to support forces leavers.

During 2023, several Employee Representation Groups were established to encourage employee engagement across the organisation. These groups include values, charity, wellbeing, and diversity & inclusion.

Strategic report (continued)

3. S.172 Statement (continued)

(c) The need to foster the group's business relationships with suppliers, customers and others

Customers
The group ensures business relationships are constantly developed with customers through setting up and maintaining several, active communications channels. These include:

- Station Managers operating for airlines on site who deal with everyday operations issues and queries;
- The Commercial team maintain regular, ongoing communication with airlines;
- Members of the Executive, Leadership and Senior Management team are allocated as Account Managers for airline customers; and
- Retail team meets quarterly with concessionaire customers to jointly review performance and planning, as well as maintaining ongoing, regular communications.

The group is also constantly engaged with customers striving to improve performance to the mutual benefit of airlines, retailers, passengers and the Airport. This is evidenced by the group being on track to maintain its 'Very Good' rating from the Civil Aviation Authority (previously achieved in April 2021), for the service provided to passengers with Reduced Mobility (PRM). The final rating will be confirmed in April 2024.

The PRM service was outsourced from Edinburgh Airport Services Limited (EASL) to OCS Group in December 2023, enabling:

- Further improvements to the accessibility of the service to passengers who require assistance;
- Reintroduction of a dedicated service for passengers with hidden disabilities and additional needs; and
- the opening of an additional PRM reception area in the terminal.

Suppliers
The directors ensure the group treats suppliers consistently by operating a standard on-boarding process with all suppliers to agree terms of business, including standard payment terms. This policy helps to ensure that all dealings with suppliers are consistent and fair. The group offers an exemption from these standard terms to suppliers which qualify as micro businesses under the Companies Act 2006. This exemption means that these micro suppliers are paid in shorter payment terms to assist with cash flow.

All suppliers are asked to sign up to the Airport's Supplier Sustainability Pledge. The Pledge is the minimum standard that the Airport expects responsible businesses to hold themselves accountable to and signing up to the Pledge indicates that the supplier applies the same ethical, social and legal standards as the Airport. During 2023, 298 out of 570 external suppliers signed the pledge, equating to 52% of suppliers.

Others
To maintain a reputation for high standards of business conduct, the group engages with a wide range of stakeholders daily. To ensure the successful running of the Airport business, the directors are fully aware of the need to foster all of the varied relationships within the Airport, be that with passengers, government agencies or non-governmental organisations. These relationships are fostered with open, transparent communication channels. The group continues to work with its many stakeholders to improve the performance of the Airport for the benefit of all stakeholders.

(d) The impact of the group's operations on the community and the environment

The group understands the impact it has on its local communities in Edinburgh, the Lothians and Fife and works to reduce and mitigate the impact of its operations. The group is committed to being a good neighbour to the communities around the Airport and regularly works with local organisations and charities to help support community projects and fundraising.

The group's activities in respect of managing and improving its impact on the community and environment are detailed in the "Sustainability strategy" section on page 14.

3. S.172 Statement (continued)

(e) The desirability of the group maintaining a reputation for high standards of business conduct

The group engages with a wide range of stakeholders daily. The Airport is a major infrastructure asset in Scotland and the wider UK and, as such, the directors have a full awareness of the importance of the business reputation of the Airport. The group engages proactively, transparently and on an ongoing basis with government, regulators, and non-governmental organisations, working collaboratively on wider issues such as information sharing, environmental protection, water quality, social and economic development. Additionally, it is important to the directors to work proactively with media outlets to ensure a true reflection of the the Airport's practices. This includes issuing responses to media requests and issuing proactive media releases.

(f) The need to act fairly between members of the group

The group's board is structured to ensure that all members of the group have fair representation. The group's immediate parent member, Green Bidco Limited has two common directors on the Edinburgh Airport Limited board. All ultimate parent members also have representative directors on the Edinburgh Airport Limited board. All board members are invited to all board meetings and provided with regular updates regarding the group.

Strategic report (continued)

4. Key performance indicators (KPIs)

The group measures KPIs to ensure it achieves sustainable growth over the long term and provides a great service to passengers.

Metric	Definition	2023	2022	Movement (% or percentage points, 'pp')
Turnover	Total revenue of the Airport	**£280.8m**	£193.3m	Up 45.3%
IPP	Income per passenger	**£19.49**	£17.17	Up 13.5%
Operating profit[1]	Per Statement of comprehensive income	**£144.7m**	£81.5m	Up 77.5%
Operating cost per passenger[2]	Unit cost of operating the Airport	**£6.56**	£6.88	Down 4.7%
Capital investment	Investment in assets to improve efficiency and support growth	**£30.9m**	£17.7m	Up 74.6%
Cash flow	Net cash flows generated from the group's operating activities[3]	**£147.2m**	£126.4m	Up 16.5%
Passengers	Total number of passengers using the Airport	**14.41m**	11.26m	Up 28.0%
Destinations	Number of destinations flown to from the Airport	**170**	153	Up 11.1%
ATMs	Total number of aircraft movements during the year	**115,083**	98,068	Up 17.4%
Sustainability	Total greenhouse gas emissions ($kgCO_2e$)	**172,511**	145,772	Up 18.3%
Greenhouse emissions per passenger[4]	Greenhouse emissions per passenger ($kgCO_2e$)	**0.012**	0.013	Down 7.5%
Punctuality	On time departure (OTP) [5]	**63.3%**	60.9%	Up 2.4pp
Security performance	% of passengers waiting < 10 minutes [6]	**90.4%**	82.0%	Up 8.4pp
Passengers with reduced mobility (PRM)	Notified arrival passengers - waiting < 5 minutes Notified departing passengers - waiting < 10 minutes [7]	**84.9%** **98.4%**	87.9% 99.9%	Down 3.0pp Down 1.5pp
Customer satisfaction	Average happy/sad Passenger Survey Scores[8]	**83.0%**	80.0%	Up 3.0pp
Health and safety	Number of RIDDOR's [9]	**6**	2	N/A
Complaints	Number of complaints per 10,000 passengers [10]	**1.57**	1.64	Down 7.0%
Employee engagement	Airport employee survey [11]	**76%**	73%	Up 3.0pp

[1] Operating profit is stated after operating costs and depreciation but before interest and any gains or losses on investment property.
[2] Operating cost per passenger is calculated before exceptional costs, depreciation, and amortisation.
[3] Net cash flows generated from operating activities is before capital expenditure, financing activities and interest.
[4] Greenhouse emissions per passenger is calculated based on the total reported and audited Greenhouse Emissions of the Airport.
[5] OTP is within 15 minutes of scheduled push back time.
[6] Security performance tracked from January to December. Percentage of passengers queuing at security for less than 10 minutes pre-screening.
[7] The European Civil Aviation Conference (ECAC) has outlined standards for waiting times for passengers with reduced mobility (PRM) at airports within Europe. Where notification has been provided in advance of travel, the standard is that 80% of passengers receive assistance within 10 mins in respect of departures and 5 minutes for those arriving on inbound flights.
[8] Customer satisfaction at Edinburgh Airport measured as the proportion of passengers who select "happy" or "neutral" on the campus happy/sad surveys in response to the question "how was your experience so far at the airport today?". This survey is presented to passengers on an iPad post-security, in the Check-in Hall, in FastPark and the Multi Storey Car Park, in International and Domestic Baggage Reclaim and on the EAL Wi-Fi landing page. The score is calculated on a monthly and annual basis.
[9] The Reporting of Injuries, Disease and Dangerous Occurrence Regulations (RIDDOR) stipulate certain serious workplace accidents, occupational diseases and specified dangerous occurrences must be reported to the Health & Safety Executive.
[10] The complaints data used to calculate the KPI directly reflects the volume of formal passenger complaints raised through the Edinburgh Airport Customer Support Centre. Every contact method (phone call, email, webform or letter) is categorised as an enquiry, complaint or compliment for KPI tracking purposes by the EAL Customer Support Team in accordance with EAL SOPs.
[11] This is the airport's own employee survey based on Investor in People guidance and Health and Safety Executive standards. The result is an average score across all departments covering 108 questions (2022 – 102 questions) and reflects the percentage of positive responses to each question.

Strategic report (continued)

5. Principal risks and uncertainties

Risk management
Risk management is fully embedded in the group's operations, across all levels, and is supported by an Enterprise Risk Management (ERM) Framework which aims to ensure risks are identified, quantified, mitigated, and escalated consistently across the business.

Risk identification
The group operates both a strategic and bottom-up approach to identify its risks. Operational risk registers are maintained by all Airport departments, both operational and support. A bi-annual session is held with senior management as part of the Airport's "Managing Responsibly Group" to review operational risks including consideration of whether any should be escalated to the corporate risk register.

The Executive Committee holds bi-annual risk workshops to identify new and emerging risks and to consider the profiling and control mechanisms within the corporate risk register. The 2023 workshops focussed on challenging and reviewing the current corporate risks, ensuring the highest rated risks aligned to the views of senior management and considering whether mitigations reduced risks to an acceptable level.

Risk profiling and mitigation
A formal classification and scoring methodology is in place to ensure a common risk language. All risks are assessed based on impact and likelihood on both an inherent and residual level, using a consistent scoring tool which clearly defines each level of likelihood and impact in the context of the Airport's operations.

Risk mitigation is a critical area of focus within the ERM and depending on the nature of the risk, the Airport typically adopts a combination of the following mitigation techniques:

1) *Prevention* – where risks are preventable, focus is placed on deployment of controls designed to prevent the risk from crystallising. Such control measures include implementation of formal protocols, checks and balances, training, secondary review measures and ongoing monitoring arrangements.
2) *Response* – where risks are dictated largely by external factors out with the control of the Airport, focus is placed on the response in place should the risk be realised. This includes preparation and testing of contingency plans, multi-agency response planning and financial hedging.
3) *Insurance* – insurance is used in conjunction with the above measures as a financial protection for significant or catastrophic risks. The Airport has a comprehensive programme of insurance in place which has been mapped against its risk profile. Insurance cover includes, property damage, business interruption, war and terrorism, cyber security, construction programme and aviation liability.

Risk governance
Oversight of the ERM framework has been delegated to the Audit and Risk sub-committee of the Board, which provides regular updates to the Board on its activities and matters emerging. In 2023, the Audit and Risk Committee received formal bi-annual updates on the corporate risks and its quarterly agenda is focussed on key areas of risk for the business and how management are responding to these.

At both a corporate and operational level there is clear accountability for ownership of risks and mitigating actions. A formal internal audit programme is undertaken with an annual internal audit plan approved by the Audit and Risk Committee. Outputs of the internal audit work is reported directly to the Committee, along with updates on management progress with outstanding audit actions.

Work is planned for 2024 to further develop and formalise the Airport's risk appetite towards its principal risk categories.

Strategic report (continued)

5. Principal risks and uncertainties (continued)

Management has assessed the principal risks and uncertainties as follows:

Risk description	Assessment and mitigation
Safety and security Ensuring the safety and security of the group's people, passengers and infrastructure is central to the strategy and operations of the Airport.	Health & safety is a core value of the business, and the group has invested in developing a behaviour driven, proactive safety culture, championed at a leadership level. This is underpinned by a safety management system, externally verified and accredited to ISO 45001:2018 built around risk assessment, worker participation, visibility of senior management, inspection, asset stewardship, governance and assurance. The group mitigates security risks by adopting and enforcing rigorous policies and procedures supported by professional training and investment in leading-edge security technology. The group works closely with government agencies, including the police, the Civil Aviation Authority (CAA) and the UK Border Agency building a framework to establish co-ordinated accountabilities for airport security and integrated ownership of risk. Additionally, the group utilises a Security Management System and have invested leadership and supervisory structures to help ensure the correct security culture is implemented.
IT security and resilience IT infrastructure resilience and data security are critical to the effective operation of the Airport. The risk of an IT failure or a breach of data security could cause significant disruption to operations and lead to both financial and reputational losses.	In parallel with the ongoing investment programme to improve the IT infrastructure and services, the Airport and its partners deploy predictive and real time monitoring of IT infrastructure and systems. Any discovery through monitoring would lead to intervention or enacting contingency plans which are designed to enable the early recovery of service in the event of an IT failure. A strong programme of activity is in place to maintain a secure IT environment including vulnerability assessments and detection and incident recovery processes.
Operational resilience There are numerous risk factors that could cause disruption to the short and medium-term operations of the Airport including adverse weather, terrorism, wars, environmental factors or natural disasters. Operational resilience is an ongoing area of focus for the team as the Airport continues to refine and test the contingency and continuity plans to respond to adverse events.	The Airport has in place a robust and extensively tested crisis management framework, which extends to on-campus partners and agencies. The Airport regularly reviews and tests its contingency plans, including an end-to-end test of the Airport Major Incident Response based on highest risk scenarios. Such exercises and reviews provide assurance over the capability of the group's framework, protocols and people. The Airport seeks opportunities to continually improve its crisis management framework. Along with longer term contingency and continuity arrangements, the Airport also has in place a programme of insurance to transfer the financial risk of adverse events including fire, war, terrorism, ash cloud and other business interruption risks.

Regulatory compliance
The group's business and operations are subject to various regulatory requirements. the Airport is primarily regulated by the UK Department for Transport (DfT) through the UK's aviation regulator, the CAA. This primary regulation is concerned with air safety, airspace regulation, airport operations, aviation security, consumer protection and the environment.

Other key areas of regulatory focus for the group include compliance with competition rules, data management, corporate governance requirements, and health, safety, and environmental regulation.

The group takes a proactive approach to ensuring regulatory requirements are met, if not exceeded. The Airport deploys formal project-based protocols to prepare for implementation of material new regulatory requirements. An example of which is the Security Futures project currently underway to implement new security technology (3D imaging of hand luggage and 100% body scanning) in preparation for upcoming changes to security regulations.

The group's Legal Director maintains a regulatory compliance register which captures key areas of legislation and summarises the arrangements in place to ensure compliance.

Dedicated internal assurance functions are in place for regulated elements of the group's operation. These include security compliance, airside compliance, fire service and data protection compliance.

Failure of 3rd parties
There are numerous 3rd parties who operate at the Airport, including ground handling agents, air traffic control and airlines. The success of their operation is critical to the success of the overall operation and passenger experience at the Airport.

There is a risk that poor performance or failure of a 3rd party materially disrupts the delivery of core operations or capital programme delivery.

The Airport has developed a detailed risk assessment of 3rd party status to understand their criticality and what risks are posed by their failure or operational poor performance. The Airport has assessed contingency plans in place to manage identified risks, including mobilisation of alternative suppliers.

In addition, direct supplier contracts have indemnity and insurance protection in place and critical suppliers are subject to additional monitoring procedures including financial due diligence.

The Airport has continued investment in managing 3rd parties with licensing agreements in place with all ground handling agents. In 2024 the licensing agreement is planned to be extended to other 3rd parties who access the campus, where a direct contract with the Airport is not in place.

Corporate social responsibility and climate change
Social and political attitudes towards air travel, climate change and sustainability may have an adverse impact on the Airport leading to the following:

1) Consumer behaviours lead to reduced air travel and declining passenger numbers and revenue. Failure to demonstrate leading practice in sustainability may lead to passengers choosing other airports over Edinburgh.

2) Government policy decisions are made to penalise the aviation industry leading to increased operating costs and/or reduced revenues.

