Heathrow

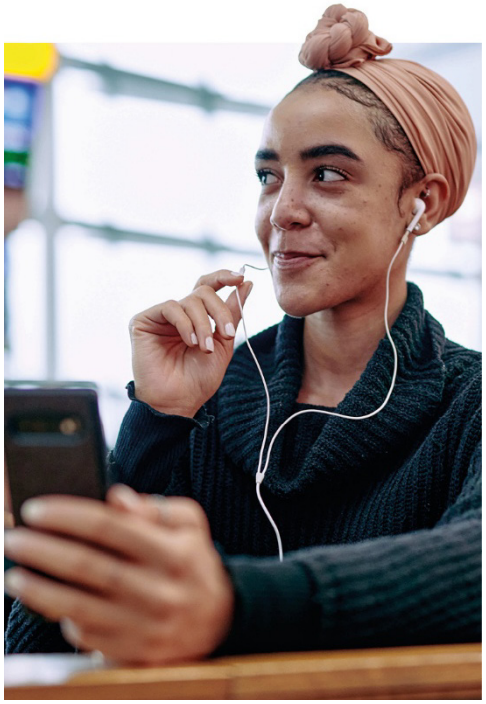
ANNUAL REPORT 2025

HEATHROW AIRPORT HOLDINGS LIMITED

COMPANY REGISTRATION NUMBER: 05757208

As the UK's only hub airport and the world's best-connected gateway, Heathrow is a national asset that links the whole country to global growth, enabling world-leading travel and trade.

Our purpose is 'making every journey better', which is the reason we exist. Every single Team Heathrow colleague can take inspiration from this and can contribute to this. This doesn't only mean the passenger journey – although this is a key element of what we do – but everyone that Heathrow Airport interacts with, whether that's our customers, colleagues or members of the local community. We want to help make things better at every opportunity, every single day.



Our vision is 'to be an extraordinary airport, fit for the future'. This is an aspirational articulation of what we want to achieve in the coming years, our 'North Star'. Every day at Heathrow, extraordinary things happen, but we know there is work to be done to make every area of the airport extraordinary and fit for the future.

As well as our vision, **we have six beacons**, or strategic priorities, to guide us. These reflect the areas that most need attention in the short to medium term, providing the guidance that will enable us to become an extraordinary airport and realise our long-term strategic goals. There are also **three foundations**, these underpin the day-to-day running of Heathrow, and it is critical to excel in those areas.

Our company values underpin all that we do as a business and how we interact with one another and with our passengers, as we help to make every journey better.

Looking forward, our medium to long-term direction remains clear.

- We endeavour to be **extraordinary for all our stakeholders**. We will continue to be the world's most connected hub, connecting Britain to the rest of the world.
- Unlocking new capacity at Heathrow is central to our strategy because it will improve operational performance and resilience for our customers, **enable more global connectivity and competition** for consumers and grow the UK economy through increased trade, tourism and investment.
- The Beacons, our immediate areas of focus, **set the direction for success** with the long-term ambition.

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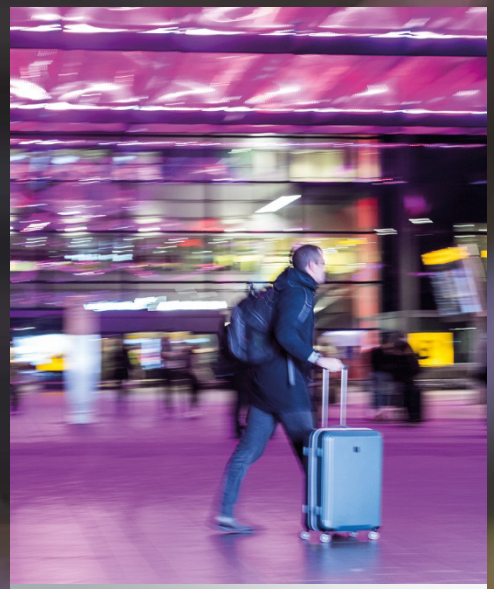
AT A GLANCE



UK'S HUB FLYING HIGH WITH RECORD PASSENGER NUMBERS

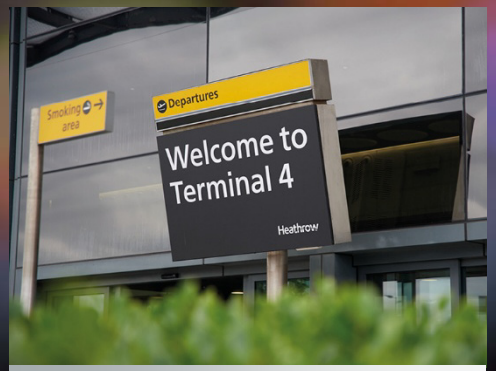
2025 was Heathrow's busiest year to date, with colleagues welcoming over 84.5 million passengers, securing our position as Europe's busiest hub airport. Further incremental growth is forecast for 2026, with the airport on track for an uplift to 85 million passengers. Demand continues to outpace the limits of the airport's current infrastructure reinforcing the need for expansion.

84.5

million passengers

OPERATIONAL PERFORMANCE OUTPACES EUROPEAN COMPETITORS

Heathrow was crowned the most punctual hub in Europe in 2025, consistently outperforming all major hub airports. Over 4.2 million more passengers flew on time compared with 2024 and baggage and security performance continued to strengthen. 97.3% of passengers waited less than five minutes for security and baggage load rates were close to 99% resulting in smoother, more reliable journeys for passengers.



INVESTMENT UNLOCKED FOR 2026

£1.3 billion will be spent over the coming year in capital investment programmes. This will kickstart work to revamp Terminal 4, progress with the new baggage system design for Terminal 2 and drive improvements to services for passengers with accessibility needs, all of which will contribute towards making Heathrow more user-friendly and resilient for our customers.

EXPANDING HEATHROW

Expansion at Heathrow is the Government's flagship infrastructure project to drive long-term economic growth and shareholders recently approved new investment to begin work on the planning application, marking a significant step forward for the project. However, delivering the project remains complex. It can only proceed once the necessary regulatory and policy frameworks are firmly in place to enable the next phase of delivery. To deliver the full benefits to customers and the country and to ensure it is fully privately financed, the Civil Aviation Authority ('CAA') must put in place the framework that gives investors confidence. Decisions on these key issues are expected throughout 2026. This includes in the autumn when Parliament will be asked to vote on the final Airports National Policy Statement – a decision which will enable Development Consent Order approval by 2029. The first flights from a third runway could be in a decade.

FINANCIAL PERFORMANCE

Heathrow reported increased revenue of £3.6 billion but a flat adjusted EBITDA of £2.0 billion, as the benefit of higher passenger numbers was offset by lower airport charges set by the CAA, increased maintenance costs and the expenditure needed to support operational performance. Our improved workforce planning has made a positive impact on employment costs, however maintaining the ageing asset base is demanding an increased spend. We continue to maintain a strong financial position with liquidity of £2.9 billion. Heathrow's Board decided to pay dividends totalling £550 million to the ultimate shareholders during the financial year, the first time in 5 years.

SUSTAINABILITY

Progress continues towards our sustainability commitments. In 2025, we stepped up our industry-leading SAF incentive programme, with record amounts of Sustainable Aviation Fuel ('SAF') used at Heathrow. Our 2026 goal looks to go further, with the aim to reach 2% above the UK mandate - totalling 5.6% SAF usage at the airport. We launched our Resources and Waste Strategy, setting clear targets to increase recycling and reduce waste across the airport and we continued to implement our Noise Action Plan, reducing the impacts of night flights and providing noise insulation to local homes.

CHIEF EXECUTIVE'S REVIEW

"Last year everyone at Heathrow rallied behind our ambition to deliver exceptional operational performance for our customers. Not only did we meet that goal, we surpassed it and achieved record breaking service levels.

With strong foundations in place and with the airport now operating very close to capacity, the next chapter is crucial to our success. Expansion will unlock significant economic benefits and create an extraordinary airport, fit for the future. In 2026, we'll continue progressing our plans so we can deliver for both our customers and for the country."

THOMAS WOLDBYE
CHIEF EXECUTIVE OFFICER

HIGHLIGHTS	2025	2024
PASSENGERS	84.5m	83.9m
REVENUE	£3,623m	£3,559m
ADJUSTED EBITDA[1]	£2,049m	£2,044m
PROFIT BEFORE TAX	£635m	£963m
ADJUSTED PROFIT BEFORE TAX[1]	£335m	£496m
CONSOLIDATED NOMINAL NET DEBT[1]	£17,597m	£16,620m
REGULATORY ASSET BASE[1]	£21,263m	£20,422m

(1) (1) The performance of the Group is assessed using a number of Alternative Performance Measures ('APMs'). APMs are discussed in detail and defined from page 189 of the financial statements.

REVIEW OF THE YEAR

2025 was a year of strong delivery and progress for Heathrow as we showed what focused investment, disciplined execution and a relentless commitment to our customers can achieve. Against a backdrop of continued global uncertainty, our teams delivered resilient operations, improved passenger outcomes and built momentum behind our long-term growth ambitions. These results reinforce Heathrow's role as a critical national asset and one of the world's leading hub airports.

Operationally, our performance in 2025 was among the strongest in our history and underscores the tremendous value we provide our customers. We were proud to be recognised as the most punctual hub in Europe, while also ranking in the top 5 per cent of airports globally for passenger satisfaction and the most connected airport in the world for the third consecutive year. This reflects sustained improvements in reliability, service quality and on-the-day delivery, driven by closer collaboration with our airline partners and the dedication of our frontline colleagues. As passenger demand to fly from Heathrow hit a new record high, we proved that we can deliver both scale and service excellence.

A cornerstone of this progress was £1.3 billion of new investment across the airport, targeted in areas that matter most to passengers and airlines. Most notably, Heathrow became the largest airport in the world to fully roll out next-generation security scanners, enabling passengers to keep liquids and laptops in their bags. This has transformed the security experience, reducing queuing and improving resilience to a new global benchmark for passenger convenience while maintaining the highest safety standards.

We have maintained robust financial resilience over the course of 2025. Our financial position remains strong with overall liquidity standing at £2.9 billion. Revenue has increased to £3.6 billion with adjusted EBITDA consistent with 2024 at £2.0 billion, as the higher aeronautical revenue from growing passenger numbers was offset by lower airport charges set by the CAA, higher costs to maintain an ageing asset base and the expenditure needed to support our operational performance.

We also made important strides in shaping Heathrow's future. During the year, we submitted a compelling business plan to the CAA for our next regulatory period. Our proposals are designed to deliver more resilient operations, unlock growth opportunities for airlines and provide a better airport experience for our passengers, all at an affordable price. Alongside this, we welcomed the UK Government's backing for Heathrow's expansion, and we are now focussed on progressing the detailed work required to secure planning permission by 2029.

We are on a journey to make Heathrow an extraordinary airport, fit for the future. 2025 has shown that we can perform strongly today whilst laying the foundations for tomorrow – a more resilient, more efficient and more competitive hub airport for the UK. I want to thank our colleagues, airline partners and stakeholders for their continued commitment and collaboration, and I am excited about what we can achieve together in the years ahead.

BUSINESS UPDATE

In assessing our performance for the year ended 31 December 2025, we have outlined key performance metrics that illustrate our progress.

Passenger traffic (millions)[1]

	2025	2024	Var %[2]
UK	**4.6**	4.7	(1.7)
Europe	**34.0**	33.8	0.6
North America	**20.6**	20.6	(0.3)
Asia Pacific	**11.0**	10.8	2.6
Middle East	**8.8**	8.5	2.8
Africa	**3.4**	3.3	2.1
Latin America	**2.2**	2.2	(1.8)
Total passengers[2]	**84.5**	**83.9**	**0.7**

(1) For the year ended 31 December
(2) Calculated using unrounded passenger figures

Other traffic performance indicators[1]

	2025	2024	Var %[2]
Passenger ATM	**475,596**	471,298	0.9
Seat factor (%)	**80.2**	80.7	(0.5)
Seats per ATM	**221.5**	220.6	0.4
Cargo tonnage ('000)[3]	**1,592**	1,580	0.8

(1) For the year ended 31 December
(2) Calculated using unrounded passenger figures
(3) Cargo tonnage includes mail volumes

In 2025, Heathrow welcomed 84.5 million passengers, an increase of 0.7% from 2024 (83.9 million) supported by a record number of seats of more than 105 million. More flights, larger aircraft and new routes have enabled Heathrow to remain Europe's busiest hub and the world's 'most connected airport'. In August, Heathrow became the first European Airport to exceed 8 million passengers in one month and, for the first time, every month of the summer season exceeded 7 million passengers.

Growth at a market level was mixed due to slot changes during the year. Despite this, the Middle East, Asia Pacific and Africa all achieved growth of over 2%, underpinned by the launch of new services from entrant airlines Riyadh Air, IndiGo and Air Peace. North America has remained resilient despite several headwinds in the US with Canada seeing 4.6% passenger growth compared to last year driven by new routes and increased capacity. Meanwhile, UK volumes were impacted by a decline in domestic transfers linked to other surface transport options and passengers transferring through other airports.

Seat factors decreased modestly year on year (0.5%), reflecting the introduction of additional seat capacity.

Despite the challenging economic backdrop, cargo tonnage grew by 0.8% supported by the rise in wide-body passenger aircraft movements.

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

SERVICE AND OPERATIONAL PERFORMANCE

Service standard performance indicators[1]

	2025	2024
ASQ	**4.05**	3.98
Arrival punctuality %	**78.5**	68.0
Departure punctuality %	**77.1**	69.0
Security performance %	**97.3**	92.6
Baggage connection %	**98.8**	98.3

(1) For the year ended 31 December.

In 2025, we achieved an overall ASQ rating of 4.05 out of 5.00, a notably positive change compared to 2024 (3.98) notwithstanding the increase in passenger numbers. Overall, 77% of passengers surveyed between January and December 2025 rated their Overall Satisfaction with Heathrow as either 'Excellent' or 'Very Good' (2024: 74%). The proportion of 'Poor' ratings remained low at only 0.6% (2024: 1%).

Compared to 2024, all satisfaction metrics were maintained or improved, with uplifts particularly evident in Security, attributed to the roll out of Next Generation Security Scanners. 'Ease of Making Connections with Other Flights' also substantially outperformed its 2024 level. Other notable performance gains included 'Availability of Charging Stations', 'Entertainment and Leisure Options', and 'Walking Distance'.

Operationally, we outperformed across all our service standard indicators during our busiest year. Security performance continued to improve year on year, with 97.3% of direct passengers (2024: 92.6%) passing through Central Search Areas in under five minutes, despite the operational challenges posed by the implementation of our Next Generation Security programme.

Improved operational performance across the airfield is reflected in the punctuality outcomes with arrival punctuality outperforming departures. However, overall punctuality continues to be impacted by airspace congestion and adverse weather events. Baggage performance improved with greater system resilience despite the increased passenger volumes.

KEY MANAGEMENT CHANGES

His Excellency Jassim Saif Ahmed Al-Sulaiti was appointed as director on the Heathrow Airport Holdings Limited Board ('HAHL') on 16 April 2025 representing Qatar Investment Authority and replacing His Excellency Ahmed Ali Al-Hammadi who resigned on the same date.

Luke Bugeja resigned as a director of the HAHL Board on 3 July 2025 and William Briggs was appointed as a director representing Ardian with effect from the same date.

Philip Jansen was appointed Chairman of the HAHL Board on the 1 January 2026 succeeding Lord Paul Deighton.

Yiqiang Zhan was appointed as director on the HAHL Board on 24 February 2026 representing China Investment Corporation and replacing David Xie who resigned on the same date.

ULTIMATE SHAREHOLDER UPDATE

On 3 July 2025 Ardian completed its acquisition of an additional 10.00% stake in FGP Topco Limited, the holding company for Heathrow Airport Holdings Limited, from Ferrovial SE, Caisse de dépôt et placement du Québec and the Universities Superannuation Scheme, the applicable regulatory conditions having been satisfied. Ardian now holds a 32.61% stake of the FGP Topco Limited in total.

OUTLOOK

The financial outlook for 2026 remains consistent with the forecasts published in our Investor Report on 19 December 2025.

THOMAS WOLDBYE
Chief Executive Officer
24 February 2026

OUR BUSINESS

JAVIER ECHAVE
Chief Operations Officer

WHAT WE DO

Heathrow is the UK's only hub airport. Hub airports combine direct passengers, transfer passengers and freight to enable long-haul aircraft to fly to destinations all over the world. These destinations could not be served with regular, year-round flights by point-to-point airports that rely on local demand alone. In 2025, Heathrow remained the most connected airport in the world, according to the OAG Megahubs Index 2025.

In 2025, we served 84.5 million passengers, a 0.7% increase in passenger numbers compared to the prior year (2024: 83.9 million). Heathrow is currently the busiest passenger airport in Europe and the 7th busiest airport globally, based on passenger numbers for the 12 months to 30 November 2025.

We serve a range of market segments, including business and leisure travellers, direct and transfer passengers, and long and short-haul routes operated by a diverse range of major airlines. As well as earning aeronautical income from passengers and airlines, we also generate income from a variety of other sources. They include concession fees from retail operators, income from car parks, advertising revenue, rents from property space and income from the provision of airport facilities and transportation services, notably the Heathrow Express rail service.

We maintain a strong focus on operational excellence, improving the passenger experience and investing in new and upgraded facilities. At the 2025 Globe Travel Awards by Travel Weekly, Heathrow was named best UK airport.

The structure of Team Heathrow is complex, and services are delivered by multiple parties. As the diagram below shows, the airport structure involves four main stakeholder groups that deliver services to our passengers. These are: the airport, the airlines, the UK Government and Air Traffic Control. In practice this involves 81 airlines, 7 principal ground handlers, nearly 200 secondary airside handling companies related to aircraft activities and several Government functions.

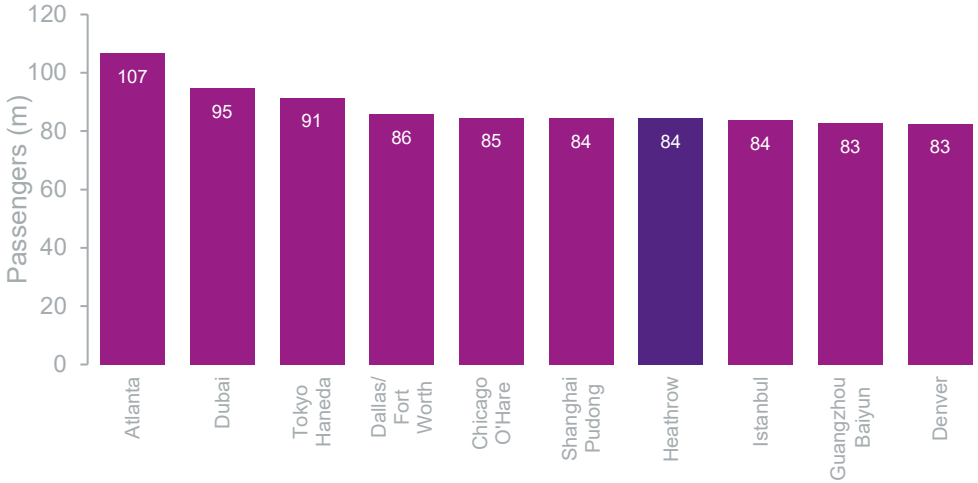
Long haul passenger flights from Heathrow provide the trading routes which carry the UK's exports. Heathrow is the largest UK port by value with 1.6 million tonnes of cargo valued at £294 billion, passing through it in 2025 (2024: 1.6 million tonnes, valued at £215 billion).

Sustainability remains central to our long-term vision. We continue to deliver against our strategy, ensuring that our actions connect people and planet to drive meaningful progress and address the issues our stakeholders care about most. The key pillars of our sustainability strategy are:

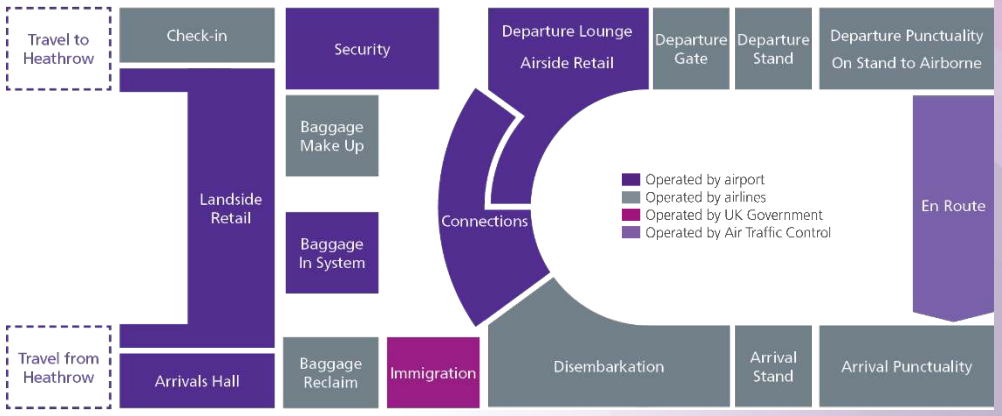
- **Net Zero Aviation** - Decarbonising the aviation sector and our own operations remains a key priority. We are working with partners across the industry to accelerate progress towards net zero by 2050.
- **A Great Place to Live and Work** - Addressing the issues that matter most to local communities, managing environmental impacts, improving quality of life, and championing equality, diversity and inclusion.
- **Responsible Business Foundations** - Our commitment to act responsibly underpins our approach to safety, security and governance. These principles guide our strategies and policies across all areas of our business.

We will continue to report transparently on our progress against these commitments, ensuring accountability and trust as we deliver on our sustainability ambitions.

Top 10 busiest global airports 12 months to 30 November 2025



Team Heathrow structure



INVESTMENT AND INFRASTRUCTURE

We invested £1.3 billion in 2025 (2024: £1.1 billion), bringing the total investment in H7 (the regulatory period from 2022 to 2026) to over £3.4 billion across the portfolio.

Our H7 capital investment plan is centred around six core programmes:

- Asset management and compliance programme.
- Terminal 2 baggage programme.
- Next-generation security programme.
- Commercial revenue programme.
- Carbon and sustainability programme.
- Efficient airport programme.

TERMINALS

We have four operational terminals:

- Terminal 2 is known as the 'Queen's Terminal' opened for business in 2014. The terminal measures 40,000 square metres.
- Terminal 3 was opened in 1961. The terminal measures 98,962 square metres.
- Terminal 4 opened for business in 1986 and underwent a major refurbishment in 2009. The terminal measures 105,481 square metres.
- Terminal 5 opened in 2008. The terminal measures 353,020 square metres.

We have a total of approximately 58,600 square metres of retail space served by retail and food and beverage outlets.

RUNWAYS

We operate two parallel runways, generally operating in segregated mode, with arriving aircraft allocated to one runway, and departing aircraft to the other. To mitigate noise impact to residents living below the approach and departure routes, the runways for arriving and departing aircraft are usually swapped at 15:00 each day, or as weather conditions dictate.

The airport is permitted to schedule up to 480,000 air-traffic movements ('ATM') a year. In 2025, we operated at 99% (2024: 99%) of this cap.

Heathrow has significant space constraints and operates with greater efficiency than other European hub airports, accommodating 6.9 passengers per square metre annually.

OTHER INFRASTRUCTURE

We own railway infrastructure including stations, tunnels and track from Heathrow as far as Airport Junction on the Great Western Mainline.

We also own public car-park spaces that are available to passengers and the general public. The terminals and their approaches provide advertising space, which yields further income.

REGULATORY ENVIRONMENT

THE REGULATORY FRAMEWORK

As set out by the Civil Aviation Act 2012 (the Act), an airport with Significant Market Power ('SMP') must be subject to economic regulation by means of a licence issued by the Civil Aviation Authority ('CAA'), the UK's independent aviation sector regulator. In 2014 the CAA determined that Heathrow met SMP conditions and issued Heathrow's economic licence.

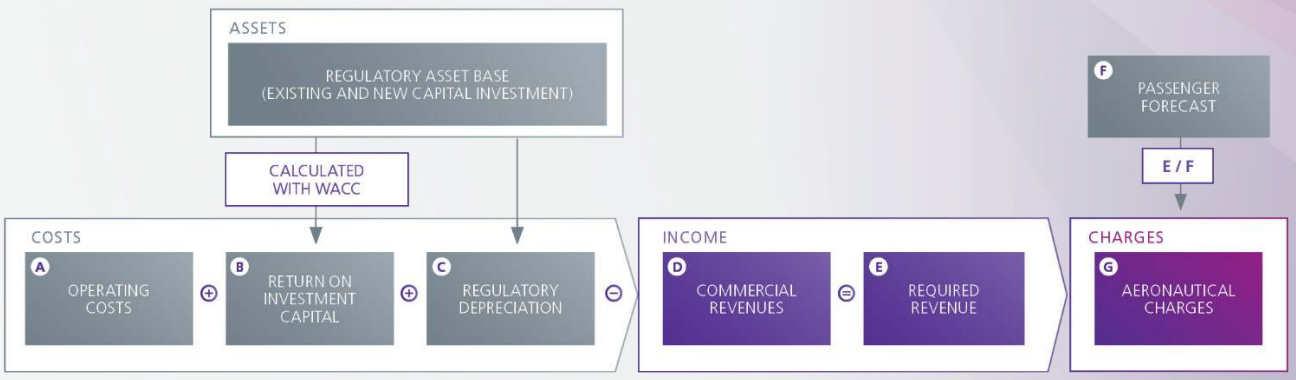
Under the current regulatory regime, the CAA establishes a price cap setting the maximum price of aeronautical charges that Heathrow can charge per passenger for services over the following regulatory period. The duration of the regulatory period is defined by the CAA and is usually five years.

In addition to setting prices, the CAA also defines service quality standards that Heathrow must meet. These standards cover aspects such as baggage handling, security, and passenger services.

THE PRICE CAP CALCULATION

The price cap is calculated via the 'building blocks' model. Based on this approach, the CAA:

- Sets a passenger forecast to estimate the level of demand the airport is expected to serve over the next regulatory period.
- Estimates all costs Heathrow will have to incur to provide its services, including (i) operating expenditure, (ii) return to investors, considering cost of capital determined by the CAA, and (iii) regulatory depreciation. The cost of capital and depreciation amounts are based on the value of Heathrow's regulatory asset base ('RAB'), formed by the existing assets used to provide regulated services and planned capital investment.
- Forecasts and deducts from these costs the projected non-aeronautical revenues, including Other Regulated Charges and commercial activities (e.g., retail and parking). This is because the CAA adopts a 'single till' principle, under which revenues from all airport activities, both aeronautical and commercial, are taken into consideration when determining the level of airport charges.
- Divides the resulting gap, i.e., the total required revenue to be covered by charges in order to match expected costs, by the forecasted passenger number. The result is the price cap per passenger, a per passenger maximum allowable yield.



Building blocks for maximum allowable yield calculation

OUR BUSINESS (CONTINUED)

REGULATORY ENVIRONMENT (CONTINUED)

THE RAB

The RAB is a regulatory construct that reflects the value of the assets used to run the business, representing the summation of the efficient capital expenditure that Heathrow has made but has not yet recovered through charges. The RAB is adjusted each year by taking the opening RAB, adding new capital expenditure (the proportion of which to be determined according to the revised incentive framework for capital delivery), and deducting regulatory depreciation and any proceeds from asset disposals. The value of the RAB is also annually uplifted by inflation.

INCENTIVE-REGULATION

The framework aims to replicate the outcomes of an efficient, competitive market, while allowing Heathrow to finance its activities and earn a reasonable rate of return. Heathrow can outperform the CAA's economic settlement by attracting more passengers, reducing operating costs or delivering higher commercial revenues. However, Heathrow also bears the risk in case of shortfalls in passenger numbers or additional costs unless in exceptional circumstances agreed with the CAA. The framework includes protection mechanisms for Heathrow.

PROTECTIONS

The regulatory framework provides Heathrow with important protections:

- The CAA has a statutory duty to set a return that secures financeability of our operations.
- Building blocks reset at a new baseline at the start of every regulatory period which restricts long-term risk exposure.
- Clarity and defined timing for recoverability of efficiently incurred capital investments through the RAB.
- Both pricing and RAB value are indexed by inflation.
- A traffic risk sharing mechanism provides protection against under performance on traffic volumes and sharing of outperformance.
- Some protection against exceptional circumstances, for example changes in security regulation proposed by the Government, changes in traffic mix, intra-period movements in property rates costs and capital investment risk in early phases of maturity.
- When market conditions are found to have changed or shifted, Heathrow can request the CAA to reopen a price control and use its powers under section 22 of the Civil Aviation Act to modify Heathrow's licence.

KEY REGULATORY DEVELOPMENTS

H8 PRICE REVIEW

The CAA has commenced the process for the next price control period for Heathrow, known as H8. This will apply from 2027 to 2031 and succeed the current H7 settlement, from 2022 to 2026. The H8 price review process is moving at pace and following tight timelines set by the CAA.

In March 2025, the CAA published its H8 method statement and business plan guidance (CAP3083), setting out expectations for Heathrow's business plan submission. The CAA has confirmed H8 will retain the RAB-based framework using the 'building block model' to set an ex-ante price cap for Heathrow. The methodology also sets out a new incentive mechanism to assess the quality of the information presented by Heathrow in the H8 business plan. Based on this, the CAA may apply a penalty or bonus to Heathrow's business plan, the maximum amount of which being 10 basis points on Return on Regulatory Equity, which would be approximately £8 million per year or £0.10p per passenger. The CAA also communicated that overall H8 timelines were delayed, with the H8 Final Decision to be published in April 2027 – after the start of the H8 period. The CAA suggests a holding cap for 2027, based on its Initial Proposals to be published in March 2026.

Heathrow submitted its H8 business plan in July 2025. The plan proposes to modernise and upgrade the existing airport between 2027 and 2031 with a £10 billion investment that will deliver better resilience, better passenger experience, better use of new and existing capacity and better sustainability. The plan commits to delivering 15 key outcomes for consumers, including 99% of baggage travelling with passengers, 95% of passengers queuing no more than five minutes at security, and a 20% increase in cargo capacity.

After submission, Heathrow has continued to engage extensively with the CAA and airline customers, providing further detailed evidence on costs, delivery and performance, including through a third round of Constructive Engagement between July and September 2025 (the two first rounds took place before submission of the Business Plan). As the CAA moves towards its Initial Proposals, expected in March 2026, Heathrow continues to engage constructively and transparently – with a fourth round of Constructive Engagement is planned for March-May 2026. The Initial Proposals will set a holding price cap for 2027, reflecting that the Final H8 Decision is not expected until April 2027, after the regulatory period has begun.

EXPANSION OF HEATHROW

In January 2025, the UK Government reaffirmed Heathrow expansion as a national priority for economic growth, setting out an ambition for an operational third runway in the next decade, with planning consent by 2029.

Heathrow responded in July 2025 with a comprehensive proposal demonstrating how these milestones could be delivered. This was endorsed in November 2025, when the Department for Transport confirmed that Heathrow's submission provides a credible and resilient basis for expansion and will inform the forthcoming review of the Airports National Policy Statement.

In parallel, the CAA has been reviewing early expansion costs and has consulted on the recovery of expenditure to be incurred in 2025 to 2026, including elements such as programme mobilisation, land acquisition and enabling works. Heathrow has supported CAA's proposals set out in December (CAP3201), emphasising the importance of regulatory certainty and investor confidence to enable timely delivery of expansion. Heathrow has highlighted the need for flexibility in early cost allowances to reflect updated forecasts and the benefits of early property acquisition to reduce risk and long-term costs. Key points also included RAB-based recovery, protections if the project stalls for genuine business purpose and proportionate transparency measures. Following consideration of consultation responses, the CAA plans to publish its draft licence modification decision "as soon as practicable" in 2026 and to consult on the regulatory treatment of early costs from 2027 onwards.

Separately, the CAA is progressing a sequence of consultations to assess wider regulatory models for expansion. An initial working paper (CAP3195) outlined a long-list of potential interventions – ranging from incremental changes to the existing framework to new approaches for setting airport charges – noting that these options have not yet undergone legal and operational feasibility testing which will follow in later evaluation stages. Heathrow's response is evidence led and focused on securing a regulatory framework that can deliver expansion on time, at the lowest whole life cost, and with strong consumer outcomes, consistent with Government timescales. Heathrow has emphasised the importance of key criteria such as timely delivery, deliverability, and financeability in assessing the framework for expansion, and has supported an enhanced single RAB approach, complemented by targeted framework reforms. Alternative models involving legislative change and/or fragmented ownership would increase delivery risk, raise financing costs and delay consumer benefits. The next CAA consultation, expected in spring 2026, will narrow down options ahead of a final decision expected in summer 2026.

OUR BUSINESS (CONTINUED)

GENERATING REVENUE

We generate three categories of income: aeronautical income, which is generated from fees charged to airlines for use of the airport's facilities, retail and other income.

AERONAUTICAL INCOME

Aeronautical income reflects the fees charged by Heathrow to the airport's airline customers. The tariff structure can vary in consultation with stakeholders, but includes three key elements:

PASSENGER CHARGES

Passenger charges are based on the number of passengers per aircraft and levied in respect of all departing passengers. There is no charge for crew members. Charges vary by route area (Domestic, Common travel area, European Economic Area and Rest-of-world) and type (direct and transfer passengers). These charges are passed on directly by airlines to passengers.

MOVEMENT CHARGES

Movement charges are applicable to each aircraft on take-off and landing. These are calculated in accordance with the certified maximum take-off weight of the aircraft and are banded into categories for aircraft weighing less than and those weighing more than sixteen metric tonnes, which includes nearly all commercial aircraft. These charges are broken into further categories based on the noise chapter rating of each aircraft, with the quietest aircraft attracting the lowest charge.

The noise rating component of these charges also includes a multiplier for any movements that are unscheduled between 23:30 and 06:00. Arriving aircraft are also subject to charges based on their nitrogen-oxide ('NOx') and carbon emissions.

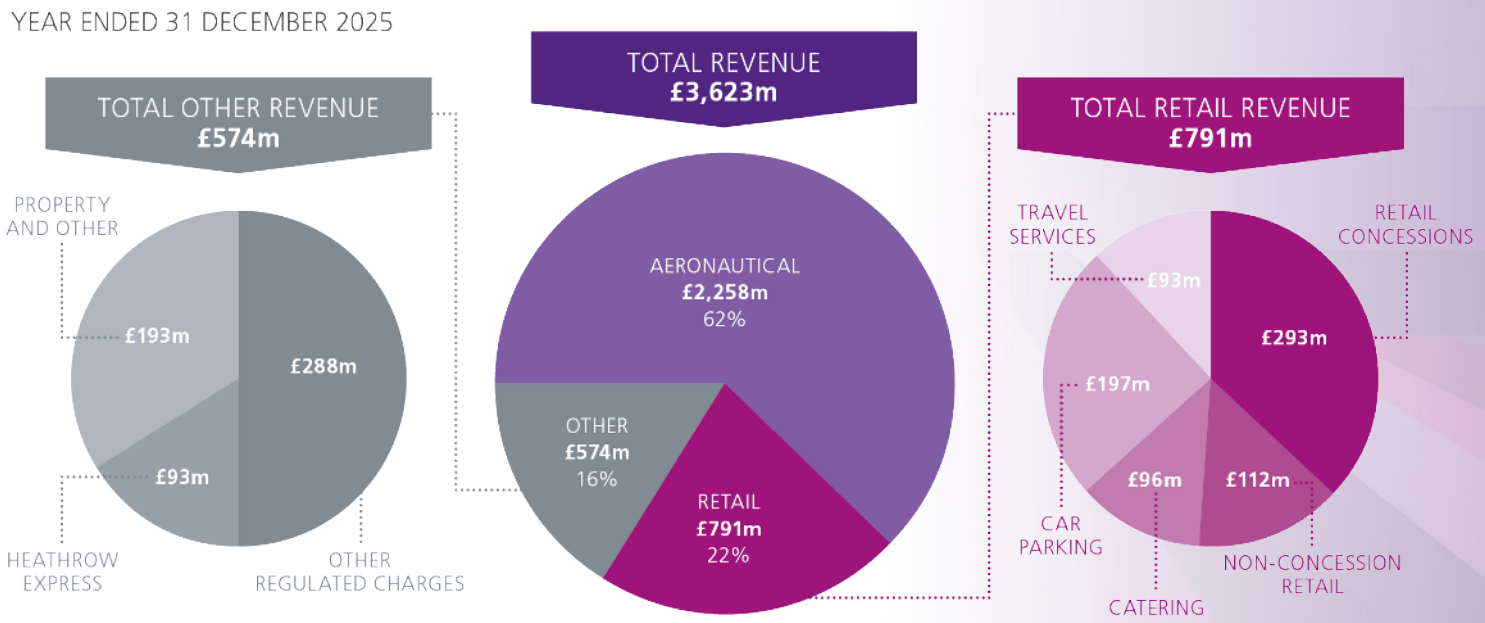
PARKING CHARGES

Each aircraft is given a free stand parking allowance of 30 minutes for narrow bodied aircraft and 90 minutes for wide bodied aircraft. Parking charges are levied for every 15-minute slot beyond this.

RETAIL AND OTHER INCOME

The 'single till' principle means that higher retail and other income reduces per-passenger charges. Retail and other income is generated from a variety of sources, including:

- **Retail** – concession fees from retail and commercial concessionaires and direct income from car parks, advertising and premium products.
- **Other regulated charges** – the recovery of certain costs incurred for the provision of facilities such as baggage handling and passenger check-in.
- **Heathrow Express** – fare revenue from the Heathrow Express rail service.
- **Property and other** – income from rental of airport property space, such as aircraft hangars, warehouses, cargo storage-facilities, maintenance facilities, offices and airline lounges.



OUR STRATEGY

Our strategy gives us a clear direction and sets the path to achieving our vision – to be an extraordinary airport, fit for the future. We have three Foundations, our non-negotiables that underpin everything we do and six strategic priorities, our Beacons, that will help us become extraordinary. This strategic framework will enable our continued success and future growth.

Our Purpose

MAKING **EVERY JOURNEY** BETTER

Our Vision

To be an extraordinary airport, fit for the future

Our Beacons

Our Foundations

EXCELLENT…

Safety, Security and Compliance

Service and Operations

Governance and Financial Resilience

Enablers and Activity

Activity that sits under each beacon and foundation, backed up by functional execution plans

Our Values

OUR STRATEGY (CONTINUED)

OUR BEACONS EXPLAINED

The six beacons are our six strategic priorities for the upcoming years.
We will drive improvement in these areas to ensure success and achievement of our vision.

Winning Team
We strive to be an extraordinary place to work by providing an inclusive and engaging colleague offering and culture that attracts and retains diverse talent, creates a performance culture and unlocks colleague's full potential for now and in the future.

Our people are at the heart of everything we do and are a crucial part of our operation and part of who we are; investing in their development remains key to our strategic success.

Focus to go Faster
Improving the overall effectiveness of the organisation, by doing more but faster and, where possible, with less. Being efficient in our processes, resource allocation and decision making, whilst delivering programme benefits at greater speed to increase revenue.

After the pandemic, we scaled up rapidly to meet rising demand and provide excellent service for our customers. Now, we must ensure an efficient and effective business.

Value for Customers
We have a range of customers including our passengers, airlines, retailers, tenants and surface access users. We are focused on an extraordinary passenger experience, through easy journeys and joyful experiences. We need strong working relationships with all our customers to deliver a good service for passengers and to create value for all customers, which also drives value for us.

Digital Future
Exploiting our existing digital capability alongside embracing new opportunities for digitisation to improve productivity and create efficiencies. Promoting a 'data culture' at Heathrow - capturing the right data and using it to inform decisions and enhancing our data and analytical capability. Keeping up with the changing technological and data landscape.

The external world has changed rapidly; use of digital technologies is more widespread. This beacon represents our commitment to investing in this area and keeping pace with the world around us and delivering continuous airport-wide business modernisation enabled by technology and fuelled by trusted data.

People and Planet
Delivering on our publicly declared Connecting People and Planet sustainability commitments and managing our environmental impact, as well as using our role and reputation to achieve positive change.

We must use our position in the aviation industry for good; protecting the environment and investing in sustainability are more important than ever.

Creating Capacity
Taking action now to protect and enable growth in the future. Making the best use of our existing capacity and infrastructure, creating additional capacity and developing long-term plans to ensure we have the capacity to meet demand.

With current capacity constraints, we must make efficient use of existing capacity as we begin planning for long-term expansion with a third runway and upgraded terminals.

OUR FOUNDATIONS EXPLAINED

Our Foundations are the non-negotiables that underpin everything we do at Heathrow. They are fundamental to running our airport and are areas we must absolutely get right. We need to have **excellent** Safety, Security and Compliance, Service and Operations, and Governance and Financial Resilience.

Safety, Security and Compliance

Delivering high safety and security standards across Heathrow, keeping everyone safe and secure, both physically and digitally, and consistently meeting our compliance obligations.

Safety is both one of our core values and foundations, highlighting its importance. Everyone who passes through Heathrow, whether colleagues or customers, should feel safe.

Service and Operations

Ensuring the smooth running of the airport – making sure that day-to-day operations take place as planned and any issues are handled with minimal effect on passengers, while providing continually excellent service.

Our passengers are an essential customer, so it is vital that we provide them with a service that meets expectations and delivers minimal disruption.

Governance and Financial Resilience

Ensure effective governance and business controls, generate increased cashflow, allocate capital efficiently and optimise our debt structure to create financial returns to shareholders.

OUR STRATEGY (CONTINUED)

OUR VALUES EXPLAINED

DOING THE RIGHT THING

Doing the right thing means acting with **integrity** and thought for others, ourselves and Heathrow. It means living the values in everything we do and underpins all our **actions, decisions and interactions**. Doing the right thing is something that sets us apart. For colleagues at Heathrow, it's something that is ingrained in our culture from our proud history and connects all of us. It enables us to **feel confident in our decisions** and **proud of our actions**. We're **responsible in the way we do business**. We take a lead on Sustainability and doing the right thing by being a good neighbour and delivering against Connecting People and Planet.

'Doing the Right Thing' means…

- Take care, do things right
- Own our actions
- Take pride in what we do

GIVING EXCELLENT SERVICE

Giving excellent service is about our ambition to lead, to **be our best and give our best**. It means living our **Service Signatures in every interaction** - with colleagues, customers and partners. We give excellent service because we are proud that passengers see Heathrow as the best place to fly from, through and to. By doing this we will achieve our vision of giving passengers the best airport service in the world.

'Giving Excellent Service' means…

- Notice and care
- Share what we know
- Make things better

KEEPING EVERYONE SAFE

Caring for ourselves and one another, so that we feel **safe, secure and well** and empowered to **speak up**, across all settings and activities. We notice and care and act with consideration for others, ourselves, Heathrow and the community. The safety of our colleagues and passengers has always been a **non-negotiable**. It's our first and foremost objective to running our business. The **physical and mental wellbeing of ourselves and each other** has never been more important, so they go hand in hand. When we and those around us feel safe, secure and well, we can achieve and enjoy a great place to work.

'Keeping Everyone Safe' means…

- Look out for ourselves and others
- Stop, think and act
- Care and speak up

TREATING EVERYONE WITH RESPECT

In every Heathrow interaction, people are valued, respected, included and treated fairly. Everyone deserves to be treated with respect and consideration. When we feel respected and included, we can **trust one another** and feel **confident to bring our true selves to work and able to speak up**. Trust enables us to have honest conversations and the confidence to face challenging situations to achieve the best solutions. An inclusive culture leads to **diversity of ideas** and helps us to make better decisions.

'Treating Everyone With Respect' means…

- Value everyone's contribution
- Actively listen to understand
- Embrace differences

WORKING TOGETHER

Working together constructively to achieve a common goal. We are stronger and achieve more when we work together. It feels good to be **valued for your contribution**, to **appreciate others and to bring out the best in each other**. Working together supports a sense of **belonging and connection**, with us each playing our part to achieve the best outcomes.

'Working Together' means…

- Connect with others to deliver our best work
- Bring out the best in each other
- Recognise and appreciate others

IMPROVING EVERYDAY

Being ambitious and always striving for the best, with the right tools and mindset to succeed. We feel proud of our ambition and feel fulfilled because we are always **improving, learning and growing** together in the pursuit of it. We **grow and learn** from each other by **sharing our knowledge and experience**. It's **not always about perfection** every time, but a desire to **embrace change** and have a **growth mindset**. We **learn from the past and apply those learnings to the future** to continuously reach the best solutions.

'Improving Everyday' means…

- Keep things simple in every interaction
- Seek out new opportunities
- Learn, adapt and grow

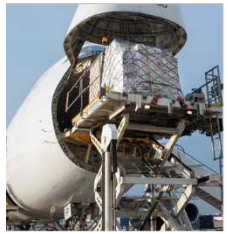
OUR STRATEGY (CONTINUED)

OUR STAKEHOLDER JOURNEY

What does extraordinary mean for…

AIRLINES

An airport that operates efficiently, provides growth opportunities, provides a platform for strong business and collaborates to improve operational performance and resilience.

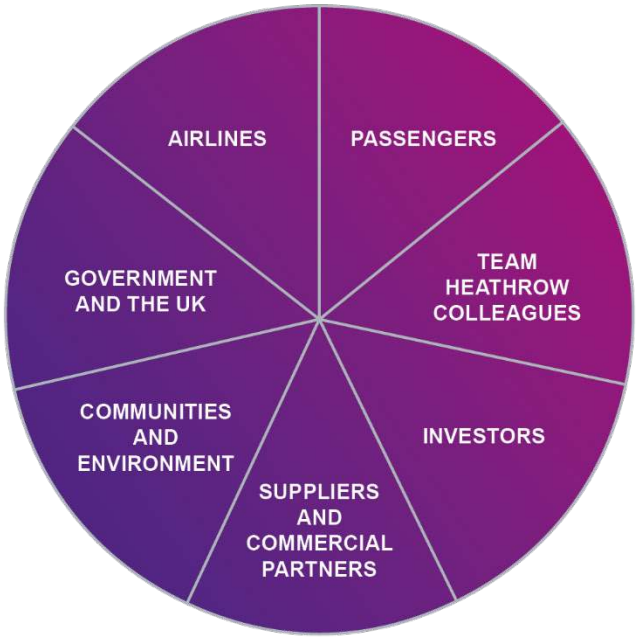


GOVERNMENT AND THE UK

A resilient hub airport that delivers significant economic growth to the country by connecting people and cargo from all regions and nations of the UK to the world.

COMMUNITIES AND ENVIRONMENT

An airport that is a great place to live near, creating a positive impact for local communities and the environment, and delivering on decarbonisation commitments.



SUPPLIERS AND COMMERCIAL PARTNERS

An airport that works collaboratively with everyone in the Team Heathrow ecosystem to deliver an extraordinary service to passengers; that is easy to work with, operates efficiently, and is exciting to be a part of.

PASSENGERS

An airport that understands my specific needs and is somewhere I want to travel from; providing an excellent service and helping me enjoy my time at the airport.

TEAM HEATHROW COLLEAGUES

An extraordinary place to work, that motivates me and provides an inclusive culture that drives me to be my best, allowing me to progress my career.

INVESTORS

A responsible and efficient business that generates stable cashflows and provides sustainable long term value for shareholders.

OUR STRATEGY (CONTINUED)

Our beacons in action: Winning Team

JO BUTLER
Chief People Officer

Our Winning Team beacon supports Heathrow's vision by fostering an engaging and inclusive culture that enables our colleagues to achieve their full potential, our teams to perform at their best, and our business to attract and retain the diverse talent we need now and in the future.

Our success and impact depend on our colleagues. In 2025, we launched a new People strategy to ensure that everyone working with us gets the very best experience at Heathrow. The strategy will drive progress towards our Winning Team beacon, as well as supporting our Focus to Go Faster and People and Planet beacons.

The People strategy is built around our three Winning Team enablers: A Great Place to Work, Inclusive Performance Culture and Future Capability. It is founded on our core commitment to get Everyone Home Safe and Well.

Our People team has adopted a new operating model to help deliver this strategy with a clear mission of powering a winning team through creating extraordinary experiences for colleagues, building future skills, anchored in safety, driven by performance and fuelled by transformation.

A GREAT PLACE TO WORK

In 2025, we reshaped our employee value proposition and defined a new ambition to make Heathrow an extraordinary place to work.

We continued efforts to foster an inclusive culture at Heathrow with support from our five colleague diversity networks, three of which were recognised by external awards in 2025, including Altitude winning Outstanding Women's Network of the Year at the UK Employee Networks Awards. We retained our focus on colleague wellbeing and enhanced our reward and benefit programmes.

In our most recent biannual survey conducted in November 2025, 70% of colleagues responding agreed Heathrow is a great place to work, up three points from the previous year. Leadership teams across the business are responding by working to deliver meaningful change. Our new 'Your Voice – Our Journey' campaign keeps colleagues informed about how their feedback is shaping change, where progress is being made and where we still need to improve.

INCLUSIVE PERFORMANCE CULTURE

In 2025, more than 8,500 colleagues completed our mandatory training on inclusion, 68 more leaders at senior levels took part in inclusive leadership sessions, and we piloted reverse mentoring for senior leaders to gain insights into challenges faced by frontline colleagues.

In our November 2025 survey, 67% of colleagues agreed that Heathrow is inclusive for all colleagues, up from 66% in 2024, and we have developed an action plan to drive progress.

Creating an inclusive culture helps us attract and develop colleagues from all backgrounds and supports our targets to enhance diversity at senior levels. In 2025, the proportion of managers at senior levels identifying as Black, Asian and Minority Ethnic increased to 23.1%, achieving our 2026 target of 22% a year early. However, the proportion of managers at senior levels identifying as female[1] declined slightly to 38.3% and we are continuing to grow the female talent pipeline through our development programmes.

Colleague diversity[2]	2023	2024	2025	2026 target	2030 target
% of female colleagues at senior levels (Exec - Band C)	39.8%	38.6%	38.3%	41%	43%
% of all colleagues who are female	41.4%	43.8%	44.2%	-	-
% of Black, Asian and Minority Ethnic colleagues at senior levels (Exec -Band C)	20.1%	21.7%	23.1%	22%	23%
% of all colleagues who are Black, Asian and Minority Ethnic	54.3%	51.7%	51.8%	-	-

FUTURE CAPABILITY

Efforts to build future capability in 2025 included a National Careers Week roadshow, one-to-one coaching from our 130 careers champions, and a new platform for our mentoring programme which has seen growing uptake.

Our newly formed Future Skills team is helping to enhance capability and ensure a future-ready workforce. We have established a future learning strategy, designed a leadership development programme to address key capability gaps and completed strategic workforce planning for specific functions.

The Heathrow Employment and Skills Academy continues to support development of our local talent pipeline.

In 2025, the Academy reached 5,842 young people, delivered 710 career opportunities with us or brokered with Team Heathrow partners, supported 93 apprentices through our Shared Apprenticeship Scheme and provided 20,050 work experience days, including 2,800 delivered in person and 17,250 delivered virtually.

SPOTLIGHT:
Immersive experience engages colleagues in our strategy

Our people play a central role in delivering our strategy and realising our vision to be an extraordinary airport, fit for the future. In 2025, we created an immersive 'escape room' experience to engage colleagues in the foundations and beacons that drive our success and shape our vision in a fun, interactive way.

More than 1,000 colleagues took part, working in teams to race against the clock to solve puzzles, win prizes and learn about the strategy along the way. Hosted in a repurposed 40ft shipping container in our Compass Centre car park, the 45-minute challenge fostered teamwork, communication and quick decision-making skills.

(1) As recorded per right to work documentation in line with statutory reporting

(2) Representation as at 31 December 2025

OUR STRATEGY (CONTINUED)

Focus to go Faster

Our beacons in action: Focus to go Faster

HELEN ELSBY
Chief Development Officer and Acting Chief Digital & Information Officer

The Focus to go Faster beacon promotes our commitment to improve Heathrow's effectiveness by delivering faster and with greater efficiency. In 2025, we continued to streamline processes and optimise resource allocation to enhance speed and productivity while maintaining service standards.

We made significant progress in enabling easier resourcing and deployment through initiatives that eliminated paper-based timesheet processing and transitioned colleagues to digital tap-in platforms, securing the cross-functional advantages of implementing a modern resource management system.

We accelerated progress across capital programmes and operational initiatives, supported by internal initiatives such as improved tracking and monitoring of capital efficiency and productivity. Under our asset focused programme, Southern airfield resurfacing was completed on schedule, and Northern airfield upgrades began with taxiways, ensuring minimal disruption and streamlined planning. The cargo tunnel refurbishment enhanced reliability, reducing delays and improving passenger transfer efficiency.

Operationally, we introduced aircraft turn management and time-stamp detection across T5 and priority stands, enabling faster, more predictable turnaround times and supporting punctuality targets with fewer resource bottlenecks. Enhanced flight data messaging to the Eurozone went live, increasing airspace capacity and reducing delays, which translates into better alignment of crews and assets. Terminal 2 advanced significantly with a new baggage system design agreed in collaboration with five multidisciplinary partners, ensuring greater reliability and operational efficiency. Additionally, five targeted projects mitigated risks in the existing system and addressed IT vulnerabilities, safeguarding critical processes and reducing the need for reactive interventions.

A major milestone was achieved under the Next Generation Security capital programme with the rollout of updated security lanes across the Heathrow campus. This rollout improved screening efficiency, met passenger flow targets, and introduced advanced technology that strengthens resilience while driving cost savings.

SPOTLIGHT:
Delivering resilience and additional capacity to T4 baggage

A baggage project in Terminal 4 celebrated the successful completion of a key milestone a year ahead of the original schedule thanks to an innovative collaborative approach across functions and teams.

The Terminal 4 Right-Hand Side Hold Baggage Screening ('HBS') and Asset Replacement Project team celebrated the successful integration of additional direct HBS machines into Terminal 4's main baggage system. This achievement has doubled the terminal's direct screening capacity and increased operational resilience of the system.

Put on hold during COVID, the original project was complete only on the left-hand side of the system leaving the other half, on the right-hand side, outdated with obsolete screening and baggage equipment. Restarting the project when the terminal re-opened, the project team re-thought their plan to pull completion dates forward; resequencing options, assessing operational impacts and identifying the mitigation resources and equipment required to maintain service level. Gathering all the industry experience and creative problem-solving together, the project team developed a new plan that resulted in accelerated delivery a full 12 months earlier than originally planned.

OUR STRATEGY (CONTINUED)

Value for Customers

Our beacons in action: Value for Customers

ROSS BAKER
Chief Customer Officer

The Value for Customers beacon highlights Heathrow's commitment to deliver excellent service for passengers and create value for all customers.

This year, Heathrow delivered record levels of Quality Service Metric ('QSM') performance, achieving our strongest results across both Departures and Arrivals since tracking began. This uplift was driven by a step change in service delivery, including the rollout of Next Generation Security ('NGS'), a major investment improving both the ease and speed of security processing, as well as enhanced passenger confidence. Additional drivers included improved punctuality, and baggage performance, reduced crowding in key terminal areas, better access to seating and charging facilities, and clearer wayfinding, all contributing to more reliable, smoother journeys.

Connectivity remained a cornerstone of success. Heathrow retained its title as OAG's "Most connected airport" and expanded its network with new routes, including Riyadh Air's first commercial flight, IndiGo's daily Mumbai to London service, and Air Peace's operations from Nigeria. These additions strengthen Heathrow's position as the gateway of choice for millions worldwide.

Passenger experience was transformed through new retail and dining options such as M&S Airside, Lululemon, and Five Guys in Terminal 5, alongside premium upgrades like the refurbished Windsor Suite and new lounges. Beyond the terminals, we launched the first major redevelopment in two decades, creating modern logistics hubs at Eastern Business Park and Epsom Square for small and medium-sized businesses.

Accessibility was a defining theme, with assistance requests reaching 2.3 million, which is more than any other European airport. We responded with initiatives like the Independent Journeys Project and active participation in the Aviation Accessibility Task and Finish Group, setting new standards for inclusive travel.

In 2025, we advanced our customer value ambition with tangible progress. Central to this was the submission of our customer led H8 Business Plan to the CAA, outlining a £10 billion privately funded investment from 2027 to 2031. This plan goes beyond infrastructure, focusing on resilience, sustainability, and elevating the passenger experience, reinforcing Heathrow's role as a global hub.

SPOTLIGHT:
Summer 2025: Operational excellence

Operational excellence defined the summer of 2025. **Heathrow achieved industry leading punctuality**, earning recognition as Europe's most punctual hub airport.

Crucially, this summer saw a step change in terminal performance: Terminal 3 rose from the bottom of service rankings to become one of the best performing terminals, while Terminal 5 was elevated to set a new benchmark for customer experience. These improvements were underpinned by record achievements in baggage performance and security, ensuring passengers enjoyed a seamless journey even during peak volumes. This was supported by upgraded charging stations, improved ambience, enhanced seating, and digital innovations that made journeys smoother and more enjoyable.

Our collaboration with airline partners delivered material improvements: For the period of May-September 2025, on day cancellations were reduced by 44%, baggage misconnections improved by 36%, and the cost of failure for airlines fell significantly. These results were not accidental; they were the product of a co-created plan that strengthened relationships and fostered a culture of shared success.

OUR STRATEGY (CONTINUED)

Our beacons in action: Digital Future

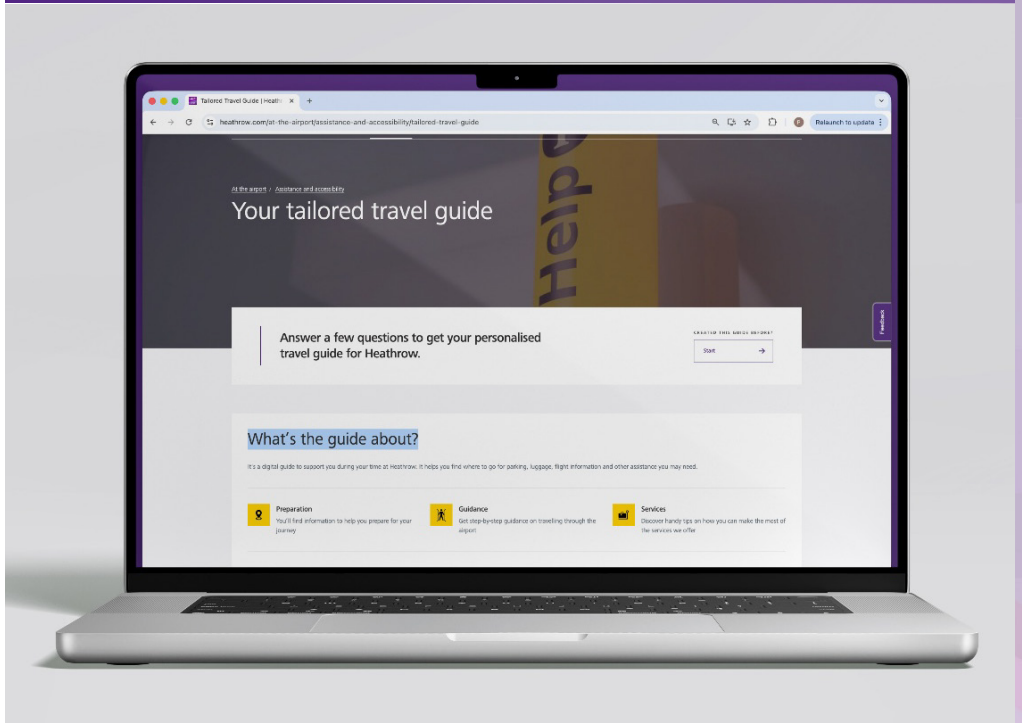
The Digital Future beacon reflects Heathrow's commitment to leveraging digital capabilities, embracing innovation to improve productivity and efficiency as well as elevating the passenger experience.

We advanced our digital transformation journey in 2025 by appointing a Data & AI Director and a Digital Transformation Director to the Senior Leadership Team and by starting to build dedicated teams to deliver our Digital Future ambitions across the airport. Our ambition is that by the end of 2031 we will be digitally integrated, and have trusted and actionable data empowering Team Heathrow to deliver an airport that is resilient, efficient, growing and enjoyable for all. Our Digital Future initiatives will be delivered through a comprehensive roadmap which will unlock our potential and power Heathrow's next phase of growth.

In 2025, notable achievements for the digital passenger offering include the launch of Pay in Advance for Reserve & Collect retail, the introduction of Single Sign-On for seamless access, and the deployment of 'Hallie,' our GenAI customer service agent, which successfully resolves 90% of passenger queries. We also onboarded multiple new airlines to automation systems.

We strengthened internal digital capability by embedding data and technology into operations to enable smarter decisions, foster innovation, and give our passengers easier journeys. Key internal processes, including finance operations and systems, have been automated to improve efficiency. We are also running design hackathons, rapidly prototyping solutions with business teams to allow us to deliver early results faster.

SPOTLIGHT:
Launch of tailored accessibility travel guide



In 2025, we launched a new tailored travel guide, designed to support passengers with accessibility needs in planning and preparing their journey through Heathrow. The guide gives personalised content to support passengers at each step of their travel, to, from and through Heathrow. We created it because we believe every journey should be easy and enjoyable for everyone.

The guide provides comprehensive journey planning and preparation tailored to each passenger, using a design that follows the fundamental principles of accessibility. We've created a marriage between consistency and accessibility, ensuring the design maintains a coherent and functional appearance while responding inclusively to the needs of all users. Every decision aims not only to meet technical standards, but also to offer a seamless, intuitive and fully inclusive experience.

The guide effectively qualifies passenger needs and preferences to provide tailored information specific to the individual circumstances and barriers, across travel partners.

OUR STRATEGY (CONTINUED)

People and Planet

Our beacons in action: People and Planet

NIGEL MILTON
Chief Communications and Sustainability Officer

We put People and Planet at the heart of what we do by engaging with stakeholders, setting ambitious goals, and embedding sustainability into our business strategy and governance.

Our sustainability strategy, Connecting People and Planet, provides a roadmap to 2030 goals and targets to drive progress towards Net Zero Aviation and Making Heathrow a Great Place to Live and Work. The strategy is built on responsible business foundations that underpin Heathrow's ability to deliver a safe, vibrant, efficient and sustainable airport.

The following pages provide an overview of our progress towards the goals of our sustainability strategy, with further details published in our Sustainability Report.

Connecting People and Planet is at the heart of Heathrow's business model, helping us drive progress on the People and Planet beacon of our business strategy. It addresses our most significant sustainability impacts, risks and opportunities, identified through a double materiality assessment.

Our approach to this assessment, and to sustainability topics is informed by engagement with a wide range of stakeholders, and we are working closely with others, including airlines, Team Heathrow partners, suppliers, communities and government bodies, to achieve our goals.

Our commitment to sustainability also supports our business by helping us retain our licence to operate, mitigate risk of service or supply chain disruptions, maintain our reputation as a positive influence on sustainability issues, recognise the importance of sustainability to passengers, build strong relationships with neighbouring communities, and create a compelling colleague proposition that attracts and retains the talent we need to run the airport now and in the future.

Sustainability Strategy: Connecting People and Planet

View our full sustainability strategy on our website, together with detailed plans on specific topics here.

Sustainability Report and Performance Data Book

Our Sustainability Report outlines in more detail the progress we are making towards our People and Planet goals and the challenges we face along the way, as well as providing more information on our Responsible Business Foundations and sustainability governance. View the report here.

Additional data can be found in our Sustainability Performance Data Book. View the data book here.

People and Planet

EMBEDDING SUSTAINABILITY IN OUR BUSINESS

We embed sustainability into our decision-making to support our vision to be an extraordinary airport, fit for the future. It's built into our:

- **Purpose:** We strive to make every journey better for everyone the business touches, be it passengers, customers, colleagues, communities or investors. This applies to all types of journeys, from passenger flights and colleague careers to our net zero pathway.
- **Business strategy:** Our sustainability strategy is an important enabler for all the beacons and foundations that drive progress towards our vision to be an extraordinary airport, fit for the future, and it directly supports the People and Planet and Winning Team beacons.
- **Investment plans:** We are investing around £141 million in sustainability improvements during our H7 regulatory period from 2022 to 2026, prioritising programmes and outcomes that deliver the most impact towards our 2030 goals. Our proposed H8 plan, submitted to the CAA in 2025, includes further sustainability investments for 2027 to 2031, subject to regulatory approval.
- **Financing and incentives:** We include sustainability performance targets in our long-term incentive plans for executives and colleagues and in our Sustainability-Linked Bond Framework, under which we have issued several bonds. See page 97 for more information on remuneration and page 53 for more on sustainability-linked financing.
- **Risk management:** We build identification and management of sustainability risks, including principal business risks related to sustainability, into our enterprise risk management policy and processes. See page 30 for more information on our approach to enterprise risk management and on our principal risks and page 44 for more on climate-related financial risks.
- **Governance:** Our People and Planet Committee support our leadership team in delivering our sustainability strategy, with Board oversight from the Sustainability and Operational Risk Committee. The HAHL Board has overall accountability for setting and overseeing the implementation of Heathrow's strategy, including sustainability matters. See page 84 for more information on our governance structure and page 40 for more on climate-related governance.

NET ZERO AVIATION

To reach net zero by 2050, we will reduce our carbon footprint as far as possible and remove residual emissions. Our Net Zero Plan supports Heathrow's pathway to net zero with goals to cut carbon 'In the Air' and 'On the Ground' by 2030.

Over 99% of Heathrow's carbon footprint comes from Scope 3 emissions outside our direct control so we must work closely with airlines, Team Heathrow partners, suppliers and other stakeholders to achieve our goals. In parallel, we are also taking steps to cut Scope 1 and Scope 2 emissions from our operations and investing in UK nature-based carbon removal projects.

We are investing in carbon and sustainability improvements as part of our H7 business plan. Our H8 plan includes further investments, subject to regulatory approval, to accelerate decarbonisation and strengthen climate resilience.

Our new Climate Adaptation Strategy sets out goals and actions to help us adapt to climate risks, with an initial focus on flood protection for critical infrastructure to further improve resilience and reduce the risk of service disruption at the airport.

See our Climate-related Financial Disclosures on page 38 for more detail on climate-related financial risks, and page 56 for carbon footprint data.

NET ZERO IN THE AIR

We are engaging with airlines to operate lower-carbon flights through improved efficiency and adoption of sustainable aviation fuels ('SAF'), while innovating to support the zero-emissions flights ('ZEF') of the future. In 2025:

- Our 'In the Air' emissions[1] totalled 18.6 million tonnes, a 7% reduction from 2019.
- SAF made up 3% of fuel uplifted from Heathrow, avoiding over 621,000 tonnes of carbon compared with fossil-based aviation fuels[2]. We continued to drive uptake through our SAF incentive programme for airlines and by supporting efforts to build SAF production capacity.
- We began enhancing the provision of preconditioned air ('PCA') to reduce the use of aircraft engines on stand, including installing new PCA units at 11 stands.
- As airlines renew their fleets, aircraft flying in and out of Heathrow are becoming more fuel-efficient with lower emissions. We continued to incentivise the use of more efficient aircraft through staggered landing charges and our Fly Quieter and Greener airline league table.
- We contributed to industry research on ZEF and, through our partnership with Cranfield University, we prepared to trial hydrogen solutions to support ZEF and decarbonise ground support equipment.
- We engaged in the ongoing multi-stakeholder consultation process to redesign and modernise UK airspace.

NET ZERO ON THE GROUND

We are encouraging passengers and colleagues to take public transport to and from Heathrow and driving adoption of zero or low-carbon vehicles at the airport, as well as investing in infrastructure and partnering with suppliers to decarbonise our buildings and supply chain. In 2025:

- Our 'On the Ground' emissions[3] totalled 855,207 tonnes, an 18% reduction from 2019.

[1] 'In the air' emissions include emissions from aircraft during landing and take-off, and cruising emissions from flights departing from Heathrow, in line with the requirements of the Airport Carbon Accreditation level 4+ standard. See page 56 for more on our carbon footprint

[2] Savings from SAF are not yet captured in the carbon accounting methodology used to calculate our carbon footprint. These values rely on evidence submitted by airlines as part of our SAF incentive. The SAF documentation validation process will conclude later in 2026, in line with Department for Transport guidance, and may require updated values. See page 56 for further details on our methodology.

[3] 'On the Ground' emissions include emissions from our supply chain, buildings and energy use, Heathrow-owned vehicles, Team Heathrow airside vehicles and surface access (colleague and passenger ground transport to and from the airport). Reported emissions are market-based. See page 56 for more on our carbon footprint.

- We cut carbon emissions from surface access transport to and from the airport by a further 5% year-on-year through ongoing investment in our Sustainable Travel Zone, including enhanced long-distance coach services to encourage use of public transport. However, improvements in data quality and methodology are expected to result in an increase in reported surface access emissions in future.
- Emissions from airport vehicles decreased by a further 47% year-on-year. We are catalysing the transition to zero-emissions electric vehicles, or to lower-carbon hydrotreated vegetable oil ('HVO') as an interim fuel, through our new Clean Vehicle Policy and by installing charging infrastructure.
- Supply chain emissions continued to rise year-on-year and were 16% above 2019 levels, driven by increased capital expenditure. We commissioned a major study to better understand the drivers of this underperformance and to find opportunities to course correct. We updated our Carbon Management Standard to set clearer requirements to improve data quality and embed carbon into decision-making for future capital projects. We also supported efforts to decarbonise the infrastructure industry, including signing an Advance Market Commitment to accelerate next generation low-carbon concretes.

Surface access and supply chain data improvements will give us a clearer understanding of our footprint and support more informed decisions about where our investments and actions can deliver the greatest benefit. These updates will be considered as part of a planned refresh of our Net Zero Plan.

A GREAT PLACE TO LIVE

Improving quality of life for our communities and colleagues is at the heart of our vision to be an extraordinary airport, fit for the future. We want to make a positive impact on their everyday lives.

CLEAN AIR AT AND AROUND THE AIRPORT

We are taking action to reduce polluting emissions from road transport, airport vehicles and aircraft to help improve air quality for local communities. In 2025:

- We maintained extensive monitoring of air quality at and around the airport and developed a detailed Air Quality Action Plan to support progress towards our goals.
- 46.3% of passengers used public transport in 2025, up from 45.2% in 2024[1], and we invested further in Heathrow's Sustainable Travel Zone.
- We continued to incentivise cleaner flights and introduced a Clean Vehicle Policy that sets emissions standards for airport vehicles and mandates their transition to electric vehicles or biofuels.

QUIETER NIGHTS, QUIETER FLIGHTS

We are implementing our Noise Action Plan to reduce impacts on our neighbours by incentivising use of quieter planes, reducing night flights and insulating homes. In 2025:

- Use of quieter Chapter 14 aircraft[2], incentivised through our landing charges and airline league table, comprised 87.1% of aircraft movements at Heathrow, up from 85.6% in 2024.
- We achieved 207 nights without flights between 23:30 and 04:30, up from 189 in 2024.
- Our residential insulation scheme completed its first full year, a total of 2,109 properties in 7 local areas are now registered, with works completed at 370 properties.

SPOTLIGHT:
Electric buses for zero-emissions transport around the airport

In 2025, we opened our first fully electric coach park with cutting-edge infrastructure that can charge a bus from 20% to full in just an hour. The park is now home to our transport partner TransDev's new fleet of 17 electric buses that provide zero-emissions transport around the airport for around 8,000 colleagues and passengers a day, including from terminals to carparks and to our Compass Centre main office.