3) Failure to keep pace with sustainable developments adversely impacts the value of the Airport.

In 2021 the Airport published its first Sustainability Strategy. The 'Greater Good' Strategy encompasses the entire airport campus. The directors are committed to reducing the Airport's carbon emissions in line with commitments made in the Sustainability Strategy, improving the Airport's operational resilience, and adapting to the expected effects of a changing climate now and into the future.

The Airport has committed to several meaningful overarching carbon emissions targets:

- **2021 (Achieved)**: Carbon Neutral on Scope 1 and 2
- **2030:** Net Zero (Scope 1 and 2)
- **2040:** Net Zero (Scope 1, 2 and 3 – excluding Air Traffic Movements)
- **2045:** Net Zero (Scope 1, 2 and 3 – including Air Traffic Movements)

The Airport Carbon Accreditation Scheme ("ACA") is the only institutionally endorsed, global carbon management certification programme for airports. It has 6 stages of certification that airports can be certified at. The Airport is currently certified at Level 3+ (Neutrality), with an aim to achieve Level 4 (Transformation) in 2024.

Corporate social responsibility and climate change (continued)

The Airport has taken several practical steps to reduce emissions from its operations, including investment in fleet electrification, energy efficient lighting, electric vehicle chargers, Fixed Electrical Ground Power units, and an enhanced building management system. Furthermore, construction ofan airside solar farm - that will generate up to 25% of the airport campus' electricity requirements - was operational in February 2024. The 9.7MW PV installation is complimented with a 1.5MW battery storage unit to capture excess generated energy for use overnight.

Under the UK Government's Adaptation Reporting Power, the Airport completed a climate change adaptation report in 2021, considering the physical climate risks to the Airport's infrastructure and operations. This will be updated in 2024, in line with the Government's revised submission timescale. In 2022, the Airport completed a climate change transition risk assessment where the financial impact of multiple long-term climate change and decarbonisation scenarios was considered. Enhanced analysis on the financial impact of the businesses transition and physical risks will also be undertaken in 2024.

To support the Airport's push towards a sustainable future, a significant addition to the 2021 group financial statements was the inclusion of reporting against the Task Force on Climate-related Financial Disclosures ('TCFD') framework. These disclosures represent a voluntary, early adoption of this reporting framework and the disclosures have been expanded to capture the output of the climate change transition risk scenario modelling exercise.

Treasury risks

The group's principal financial instruments include external borrowings and derivatives. If the risks covered under the assessment and mitigation section were not identified and managed, there is a risk the group would not continue to be able to access finance to fund its current operations.

The Board approves prudent treasury policies and delegates certain responsibilities to senior management who directly control day-to-day treasury operations.

The treasury function is not permitted to speculate in financial instruments. Its purpose is to identify, mitigate and hedge treasury related financial risks inherent in the group's business operations and funding.

The group manages its primary treasury risks as follows:

a) *Interest rate risk*

To protect against an increase in interest rates the group maintains a mix of fixed and floating rate debt and, where necessary, uses derivative financial instruments such as interest rate swaps to generate the desired interest rate risk profile. The group's prudent interest rate risk management policy is consistent with the hedging requirements laid out in its debt financing agreements.

b) *Foreign exchange currency risk*

The group is not materially exposed to foreign exchange currency risk as all material transactions and financial instruments are in pounds sterling. The group would consider the use of foreign exchange derivative financial instruments to hedge material capital or operating expenditure in foreign currencies once those transactions are considered highly likely to occur.

c) *Funding and liquidity*

The principal sources of the group's liquidity risk are the ability to refinance debt facilities as they fall due, ensuring cash and cash equivalents are accessible as and when required and ensuring borrowing facilities are sufficient for the future needs of the group. The group's debt maturities are spread over a range of dates, reducing exposure to refinancing risk in any one year. Cash and cash equivalents are held on short-term deposit.

Treasury risks (continued)	*d) Credit risk* The group performs credit worthiness checks on all potential new customers before any credit facilities are provided. The group also has procedures in place to monitor the on-going credit worthiness of key customers. The group rigorously enforces its payment policies to ensure that all its customers keep to the stated payment terms with follow up actions taken immediately if there is any divergence.
Macroeconomic factors The Airport is operating in a challenging macroeconomic environment where inflation remains high and GDP growth is subdued. Real wages and household disposable income have not kept pace with inflation. There is a risk that these macroeconomic factors reduce the demand for air travel or reduce passengers' propensity to spend on airport goods and services.	The group has proactively considered the impact of an economic downturn on demand for air travel. Several alternative scenarios have been modelled to better understand the impact of a reduction in passenger numbers on the Airport's financial condition. Revenue and passenger numbers will continue to be closely monitored for early identification of a downturn. The group effectively managed the reduction in revenue during the Covid-19 pandemic and can utilise lessons from this, such as deferring non-essential capital spend, reducing discretionary spend, and right sizing the operation to align with the passenger demand. Additionally, adequate liquidity will be retained to support day-to-day activities and provide resilience through a prolonged downturn.
Geopolitical conflict In the context of the ongoing Russia/Ukraine war and Israel-Palestine conflict, there is a risk that the Airport's performance is impacted by (1) increases in fuel prices, resulting in increasing ticket prices and reduced propensity to travel (2) restrictions on airspaces being put in place, impacting overflight ability, resulting in increased sector lengths (3) demand to neighbouring countries impacted	Impacts on passenger numbers directly attributable to geopolitical conflict have not yet been seen, however, the Airport has seen a significant increase in utility costs which was caused directly by the conflict in Ukraine. The Airport continue to monitor this risk with minimal exposure to areas impacted by conflict and a proactive approach to monitoring and managing demand, working with airlines to identify market changes and potential replacements, where necessary. Volume deals remain in place with airlines to incentivise reallocation of impacted capacity.

6. Sustainability strategy

The Airport's Greater Good Sustainability Strategy was first launched in 2021 following a consultation process with colleagues, campus partners and wider stakeholder groups. The Airport uses a four-pillar approach for the Greater Good strategy with the familiar sustainability themes of environment, social and governance (ESG) threaded through each of the pillars, ensuring the Airport are taking a holistic view to our programme;

- **Zero carbon** – the Airport's strategy to reduce emissions and improve the Airport's carbon footprint. This is underpinned by the Airport's standalone Net Zero Strategy and associated targets.

- **Enhancing Scotland** – creating an Airport that offers passengers a sustainable connectivity experience by reducing its environmental impact and providing options for passengers to do so too. This includes minimising waste, promoting recycling, and eliminating landfill.

- **Scotland's best business** – the further development of a business with integrity, working with the Airport's people, passengers and trusted partners. This includes a focus on creating long-term sustainable partnerships with local suppliers, supporting employees, increasing diversity and social inclusion, and making the Sustainability Report publicly available, including an Environmental, Social and Governance ('ESG') statement.

- **Trusted neighbour** – share the benefits of growth with the communities closest to the Airport, whilst reducing any negative impacts associated with an Airport. This will include transparent community engagement, minimising negative impacts on noise, air and water quality and a focus on growing the Airport's regional economy.

A revised Greater Good strategy will be published during 2024 to reflect a maturing approach to ESG and wider developments in the regulatory, legislative, technological and industry landscape.

By committing to deliver against a number of published KPIs for each sustainability pillar, the Airport believes it can achieve the ambitious sustainability goals which it has set, in a transparent manner open to public review, scrutiny and debate. The Airport manages the strategic KPIs through its sustainability scorecard, which reports quarterly progress against the commitments within the greater good strategy. A number of additional KPIs have been introduced into the business, such as 3 ESG KPIs relating to non-EBITDA performance criteria for performance related pay, and 3 ESG KPIs included within EDI's recent sustainability linked loan, which was agreed in May 2023 for a period of 5 years.

The Airport publishes an annual progress report on the Greater Good strategy to communicate its achievements across the four pillars. The Airport also uses social media channels to engage with its local community, sharing project updates, key achievements, and sustainability milestones. In 2023, the Inside EDI Digital Community Newsletter was re-launched to share an inside view on sustainability projects and infrastructure changes with our online community.

Zero carbon

The Airport is on a pathway to net zero by 2040 (across Scope 1, 2 and 3 emissions – excluding air traffic movements (ATMS)). The Airport restated its net zero targets in its new net zero strategy released in October 2023. This included bringing forward the net zero target for scope 1 and 2 emissions to 2030, for scope 3 emissions (non-ATMs) by 2040 and setting a separate scope 3 target of 2045 for ATMS in line with the Scottish Government's Net Zero target. The roadmap is driven by the adoption of zero emission technologies, lower carbon fuels and infrastructure upgrades over the coming years.

The Airport has been tracking its carbon footprint since 2016. Every year, the Airport's reporting processes and methodologies have matured, and can now track over 95% of all emissions generated on-site, alongside the emissions from our aircraft's landing and take-off cycle (LTO).

The Airport is using 2019 as the baseline year for determining a roadmap to net zero emissions. 2019 has been chosen as it is pre-COVID 19 disruption and represented the Airport's busiest year to date with 14.7 million passengers.

The Airport's Scope 1 and 2 emissions in 2023, which are those directly under the Airport's control, were more than 89% lower than the 2019 baseline with the remaining emissions mainly associated with refrigerant gas use and operational vehicle fuels, where there are limited options currently available for decarbonisation.

The Airport achieved Carbon Neutral status (PAS2060 verified) in 2021 and continues to maintain this status through offsetting.

The net zero pathways consider various decarbonisation and abatement levers across the estate and the Airport is continuing to work collaboratively with campus partners and passengers to deliver emission reductions. Example projects and opportunities include:

6. Sustainability strategy (continued)

- **Future fuels** – the Airport is part of the Firth of Forth Green Freeport initiative and is working alongside AGS Airport Group and PETROINEOS to lobby the Scottish Government for grant support in the development of a Sustainable Aviation Fuels (SAF) plant at the existing INEOS petrochemical plant in Grangemouth. The Airport is liaising with airline partners to develop a SAF demand model in support of the SAF plant business case. The Airport is also currently awaiting the result of an application to the Scottish Government for funding for a District Heat Network, which would supply clean zero-emission heat to the Airport estate and future developments. A decision from the Scottish Government is expected in early 2024.

- **Zero-Emission flight** – the Airport has several initiatives to incentivise zero-emission flights, offering support for any airline to bring the first zero emissions commercial scheduled flight in Scotland to EDI such as: 1 year of 100% discount on aeronautical charges and 100% discount on such charges for the training and testing of zero emission flights on the Airport's airfield. The Airport is also exploring the application of hydrogen fuelled flights in partnership with new Edinburgh based airline Ecojet.

- **Modernising the fleet** – the Airport is working to encourage its airlines to base the cleanest and most modern aircraft at the Airport, through the introduction of a carbon rebate and accompanying tariff scheme. In April 2022, the Airport introduced its first carbon rebate programme, within which certain types of more efficient aircraft can apply for a £25 rebate against standard aero fees on both landing and take-off. In April 2023, the Airport further introduced an accompanying carbon charge, following the successful uptake of the pilot rebate scheme. The carbon charge is calculated based on the carbon dioxide emissions from the flight, therefore rewarding airlines for basing cleaner, more efficient aircraft for the Edinburgh routes through lower charges.

- **Renewable Energy & Self-Generation** – 100% of the Airport's electricity during the year was obtained from renewable sources and has been since 2019. 100% of the Airport's gas requirement was satisfied through the purchase of 'green' biomethane biogas, which has been the case since mid-2021. The construction of a 19-acre 9.7MW solar farm, which is made up of over 15,000 panels, was operational in February 2024. The farm is situated at the end of the runway and is the first operational solar farm at a UK Airport.. It will allow the Airport to self-generate around 25% of its current energy needs and store energy in an onsite battery to be used overnight.

- **Energy-efficiency:** In 2022, the Airport introduced a building management system to monitor and track energy usage and the Airport undertook air flow modelling, to understand how buildings cool down, heat up and consume energy. The Airport also has an extensive multi-phase LED lighting upgrade programme running across the campus. This involves upgrading main terminal lighting, changing aircraft stand mast lighting, converting the air traffic control tower to LED and upgrading the runway lighting to reduce the background energy usage of the estate. The Airport is also Energy Savings Opportunity Scheme ('ESOS') compliant.

- **Fleet electrification**: The Airport continues to exchange operational vehicles from diesel and HVO to electric as part of a rolling vehicle replacement programme. As a business, the Airport no longer procure fossil fuelled vehicles and equipment where a suitable electric option exists. Where it can, the Airport continues, to use sustainably sourced hydrotreated vegetable oil (HVO) as an alternative to diesel in operational vehicles. In 2023, the Airport also installed 40 new EV chargers across two car parks for staff and passenger usage. This was coupled with a salary sacrifice EV purchase scheme for staff.

- **Airfield electrification:** The Airport is currently in phase 3 of a roll-out of electrical equipment to replace diesel powered generators on aircraft stands, known as Fixed Electrical Ground Power units. By the end of phase 3 there will be 33 units across the airfield.

- **Surface access:** The Airport is committed to encouraging use of public transport for staff and customers. In 2024, the Airport will be releasing its new Surface Access Strategy, which is focusing on reducing the scope 3 travel emissions from the Airport by improving EV charging infrastructure and securing new public transport routes from previously unserved communities. There is potential for a new East Access Road for the Airport which would enhance the active travel routes available to staff and passengers with a dual lane cycle way.

6. Sustainability strategy (continued)

- **Airspace modernisation:** Airspace modernisation refers to the process of upgrading and transforming the design, management, and utilisation of airspace to improve the efficiency, capacity, safety, and environmental sustainability of air travel. The principal idea is to optimise the movement of aircraft through the sky, reducing congestion, while addressing challenges such as increased air traffic and the need for more efficient flight operations. The Airport has an Airspace Change Programme that is looking to modernise the Airport's skies by 2025, resulting in a reduction in miles flown, therefore reducing the fuel spend and carbon footprint of the Airport's flights.

The Airport is also working collaboratively with Sustainable Aviation UK, the UK's industry body to respond to the requirements set out within the UK's Jet Zero strategy, which was launched in July 2022. EAL's 2023 net zero strategy and approach has been informed by both the Government's Jet Zero strategy and Sustainable Aviation's Jet Zero roadmap. The Airport is also represented within a Scottish Government-led SAF working group and a climate change panel led by the UK Government's Department for Transport.

Out with industry body and Governmental discussions, the Airport is also a participant of the Airport Carbon Accreditation Scheme ("ACA"). The scheme is the only institutionally endorsed, global carbon management certification programme for airports. It has 6 stages of certification that airports can be certified at. The Airport is currently certified at Level 3+ (Neutrality), with an aim to achieve Level 4 (Transformation) in 2024.

Enhancing Scotland

The Airport recognise that its operations can have a negative impact on the environment; noise can cause disturbance in local communities, direct and indirect operations emit carbon, and the Airport generates a variety of waste streams through campus activities. The Airport see reducing those negative impacts as an essential business activity and to help manage these the Airport has developed an Environmental Management System (EMS).

In 2023, the Airport's EMS was subject to a periodic surveillance audit to international standard ISO 14001 [2015]. To assist with the requirements of this standard, the Airport has a Managing Responsibly Group. This group is responsible for ensuring that our Environment Policy is enforced through effective governance. Heads of Departments within the Airport are responsible for ensuring that plans are in place to deliver this policy within their departments, and that environmental, health and safety objectives are set annually within their department.