NATURE POSITIVE AIRPORT

We are committed to safeguarding nature by protecting and enhancing biodiversity at and around the airport, and by partnering with others to deliver wider positive impacts across our value chain. We have published our first Taskforce for Nature-related Financial Disclosures ('TNFD') disclosure, covering the 2025 reporting year, making us one of the first European airports to do so. In 2025:

- While nature is not currently classified as a material principal risk for our business, we recognise that our operations and value chains both depend on and impact nature. We further assessed the airport's impacts and dependencies on nature as part of preparations for our TNFD disclosure and began implementing our Nature Positive Plan to address these.
- We retained The Wildlife Trusts Biodiversity Benchmark Award for the 18th[3] consecutive year for ten of our biodiversity sites, expanded one site by four acres and built a 'nature traffic control tower' for local birdwatchers.

ZERO WASTE AIRPORT

We aim to drive waste reduction across the airport, even as passenger numbers continue to grow, through measures to avoid material use and maximise reuse, recycling and recovery. In 2025:

- We published a new Resources and Waste Strategy that sets goals to address waste from airport operations, airlines and construction, including quantitative targets to reduce waste and increase recycling by 2035.
- We began to decouple waste from passenger numbers, achieving a 3% year-on-year reduction in operational airport waste to 21,361 tonnes[4] despite record passenger numbers. Nearly half (49%) of this waste was recycled.

[1] Based on Heathrow Profiler Survey data
[2] Chapter 14 aircraft meet the most stringent noise certification standards set by the International Civil Aviation Organization (ICAO) under Annex 16, Volume I.
[3] Previous year's report incorrectly stated that 2024 was the 16th consecutive year.
[4] Includes all waste managed by our waste contractor on behalf of Heathrow - from terminals, airside locations, including aircraft cabin waste, and engineering activities. Excludes waste from some airport activities where Team Heathrow partners have separate waste management contracts.

OUR STRATEGY (CONTINUED)

People and Planet

THRIVING SUSTAINABLE SUPPLY CHAIN

We embed sustainability into every stage of a supplier's journey with us, work together with strategic suppliers towards our sustainability goals, and boost opportunities for small and local businesses. In 2025:

- 97% of strategic suppliers achieved gold, the highest standard, for one or more sustainability measures on our updated Balanced Scorecard, used to drive supplier best practice, and the total number of gold awards increased by 37% year on year.
- We continued our support for small businesses, which made up 63% of our direct suppliers, up from 60% in 2024, through our Business Summit, our CompeteFor platform, our Lift Off programme and our new SME Academy that offers training and mentoring.

BETTER QUALITY OF LIFE IN HEATHROW'S NEIGHBOURING COMMUNITIES

We give back to our neighbours through projects, partnerships and colleague volunteering to support schools, nature and communities. Our goal is to give back to more than 1 million local people by 2030. In 2025:

Our Giving Back programme benefited over 172,000 people, bringing the total to more than 391,000 since 2022, and colleagues volunteered 6,807 hours to support community activities, representing an increase across both areas from 2024.

- In 2025, overall contributions to the independent Heathrow Community Trust increased by 5% to a total of £868,010, comprising donations of £633,461 and raising £234,549 from sources such as passenger and colleague donations, Team Heathrow initiatives and noise fines.

INCLUSIVE EMPLOYER OF CHOICE FOR LOCAL DIVERSE TALENT

A highly diverse workforce helps us provide the best possible service for our passengers. We are building an inclusive culture where all our colleagues can thrive with us and feel they belong. See page 16 for more information.

ACCESS FOR LOCAL PEOPLE TO DEVELOP CAREERS AT HEATHROW

Achieving Heathrow's vision to be an extraordinary airport fit for the future requires a talented workforce. We believe this talent is on our doorstep and we help local people unlock opportunities at the airport and beyond. See page 16 for more information.

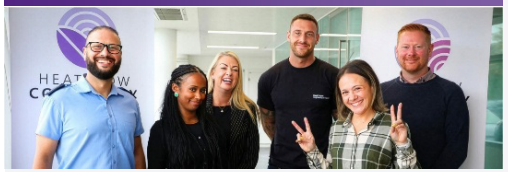
RESPONSIBLE BUSINESS FOUNDATIONS

Our Responsible Business Foundations underpin our Connecting People and Planet strategy and our business strategy by addressing material sustainability risks and impacts.

Policies and procedures in these areas also help mitigate several of Heathrow's principal business risks, including a safe and secure operating environment, cyber and information security, and resource and talent.

For more information on our Responsible Business Foundation see our Sustainability Report.

SPOTLIGHT:
Heathrow Community Trust



The Heathrow Community Trust has served our neighbours across nine boroughs for nearly three decades by funding projects designed to elevate local people's aspirations, enhance quality of life and foster community spirit.

Highlights in 2025 included supporting improved wellbeing for 510 children with mental health challenges through Sport in Mind's programme of physical activities, boosting creativity and self-confidence among 900 local children through the Delight in Art visual arts project, and encouraging over 10,000 people of all ages to stay active through St John's Egham Church's weekly 5km parkrun.

Our beacons in action: Creating Capacity

In 2025, Heathrow made significant strides in delivering the Creating Capacity beacon, responding to record demand whilst operating close to the limits of our current infrastructure.

INCREASING CAPACITY

Although Heathrow remains subject to an air traffic movements ('ATM') cap of 480,000 movements per year, passenger growth has continued. In 2025, the airport served 84.5 million passengers driven by increases in seats per movement and higher seat factors. However, further growth through larger or fuller aircraft is now significantly limited by terminal capacity. Without additional terminal capacity, we are unable to fully meet consumer demand, service quality is affected, and operational resilience is reduced.

We have increased our capacity by unlocking efficiencies across terminals and key passenger touchpoints and have updated our declared annual capacity to 85 million passengers for 2025, representing a 3 million uplift from the previously declared 82 million. This uplift was achieved through a combination of targeted capital investments, process-improvement methodologies, a data-driven approach to diagnosing and addressing bottlenecks and inefficiencies, and close collaboration with our airline partners.

Key successes included:

- Terminal 2 Check-In Optimisation: Improvements in the use of automation, increasing throughput by 15% and reducing congestion at peak times.
- Terminal 4 Baggage Upgrades: Early delivery of new Hold Baggage Screening machines, doubling screening capacity and restoring resilience.
- Terminal 3 and 5 Process Improvements: Enhancements in passenger flow in departure lounges reduced crowding and improved passenger satisfaction during our busy summer months.

These actions have enabled Heathrow to accommodate record passenger volumes operating at 99% of runway capacity while maintaining service and resilience. Capacity increases have been realised across all terminals and we are on a strong trajectory to reach our target of 86.5 million passengers per annum capacity by 2027.

EXPANSION

In February 2025, we announced a multi-billion-pound investment into Heathrow, laying the foundations for the third runway to expand the UK's Gateway to Growth.

In July, we submitted a proposal for Heathrow expansion to Government, which set out the plan to secure long-term capacity growth, the investment programme and what we need from Government to meet their ambition to receive planning permission by the end of this Parliament.

In the autumn, the Government announced the formal review of the ANPS, the policy which underpins airport expansion. Government also confirmed Heathrow's proposal had been selected as the basis to inform the ANPS' review, noting they expect a planning application to be brought forward by Heathrow.

In January this year, Heathrow's Board approved new investment to begin work on a planning application for a third runway. This decision aligns with the Government's ambitious timeline for Heathrow to secure planning permission by 2029 and a third runway could be operational in a decade. This decision reflects Heathrow shareholders' and Ministers' renewed commitment to realise the benefits of expanding the UK's hub airport as fast as possible.

Heathrow has always been clear the right policy and regulatory framework need to be in place in order to deliver the largest private investment project in Europe. Decisions on these key issues are expected throughout 2026. In spring, clarity is required from the CAA on how early costs can be recovered. Over the summer, the Department for Transport will publish the draft ANPS and the CAA will decide on the long-term regulatory model which will determine if private investment will be forthcoming. In the autumn, Parliament will be asked to decide on the final ANPS, a decision which will set the framework for the project to secure Development Consent Order ('DCO') by 2029. The first flights from a third runway could be in a decade.

POLICY AND REGULATORY SUPPORT

In parallel to Government's endorsement of Heathrow's expansion proposal as a resilient and efficient basis to inform the review of the Airports National Policy Statement, the CAA is considering how early expansion costs (2025-2026) should be funded and recovered. Heathrow supports a clear, predictable framework that enables early investment, RAB-based cost recovery and appropriate protections against risks outside of Heathrow's control to support delivery and investor confidence. The CAA is also reviewing the wider regulatory framework for expansion, with Heathrow advocating targeted enhancements to the existing single-RAB model rather than structural change, which could risk timely and efficient delivery. For further detail, please see section on Regulatory Developments on page 10.

RECOVERABILITY OF EXISTING LONG-TERM GROWTH RELATED ASSETS

As at 31 December 2025, £551 million of Long-term Growth related assets in the course of construction, consisting primarily of costs directly associated with, and incurred solely for the purpose of, seeking planning permission, are recognised on the balance sheet. In addition, there are £114 million of investment properties representing properties purchased within the footprint of a third runway. Refer to page 134 for the critical accounting judgements that management has applied in recognising these assets, including related to future passenger demand, climate change risk on long-term passenger numbers, the legislative and regulatory environment, and any likely financeability risks.

FINANCIAL REVIEW

Record passenger numbers of 84.5 million supported revenue growth of 1.8% to £3.6 billion in 2025. Adjusted EBITDA remained stable at £2.0 billion reflecting the lower airport charges set by the CAA, a greater relative amount of costs associated with supporting higher passenger volumes and a greater spend on asset maintenance.

We invested £1.3 billion and our continued access to global capital markets enabled us to raise £1.5 billion in new funding, bolstering our strong liquidity position."

SALLY DING
Chief Financial Officer

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Revenue[1]	**3,623**	3,559
Adjusted operating costs[2]	**(1,580)**	(1,519)
Other income	**6**	4
Adjusted EBITDA[3]	**2,049**	2,044
Depreciation and amortisation	**(695)**	(665)
Adjusted operating profit[4]	**1,354**	1,379
Net finance costs before certain re-measurements and exceptional items	**(1,019)**	(883)
Adjusted profit before tax[5]	**335**	496
Tax charge on profit before certain re-measurements and exceptional items	**(108)**	(144)
Adjusted profit after tax[5]	**227**	352
Including certain re-measurements[6] and exceptional items:		
Fair value (loss)/gain on investment properties	**(93)**	147
Fair value gain on financial instruments	**393**	342
Exceptional items[7]	**-**	(22)
Tax charge on certain re-measurements	**(83)**	(135)
Profit after tax	**444**	684

(1) Revenue does not contain any adjustments for non-GAAP items.
(2) Adjusted operating costs exclude depreciation, amortisation, fair value gains and losses on investment properties and exceptional items (if any), which are explained further in note 2 in the financial statements.
(3) Adjusted EBITDA is profit before interest (net finance costs), taxation, depreciation, amortisation, fair value gains and losses on investment properties and exceptional items (if any).
(4) Adjusted operating profit excludes fair value gains and losses on investment properties and exceptional items (if any).
(5) Adjusted profit before and after tax excludes fair value gains and losses on investment properties and financial instruments, exceptional items (if any) and the associated tax impact of these.
(6) Certain re-measurements consist of: fair value gains and losses on investment property revaluations, gains and losses arising on the re-measurement of financial instruments, together with the associated fair value gains and losses on any underlying hedged items that are part of a cash flow, fair value and economic hedging relationship and the associated tax impact on these.
(7) Exceptional items are irregular material write-off charges that result from a review conducted of existing Long-term Growth related assets in the course of construction for obsolescence.

BASIS OF PRESENTATION OF FINANCIAL RESULTS

Heathrow Airport Holdings Limited (the 'Company' or 'HAHL') is the holding company of a group of companies (the 'Group'), which includes Heathrow Airport Limited, which owns and operates Heathrow Airport, and Heathrow Express Operating Company Limited, which operates the Heathrow Express rail service. The Group's consolidated financial statements are prepared in accordance with UK-adopted International Accounting Standards.

The financial information presented within these consolidated financial statements has been prepared on a going concern basis. More detail can be found in the going concern statement on page 124.

Management uses Alternative Performance Measures ('APMs') to monitor performance as it believes this more appropriately reflects the underlying financial performance of the Group's operations. A reconciliation of our APMs has been included from page 189.

SUMMARY PERFORMANCE

For the year ended 31 December 2025, the Group's revenue increased by 1.8% to £3,623 million (2024: £3,559 million). Adjusted EBITDA was stable at £2,049 million (2024: £2,044 million) due to higher aeronautical revenue from traffic uplift and travel mix offset by lower airport charges set by the CAA, greater relative amount of costs to support higher passenger volumes and a greater spend on asset maintenance. The Group recorded a profit after tax of £444 million (2024: £684 million).

REVENUE

For the year ended 31 December 2025, revenue increased to £3,623 million (2024: £3,559 million), a 1.8% increase compared to the year ended 31 December 2024.

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m	Var. %
Aeronautical	**2,258**	2,229	1.3
Retail	**791**	772	2.5
Other	**574**	558	2.9
Total revenue[1]	**3,623**	3,559	1.8

(1) Revenue does not contain any adjustments for non-GAAP items.

Growth in 2025 aeronautical revenue was supported by the traffic uplift and more long-haul travel offset by lower airport charges set by the CAA.

Higher traffic numbers boosted retail revenues with notable improvements in Food & Beverage sales due to extended opening hours. Car parking income increased with the higher passenger volume and Premium services also benefitted from the skew in long haul travel. These gains were offset by decline in Advertising income due to reduced screen-availability and a global downward trend in Bureau de Change demand that saw these revenues decline.

Growth in other revenue came from increased rental income from rent reviews and new lets alongside higher rail revenues. More details can be found in note 1 of the financial statements.

ADJUSTED OPERATING COSTS

Adjusted operating costs increased 4.0% to £1,580 million (2024: £1,519 million).

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m	Var. %
Employment	**486**	495	(1.8)
Operational	**469**	438	7.1
Maintenance	**263**	240	9.6
Rates	**116**	116	0.0
Utilities and other	**246**	230	7.0
Adjusted operating costs[1]	**1,580**	1,519	4.0

(1) Unadjusted operating costs for the year were £2,368 million (2024: £2,059 million). This included depreciation and amortisation of £695 million (2024: £665 million), fair value loss on investment properties of £93 million (2024: £147 million gain) and a loss in exceptional items of £nil (2024: £22 million).

Employment costs decreased in 2025 due to improved workforce planning and company-wide efficiency initiatives that offset higher wages and increased National Insurance costs.

Operational costs rose driven by higher security expenditure to support resilience and the transition to Next Generation Security as well as increased bag screening costs from higher passenger volumes. Passengers Requiring Support costs also increased to meet higher demand in 2025 as well as contractual changes. Operational technology costs rose reflecting continued investment in digital transformation and increased spend with key IT suppliers. This was partially offset by lower Measures, Targets and Incentives penalties because of better operational performance.

Maintenance costs increased as we invested to keep our ageing asset base reliable and operational. Cost increases were also linked to consultancy charges for digital transformation as well as marketing and research.

Lower utility costs reflecting favourable pricing and management initiatives helped mitigate overall 'other cost' growth during the year.

NET FINANCE COSTS

Net finance costs before certain re-measurements increased to £1,019 million (2024: £883 million). The RPI annual growth rate has increased year on year from 3.6% to 3.8%, resulting in a higher principal accretion on inflation-linked liabilities.

FAIR VALUE GAIN ON FINANCIAL INSTRUMENTS

Fair value movements on financial instruments are measured with reference to market expectations of inflation and interest rates. The inflation forward and interest rate forward curves decreased by an average of 73bps and 30bps, respectively. Collectively these resulted in a non-cash, fair value gain of £393 million (2024: £342 million).

TAXATION

It is important to us that the right amount of tax is paid at the right time. We operate within the UK's tax legislation and seek to adhere to its spirit. Our operations, whilst large, are conducted entirely from the UK with no overseas operations. All profits are within the scope of UK corporation tax and no profits are routed through tax havens. We have no investments outside the UK that are not subject to UK tax.

Our tax strategy is published on the Heathrow corporate website and confirms:

- Our approach to risk management and governance arrangements in relation to UK taxation.
- Our attitude towards tax planning (so far as affecting UK taxation).
- The level of risk in relation to UK taxation that we are prepared to accept.
- Our approach towards dealings with HM Revenue and Customs ('HMRC').

Our 2025 tax strategy can be found here.

The effective tax rate on profit before tax, certain re-measurements and exceptional items was 32.2% (2024: 29.0%), based on a tax charge of £108 million (2024: £144 million). This was higher than the statutory rate of 25%, primarily because of depreciation, which is partly non-deductible. In addition, a tax charge of £83 million (2024: £135 million) was recognised on certain re-measurements. The total tax charge for the year was, therefore, £191 million (2024: £279 million).

In the year, the Group paid £78 million of Corporation Tax (2024: £80 million).

CASH POSITION

As at 31 December 2025, the Group had £1,365 million (2024: £2,024 million) of cash and cash equivalents and term deposits, of which cash and cash equivalents were £549 million (2024: £1,499 million).

This equated to a £950 million decrease in cash and cash equivalents for the year, compared with a £1,212 million increase in the year ended 31 December 2024 in part due to an increase in term deposits and a lower overall liquidity requirement.

CASH GENERATED FROM OPERATIONS

For the year ended 31 December 2025, cash generated from operations decreased to £1,970 million (2024: £2,019 million). The following table reconciles cash generated from operations to adjusted EBITDA.

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Cash generated from operations	**1,970**	2,019
Exclude:		
Write-offs	**(3)**	(1)
Profit on disposal of subsidiary	**7**	-
Dividend income	**6**	4
(Decrease)/increase in trade and other receivables	**(7)**	48
Increase in inventories	**3**	-
Decrease/(increase) in trade and other payables	**52**	(28)
Increase in provisions	**(1)**	-
Difference between pension charge and cash contributions	**22**	2
Adjusted EBITDA	**2,049**	2,044

CAPITAL EXPENDITURE

In 2025, £1,274 million (2024: £1,122 million) of capital expenditure was incurred, including £59 million in capital creditors movements (2024: £58 million).

We continue to make strong progress on our H7 capital plan, with over £3.4 billion invested across the portfolio of over 550 projects, transforming our customers airport experience across 6 core programmes.

The Next Generation Security Programme has been completed, delivering 74 new lanes with state-of-the-art CT scanners, achieving full passenger compliance and enabling 18 additional staff search areas, with all lanes now fully handed over to Operations.

Within the T2 Baggage Programme, the future system design has been agreed with five multidisciplinary partners to protect T2 baggage operations and improve reliability. The new design is supported by five transitional projects to maintain service performance and capacity.

The Carbon & Sustainability Programme delivered key decarbonisation infrastructure, including operational airside electric vehicle charging in T2 and the T5 Coach Park, alongside the installation of pre-conditioned air systems across stands in T3 and T5.

Commercial revenue initiatives progressed with an expanded food and beverage offer in T5, continued development of the Eastern Business Park, rollout of Digital Click & Collect retail, and refurbishment of VIP lounges within the Windsor Suite.

FINANCIAL REVIEW (CONTINUED)

CAPITAL EXPENDITURE (CONTINUED)

In Asset Management & Compliance, major infrastructure upgrades were completed to improve safety, resilience and the passenger experience. High-tech runway temperature and icing sensors were installed on the Southern Runway, while resurfacing works commenced on the Northern Airfield. The cargo tunnel refurbishment was completed, improving transfer efficiency, and new track transit vehicles in T5 increased capacity for connecting passengers. Additional resilience and capacity were delivered to T4's baggage system and in T3, a new airbridge has been installed.

The Efficient Airport Programme introduced a range of operational and passenger-focused enhancements to improve efficiency and journey quality. Enhanced flight data integration is enabling additional airspace capacity and contributing to reduced delays across Europe. In T5, a new network of AI-enabled cameras is improving aircraft turnaround performance and supporting more punctual departures. These operational improvements are complemented by passenger experience upgrades, including enhanced device charging, expanded seating and improved wayfinding, creating a more comfortable and seamless journey.

RECENT FINANCING ACTIVITY

In 2025, we continued to demonstrate strong access to both public and private debt markets through successfully raising £1.5 billion. In January, we issued a €600 million 11-year Class A Sustainability-Linked Bond. In May, we priced £139 million of Class B debt through the US private placement market with maturities across 2035 and 2045. Also in July, we drew down on the £50 million Class B term debt that was priced in December 2024. In August, we successfully returned to the Canadian market after a four-year absence with the issuance of a C$600 million 12-year Class A bond. Also in the same month, we priced a £100 million 15-year Class A US private placement. In September, we issued a £300 million 17-year Class A bond, marking our first GBP Class A issuance since October 2020. Finally, in December, we priced £150 million of Class A term debt which is yet to be drawn.

Redemptions during 2025 comprised of the repayment of a bond of £250 million in March, a CAD Class A bond of C$500 million in May, Class A £100 million term facility in July and a EUR Class A bond of €750 million in October.

In 2025, we made early paydown of accretion on our inflation swaps, totalling £157 million (2024: £660 million) to support prudent management of our financial position and reinforce our covenant resilience.

DEBT AND LIQUIDITY

	As at 31 December 2025 £m	As at 31 December 2024 £m
Bond issuances	**15,158**	15,123
Other term debt	**3,218**	3,029
Index-linked derivative accretion	**501**	394
Lease liabilities[1]	**85**	98
Consolidated nominal gross debt	**18,962**	18,644
Qualifying cash and cash equivalents and term deposits	**(1,365)**	(2,024)
Consolidated nominal net debt	**17,597**	16,620
Senior net debt	**13,410**	12,629
Junior net debt	**2,296**	2,069
Heathrow Finance net debt	**1,916**	1,932
Other cash	**(25)**	(10)

(1) Lease liabilities relating to leases that existed at the point of transition to IFRS 16 (1 January 2019) are excluded from consolidated nominal net debt. All new leases entered into post-transition are included.

The average cost of the Group's nominal gross debt as at 31 December 2025 was 3.90% (2024: 3.70%). This includes interest rate, cross-currency and index-linked hedge costs and excludes index-linked accretion. Including index-linked accretion, the Group's average cost of debt as at 31 December 2025 was 6.30% (2024: 5.27%). This reflects issuing more debt at higher market rates, along with higher inflation compared with last year.

The average life of the Group's gross debt as at 31 December 2025 was 9.2 years (2024: 9.2 years).

The Group's liquidity horizon is within our target range of 18 to 24 months. In making this assessment, the Directors have considered operating cashflows under the base case business plan and capital investment, debt service costs, debt maturities and repayments. This liquidity position considers £1,365 million in cash resources across the Group, as well as undrawn revolving credit facilities of £1,386 million and an undrawn Class A loan of £150 million.

FINANCIAL RATIOS

As at 31 December 2025, Heathrow (SP) Limited ('Heathrow SP') and Heathrow Finance Plc ('Heathrow Finance') are committed to support a prudent management of our financial position and reinforce our covenant resilience.

	As at 31 December 2025 £m	As at 31 December 2024 £m
Heathrow's RAB	**21,263**	20,422
Regulatory asset ratio 'RAR'		
Heathrow SP's senior (Class A)	**63.1%**	61.8%
Heathrow SP's junior (Class B)	**73.9%**	72.0%
Heathrow Finance's gearing ratio	**82.9%**	81.4%

Gearing ratios are calculated by dividing consolidated nominal net debt by Heathrow's Regulatory Asset Base ('RAB') value. The Regulatory Asset Ratio ('RAR') is a trigger event and covenant event at Class A, a trigger event at Class B and a financial covenant at Heathrow Finance. The Class A RAR trigger ratio is 72.5% and financial covenant is 92.5%. Two Class B triggers apply, at Heathrow Finance it is 82.0% and at Heathrow SP it is 85.0%. The Heathrow Finance RAR financial covenant is 92.5%.

PENSION SCHEME

We operate a defined benefit pension scheme (the 'BAA Pension Scheme'), which closed to new members in June 2008. As at 31 December 2025, the defined benefit pension scheme, as measured under IAS 19, was funded at 100.6% (2024: 96.2%). This translated into a surplus of £16 million (2024: £99 million deficit). This surplus is driven by actuarial gains of £99 million (attributable to a 0.05% increase in the discount rate), past service credit of £15 million (2024: £3 million cost) and contributions paid into the defined benefit pension scheme in the year of £15 million (2024: £14 million) offset by service costs of £5 million, admin expenses of £4 million and a finance charge of £5 million.

In addition, the triennial funding valuation of the BAA Pension Scheme, completed by the Trustees in December 2025 and based on the position as at 30 September 2024, confirmed a £7 million surplus. As a result, no deficit repair contributions are required. The previous valuation as at 30 September 2021 also reported a surplus (£119 million), with no deficit contributions needed at that time. The Directors believe that the scheme has no significant plan-specific or concentration risks. Further details can be found in note 20.

CLIMATE CHANGE

Climate change will have a significant impact on the aviation industry and Heathrow in the years to come, and we have both a responsibility to continue to be ambitious in our endeavours to take carbon out of flying, as well as a responsibility to minimise risk to the business in the long-term. As part of our work over Climate-related Financial Disclosures ('CFD') as described from page 38, we have considered both transition and physical risks and have ensured that they are factored fully and consistently into our future financial long-term forecasts for those areas of the statement of financial position whose recoverability is assessed based on expected future cash flows, including property, plant and equipment, intangible assets, investment properties and deferred tax assets. In addition, we have ensured that the useful economic lives of our existing assets are appropriate, particularly with regard to the physical risks identified in the CFD as well as with regard to our net zero sustainability strategy as described on page 21.

SALLY DING
Chief Financial Officer
24 February 2026

OUR APPROACH TO RISK MANAGEMENT

MINE HIFZI
General Counsel and Company Secretary

Identifying, understanding and managing risk is fundamental to our strategy and future success.

ENTERPRISE RISK MANAGEMENT POLICY AND FRAMEWORK

The Heathrow Risk and Assurance Management Framework is a Group-wide enterprise risk management system designed to oversee key risks and monitor current, upcoming and emerging risks. It guides how risks are identified, mitigated, reviewed and reported.

This year, we evolved our risk processes and enhanced reporting to provide greater management insight. The HAHL Board[1] holds overall responsibility for the framework and its effectiveness.

There are two HAHL Board sub-committees which are responsible for risk:

- The Audit Committee reviews the effectiveness of systems for internal financial and operational control.
- The Sustainability and Operational Risk Committee ('SORC') reviews the effectiveness of operational reporting and performs an oversight review of performance against sustainability goals and operational targets.

To achieve a balanced view of our risk landscape in line with wider company objectives, risks are evaluated against defined risk appetite levels, captured in a formal risk appetite statement and reviewed annually.

The most significant risks are reported quarterly to the Risk and Assurance Committee, a sub-committee of the Executive Committee, then reviewed by the Executive Committee before submission to a Joint Session of the Audit and SORC Committees for independent challenge. The final Risk Outlook report is approved quarterly by the HAHL Board[1].

PRINCIPAL AND EMERGING RISKS

Principal Risks are those identified by the HAHL Board, its formal Committees, the Executive Committee or the Risk and Assurance Committee, as materially affecting Heathrow's ability to meet its overarching objectives ensuring a comprehensive top-down approach to risk identification and management. They are assessed according to likelihood, impact, and velocity and are assigned to a responsible Director and accountable Executive, with documented mitigation strategies.

Emerging and functional-level risks are reviewed quarterly through bottom-up assessments. Those warranting senior visibility are summarised in the Risk Outlook Report.

RISK LANDSCAPE

It is important to acknowledge the dynamic, interdependent and challenging risk landscape that Heathrow operates within, and the high level of external dependency. This landscape encompasses a range of factors, such as operational risks from the ever-increasing exposure to cyber attacks, our transition to net zero and physical risks linked to climate change, and broader geopolitical uncertainty. Throughout all our decision making and assessment of risk, our commitment to the security, health and safety of colleagues and passengers remains at the core.

Significant geopolitical risk has continued to characterise the risk landscape over the last 12 months with ongoing unrest in the Middle East, tensions with China, the continuing war in Ukraine, a changed UK political landscape and weak global and UK economic growth. Although passenger demand for air travel has held up strongly in 2025, the continuation of these headwinds alongside the continued uncertainties of the United States administration, could further restrict access to airspace. Airspace restrictions continue to prove both challenging for us operationally and for our airline customers.

The sub-station fire on 21 March 2025 reinforced our reliance on critical utility suppliers and associated interdependencies. Implementation of the recommendations from the Kelly Report are progressing and support an elevated understanding of the complex risk landscape we operate within. For more detail see pages 85 and 93.

We have continued to invest during the H7 period to mitigate risks across our risk landscape – including significant investments in next-generation security, a new T2 baggage system to drive improved resilience, and investments that will enable us to reduce our carbon emissions. We have also consulted stakeholders and submitted our business plan to the Civil Aviation Authority for further investments for the upcoming H8 regulatory period.

Climate change remains one of the most significant long-term risks for both Heathrow and the global aviation sector. We continue to take a leadership role in seeking to reduce carbon emissions from aviation at both national and global levels. The growing manifestation of physical climate risks from extreme weather events, such as surface water flooding, which has disrupted multiple airports globally, underscores the urgency of action. In 2024, we published our climate change risk assessment and on 27 February we will publish our Climate Adaptation Strategy to set a clear direction to adapt the airport to a changing climate. Our comprehensive Climate-related Financial Disclosures ('CFD') sets out our understanding of climate risk, informed by scenario analysis, and how we are responding.

We continue to manage the risks of operating at full capacity at Heathrow. We are working to maximise capacity, through enhancing our processes and ways of working, to meet growing passenger demand while operating at our 480,000 air traffic movement ('ATM') cap. Following the Government's announcement in January 2025 in support of expansion at Heathrow we submitted a proposal to Government in July. Our expansion proposals support the UK Government's economic growth agenda whilst managing the risks as well as uncertainties within a rapidly evolving and volatile external context. This is discussed further on page 24.

We are committed to proactive risk management, ensuring organisational resilience and adaptability in navigating potential risks. This remains a focus at all levels within Heathrow.

[1] The HAHL Board is the Board of Directors of Heathrow Airport Holdings Limited as defined on page 74.

OUR APPROACH TO RISK MANAGEMENT (CONTINUED)

OUR RISK APPETITE STATEMENT

'Heathrow Airport has no appetite for safety risk exposure that could result in injury or loss of life to the public, passengers and colleagues.

Similarly, robust controls and contingency measures are in place to contain any potential security, environmental or legal breach within minimal levels of impact.

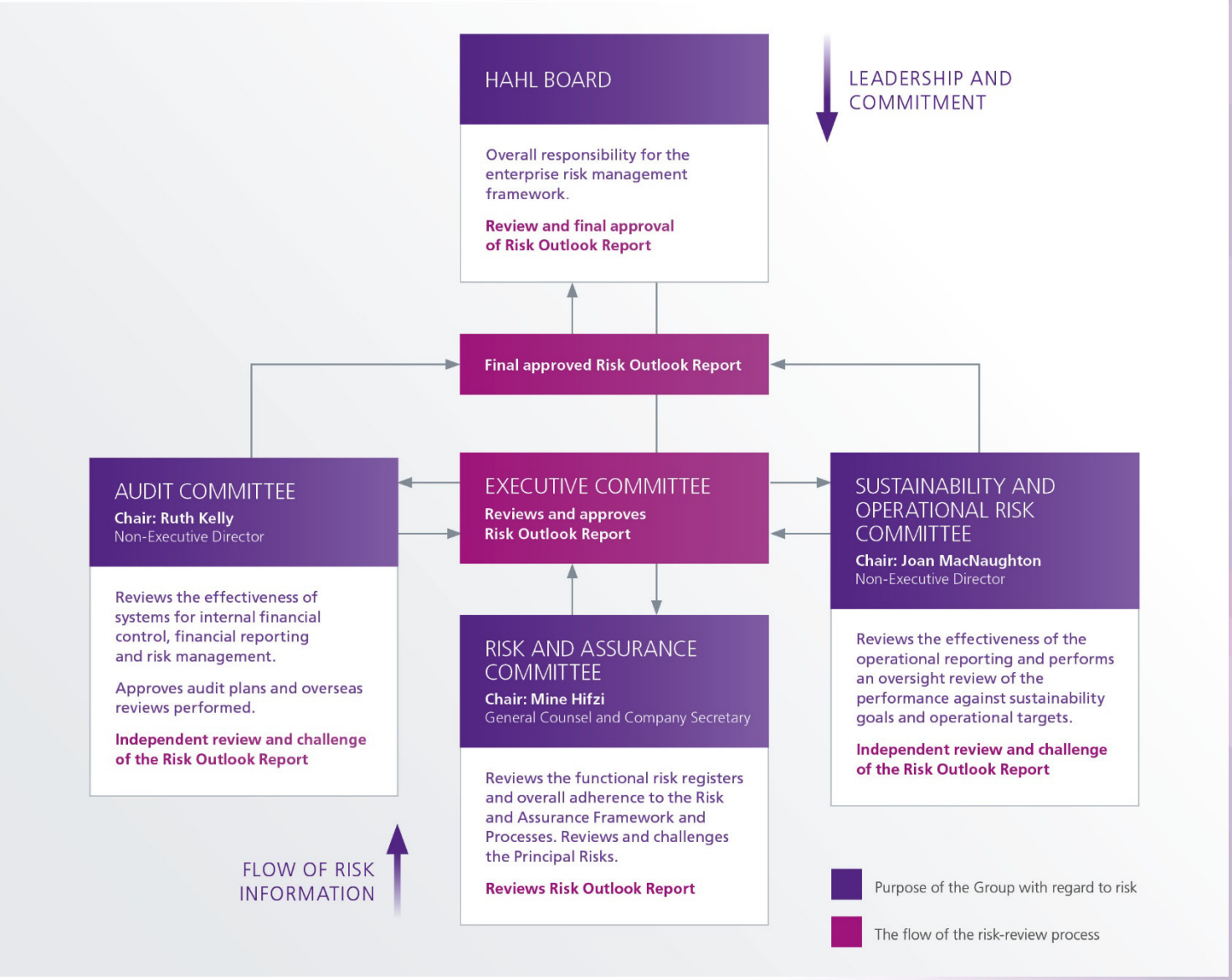
To this extent, risks that are emerging or that could cause critical harm to the business are subject to enhanced executive oversight.

In a dynamic and evolving environment our appetite and tolerance of risk must be progressive, and it should be defined in a proportionate and calibrated way.

The business accepts that absolute operational, system and infrastructure resilience is impossible. It will work proactively to mitigate the impacts on the business within the risk/return balance set by the company.

In the pursuit of its objectives, Heathrow Airport is willing to accept, in some circumstances, risks that may result in some financial loss or reputational exposure. Heathrow Airport will always comply with legislative and regulatory requirements.'

RISK MANAGEMENT



OUR PRINCIPAL RISKS

The risks outlined are the principal strategic, corporate and operational risks identified. This is a current point-in-time assessment of the risk profile that the Group faces as at 31 December 2025. As the risk environment evolves these risks are continually reviewed and updated.

A SAFE AND SECURE OPERATING ENVIRONMENT

Context:
Our focus on fire, health, safety and wellbeing ('FHSW') and security is driven by our values. It is not only the right thing to do; but by delivering uncompromising standards, we aim to ensure a smooth running and safe airport and enable everyone to go home safe and well. If we do not, Heathrow risks causing harm to our colleagues and stakeholders, and risks compromising our service to passengers and damaging our reputation. Ultimately, this will affect our business performance.

Heathrow is a complex and complicated safety and security critical environment. We are the UK's largest single site of employment, with over 400 operating companies. We are an ecosystem reliant on each other to ensure the safe and secure operation of the airport. Increasing passenger numbers, delivering volume and scale of change, the spread of accountability for FHSW and security is now wider across our ecosystem. We are responsible for ensuring that we provide a framework to facilitate a Safe and Healthy Place, Work, Teams and Decisions across our own operations, and we influence those across Team Heathrow organisations, ultimately to provide a working environment that enables colleagues to thrive and work safely every day.