The Airport is committed to diverting waste from landfill, improving recycling rates and reducing the total volume of waste produced. In 2023, once again the Airport diverted 100% (2022: 100%) of waste from landfill and segregated 54% (2022: 63%) of waste generated onsite for recycling or second use. In 2023 a capital project was launched to review the current waste process on site and improve the waste facilities. A thorough internal waste audit was undertaken to analyse the current process and identify opportunities for improvement. As a result, a new waste charging model will be introduced in 2024, when a new waste pick-up service is launched for 3rd party outlets in the terminal. The new charging model will reward segregation and recycling and ensure enhanced accountability for the waste streams generated via the collection service and inspection regime. The Airport is focusing on working with passengers, retailers, restaurants, and other campus partners to better segregate waste and minimise food wastage, as this is a material component of the Airport's scope 3 footprint.

The Airport consumed 196,660m3 of water in 2023, this is a 14% reduction compared to the baseline comparison year of 2019. The Airport continue to work with its water services provider to monitor water consumption, detect leaks and reduce unaccounted water consumption. The Airport conduct monthly water sampling from 20 locations across the Airport, as well as upstream and down-stream locations on the Gogar Burn and River Almond.

Alongside the Airport's operational commitments, the Airport continue to reduce the impact of the Airport's winter operations on the local water courses. The Airport has been working to improve the Airport's glycol management procedures for aircraft stands and areas of the apron to reduce the volumes of de-icer applied to surface, recover excess glycol from aircraft stands and use GPS technology on the Airport's de-icer vehicles to prevent unnecessary over-spray around the site.

The Airport are proud of reducing its water consumption, when compared with 2019. For passengers, the Airport now has 9 freshwater refilling stations in partnership with Scottish Water, following an upgrade in 2023, allowing people to refill their personal bottles to reduce single use plastics on campus. The Airport has worked hard to upgrade its toilet facilities and freshwater outlets, using flow restrictors and short-flush systems to maintain reduced freshwater usage across campus.

Every three years the Airport conduct a nitrogen dioxide (NO2) air quality study at the airport. The Airport does this by placing diffusion tubes in a variety of locations across the campus, especially in high-traffic areas, to record changes in air quality. The Airport expects to share the results of the 2023 survey in early 2024 with the Airport's stakeholders, including local communities.

6. Sustainability strategy (continued)

Over time, the Airport has seen a general trend of decreasing NO2 concentrations at most sample sites when compared with previous studies. The main source of pollutants come from the combustion of fuel from vehicles around campus and staff and passenger parking areas, alongside those from aviation emissions. The Airport are working to reduce these emissions by moving to electric operational vehicles wherever possible and through the installation of electric vehicle charging points for staff, passenger and campus partners. The Airport is compliant with the UK National Air Quality Objectives and the accompanying Air Quality standards Regulations limit and target values.

Scotland's best business

As a responsible business, the Airport is working with its people, passengers and trusted partners to deliver an inclusive and accessible workplace that everyone is proud of. To achieve this, the Airport will strive to make the Airport one of the best places to work in Scotland by providing quality jobs, skills, partnerships, and training opportunities for all.

The Airport continues to be a Real Living Wage employer and is active in providing employment opportunities to young people through internships, apprenticeships, work placements, and graduate schemes. This is one of the requirements in the Airport's recently launched Campus Partner Sustainability Standard, which was developed in 2023 to create a statement of expectation from EAL for 3rd parties on-site. The standard ties in with the KPI commitments within the Airport's Greater Good four pillar strategy and will be used to reduce energy use, improve waste segregation, and ensure responsible business practices on campus.

The Airport has tracked local spend since 2022 and in 2023 achieved a 41% overall procurement spend in Edinburgh and surrounding areas. This commitment arose from the Airport's Sustainable Suppliers Pledge, which all new and existing procurement suppliers sign up to. The pledge builds upon the commitments within the Scotland's Best Business pillar of the Greater Good strategy.

In 2023 the Airport introduced a Diversity Champions group, a safe space for like-minded colleagues to shape and communicate our first diversity strategy. The Airport also reviewed our recruitment strategy to make our hiring practices more inclusive through a review of the language in its job adverts and by using name-blind applications to mitigate unconscious bias.

As part of the Airport's wider commitment to Diversity, Equity & Inclusion, the Airport is working with an organisation called WORK180, who specialise in workplace equality and diversity, to improve understanding of how the Airport can become a truly diverse and inclusive workplace. The Airport's goal is to create an environment within which colleagues feel supported and empowered and so that future employees can see that the Airport prioritise these values.

The partnership includes an annual assessment, which reviews the policies the Airport has relating to gender equality, parental leave, flexible working arrangements, inclusive hiring, workplace safeguarding and more. The WORK180 assessment score increased from 40% in 2022 to 51% in 2023 with a target to exceed 60% by the end of 2024.

Trusted neighbour

The Airport is committed to being an honest, open, and trusted neighbour. Over the years, the Airport has worked with community groups, businesses, local educators, and charities to create robust, personable, and open dialogue.

The Community Fund was established over 10 years ago to ensure local communities share in the success of Scotland's busiest airport. The fund provides financial support to community groups and charities committed to improving opportunities, facilities, and services available to local people. The Airport is delighted that, by the end of 2023, the community fund had distributed more than £1.35 million to qualifying projects.

In 2023, £140,000 was made available to support projects in the Airport's local area that aligned with the four pillars of the Airport's Greater Good sustainability strategy. In total, there were 126 applications with 33 projects being allocated a portion of the funding.

The Airport continued to support the work of The Larder, a West Lothian based charity that provides training and employability skills to young people from disadvantaged backgrounds through the medium of good, wholesome food. The partnership in 2023 saw a total of over £87,000 raised. This was from a mixture of staff fundraising, gifts-in-kind, on campus events, and other ad-hoc fundraising activities.

Part of being a Trusted Neighbour is ensuring that the Airport minimise the adverse impacts that its day-to-day operations have on neighbouring communities. The Airport is committed to implementing measures that monitor, mitigate, and manage noise from the Airport's operations while providing as much information and data as possible to keep the Airport's communities informed and involved. The principal measures include:

6. Sustainability strategy (continued)

- **Edinburgh Airport's noise lab:** The Airport's Noise Lab allows real-time monitoring of aircraft noise levels and access to flight-specific information, such as position and altitude, with a minimal 2-minute delay. Using radar data, the system enables analysis of historical flights and associated data which can be of use for community groups, education and, where breaches occur, noise fining.

- **Noise monitoring & fining:** To support fining of airlines when necessary and for other noise monitoring purposes, the Airport currently have three fixed noise monitors in Broxburn, Livingston, and Cramond. Additionally, the Airport's Noise and Track system, (NTK) introduced in 2018, provides high-quality data to interested parties and is bolstered by three mobile noise monitors which can be used for community noise monitoring projects and data gathering.

- **Edinburgh Airport night-time charges:** In response to community concerns, the Airport has implemented night-time flying charges to manage and mitigate noise. These Environmental Noise charges aim to influence operator decisions on when to operate flights based on noise considerations. The revenue generated supports noise-related activities in the community, including the Edinburgh Airport Noise Advisory Board (EANAB), independent noise analyses, and ensuring operational changes do not impact noise levels.

- **Edinburgh Airport noise insulation scheme**: To assist residents living near the airport, the Airport's insulation scheme provides financial support for the installation of double glazing.

- **Noise preferential routes (NPR):** There are three standard instrument departure flight paths operating from both directions of the Airport's runway, 06 and 24. These SIDs adhere flights departing the airport to a set route until they reach an altitude of between 3000ft and 4000ft where the noise impact is comparatively reduced for those living near or under the flight path. NPR also allows us to better direct flights away from more populated areas in the airport's proximity.

- **Continuous climb departures (CCD)/ continuous descent arrivals (CDA):** CCD operations are encouraged, due to the potential for noise and air quality improvements for local communities. CCDs offer significant improvements in air quality and CO2 emissions compared with other departure procedures. The Airport is proud to achieve an almost 100% average monthly rate for planes departing from the airport. For arriving aircraft, the Airport advocate for CDA, which involves gradual, continuous descents with reduced engine power. By extending the higher altitude phase and eliminating thrust-intensive level flight segments, CDAs result in reduced fuel consumption, emissions, and noise exposure for communities along the arrivals flight path.

Edinburgh Airport Consultative Committee (EACC) advises the Airport's Chief Executive on key issues both in the wider community and on campus. EACC is comprised of up to 25 members who come from a variety of community organisations, special interest groups, businesses, civil aviation, and local authorities. EAL also made 14 voluntary appearances across 11 local community councils to discuss noise issues and community initiatives.

Edinburgh Airport Noise Advisory Board (EANAB) was a forum set up by the Airport in 2017 to better engage communities about the subject of noise mitigation. The group is comprised of public representatives from a variety of community councils and community interest groups and has a remit to constructively engage with the airport to find mutual solutions and facilitate the resolution of noise issues originating from Edinburgh Airport's operations.

The Airport is sponsoring a crucial project known as Airspace Change, aiming to enhance the flight paths used by all arriving and departing flights at the airport. The primary objective is to introduce new, more advanced flight paths that will be employed for the foreseeable future. These new routes will serve as an improvement over the currently established flight paths, which have been in use for over three decades, making it imperative to modernise them and to incorporate cutting-edge technology to help us in achieving our sustainability ambitions. The proposed routes will offer shorter approach and departure paths, resulting in significant carbon savings for flights compared to the existing patterns.

The focus of the Airspace Change project is on designing flight paths that minimise (1) track miles; (2) fuel burn; (3) adverse effects on health and quality of life created by aircraft noise and emissions; and (4) adverse local air quality impacts.

There is stringent guidance that must be followed to alter or introduce new flight paths. These are detailed in the Civil Aeronautical Publication (CAP) 1616, which is published by the CAA. The Airspace Change project is currently in Stage 3 (Consult) of the CAP 1616 process with the 14-week public consultation exercise expected to start before the end of 2024.

6. Sustainability strategy (continued)

TCFD Framework

The Task Force on Climate-related Financial Disclosures (TCFD) recommendations were published in 2017 to establish a consistent global standard for climate-related financial risk disclosures, covering both the financial and non-financial sectors. It is now the most widely recognised international initiative for businesses to assess and report the impacts of climate change. The TCFD recommendations are structured around four thematic areas: governance, strategy, risk management, and metrics and targets. These are intended to connect and inform each other.

- **Governance** - The organisation's governance around climate related risks and opportunities.
- **Strategy** - The actual and potential impacts of the climate related risks and opportunities on the organisation's businesses, strategy, and financial planning.
- **Risk management** - The process used by the organisation to identify, assess, and manage climate-related risks.
- **Metrics & targets** - The metrics and targets used to access and manage relevant climate-related risks and opportunities

To support the group's continued push towards achieving a sustainable future, the Airport has elected to voluntarily adopt the TCFD recommendations early.

The detailed TCFD recommendations under each thematic area can be mapped to the group's disclosure as follows:

TCFD recommended disclosures	Disclosure section	*Page no.*
Governance		
- Board oversight of climate-related risks and opportunities	- Governance	*20*
- Management's role in assessing and managing climate-related risks and opportunities	- Governance	*20*
Strategy		
- Risks and opportunities identified in the short, medium and long-term	- Climate-related risks - Climate-related opportunities	*20-22*
- Impact of climate related risks and opportunities on the organisation's strategy and financial planning	- Climate-related risks - Climate-related opportunities	*20-22*
- Describe the resilience of the organisation's strategy under different climate scenarios	- Scenario analysis	*22*
Risk management		
- Processes for identifying and assessing climate-related risks, and integration of climate-related risks into overall risk management framework	- Risk	*22-23*
- Processes for managing climate-related risks	- Risk	*22-23*
Metrics & targets		
- Metrics used to assess climate-related risks and opportunities	- Metrics	*23-24*
- GHG emissions and related risks	- Metrics	*23-24*
- Targets used to manage climate-related risks and opportunities and performance monitored against those targets	- Metrics	*23-24*

Roadmap to full compliance with TCFD recommendations

The group has established a roadmap to further develop its reporting in line with the TCFD recommendations. The group has made significant progress to date against the *Governance*, *Risk management* and *Metrics and targets* pillars of the TCFD recommendations but acknowledges that whilst major work has begun on quantifying the impacts of climate change and climate change scenario analysis, there remains work to do. The timeline for the completion of this work is set out in the roadmap below. Other elements in the roadmap represent the group's drive to continuously improve the group's understanding of climate change and embed climate change into decision making and business strategy.

6. Sustainability strategy (continued)

Governance

The Greater Good strategy is supported by a robust governance framework that ensures clarity, delivery of objectives, visibility, and communication through various layers of the organisational structure and accountability against the targets and commitments that are made.

- **The Board:** Ultimate ownership of the Airport's sustainability and the Greater Good Strategy sits with the Edinburgh Airport Board, where sustainability is a standing item on the agenda. It ensures that sustainability factors are considered in all of its decision making and that targets and actions are co-ordinated across the business.

- **The Board Sustainability sub-committee:** The subcommittee meets quarterly to review progress on the Greater Good strategy and evaluate performance against committed plans and targets. The members of the subcommittee are appointed by the Board and at least two members of the subcommittee are non-executive directors of the Company. The subcommittee is chaired by Sir John Elvidge, who has been the Chairman of the Airport since 2012.

- **The Sustainability Executive forum:** This forum is chaired by the Chief Executive of the Airport, Gordon Dewar. The forum is comprised of director-level and management attendees. This group meets monthly to discuss emerging issues, internal sustainability performance, and challenges and opportunities relating to the Greater Good strategy.

- **The Audit & Risk committee:** This committee is comprised of members appointed by the main Board of the Airport, and it meets at least four times a year. Within the context of sustainability, the committee reviews the content of sustainability-related disclosures in the annual financial statements, as well as reviewing the internal controls that ensure this information is reliable and complete and identifies risks and opportunities for the business with regards to climate change.

A Head of Sustainability was appointed in December 2021. This role is responsible for oversight of progress against the Sustainability Strategy and related KPIs as well as assisting the wider business with embedding sustainability in the wider airport operations. Further enhancements to this team include the hiring of a new Sustainability Engagement Manager in December 2022, to redevelop relationships within the local community and with our Campus Partners, and from 2024 a Senior Carbon Manager. This is a new role which will be focussing on delivering the airport's Net Zero Strategy.

Strategy

<u>Climate-related risks</u>

Climate change presents significant strategic risks to the aviation sector. The short-term to medium-term risks relate predominantly to the transition to a low-carbon economy and the net-zero targets at both company and national level. The decarbonisation of the aviation industry is a significant challenge.

- ***Policy and regulatory changes*** – to help achieve the national net-zero targets, government policy could price carbon through taxation or carbon trading schemes. These policies could reduce the demand for air travel. To mitigate this risk, EAL has set a net-zero target of 2040 for the group's own emissions, ahead of the UK's and Scotland's national target.

- ***Financial and market changes*** – investors and lenders are increasingly funding decarbonisation strategies. This could result in high-carbon sectors, such as aviation, incurring a higher cost of funding and/or more difficulties in securing funding.