The current UK terrorism threat level is substantial, indicating that an attack is likely. Terrorism is just one of many threats facing global aviation and they are constantly evolving and can change at short notice, driven by significant geopolitical events. We are responsible for ensuring that our key assets, people, infrastructure and information are appropriately designed, risk assessed and protected to meet all applicable regulations and guidance. This includes aviation security, fire safety, and health and safety regulations. Consequently, we aim to deliver high security standards and build confidence with regulators, airlines and passengers. Additionally, we must ensure our colleagues are adequately trained and supported in their work environments to maintain these standards.

Causes:

FIRE, HEALTH, SAFETY AND WELLBEING
TREND: Stable

- Emerging social, political, environmental, and technological developments create the risk that Heathrow's safety management systems may not update quickly enough to address emerging evolving challenges.
- Heathrow's complex safety critical environment and the high volume of contractor and third-party activity introduce reciprocal risks during joint operations such as aerodrome work, asset maintenance and modernisation. As operations evolve rapidly, the mechanisms for coordination and communication may not adapt at the same speed, creating misalignment and governance gaps across stakeholder groups.
- Increasing passenger and airline activity impacts spans of control for the people, technology and service resources needed to support FHSW activities and meet management system requirements. Roles, responsibilities, and accountabilities may not evolve quickly enough to maintain consistent application of FHSW standards and agile risk-based decision making.
- Work related ill health remains a principal regulatory focus, with emerging guidance in relation to psychosocial risks increasingly recognised as impacting decision making and behaviour.

SECURITY
TREND: Increased

- Security threats can emanate from a variety of sources and continue to evolve. Aviation remains an attractive, high-profile target for groups seeking to disrupt operations and damage UK interests.
- Geopolitical events are increasingly challenging established systems of international governance and security. Although the terrorism threat level has remained stable, the general security threat landscape is diversifying with emerging risks, including serious and organised crime, protest activity and state actors trending upwards.
- The volume and profile of customers passing through security and airside areas within which we operate contribute to the safety risk profile and therefore the hazards and injuries sustained. Verbal and physical abuse from airport users, along with the manual handling of cabin baggage remain key contributors within terminal security areas and around our perimeter. Occupational driving and working at height, when screening high-sided vehicles, are high consequence risks.

Key controls and mitigations:

FIRE, HEALTH, SAFETY AND WELLBEING
- We operate an ISO45001 certified Safety Management System, with compliance evidenced through the recent surveillance audit, closure of non-conformities, and auditor feedback highlighting industry leading standards.
- Heathrow maintains strong internal and external collaboration by actively participating in technical and industry partner groups, including Airport UK Health and Safety Working Group, the Airport Benchmarking Group, the NFCC, and a range of local Team Heathrow forums such as 'The Safety Stack', incident learning groups and engagement platforms.
- Colleague engagement is embedded through the Joint Safety Forum, a Unite the Union led initiative bringing together Trade Union representatives across Team Heathrow, supporting alignment.
- Fire safety governance is strengthened through ongoing assessment of the Grenfell Tower Inquiry recommendations and associated government response, supported by a cross functional representative working group that identifies the implications and implements compliant, viable solutions.
- We deliver targeted health and wellbeing programmes, supported by:
  - An updated Occupational Health, Safety and Wellbeing Policy with a clear definition for wellbeing.
  - A comprehensive range of support services for colleagues.
  - A Proactive Wellbeing Programme delivered to over 70% of senior leaders, driving individual and team level behavioural change.
  - Job Demands Analysis to understand physical and cognitive load requirements and endorse improvement recommendations.

SECURITY
- Promotion of an effective security culture and governance across the organisation and our supply chain, with emphasis on insider threat awareness and reporting.
- Heathrow operates to the Aviation Security baseline, as defined by the Department for Transport under the National Aviation Security Programme ('NASP') and overseen by Heathrow's Risk Advisory Group and Security Executive Group, as required under UK Airport Security Planning Guidance. Our compliance is monitored through Civil Aviation Authority observations, testing, inspections and audits throughout the year.
- Heathrow maintains a mature and comprehensive risk management framework and works closely with law enforcement and other agencies to design proportionate mitigations to counteract potential risks.

OUR PRINCIPAL RISKS (CONTINUED)

A SAFE AND SECURE OPERATING ENVIRONMENT (CONTINUED)

- Competent safety resources are embedded within the Security function to identify and manage operational hazards effectively. As a key part of UK Critical National Infrastructure, Heathrow invests heavily in building relationships with international partners, across several aviation and non-aviation security thematic areas, to ensure operational resilience and strengthen preparedness for emerging threats.

Link to strategic foundations or beacons

Safety, Security and Compliance

CYBER AND INFORMATION SECURITY

TREND: Increased

Context:
Cyber and Information security continues to be a significant risk for Heathrow, primarily concerning our systems, information and the data they contain. There has been an escalation in the risk level due to an increase in malicious activities, motivated both geopolitically and criminally.

Causes:
The year 2025 marked a continued rise in incidents affecting Critical National Infrastructure, including Distributed Denial of Service attacks targeting transportation services and associated third-party suppliers. Phishing and ransomware persist as the prevalent attack vectors in the majority of incidents impacting the aviation industry.

Key controls and mitigations:
- Heathrow has adopted the 'Cyber Security Oversight Process for Aviation' (CAP 1753), as outlined by the CAA, which is based on the National Cyber Security Centre's 'Cyber Assessment Framework'. A strategic, incremental improvement program has been established to enable compliance with CAP1753 via the ASSURE audit process. Confidence in the security of technology, personnel, and processes relevant to essential functions has been bolstered through rigorous assurance activities.
- Cyber and Information Security is a regular item on the Executive Committee's agenda, with frequent updates on the Cyber Delivery Programme, current security posture, and upcoming initiatives. Furthermore, discussions include emerging cyber risks and measures for enhancement. A robust cyber security risk management framework has been instituted to ensure comprehensive understanding and management of system, supplier, and departmental risks. Promoting a culture of cyber security within Heathrow and our supply chain remains a top priority. This is achieved through cyber assurance with third parties, mandatory annual training for all colleagues and privileged users, alongside regular campaigns to enhance cyber hygiene and inform about policy updates. Innovative and realistic phishing simulations are also employed.
- Heathrow maintains a resilient process for managing and responding to threats through regular threat intelligence, robust vulnerability management, and a dedicated Security Operating Centre. This is complemented by close collaboration with business resilience teams. To maintain cutting-edge knowledge and expertise, we collaborate with governing bodies to safeguard the Critical National Infrastructure status of the airport.

Link to strategic foundations or beacons

Safety, Security and Compliance

Digital Future

REGULATION REQUIREMENTS

TREND: Stable

Context:
We are subject to economic regulatory review. Changes to economic regulation could materially impact the performance of the business. Failure to comply with laws and regulations could result in loss of licence, penalties, claims and litigation, reputational damage, and loss of stakeholder confidence.

Causes:
- Inadequate submissions by Heathrow to the CAA.
- Unfavourable CAA decisions on price limits.
- Unfavourable CAA decisions on regulatory framework.
- Failure to comply with licence requirements including compliance and reporting.

Key controls and mitigations:
- The risk of an adverse outcome from economic regulatory review is mitigated as far as possible by a dedicated regulatory team together with governance and oversight by the Executive Committee and the HAHL Board.
- The Regulatory team acts to ensure that all submissions to the CAA are accurate and consistent with the wider Heathrow strategy. The team engages regularly with the CAA to ensure good understanding and to be able to provide the CAA with the right form of information.
- The Regulatory team is currently focusing on the price review process for H8, 2027 to 2031, including constructive engagement sessions with airlines, following the H8 Business Plan submission in July.
- The Regulatory Team is also responsible for supporting the expansion process, engaging directly with the CAA and Government to ensure a third runway is delivered timely and efficiently in a way that supports Heathrow's strategy.
- The Regulatory team ensures full compliance with regulatory requirements, establishes a sound relationship with the CAA and advises the Executive Committee and HAHL Board on regulatory matters.
- We engage closely with internal and external legal advisors to ensure that relevant and appropriate advice is received and that our response to reviews, and our actions to ensure compliance with regulatory requirements, reflect such advice.

Link to strategic foundations or beacons

Governance and Financial Resilience

LEGAL STATUS OF AIRPORTS NATIONAL POLICY STATEMENT ('ANPS')

TREND: Stable

Context:
In June 2018, Parliament approved the Airports National Policy Statement ('ANPS') which sets out the policy framework for expansion at Heathrow Airport and is the primary basis for decision making on any Development Consent application for a new northwest runway.

Heathrow was making considerable progress towards developing its Development Consent Order application to deliver a sustainable, affordable and financeable expanded Heathrow, including holding multiple consultations to seek feedback on its proposals. However, on 27 February 2020, the Court of Appeal concluded that the UK Government was required but had failed to take into consideration the Paris Climate Agreement when preparing the ANPS. The Court declared that the ANPS had no legal effect until the UK Government carried out a review of the policy.

OUR PRINCIPAL RISKS (CONTINUED)

LEGAL STATUS OF AIRPORTS NATIONAL POLICY STATEMENT ('ANPS') (CONTINUED)

Heathrow appealed against this decision and in December 2020, the Supreme Court unanimously held that the UK Government had acted lawfully when making the ANPS, overturning the Court of Appeal's decision. The judgment confirmed that the UK Government had properly exercised its discretion and had taken into consideration the Paris Climate agreement by having regard to the Climate Change Act 2008 in the ANPS.

On 6 September 2021, the Secretary of State for Transport decided that it was not appropriate to review the ANPS at this time. Further confirmation of the status of the ANPS has been made through the May 2022 publication of 'Flightpath to the Future' and the July 2022 publication of 'Jet Zero Strategy'. The Government's ANPS continues to provide policy support for Heathrow's plans for a third runway and the related infrastructure required to support an expanded airport.

In late January 2025, the Chancellor of the Exchequer specifically called for a third runway at Heathrow to support the Government's growth agenda. Heathrow submitted its proposals for a third runway to the DfT in July 2025. Following further engagement with the DfT, a subsequent submission was made in November 2025 with the DfT choosing Heathrow's proposal for a third runway to progress the project.

Causes:

- The ANPS, put in place in June 2018, is currently being reviewed by the Labour Government, elected in July 2024. The Labour Government has stated that Heathrow's proposal for a third runway will shape the review of the ANPS and it is expected that a draft for consultation will be received in July 2026 with a final version laid before parliament by the end of 2026.

Key controls and mitigations:

- Since the Supreme Court overturned the Court of Appeal's decision and the ANPS was restored, we have positively reiterated the case for expanding Heathrow in line with Government policy.
- We continue to engage with the Government, the CAA and other stakeholders on the next steps to progress our plans and to ensure that Heathrow's position in relation to airport expansion is protected.
- Heathrow remains committed to the Long-term Growth programme.
- The DfT has chosen Heathrow's proposal for a third runway as the basis for review of the ANPS.

Link to strategic foundations or beacons

Service and Operations

Creating Capacity

VOLATILITY IN GLOBAL DEMAND AND REVENUES

TREND: Stable

Context:
Revenue growth may be inhibited by the lack of certainty over global consumer demand in 2025, driven by volatile inflation, potential slowdowns in economic growth, ongoing pressure on consumer spending, geopolitical tensions and supply chain challenges impacting aircraft availability. A limited capacity for growth dependent on slot trading, combined with the highest aviation taxes in Europe ('Air Passenger Duty'), continue to put pressure on airports and hub airlines.

There is significant revenue risk relating to the continued absence of VAT-free shopping and lack of competitive parity with EU airports.

Causes:

- Market volatility.
- Cost inflation.

Key controls and mitigations:

AVIATION

- A Network Strategy is in place to target new routes, grow market share and increase competition in key markets.
- An Aviation Strategy is in place to optimise revenues generated from aviation, with the goal of delivering sustainable growth, increased hub connectivity both globally and domestically, and diversifying revenue.
- Industry monitoring via daily updates from the Centre for Aviation ('CAPA') which is a market intelligence provider for the aviation and travel industry, media stories and other industry events, as well as attendance at Routes (network) and International Air Transport Association (slots and cargo) conferences.
- Continuous improvement of forecasting models and methodology to produce a more detailed view of the future, allowing monitoring to be more targeted and to enable scenario testing.
- Senior engagement and account plans are in place with key airlines to continue collaboration in order to drive passenger growth.
- There is close alignment internally with the Space, Retail and Property teams to optimise commercial opportunities.

RETAIL

- Close monitoring and balance of assessed debt and contractual fixed income guarantees to maximise overall retail revenue.
- Targeted scouting of the market to identify potential new entrants with the ability to enter into a commercial deal with minimal disruption and delay (e.g., tendering locations to businesses that could make immediate use of the structure 'as is').
- Continued dialogue with officials in HM Treasury around the impact and pitching of an alternative solution for the reintroduction of VAT-free shopping for departing passengers and the opportunity to introduce duty free shopping for arriving passengers.

Link to strategic foundations or beacons

Governance and Financial Resilience

ABILITY TO ACCESS FINANCIAL MARKETS

TREND: Stable

Context:
We need to maintain access to sources of finance to fund our current operations.

Causes:
A more challenging H7 regulatory settlement and the realisation of principal risks such as volatility in global demand and revenues, could impact financial performance and lead to a deterioration in our credit rating.

Key controls and mitigations:

- Long-term forecasting including downside sensitivity analysis, to enable management to assess credit metrics against covenant levels and rating agency thresholds, identifying mitigating actions as necessary, and ensuring protection against minimum thresholds as well as continued access to financial markets.
- We have invested in a suitably skilled Business Planning and Treasury team who have robust procedures in place to ensure that the best quality investment decisions are made and can be appropriately financed.

Link to strategic foundations or beacons

Governance and Financial Resilience

ORGANISATIONAL RESILIENCE

TREND: Stable

Context:
Operating an airport at the scale of Heathrow in an increasingly complex, volatile and uncertain external risk landscape means risks to resilience continue to move at pace and present both known and unforeseen challenges. The purpose of organisational resilience is to ensure a level of preparedness to disruptive events. Following a cycle of activities (Prevent, Mitigate, Prepare, Respond, Recover), Operational and Business Resilience teams develop Heathrow's incident response and business continuity capability.

Causes:
A major critical event, leading to significant operational and business impact, as well as resulting in significant disruption and potential closure of the airport. This could be as a result of one or many internal causes, including critical infrastructure or asset failures, loss of resource, and mass congestion due to inadequate planning, or external causes, including extreme adverse weather, terrorism or security threat, and loss of a critical supplier or service.

Key controls and mitigations:
- Adherence to CAA licence requirement; to secure the availability and continuity of airport operations services, particularly in times of disruption, and to further the interests of users of air transport services in accordance with best practice and in a timely, efficient and economical manner.
- Risk identification and avoidance with systematic reviews of operational as well as non-operational risks and associated control measures and their efficacy.
- Asset management lifecycle, certified to ISO55001, to mitigate the likelihood of asset failures and to support longer term capital replacement programmes.
- Mitigation and contingency planning with development of a series of plans that can be deployed in the event of a disruption.
- Exercising and post incident review which supports increased preparedness and continuous improvement of our incident response.
- Command and Control aligned to the UK standard of Integrated Emergency Management for disruptive events and aligns with industry best practice by adopting the UK Joint Emergency Services Interoperability Principles.
- Collaboration with key partners to develop joint contingency plans.
- The Airport Operations Centre ('APOC') is a 24/7 facility which brings together the operational planning, monitoring and day to day oversight of Heathrow with our service partners. Providing support to frontline teams to ensure the smooth running of the airport is the foundation for command-and-control structures during periods of disruption.
- End to end understanding by taking a holistic approach to resilience, considering the upstream and downstream impacts of a disruption to support wider organisational resilience.

Link to strategic foundations or beacons

Service and Operations
Safety, Security and Compliance
Governance and Financial Resilience

RESOURCE AND TALENT

TREND: Decreased

Context:
Our people ensure that we can operate the airport effectively and efficiently. Following the rebuild in 2023, our recruitment volumes have normalised. Recruitment is driven by business-as-usual activities such as growth, organisational change, backfilling attrition and internal mobility.

Aligned to our Winning Team beacon, we are focused on providing opportunities for colleagues to grow and develop their careers through delivering leadership development and career support programmes. These activities ensure that we provide a compelling colleague proposition that enables us to attract and retain talent.

Causes:
After growing back at pace, our focus is on ensuring that we continue to be an attractive place to work so that we can retain talent and drive a performance culture where our colleagues can be at their best and achieve their full potential. Whilst the external labour market demand is continuing to slow, we will continue to monitor attrition levels and focus on delivering our colleague proposition.

Key controls and mitigations:
- Introduced a newly formed Future Skills team in 2025 that is focused on delivering impactful recruitment, learning, training and career growth opportunities to build capability, drive performance, and ensure a safe, inclusive, and future-ready workforce.
- We will deliver a comprehensive Talent & Learning strategy that spans the full colleague lifecycle, as part of our 2026 – 2028 Future Skills Strategy. Plans for 2026 include several refreshed and new initiatives ensuring Heathrow grows future skills, strengthens leadership pipelines, and embeds essential capabilities to meet evolving business and industry challenges.
- Design and implementation of a range of colleague development and upskilling programmes through 2023 and 2025, as well as providing Professional and Essential Skills through our BAU learning catalogue, including mandatory learning and professional qualifications.
- A dedicated Talent Acquisition team, supported by external partners to ensure flexible and scalable expert reach into the external marketplace.
- Continuation of the 'No Place Like Heathrow' social media campaign, which clearly communicates the Heathrow colleague value proposition through authentic colleague-generated content targeted at the passive candidate market.
- Continuation of our early careers programmes with annual intakes of graduates and apprentices.
- A focus on career mobility for existing colleagues who can access all available vacancies.
- Career plans have included:
  - Embedding performance management and talent management frameworks, focused on colleague engagement through wellbeing, capability, aligning opportunities to aspirations and readiness to progress careers.
  - Regular review of talent and attrition data to ensure stretch opportunities are provided when colleagues are ready to grow.
  - A careers support offering which includes a dedicated internal Careers Hub which gives access to online learning, advice and support. In 2025:
  - We hosted careers roadshows across our terminals, giving colleagues the opportunity to learn about the wide range of development opportunities available.
  - Our mentoring programme continued to grow, with 104 mentors,254 mentees, and an additional 134 colleagues who took on both roles, building powerful relationships to share knowledge and learn from others.
  - Our network of 130 trained Careers Champions delivered personalised career conversations to our colleagues, helping them identify next steps and build confidence in their development plans.

Link to strategic foundations or beacons

Winning Team

POLITICAL ENVIRONMENT

TREND: Stable

Context:
Our ability to meet passenger and cargo demand, as the UK's gateway to growth, relies on government support.

The UK Government's agenda for change focuses on five key missions, including growing the economy and the clean energy transition, both of which partly rely on Heathrow's international connectivity and work on sustainable aviation fuel.

We have seen a range of policy changes introduced by the UK Government that will impact the business, the aviation sector and the wider economy. Some of these changes have been positive, such as the Government's support for Heathrow's scheme to expand the airport and the exemption of airside transit passengers in the Electronic Travel Authorisation Scheme, however, the aviation industry continues to face a significant taxation burden.

Causes:
- Challenging fiscal situation for the UK Government.
- Government developing its policy platform and prioritisation.
- Cross-cutting issues which affect the business.

Key controls and mitigations:
- We continue to make a strong case for Heathrow's place in the wider economy and the part we play in delivering the Government's missions, including economic growth.
- We continue to build strong relationships with Ministers across many different departments and have positive engagement and acknowledgement of our role in supporting the Government.
- Working with key Departments on specific policy areas to ensure understanding of our positions and recommendations on specific policy areas.
- We have a cross functional Policy Coordination Group, reporting to the Executive Committee and HAHL Board, which has implemented a structured approach to the identification and management of all risks related to Government policy.

Link to strategic foundations or beacons

Service and Operations | Governance and Financial Resilience

COMPETITION

TREND: Stable

Context:
We compete against many other airports within the UK, Europe and across the world for both passengers and cargo. Some of our passengers, particularly those who connect between flights, make marginal choices about which route they will fly, while forwarders choose airports based on the time sensitive nature of their cargo. This means an airport's geographical location, proposition, performance and route network offered are key.

Heathrow's aeronautical charges are higher than other London airports and European hub competitors; this potentially impacts on our competitive position and ability to attract new business. We will need to continue to deliver great value, operational excellence and service quality to our airlines, passengers and cargo stakeholders to retain them as well as keep Heathrow attractive for new customers.

Causes:
- Lack of new air traffic movements ('ATM') or infrastructure capacity.
- Costs and inflation.
- Regulated framework and pricing.

Key controls and mitigations:
- Ensure the continuity and continued improvement of safe, secure, efficient and value for money airport operations in the interests of all air transport users.
- A network strategy is in place to maintain and grow connectivity, increasing the attractiveness of flying into Heathrow and improving connection opportunities for passengers.
- Work is ongoing to improve the connections experience and reduce Minimum Connection Times (MCTs), to increase the opportunities for passengers to connect.
- Strategic investment and decision-making across the business on improving proposition, service quality and demonstrating value for both passengers and cargo.
- In 2025, we continued to take steps to become more competitive relative to other hub airports by increasing discounts for domestic transfer passengers, to further promote regional connectivity and ensure we can compete with other European hubs for domestic transfers.
- We continue to develop and maintain commercial strategies to deliver great value for money to airlines, cargo customers and consumers.

Link to strategic foundations or beacons

Governance and Financial Resilience

CLIMATE CHANGE AND NET ZERO CARBON

TREND: Stable

Context:
Climate change remains one of the most significant mid to long-term risks facing the aviation sector and Heathrow as it directly affects our ability to operate and grow.

At the start of 2020, the UK aviation sector led the global industry by committing to net zero emissions by 2050. By 2021, the International Air Transport Association, aligned with this ambitious goal. This was followed closely by the International Civil Aviation Organisation in 2022, representing 193 member states, which formally committed to net zero carbon emissions for international civil aviation by 2050. In alignment with these industry wide objectives, we published our comprehensive Net Zero Plan in 2022, which outlines our strategic approach to decarbonisation. This plan, in line with the broader UK sector decarbonisation roadmap, establishes our concrete goals and targets to achieve net zero by 2050, reaffirming our commitment to sustainable aviation. We are planning to publish an update to our Net Zero Plan.

Causes:
Heathrow considers climate-related risks under the following categories:

- Transitional risks – Potential financial, operational, and reputational risks facing Heathrow and the aviation sector, associated with the shift to a low carbon economy that could threaten our ability to operate and grow.
- Physical risks – Climate change driven extreme weather events and environmental shifts that can disrupt operations, damage infrastructure, and require significant adaptation measures to maintain safety and reliability.

These risks are presented in greater detail in the Climate-related Financial Disclosures ('CFD') section on page 38.

Key controls and mitigations:
- The significant priority is facilitating acceleration to net zero flying this decade by securing the right policies for sustainable aviation fuel ('SAF') production at scale in the UK and building a high ambition coalition globally for net zero aviation and SAF. We work with the broader aviation sector and the UK Government as part of the Jet Zero Taskforce to progress net zero aviation. We have also established a SAF incentive as part of our aeronautical charges to encourage airlines to uplift SAF at Heathrow and provide a market demand signal.

OUR PRINCIPAL RISKS (CONTINUED)

CLIMATE CHANGE AND NET ZERO CARBON (CONTINUED)

- We have established a strategic Carbon and Sustainability delivery programme in our H7 regulatory settlement period which ends in 2026. The programme aims to invest around £141 million of capital investment, to support carbon emissions reductions outlined in our Net Zero Plan throughout this regulatory settlement period. Capital investment projects include works at Heathrow to enable airspace modernisation and improve the efficiency of aircraft movements on the ground, replacing and expanding the provision of preconditioned air to heat and cool aircraft on the ground, avoiding engine use, delivering electric vehicle charging and design work on our future zero carbon heating and cooling solution.
- To guide and support the delivery of our Net Zero Plan, climate change has been embedded into our governance structures, business planning development and operational processes and is supported by employee training and targets.
- We complete a physical climate risk assessment every five years, which informs our overall approach to adapting our airport to future climate conditions which is incorporated into our overall risk management framework. Our five-yearly risk assessment informs our submission to the UK Government under the Adaptation Reporting Power and is published on our website. The risk assessment guides our approach to understanding the nature of impacts and the effectiveness of our mitigation measures, as well as informing improvements including updating our asset standards and identifying infrastructure improvements. The risk assessment includes interdependency risks including utilities, transport and supply chain.
- We will publish a Climate Adaptation Strategy which sets out our long-term approach to adapting the airport to respond to a changing climate. This strategy also strengthens our risk mitigation where necessary to protect airport operations. Additionally, following updates to UK Government requirements, we will continue our assessment and disclosure of physical and transition risks including the impact on passenger demand via annual CFD.

Link to strategic foundations or beacons

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD')

On 6 April 2022, the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 amended the Companies Act 2006 to mandate that large UK companies include Climate-related Financial Disclosures ('CFD') as a part of their strategic reporting. These CFD requirements closely align with the recommendations of the Taskforce on Climate-related Financial Disclosures ('TCFD'). We continue to align our climate risk analysis and disclosures to comply with these requirements.

AT A GLANCE

Climate change remains one of the most significant risks facing the aviation sector and Heathrow as it could impact our ability to operate and grow in the future. Our commitment to the environment and tackling climate change is embedded in our strategy through our People and Planet beacon. More information on our strategy and our beacons can be found on page 12. Central to our People and Planet beacon is our sustainability strategy, entitled Connecting People and Planet which explains our plans to achieve net zero, our Net Zero Plan published in 2022.

Our CFD explains the opportunities and the risks of climate change on Heathrow with the aim of helping our investors and stakeholders understand the potential future impacts on the business. It meets the minimum requirements outlined within the TCFD framework. In the table on the following page, we have aligned the CFD's specific requirements with the TCFD pillars of Governance, Strategy, Risk Management, and Metrics and Targets.

Whilst the CFD focuses on the significant risks associated with climate change, as part of our Net Zero Plan ambitions, Heathrow leverages climate-related opportunities that align with our net zero ambitions. These opportunities include, collaborating with airlines on sustainable aviation fuel ('SAF') uptake, strategic infrastructure investment, and industry leadership.

As part of our commitment to CFD, we are continually evolving as we learn more about the long-term impacts of climate change and how the aviation industry is adapting to achieving net zero. The most significant changes made this year have been:

- Passenger demand analysis now extends from 2025 to 2055 across all three climate scenarios and replaces the range-based approach used in the 2024 CFD and providing a clearer long-term view.
- This year, we introduced a transparent view of our progress in quantifying climate-related financial risks, highlighting both quantified and unquantified risks. The financial impact assessment aligns with our enterprise risk management framework.
- In July 2025, we submitted our H8 regulatory business plan covering the period 2027 to 2031 outlining our proposed investment strategy. This included capital investments to support climate-related risks which we have included in this year's CFD scenario analysis. This reflects our commitment to integrating climate considerations into financial decision making.

We believe our governance over climate change is appropriate and has the necessary skills and expertise to understand, plan for and respond to climate change risks and opportunities.

We have clearly identified climate change as one of Heathrow's principal risks and our understanding of what it means to our operation, our assets, our customers and our network is ongoing. We continue to integrate climate-related risks into our passenger demand model, allowing for a deeper understanding of how climate transition affects our market and business to inform our scenario forecasting and better support our strategic decisions. Our climate scenario analysis indicates that passenger demand continues to grow through to 2055, which supports the carrying value of our existing assets. We continue to work and build on financially quantifying the transition to net zero and the investments required to respond to the physical effects of climate change.

Aviation is a force for good, connecting people and creating economic growth. The only way we can protect these benefits for future generations is by taking ambitious action to address the sustainability challenges that we face.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

Disclosure recommendation	Section Reference	Page	Key highlights
Governance			
Description of the company's governance arrangements in relation to assessing and managing climate-related risks and opportunities.	Our approach to risk management Our principal risks Climate-related Financial Disclosures	30 32 38	The HAHL Board has overall accountability for setting and overseeing the implementation of Heathrow's strategy, including climate-related matters. For climate-related risks, in fulfilling its duties, the HAHL Board either delegates responsibilities or is supported by the following Committees: • Sustainability and Operational Risk • Audit • Remuneration • Nominations
Strategy			
Description of: • The principal climate-related risks and opportunities arising in connection with the company's operations. • The time periods by reference to which those risks and opportunities are assessed.	Climate-related Financial Disclosures	38	This year, we continue to use three climate scenarios tailored to Heathrow's market and business model to assess the impacts of climate change by 2050: • Net Zero 1.6°C • Announced Policy 1.9° • Climate Catastrophe 2.3°C For our passenger demand assessment, the timeframe has been extended out to 2055. According to our evaluation, the three climate scenarios ranging from 1.6°C to 2.3°C, by 2055, indicate a compound annual growth rate in passenger demand ranging from higher 2% to 1% respectively until 2055 compared to a 2025 baseline. Given the projected growth in demand for travel through the airport, we consider our business to be resilient in the short, medium, and long term under both Net Zero and Announced Policy, including on an expanded basis with a third runway.
Description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy.	Our Beacons in action: People and Planet Climate-related Financial Disclosures	20 38	
Analysis of the resilience of the company's business model and strategy, taking into account consideration of different climate-related scenarios.	Climate-related Financial Disclosures	38	
Risk management			
Description of how the company identifies, assesses and manages climate-related risks and opportunities.	Our approach to risk management Climate-related Financial Disclosures	30 38	Climate risk management is embedded within our overall enterprise risk management framework. We consider both transition and physical risks.
Description of how processes for identifying, assessing and managing climate-related risks are integrated into the company's overall risk management process.	Our approach to risk management Climate-related Financial Disclosures	30 38	Climate-related risks are managed and reported in our functional risk registers, which is consistent across the business.
Metrics and targets			
Description of key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based.	Climate-related Financial Disclosures Our Beacons in action: People and Planet	38 20	Our Net Zero Plan sets a carbon reduction trajectory to 2050 and covers all the emissions in our carbon footprint 'In the Air' and 'On the Ground', including cruise emissions from departing flights, as well as the landing and take-off emissions from flights in our immediate airspace up to 3,000 feet. Our plan includes two 2030 goals to focus on cutting carbon emissions this decade which are supported by science-based targets: 1. Up to 15% cut in carbon emissions 'In the Air' using a 2019 baseline. 2. At least 45% cut in carbon emissions 'On the Ground' using a 2019 baseline.
Description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets.	Our Beacons in action: People and Planet Climate-related Financial Disclosures	20 38	

GOVERNANCE

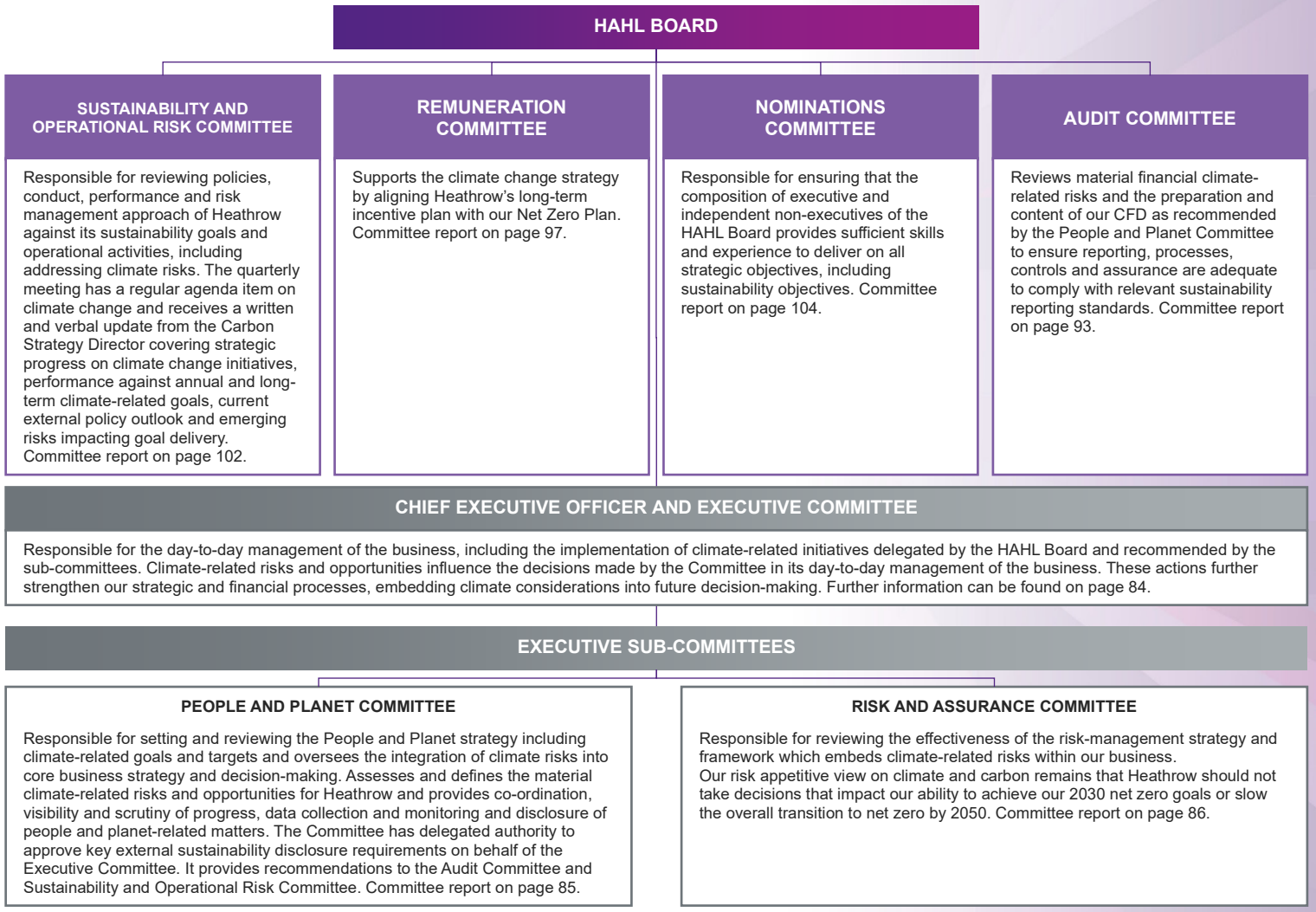
Board oversight
The HAHL Board[1] has overall accountability for setting and overseeing the implementation of Heathrow's strategy, including climate-related matters. The HAHL Board has shaped, reviewed, and endorsed our Net Zero Plan, a comprehensive strategy addressing climate-related transition and physical risks respectively confronting our business. Climate-related risks, similarly to all our principal risks, influence the HAHL Board's decisions in fulfilling its duties to promote the long-term success of Heathrow and the interests of its stakeholders.

The HAHL Board-level responsibilities were reviewed, and Joan MacNaughton, as Chair of the Sustainability and Operational Risk Committee, oversees the sustainability elements, with a particular focus on non-financial risks. The Audit Committee continues to manage financial risks.

Previously, People and Planet topics were covered by two executive sub-committees: the Environmental, Social and Governance ('ESG') Committee and the Charities and Communities Committee. In May 2025, these were combined to form a single People and Planet Committee. See Governance Structure on page 84 for further detail.

In fulfilling its duties, the HAHL Board either delegates responsibilities or is supported by the following committees.

Governance structure



[1]The HAHL Board is the Board of Directors of Heathrow Airport Holdings Limited as defined on page 74.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

GOVERNANCE (CONTINUED)

Management structure and approach
The CEO has ultimate responsibility for delivering the climate change agenda and briefs the Board on climate-related developments as needed. Our overall approach to climate change and strategy is led by our Chief Communications and Sustainability Officer who sits on the Executive Committee. The Chief Communications and Sustainability Officer is supported by a dedicated carbon strategy team to provide clear direction and internal capability to shape and drive the climate agenda throughout Heathrow.