  In April 2023, the Airport issued a £450 million Sustainability Linked Loan with the pricing linked to performance across a basket of sustainability key performance indicators ("KPIs") including reductions in Scope 1 and 2 emissions, targeting a higher Airport Carbon Accreditation rating and for the first time, a social inclusion indicator – young person opportunities. This is the second successful sustainability linked refinancing exercise for the Airport following a debut £100m Sustainability Linked Loan in 2021.

- ***Reputational*** – as consumers increasingly aim to reduce their individual carbon footprint, there is a risk of decreased demand for air travel – choosing short-haul over long-haul, choosing alternative modes of transport etc. EAL is mitigating this risk by reducing the Airport's direct carbon emissions, maintaining the carbon neutral status of the Airport and incentivising airlines to reduce the carbon emissions of their fleet flying from Edinburgh.

6. Sustainability strategy (continued)

Climate-related risks (continued)

- ***Technology*** – the highest proportion of emissions from the aviation industry is from the aircraft themselves. The transition of aircraft to zero carbon will take significant investment and technological developments. Some of these changes, e.g., any future variations in aircraft fuels, may require development and alterations to EAL's existing infrastructure. Existing proposals to introduce lower carbon sustainable fuels are likely to operate with existing infrastructure with only lower value investment required. EAL is working with airlines and other industry partners to understand and support the shift to sustainable air travel

Longer-term it is possible that climate change will lead to a greater frequency and intensity of physical risks to airport operations and infrastructure. Physical risks identified include:

Driver	Risk	Existing and future controls
Higher temperatures and more extreme heatwaves	➢ Structural damage to runway and aprons by temperatures exceeding design standards	- Regular inspections of airfield - Regular patching and repairs carried out by maintenance team
	➢ Overheating in buildings including temperature critical infrastructure	- Building management system ('BMS') controls all passenger and office areas. This is regularly monitored
	➢ Increased cost and temporary disruption to airside and landside power supply due to increased energy demand during heatwaves	- BMS and Energy Management Systems used to monitor performance and highlight inefficiencies - Backup generators in place to maintain critical infrastructure - Development of onsite electricity generation from solar farm
	➢ Potential for disease outbreaks due to global increase in pests and communicable diseases	- Airport emergency plans have been further developed and honed throughout Covid-19 outbreak
	➢ Changing bird migration patterns lead to an increased risk of aircraft strikes	- Annual Bird Strike Management Standards review carried out by third party
Greater rainfall and storm frequency and intensity	➢ Temporary airside disruptions due to flooding and damage to the Airport	- Project to improve capacity of storm network - Wider flood risk project to develop both understanding and controls in place
	➢ Changes to groundwater levels could cause subsidence and water ingress damage to buildings and surfaces	- Ongoing monitoring of SEPA flood warning data and local river levels - Airport design and location of critical infrastructure - Incorporating flood risk into future airfield building project decision making – both location and building type
	➢ Pollution Control Systems are challenged during extreme rainfall events, failure of which would result in pollution entering local waterways	- Monthly water quality monitoring - Regular monitoring and maintenance of wastewater interceptors
More extreme cold weather spells and storm events	➢ Structural damage to runway and aprons because of freeze-thaws	- Regular inspections and patching/repairs - Twice annual remedial work ensures runway and aprons in good condition
	➢ Increased variability of snowfall challenges winter contingency planning	- Detailed winter operations planning - Variety of long- and short-term forecasting to monitor likely conditions - Stock of de-icer materials maintained on site
	➢ Increased risk of schedule interruption from stormy conditions	- Air Traffic control continually monitoring weather and can increase aircraft separation as required - Contingency planning in place for extreme conditions

6. Sustainability strategy (continued)

Climate-related opportunities

The group's focus and development of climate change solutions will also present opportunities, which include:

- Lowering operating costs by reducing energy consumption and other efficiency initiatives;
- Supporting airline partners with electrification and low emission fuels infrastructure to improve industry emissions;
- Designing and building sustainable buildings to attract tenants;
- Enhancing the group's industry's response to climate change by engaging with stakeholders; and
- Achieving net zero and incentivising airlines to reduce carbon emissions could help to increase consumer confidence in the Airport as a responsible, sustainable business.

Scenario analysis

The Airport has developed a scenario analysis tool to quantify the impact of climate change risks on financial performance over long-term. This analysis examines different climate change pathways, identifies risks the group may likely face, and helps us understand the Airport's resilience as a business.

Scenario analysis relies on assumptions of economical and technology shifts, commodity dependencies and weather forecasts. It is not possible to predict with certainty which scenario might eventuate and therefore its outcomes are not considered definitive.

The group's scenario analysis is used to better understand the exposure of the group's assets to physical climate risks and to test the climate transition resilience of the group's business. These scenarios assume various degrees of warming and include social, technological, economic, and political developments considered plausible under each warming trajectory.

The outputs from the scenario analysis were presented to the sustainability sub-committee in 2022 and will be refreshed in 2024 as new information and data sets emerge.

- **Orderly transition**

  The Orderly scenario assumes climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued.

- **Disorderly transition**

  The Disorderly scenario explores higher transition risk due to policies being delayed or divergent across countries and sectors. For example, carbon prices would have to increase abruptly after a period of delay.

- **Hot House World**

  The Hot House World scenario assumes that some climate policies are implemented in some jurisdictions, but globally efforts are insufficient to halt significant global warming. The scenarios result in severe physical risk including irreversible impacts, such as sea-level rise.

Carbon offsets that provide socioeconomic benefits will be used to offset emissions that can no longer be feasibly managed through the group's energy efficiency, renewable purchase, and generation strategies. The group will continue to monitor and review the role offsets play in the Airport's neutrality pathway and prioritise the purchase of long-term removals.The group aim to actively engage with airline, ground handlers and retail business partners to encourage a reduction in emissions outside the Airport's direct operational control (Scope 3).

Risk

The Airport has a comprehensive approach to risk management given the diverse threats and challenges facing the aviation industry today. Dealing with climate change risks is an important part of this process.

Senior management assists the board by monitoring key aspects of the risk framework including policies, delegation of approvals required, risk management reporting, operational control assessments and due diligence.

EAL operates an integrated management system (Managing Responsibly System) which is certified to ISO14001, ISO9001 and ISO45001. This system has been in place for several years and is used to drive continual improvement. A key component to this system is the risk registers which track departmental risks and provides an overall view of the most significant business risks. Climate related risks e.g., flooding, and adverse weather are included in these registers.

6. Sustainability strategy (continued)

EAL completed a full Climate Change Adaptation assessment in 2021 to consider the physical climate risks to EAL's infrastructure, operations, and performance. The assessment is reviewed regularly and will be subject to a full refresh in 2024 to ensure risks are fully up to date and remain relevant.

Priority physical and transition risks are integrated into business wide risk registers and monitored through standard risk management processes.

Metrics

EAL measures and discloses scope 1, 2 and 3 greenhouse gas (GHG) emissions, in line with the Greenhouse Gas Protocol Corporate Standard. The Airport also reports against the sector-specific requirements of the internationally recognised Airport Carbon Accreditation and achieved Level 3+ accreditation in 2023. The airport is targeting an ambitious uplift to Level 4 in 2024 and Level 4+ in 2025. Following the November 2023 release of a new Level 5 ACA Net Zero Standard, the business is currently determining the steps required to achieve this in the near future.

EAL publishes energy and carbon reporting in these financial statements, as required by the Streamlined Energy and Carbon Reporting (SECR) regime.

EAL monitors and discloses the following metrics annually in EAL's annual Sustainability Report, published on the company's website, which assists in understanding climate-related risks:

1. Direct and indirect greenhouse gas (GHG) emissions (Scope 1, 2 and 3)
2. Emissions intensity (per passenger)
3. Energy consumption
4. Waste generation, disposal, and intensity (per passenger)
5. Water consumption and intensity (per passenger)

Strategic report (continued)

6. Sustainability strategy (continued)

Metrics (continued)
The group will continue to review climate indicators developed for the Airport's scenario analysis on an ongoing basis to understand and monitor evolving climate change trajectories.

Market Based Emissions (tCO2e)	***2023***	***2022***
Scope 1 – Total	**320**	**288**
Airport natural gas	2	3
Airport de-icer	68	124
Airport operational vehicles	80	33
Refrigerants	130	60
Fire training[1]	40	68
Scope 2 – Total	**-**	**-**
Airport electricity	-	-
Scope 3 – Total	**172,078**	**144,888**
Aircraft movements	132,949	111,480
Passenger surface access	28,791	24,737
Staff commute	1,094	981
Waste	5,497	4,527
Electricity T&D & WTT (Gen, T&D)	1,702	1,595
Fuel and Bioenergy WTT[2]	344	355
Third party de-icer	614	470
Third party operational vehicles[3]	541	494
Water	72	65
Aircraft engine tests	169	169
Tenant Natural Gas	0	0
Business travel	305	15
Outside of Scope – Total	**114**	**596**
Operational vehicles (diesel)	26	15
Fire training (diesel and wood)	88	581
Total	**172,511**	**145,772**
Emissions intensity (kgCO_2e/PAX)	**11.97**	**12.94**
Total carbon offsets (tCO_2e)	**-**	**-**

[1] 2022 restated from 45 tCO2e due to omission of diesel fuel from the report.
[2] 2022 restated from 693 tCO2e due to correction of gas reading.
[3] 2022 restated from 350 tCO2e due to omission of diesel fuel from the report.

This report was approved by the Board of directors on 28 March 2024 and signed on its behalf by:

Gordon Dewar
Director
Company registration number: SC096623

Directors' report

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

Principal activities and future developments
The group owns and is the operator of the Airport. Details of strategic objectives, future developments, key performance metrics, risk management policies can be found in the Strategic report and form part of this report by cross reference.

Ownership
The group is a wholly-owned subsidiary of Green Bidco Limited, a United Kingdom ("UK") incorporated group and is ultimately owned by a consortium through a number of UK and overseas holding companies and limited liability partnerships. The consortium that ultimately owns the group currently comprises the following parties:

- Global Infrastructure Partners, LLC ("GIP") 80.90%
- Future Fund Board of Guardians ("Future Fund") 9.55%
- Australian Retirement Trust ("ART") 9.55%.

GIP is a leading independent infrastructure fund manager that makes equity and debt investments in infrastructure assets and businesses. GIP targets investments in the energy, transport, digital infrastructure, and water/waste sectors in both OECD and select emerging market countries. Headquartered in New York, GIP operates out of 10 offices: New York, London, Stamford (Connecticut), Sydney, Melbourne, Brisbane, Mumbai, Delhi, Singapore and Hong Kong. For more information, visit www.global-infra.com. On 12th January 2024, BlackRock and GIP jointly announced that they have entered into an agreement for BlackRock to acquire GIP. There is not expected to be an operational impact on the airport as a result of this transaction.

Future Fund is Australia's sovereign wealth fund, investing for the benefit of future generations of Australians. Future Fund was established in 2006 to strengthen the Australian Government's long-term financial position and today invests the assets of seven public asset funds. The Fund's role is to generate strong, risk adjusted returns over the long-term.

ART is the superannuation fund formed through the merger of Sunsuper and QSuper. ART is one of Australia's largest super funds and proud to take care of over $260 billion in retirement savings for more than 2.3 million members. ART's interest in the group's assets is held by QSuper Investment Holdings Pty Limited as trustee for QSuper European Infrastructure Trust.

Dividends
The group paid dividends of £60.0 million during 2023 (2022: £nil). During 2023 other cash distributions totalling £113.8 million (2022: £nil) were made to the parent company, Green Bidco Limited.

Directors
The Airport Limited has one executive director and six non-executive directors. The six non-executive directors oversee the parent Company on behalf of the consortium. The directors who served during the year and since the year end are as follows:

Gordon Dewar		
Sir John Elvidge	*(non-executive, GIP)*	
Andreea Luana Badiu	*(non-executive, GIP)*	
Michael McGhee	*(non-executive, GIP)*	
James Butler	*(non-executive, GIP)*	(appointed 16 February 2023)
Sarah Sophie Flemig	*(non-executive, ART)*	(appointed 16 February 2023)
Linda Urquhart	*(non-executive, Future Fund)*	

Directors' indemnity
The company's Articles of Association provide that, subject to the provisions of the Companies Act 2006, every director of the company may be indemnified out of the assets of the group against any liability incurred by them in connection with any negligence, default, breach of duty or breach of trust by him or her in relation to the group and may fund a director's expenditure for the purposes permitted under the Companies Act 2006.

Employment policies
For the year ended 31 December 2023 the group had 873 employees on a full-time equivalent basis (2022: 719).

Employee diversity, equal opportunities, and fair treatment

The group has an Equal Opportunities Policy in place that sets out its position on equal opportunity in all aspects of employment. This includes recruitment and promotion, giving guidance and encouragement to employees at all levels to act fairly and prevent discrimination.

Directors' report (continued)

Employment policies (continued)
The Airport has appropriate policies for the management and fair treatment of employees in line with Advisory, Conciliation and Arbitration Service ('ACAS') guidelines and has collective bargaining agreements in place with Trade Unions.

In addition, the group has a 'Dignity at Work' policy. The overall aim of this policy is to ensure that all employees are treated with dignity and respect whilst at work, and are able, and encouraged, to meet their full potential by working in a non-threatening environment, free of harassment and/or bullying. Individuals should have the confidence to complain about harassment or bullying, and lack of consideration, in the knowledge that their concerns will be dealt with appropriately and fairly. This policy outlines procedures to be followed if the group's employees feel they are being harassed, bullied or victimised.

The group was first assessed as a "Disability Confident Leader" under the UK Government's Disability Confident scheme in March 2020 and reaccredited in 2023. This accreditation, the highest possible under the scheme, recognises the group's commitment to supporting disabled employees and candidates for employment throughout their careers and to the support provided for employees who develop disabilities.

The group has recently been re-accredited by Work180 who promote organisational standards that raise the bar for women in the workplace, and only endorse employers that are committed to making real progress so that all women can expect better. The group has also engaged with the Social Mobility Index to understand and improve engagement with socially disadvantaged groups. The group also achieved Silver Employer Recognition Scheme (ERS) Award, an accolade which recognises work done to support forces leavers.

Employee consultation

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings, Union meetings, regular correspondence to employees' home addresses, virtual town halls and internal communications channels.

Welfare and Health & Safety

The group has a comprehensive whistleblowing policy which includes the provision of a confidential third-party helpline, Safecall. The group also has comprehensive employee health and wellbeing provisions covering both physical and mental health support with onsite occupational health, physiotherapy and podiatry professionals supported by other health professionals and an employee assistance programme as required.

Training and development

All the group's employees receive an annual appraisal with opportunities to receive appropriate training and development for their role delivered both internally and externally. There are opportunities for career development through personal, management and leadership development programmes. The group supports work experience for schools and job readiness training for long term unemployed, university internships and has further education and apprenticeship programmes available. The group maintains compliance with all relevant mandatory and statutory training requirements from relevant bodies including the CAA.

Recruitment

Group vacancies are filled through appropriate recruitment practices with a comprehensive pre-employment vetting process in line with the requirements to issue an airside pass and maintain effective Airport security. The group uses appropriate and, where required, approved selection processes in line with legislation and standard industry practice incorporating equal opportunities and diversity requirements. The group's position in simple terms is to ensure that the application of recruitment, and on-going training and promotion policies, to all individuals will be solely on the basis of job requirements and the individual's ability and merits.