We have established a strategic Carbon and Sustainability programme to deliver the solutions required to meet our net zero goals. The Carbon and Sustainability Programme Committee comprises key Directors, who sponsor carbon reduction projects and are responsible for governing the activities in the programme and the associated carbon reduction benefits.

Our management team also partners with important external bodies:

- The Jet Zero Taskforce is a partnership between industry, academia, and government to bring together ministers and chief executive officer-level stakeholders, with the aim of delivering SAF in the UK fuel mix and enabling the introduction of zero emissions aircraft. We work with the UK aviation sector and the UK Government through the Jet Zero Taskforce as it represents a real opportunity to make progress in the UK.
- Our CFO supports Accounting for Sustainability's UK CFO Leadership Network and is heavily involved in inspiring and coaching future climate leaders.

We continue to work with the Cambridge Institute for Sustainability Leadership an impact-led institute within the University of Cambridge that activates leadership globally for people, nature and climate. In 2024, they provided a leadership programme session to the People and Planet Committee, and we worked with them to deliver spotlight sustainability sessions for the wider executive members and senior management team. Future plans include expanding on this training to equip leaders to embed sustainability knowledge, commitment and inspiration to turn sustainability trends into strategic business decisions.

STRATEGY

Introduction
Climate change remains one of the most significant risks facing Heathrow and the wider aviation sector, as identified in our principal risks on page 32. As society navigates the journey toward a net zero economy we are exposed to risks and opportunities of the transition, as well as the physical impacts from a changing climate on our operations. As a result, understanding how climate change could affect our business and strategy is critical to safeguarding our long-term resilience and also identifying and capturing opportunities that support sustainable growth. Our People and Planet beacon, described on page 20, highlights our Net Zero Plan published in 2022 and the steps we are taking to ensure progress on this critical issue. We are working on an update to our Net Zero Plan, in line with our five-year regulatory planning cycle, that will reinforce Heathrow's commitment to long-term value creation through climate resilience and alignment with the UK's net zero objectives. This update will include a review of key assumptions such as SAF uptake at Heathrow.

There are two key strategic considerations underpinning our climate-related risks and opportunities:

1. The impact on passenger demand from the net zero transition and physical effects of climate change. Passenger numbers drive our revenue streams, which in turn dictate our ability to support the necessary capital investments to achieve net zero. Factors such as evolving government policy, how air fares will vary as a result of our airline customers transitioning to net zero and how climate impacts on the markets and network destinations we serve could influence future demand.
2. The impact of climate change on our existing assets. We must assess whether our existing assets are fit for purpose or need to be replaced earlier than originally expected. In addition, we need to consider the need for investment in new infrastructure to ensure operational continuity in a changing climate, or to adapt to demands for new aviation technologies from our airline customers.

To successfully adapt to these two key strategic considerations, we must work closely with our airline customers, as well as the Civil Aviation Authority ('CAA'). We are subject to economic regulation by the CAA, which is designed to allow us to generate revenues sufficient to finance operating and capital expenditure requirements and to provide a fair rate of return to shareholders, and so we must make investment decisions that are in the best interest of passengers. For further details of how we are economically regulated by the CAA see Regulatory Environment on page 9.

Since all capital expenditure proposals are subject to approval by the CAA in consultation with our airline customers, we must ensure that we balance non-climate and climate-related capital expenditure between now and 2050, whilst ensuring we achieve our net zero goals and adapt our airport for a changing climate. Future support from the CAA to deliver our Net Zero Plan while providing a fair rate of return to shareholders is a critical assumption and supports our scenario analysis on page 43. We assume that capital and operating expenses, will be incorporated into future airport charges set by the CAA and, therefore, climate-related impacts would be able to be mitigated through our Regulatory settlement.

We consider our assumption to be appropriate based on the support we have received from the CAA to date, which includes the approval of capital for net zero projects and a traffic risk sharing mechanism which provides some protection against underperformance on traffic volumes and sharing of outperformance.

Scenario analysis
We use scenario analysis to stress test resilience under relevant climate pathways and to adapt our strategy as risks and opportunities evolve. This ongoing evaluation ensures we can adapt to evolving risks and opportunities posed by climate change. Scenarios are illustrative demand pathways, not forecasts or predictions of future outcomes. The results of our analysis must be treated with caution since each scenario is necessarily dependent on numerous assumptions and methodological choices, and each has its own limitations.

Our scenario analysis is informed by both qualitative and quantitative assessments we have developed of transition and physical risks on the impact of passenger demand and our infrastructure. Our current scenario approach serves our internal decision-making needs and aligns with the disclosure requirements of the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. We continue to work towards a more advanced quantitative scenario method as our understanding of climate risks deepens and the quality of available data improves.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

A SUMMARY OF THE SCENARIO ANALYSIS PROCESS UNDERTAKEN

Step 1: Select the climate scenarios	Our chosen scenarios were selected from Oxford Economics catalogue of scenarios; these are as follows: • Net Zero: This scenario represents our strategic pathway to decarbonisation as defined in our Net Zero Plan. • Announced Policy: This scenario acts as a reference point, illustrating the climate pathway under individual country government and global policies as of March 2025. It includes only those commitments that are sufficiently detailed to be realised and assumes no future policy changes. • Climate Catastrophe: This scenario assumes international government failure to meet climate policy pledges, leading to intensified impacts from greenhouse gases ('GHG') in the atmosphere.
Step 2: Tailor the climate scenarios in collaboration with Oxford Economics	To refine these scenarios, we collaborate with Oxford Economics using their Global Economic Model to integrate climate, energy systems and the global economy. This includes the refinement of aviation sector assumptions including energy mix, energy efficiency, and SAF prices, allowing for a deeper understanding of how climate transition affects our market and business. Our scenario analysis closely aligns to Representative Concentration Pathways ('RCPs') and Shared Socioeconomic Pathways ('SSPs'). RCPs are climate change scenarios to project future GHG concentrations and the physical drivers of climate change and SSPs describe a range of possible futures based on factors such as population growth, economic development, technological advancement and governance, that have been adopted by the United Nations Intergovernmental Panel on Climate Change.
Step 3: Passenger demand scenarios	Our dedicated passenger forecasting team models future passenger demand scenarios at Heathrow, factoring in climate change. Key drivers of long-term passenger demand, such as economic growth and changes in cost of travel now include the predicted macroeconomic impacts of the net zero transition and climate-related physical risks for individual regions. This includes outputs from the Oxford Economics Global Economic Model for predicted country level GDP trends, and carbon price forecasts.
Step 4: Scenario analysis	Our scenario analysis outlines current projections for potential future passenger demand and assesses the impact of climate change on our existing assets which is used for strategic and operational planning. All scenarios assume the operation of a third runway at Heathrow Airport and unconstrained terminal capacity.

Our Climate scenarios
The following table outlines the key assumptions used in each climate scenario. Since last year, we have made an update to our assumption on SAF pricing.

- SAF prices were based on regulatory demand and assumed SAF price would be equivalent to jet fuel and carbon costs by 2035. This year, prices reflect supply, demand, and production costs without a revenue mechanism, resulting in prices that are lower under Climate Catastrophe and higher under Net Zero.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

CLIMATE SCENARIOS: KEY COMPONENTS AND ASSUMPTIONS

	Net Zero	Announced Policy	Climate Catastrophe
2050	1.6ºC	1.9ºC	2.3ºC
2100	N/A[1]	N/A[1]	4.4ºC
Most similar to SSP-RCP climate scenario	SSP-RCP 1-1.9	SSP-RCP 2-4.5	SSP-RCP 5-8.5
Climate and temperature	• Global net zero is achieved and warming is limited to 1.6°C by 2050. • This aligns with the scientific opinion including findings by the United Nations Intergovernmental Panel on Climate Change of a slight overshoot of 1.5°C by 2050.	• Global emissions decline but fall short of net zero, with warming of 1.9°C by 2050.	• Global net zero is not achieved, with warming of 2.3°C by 2050. • Global warming continues to 2100.
Economy	• As a result of carbon pricing on fossil fuel inputs, companies and markets initially face higher prices, driving inflation and slowing GDP growth. However, as renewables become more competitive, price pressures begin to ease, leading to lower inflation. Over time, robust investments in green technologies support economic recovery and ultimately boost GDP growth by 2050. • Government and private sector investment and government policies support economic growth to recover and boost market stability.	• GDP growth is initially in line with existing trends, however, in the longer term economic growth softens from multiple factors including, unfavourable demographics, weaker trade linkages and climate change.	• Rising global temperatures cause significant economic damage, with world GDP projected to be 20% below Announced Policy levels by 2050. • Disruption of global value chains and operations challenge economic stability.
Policy and Regulation	• Implementation of aggressive, coordinated carbon pricing and stringent policies to achieve global net zero. • Meeting net zero targets will create strong SAF demand, which will require both major investment and higher supply. Strong SAF policy and intervention lowers prices, but the market ultimately still sees higher prices than Announced Policy. • Global enforcement of ambitious SAF uptake. • Emissions Trading System ('ETS') and Carbon Offsetting and Reduction Scheme for International Aviation ('CORSIA') align with net zero targets.	• Global carbon prices fall short of the cost needed to achieve net zero. • Global uptake of SAF follows existing policy commitments with no further policy development. • ETS and CORSIA are not aligned with net zero targets.	• Global governments fail to implement policies to facilitate a transition to a net zero economy or meet nationally determined contributions. • Increased reliance on carbon intensive fossil fuels and emissions beyond Announced Policy levels. • Minimal transition risks due to limited policy action.
Technological and energy transition	• Strong investment in cleaner, efficient energy sources: SAF, hydrogen, low carbon electricity, and energy system innovations. Introduction of e-SAF with near 100% life cycle efficiency. • Early investment in high quality carbon removals supports scaling of the GHG removals market. • Significant progress in hydrogen powered aircraft and more energy efficient aircraft development.	• Some investment in clean energy, including SAF, hydrogen, low carbon electricity, and energy system innovations, however, global energy remains heavily reliant on coal, oil and gas by 2050. • Hydrogen powered aircraft enter the market later than in the net zero scenario.	• Slower expansion of renewables compared to Announced Policy, low electricity production from low carbon sources and lower energy efficiency improvements resulting in expanding demand for fossil fuels. • The share of SAF within the aviation energy mix falls as jet demand grows to meet the higher demand. • Key technologies such as hydrogen, fail to scale.
Physical impacts	• Frequency and severity of extreme weather events slightly increase over time. Physical impacts are lesser relative to other scenarios, but uncertainty remains.	• Frequency and severity of extreme weather events increase. Physical impacts increase and uncertainty is heightened.	• Higher global warming levels, volatile temperatures, and frequent extreme heat events. • Increasing physical damage from extreme weather events. • Threats to the geographical location, hub operations, and network diversity of the airport.

(1) Our scenario analysis primarily extends to 2050. However, for Climate Catastrophe scenario we extend this analysis to 2100 to evaluate the physical risks to our asset base, as the impacts of climate change are expected to be more severe beyond 2050

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

Climate-related risks and opportunities
The following time horizons have been used which map to our typical financial, operational, investing and strategic planning cycles:

Impact time horizon	From (years)	To (years)	Aligned to
Short term	1	5	Aligned to our financial planning processes, economic regulatory cycle and 2030 net zero goals to reduce carbon emissions, by up to 15% 'In the Air' and at least 45% 'On the Ground', from our 2019 baseline
Medium term	5	10	Asset management processes
Long term	10	10+	Master planning process – the airport of the future

Table 1 provides a qualitative assessment of the climate-related risks and opportunities to support our scenario analysis, which informs our strategy and business model. In addition to summarising the risks and opportunities identified, the potential financial impacts and action we are taking are outlined.

Table 1 Qualitative assessment of the climate-related risks and opportunities

Risk Category	Risk Description	Potential Financial Impact	Time Horizon	Action We Are Taking	Opportunities
Transition: Market and Policy	Slower growth rates in passenger demand due to the costs of transitioning to net zero, market shifts and climate policies. If the sector is perceived as lagging in decarbonisation efforts, this may restrict future growth. The UK Government concludes that it is not possible to sufficiently decarbonise flying in line with the UK's net zero targets, and implements additional measures which limit demand for aviation, including raising the cost of air travel or limiting airport capacity. At this stage, limiting airport capacity has been ruled out by the UK Government, nevertheless this position could be reversed in the future.	**Impact area: Revenue loss** Loss of revenue from reduced passenger demand.	Medium–Long term	**Net Zero Plan implementation** • Strategic Carbon and Sustainability capital programme in place to deliver carbon reduction solutions. • Our 2022 published Net Zero Plan aims for 11% SAF utilisation rate at Heathrow by 2030 surpassing UK Government target of 10%, increasing to a 90% uptake at Heathrow by 2050. We are reviewing these assumptions in line with current SAF market outlook in the UK and Globally. Further information will be published in our updated Net Zero Plan. • The UK SAF mandate targets fuel suppliers, not Heathrow or airlines. • Our SAF incentive supports 2% above mandate in the UK, which combined with the mandate in 2026 (around 3.6%) has the potential to reach around 5.6% SAF of total jet fuel uptake. **SAF policy** • We fully support the UK SAF mandate and the implementation of the revenue certainty mechanism at pace to unlock investment in SAF production in the UK. **Passenger scenarios** • Continuously refining passenger scenario models and modelling methodologies to assess climate change impacts in passenger demand.	Collaborating and supporting airline partners with decarbonisation through the uptake of SAF using our incentive scheme, electrification, low emission fuels infrastructure, planning the infrastructure for the use of fuel efficient aircraft and solutions to improve industry emissions.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

Risk Category	Risk Description	Potential Financial Impact	Time Horizon	Action We Are Taking	Opportunities
Transition: Technology	The adoption of new technologies required to decarbonise aviation needs investment by Heathrow to gradually upgrade airport infrastructure and introduce operational changes that can increase costs compared to our current business models.	**Impact areas: Capital and operational expenditure increase** Increase in capital expenditure to adopt technologies required to decarbonise aviation and ongoing operational costs.	Medium–Long term	**Long term capital plans** • Developing an energy strategy to meet the airport's needs through to 2050 including electricity capacity, distribution upgrades and a hydrogen delivery roadmap to support the introduction of zero carbon aircraft from the late 2030s. **Hydrogen infrastructure development** • Heathrow is a partner in the Liquid Hydrogen Gas Turbine project, which explores infrastructure requirements for hydrogen adoption at the airport.	By investing in green infrastructure, demonstrating we support the UK Government's Jet Zero strategy and are pushing the industry, it improves Heathrow's reputation as a responsible airport committed to decarbonisation efforts. SAF is central to aviation's net zero roadmap. Working with our airline partners, Heathrow is driving a rapid scale up to cut emissions over the next decade by prioritising technologies like SAF that require minimal airport infrastructure changes.
Transition: Reputation	Investors prioritise investment in businesses that have smaller climate impacts, affecting access to finance at affordable rates. Increased scrutiny from investors for not meeting our Net Zero Plan targets.	**Impact area: Finance costs** Increase in borrowing costs as access to affordable finance and growth expectations are contingent on aligning with debt investors' and customers' decarbonisation expectations.	Short–Medium term	**Reputational risk management** • Ongoing reputational risk assessment through regular engagement with investors and credit rating agencies. • Continued dialogue with the investor community on the delivery and performance of the Net Zero Plan. **Sustainability-Linked Bonds ('SLB')** • Issued SLBs linked to our scope 1, scope 2 and scope 3 emissions commitments set out in our Net Zero Plan.	Heathrow manages financing risks through a commitment to decarbonisation, enhancing Heathrow's reputation in sustainable aviation, attracting new routes, partnerships and increased passenger preference.
Physical: Property and Operations	Chronic and acute changes to the weather and climate may affect airport infrastructure and operations.	**Impact areas: Revenue loss, and capital and operating expenditure increase** Loss of revenue and increased costs from flight delays, cancellations, increased maintenance, capital expenditure and operational shutdowns.	Medium–Long term	**Climate risk assessment** • Conducted every five years to evaluate climate change impacts on Heathrow under the three climate scenarios. • Engaging and planning with key stakeholders to understand interdependency risks that we cannot directly control and could impact our operation. **Asset standards and infrastructure** • Continually updating asset standards to ensure asset and infrastructure replacement meets the level of adaptation necessary for future expected climate conditions.	By integrating climate risk into our enterprise risk management framework, we can better anticipate and mitigate potential physical risks associated with climate change, such as flooding or extreme weather events. This enables improved planning and resource allocation enhancing our operational resilience.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

Risk Category	Risk Description	Potential Financial Impact	Time Horizon	Action We Are Taking	Opportunities
				• We will publish a Climate Adaptation Strategy to set a clear direction for mitigating physical risks.	
Physical: Network and Destinations	Climate change may result in physical, social and economic changes that cause permanent changes to the global aviation network and the destinations that Heathrow serves. Heathrow's business model cannot respond to market changes in more extreme climate change scenarios.	**Impact area: Revenue loss** Loss of revenue from reduced passenger demand due to reduced demand for routes affected by climate change impacts.	Long term	**Sector collaboration** • Working with the wider aviation sector to understand the effects of climate change on the aviation network. • Evaluating and monitoring consumer trends on how climate change could influence markets that drive passenger demand. **Route and growth assessment** • Continuing to assess how climate change could impact our route network and passenger growth.	We can leverage Heathrow's hub model to maximise economic value which reduces reliance on any single market or location.

Scenario analysis continues to be a valuable tool in assessing the potential impact of climate-related risks and opportunities. Our scenario analysis is underpinned by the CAA H7 regulatory framework, which governs our operations from January 2022 to December 2026. While we do not anticipate significant changes to this framework in the near term, we will reassess our scenario analysis in line with future regulatory submissions and updates to the price control regime.

Quantitative scenario analysis

In evaluating the financial impacts associated with transition and physical climate risks, we have introduced a summary of the climate-related risks that have been financially quantified and outlined the risks that we have not yet quantified as set out in Table 3. Our intention is to complete the financial quantification of the material risks in the future as our understanding and analysis mature. For transition risks we chose to use the Net Zero transition scenario (average global temperature increases of 1.6˚C due to climate change by 2050) and a physical climate impact Climate Catastrophe scenario (average global temperature increases of 2.3˚C due to climate change by 2050). These scenarios were chosen to show the impact of both a high level of transition risk using the 1.6˚C pathway, or physical risk using the 2.3˚C pathway. The financial impact criteria have been aligned to our enterprise risk management impact assessment as set out in Table 2.

Table 2 Impact on the net of operating and investing cash flows

No impact	Minor	Moderate	Major	Critical
0%	<2%	2-5%	5-10%	>10%

Our primary measure of business resilience is projected future cash flows, given the significant capital investment required to operate and our reliance on external debt financing. For the financial impact criteria, we use impact on the net of operating and investing cash flows, calculated as net cash from operating activities minus capital expenditures and investment properties for the year ended 31 December 2024, expressed in today's prices. This scenario analysis focuses on the relative risk impact, not absolute values. The risks are assessed separately, and no attempt is made to assess and rate combined impacts. If a third runway is built, absolute cash flows would rise, however, the percentage impact of risks would remain consistent.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

Table 3

Climate Scenario	Type of risk	Risk modelled	Impact area	Impact on the net of operating and investing cash flows in 2030[1]	Impact on the net of operating and investing cash flows in 2050[1]	Capital mitigation spends expected in H7	Proposed mitigation capital investment in H8
Net Zero 1.6°C Transition risks	Market and Policy	Revenue loss from reduced passenger demand compared to the declared capacity today.	Aeronautical and Retail revenue	**No impact** Passenger demand is above supply.	**No impact** Passenger demand is above supply.	£nil	
	Technology	Increased operational costs due to reliance on carbon offsets and removals to reach net zero targets for residual emissions.	Operational costs	**Minor** We currently use carbon offsetting to address residual scope 1 and scope 2 emissions and limited scope 3 emissions from business travel. Ongoing investment in 'Carbon on the Ground' initiatives is designed to reduce these emissions and progressively lower near-term reliance on offsets. However, Heathrow's Net Zero Plan identifies that residual carbon emissions will need to be removed from the atmosphere in the long-term for 'In the Air' scope 3 emissions. See page 54 for further details.	**Not yet quantified** Even with ambitious decarbonisation, national and sectoral pathways particularly for aviation, we may require some use of high quality offsets and removals. The market is still developing and will need further policy support and price clarity. We will continue to monitor progress.	£141 million	£520 million
		Increased operational costs due to the adoption of new technologies required to decarbonise aviation at Heathrow.	Operational costs, including other regulated charges	**No impact** Heathrow's regulatory framework is incentive-based and designed to promote efficiency while enabling recovery of efficient costs. A critical assumption in our planning is that most increased operational costs from decarbonisation, directly used by our customers will be recovered through the Other Regulated Charges[2] ('ORC') mechanism. For example, during H7 we delivered preconditioned air infrastructure[3], with ongoing costs recovered through ORC's. This assumption is a critical judgement in our planning and will be addressed as part of our ongoing review.			
	Reputation	Increased finance cost from failure to meet to our current SLB 2030 targets for both 'In the Air' and 'On the Ground'.	Finance costs	**Minor** See page 53 for further information.	**N/A** As our current SLBs go out to 2030.	£nil	
		Increased borrowing costs due to failure to decarbonise as a business.		**Not yet quantified** As the market evolves for sustainably-linked financing, we will be reviewing the market appetite and the impact to our borrowing costs.			

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

Climate Scenario	Type of risk	Risk modelled	Impact area	Impact on the net of operating and investing cash flows in 2030[1]	Impact on the net of operating and investing cash flows in 2050[1]	Capital mitigation spends expected in H7	Proposed mitigation capital investment in H8
Climate Catastrophe 2.3°C Physical risks	Property and Operations	Loss of revenue and increased operational costs from daily priority weather events at Heathrow causing disruptions.	Aeronautical and Retail Revenue Operational costs	**Not yet quantified** We are evaluating the financial implications of acute physical risks from significant weather-related events. Recent disruptions, including partial airport closures caused 1,273 flight cancellations and resulted in disruption to approximately 200,000 passengers, provided insights into operational and financial impacts. Recent data also shows that leisure passengers demonstrated greater resilience compared to business travellers, for example, if a flight is cancelled at the last minute, a passenger travelling to a business conference on that day will not rebook, whereas a passenger going on holiday or to see their family is more likely to accept a delay and still travel. Therefore, minimising our financial impact. Additionally, reputational risks and public trust remain key considerations. While recent short-term daily closure has shown minor impact, we aim to improve risk quantification by analysing the frequency and severity of future events.		£nil	£63 million
		Increased operational costs from a climate event triggering a Measures Targets and Incentives ('MTI') penalty.	Operational costs	**No impact** The 2025 Heathrow Conditions of Use include provisions for performance alleviations under the MTI Scheme in response to events beyond Heathrow's control, such as severe weather. These events are assessed on a case-by-case basis, requiring Heathrow to demonstrate reasonable mitigation efforts. Alleviations may adjust service quality rebates or penalties, ensuring fair performance evaluation within the regulatory framework. As with all regulated licence conditions, these are subject to change in the future.			
	Network and Destinations	Lost passenger demand for routes affected by climate change impacts.	Aeronautical and Retail Revenue	**Not quantified** We will continue to monitor the sensitivity of major routes. However, Heathrow's large global network of destinations provides a level of resilience to events at individual destinations.		£nil	

(1) The impact assessments assume no further mitigation actions are taken.
(2) ORCs are fees Heathrow Airport applies for specific services that are regulated by the UK Civil Aviation Authority. These charges are designed to recover costs, not generate profit, and are subject to transparency and oversight.
(3) The delivery of pre-conditioned air is expected to continue into H8.

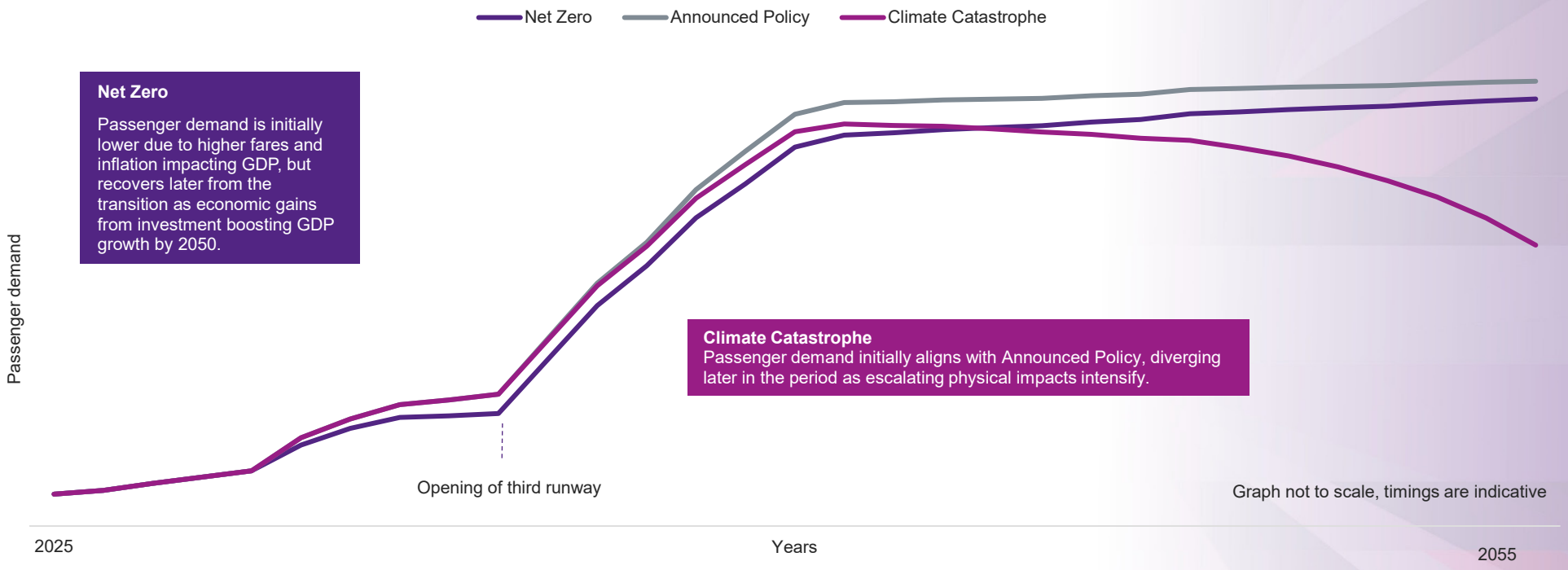
Qualitative scenario analysis
We have updated our qualitative scenario analysis to reflect both transition and physical risks across three temperature pathways, 1.6˚C to 2.3˚C, primarily through to 2050. However, for Market and Policy, we have extended the passenger demand scenarios out to 2055 to assess future passenger demand post 2050. In addition, for the Climate Catastrophe scenario we extend this analysis to 2100 to evaluate the physical risks to our asset base, as the impacts of climate change are expected to be more severe beyond 2050.

Market and Policy and Network and Destinations
Heathrow's passenger demand is closely tied to economic growth in the UK and the destinations it serves, with passenger numbers being the primary driver of revenue. Long-term fluctuations in demand could significantly affect future passenger charges. Figure 1 outlines the passenger demand scenarios under each of the climate scenarios out to 2055. The below qualitative scenario analysis provides further information on the key drivers within the climate scenarios impacting passenger demand.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

Figure 1 Passenger demand scenarios



		Net Zero	Announced Policy	Climate Catastrophe
Transition risk impacts	GDP	The UK's early net zero transition causes a temporary dip in GDP growth due to inflationary pressures. Carbon prices rise significantly, leading to significant increases in air fares. From the early 2030s, the transition is expected to boost the economy through productivity gains from higher investment and by avoiding the more severe climate impacts projected in Announced Policy. By 2050, UK GDP is projected to be 1% higher than the Announced Policy scenario. This economic uplift is expected to positively influence long-term passenger demand at Heathrow.	Rising fuel costs and exposure to carbon pricing are expected to drive up airfares over time, leading to a softening in passenger demand, marking a shift from the pre-2020 trend of decreasing real term airfares. While initial economic growth aligns with long-term trends, increasing global temperatures will result in escalating climate-related economic damages, ultimately weakening both economic growth and passenger demand.	In the early stages, climate change has relatively minor economic impacts. The economic damage from climate change accelerates from the late 2030s. By 2050, the global economy is in recession and the UK's GDP could be up to 14% below the Announced Policy Scenario, significantly suppressing passenger demand.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

		Net Zero	Announced Policy	Climate Catastrophe
	SAF	In this ambitious climate scenario, the adoption of SAF at Heathrow is projected to reach an 11% utilisation rate by 2030, surpassing UK Government target of 10% and increasing to a 90% uplift at Heathrow by 2050. The high costs associated with SAF are likely to dampen passenger demand, leading to a conservative outlook.	The government mandate started in 2025, and the projected uptake of SAF at Heathrow aligns with government targets for 2030 and 2040. While there is no official UK mandate for SAF in 2050, penetration is anticipated to increase to 30%, indicating a potential risk of non-compliance in the interim years. Globally SAF adoption varies significantly, and regional disparities may create transition risks for Heathrow driven by the variations in compliance costs and competitive pressures across different markets.	SAF uptake is initially assumed to be in line with Announced Policy, achieving the UK 2030 mandate. However, SAF policy is assumed to fail and the share of SAF as a proportion of total jet fuel significantly falls. As demand for fossil fuels increases in this scenario, the price of jet fuel increases significantly resulting in higher fares than Announced Policy supressing demand.
Physical risk impact	Network and destinations	Shifts in travel patterns would be expected as the market responds to changes in economic growth and extreme weather events. These changes would be reflected in our network over the long-term and are consistent with the level of change Heathrow's network has seen historically.		The economic impact is most pronounced in Europe and North America where temperature anomalies are forecast to be greatest. More frequent extreme weather events will impact operations and route viability. This will require significant structural changes to the global aviation market over the long term, which will need to adapt to the effects of significant climate change. Proactive changes to our current route network and flight routing would be expected to follow changes to the market.

Technology

Net Zero	Announced Policy	Climate catastrophe
This scenario hinges on the successful achievement of the UK's net zero objectives, driven by technological advancements and robust supportive policies across the UK, US, EU and other regions, coupled with sustained public backing. Additionally, we expect ongoing investment in lower carbon technologies, including renewables, hydrogen, nuclear power and grid infrastructure to further facilitate the transition.	This scenario describes a world in which only current and announced UK and global policy is delivering the net zero transition and no further policy or technological development is anticipated. We project a gradual development of hydrogen powered aircraft, with turboprop models expected to enter service by the late 2030s and larger regional aircraft by the late 2040s. Delays in these technologies could impede our ability to meet emission reduction targets leading to increased reliance on carbon offsets.	Governments fail to meet their green pledges. With SAF production levels remaining unchanged and lack of investment into hydrogen and other low carbon alternative technologies, infrastructure requirements are uncertain. Whilst this means less transition costs in updating infrastructure, this increases costs significantly for Heathrow on offsetting.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

Investments to support decarbonisation
The H7 Carbon and Sustainability Capital Programme is a strategic investment supporting Heathrow's net zero ambition by 2050 and wider People and Planet objectives. The programme is expected to continue and the decarbonisation will focus on surface access, energy, operations, heat decarbonisation, and data transformation driving near-term carbon reductions and enabling long-term emissions goals both 'In the Air' and 'On the Ground'.

From 1st January 2022 to 31st December 2025, we invested £96 million, through the H7 Carbon and Sustainability Capital Programme contributing towards an achievement of 8% reduction of our total carbon footprint[1] by the end of 2025 compared to a 2019 baseline[2]. By the end of H7, we expect to have invested around £141 million in decarbonisation initiatives, prioritising actions that deliver the greatest benefits and support our 2030 net zero goals.

Investments to date have set a strong foundation for continued progress in H8. The H8 business plan 2027 to 2031 submitted to the CAA in July 2025 outlines a further £520 million of capital investments toward decarbonisation initiatives to maintain progress toward net zero. These investments are expected to deliver a reduction of 1% of 'In the Air' and 5% of 'On the Ground' in 2032 compared to a 2019 baseline[2].

Our plan to continue to reduce emissions 'In the Air' and 'On the Ground' in H8
'In the Air' scope 3 emissions originating from our customers fuel burn, accounting for approximately 95% of Heathrow's carbon footprint, are largely outside Heathrow's direct control. However, through targeted capital and non-capital initiatives, Heathrow aims to support reductions through delivering preconditioned air across all terminals to reduce jet fuel use on stand, and modernising airspace to improve operational efficiency and lower emissions. Progress in this area depends on factors beyond Heathrow's control, including SAF availability, airline fleet renewal, national airspace reform and SAF uptake[3].

'On the Ground' emissions are being addressed through investments in designing a zero carbon energy hub at the Terminal 5 Energy Centre that uses heat pumps to generate heating and cooling, expanded electric vehicle charging for ground support equipment, and a commitment to maintain 100% renewable electricity in H8. Achieving these goals will require upgraded grid connections to ensure reliable power for electrified airport operations.

We have assumed that any significant investments required to achieve net zero in our scope 1 and scope 2 emissions, whether capital or operating expenses, will be incorporated into future airport charges. This assumption is a critical judgement in our planning. Given the nature of our long-term capital programme, investments to support the net zero transition will require backing from our economic regulator, the CAA. Although these investments will be initiated at the request of and for the benefit of our airline customers, they cannot be guaranteed. We will continuously evaluate the associated infrastructure needs, which will inform our ongoing assessment of the required investment magnitude and carbon savings.

Reputation

Net Zero	Announced Policy	Climate Catastrophe
Net zero is achieved and our current bond commitments are met. Heathrow is seen as market leading from reputational perspective.	Failure to meet our net zero targets, may result in changed investor priorities and reduced trust in Heathrow's forward looking targets. Potential for increased costs of borrowing.	Failure to meet our net zero targets, may result in reduced access to borrowing and increased costs of borrowing leading to threat on covenants and increased risk of default.

Property and Operations

Net Zero	Announced Policy	Climate Catastrophe
As emissions fall to zero, climate damages are largely avoided. However, the climate will take time to respond, and risks remain around flooding, maximum temperatures and storms which pose risks to our infrastructure operations.	Rising global temperatures lead to an increase in the frequency and severity of extreme weather events and physical impacts from surface water and groundwater flooding, storms, and maximum temperatures on infrastructure.	The level of warming increases the likelihood, frequency and severity of extreme weather in both the medium and long-term, requiring significant adaptation to our airport infrastructure and operations.

[1] Excluding savings from SAF
[2] Additional carbon reductions are expected outside of these investments, as detailed in our Net Zero Plan
[3] Savings from SAF are currently reported separately to our scope 3 emissions. We will continue to review this as further guidance on SAF accounting emerges.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

Climate change risk assessment
Figure 2 Risk assessment matrix

Likelihood \ Consequence	1 Minimal	2 Minor	3 Moderate	4 Major	5 Catastrophic
5 Highly probable	10	10	15	20	25
4 More than likely	4	8	12	16	20
3 Less than likely	3	6	9	12	15
2 Unlikely	2	4	6	8	10
1 Improbable	1	2	3	4	5

Heathrow has embedded Climate Change Risk Assessment ('CCRA') into its enterprise risk management framework and reports on physical climate risks every five years in accordance with UK Government requirements for Critical National Infrastructure. This assessment evaluates physical climate risks and informs where existing mitigations should be strengthened. It also guides updates to asset strategies and standards, enabling climate adaptation through routine asset replacement and supporting the case for capital investment as part of standard business planning.

As part of the fourth round of Adaptation Reporting published in December 2024, Heathrow updated its CCRA using a structured and evidence-based approach to develop our understanding of physical risks to our infrastructure and operations under a range of climate scenarios.