Gender diversity

The group recognises the great benefits of having a diverse workforce with different backgrounds, solely employed on ability and it supports this belief with policies on equality and diversity. The Airport reports annually on its Gender Pay Gap and publishes the results on its website.

The group's workforce gender diversity is broadly in line with occupational gender bias in the wider UK economy where traditionally male dominated roles in engineering, fire service and operations, for example, do not see high volumes of female applicants. The group monitors the diversity of job applicants against the wider workforce diversity and uses female role models to promote careers during recruitment campaigns and engages with schools and further education providers with a view to increasing the profile of all Airport roles as careers for women. The group also uses its leadership and management development programmes to encourage and grow top female talent and support improved diversity at senior levels.

Employment policies (continued)

Gender diversity (continued)

The table below shows the group's gender diversity:

	31 December 2023		31 December 2022	
	Male %	**Female %**	Male %	Female %
Board	**57.1**	**42.9**	60.0	40.0
Senior management (top 3 grades)	**63.0**	**36.0**	66.0	34.0
All other employees	**63.2**	**36.8**	65.7	34.3

Charity

The Airport made £140,000 worth of charitable donations through its Community Fund to support local projects. The recipients were comprised of 48 local charities and community groups whose projects aligned with one or more of the four pillars within the airport's Greater Good sustainability strategy. Funding was used for items such as mobile lookout stations, E-cargo delivery bikes, school AV equipment, biodiversity gardens, solar panels, wind turbines, outdoor play equipment, and much more. In recognition of the growing cost-of-living crises affecting the region in 2023, the Community Fund also provided support to organisations such as a food banks that are directly supporting those most in need during this time.

The Airport also provided direct charitable support through its Charity Partner of the Year scheme. 2023 saw a grand total of just over £87,000 donated to The Larder through activities such as sports fundraisers, charity challenges, raffles, foreign coin collections, and in-kind gifts. The end of 2023 saw the Airport request applications for a new two-year charity partnership to extend throughout 2024 and 2025. After more than 60 applications were sorted and discussed, 6 were shortlisted and, after a staff-wide vote, the Edinburgh Children's Hospital Charity (ECHC) was selected.

Human rights

The Airport firmly supports and carries out its business in a manner compatible with the protection of individuals' human rights. The Airport does this through its compliance with relevant legislation and through an insistence on ethical business practices. Where relevant the Airport has group policies that reflect the rights granted to individuals under the Human Rights Act 1998, such as in the areas of fair treatment and non-discrimination, data protection, dignity at work and health and wellbeing. Furthermore, the Airport has formalised policies and procedures to combat modern slavery as it may affect the business.

Modern Slavery Act 2015

The Airport has a zero-tolerance policy towards modern slavery and human trafficking, and is committed to ensuring that there is no modern slavery or human trafficking in the supply chains or in any part of the business, and to doing what can be done to prevent the Airport from being used by human traffickers.

There are three broad areas to which the Airport has regard:

- *Supply chain* – the Airport has more than 650 suppliers; to ensure all those in the supply chain and contractors comply with the Airport's values and ethics and the Airport has established a supply chain compliance programme, the process of all suppliers signing the pledge is still on-going.
- *Business partners* – the Airport aims to ensure that business partners, not just suppliers, comply with its values and ethics.
- *Use of the Airport* – the Airport works with the police and other agencies to assist them in detecting and disrupting human trafficking which might be taking place at the Airport. In addition, security officers are trained to recognise and assist those who might be vulnerable.

The Airport's Slavery and Human Trafficking Statement may be found on the Airport's website.

Going concern

The directors have prepared the financial statements on a going concern basis which they believe to be appropriate for the following reasons.

As at 31 December 2023, the group had net assets of £89.1 million (2022: £72.2 million), net current assets of £506.0 million (2022: £445.4 million) and recorded a profit for the year of £76.9 million (2022: £93.9 million).

At the balance sheet date, the group has overall funding of £1,105.0 million (2022: 1,055.3 million). This is made up of a number of debt facilities which mature over a number of years from October 2026 to October 2033. These facilities consist of a combination of bank debt and longer-term institutional loans as described in note 16. The funding available includes a £100 million revolving credit facility. At 31 December 2023 and at the date of approval of these financial statements, the revolving credit facility balance remains £50 million drawn down (2022: £nil) with £50 million remaining to be drawn (2022: £60 million).

Going concern (continued)

The directors have reviewed the cash flow projections to December 2028, which extend beyond 12 months from the date of approval of these financial statements and take into account:

- The forecast revenue and operating cash flows from the underlying operations;
- The forecast level of capital expenditure; and
- The overall liquidity position, including the remaining committed and uncommitted facilities available, its scheduled debt maturities and its forecast financial ratios.

In order to reflect wider economic uncertainty these forecasts include severe but plausible downside scenarios which reflect a reduction in forecast passenger numbers and increased interest rates payable on debt facilities. These forecasts demonstrate the group has adequate financial resources and will remain compliant with financial covenants associated with its debt facilities.

Consequently, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statement.

Auditor

KPMG LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Statement of disclosure of information to the Auditor

Each of the persons who is a director at the date of approval of this annual report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

This report was approved by the Board of directors on 28 March 2024 and signed on its behalf by:

Gordon Dewar
Director
Company registration number: SC096623

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations or have no realistic alternative but to do so.

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

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

Independent auditor's report to the members of Edinburgh Airport Limited

Opinion

We have audited the financial statements of Edinburgh Airport Limited ("the Company") for the year ended 31 December 2023 which comprise the Consolidated statement of comprehensive income, the Consolidated and company statement of financial position, the Consolidated statement of cash flows, the Consolidated and company statement of changes in equity and related notes, including the Statement of accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board and audit committee minutes; and
- Considering remuneration incentive schemes and performance targets for management and directors.

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

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as the valuation of defined benefit obligation and valuation of investment properties. On this audit we do not believe there is a fraud risk related to revenue recognition because we consider that there are limited incentives and opportunities to fraudulently adjust revenue recognised.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries posted containing specific risk-based keywords and unusual account combinations.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias, including assessing site margin recognition for bias.

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

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

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

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

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

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

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

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

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Independent auditor's report to the members of Edinburgh Airport Limited

Directors' responsibilities

As explained more fully in their statement set out on page 29, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh, EH1 2EG
28 March 2024

Edinburgh Airport Limited

Consolidated statement of comprehensive income for the year ended 31 December 2023

	Note	**2023 £'000**	2022 £'000
Turnover	*1*	**280,797**	193,316
Operating costs before exceptional costs, depreciation & amortisation	*2*	**(94,496)**	(77,497)
Other income – grant income	*2(a)*	**595**	2,622
Profit before exceptional costs, depreciation & amortisation		***186,896***	*118,441*
Operating costs – exceptional	*4*	**(6,802)**	(1,452)
Profit before depreciation & amortisation		***180,094***	*116,989*
Operating costs – depreciation	*2*	**(35,412)**	(35,474)
Operating costs - total		**(136,710)**	(114,423)
Operating profit		**144,682**	81,515
Fair value gains on investment property	*10*	**29,686**	24,493
Fair value (losses) / gains on derivative financial instruments	*5*	**(14,489)**	42,387
Interest receivable and similar income	*6*	**3,715**	942
Interest payable and similar charges	*7*	**(41,909)**	(43,243)
Profit before taxation	*2*	**121,685**	106,094
Taxation on profit	*8*	**(33,451)**	(28,266)
Profit for the financial year		**88,234**	77,828
Other comprehensive income			
Actuarial (losses) / gains on defined benefit pension scheme	*21*	**(5,265)**	548
Fair value (losses) / gains on derivative financial instruments	*16*	**(5,860)**	20,919
Total other comprehensive income		**(11,125)**	21,467
Taxation on other comprehensive income	*8*	**(199)**	(5,416)
Total comprehensive income for the year		**76,910**	93,879

The results recognised during the current and prior year were from continuing operations.

The notes on pages 38 to 61 form an integral part of these financial statements.

Edinburgh Airport Limited

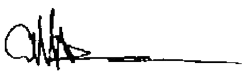
Consolidated and company statement of financial position as at 31 December 2023

		Group		Company	
		2023	2022	**2023**	2022
	Note	**£'000**	£'000	**£'000**	£'000
Fixed assets					
Tangible fixed assets	*9*	**502,918**	507,757	**502,903**	507,671
Investment properties	*10*	**258,805**	229,119	**258,805**	229,119
Investments	*11*	**-**	-	**-**	-
Total fixed assets		**761,723**	736,876	**761,708**	736,790
Current assets					
Stocks	*12*	**1,265**	1,021	**1,261**	1,016
Debtors:					
- due within one year	*13*	**22,081**	17,820	**21,960**	18,475
- due after one year	*13*	**526,967**	430,654	**526,967**	430,654
Total debtors		**549,048**	448,474	**548,927**	449,129
Cash at bank		**12,909**	60,705	**12,754**	59,884
Total current assets		**563,222**	510,200	**562,942**	510,029
Current liabilities					
Creditors: amounts falling due within one year	*14*	**(57,222)**	(64,762)	**(56,455)**	(63,920)
Net current assets		**506,000**	445,438	**506,487**	446,109
Total assets less current liabilities		**1,267,723**	1,182,314	**1,268,195**	1,182,899
Creditors: amounts falling due after more than one year	*15*	**(1,108,257)**	(1,057,590)	**(1,108,381)**	(1,057,590)
Provisions for liabilities	*17*	**(73,872)**	(61,036)	**(73,872)**	(61,187)
Net assets excluding pension asset		**85,594**	63,688	**85,942**	64,122
Defined benefit pension asset	*21*	**3,555**	8,553	**3,555**	8,553
Net assets including pension asset		**89,149**	72,241	**89,497**	72,675
Capital and reserves					
Called up share capital	*18*	**6,500**	6,500	**6,500**	6,500
Other reserves:					
Capital contribution reserve		**1,247**	1,247	**1,247**	1,247
Non-distributable reserve		**65,679**	45,112	**65,679**	45,112
Hedging reserve		**1,185**	8,560	**1,185**	8,560
Pension reserve		**(6,129)**	(2,180)	**(6,129)**	(2,180)
Profit and loss account		**20,667**	13,002	**21,015**	13,436
Shareholder's funds		**89,149**	72,241	**89,497**	72,675

The profit of the Company for the financial year was £88.1 million (2022: £77.8 million profit).

The notes on pages 38 to 61 form an integral part of these financial statements.

The financial statements of Edinburgh Airport Limited (company registration number: SC096623) were approved by the Board of directors and authorised for issue on 28 March 2024. They were signed on its behalf by:



Gordon Dewar
Director

Edinburgh Airport Limited

Consolidated statement of cash flows for the year ended 31 December 2023

	Note	**2023**	2022
		£'000	£'000
Net cash generated from operating activities	*23*	**147,249**	126,380
Cash flows from investing activities			
Interest received		**3,093**	681
Purchase of tangible fixed assets		**(28,821)**	(15,802)
Net cash used in investing activities		**(25,728)**	(15,121)
Cash flows from financing activities			
Proceeds from external borrowings		**400,000**	-
Repayment of external borrowings		**(350,300)**	(58,000)
Interest paid		**(44,533)**	(41,681)
Movement in intergroup borrowings		**(114,484)**	(1,111)
Dividends		**(60,000)**	-
Net cash used in financing activities		**(169,317)**	(100,792)
Net (decrease) / increase in cash and cash equivalents		**(47,796)**	10,467
Cash and cash equivalents at beginning of year		**60,705**	50,238
Cash and cash equivalents at end of year	*23*	**12,909**	60,705

Edinburgh Airport Limited

Consolidated statement of changes in equity for the year ended 31 December 2023

		Called up share capital £'000	Capital contribution reserve £'000	Hedging reserve £'000	Non-distributable reserve £'000	Pension reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2022		**6,500**	**1,247**	**(7,080)**	**26,742**	**(2,591)**	**(46,456)**	**(21,638)**
Profit for the year ended 31 December 2022		-	-	-	-	-	77,828	**77,828**
Transfer of non-distributable gain on investment property	*10*	-	-	-	24,493	-	(24,493)	**-**
Transfer of deferred tax on gain on investment property		-	-	-	(6,123)	-	6,123	**-**
Other comprehensive income:								
Actuarial gain on defined benefit plans	*21*	-	-	-	-	548	-	**548**
Fair value gain on effective hedges	*16*	-	-	20,919	-	-	-	**20,919**
Deferred tax on other comprehensive income		-	-	(5,279)	-	(137)	-	**(5,416)**
Total comprehensive income for the year		**-**	**-**	**15,640**	**18,370**	**411**	**59,458**	**93,879**
Balance at 31 December 2022		**6,500**	**1,247**	**8,560**	**45,112**	**(2,180)**	**13,002**	**72,241**
Profit for the year ended 31 December 2023		-	-	-	-	-	88,232	**88,232**
Transfer of non-distributable gain on investment property	*10*	-	-	-	29,686	-	(29,686)	**-**
Transfer of deferred tax on gain on investment property		-	-	-	(9,119)	-	9,119	**-**
Other comprehensive income:								
Actuarial loss on defined benefit plans	*21*	-	-	-	-	(5,265)	-	**(5,265)**
Fair value loss on effective hedges	*16*	-	-	(5,860)	-	-	-	**(5,860)**
Deferred tax on other comprehensive income		-	-	(1,515)	-	1,316	-	**(199)**
Dividends		-	-	-	-	-	(60,000)	**(60,000)**
Total comprehensive income for the year		**-**	**-**	**(7,375)**	**20,567**	**(3,949)**	**7,665**	**16,908**
Balance at 31 December 2023		**6,500**	**1,247**	**1,185**	**65,679**	**(6,129)**	**20,667**	**89,149**

Edinburgh Airport Limited

Company statement of changes in equity for the year ended 31 December 2023

		Called up share capital £'000	Capital contribution reserve £'000	Hedging reserve £'000	Non-distributable reserve £'000	Pension reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2022		**6,500**	**1,247**	**(7,080)**	**26,742**	**(2,591)**	**(45,994)**	**(21,176)**
Profit for the year ended 31 December 2022		-	-	-	-	-	77,800	**77,800**
Transfer of non-distributable gain on investment property	*10*	-	-	-	24,493	-	(24,493)	**-**
Transfer of deferred tax on gain on investment property		-	-	-	(6,123)	-	6,123	**-**
Other comprehensive income:								
Actuarial gain on defined benefit plans	*21*	-	-	-	-	548	-	**548**
Fair value gain on effective hedges	*16*	-	-	20,919	-	-	-	**20,919**
Deferred tax on other comprehensive income		-	-	(5,279)	-	(137)	-	**(5,416)**
Total comprehensive income for the year		**-**	**-**	**15,640**	**18,370**	**411**	**59,430**	**93,851**
Balance at 31 December 2022		**6,500**	**1,247**	**8,560**	**45,112**	**(2,180)**	**13,436**	**72,675**
Profit for the year ended 31 December 2023		-	-	-	-	-	88,146	**88,146**
Transfer of non-distributable gain on investment property	*10*	-	-	-	29,686	-	(29,686)	**-**
Transfer of deferred tax on gain on investment property		-	-	-	(9,119)	-	9,119	**-**
Other comprehensive income:								
Actuarial loss on defined benefit plans	*21*	-	-	-	-	(5,265)	-	**(5,265)**
Fair value loss on effective hedges	*16*	-	-	(5,860)	-	-	-	**(5,860)**
Deferred tax on other comprehensive income		-	-	(1,515)	-	1,316	-	**(199)**
Dividends		-	-	-	-	-	(60,000)	**(60,000)**
Total comprehensive income for the year		**-**	**-**	**(7,375)**	**20,567**	**(3,949)**	**7,579**	**16,822**
Balance at 31 December 2023		**6,500**	**1,247**	**1,185**	**65,679**	**(6,129)**	**21,015**	**89,497**

Accounting policies for the year ended 31 December 2023

General information
Edinburgh Airport Limited is a private company limited by shares, domiciled and incorporated in the United Kingdom and registered in Scotland.

The address of the parent company's registered office and principal place of business is: Edinburgh Airport, Edinburgh, Scotland, EH12 9DN.

The group's principal activities are detailed in the Directors' report.

The principal accounting policies applied in the preparation of the financial statements of the group are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

Basis of accounting for the year ended 31 December 2023
The financial statements of the group prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102).

The financial statements have been prepared under the historical cost convention as modified by certain items recognised at fair value.

Ultimate parent undertaking and controlling party
The immediate parent company of Edinburgh Airport Limited is Green Bidco Limited, a company registered in the United Kingdom.

The group's ultimate parent company is Green Luxco I S.ar.l., a company registered in Luxembourg. The registered office of Green Luxco I S.ar.l. is 78-80, rue Mühlenweg, L-2155 Luxembourg. Green Luxco I S.ar.l. is the smallest and largest company to consolidate these financial statements for the year.

Copies of the financial statements for Green Bidco Limited and Green Luxco I S.ar.l. may be obtained by writing to The Company Secretary, Edinburgh Airport, Edinburgh, Scotland, EH12 9DN, United Kingdom.

The directors are of the opinion that the ultimate controlling party is a group of investment funds managed by Global Infrastructure Management, LLC.

Reduced disclosures
In accordance with FRS 102 (and the Application Guidance to FRS 100 'Application of Financial Reporting Requirements') the company only has taken advantage of the exemptions from the following disclosure requirements as they are disclosed in the financial statements of the Edinburgh Airport Limited group:

- Section 7 'Statement of Cash flows'

Basis of consolidation
The group consolidated financial statements include the financial statements of the company and its subsidiary undertaking made up to 31 December.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Results of subsidiary undertakings acquired, incorporated, or disposed of during the year are included from the date of acquisition, date of incorporation or to the date of disposal to the extent of group control.

All intra-group transactions, balances, income, and expenses are eliminated on consolidation.

As permitted by Section 408 of the Companies Act 2006, a separate statement of consolidated income for Edinburgh Airport Limited is not presented.

Accounting policies for the year ended 31 December 2023 (continued)

Going concern
The directors have prepared the financial statements on a going concern basis which they believe to be appropriate for the following reasons.

As at 31 December 2023, the group had net assets of £89.1 million (2022: £72.2 million), net current assets of £506.0 million (2022: £445.4 million) and recorded a profit for the year of £76.9 million (2022: £93.9 million).

At the balance sheet date, the group has overall funding of £1,155.0 million (2022: 1,055.3 million). This is made up of a number of debt facilities which mature over a number of years from October 2026 to October 2033. These facilities consist of a combination of bank debt and longer-term institutional loans as described in note 15. The funding available includes a £100.0 million revolving credit facility. At 31 December 2023 and at the date of approval of these financial statements, the revolving credit facility balance remains £50 million drawn down (2022: £nil) with £50 million remaining to be drawn (2022: £60 million).

The group completed a refinancing exercise in April 2023 by agreeing a £450.0 million 5-year bank debt facility with several banks. The funding package includes a £350 million term loan and a £100 million revolving credit facility. The proceeds were applied to the full prepayment of debt facilities which were due to fall due in March 2024 and May 2024 amounting to £175.3 million and £235.0 million respectively. The group's next scheduled debt maturity is in October 2026 when £80 million of long-term institutional debt is due for repayment.

The directors have reviewed the cash flow projections to December 2028, which extend beyond 12 months from the date of approval of these financial statements and take into account:

- The forecast revenue and operating cash flows from the underlying operations;
- The forecast level of capital expenditure; and
- The overall liquidity position, including the remaining committed and uncommitted facilities available, its scheduled debt maturities and its forecast financial ratios.

In order to reflect wider economic uncertainty these forecasts include severe but plausible downside scenarios which reflect a reduction in forecast passenger numbers and increased interest rates payable on debt facilities. These forecasts demonstrate the group has adequate financial resources and will remain compliant with financial covenants associated with its debt facilities.

Consequently, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statement.

Functional and presentational currencies
The financial statements are presented in sterling which is also the functional currency of the group.

Foreign currency
The group is not materially exposed to foreign exchange currency risk as all material transactions and financial instruments are in pounds sterling. Transactions denominated in foreign currencies are translated into sterling using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into sterling at the rates of exchange ruling at the reporting date. Differences arising on translation are charged or credited to profit or loss.

Turnover
Turnover represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes and consists primarily of:

Aeronautical
- Passenger charges based on the number of departing passengers on departure, recognised on departure;
- Aircraft landing charges levied according to noise, emissions and weight, recognised on landing;
- Aircraft parking charges based on a combination of weight and time parked, recognised on departure; and
- Other charges levied for passenger and baggage operation when these services are rendered.

Retail
- Concession fees from retail and commercial concessionaires at or around the Airport are based upon turnover certificates supplied by concessionaires and are recognised in the period to which they relate; and
- Car parking income for both roll up and pre-book customers is recognised from date of entering the car park to earlier of customer exit date or period end.

Property and operational facilities
- Property letting sales, recognised on a straight-line basis over the term of the rental period;
- Proceeds from the sale of trading properties, recognised on the unconditional completion of the sale;
- Usage charges made for operational systems (e.g. check-in desks), recognised as each service is provided; and
- Other invoiced sales, recognised on the performance of the service.

Operating costs - exceptional
The group presents, on the face of the Statement of comprehensive income, disclosure of exceptional items. Exceptional items are items of income and expense that, because of their size or incidence merit separate presentation to allow an understanding of the group's financial performance. Additional details of exceptional items are provided as and when required as set out in note 4.

Tangible fixed assets
Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. The group took the option under FRS 102 section 35 "Transition to this FRS" to revalue fixed assets to their fair value at the transition date of 1 January 2014 and treat this as deemed cost.

Operational assets
Terminal complexes, airfield assets, plant and equipment and other land and buildings are stated at cost less accumulated depreciation and impairment losses.

Assets in the course of construction
Assets in the course of construction are stated at cost less provision for impairment. Assets in the course of construction are transferred to completed assets when substantially all the activities necessary to get the asset ready for use are complete. Where appropriate and cost includes own labour costs of construction-related project management. Costs associated with projects that are in the early stages of planning are capitalised where the directors are satisfied that it is probable the necessary consents will be received, and the projects will be developed to achieve a successful delivery of an asset such that future commercial returns will flow to the group. The group reviews these projects on a regular basis to determine whether events or circumstances have arisen that may indicate that the carrying amount of the asset may not be recoverable, at which point the asset would be assessed for impairment.

Depreciation
Depreciation is provided on operational assets, other than land and assets in the course of construction, to write off the cost of the assets less estimated residual value by equal instalments over their expected useful lives as set out below. The group assesses at each reporting date whether there is an indication that an asset's residual value and/or useful life may not be appropriate. If such indication exists, the useful lives and residual values are reviewed, and adjusted if appropriate.

Terminal complexes	
Terminal building, pier and satellite structures	20 – 60 years
Terminal fixtures and fittings	5 – 20 years
Airport plant and equipment:	
Baggage systems	2 – 15 years
Screening equipment	3 – 7 years
Lifts, escalators, travellators	5 – 20 years
Other plant and equipment, including runway lighting and building plant	5 – 20 years
Tunnels, bridges and subways	50 – 100 years
Airfields	
Runway surfaces	10 – 15 years
Runway bases	10 – 100 years
Taxiways and aprons	10 – 50 years
Other land and buildings	
Other land	Not depreciated
Other landscaping	10 – 75 years
Buildings and structures	5 – 50 years
Roads and surfaces	5 – 15 years
Miscellaneous fixtures and fittings	5 – 20 years
Plant and equipment	
Motor vehicles	4 – 8 years
Office equipment	5 – 10 years
Computer equipment	4 – 5 years
Computer software	3 – 7 years

Land and buildings are accounted for separately even when acquired together.

Tangible fixed assets (continued)
Impairment of assets
The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. Where the asset does not generate cash flows that are independent of other assets, the recoverable amount of the income-generating unit to which the asset belongs is estimated. Recoverable amount is the higher of an asset's net realisable value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the profit and loss account in those expense categories consistent with the function of the impaired asset.

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

Government grants
Government grants relating to tangible fixed assets are treated as deferred income and released to profit or loss over the expected useful lives concerned. Other grants are recognised as income over the periods when the related costs are incurred.

Borrowing costs
All finance costs are charged in the Statement of comprehensive income in the period in which they are incurred.

Investment properties
Investment properties (including properties rented out under an operating lease) are initially measured at cost and subsequently measured at fair value where a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS102. The directors consider that, because investment properties are not held for consumption but for their investment potential, to depreciate them would not give a true and fair view.

If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified or quantified.

Stocks
Raw materials and consumables consist of engineering spares and other consumable stores (fuel and anti-freeze media) and are valued at the lower of cost and current value.

At each reporting date, the group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed.

Reversals of any impairment losses are also recognised in profit or loss.

Investments – Company
Investments in a subsidiary company are held at cost less accumulated impairment losses.

Cash at bank
Cash comprises cash in hand and deposits repayable on demand and investments in AAA-rated money market funds.

Current and deferred taxation
The tax credit for the year represents the sum of the current tax expense and deferred tax expense. Current tax liabilities are recognised when tax payable exceeds the tax paid.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Current and deferred taxation (continued)
Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on differences between the value of assets and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the group to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities (or, separately, deferred tax assets and deferred tax liabilities) are offset, if and only if, there is a legally enforceable right to set off the amounts and the intention is either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee
Operating leases are identified during agreement of the initial contracts. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

If lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Group as a lessor
Leases where the group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognised over the lease term on the same basis as the rental income.

Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are capitalised as part of a tangible fixed asset.

Retirement benefits

Defined contribution plans
For defined contribution schemes the amount charged to profit or loss in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments in the Statement of financial position.

Defined benefit plans
For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method.

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

Employee benefits (continued)
Gains or losses recognised in profit or loss

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost;
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred; and
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised in other comprehensive income

- Actuarial gains and losses; and
- The difference between the interest income on the plan assets and the actual return on the plan assets.

Financial instruments
The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102, in full, to all its financial instruments.

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument and are offset only when the group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade debtors
Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the Statement of comprehensive income for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit and loss.

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

Trade creditors
Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Derivatives
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in the Statement of comprehensive income unless hedge accounting is applied and the hedge is a cash flow hedge.

To qualify for hedge accounting, the group documents the hedged item, the hedging instrument and the hedging relationship between them as well as the causes of hedge ineffectiveness such as different maturities, nominal amounts or variable rates or counterparty credit risk.

The group elects to adopt hedge accounting for interest rate swaps where:
- The interest rate swap is a qualifying hedging instrument with an external party that hedges interest rate risk on a loan, part of the nominal amount of a loan, or a group of loans managed together that share the same risk and that qualify as a hedged item;
- The hedging relationship between the interest rate swap and the interest rate risk on the loan is consistent with the risk management objectives for undertaking hedges (i.e. to manage the risk that fixed interest rates becomes unfavourable in comparison to current market rates or the variability in cash flows arising from floating interest rates); and
- The change in the fair value of the interest rate swap is expected to move inversely to the change in the fair value of the interest rate risk on the loan.

Financial instruments (continued)
Derivatives (continued)
Where an interest rate swap that converts floating rate debt into fixed rate debt qualifies for hedge accounting, it is accounted for as a cash flow hedge. The cumulative change in the fair value of the interest rate swap is recognised in other comprehensive income up to the amount of the cumulative fair value movement on the floating rate debt that is attributable to the floating interest rate risk. Any excess fair value gains or losses on the interest rate swap not recognised in other comprehensive income are recognised in profit or loss. The gains and losses recognised in other comprehensive income are recorded as a separate component of equity – the hedging reserve.

Net cash settlements on interest rate swaps are recognised in profit or loss in the period(s) when the net cash settlement accrues. The hedging reserve is reclassified to profit or loss when the fixed rate interest is recognised in profit or loss.

Hedge accounting is discontinued when a floating to fixed interest rate swap expires, is sold, terminated, or exercised or when the conditions for hedge accounting are no longer met if the group documents its election to discontinue hedge accounting. Any fair value gains or losses accumulated in the hedging reserve are reclassified to profit or loss, either when the variable interest rate expense is recognised in profit or loss, or immediately on discontinuation of hedge accounting if future variable interest rate cash flows are no longer expected to occur.

Borrowings
Borrowings are initially recognised at the transaction price and subsequently measured at amortised cost using the effective interest method, net of direct issue costs. Interest expense is recognised on the basis of the effective interest method and is included in net interest payable and other similar charges.

Commitments to receive a loan are measured at cost less impairment.

Derecognition of financial assets and liabilities
A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

A financial liability, or part thereof, is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Deferred income
Contractual income is treated as deferred income and released to profit and loss as earned.

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

Dividends
Dividends are recognised as liabilities once they are no longer at the discretion of the group.

Share-based payments
The group grants share options ("equity-settled share-based payments") in the form of a long-term incentive plan ("LTIP") to members of its Executive Committee. The LTIP relates to equity instruments of Green Bidco Limited, the entity which owns the group.

The value of these equity instruments will be based on the Internal Rate of Return ("IRR") achieved by the group's controlling shareholder from acquisition to sale of their investment in the group. Below a minimum IRR threshold, these equity instruments will have no value. Above a ceiling IRR, the value of these equity instruments is capped. These equity instruments will vest over a two to six year period from the date of issue.

Payments will be measured with reference to their value for taxation purposes and recognised in profit and loss in the period in which they are made.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions (the 'original fair value') and under the modified terms and conditions (the 'modified fair value') are both determined at the date of modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Significant accounting judgements and estimates for the year ended 31 December 2023

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. Actual results may, however, differ from the estimates calculated and management believe that the following area presents the greatest level of uncertainty.

Investment properties
Investment properties were valued at fair value at 31 December 2023 by Ryden, Chartered Surveyors (2022: Ryden, Chartered Surveyors). The valuations were prepared in accordance with relevant accounting standards and the appraisal and valuation manual issued by the Royal Institution of Chartered Surveyors. Valuations were carried out having regard to comparable market evidence. In assessing fair value, current and potential future income (after deduction of non-recoverable outgoings) has been capitalised using yields derived from market evidence. Independent valuations have been obtained for 100% of the investment properties. Given the valuation of each investment property is based on a particular individual set of assumptions, it is not possible to disclose the sensitivity of the valuation as a whole to changes in these assumptions. See note 10 for further detail on investment properties.

Investment property classification and valuation are areas of judgement. The directors have defined specific criteria required to be met for assets to be classified as investment property, The directors consider car park assets meet this classification criteria therefore hold them as investment property. Under FRS 102 Section 16 Investment Properties, an entity treats a property as investment property if the ancillary services it provides are insignificant to the arrangement as a whole. The revenue represents rental income for the use of the space.