In alignment with our CFD climate scenarios, our CCRA assesses physical risks under the three closely aligned RCP emissions scenarios and for three time horizons, present-day, 2050s and 2090s. This long-term assessment reflects the potential 100-year lifespan of our assets, ensuring that climate-related risks are understood over the full lifecycle of investments.

The CCRA scoring was conducted using the 5x5 risk matrix, see Figure 2, which is aligned to our enterprise risk management framework, to evaluate likelihood and consequence, incorporating current control measures and updated evidence from recent weather events and asset performance.

Figure 3 provides a summary of the CCRA findings for our direct risks, showing the different risk trends across medium-term and long-term horizons for all three climate scenarios (RCP 2.6, 4.5 and 8.5). The CCRA highlighted the top three priority risks as flooding, compound storm events and heat, which could significantly impact infrastructure, operations, and passenger experience at Heathrow under each of the climate scenarios.

Figure 3 Summary of climate risk scores

Flooding risks arising from surface water, river overflow, sewer system capacity and groundwater infiltration each posing threats to critical assets such as buildings, data centres, and airfield operations. Preliminary modelling has identified surface water and groundwater flooding as a priority complex physical risk. These form part of our proposed H8 capital investment plan to provide the first steps in reducing the impact of these as set out in the next section. This complex risk will also be further addressed through the implementation of our masterplan.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

STRATEGY (CONTINUED)

Compound storm events, where lightning, wind, and intense rainfall coincide, present high disruption potential. A June 2023 event led to 730 flight delays and 78 cancellations, highlighting the operational and safety risks to staff.

Heat, where sustained heatwaves increase fire risk and can negatively affect passenger experience, airfield structures and surface access routes. Rising temperatures that exceed the 40°C threshold more frequently can impact critical assets such as power and electrical systems supporting data centres and cold storage, with potential disruption to cooling supplies as well as affecting the performance of aircraft which are likely to require additional runway length for take-off runs in high temperatures.

Our CCRA can be found here.

Adapting our airport to climate effects
We will publish our Climate Adaptation Strategy outlining how climate change may impact our operations now and in the future. The roadmap prioritises actions across the next two regulatory periods, H8 2027 to 2031 and H9 2032 to 2037, recognising adaptation as an ongoing process. The Strategy will be reviewed in line with updates to our physical CCRA and will guide long-term infrastructure planning.

The H8 Business Plan sets out the capital investment required to maintain operational resilience and support reliable passenger journeys, by planning to invest £63 million during H8 to enhance flood protection by the mid-2030s. This investment will improve drainage infrastructure and safeguard critical assets including buildings and subsurface systems from major surface water flooding. It also supports the development of a long-term risk mitigation strategy, marking a vital first step in addressing broader climate-related challenges, but further action will be needed to address the wider and growing climate-related risks we face.

The nature of our long-term capital programme means that investing in the necessary equipment and infrastructure needs to be supported through our economic regulation by the CAA. While any such investment would be at the request and to the benefit of our airline customers, it is not guaranteed. We are continuing to develop and refine our assessment of physical risks which will inform our ongoing assessment of their financial materiality.

Impacts of climate considerations on our financial processes
We utilise our regular short-term financial planning process and five-year business plan as part of our regulatory framework subject to CAA approval to include carbon reduction initiatives and climate adaptation measures. By doing so, spend associated with certain projects linked to climate-related risks and opportunities is incorporated into the 2026 budget and regulatory five-year financial planning process, both approved by the Board. We have included the capital expenditure required to manage the impact of our climate-related risks in our operations, for example, capital investment in preconditioned air across all terminals. This financial planning process forms the cash flow projections within our going concern and impairment assessments, see page 124 for more details).

There is growing emphasis from investors on sustainability impacts, capital availability and costs. In 2023, we issued our first SLB, to embed sustainability into our financial strategy and demonstrate leadership in climate action within the aviation sector. We have built on this commitment, having issued four SLBs across three currency markets, equating to a total notional of £1.6 billion, of which all share the same 'In the Air' and 'On the Ground' targets set out on page 54. The maximum estimated premium for not meeting emissions targets in 2030 is £16.3 million, approx. 1% of bond notional value, for SLB and related hedging. We view this as indicative of potential climate-related costs linked to our SLBs and associated hedging arrangements.

In May 2024, we priced our first use of proceeds green issuance through the private placement market. These proceeds have been fully allocated to pre-agreed projects in accordance with the Loan Market Association Green Loan Principles.

Our Treasury Policy continues to include a requirement that a minimum of 5% of the total of all Heathrow investments must be in ESG investment products, for example but not limited to Money Market deposits and on-call bank accounts.

Business resilience
The primary measure of our business resilience is potential future cashflows due to the significant capital investment required to operate and our reliance on external debt investment. In assessing potential future cashflows, we consider passenger demand at our airport as the fundamental driver, alongside airport charges regulated by the CAA, our economic regulator.

As part of our scenario analysis modelling to evaluate our resilience, we assessed Heathrow passenger demand incorporating assumptions and impacts from our three climate scenarios. According to our evaluation, the three climate scenarios ranging from 1.6°C to 2.3°C, by 2055, indicate a Compound Annual Growth Rate ('CAGR') in passenger demand ranging from higher 2% to 1% respectively until 2055 compared to a 2025 baseline.

The strategic case for the third runway remains strong and has been further strengthened by the Board's recent approval of funding and mobilisation activities to obtain Development Planning Consent by 2029.

Given the projected growth in demand for travel through the airport, we consider our business to be resilient in the short, medium, and long term under both Net Zero and Announced Policy scenarios, including on an expanded basis with a third runway.

In Climate Catastrophe, the highest emissions pathway, we have considered the medium and long-term frame in assessing our businesses resilience to physical risks, particularly those associated with potential extreme weather impacts on our infrastructure and operations. Our evaluation highlighted that passenger demand CAGR is positive, albeit with the lowest growth through to 2055.

Despite challenges in evaluating such risks, due to the uncertainty linked with extended timelines beyond 2055, our assessment offers valuable insights. Considering our airport's location, we are confident in our business's relative resilience. We are positioned as a global hub with a diverse route network providing a platform to mitigate exposure risks. Our mitigation measures are designed to reduce the impact of the transition and physical risks under the three presented scenarios.

We maintain ongoing engagement with the CAA, emphasising the necessity of making investments that contribute to climate adaptation and mitigation. We anticipate that such initiatives will continue to receive support as part of the regulatory settlement process.

Finally, while scenario analysis is not conducted primarily for asset valuation purposes, given that scenarios inherently depict hypothetical future conditions, we have integrated pertinent key assumptions in evaluating the recoverability of existing assets.

The consideration of these climate change assumptions in our asset valuation does not suggest any issues regarding the recoverability of these assets.

RISK MANAGEMENT

Climate risk management is embedded within our overall enterprise risk management framework. We consider both transition and physical risks. We have adopted similar terminology, clarified our approach to both transition and physical risks and report using a consistent format. Our functional risk registers are aligned in the same way, ensuring that climate-related risks are managed and reported in a consistent way and making it easier for us to assess climate-related risks thematically.

See our approach to Risk Management on page 30.

METRICS AND TARGETS

People and Planet, one of our guiding strategic beacons, ensures that sustainability sits at the heart of how we operate the airport. Connecting People and Planet strategy is the umbrella strategy that consolidates our People and Planet commitments together in one place, including our Net Zero Plan which explains how we will cut carbon emissions working with the wider aviation industry to reach net zero emissions by 2050. We continue to develop and refine our approach based on the latest research, trends and evidence, and delivering our plan and measuring performance.

Our Net Zero Plan and targets
Our Net Zero Plan sets a carbon reduction trajectory to 2050 and covers all the emissions in our carbon footprint 'In the Air' and 'On the Ground', including cruise emissions from departing flights, as well as the Landing and Take-off emissions from flights in our immediate airspace up to 3,000 feet. Our plan includes two 2030 goals to focus on cutting carbon emissions this decade:

1. Up to 15% cut in carbon emissions 'In the Air' using a 2019 baseline.
2. At least 45% cut in carbon emissions 'On the Ground' using a 2019 baseline.

Our plan is designed to meet or surpass the carbon emissions trajectory set out in the Climate Change Committee's ('CCC') Net Zero Balanced Pathway underpinning its recommendations to the UK Government for the Sixth Carbon Budget. This approach aligns with, and supports, the aviation sector's commitment to achieve net zero emissions by 2050.

The following table provides a summary of the goals, targets and metrics that guide our assessment of progress towards meeting our 2030 goals, along with an update on the status of our progress.

Table 4

Goals	Targets[2]	Metrics used	Status in 2025
Cut at least 45% carbon emissions 'On the Ground' by 2030 using a 2019 baseline. Associated with our SLBs[1]	Cut 49% by 2030 from surface access.	Total scope 1,2 and 3 GHG, see page 56 for further details.	More work to do
	Cut 87% by 2030 from airport vehicles.		On track
	Cut 35% by 2030 from our supply chain.		More work to do
	Cut 39% by 2030 from buildings and infrastructure[3].		More work to do
Cut up to 15% carbon emissions from flying (or carbon 'In the Air') by 2030 using a 2019 baseline. Associated with our SLBs.	Cut up to 1% by 2030 through more efficient operations and modernising airspace.	Total scope 3 GHG, see page 56 for further details.	On track
	Cut up to 8% by 2030 through improvements to conventional aircraft.		On track
	Cut up to 7% by 2030 through use of SAF.	Tonnes of SAF uplifted, see page 56 for further details.	On track

(1) For the purposes of our SLB Framework, the Sustainability Performance Target ('SPT') is 46.2% reduction.
(2) Represents solutions to achieve SPTs and KPIs for the purposes of our SLB Framework.
(3) Energy usage in megawatt hours ('MWh'). This metric is associated with Streamlined Energy and Carbon Reporting.

CLIMATE-RELATED FINANCIAL DISCLOSURE ('CFD') (CONTINUED)

METRICS AND TARGETS (CONTINUED)

For further information on our progress the 2025 Annual Sustainability report can be found here

Measuring carbon performance
Heathrow has set ambitious targets to cut carbon emissions and a plan to deliver these. We track and report our performance, in reducing absolute carbon emissions each year, through our carbon footprint. Our carbon footprint, including scope 1, 2 and 3 emissions and further information on our methodology can be found on page 56.

Our selected carbon emissions metrics have been subjected to independent limited assurance procedures by a third party applying the International Standard on Assurance Engagements ('ISAE') 3000 (Revised) and ISAE 3410.

Our Carbon Footprint Methodology Document can be found here.

Carbon offsets and removals
Achieving zero gross emissions for all sources of emissions is unrealistic for aviation in any of our scenarios, there will be some residual emissions. This is because in a small number of cases solutions are not yet available or are lacking in maturity. Further information can be found in our Net Zero Plan.

Our Net Zero Plan can be found here.

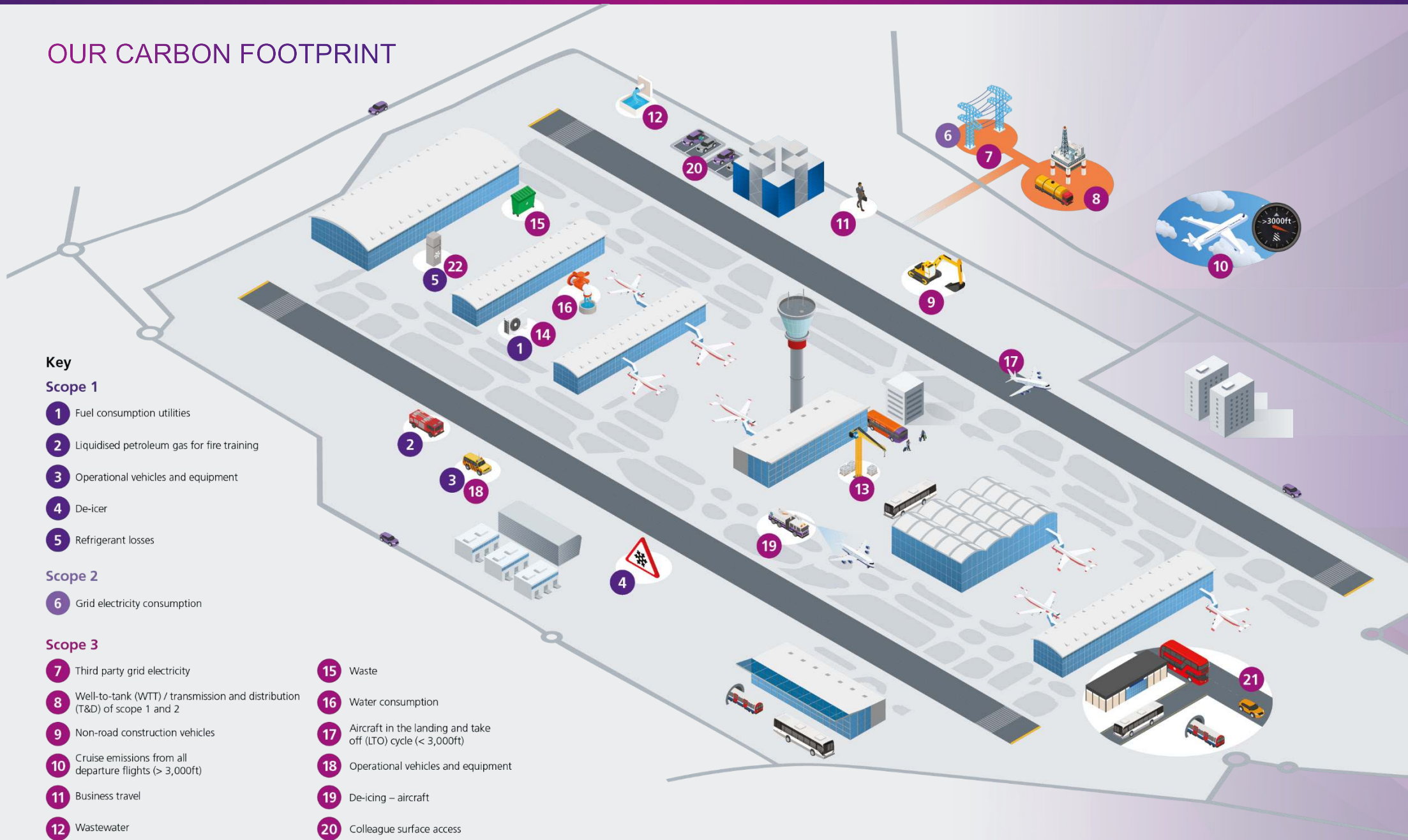
The carbon credits we use are verified under UK Government-backed standards. Specifically, credits from the Woodland Carbon Code and Peatland Code are independently verified by the Soil Association and Organic Farmers and Growers, both of which are UKAS-accredited bodies.

Our approach includes a mix of nature-based and technological carbon solutions:

- We have already acquired nature-based credits in the form of Pending Issuance Units under the Woodland Carbon Code and Peatland Code. Woodland Carbon Code units are classified as carbon removal credits, representing future CO_2 sequestration through afforestation. Peatland Code units are classified as carbon reduction credits, reflecting avoided emissions from restored peatlands.
- Looking ahead, we plan to purchase carbon removal credits from technology-based solutions such as those derived from Direct Air Capture and biochar. These credits are classified as carbon removal, as they are based on engineered processes that extract CO_2 directly from the atmosphere. Our strategy prioritises high-integrity credits aligned with UK Government standards and science-based net zero principles.

Management remuneration reward
To empower our workforce and give our colleagues a stake in delivering our Net Zero Plan, we have incorporated carbon performance in our Share in Success ('SIS') long-term incentive plans performance metrics, with the objective to reduce carbon emissions at the airport. For further information, please refer to page 98.

OUR CARBON FOOTPRINT



Key

Scope 1

1. Fuel consumption utilities
2. Liquidised petroleum gas for fire training
3. Operational vehicles and equipment
4. De-icer
5. Refrigerant losses

Scope 2

6. Grid electricity consumption

Scope 3

7. Third party grid electricity
8. Well-to-tank (WTT) / transmission and distribution (T&D) of scope 1 and 2
9. Non-road construction vehicles
10. Cruise emissions from all departure flights (> 3,000ft)
11. Business travel
12. Wastewater
13. Supply chain
14. Fuel consumption utilities
15. Waste
16. Water consumption
17. Aircraft in the landing and take off (LTO) cycle (< 3,000ft)
18. Operational vehicles and equipment
19. De-icing – aircraft
20. Colleague surface access
21. Passenger surface access
22. Third party refrigerants

Within the Heathrow perimeter

CALCULATING OUR CARBON FOOTPRINT

We monitor our carbon footprint and report on our GHG emissions annually to track progress against our net zero targets and identify opportunities for improvement.

Our methodology for carbon reporting is reported in accordance with the Greenhouse Gas Protocol ('GHGP') and the Airport Carbon Accreditation ('ACA') Level 4+ standards.

Our footprint mainly covers:

- Scope 1 and 2 emissions, which account for less than 1% of Heathrow's footprint, including emissions associated with Heathrow buildings and infrastructure and Heathrow owned vehicles.
- Scope 3 emissions accounts for 99% of Heathrow's total emissions, including aircraft, surface access, supply chain and Team Heathrow vehicles, with aircraft accounting for 95% of total emissions.

The ACA requirements were updated in December 2023 to include an expanded scope 3 inventory in line with the GHGP. We are reviewing our data availability and calculation methodologies to account for surface access related emissions to cargo.

Each annual carbon footprint includes our baseline year 2019, the current reporting year, and two previous years for comparison. Following the publication of our Net Zero Plan in February 2022, we have mapped its eight goals to cut carbon 'In the Air' and 'On the Ground' to the GHGP scopes. Further information on our Net Zero Plan can be found here. Refer to page 21 for more on our Net Zero Plan.

We are continuously improving the quality of our carbon footprint data to provide more frequent, accurate, and accessible carbon reporting.

Since 2022, SAF has been regularly uplifted at Heathrow and forms part of our aeronautical charge's incentive scheme. Guidance from professional bodies and standard setters on how to account for SAF is emerging and we are reviewing our reporting methods. We continue to report the savings from using SAF compared to regular jet fuel in our 'separately from the scopes' table until further guidance is available.

In 2025, as part of our supply chain methodology, we have introduced two new data sources. The first is supplier specific intensity factors from the balanced scorecard, where suppliers have provided evidence of third-party assurance. The second is project-specific carbon lifecycle assessments. These data sources now supersede spend-based intensity factors where available.

Scope 2 market-based emissions are close to zero as our electricity is sourced using a Renewable Energy Guarantee of Origin ('REGO') backed contract. The REGO certificate covers Heathrow Airport Limited ('HAL') and the Business Support Centre ('BSC') in Glasgow, all of which fall under scope 2 electricity. However, in 2025, following an office relocation of the BSC, a small amount of scope 2 market-based emissions were recorded for the period before the energy consumption switched to a zero-emissions tariff. These emissions are not expected to occur from 2026 onwards.

PricewaterhouseCoopers LLP ('PwC') has performed independent limited assurance procedures over selected sustainability performance metrics for the year ended 31 December 2025. For the results of that assurance process, see PwC's assurance report in our 2025 Sustainability Report, alongside our methodology document to which it relates.

Download our methodology document: Heathrow's GHG Emissions Principles and Methodologies 2025 here.

Our published methodology document contains information on the context, scope, reporting period, boundaries, calculations, and emission factors of the 2025 carbon footprint. This includes a list of all emissions by scope with detailed information on data sources and core assumptions used for calculation.

CARBON FOOTPRINT SUPPORTING NOTES:

The notes below provide key explanations that support the carbon footprint tables on the following pages.

We continue to apply the same footprint boundaries to reflect our operational control both at the airport and offsite – including our Business Support Centre ('BSC').

Scope 1 – All direct GHG emissions from activities at Heathrow Airport under our direct control, such as our own vehicles, fuel required to heat our terminals and non-carbon emissions, including refrigerant gases.

Scope 2 – Indirect greenhouse gas emissions from grid electricity consumption. This includes all grid electricity consumed by all owned and operated activities onsite at Heathrow Airport, and offsite. Any use which relates to third parties, not within HAL's operational control is sub-metered and included within scope 3.

Energy related emissions:

- Market-based grid electricity and utilities consumption: market-based emissions have been used to calculate total emissions. Carbon intensity metrics, including scope 2, only include market-based scope 2 emissions.
- Location-based grid electricity and utilities: location-based emissions are based on the emissions intensity of the grid and natural gas and do not take into account the procurement of renewable energy from the market, hence are not counted in Heathrow's total market-based emissions.

All scope 1 and 2 emissions are UK based.

Scope 3 – All other indirect GHG emissions from activities in relation to Heathrow Airport, occurring from sources that we do not own or control. We know that getting our own house in order is only the first step and that we must support decarbonisation across the whole industry, including flights.

Well-to-tank and Transmission & Distribution
Well-to-tank ('WTT') emissions are "upstream" emissions related to the production and transportation of fuel to where it will be combusted. Transmission and Distribution ('T&D') are emissions from the transmission and distribution of energy to site. Although we track WTT and T&D emissions of our scope 3, we do not currently include these within our reporting. The industry standards we follow are still developing regarding the inclusion of WTT emissions, determining which aviation stakeholders should report them, and how they relate to attributing the benefits of SAF.

OUR CARBON FOOTPRINT (CONTINUED)

CALCULATING OUR CARBON FOOTPRINT (CONTINUED)

Net Zero Plan		Emission Source		Greenhouse Gas Emissions (tonnes CO_2e)			
Objective	Goal	Greenhouse Gas Protocol Category	Emission Source	2019	2023	2024	2025
Net zero on the ground	**Total scope 1 greenhouse gas emissions[1]**			**26,998**	**32,116**	**28,054**	**26,681**
	8	Stationary sources	Fuel consumption utilities (Market based)	21,942	22,588	24,612	20,325
			Fuel consumption utilities (Location based)	24,335	25,326	24,612	20,325
			LPG for fire training	35	1	-	1
	7	Mobile sources	Operational vehicles and equipment	1,668	622	523	427
	8	Process emissions	Refrigerant losses	2,871	8,695	2,586	5,080
	6		De-icer	482	210	333	848
	Total scope 2 greenhouse gas emissions[1]			**-**	**-**	**-**	**3**
	8	Electricity	Grid electricity consumption (Market based)	-	-	-	3
			Grid electricity consumption (Location based)	71,163	56,134	56,339	48,368
	Total scope 3 greenhouse gas emissions[1]			**21,013,718**	**18,742,184**	**19,374,834**	**19,401,547**
	6	Category 1: Purchased goods and services and Category 2: Capital goods	Supply chain	229,606	198,440	262,892	266,303
		Category 1: Purchased goods and services	Water consumption	739	378	383	464
			Non-road construction vehicles	1,362	1,763	3,105	1,469
	7 to 8	Category 3: Fuel- and energy-related activities (not in scope 1 or 2)	WTT/T&D of scope 1 and 2 (Market based)	Not reported	Not reported	13,131	12,355
			WTT/T&D of scope 1 and 2 (Location based)	Not reported	Not reported	25,621	24,897
	6	Category 5: Waste generated in operations	Waste	563	502	167	214
			Wastewater	1,329	270	286	340
		Category 6: Business travel	Business travel	1,070	1,133	1,346	880
	5	Category 7: Employee commuting and home office	Colleague surface access	115,531	125,133	134,085	135,588
	5	Category 11: Use of sold products	Passenger surface access	632,348	436,100	429,043	398,154
	1		De-icing – aircraft[2]	4,584	3,167	1,789	3,540
	7		Operational vehicles and equipment	33,015	26,808	17,642	9,144
	8		Third party refrigerants[3]	N/A	N/A	N/A	8
Net zero in the air	1 to 4		Aircraft in the LTO cycle	1,250,648	1,267,909	1,291,089	1,216,711
			Cruise emissions from all departure flights	18,742,505	16,680,512	17,219,805	17,356,313
Net zero on the ground	6	Category 12: End-of-life treatment of sold products	Decommissioning of Cardiff Pod Test Track	N/A	N/A	10	N/A
	8	Category 13: Downstream leased assets	Third party grid electricity (Market based)	146	-	-	-
			Third party grid electricity (Location based)	43,706	28,630	28,207	22,906
			Fuel consumption utilities	272	69	61	64
Total Footprint - Market-Based				**21,040,716**	**18,774,300**	**19,402,888**	**19,428,231**
Total Footprint - Market-Based (excludes WTT and T&D from category 3)				**21,040,716**	**18,774,300**	**19,389,757**	**19,415,876**

(1) Scope 1, scope 2 and scope 3 totals only include market-based totals.
(2) De-icing -aircraft has been moved to our 'On the Ground' objective to align with our Net Zero Plan.
(3) Third party refrigerants has now been included in scope 3.

OUR CARBON FOOTPRINT (CONTINUED)

CALCULATING OUR CARBON FOOTPRINT (CONTINUED)

Separately from the Scopes		Greenhouse Gas Emissions (tonnes CO_2e)			
		2019	2023	2024	2025
Sustainable Aviation Fuel ('SAF')	Savings from SAF on lifecycle aircraft emissions	-	(260,203)	(634,962)	(621,428)
WTT and T&D of scope 3	Colleague surface access	182,957	146,205	35,584	36,267
	Passenger surface access			110,417	103,090
	Non-road construction vehicles	8,200	7,453	887	496
	Business travel			125	129
	Third party operational vehicles and equipment			6,710	5,590
	Aircraft LTO and cruise emissions	4,139,566	3,733,589	3,854,312	3,867,249
	Third party grid electricity (Market based) WTT	27,426	20,414	541	514
	Third party grid electricity (Location based) WTT	27,426	20,414	6,794	6,454
	Third party grid electricity (Market based) T&D	Not reported	Not reported	2,493	2,398
	Third party grid electricity (Location based) T&D	Not reported	Not reported	2,493	2,398
	Fuel consumption utilities	3,950	5,577	10	11
	Total WTT and T&D of scope 3 (Market based)	**4,362,099**	**3,913,238**	**4,011,079**	**4,015,744**
Outside of scope (biofuels)	Fuel consumption utilities	Not reported	Not reported	33,681	35,632
	Operational vehicles and equipment	Not reported	Not reported	671	792
	Grid electricity consumption (Location based only)	Not reported	Not reported	31,311	31,445
	Non-road construction vehicles	Not reported	Not reported	769	718
	Third party operational vehicles and equipment	Not reported	Not reported	11,551	15,195
	Third party grid electricity (Location based only)	Not reported	Not reported	15,676	14,892
	Total outside of scope - biofuels (Market based)	**Not reported**	**Not reported**	**46,672**	**52,337**
Total Footprint including SAF, WTT, T&D and outside of scopes (Market based)		**25,402,815**	**22,427,335**	**22,825,677**	**22,874,884**

Energy		Energy (MWh)			
		2019	2023	2024	2025
Scope 1	Fuel consumption utilities	134,289	176,633	230,790	104,366
	Operational vehicles and equipment	6,732	4,988	4,806	4,895
	LPG for fire training	5	3	-	4
Scope 2	Grid electricity consumption	283,229	271,080	272,103	273,266

Carbon Intensity Metrics		Carbon Intensity (kg CO_2e/passenger)			
		2019	2023	2024	2025
Greenhouse Gas Protocol	Scope 1 and 2 carbon intensity	0.3	0.4	0.3	0.3
	Scope 3 carbon intensity (excludes WTT and T&D from category 3)	259.7	236.6	230.9	231.2
	All scopes carbon intensity	260.0	237.0	231.2	231.5
Net Zero Plan	'On the Ground' carbon intensity (scope 1, 2 and 3 excluding aircraft emissions) (excludes WTT and T&D from category 3)	12.9	10.4	10.5	10.1
	'In the Air' carbon intensity (scope 3 aircraft emissions only)	247.1	226.6	220.8	221.5

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

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

Reporting requirement	Where to find in the Annual Report	Page
Environmental matters	Our beacons in action: People and Planet	20
	Our carbon footprint	56
	Nature Positive Airport	22
Climate-related financial disclosures	Climate-related financial disclosures	38
Colleagues	Employment policies	107
	Health and safety	32, 68
	Equality, diversity and inclusion	16, 68
Social matters	Our beacons in action: People and Planet	20
	Our beacons in action: Winning Team	16
	Engagement: Communities and the Environment	67
Human rights	Modern slavery statement	70
Anti-corruption and anti-bribery	Anti-bribery	87
	Whistleblowing policy	94
Description of our business model	Our business	8
Principal risks and uncertainties	Our principal risks	32
Non-financial key performance indicators	Chief Executive's review	5
	Our carbon footprint	56
	Our beacons in action: People and Planet	20
	Alternative performance measures ('APMs')	189

SECTION 172(1) STATEMENT

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing so, they must have regard to the range of factors set out in section 172(1)(a) – (f) in the Companies Act 2006.

In discharging our section 172 duty we, the Directors have regard to the factors listed in the Companies Act 2006 and any other matters relevant to the decision at hand. We recognise that outcomes will not always benefit every stakeholder equally. By applying the Company's purpose, values and strategic foundations in a consistent decision-making process (see Strategic Framework on page 12), we seek to ensure decisions are balanced, evidence-based and predictable. In reaching decisions, the Directors considered: (a) the likely long-term consequences; (b) the interests of employees; (c) relationships with suppliers, customers and others; (d) the impact on the community and the environment; (e) the desirability of maintaining a reputation for high standards of business conduct; and (f) the need to act fairly between members of the Company. Cross-references to examples are set out in Key Decisions and Stakeholder Engagement below.

As is typical for large companies, we delegate authority for the day-to-day management of the Company and its subsidiaries to the Executive Committee and then engage management in setting, approving and overseeing execution of the business strategy and related policies. The corporate governance structure and group policies are set by the HAHL Board[1]. The HAHL Board also reviews health and safety, financial and operational performance, legal and regulatory compliance, business strategy, key risks, stakeholder-related matters, diversity and inclusivity, environmental matters and corporate responsibility.

The Company's key stakeholders are its passengers, communities and the environment, Team Heathrow colleagues, airlines, investors, suppliers and commercial partner organisations, regulators and government. The views of, and the impact of the Company's activities on, those stakeholders are an important consideration for the Directors when making relevant decisions. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups on certain issues, the size and spread of both our stakeholders and the HAHL Group means that generally our stakeholder engagement takes place best at an operational or HAHL Group level. We find that, as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details of some of the engagement that takes place at an operational or HAHL Group level with the Company's stakeholders, so as to encourage the Directors to understand the issues to which they must have regard, please see the HAHL stakeholder engagement table starting on page 67.

During the period we received information to help us understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats, including in reports and presentations on our financial and operational performance, non-financial KPIs, risk, environmental, social and corporate governance ('ESG') matters, and the outcomes of specific pieces of engagement, for example, the results of customer and supplier surveys and focus groups. As a result of this we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of the stakeholders' concerns and to comply with our section 172 duty to promote the success of the Company.

We set out below some examples of how we have had regard to the matters set out in section 172(1)(a) - (f) when discharging our section 172 duty and the effect of that on decisions taken by us.

[1]The HAHL Board is the Board of Directors of Heathrow Airport Holdings Limited as defined on page 74.

SECTION 172(1) STATEMENT (CONTINUED)

KEY DECISIONS MADE BY THE HAHL BOARD

Board Decision	Stakeholders	Considerations	Outcome
Health, Safety and Wellbeing	Passengers Communities and the environment Team Heathrow Colleagues Airlines Investors Suppliers and Commercial Partners Trade Unions	The HAHL Board's continued commitment to safety excellence and uncompromising standards is demonstrated through its endorsement of our 2025 safety excellence framework. The framework is positioned to remove complexity, enable a common safety language across our community and reinforce collective responsibilities, making clear what commitments we move toward. It ensures the activity is managed within risk appetite, and where performance is outside of risk appetite, it is scrutinised and challenged. The HAHL Board regularly considers fire, safety, health and wellbeing as part of its monthly "Safety Moment" and Sustainability and Operational Risk Committee ('SORC') discussions. Throughout the year specific areas of focus included: • Learning from high-profile aviation incidents affecting other airport operators, ensuring the likelihoods, consequences and controls relevant to Heathrow are assessed and embedded as far as reasonably practicable. This includes the review of Heathrow's operational approaches, including runway safety, bird and habitat management strategies and helicopter crossing approaches. • Latest health trends: Led by our Occupational Health provider's Chief Medical Officer, the Board assessed Heathrow's performance against other industries and examined the effects of increased stress and burnout on Senior Managers. This also highlighted the importance of identifying colleague neurodiversity when planning welfare, conditions and policy. Long-term growth is impacting the volume of construction workers on site and the associated national mental health concerns. • "Inside Matters" Mental Health and Suicide Prevention: Heathrow focused on a holistic approach to wellbeing in order to understand the contributing factors, interventions and support required to influence recovery. Powerful colleague stories were shared as part of the learning process. • Technology in Design: Application of technology to enable safety in design for critical infrastructure projects across the Heathrow estate; highlighting the benefits across hazard identification, worker briefings, compliance management and enhancing the passenger journey and experience. • Asset safety and resilience: Monitored via SORC, which is particularly important for areas of the airport with ageing infrastructure and asset maintenance structures.	The HAHL Board monitored performance of key health and safety KPIs, deliverables and mitigation of risks via the SORC with the following key achievements in 2025: • Endorsement of the new Occupational, Health, Safety and Wellbeing Policy, with defined 'Wellbeing' terminology for Heathrow, to elevate the commitment to psychosocial risks and colleague wellbeing. This included capital investment to accelerate development and delivery. • The HAHL Board reviewed the Safety excellence programme, measuring quantitively the safety culture across Heathrow to ensure it remains on track with improvements in line with expectations. • Identification of psychosocial risks in the workplace, to inform targeted programmes such as: Violence and Aggression, Suicide Prevention, Proactive Senior Leader Wellbeing interventions and the pilot of Job Demands Analysis. • Recommendations and learnings considered by the Airport Safety Committee, particularly in the context of accountability and responsibility arrangements. • Increased awareness of the HAHL Board and identification of opportunities where technology can be used to act as an enabler to safety across Heathrow, such as 4D modelling for safety in design. • Some of the HAHL Board attended the award-winning Spring Airport Safety Week which provided an opportunity to interact with the airport community and understand opportunities and good practices.

SECTION 172(1) STATEMENT (CONTINUED)

KEY DECISIONS MADE BY THE HAHL BOARD (CONTINUED)

Board Decision	Stakeholders	Considerations	Outcome
People and Planet – Sustainability and Carbon	Passengers Communities and the environment Team Heathrow Colleagues Airlines Investors Suppliers and Commercial Partners Regulator Government Trade Unions	During the year, the HAHL Board reviewed progress made in delivering Heathrow's sustainability strategy – Connecting People and Planet to ensure the business remains on track to deliver its environmental and community commitments. This supports the People and Planet beacon of Heathrow's business strategy. In doing so, the HAHL Board considered whether the targets remain sufficiently ambitious, address the material issues and stakeholder concerns and what steps, if any, are needed to maintain progress. In May, the HAHL Board reviewed and approved Heathrow's 2024 Modern Slavery Statement, which outlines the steps the business has taken to ensure there is no slavery or human trafficking within its supply chain or its own business. In July, the HAHL Board reviewed the carbon, noise and air quality assessments included in Heathrow's initial proposals to the Government for a third runway. In October, the HAHL Board received an update on progress relating to the delivery of Heathrow's noise insulation scheme as well as initial results from a survey to evaluate the effectiveness of the scheme in reducing annoyance and sleep disturbance from aircraft noise. The HAHL Board was updated on recent changes to UK waste policy guidance that impact waste disposal at the airport and the development of Heathrow's waste and resources strategy. Tracey Waltho, Chair of the Council for the Independent Scrutiny of Heathrow Airport (CISHA), which performs Heathrow's Airport Consultative Committee (ACC) role, presented an update on local community concerns at the same meeting. CISHA, an independent committee which facilitates constructive engagement between Heathrow, local communities and other stakeholders, reported on the environmental and social impacts felt in communities drawn from its engagement work, including testimonial from a local resident impacted by noise and vibration from airport operations. The HAHL Board considered how Heathrow could improve engagement with communities on key issues including airspace modernisation, noise footprint and Expanding Heathrow. In October, the HAHL Board was also updated on the challenges with Heathrow's on the ground carbon goal for 2030, particularly in relation to supply chain and the proposed actions to a) improve data to better capture improvements already being delivered and b) to specify lower carbon materials in future.	The 2024 Modern Slavery Statement is published on Heathrow's website. The HAHL Board was appraised of local community issues as context for discussions relating to Expanding Heathrow. The HAHL Board kept informed of the role, function and priorities of CISHA.

SECTION 172(1) STATEMENT (CONTINUED)

KEY DECISIONS MADE BY THE HAHL BOARD (CONTINUED)

Board Decision	Stakeholders	Considerations	Outcome
Expanding Heathrow	Passengers Communities and the environment Team Heathrow Colleagues Airlines Investors Suppliers and Commercial Partners Regulator Government Trade Unions	Throughout 2025 the HAHL Board has been engaged in the development of our response to the UK Government's request for proposals for a third runway at Heathrow. Key milestones in this effort have included a summer submission to Government and a further submission in November 2025 setting out why Heathrow's scheme should be the single scheme selected to inform the review of the Airport National Policy Statement (ANPS). As a transformational project for Heathrow and the UK economy, the stakeholders for Expanding Heathrow are extremely broad, encompassing all of our current stakeholders and all future users, local communities, employees, and suppliers of an expanded airport. The HAHL Board's strategic priority has been to secure the conditions for successful implementation of this long-term, transformational project. Ahead of the summer submission, the HAHL Board reviewed the programme scope, costs and business plan. In shaping the submission, the HAHL Board focused on delivering a robust and consentable proposal that aligns with the Government's timetable. The HAHL Board considered the likely long-term impacts on local communities and the measures required to mitigate them. The HAHL Board tested that the business plan supports affordable charges for consumers and remains investable and financeable for both debt and equity providers. The HAHL Board assessed environmental impacts and the adequacy of mitigation plans. The HAHL Board also considered Heathrow's reputation as a responsible developer and operator of critical national infrastructure and the standards expected of us. The following November submission to government considered the same issues, with increased focus on capacity, land acquisition, financeability, surface access and economic benefits, in response to direct Government requests for information on these topics. In addition to our submissions, the HAHL Board have overseen Government engagement to influence ongoing reforms designed to provide a clear commercial model and well-defined policy framework to create the conditions for the project's success. Key stakeholder considerations shaping this work were to ensure Heathrow's continued financial stability and continued ability to be an extraordinary airport fit for the future for our passengers, airlines, employees and passengers.	The Government announced the formal review of the ANPS, the policy which underpins airport expansion. Government also confirmed Heathrow's proposal had been selected as the basis to inform the ANPS' review, noting they expect a planning application to be brought forward by Heathrow. The Civil Aviation Authority is continuing to determine the long-term commercial model required to support Expansion. While this work is ongoing, Heathrow has mobilised to protect the option of securing a Development Consent Order for a third runway by 2029 and to maintain progress on a consentable, financeable and environmentally responsible scheme, as reinforced by the CEO's announcement of mobilisation in January 2026.

SECTION 172(1) STATEMENT (CONTINUED)

KEY DECISIONS MADE BY THE HAHL BOARD (CONTINUED)

Board Decision	Stakeholders	Considerations	Outcome
H8 Business Plan	Passengers Communities and the environment Team Heathrow Colleagues Airlines Investors Suppliers and Commercial Partners Regulator Government Trade Unions	The HAHL Board maintained close oversight and provided input throughout the development of the H8 Business Plan (the Plan), from approving the strategic priorities in January 2025 to reviewing the Plan submitted to the CAA in July. The HAHL Board regularly challenged Heathrow's Executive Committee and the H8 programme team to ensure the Plan delivers a resilient operation in the interests of all stakeholders. The HAHL Board is confident that the Plan represents a credible, high-quality and ambitious strategy that will enable the airport to achieve its objectives to deliver better service, better resilience, better capacity, better sustainability and value for money. It is supported by extensive consumer research and Constructive Engagement with the airline community and reflects current and future consumer preferences. The Plan is challenging but achievable, financeable, and underpinned by robust evidence, strong governance and a clear commitment to deliver for consumers, the local community, the airline community, our colleagues and our investors. The HAHL Board is satisfied that the Plan is materially consistent with the CAA's guidance and enables the CAA to meet their statutory duties. The HAHL Board oversaw the development of the Plan and its assurance process, which included: • Independent challenge and external validation of key assumptions, financial projections, capital plans and consumer objectives. • Comprehensive risk assessment and scenario testing to ensure the Plan is resilient to future uncertainties. • Stakeholder engagement with airline community, passengers and the local community to ensure that the Plan is customer-focused and aligned with stakeholder expectations. • Internal governance reviews by the HAHL Board, Executive Committee and internal teams to ensure the Plan is ambitious yet deliverable and financeable.	The Plan: • is efficient, resilient and affordable, supporting long-term financial sustainability; • includes ambitious and deliverable performance commitments that will drive improved outcomes for passengers and stakeholders; • is supported by a robust delivery plan and governance framework for effective implementation; and • is financeable, underpinned by robust evidence and targeted third-party analysis (consumer research, operating expenditure and revenues, capital expenditure and cost of capital). Oversight from the HAHL Board has meant the Plan: • is efficient, resilient and affordable, supporting long-term financial sustainability. • includes ambitious and deliverable performance commitments that will drive improved outcomes for passengers and stakeholders. • is supported by a robust delivery plan and governance framework for effective implementation. • is financeable, underpinned by robust evidence and targeted third-party analysis (consumer research, operating expenditure and revenues, capital expenditure and cost of capital). The HAHL Board is satisfied that the Plan allows for efficient investment that addresses customer priorities, enhance customer experience and deliver consumer benefits, including: • Resilience by investing in key maintenance and upgrades, enhancing the airport's ability to withstand and recover from disruptions, ensuring a predictable, reliable and efficient passenger and customer experience. • A high standard of service quality, with investments in baggage facilities, punctuality, security and passenger experience. • Accessibility enhancements for passengers requiring assistance. • Commercial growth through the expansion of retail, hospitality and service offerings that provide greater choice and value. • Value for money via a competitive end-to-end customer experience at an efficient cost. • Stretching performance targets, focused on outcomes that matter to the airline community and passengers (both current and future). • Creating capacity for growth by optimising existing infrastructure, targeting capacity enhancements and strengthening airline partnerships to enable sustainable route expansion, increased cargo capacity and greater connectivity. • Digital enablement through investments in technology, core systems and data.

SECTION 172(1) STATEMENT (CONTINUED)

KEY DECISIONS MADE BY THE HAHL BOARD (CONTINUED)

Board Decision	Stakeholders	Considerations	Outcome
			• People and Planet commitments, including progress to net-zero and strong environmental performance. • Making a positive contribution to our local communities through aircraft noise impact reduction and meaningful education, environment and funding initiatives.

STAKEHOLDER ENGAGEMENT

The table below, which forms part of the Section 172 Statement, sets out who the HAHL Board considers to be its key stakeholders and provides details of some of the engagement that takes place at an operational or HAHL Group level. Not all information is reported directly to the HAHL Board and not all engagement takes place directly with the HAHL Board. However, the output of this engagement informs business-level decisions, with an overview of developments and relevant feedback being reported to the HAHL Board and/or its committees.

Why we engage	How we engage	Strategic foundations or beacons
Passengers		
Understanding our passengers' changing needs and behaviours helps us to continue to deliver our purpose of making every journey better.	Passenger interactions at the airport and satisfaction surveys drive Key Performance Indicators ('KPIs'), which measure how successful we are, and provide feedback on the impact of our decisions. Heathrow also undertakes a wide range of consumer research to inform how we can improve our services, obtaining qualitative and quantitative feedback from over 350,000 passengers per year. Heathrow receives feedback from over 2 million current consumers via real time channels such as social media, customer contact centre and real-time feedback devices. Heathrow uses its consumer engagement to inform investment and prioritise improvement initiatives. In addition, Heathrow has an online community (Horizon) consisting of current and potential Heathrow users which is used when developing new passenger solutions. We have several independent passenger groups whose role is to scrutinise and challenge the service we provide for our passengers. These include the Heathrow Passenger Forum, which is part of the Council for the Independent Scrutiny of Heathrow Airport, and the Heathrow Access Advisory Group who advise Heathrow on how to create an accessible and inclusive experience. In 2025 we also set-up the Heathrow Passenger Forum Sub-Committee to evaluate and challenge the Heathrow's plans for our next regulatory period (H8).	Value for Customers Digital Future Creating Capacity Safety, Security and Compliance Service and Operations
Communities and the Environment		
Working with local communities enables us to deliver on the objectives of Connecting People and Planet, our sustainability strategy.	The Council for the Independent Scrutiny of Heathrow Airport ('CISHA') ensures independent oversight of how Heathrow engages with local stakeholders and surrounding communities. CISHA fulfils the statutory role of an Airport Consultative Committee ('ACC') under Section 35 of the Civil Aviation Act 1982 and works alongside Heathrow's community forums to facilitate a structured dialogue and strengthen engagement. It is independently chaired and includes forum chairs, local authority representatives, and stakeholders such as the CAA, DfT, and the Heathrow Strategic Planning Group ('HSPG'). The Local Community Forum ('LCF') facilitates constructive engagement between Heathrow and local communities with the goal of building relationships and trust to make Heathrow a better neighbour. Through the LCF, Heathrow can better understand the concerns of communities living near the airport and works with them to help minimise local airport related impacts. It is independently chaired, and its members are made up of nominated representatives from community groups, and organisations, along with local ward councillors and nominated council representatives. The Heathrow Sustainable Economic Growth Taskforce is a stakeholder forum that aims to maximise the opportunities to enhance local economies through jobs and skills, supply chain, airport development and local decarbonisation. It is independently chaired, and its members are representatives of local councils, local enterprise partnerships, education and skills providers, business groups, chambers of commerce and Heathrow. The Noise and Airspace Community Forum engage on issues related to noise, airspace and runway operations at Heathrow, including updates on day-to-day operations and future changes. It is independently chaired, and its members are representatives of local authorities, community groups, the aviation industry and government bodies and Heathrow. The Heathrow Area Transport Forum is a partnership forum between organisations in the private and public sectors with a shared goal of improving accessibility and increasing public transport use to and from the airport and the surrounding area. It also provides input into ongoing Heathrow surface access initiatives. It is independently chaired, and its members are transport industry bodies, trade unions and Heathrow. The Heathrow Air Quality Working Group ('HAQWG') provides independent oversight, technical expertise, and constructive challenge on air quality issues. Working closely with CISHA, Heathrow, and key partners, HAQWG continues to help ensure transparency, accountability, and evidence-based improvement in Heathrow's air quality performance. It is independently chaired, and its members are representatives from local authorities, government agencies, and organisations. The Heathrow Strategic Planning Group ('HSPG') is an independent partnership of local authorities collaborating on strategic planning for land use, transport, environment, economic development and sustainable growth in the sub-region surrounding Heathrow. HSPG works constructively with	Winning Team People and Planet

STAKEHOLDER ENGAGEMENT (CONTINUED)

Why we engage	How we engage	Strategic foundations or beacons
	Heathrow and national stakeholders but retains independence in its governance. Its role is advisory and collaborative, helping align local plans and strategies to manage the impacts and opportunities of Heathrow's operations and future development, including decarbonisation and infrastructure planning. We also use social media, our website and email communications to communicate directly with our communities. More information on local community can be found here. More information on Sustainability can be found here. More details on our People and Planet beacon can be found in the section from page 20.	
Team Heathrow Colleagues		
Driving positive engagement with colleagues is pivotal to ensure that we continue to deliver excellent service to customers and stakeholders. Engaged individuals create high-performance, flexible and diverse teams and will support the achievement of Heathrow's strategic objectives.	**Heathrow Airport Limited Colleagues** Pulse surveys are run twice a year across the whole Heathrow Colleague population, capturing data for the KPI of 'Heathrow is a Great Place to Work' and other key engagement metrics. This data is then analysed and used company-wide and locally to inform engagement strategies and activities. In all business areas, People Business Partners work with Leadership Teams to establish and support local engagement teams to create conversation platforms, ensure information sharing, and help create a team spirit and sense of belonging. There are team events and activities to keep colleagues informed and engaged. There are regular company, functional and team updates through Buzz, Hub+ and focus groups organised around relevant topics from specific engagement feedback. To ensure accountability and delivery on engagement every function now has an Engagement Director Sponsor and an Engagement Lead. They feed into our Engagement governance framework, including a robust Engagement Forum representing all functions to create a two-way feedback loop. Every thread of our Equality, Diversity and Inclusion ('ED&I') strategy, from the 'Right Where I Belong' campaign to our Inclusion and Wellbeing Survey, is woven with the voices of our colleagues, helping create a sense of belonging for all. We have five Diversity Networks (Altitude, en-haNCE, Proud, HAND and sPaCe) that use their platforms to promote an inclusive culture through online and in-person events, webinars and campaigns. We continue to build new methods of supporting colleague engagement from dedicated ED&I learning, our Heathrow Mentoring Platform and the recent launches of our ED&I Strategy Group and ED&I Comms Working Group. Colleague safety is a continued top priority and is monitored through business and colleague reporting. The 'Close Call' app enables proactive reporting by colleagues and Team Heathrow, in turn allowing the business to continuously improve the safety of working environments and prevent workplace accidents. Heathrow has a variety of Third parties, such as contractors, delivery partners, suppliers, concessionaires and licensees, and utilise multiple communications platforms and approaches to engage on safety related items. These combine in-person engagement, such as Airport Safety Week, Ramp surgeries, joint team Heathrow forums, Team Heathrow Safety Network calls and documented information, including monthly safety six engagement sessions, operational advice notices and safety alerts. The Engagement team work closely with the Internal Communications team to share the right messages at the right time, keep colleagues informed and to continue to highlight the importance of the colleague voice. **Team Heathrow Colleagues** We actively engage with colleagues across Team Heathrow, which includes our suppliers and partner organisations. Our Heathrow values and service signatures underpin our plans and guide our approach and activities, ensuring consistent alignment. Additionally, our dedicated People Leadership Forum enables HR leaders from across Team Heathrow organisations to collaborate on trends impacting colleagues across Heathrow. Colleagues from across Team Heathrow can also engage with Heathrow on a range of activities, for example our Team Heathrow Equality, Diversity and Inclusion Platform which shares news, events and conferences that are open to all Heathrow colleagues including those from Team Heathrow.	Winning Team Focus to go Faster Value for Customers Digital Future Safety, Security and Compliance Service and Operations

STAKEHOLDER ENGAGEMENT (CONTINUED)

Why we engage	How we engage	Strategic foundations or beacons
	Trade Unions We voluntarily recognise two trade unions, Unite and PCS, for all band G to E colleagues (the negotiated grades). We collectively bargain with our unions on all matters relating to terms and conditions of employment for the negotiated grade population. We have seven union representatives who are permanently off-line so they can dedicate their time to trade union matters. We actively engage through local, departmental and strategic information forums on a wide range of topics that may affect our colleagues. Our Chief Executive Officer, Chief Operating Officer and Chief People Officer meet our unions at least twice a year to discuss business performance and strategy. We work with our unions to co-create our People Policies and have recently engaged with them to draft a new Prevention of Sexual Harassment Policy as an example.	
Airlines		
Airlines and their customers are at the heart of the Heathrow proposition. It is important that we understand their needs and deliver the right operating and commercial environment for our airline partners.	The Heathrow Leadership Group works collaboratively to improve the end-to-end passenger experience at Heathrow. The group comprises the Chief Executives of Heathrow, British Airways, Virgin Atlantic, NATS and the Civil Aviation Authority. It meets quarterly under the Chairmanship of Heathrow's Chief Executive Officer. We engage formally with airlines throughout the year on key areas including operational and passenger experience, pricing, and regulatory governance connected to capital spend and other regulated charges. This engagement is overseen through a Joint Steering Board of senior airline and Heathrow stakeholders. This is augmented, as is necessary, by further bespoke engagement on a range of issues as an airline or as an airport community. Quarterly joint executive meetings and business review meetings take place with key airline customers. Our Chief Executive Officer regularly visits major current and potential international airlines.	Value for Customers Digital Future People and Planet Creating Capacity Safety, Security and Compliance Service and Operations
Investors		
Understanding the needs of investors helps us to access a cost-effective, stable, diversified financing base for the business and to make Heathrow an attractive global infrastructure investment.	Shareholders, being either individual investors or combined investors, controlling ten per cent or more of the issued ordinary shares of FGP Topco Limited are entitled to appoint one Non-Executive Shareholder Director to the HAHL Board for every ten per cent held. We provide quarterly financial updates, semi-annual investor reports and debt investor presentations. We provide an Annual Report which includes optional enhanced disclosures. In relation to Debt Investors, we perform investor roadshows and make prospectus documents available, and we have ongoing dialogue with current and potential investors. We liaise with credit rating agencies to ensure we understand the impact of our strategic decisions on their assessment. We provide ESG reporting which integrates our Connecting People and Planet KPIs into our future financing plans. More information on local community can be found here.	People and Planet Governance and Financial Resilience
Suppliers and Commercial Partners		
The service provided to passengers is the combination of a highly complex and interconnected system of services from different organisations. Heathrow works collaboratively and in partnership with all the	Heathrow is focused on building strong relationships with our strategic suppliers to fulfil our vision of being an extraordinary airport, fit for the future. We prioritise our community and our local recovery plans and, in order to meet our ambitions and commitments, we have several areas of engagement. Our Heathrow Business Summits aim to connect local Small to Medium Size Enterprises ('SMEs') with Heathrow's key suppliers and identify tangible opportunities to do business in the future. We procure our goods and manage our strategic partners and wider supply chain using a Balanced Scorecard approach in order to clearly communicate priorities and standards. Our Balanced Scorecard facilitates a method of working with strategic suppliers which hones them in on the	Focus to go Faster Value for Customers Digital Future People and Planet Safety, Security and Compliance

STAKEHOLDER ENGAGEMENT (CONTINUED)

Why we engage	How we engage	Strategic foundations or beacons
organisations in this ecosystem to deliver our vision.	goals of Connecting People and Planet covering carbon, social value, local economy, innovation and cultural behaviours that we aspire to. This span of objectives attracts commitments from our partner organisations which are then contracted for measurement. CompeteFor is a platform that makes contract opportunities visible to other businesses, particularly SMEs. These include opportunities that are direct, within our supply chain, and across London with other clients. We attract innovation and micro-SME activity via our new Lift Off forum which was launched in 2023. Lift Off is a new concept which provides the chance for selected innovative SMEs to present their products and services to a panel made up of Heathrow and its largest supply chain partner organisations. Heathrow's Modern Slavery Statement was reviewed and approved by the Board. A copy of the statement is available here.	Service and Operations
Regulator		
Heathrow is subject to economic regulation by the CAA, which is the independent aviation regulator in the UK and is responsible for economic regulation, airspace policy, safety and consumer protection.	We meet regularly with the CAA at all levels from Chief Executive Officer to working level to discuss all issues relating to the economic regulation impacting Heathrow. We respond to various CAA publications related to the economic regulation of the airport. This includes regulatory price control reviews and expansion related matters. As part of our licence, we are required to publish various regulatory documents, including the annual Regulatory Accounts which provide a comparison of the airport's financial performance over the price control decision period with that on which the setting of price caps was predicted.	Value for Customers Creating Capacity Safety, Security and Compliance Service and Operations Governance and Financial Resilience
Government		
We engage with government to secure policy outcomes which enable us to better deliver as the UK's hub airport.	Heathrow engages with stakeholders across the political spectrum - including politicians, Ministers and civil servants. This engagement is focussed on achieving policy outcomes which enable Heathrow to better deliver for the UK as the country's only hub airport and largest cargo port by value.	Service and Operations Governance and Financial Resilience

Governance

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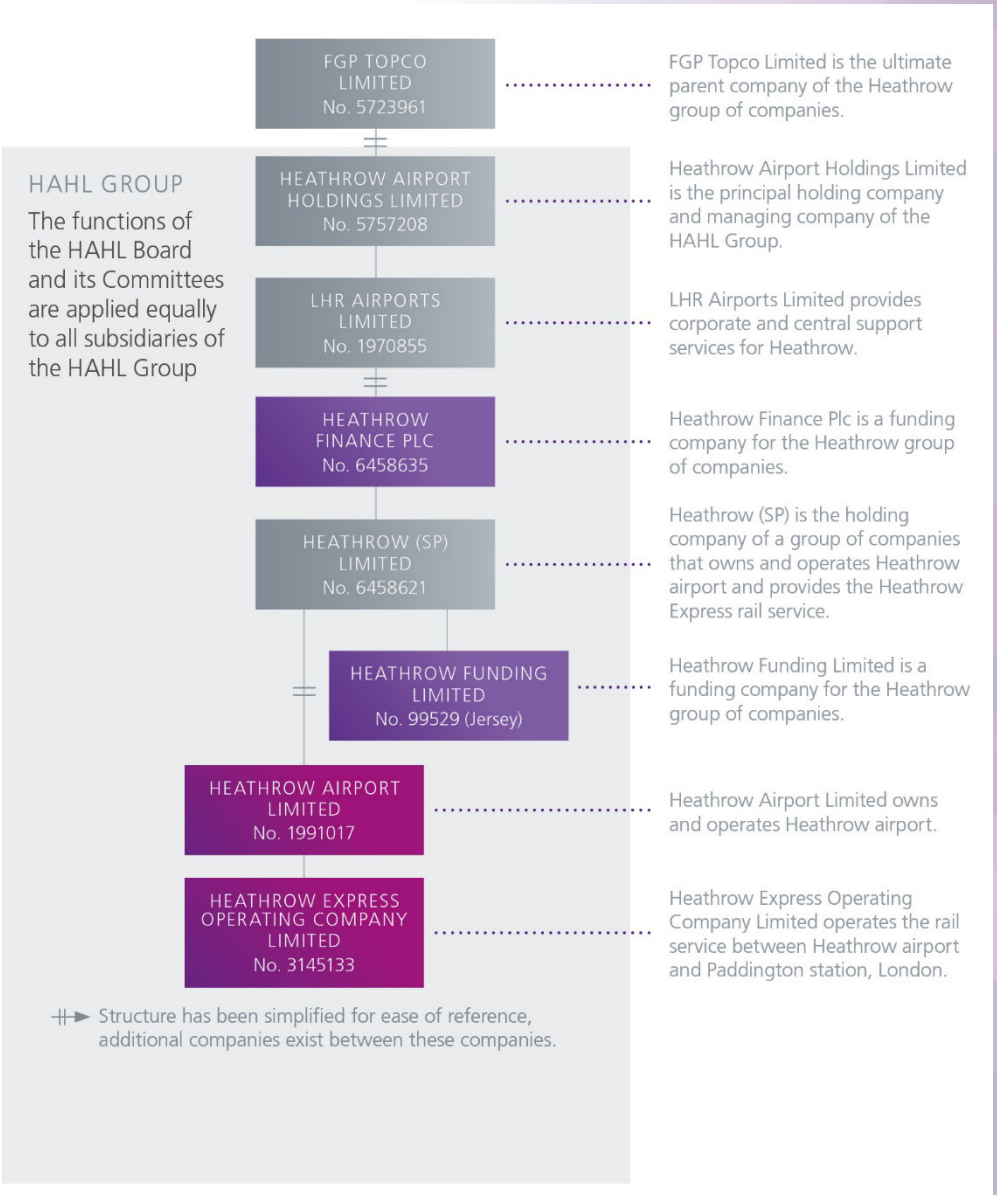
GROUP STRUCTURE

Heathrow Airport Holdings Limited (the 'Company' or 'HAHL') is a holding company of a group of companies (the 'HAHL Group') that owns Heathrow Airport ('Heathrow') and operates the Heathrow Express Rail Service.

The Board of Directors of Heathrow Airport Holdings Limited (the 'HAHL Board') determines the long-term strategy of the HAHL Group, ensuring that it acts ethically, has the necessary resources to meet its objectives, monitors performance, and meets its responsibilities as a major airport group.

The ultimate parent company of the HAHL Group is FGP Topco Limited. A simplified structure of FGP Topco Limited and its subsidiaries along with their principal activities within the HAHL Group is illustrated in the diagram to the right.



GROUP STRUCTURE (CONTINUED)

OUR OWNERS

The HAHL Group is owned by a consortium of investors (the 'Shareholders') who hold shares in FGP Topco Limited. Details of the Shareholders' equity interests, as at 31 December 2025, are shown in the table:

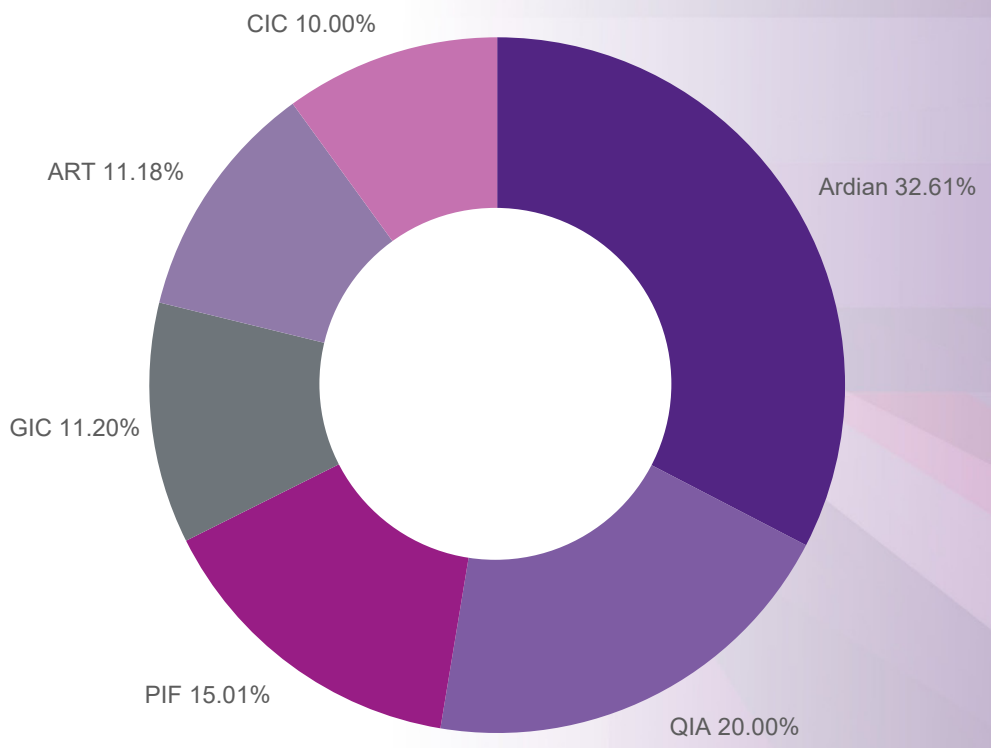
Shareholders[1]	% held	Non-Executive Shareholder Directors'
Ardian InfraEuropa SCA (an investment vehicle managed by InfraEuropa Management Sarl)	**32.61%**	**3**
Qatar Investment Authority ('QIA') Qatar Holding Aviation (a wholly owned subsidiary of Qatar Holding LLC)	**20.00%**	**2**
Saudi Arabia Public Investment Fund ('PIF') Alrahala First Investment Company (wholly owned by PIF)	**15.01%**	**2**
GIC Baker Street Investment Pte Ltd (an investment vehicle managed by GIC Special Investments Pte. Ltd)	**11.20%**	**1**
Australian Retirement Trust ('ART') QS Airports UK, LP (an investment vehicle managed by ART Asset Operations Limited)	**11.18%**	**1**
China Investment Corporation ('CIC') Stable Investment Corporation (an investment vehicle of the China Investment Corporation)	**10.00%**	**1**

(1) On 3 July 2025, Ferrovial, Caisse de depot et placement du Quebec (CDPQ) and Universities Superannuation Scheme (USS) completed a sale of their remaining 10.00% stake in the issued share capital of FGP Topco Limited to Ardian in the proportion shown above.

Shareholders' Agreement
All the Shareholders are party to a Shareholders' Agreement which determines their relationship as well as certain governance procedures in the HAHL Group. Under the terms of the Shareholders' Agreement, each Shareholder, controlling ten per cent or more of the issued ordinary shares of FGP Topco Limited, or specified combined group of Shareholders together controlling ten per cent or more, is entitled to appoint one Director to the HAHL Board for every ten per cent they hold. There are also a limited number of matters reserved for approval by the Shareholders. Although these matters are reserved for decision by the Shareholders, the HAHL Board would expect to express a view to the Shareholders before any decisions were taken.

Governance arrangements resulting from the Heathrow Group's secured financing platform
In 2008, a secured financing platform was put in place. As part of these arrangements, the Group entered into a Common Terms Agreement ('CTA') with its debt investors. The CTA sets out the terms and conditions of the Group's borrowing and the ongoing management of its secured financing platform. The CTA also sets out the financial and non-financial covenants that must be complied with in relation to the financing platform.

The governance measures put in place in 2008 are designed to ensure that the Group has the means to conduct its regulated business separately from other companies within the Heathrow Group, and that all dealings between other companies within the Heathrow Group are on an arm's length basis.



HAHL BOARD OF DIRECTORS

CHAIR AND EXECUTIVE DIRECTORS

N

PHILIP JANSEN
INDEPENDENT NON-EXECUTIVE CHAIR
Appointed 1 January 2026

Philip Jansen was appointed as Non-Executive Chair on 1 January 2026. He has a proven track record and brings with him more than 30 years of global leadership experience. Philip has had a distinguished career and is currently Chair of WPP plc, Chair of XPlor Technologies and previously held the Chief Executive roles at BT Group, Worldpay Group, Brakes and COO of Sodexo. His significant experience working with private investors as well as successfully leading a business within a highly regulated environment means that he is ideally placed to help prepare the airport for its next phase of modernisation and oversee the airport's future strategy. His extensive business insight and strong commercial awareness will help guide the airport through its next chapter, supporting Heathrow's vision of being an extraordinary airport, fit for the future.

S F

THOMAS WOLDBYE
CHIEF EXECUTIVE OFFICER
Appointed 18 October 2023

Thomas joined Heathrow in October 2023, and commenced by developing a new comprehensive, more customer focussed strategy for Heathrow which focuses on innovation in passenger service, value for customers, sustainability and growth at the UK's Hub airport. He is also overseeing a multi-billion-pound investment plan to upgrade existing facilities and provide an even better service for passengers as well as planning for a third runway. Thomas is a member of the ACI Europe Board, the CBI Presidents Council, the BritishAmerican Business Advisory Board, the Jet Zero Taskforce and the TOURISE Advisory Board. Thomas was previously CEO of Copenhagen Airport from May 2011 to 2023. Under his leadership, Copenhagen Airport was consistently rated as one of the world's top airports, both in terms of customer and retail experience as well as efficiency and profitability. Previously, Thomas worked for A.P. Møller-Mærsk, as a leader in the global shipping business as well as CEO of Norfolkline. During his career Thomas has worked in several different countries including 12 years in Asia and delivered significant success in complex operating environments.

F

SALLY DING
CHIEF FINANCIAL OFFICER
Appointed 17 October 2024

Sally was appointed as Heathrow's Chief Financial Officer on 10 October 2024 having spent some time as Acting Chief Financial Officer. She became an Executive Director of the HAHL Board on 17 October 2024. Since joining Heathrow in 2006, Sally has played a key role in shaping Heathrow's capital structure and establishing Heathrow's credit in the financial market. Formerly, as the Director of Treasury and Business Planning, Sally has built robust global financial partnerships, delivered pioneering fundings, led the business through COVID crisis and delivered complicated business plans for the business. Sally is a Chartered Financial Analyst, holds a Master's degree in Finance and has worked in Australia and Hong Kong prior to Heathrow.

COMMITTEE KEY

Committee chair (A) Audit Committee (N) Nominations Committee (F) Finance Committee (S) Sustainability and Operational Risk Committee (R) Remuneration Committee

HAHL BOARD OF DIRECTORS (CONTINUED)

INDEPENDENT NON-EXECUTIVE DIRECTORS

A S F

RT. HON RUTH KELLY

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed 8 April 2019

Ruth's previous roles include Secretary of State for Transport and Financial Secretary to the Treasury, and thus she brings a wealth of political, transport and financial experience to Heathrow. This helps Heathrow build on its role as the UK's only hub airport – providing new global trading links post-Brexit and delivering world-class passenger service.

S

JOAN MACNAUGHTON

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed 14 June 2021

Joan has extensive board experience in industry, government, academia and the third sector. After a career in government culminating as the senior official responsible for energy policy in the UK, she spent five years in a power sector company, where she set up and led the company's global climate change advocacy. She has wide international experience, including as Chair of the International Energy Agency, and Chair of the World Energy Council Trilemma, with a particular focus on the business contribution to secure, sustainable, and affordable energy policy. She is currently a non-executive member of the Thames Freeport Governing Board, where she chairs the Innovation and Net Zero committee; a member of the Energy Security Leadership Council of the European Initiative on Energy Security, and of academic advisory boards at energy and climate institutes. As well as energy and climate issues, on which she publishes and lectures, she has experience in public procurement, health and safety, regulatory and ED&I.

R S

MARK BROOKER

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed 1 April 2022

During his executive career, Mark was latterly Chief Operating Officer for Trainline, Europe's largest independent retailer of rail and coach tickets. Before Trainline, he was Chief Operating Officer of Betfair Group plc, a leading online gambling operator and now part of Flutter Entertainment. During his earlier career, Mark spent 17 years in investment banking working for Morgan Stanley, Merrill Lynch, NatWest and NM Rothschild & Sons. Mark brings a diverse range of non-executive board director experience and currently sits on the boards of eCogra, a software testing and certification agency, where he is Chairman; Future plc, a global platform for specialist media and member of the FTSE250; and Paysafe, an online payments system listed on the NYSE. He also recently served as a Non-Executive Director of Equiniti, an international provider of share registration, pension administration and other technology-enabled business outsourcing; William Hill, one of the largest gambling operators in the UK; the AA, the UK's leading provider of roadside assistance; and Findmypast, a leader in online genealogy. Mark holds a Master's Degree in Engineering, Economics and Management from Oxford University.

COMMITTEE KEY

Committee chair (A) Audit Committee (N) Nominations Committee (F) Finance Committee (S) Sustainability and Operational Risk Committee (R) Remuneration Committee

HAHL BOARD OF DIRECTORS (CONTINUED)

NON-EXECUTIVE SHAREHOLDER DIRECTORS

A R S N F

AKBAR AL BAKER

NON-EXECUTIVE SHAREHOLDER DIRECTOR (QIA)

Appointed 14 January 2013

Currently an advisor to H.E. the Prime Minister and Minister of Foreign Affairs of Qatar. Akbar Al Baker concluded his tenure as the CEO of the Qatar Airways Group on 4 November 2023. He is a highly accomplished business leader based in Doha, having served as CEO of several key divisions within Qatar's national airline. His influence extends beyond Qatar Airways, as evidenced by his previous tenure as Chairman of Qatar Tourism, his role as Chairman of the Governing Board of the oneworld Alliance and his membership on the Board of Governors of the International Air Transport Association since 2012, where he assumed the position of Chairman from 2018 to 2019. Akbar Al Baker is currently the Vice Charmain of Vodafone Qatar appointed in 2020, and also a Board member of Qatar Financial Centre Authority and the Board of Qatar Free Zone Authority since 2023. Additionally, he has been an integral member of the Executive Committee of the Arab Air Carriers Organisation since 2011, serving as Chairman from 2013 to 2016. He holds a private pilot licence and is a graduate in Economics and Commerce.

Alternate: Ali Bouzarif (appointed 31 January 2018).