Defined benefit pension scheme
The group operates a defined benefit pension scheme which is closed to new entrants and has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligations depend on a number of factors including life expectancy, salary increases, asset valuations and the discount rate. The trustees of the pension fund take the advice of actuaries to estimate these factors to determine the net pension asset / obligation in the balance sheet, and management rely on these estimates in preparing these financial statements. The assumptions reflect historical experience and current trends. See note 21 for the disclosures relating to the defined benefit pension scheme.

Notes to the financial statements for the year ended 31 December 2023 (continued)

1. Turnover

All of the group's turnover arises in the United Kingdom and relates to continuing operations. Additional details of the turnover generated by each of the group's key activities are given below:

	2023 £'000	2022 £'000
Aeronautical	**129,312**	88,758
Retail	**118,427**	79,286
Operational facilities and utilities	**22,531**	15,575
Property rental	**7,534**	7,406
Other	**2,993**	2,291
	280,797	193,316

2. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2023 £'000	2022 £'000
Staff costs (Note 3)	**47,230**	37,573
Depreciation of tangible fixed assets (note 9)	**35,627**	35,474
Capitalisation accrual release	**(215)**	-
Profit on disposal of assets	**(8)**	-
Other operating leases	**70**	3

(a) Grant income

	2023 £'000	2022 £'000
Capital grant income (note 15(b))	**(388)**	(388)
Other grant income	**(207)**	(2,234)
	(595)	(2,622)

(b) Auditor's remuneration

	2023 £'000	2022 £'000
Fees payable to the group's auditor for the audit of the group's annual financial statements	**210**	150
Fees payable to the group's auditor for the audit of the subsidiary's annual financial statements	**-**	-
	210	150
Non-audit fees payable to the group's auditor for other services		
Audit related assurance services	**8**	5
Total non-audit fees	**8**	5
Total fees	**218**	155

3. Employees

The average monthly number of persons (including directors) employed, on a full-time equivalent basis, by the group during the year was:

	2023 No.	2022 No.
Office and management	**109**	88
Airside, security and operations	**718**	593
Retail and commercial	**46**	38
	873	719

Staff costs for the above employees

	2023 £'000	2022 £'000
Wages and salaries	**36,861**	29,795
Social security	**3,668**	3,139
Other pension costs and current service costs	**138**	-
Defined contribution pension cost	**4,857**	3,347
Other employment costs	**1,706**	1,292
	47,230	37,573

Directors

In respect of the directors of Edinburgh Airport Limited:

	2023 £'000	2022 £'000
Directors' remuneration		
Aggregate emoluments	**866**	830
Value of group pension contributions to defined contribution scheme	**-**	-
	866	830

One director is a member of the defined contribution pension scheme.

Details of other transactions made with directors during the year are disclosed in note 22.

Key management personnel

The directors believe key management personnel to consist of the directors of Edinburgh Airport Limited. Remuneration of key management personnel is therefore set out above.

Highest paid director's remuneration

	2023 £'000	2022 £'000
Aggregate emoluments	**746**	710
Value of group pension contributions to defined contribution scheme	**-**	-
	746	710

An amount of £nil (2022: £nil) was accrued in relation to the highest paid director's entitlements under the defined contribution pension scheme.

The highest paid director of the group held shares in a parent group, through a long-term incentive plan, throughout both 2023 and 2022.

Share based payments

The Company grants share options in the form of a long-term incentive plans ("LTIP") to certain members of its Executive Committee. The LTIPs relates to equity instruments of Green Bidco Limited, the immediate parent company of the group.

The amount recognised in the income statement in respect of LTIPs amounted to £nil (2022: £nil).

In June 2014 13,200 shares options were issued at a fair value of £18.32 per share. At 31 December 2023, 9,150 share options had vested (2022: 9,150) and 1,350 had been forfeited (2022: 1,350).

In November 2019 14,800 shares options were issued at a fair value of £250.00 per share. At 31 December 2023, 4,060 share options had vested (2022: 4,060).

Notes to the financial statements for the year ended 31 December 2023 (continued)

4. Operating costs – exceptional

	2023 £'000	2022 £'000
Consultancy costs [1]	**2,793**	-
One-off payroll costs [2]	**2,263**	-
Refinancing costs [3]	**1,125**	504
Asset derecognition [4]	**363**	825
Licensing costs [5]	**204**	-
Flood prevention projects [6]	**54**	123
Total	**6,802**	1,452

[1] Consultancy costs incurred deemed to be one off in nature.

[2] One off payroll costs relate to cost of living payments made during the year and one off staff payments.

[3] The associated legal and professional fees associated with the group's debt financing activity.

[4] The Airport's capital expenditure plan was significantly scaled back as a result of the Covid-19 pandemic as part of a suite of cost reduction measures. A full review of assets under the course of construction was performed in both 2022 and 2023 and where projects had been halted and it was not clear when the projects would be restarted as a result of the Covid-19 pandemic or the project would no longer deliver the assets originally intended, the asset has been derecognised.

[5] Licensing costs relates to EAL drivers' licenses being updated to cover HGV and PSV, these licenses were not previously required for airside driving however they are now needed to maintain insurance cover.

[6] The Airport's Flood Prevention Strategy project looks at the causes of recent flooding events around the airport campus and the risk of potential future flooding. This project seeks to make recommendation and apply solutions to reduce the future risk of flooding and provide greater resilience against future flood events.

5. Fair value (losses) / gains on derivative financial instruments

	2023 £'000	2022 £'000
(Loss) / gain on swaps – non hedging relationship	**(14,489)**	39,608
Hedge ineffectiveness	**-**	2,779
	(14,489)	42,387

6. Interest receivable and similar income

	2023 £'000	2022 £'000
Interest receivable on bank deposits	**3,093**	678
Interest receivable from group companies	**217**	112
Other interest receivable	**-**	3
Net interest on the defined benefit pension asset	**405**	149
	3,715	942

7. Net interest payable and similar charges

	2023 £'000	2022 £'000
Interest on borrowings	**40,070**	42,523
Amortisation of debt costs	**664**	533
Facilities fees	**1,175**	187
	41,909	43,243

Notes to the financial statements for the year ended 31 December 2023 (continued)

8. Taxation on profit on ordinary activities

	2023 £'000	2022 £'000
Current tax (Group)		
UK corporation tax on profits of the period	**21,544**	11,334
Adjustment in respect of previous periods:		
- UK corporation tax	**(729)**	-
Total current tax (Group)	**20,815**	11,334
Deferred tax (Group)		
Origination and reversal of timing differences	**10,071**	12,960
Adjustment in respect of previous periods	**1,972**	829
Effect of changes in tax rates	**593**	3,143
Total deferred tax (Group)	**12,636**	16,932
Taxation charge on profit on ordinary activities (Group)	**33,451**	28,266

Reconciliation of taxation charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 23.5% (2022: 19%). Upcoming changes in tax rates are set out in the provisions for liabilities note on page 55. The actual tax charge for the current and prior years differs from the standard rate for the reasons set out in the following reconciliation:

Group	2023 £'000	2022 £'000
Profit before taxation	**121,685**	106,094
Profit multiplied by the standard rate of corporation tax in the UK of 23.5% (2022: 19%)	**28,620**	20,158
Effect of:		
Expenses not deductible for tax purposes	**3,188**	4,217
Income not taxable	**(186)**	(75)
Effects of other loss reliefs	**-**	(6)
Adjustment in respect of previous periods	**1,243**	828
Tax rate changes (see note 17)	**586**	3,144
Taxation charge for the year	**33,451**	28,266

In addition to the amount charged to profit or loss, a charge of £0.2 million (2022: £5.4 million charge) has been recognised in other comprehensive income. There is no expiry date on timing differences, unused tax losses or tax credits.

Notes to the financial statements for the year ended 31 December 2023 (continued)

9. Tangible fixed assets

Group	Terminal complexes £'000	Airfield £'000	Other land and buildings £'000	Plant, equipment & other assets £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation						
1 January 2023	365,628	216,427	98,903	80,200	17,981	779,139
Additions	-	-	-	84	30,881	30,965
Disposals	(636)	-	-	(16)	-	(652)
Transfers to/(from) assets in course of construction	2,943	1,535	2,305	6,783	(13,566)	-
31 December 2023	**367,935**	**217,962**	**101,208**	**87,051**	**35,296**	**809,452**
Depreciation						
1 January 2023	(104,755)	(66,240)	(52,469)	(47,918)	-	(271,382)
Disposals	463	-		12	-	475
Charge for the year	(14,160)	(9,008)	(5,996)	(6,463)	-	(35,627)
31 December 2023	**(118,452)**	**(75,248)**	**(58,465)**	**(54,369)**	**-**	**(306,534)**
Net book value 31 December 2023	**249,483**	**142,714**	**42,743**	**32,682**	**35,296**	**502,918**
Net book value 31 December 2022	260,873	150,187	46,434	32,282	17,981	507,757

Group
Assets in the course of construction comprise capital expenditure on on-going capital projects under the group's capital investment programme.

The group has entered into a power purchase agreement for an onsite solar farm that was under construction at year end. Once operational in 2024, the group will recognise a right of use asset of £2,914,000 and a lease liability of £2,914,000.

Notes to the financial statements for the year ended 31 December 2023 (continued)

9. Tangible fixed assets (continued)

Company	Terminal complexes £'000	Airfield £'000	Other land and buildings £'000	Plant, equipment & other assets £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation						
1 January 2023	365,628	216,427	98,903	79,968	17,981	778,907
Additions	-		-	105	30,882	30,987
Transfers to/(from) assets in course of construction	2,943	1,535	2,305	6,784	(13,567)	-
Disposals	(636)	-	-	(17)	-	(653)
31 December 2023	**367,935**	**217,962**	**101,208**	**86,840**	**35,296**	**809,241**
Depreciation						
1 January 2023	(104,755)	(66,240)	(52,469)	(47,772)	-	(271,236)
Charge for the year	(14,161)	(9,008)	(5,996)	(6,412)	-	(35,577)
Disposals	463	-	-	12	-	475
31 December 2023	**(118,453)**	**(75,248)**	**(58,465)**	**(54,172)**	**-**	**(306,338)**
Net book value 31 December 2023	**249,482**	**142,714**	**42,743**	**32,668**	**35,296**	**502,903**
Net book value 31 December 2022	260,873	150,187	46,434	32,196	17,981	507,671

Company
Assets in the course of construction comprise capital expenditure on on-going capital projects under the company's capital investment programme.

The Airport has entered into a power purchase agreement for an onsite solar farm that was under construction at year end. Once operational in 2024, the company will recognise a right of use asset of £2,914,000 and a lease liability of £2,914,000.

10. Investment properties (Group and Company)

	2023	2022
	£'000	£'000
At 1 January	**229,119**	204,626
Fair value gains	**29,686**	24,493
At 31 December	**258,805**	229,119

Investment property includes land held for development. The fair value of the group's investment property and land held for development at 31 December 2023 has been arrived at on the basis of a valuation carried out by Ryden, Chartered Surveyors, on an open market value basis (2022: Ryden, Chartered Surveyors). Ryden is not connected with the group. The valuation was arrived at by reference to market evidence of transaction prices for similar properties, or where not available, to market yields.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2023	2022
	£'000	£'000
Cost	**52,436**	52,436

As noted in note 1, rental income earned during the year was £7,534,000 (2022: £7,406,000). At the balance sheet date, the group had contracted with tenants for the following future minimum lease receipts:

Amounts receivable in	**2023**	2022
	£'000	£'000
Less than 1 year	**3,681**	4,230
More than 1 year but less than 5 years	**7,097**	7,364
More than 5 years	**3,507**	1,214
Total amounts receivable under non-cancellable operating leases	**14,285**	12,808

11. Investments (Company)

On 13 November 2019, Edinburgh Airport Limited paid £100 to acquire 100 ordinary shares of £1 each on incorporation of Edinburgh Airport Services Limited (SC647041), amounting to 100% of the issued ordinary share capital. The registered office of Edinburgh Airport Services Limited is Edinburgh Airport, Edinburgh, Scotland, EH12 9DN. The principal activity of Edinburgh Airport Services Limited is the provision of airport operational services. The subsidiary undertaking is exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this company has guaranteed the subsidiary company under Section 479C of the Act.

12. Stocks

Group

	2023	2022
	£'000	£'000
Raw materials and consumables	**1,265**	1,021

Company

	2023	2022
	£'000	£'000
Raw materials and consumables	**1,261**	1,016

Group and Company
The replacement cost of raw materials and consumables at 31 December 2023 and 31 December 2022 was not materially different from the amount at which they are included in the Statement of financial position.

Notes to the financial statements for the year ended 31 December 2023 (continued)

13. Debtors

	Group		Company	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Trade debtors	**8,091**	7,692	**8,091**	7,686
Accrued income	**9,629**	7,332	**9,409**	7,332
Prepayments	**2,131**	2,416	**2,058**	2,280
Amounts receivable from subsidiary	**-**	-	**170**	797
Amounts receivable from other group undertakings	**284**	252	**284**	252
Other debtors	**191**	128	**193**	128
Fair value of floating to fixed interest rate swaps expiring within 12 months (note 16)	**1,755**	-	**1,755**	-
Total	**22,081**	17,820	**21,960**	18,475

	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Amounts falling due after more than one year:				
Fair value of floating to fixed interest rate swaps (note 16)	**33,909**	51,458	**33,909**	51,458
Amounts receivable from other group undertakings – non-interest bearing[1]	**490,227**	376,465	**490,227**	376,465
Amounts receivable from other group undertakings – interest bearing[2]	**2,831**	2,731	**2,831**	2,731
Total	**526,967**	430,654	**526,967**	430,654
Total debtors	**549,048**	448,474	**548,927**	449,129

[1] Non-interest bearing amounts receivable from other group undertakings due after more than one year relate to amounts owed by the immediate parent group, Green Bidco Limited. Included within this balance is accrued interest of £2,863,000 (2022: £2,863,000) which is payable on full settlement of the outstanding balance. The loan is not repayable for at least 5 years.

[2] Interest-bearing amounts receivable from other group undertakings due after more than one year relate to a £2,500,000 (2022: £2,500,000) loan amount owed by another group company, Crosswind Developments Limited. Interest is accrued on the loan at Bank of England Base Rate plus a fixed margin. Total interest accrued as at 31 December 2023 was £331,000 (2022: £231,000). The maturity date of the loan was extended by 24 months during 2023 and is now repayable in April 2026.

14. Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Trade creditors	**4,143**	5,746	**4,118**	5,585
Capital creditors	**7,973**	5,829	**7,973**	5,829
Deferred finance charges	**(707)**	(479)	**(707)**	(479)
Accruals	**33,448**	32,697	**33,082**	32,478
Deferred income	**5,202**	4,233	**5,202**	4,233
Other creditors	**1,016**	1,316	**1,006**	1,316
Corporation tax payable	**46**	11,304	**46**	11,300
Other taxes and social security costs	**6,101**	4,116	**5,735**	3,658
Total	**57,222**	64,762	**56,455**	63,920

Notes to the financial statements for the year ended 31 December 2023 (continued)

15. Creditors: amounts falling due after more than one year

	Group		Company	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Financing liabilities				
External borrowings (a)	**1,105,000**	1,055,300	**1,105,000**	1,055,300
Deferred finance charges	**(2,361)**	(123)	**(2,361)**	(123)
Fair value of floating to fixed interest rate swaps (note 16)	**4,400**	-	**4,400**	-
Total financing liabilities	**1,107,039**	1,055,177	**1,107,039**	1,055,177
Amounts payable to other group undertakings	493	1,300	**617**	1,300
Deferred income (b)	725	1,113	**725**	1,113
Total	**1,108,257**	1,057,590	**1,108,381**	1,057,590

(a) External borrowings

Borrowings are repayable in instalments as follows:

	Group		Company	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Between one and two years	**80,000**	350,300	**80,000**	350,300
Between two and five years	**875,000**	225,000	**875,000**	225,000
Between five and ten years	**150,000**	420,000	**150,000**	420,000
Greater than ten years	**-**	60,000	**-**	60,000
Total due in more than one year	**1,105,000**	1,055,300	**1,105,000**	1,055,300
Total	**1,105,000**	1,055,300	**1,105,000**	1,055,300

The group has term loans with a number of banks and institutions. These loans are secured through a floating charge over the group's assets and a fixed charge over the group's share capital. There are no additional securities granted following the refinancing activity in the year. Interest is charged at either fixed rate or at a margin above SONIA.

At 31 December 2023 the average interest rate payable on borrowings was 3.85% p.a. (2022: 3.92%), inclusive of the effect of interest rate swaps used to hedge floating interest rates on the underlying debt.

At 31 December 2023 the group had £50 million undrawn committed borrowing facilities available in respect of which all conditions precedent had been met at that date (2022 - £60 million).

(b) Deferred income

The group has received capital grants which are classified as deferred income and are amortised over the expected useful lives of the assets concerned.

Analysis of capital grants within deferred income is as follows:

	Group		Company	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Balance brought forward at 1 January	**1,501**	1,889	**1,501**	1,889
Amortised in the year	**(388)**	(388)	**(388)**	(388)
31 December	**1,113**	1,501	**1,113**	1,501
Represented by:				
Due within one year	**388**	388	**388**	388
Due after more than one year	**725**	1,113	**725**	1,113
Total capital grants	**1,113**	1,501	**1,113**	1,501

Notes to the financial statements for the year ended 31 December 2023 (continued)

16. Financial Instruments (Group and Company)

The group and company use interest rate swaps to manage exposure to interest rate movements on its bank and institutional borrowings. Contracts with nominal values of £747.5 million (2022: £547.5 million) fix interest on variable rate debts at an average rate of 2.62% (2022: 2.11%) for periods up until 2034. Included within the £747.5 million is £200.0 million of forward starting swaps (2022: £150.0 million).

The fair values of interest rate swaps are determined using market values of equivalent instruments at the Statement of financial position date.

Interest rate swaps with nominal values of £250.0 million (2022: £250.0 million) meet the conditions for hedge accounting, as set out in the accounting policies.

The following table details the nominal principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

	2023		2022	
Maturity date	**Nominal value £'000**	**Fair value £'000**	Nominal value £'000	Fair value £'000
Less than one year	**205,000**	**1,755**	-	-
Two to five years	**240,000**	**1,854**	295,000	13,551
Over five years	**302,500**	**27,655**	252,500	37,907
	747,500	**31,264**	547,500	51,458

The fair value of interest rate swaps is recognised as follows:

	2023	2022
	£'000	£'000
Debtors: amounts falling due in less than one year (note 13)	**1,755**	-
Debtors: amounts falling due after more than one year (note 13)	**33,909**	51,458
Creditors: amounts falling due after more than one year (note 15)	**(4,400)**	-
	31,264	51,458

The interest rate swaps settle on a semi-annual basis. The floating rate on the interest rate swaps is linked to SONIA. The group will settle the difference between the fixed and floating interest rate on a net basis.

In respect of the interest rate swaps which meet the conditions for hedge accounting, a loss of £5.9 million (2022: £2.9 million gain) was recognised in other comprehensive income. A gain of £nil (2022: £2.8 million gain) was recognised in profit and loss in relation to hedge ineffectiveness.

17. Provisions for liabilities – deferred tax

	Group		Company	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Provision at start of the year	**61,036**	38,689	**61,187**	38,842
Adjustment in respect of prior years	**2,023**	928	**2,015**	928
Charged to income statement	**10,664**	16,102	**10,521**	16,100
Credited to other comprehensive income	**149**	5,317	**149**	5,317
Provision at end of the year	**73,872**	61,036	**73,872**	61,187

Deferred tax is provided as follows:	**2023**	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Fixed asset timing differences	**62,782**	56,532	**62,782**	56,532
Short term timing differences	**11,090**	12,878	**11,090**	12,894
Losses	**-**	(8,374)	**-**	(8,239)
Total	**73,872**	61,036	**73,872**	61,187

Deferred tax assets:	**2023**	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Recoverable after 12 months	**6**	8,374	**-**	8,239
Total	**6**	8,374	**-**	8,239

Deferred tax liabilities:	**2023**	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Payable after 12 months	**73,878**	69,410	**73,872**	**69,426**
Total	**73,872**	69,410	**73,872**	**69,426**

Notes to the financial statements for the year ended 31 December 2023 (continued)

17. Provisions for liabilities – deferred tax (continued)

Group and Company
The UK corporation tax rate for the year was 23.5%.

On 3 March 2021, the UK Government announced an increase in the UK's main corporation tax rate from 19% to 25%, effective from 1 April 2023. This will increase the company's future tax charge accordingly. The rate change was substantively enacted on 24 May 2021 and has therefore been applied when calculating the company's deferred tax balances at the balance sheet date.

Deferred tax should be measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. As a result, consideration has been given to the likely reversal of underlying timing differences on which deferred tax is recognised to determine the appropriate rate to apply to these balances. Deferred tax has been recognised at the following rates:

Fixed asset timing differences – land & investment properties	**25%**
Fixed asset timing differences – assets qualifying for capital allowances	**25%**
Short term timing differences	**25%**

Deferred tax assets and liabilities are offset only where the group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

18. Called-up share capital

	Group and Company		**Group and Company**	
	2023	2022	**2023**	2022
Called up, allotted and fully paid:	**Number of shares ('000)**	Number of shares ('000)	**£'000**	£'000
At 1 January and 31 December	**6,500**	6,500	**6,500**	6,500

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

19. Dividends paid (Group and Company)

	2023 **£'000**	2022 £'000
Dividend for the year: £9.23 (2022: £nil) per ordinary share	**60,000**	-

20. Commitments and other contractual obligations (Group and Company)

Commitments for capital expenditure
Contracted capital expenditure commitments amount to £11.1 million (2022: £5.4 million).

Commitments under operating leases
There are no future minimum lease payments due under non-cancellable operating leases as at 31 December 2023 (2022: £nil).

21. Retirement benefit schemes (Group and Company)

Defined contribution scheme

The group operates a defined contribution pension scheme for all qualifying employees. The total cost charged to profit and loss in the year of £4,865,000 (2022: £3,347,000) represents contributions payable to this scheme by the group at rates specified in the rules of the plan. As at 31 December 2023, £516,000 (2022: £328,000) was due in respect of the current period and remained unpaid to the scheme. Such amounts were paid in January 2024 when they fell due for payment.

Defined benefit scheme

The group operates a defined benefit scheme for certain qualifying employees. Under the scheme, the employees are entitled to retirement benefits varying between 1.85 and 67 per cent of final salary on attainment of a retirement age of 60. No other post-retirement benefits are provided. The scheme is funded. Due to the scheme being a final salary scheme, there is inherent estimation uncertainty in valuing the liabilities of the scheme:

Asset volatility
The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The scheme holds a significant proportion of growth assets (equities and diversified growth fund) which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term. The allocation to growth assets is monitored such that it is suitable with the scheme's long-term objectives.

Changes in bond yields
A decrease in corporate bond yields will increase the scheme's liabilities, although this will be partially offset by an increase in the value of the scheme's bond holdings.

Inflation risk
The majority of the scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation. The majority of the assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy
The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The scheme operates under UK pension regulations with an independent board of trustees responsible for ensuring that the plan is sufficiently funded to meet current and future obligations. Edinburgh Airport Limited would be entitled to any future refunds due from the scheme, where scheme assets exceed the estimate by the scheme actuary of the cost of buying out the benefits of all beneficiaries with an insurance company, including the expenses of doing so.

The assets of the plan are held in a separate trustee administered fund. The plan was established on 31 May 2012 following a bulk transfer of the pension obligations and corresponding assets from the BAA Airports pension scheme when the group ceased to be a component of the BAA group.

Following consultation with its members and trustees, the defined benefit pension scheme was closed to future accrual with effect from midnight on 30 April 2016. The members of the scheme were thereafter entitled to participate in the group’s defined contribution scheme, details of which are noted above. The estimated amount of total employer contributions expected to be paid to the plan during 2024 is £nil (2023: £nil).

The valuation used has been based on the most recent full actuarial valuation at 31 March 2022 and was updated by Spence & Partners for full member data as at 31 December 2023 to calculate the fair value of the scheme assets and the present value of the defined benefit obligation at 31 December 2023.

Notes to the financial statements for the year ended 31 December 2023 (continued)

21. Retirement benefit schemes (Group and Company) (continued)

The current surplus in relation to this scheme is estimated to be £3.6 million (2022: £8.6 million surplus).

Key assumptions used	**2023**	2022
Discount rate	**4.5% pa**	4.8% pa
Inflation measured by:		
Retail Prices Index (RPI)	**3.3% pa**	3.2% pa
Consumer Prices Index (CPI)	**2.7% pa**	2.5% pa
Pension increases[1]	**3.1% pa**	3.0% pa

[1]Based on the most common category of pension scheme members

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. Mortality assumptions are based on the Mortality Club Vita Curve CMI 2022 1.5% p.a. The assumptions are equivalent to the following life expectancies:

Life expectancy of male aged 60	**25.4 years**	26.0 years
Life expectancy of female aged 60	**27.9 years**	28.3 years
Life expectancy of male aged 60 in 2042	**27.1 years**	27.7 years
Life expectancy of female aged 60 in 2042	**29.8 years**	30.3 years

The duration of the scheme's liabilities is approximately 17.0 years.

The impact on the scheme liabilities of the sensitivities regarding the principal assumptions used to measure these liabilities are set out below:

	Change in assumption	**2023 £'000**	2022 £'000
Discount rate	+ 0.1%	**(900)**	(1,000)
Inflation assumptions	+ 0.1%	**800**	700
Life expectancy	+ 1 year	**1,400**	1,200

The movement in the net defined benefit asset is as follows:

	2023 £'000	2022 £'000
Opening net defined benefit asset	**8,553**	7,856
Credit in statement of financial position	**267**	149
Amounts recognised in other comprehensive income	**(5,265)**	548
Closing net defined benefit asset	**3,555**	8,553

Amounts recognised in the statement of comprehensive income in respect of the defined benefit scheme are as follows:

	2023 £'000	2022 £'000
Current service cost	**(138)**	-
Interest income	**405**	149
Actuarial (losses)/gains on defined benefit pension scheme	**(5,265)**	548
Total (loss)/gain recognised in Statement of comprehensive income	**(4,998)**	697

Of the gain for the year, £405,000 (2022: £149,000) has been included within finance income in note 6, £nil (2022: £nil) has been included within interest payable in note 7 and a loss of £5,265,000 (2022: £548,000 gain) has been included in other comprehensive income.

The actual return on scheme assets was a gain of £181,000 (2022: loss of £34,087,000).

Notes to the financial statements for the year ended 31 December 2023 (continued)

21. Retirement benefit schemes (Group and Company) (continued)

The amount included within the statement of financial position arising from the group's obligations in respect of its defined benefit retirement benefit scheme is as follows:

	2023 £'000	2022 £'000
Present value of defined benefit obligation	**(59,288)**	(55,580)
Fair value of scheme assets	**62,843**	64,133
Net asset recognised within the statement of financial position	**3,555**	8,553

Movements in the present value of defined benefit obligations were as follows:

	2023 £'000	2022 £'000
Opening defined benefit obligation	**55,580**	92,519
Current service cost	**138**	-
Interest expense	**2,619**	1,728
Actuarial gains	**2,422**	(36,512)
Benefits paid	**(1,333)**	(2,155)
Charges paid	**(138)**	-
Closing defined benefit obligation	**59,288**	55,580

Movements in the fair value of scheme assets were as follows:

	2023 £'000	2022 £'000
Opening fair value of scheme assets	**64,133**	100,375
Interest income	**3,024**	1,877
Actual return on plan assets less interest income	**(2,843)**	(35,964)
Benefits paid	**(1,333)**	(2,155)
Administration costs	**(138)**	-
Closing fair value of scheme assets	**62,843**	64,133

The analysis of scheme assets at fair value at the balance sheet date was as follows:

	2023 £'000	2022 £'000
Equity instruments	**-**	4,327
Multi-asset credit	**4,897**	7,368
Diversified growth funds (DGF)	**2,448**	6,496
Property	**4,714**	4,703
Liability driven investment	**19,299**	16,693
UK corporate bonds	**5,700**	5,327
Government bonds	**20,930**	9,638
Forestland	**4,691**	4,723
Cash	**164**	4,858
Closing fair value of scheme assets	**62,843**	64,133

None of the assets above are quoted observable assets.

The pension plans have not invested in any of the group's own financial instruments nor in properties or other assets used by the group.

22. Related party transactions (Group and Company)

The group is exempt under the terms of FRS 102 Section 33 "Related Party Disclosures" from disclosing related party transactions with entities that are part of the Green Luxco I S.ar.l. Group, as all subsidiaries within the group are wholly-owned. At 31 December 2023 there is a loan to one of the directors of £82,000 (2022: £82,000). The balance is included in the other debtors' balance in Note 13. £22,000 of this loan balance was granted in relation to the tax costs associated with the Long-Term Incentive Plan (LTIP).

23. Notes to the Group Statement of cash flows

Net cash flows from operating activities:

	2023 £'000	2022 £'000
Profit for the financial year per Statement of comprehensive income	**88,234**	77,828
Depreciation charge	**35,627**	35,474
Taxation	**33,451**	28,266
Interest payable	**41,909**	43,243
Interest receivable	**(3,715)**	(942)
Fair value loss / (gain) on derivative financial instruments	**14,489**	(42,387)
Fair value gain on investment property	**(29,686)**	(24,493)
Disposals of fixed assets	**185**	1,150
Amortisation of capital grants	**(388)**	(388)
Profit on disposal of fixed assets	**(8)**	-
Pension current service cost	**138**	-
(Increase) / decrease in stock	**(244)**	25
Increase in debtors	**(2,476)**	(8,357)
Increase in creditors	**1,805**	16,700
Cash inflow from operations	**179,321**	126,119
Corporation taxes (paid)/refunded	**(32,072)**	261
Net cash generated from operating activities	**147,249**	126,380

Components of cash and cash equivalents:

	2023 £'000	2022 £'000
Cash	**12,909**	60,705
	12,909	60,705

24. Contingent Liabilities

The Company is subject to an ongoing regulatory investigation as a result of an accident that occurred at the Airport in 2023. At the date of signing these financial statements, the directors are not able to reliably estimate the likely financial impact.