F

HIS EXCELLENCY JASSIM SAIF AHMED AL-SULAITI

NON-EXECUTIVE SHAREHOLDER DIRECTOR (QIA)

Appointed 16 April 2025

H.E. Jassim Saif Ahmed Al-Sulaiti was Qatar's Minister of Transport from 2021 to 2024 and Qatar's Minister of Transport and Communications between 2016 and 2021. Previously, he held a number of roles within the Qatar Armed Forces, including Chairman of the Engineer Qualification Committee, Chairman of the Manufacturing Committee, Commander of the Maintenance Corps, and Member of the Investment Committee. He was a Member of the Supreme Council of Ahmed Bin Mohammed Military College and has also been Chairman of the Board of: the Qatar Ports Management Company (Mwani Qatar), QTerminals, Mowasalat (Karwa), Vice-Chairman of Qatar Rail, a member of the Board of Qatar Airways and a member of the Board and Executive Committee of the Supreme Committee for Delivery and Legacy. He has a Master's degree and graduated from the College of Mechanical Engineering in the French Republic. He also has a diploma from the Institute of Public Administration. He was awarded Legion of Honour, Commander Rank, Officer Rank and Knight Rank.

Alternate: Deven Karnik A (appointed 16 April 2025).

F

TURQI A. ALNOWAISER

NON-EXECUTIVE SHAREHOLDER DIRECTOR (PIF)

Appointed 12 December 2024

Turqi is a seasoned investment professional with extensive expertise in the global investment markets. Since 2021, he has served as the Deputy Governor and Head of the International Investments Division for the Public Investment Fund of the Kingdom of Saudi Arabia, one of the world's largest sovereign wealth funds. In this role, he oversees investments across a wide range of sectors in Saudi Arabia and internationally. Turqi has led PIF's International Investments division since 2016, where he is responsible for developing and executing the Fund's global investment strategy. This encompasses various asset classes, including public markets, private equity, real estate, and infrastructure. He serves on the boards of several prominent companies and he is the Chairman of Lucid Motors and Manara Minerals, and holds senior board positions at Uber Technologies Inc., Hapag-Lloyd, Azimut Benetti, Sanabil Investments, SITE (Saudi Information Technology Company), King Saud University, and others. Prior to his current role, Turqi held senior positions at leading investment firms, including Saudi Fransi Capital, where he served as Head of Asset Management. He has also worked for international investment banks including Morgan Stanley. He holds an MBA from the University of San Francisco and a Bachelor's degree in International Business from King Saud University.

Alternate: Basil Fannouch R S N (appointed 17 February 2025).

F

YAZEED ALRUBAIAN

NON-EXECUTIVE SHAREHOLDER DIRECTOR (PIF)

Appointed 12 December 2024

Yazeed is the Head of Real Estate & Infrastructure Department, International Investments Division at the Public Investment Fund of Saudi Arabia. Yazeed joined the PIF in 2020. He has more than 20 years of combined investment experience, and industry experience throughout global markets. Yazeed also sits on the boards of Aman Group, Selfridges Group and Essendi. Prior positions include Managing Director at Jadwa Investment, and multiple positions with Amwal AlKhaleej, Saudi Aramco and the Boston Consulting Group. Yazeed holds an MBA from Oxford University, a B.S. in Electrical Engineering from the University of Missouri- Columbia, USA and he is also a CFA charter holder.

Alternate: Basil Fannouch R S N (appointed 17 February 2025).

COMMITTEE KEY

Committee chair A Audit Committee N Nominations Committee F Finance Committee S Sustainability and Operational Risk Committee R Remuneration Committee

HAHL BOARD OF DIRECTORS (CONTINUED)

NON-EXECUTIVE SHAREHOLDER DIRECTORS (CONTINUED)

A R N F

JUAN ANGOITIA

NON-EXECUTIVE SHAREHOLDER DIRECTOR (ARDIAN)

Appointed 12 December 2024

Juan joined Ardian in 2013. Prior to Ardian, he spent 5 years at Citi Infrastructure Investors in London and before that, 10 years at Grupo Ferrovial after starting his career in BUPA Spain. Juan has significant deal and management experience across Europe, the Americas and Australia in transportation and construction companies. Juan is, and has previously acted, as a board member of airport portfolio companies such as London Luton Airport, Sydney International Airport and Bristol International Airport and other transportation or essential infrastructure companies, such as ASTM and Ecorodovias, Ascendi, Autopista Vespucio Norte and Tunel San Cristobal, Tunnels Barcelona and ASR Wind. Juan holds a BSc Economics from the Universidad Autonoma de Madrid in Spain and an MBA from the IE in Madrid.

Alternates: William Briggs (appointed 12 December 2024) Alexis Ballif (appointed 3 July 2025) and Edouard Bertagna (appointed 24 February 2026).

S F

ALEXIS BALLIF

NON-EXECUTIVE SHAREHOLDER DIRECTOR (ARDIAN)

Appointed 12 December 2024

Alexis joined Ardian in 2008. Alexis worked at or was on the board of a number of companies across the infrastructure sector including water companies in France and the UK, and regulated grids. Alexis now focuses on transport assets, including motorways at Ascendi in Portugal and ASTM in Italy, French greenfield high speed rail line, LISEA, and Italian airports platform, 2i Aeroporti. Alexis is also a board member of French oil pipeline SPMR. Alexis graduated from Ecole Supérieure des Travaux Publics as a civil engineer and from ESSEC Business School with a postgraduate degree in Finance.

Alternates: William Briggs (appointed 12 December 2024) Juan Angoitia (appointed 3 July 2025) and Edouard Bertagna (appointed 24 February 2026).

A F

WILLIAM BRIGGS

NON-EXECUTIVE SHAREHOLDER DIRECTOR (ARDIAN)

Appointed 3 July 2025

William is a Managing Director of Ardian and a member of the infrastructure team, where he leads investment activity in the United Kingdom and Republic of Ireland. Based in London, he has more than 16 years of combined banking and private equity experience. Prior to Ardian, he worked in investment banking at Goldman Sachs, Rothschild, and Evercore, advising on c. £30bn of mergers and acquisitions in the utilities, infrastructure and transportation sectors. He is also a board member of UK & Nordic data centre company Verne. William holds a degree in Physics from Durham University.

Alternates: Juan Angoitia and Alexis Ballif (both appointed 3 July 2025) and Edouard Bertagna (appointed 24 February 2026)

A F

RAYMOND CHAN

NON-EXECUTIVE SHAREHOLDER DIRECTOR (ART)

Appointed 9 May 2023

Raymond Chan is a senior member of the Mid Risk Assets & UK team at Australian Retirement Trust ('ART'). Raymond has 30 years of corporate development, investment banking and asset management experience. He has originated, executed and financed principal investments across various asset classes, including private equity, real estate and infrastructure. Before joining ART, Raymond worked in New York in infrastructure investing with Macquarie Group and corporate development with McGraw Hill. He began his career in Australia in corporate finance with PricewaterhouseCoopers and Deutsche Bank. Raymond earned a Bachelor of Commerce from the University of Queensland and is a fellow of the Financial Services Institute of Australasia. He is also a member of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.

Alternates: Richard Hedley and William Loc (both appointed 9 May 2023).

COMMITTEE KEY

Committee chair (A) Audit Committee (N) Nominations Committee (F) Finance Committee (S) Sustainability and Operational Risk Committee (R) Remuneration Committee

HAHL BOARD OF DIRECTORS (CONTINUED)

NON-EXECUTIVE SHAREHOLDER DIRECTORS (CONTINUED)

R N F

ANDREW DENCH

NON-EXECUTIVE SHAREHOLDER DIRECTOR (GIC)

Appointed 29 May 2024

Andrew Dench is a Managing Director, Head of Asset Management for GIC's global Infrastructure Portfolio and a member of the Infrastructure Investment Committee. Andrew is also a member of GIC's Global Leadership Group. In addition to portfolio responsibilities, Andrew has represented GIC on a number of investee company boards. Andrew joined GIC Infrastructure in 2015, prior to which he held various c-suite and board positions for network utilities, contracting and service delivery businesses in Northern Europe. Andrew also spent 15 years in investment banking largely at Morgan Stanley.

Alternate: Andrew Dallal (appointed 25 April 2023).

F

YIQIANG ZHAN

NON-EXECUTIVE SHAREHOLDER DIRECTOR (CIC)

Appointed 24 February 2026

Yiqiang Zhan is a Senior Vice President at China Investment Corporation ('CIC'), focusing on global infrastructure investments, particularly in transportation, utilities, and energy sectors. Prior to joining CIC in 2015, Yiqiang worked at Schroders in Luxembourg. Yiqiang is a CFA Charterholder and holds both a bachelor's and a master's degree from Renmin University of China.

Alternates: Minzhen (Orlando) Wang and Jianwei (Davy) Wu (both appointed on 24 February 2026).

COMPANY SECRETARY

S

MINE HIFZI

GENERAL COUNSEL AND COMPANY SECRETARY

Appointed 1 July 2022

Before joining Heathrow, Mine was General Counsel at Virgin Media, where her remit was expanded to also include regulatory and corporate affairs. Prior to Virgin Media, Mine was at Scripps Networks Interactive as Senior Vice President of Commercial and Legal Affairs, where she held a combined international legal and commercial role. Mine has also held a number of other senior roles including Senior Vice President and Chief International Counsel at Discovery Communications and senior international legal positions at Turner Broadcasting and United International Pictures. She trained and worked as a solicitor at Clifford Chance LLP.

COMMITTEE KEY

Committee chair (A) Audit Committee (N) Nominations Committee (F) Finance Committee (S) Sustainability and Operational Risk Committee (R) Remuneration Committee

EXECUTIVE COMMITTEE

From left:
Mine Hifzi, Jo Butler, Thomas Woldbye, Ross Baker, Helen Elsby, Nigel Milton, Sally Ding, Javier Echave

EXECUTIVE COMMITTEE (CONTINUED)

ROSS BAKER

CHIEF CUSTOMER OFFICER

Ross was appointed Chief Customer Officer in May 2024, when his previous remit as Chief Commercial Officer was broadened to include customer and regulatory responsibilities. As Chief Customer Officer, Ross is focused on creating value for all our customers: passengers, airlines, retailers and tenants. He also Chairs our airport rail subsidiary, Heathrow Express, and is a Non-Executive Director of NATS. Ross joined Heathrow in 2011, serving as Director of Strategy and then Director of Operations prior to becoming Chief Commercial Officer in 2017. He has partnered closely with our airline customers to make Heathrow the most connected airport in the world and has overseen the development of a retail offering that has been recognised as the best in the world for most of the last decade.

Prior to joining Heathrow, Ross gathered a wealth of experience from various advisory and industry roles. His background includes time at Bain & Company, where he consulted on strategic, commercial and operational projects. Before Bain, Ross spent a decade at British Airways, undertaking a variety of operational and commercial management positions both in the UK and internationally.

JO BUTLER

CHIEF PEOPLE OFFICER

Jo Butler joined Heathrow in January 2025 as Chief People Officer, bringing over 25 years of HR leadership experience across diverse sectors, including retail, banking and professional services. Jo is responsible for driving Heathrow's people strategy, fostering an inclusive culture, and empowering colleagues to deliver exceptional passenger experiences.

Prior to joining Heathrow, Jo was Chief People Officer at ASOS Plc and Mitie Group Plc leading large-scale people transformation programmes. She has also held Senior HR roles in Europe and Asia, for Santander and Sainsbury's. Recognised as a thought leader in her field, Jo has been featured in the Financial Times' '100 Most Influential Women in European Engineering' and the HR Director's 'Most Influential' list.

JAVIER ECHAVE

CHIEF OPERATING OFFICER

Javier was appointed as Chief Operating Officer in April 2024, having previously served as Chief Financial Officer and member of the Board since May 2016. He is accountable for delivering Heathrow's end-to-end operation at unprecedented record levels of traffic, including airfield and airspace, engineering and baggage, security and intelligence, terminal services, business resilience and operational planning. He joined Heathrow in January 2008, bringing extensive expertise in finance and operations. As Chief Financial Officer, Javier was instrumental in establishing Heathrow's robust capital structure, delivering the digital transformation of the Finance function, and leading our financial response to the COVID-19 global pandemic by securing business continuity and accelerating business recovery.

Outside Heathrow, Javier is a member of the Board of Trustees of Accounting for Sustainability ('A4S'), an organisation under the patronage of HRH King Charles III; member of the Leadership Council of Business in the Community; an executive mentor; and teaches on strategy, change management and human leadership at London Business School (UK) and the Future Leaders Group (UK).

HELEN ELSBY

CHIEF DEVELOPMENT OFFICER AND ACTING CHIEF DIGITAL & INFORMATION OFFICER

Helen was recently appointed as Heathrow's Chief Development Officer and Acting Chief Digital & Information Officer on 15 January 2026 as a result of our decision to undertake activities to progress the planning process for Heathrow Expansion. Helen is now accountable for all infrastructure programmes including expansion. Previously she served as Heathrow's Chief Solutions Officer since September 2021. Before this, she was Heathrow's Director of Procurement and earlier held multiple roles in Heathrow's Capital team including Programme Management Office Director, Capital Development Director and Expansion Integration Director.

Prior to joining Heathrow in 2009, Helen spent ten years at British Airways where she held development management and consultancy roles.

NIGEL MILTON

CHIEF COMMUNICATIONS AND SUSTAINABILITY OFFICER

Nigel was appointed to the Executive Committee in September 2021. In his role as Chief Communications and Sustainability Officer, he leads Heathrow's Decarbonisation Strategy, Communications, Sustainability and Communities teams. Before that he was Director of Communications, leading Heathrow's Press Office, Public Relations, Internal Comms, Political Affairs, Business Engagement and Policy teams. As Heathrow's Director for External Affairs between 2013 and 2016, Nigel led the communications campaign to win policy and political support for a third runway at the airport.

Prior to joining Heathrow in 2010, Nigel worked in Virgin Atlantic's External Affairs department. Before that, he was Assistant Director for International Aviation in the Department for Transport and was also Private Secretary to the Deputy Prime Minister and Secretary for Transport, John Prescott, between 1998 and 2000. He has a law degree from Oxford University and a Master's Degree in Transport Planning and Management from the University of Westminster.

THOMAS WOLDBYE,

Chief Executive Officer

SALLY DING,

Chief Financial Officer

MINE HIFZI,

General Counsel and Company Secretary

For biographical details see pages 74 and 78

CORPORATE GOVERNANCE

CHAIR'S INTRODUCTION

"The HAHL Board has remained focused on taking decisive action to strengthen Heathrow's role as the UK's gateway to growth, ensuring the business is making tangible progress on its long-term strategy to improve the passenger experience, boost resilience, deliver value for our customers and unlock new growth capacity."

PHILIP JANSEN
CHAIR

As the newly appointed Chair of the HAHL Board, I am pleased to introduce Heathrow's Governance Report, which outlines the activities of the HAHL Board during the year and has been prepared in conjunction with Lord Paul Deighton as the outgoing Chair.

During 2025, Heathrow delivered a year of record passenger numbers, reflecting the strength of demand and the airport's vital role in keeping the UK connected to the world. As we navigated the challenges of operating at full capacity, we remained focused on delivering a high-quality experience for passengers while strengthening our long-term resilience.

The HAHL Board has remained focused on taking the appropriate action to ensure the business continues to support the UK's global connectivity by maintaining Heathrow as a world-class gateway. This has meant balancing record-breaking passenger volumes with the need for long-term investment in capacity and resilience, ensuring the airport remains fit for the future. Throughout this period, the safety and wellbeing of passengers and colleagues have remained our highest priority, and the HAHL Board has worked to ensure Heathrow operates safely while setting the right plans for the next regulatory period.

There were a number of changes to the composition of the HAHL Board during 2025 which are shown below. These were predominantly as a result of the completion of Ardian's purchase of the Ferrovial, CDPQ and USS Consortium's remaining 10% interest in FGP Topco Limited on 3 July 2025 and the change in the HAHL Board Chair.

Appointments:
H.E. Jassim Saif Ahmed Al-Sulaiti – Non-Executive Shareholder Director (QIA) on 16 April 2025.

William Briggs – Non-Executive Shareholder Director (Ardian) on 3 July 2025.

Philip Jansen – Chair and Independent Non-Executive Director on 1 January 2026.

Yiqiang Zhan – Non-Executive Shareholder Director (CIC) on 24 February 2026.

Resignations:
Luke Bugeja – Non-Executive Shareholder Director (representing the interests of Ferrovial, CDPQ and USS) on 3 July 2025.

His Excellency Ahmed Al-Hammadi – Non-Executive Shareholder Director (QIA) on 16 April 2025.

Lord Paul Deighton – Chair and Independent Non-Executive Director on 1 January 2026.

David Xie – Non-Executive Shareholder Director (CIC) on 24 February 2026.

We welcomed the new Directors who joined the HAHL Board during the year and bade farewell to those that left during the year, thanking them for their significant contributions to the airport.

Lord Paul Deighton's tenure as Chair of the HAHL Board came to an end on 30 April 2025 when he had served 9 years in the role. However, in light of the recent changes to the HAHL Board resulting from the completion of the share sale on 12 December 2024, and the relatively new appointments of the Chief Executive Officer and Chief Financial Officer, the Nominations Committee, comprising a number of Non-Executive Shareholder Directors, asked him to extend his appointment for a limited period to help ensure a smooth transition whilst new Non-Executive Shareholder Directors become familiar with the business and a new Chair was appointed. Lord Paul Deighton agreed to extend his role as Chair for a limited period to ensure continuity and stability on the HAHL Board during this period of transition.

The Nominations Committee oversees the appointment of new Independent Non-Executive Directors (other than the Non-Executive Shareholder Directors) to the HAHL Board, including the Chair of the HAHL Board, as well as the appointment of the Chief Executive Officer and Chief Financial Officer. During the year, the Nominations Committee conducted a thorough search for a new Chair of the HAHL Board, following which I was appointed as Chair and Independent Non-Executive Director of the HAHL Board with effect from 1 January 2026.

During the year the Nominations Committee also reviewed and approved the extension of appointments of the following Independent Non-Executive Directors:

- Lord Paul Deighton for a period of 1 year up until 30 April 2026 to help facilitate the appointment of the new Chair of the HAHL Board.
- Ruth Kelly for a further period of 3 years up until 7 April 2028.
- Mark Brooker for a further period of 3 years up until 31 March 2028.

The HAHL Board undertakes a formal evaluation of its own performance every year. An internal evaluation was undertaken during November 2025, and I am pleased that the HAHL Board was found to be operating effectively. Details of the process followed, the outcomes and the proposed actions can be found on page 91.

The HAHL Board takes account of the impact of its decisions on all of our stakeholders, whether they are passengers, colleagues, suppliers and commercial partners, airlines, investors, local communities or regulators, while taking steps to secure the HAHL Group's longer-term success. Details of how we have engaged with all our stakeholders, to understand their views, can be found on page 67. A statement on how the Directors have had regard to the matters set out in section 172 of the Companies Act 2006 can be found on page 61.

The following pages provide information on the composition of the HAHL Board and its governance structure and processes, together with reports from each of its Committees.

CORPORATE GOVERNANCE (CONTINUED)

As a Board, we are committed to robust standards of corporate governance and, for the year ended 31 December 2025, the HAHL Group has applied the Wates Corporate Governance Principles for Large Private Companies, published by the Financial Reporting Council ('FRC') in December 2018. We believe that high standards of corporate governance are central to the effective management of the HAHL Group and to maintaining the confidence of our stakeholders and investors.

The Wates Principles provide a framework for the HAHL Board to monitor corporate governance of the HAHL Group and consider opportunities where governance standards can be raised to a higher level across the business. We believe this, in turn, will result in better engagement with our stakeholder base and ultimately build trust with our passengers, colleagues and investors.

Governance processes are cascaded down from the HAHL Board to other companies in the HAHL Group, including the Directors of the Company, so that the governance framework can provide the right environment for the HAHL Board, and other companies in the HAHL Group, to make decisions for the long-term success of Heathrow.

The table opposite summarises the six Wates Principles and indicates where more information can be found in the strategic and the governance reports. Throughout 2025, the HAHL Board will continue to review and challenge how the HAHL Group can continue to improve its corporate governance.

HAHL BOARD CORPORATE GOVERNANCE SUMMARY

Principle	Summary	Page
Purpose and leadership	The HAHL Board is responsible for the long-term strategy, direction and performance of the HAHL Group. Our vision is to be an extraordinary airport, fit for the future and our purpose is to make every journey better, be it for customers, colleagues or members of the local community. We strive to ensure that our values, strategy and culture are aligned with our vision and purpose. The HAHL Board recognises that maintaining a healthy culture throughout the organisation is critical in order to create and protect long-term value, with employee engagement actively measured (page 16). The HAHL Board reviewed and launched Heathrow's new business strategy in March 2024. This refresh introduced six new business priorities, or Beacons', and three new Foundations into the HAHL Group's strategic framework, shown on page 12, embedding our vision, purpose, foundations, beacons and values with our strategic propositions as key elements to ensure our stakeholders' interests are central to Heathrow's future developments. As well as developing strategy, the HAHL Board is responsible for the business model required to generate long-term sustainable value and for ensuring that strategy is clearly articulated and implemented throughout the business. The Executive Committee identify and recommend business opportunities for consideration by the HAHL Board. Certain new business opportunities require the approval of the HAHL Board and, in some cases, also require the approval of the Shareholders in accordance with the terms of the Shareholders' Agreement. This includes overseeing the establishment of transparent policies in relation to raising concerns about misconduct and unethical practices and also observing other statutory duties and responsibilities. Directors are required to disclose any conflicts of interest in accordance with the HAHL Board's Conflicts of Interest procedure. Attendance at HAHL Board and Committee meetings is formally recorded on page 89.	12, 61, 72
Board composition	The HAHL Board consists of the Chair, Chief Executive Officer, Chief Financial Officer, three Independent Non-Executive Directors and ten Non-Executive Shareholder Directors. It is the HAHL Group's policy that the roles of the Chairman and Chief Executive Officer are separate, with clearly divided roles and responsibilities set out on (page 86). The Independent Non-Executive Directors bring outside experience and provide constructive challenge and influence. The composition of the HAHL Board is partly determined by the Shareholders' Agreement which provides for shareholder representation on the HAHL Board, and it is considered to be in the best interests of the HAHL Group for its Shareholders to be represented at meetings by senior executives. Each Shareholder, controlling ten per cent or more of the issued ordinary shares of FGP Topco Limited, or specified combined group of Shareholders together controlling ten per cent or more, is entitled to appoint one Director to the HAHL Board for every ten per cent they hold. As a private, investor-owned group with six shareholders, the HAHL Group benefits from a diversity of viewpoints at the HAHL Board and the Independent Non-Executive Directors enhance this. The HAHL Board acknowledges that, overall, it has good geographical diversity, but it is also committed to improving its diversity in terms of gender, ethnicity, disability and age. The Nominations Committee is responsible for maintaining an appropriate balance of skills, experience, independence and diversity amongst the Independent Non-Executive Directors on the HAHL Board. Directors receive regular updates on new legislation, regulatory requirements and other changes, to ensure that they are fully equipped when making decisions about the business. The performance of the HAHL Board is reviewed annually and consideration is given to its overall composition and to the effectiveness of its different processes with a view to maximising strengths and highlighting areas for further development. More information about the HAHL Board's effectiveness, including recommendations taken and areas of focus for development, is shown on page 91.	86-87, 91

CORPORATE GOVERNANCE (CONTINUED)

HAHL BOARD CORPORATE GOVERNANCE SUMMARY (CONTINUED)

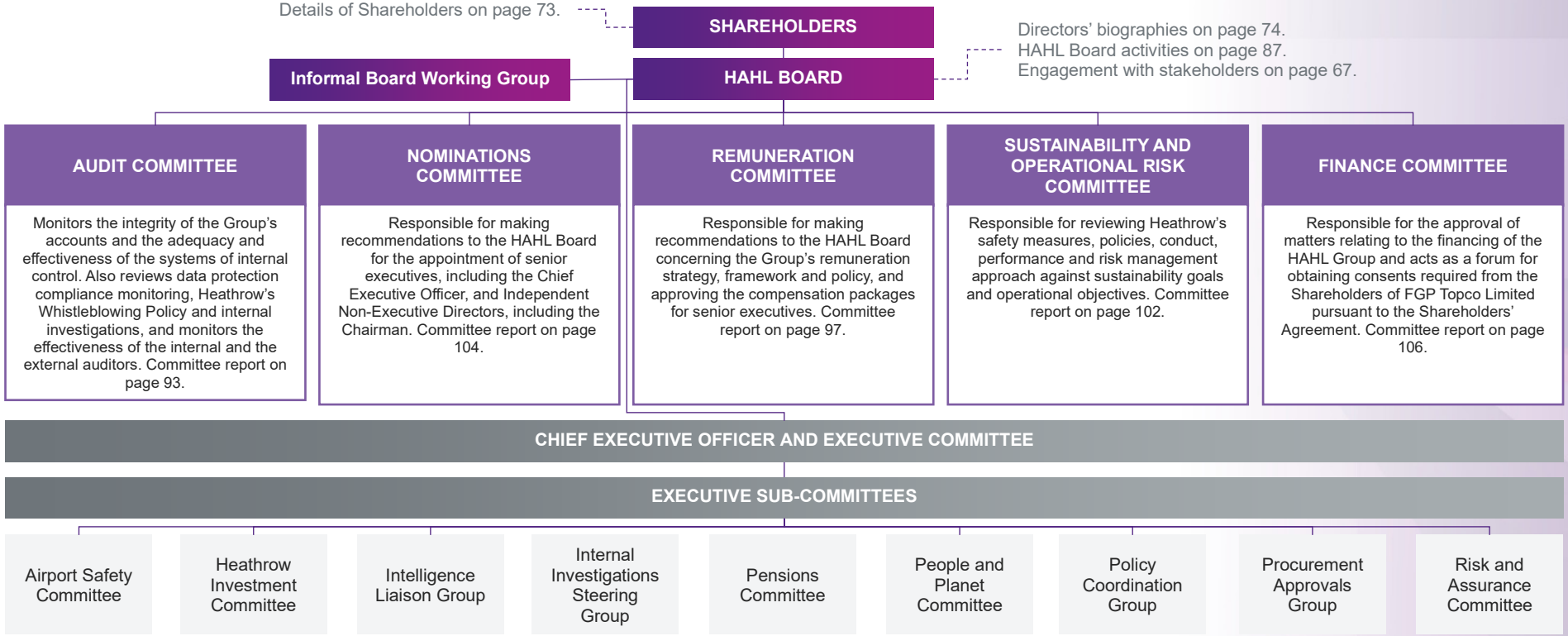
Principle	Summary	Page
Directors' responsibilities	Whilst the HAHL Board retains oversight and accountability for decision making within the HAHL Group, responsibility for day-to-day management and decision making is delegated to the Chief Executive Officer and the Executive Committee. The HAHL Board delegates specific responsibilities to its formal Committees, which consist of individuals with the most appropriate knowledge, expertise, industry experience and independence. There are five principal Committees: Audit, Nominations, Remuneration, Sustainability and Operational Risk and Finance. The HAHL Board receives regular reports on the business, financial performance, health, safety and wellbeing of colleagues, passenger forecasts, commercial and retail performance, regulatory and sustainability matters, colleague engagement, stakeholders and local communities, and management of key business risks, along with updates on the activities and decisions of its formal Committees. The HAHL Board is familiar with Heathrow's governance framework and annually reviews the terms of reference of its formal Committees. Directors have access to the Shareholders' Agreement, Heathrow's Group policies and related governance processes. New Directors receive a comprehensive induction to the HAHL Board and receive regular ongoing training and updates relating to their statutory and fiduciary duties.	84-86
Opportunity and risk	The HAHL Board seeks out opportunities while mitigating risk. Long-term strategic opportunities are highlighted in the three-year Business Plan presented to the HAHL Board. The HAHL Board has overall responsibility for the risk management framework and ensuring that an effective risk response system is in place. The HAHL Board regularly reviews Heathrow's principal and short-term risks, mitigations, and overall risk appetite. Heathrow's approach to operationalising risk appetite has been enhanced in order to assist strategic decision making and support the business to take informed and considered risks where opportunities and benefits outweigh potential risks. The Risk and Assurance Committee and the Executive Committee ensure that significant and emerging risks are identified and managed appropriately and in a timely manner, updating the risk register for any changes in underlying conditions. Operational, safety, security, climate-related and financial risks are regularly reviewed in a joint session of the Sustainability and Operational Risk Committee, and the Audit Committee. The HAHL Board also has full visibility of the overall risk landscape on a quarterly basis. Consideration has been given to controls and mitigations for cyber and information security risks. More information about Heathrow's risk management process can be found on pages 30-31.	30, 93, 102
Remuneration	The Remuneration Committee is responsible for making recommendations to the HAHL Board concerning the HAHL Group's remuneration strategy, recruitment framework and long-term incentive plans for senior executives, with clear roles and responsibilities as set out on page 97. The Committee reviews Heathrow's remuneration framework and policy each year to ensure that the framework supports Heathrow's strategic ambitions and rewards Directors and colleagues fairly for the contribution that they make to the business. Further information about the activities of the Committee can be found in the Remuneration Committee report on page 97. The Committee takes advice from independent external experts who provide updates on legislative requirements, market practice and remuneration benchmarking. Pay is aligned with performance, taking into account fair pay and conditions across the HAHL Group's workforce.	97
Stakeholder relationships and engagement	HAHL's key stakeholders are its passengers, communities and the environment, Team Heathrow, colleagues, airlines, investors, suppliers and commercial partner organisations, regulators, government and trade unions. The views of key stakeholders and the impact of the Company's activities on those stakeholders are important considerations when Directors make relevant decisions. The Stakeholder Engagement table within the section 172(1) statement on pages 67 to 70 sets out each key stakeholder and details of the engagement with that stakeholder. Stakeholder engagement generally takes place best at an operational or HAHL Group level, although in some cases the Board itself engages directly with certain stakeholder groups on certain issues – regardless, the output of any engagement informs business-level decisions, with an overview of developments and relevant feedback being reported to the HAHL Board and/or its committees. Our strategic beacons and foundations drive how and why we engage with key stakeholders, from passenger interactions at the airport and satisfaction surveys to understand our passengers' changing needs and behaviours, to running pulse surveys annually across the whole Heathrow Colleague population, to regular meetings with the CAA to discuss all issues relating to the economic regulation impacting Heathrow.	12, 67

GOVERNANCE STRUCTURE

The HAHL Board determines the long-term strategy, direction, culture and performance of the HAHL Group, including approval of the annual budget and management business plan. It is responsible for ensuring that the HAHL Group acts ethically and meets its legal and regulatory responsibilities, monitoring the HAHL Group's performance and ensuring the HAHL Group has the necessary resources to meet its objectives.

Whilst the HAHL Board retains oversight and accountability for decision making within the HAHL Group, responsibility for day-to-day management and decision making is delegated to the Chief Executive Officer and the Executive Committee. The HAHL Board delegates specific responsibilities to its formal Committees, which consist of individuals with the most appropriate knowledge, expertise, industry experience and independence.

The duties of the HAHL Board are executed partially through its five principal Committees: Audit, Nominations, Remuneration, Sustainability and Operational Risk and Finance. These Committees operate within defined terms of reference, which are reviewed regularly by the HAHL Board. The role of Company Secretary to the HAHL Board is performed by the General Counsel.



CORPORATE GOVERNANCE (CONTINUED)

GOVERNANCE STRUCTURE (CONTINUED)

The HAHL Board receives regular reports on business and financial performance, employee issues and management of key business risks. The Chairs of the Audit Committee, Remuneration Committee, and the Sustainability and Operational Risk Committee each provide regular updates on matters discussed at those committees. The Finance Committee submits an annual update of its activities. The papers and minutes from each committee are made available to the HAHL Board. Where appropriate, recommendations are made by each of the HAHL Board Committees so that final decisions can be taken by the HAHL Board. Members of the HAHL Board have the opportunity to attend regular Board Working Group sessions to receive more in-depth information about specific aspects of the business. The Board Working Group sessions are available to all HAHL Board members and their advisors. They provide a forum for discussion on specific topics, such as expansion, regulatory and financial matters, and an opportunity for Directors to discuss complex issues at length ahead of HAHL Board meetings.

The HAHL Board set up a special committee, the Kelly Review Committee, in April 2025 to review the circumstances around the power outage that led to the closure of the Airport on 21 March 2025. The Committee was chaired by Ruth Kelly, Independent Non-Executive Director, and former Secretary of State for Transport. The other committee members were Joan MacNaughton and Mark Brooker, both Independent Non-Executive Directors on the HAHL Board. The objectives of the Committee were to: (1) determine the chronology of events leading to the closure of the Airport, the immediate and identifiable impact on stakeholders on the day of the closure and the chronology of events leading to the Airport's subsequent recovery after the incident; (2) determine the causes of the closure of the Airport; (3) determine and evaluate the decision-making processes that led to the closure of the Airport; and whether any reasonable steps were available that might have prevented the Airport from closing or otherwise have mitigated the impact of the power outage; (4) determine whether any immediate improvements are recommended to the Airport's preparedness, response planning and wider resilience in the event of any future serious power outage; and (5) provide such other recommendations as the Committee considers practicable, in the context of the review and with regard to potential improvements at the Airport, to enable more detailed further consideration, planning and/or follow up actions (as might be applicable) after the conclusion of the Review. More information about the Kelly Review recommendations can be found in the Audit Committee Report on page 93.

The Executive Committee is the forum of the senior executive management team of the HAHL Group. The HAHL Board delegates authority for day-to-day management of the HAHL Group to the Chief Executive Officer and his Executive Committee, which meets weekly and is chaired on a rotation basis by the Chief Executive Officer and other members of the Executive Committee. In addition to the Chief Executive Officer, membership of the Executive Committee includes the Executive Directors responsible for each business function. Further information is shown on page 79.

The Executive Committee develops and recommends to the HAHL Board medium and long-term business development strategies. They ensure the delivery of agreed strategies by providing guidance, approvals, governance and monitoring. The Executive Committee also considers health and safety, financial, legal and regulatory matters, risk assurance and compliance, and it reviews and approves all matters to be presented to the HAHL Board for information or approval. There is a high level of interaction between the HAHL Board and the Executive Committee. Members of the Executive Committee provide regular presentations at board meetings and attend strategy days with the HAHL Board in order to review issues in more detail, and to plan and align views.

The Executive Committee delegates specific matters to a number of formal sub-committees whilst retaining overall accountability. The sub-committees consist of managers and other experts with appropriate knowledge, industry experience and expertise to make decisions and report back to the Executive Committee. Each sub-committee operates in accordance with terms of reference approved by the Executive Committee and is evaluated on a regular basis.

EXECUTIVE SUB-COMMITTEES

Airport safety committee
Reviews Heathrow's responsibilities, strategies, performance, policies, and risk in respect of management approach. It covers all aspects of safety, including fire, physical health and safety, airside safety, psychological safety, environmental safety (compliance) and the potential impact on Heathrow's reputation. It is chaired by the Chief People Officer. Other members consist of the Chief Financial Officer, Chief Operating Officer, Members of the Operations Leadership Team, Retail Director, Head of Fire Safety, and Heads of Health and Safety.

Heathrow investment committee
Acts under authority delegated by the Executive Committee as a single accountable forum on capital investment across Heathrow. It is chaired by the Chief Financial Officer. Other members consist of the Chief Operating Officer, Chief Customer Officer and Chief Development Officer.

Intelligence liaison group
Responsible for providing a secure forum to safely share secret, sensitive and often time-critical security intelligence. Members require the necessary level of security clearance.

Internal investigations steering group ('ISG')
Responsible for setting and overseeing compliance with the governance framework for relevant internal investigations. It provides the Executive, HAHL Board and Audit Committees with assurance that Heathrow has appropriate procedures to ensure appropriate governance and conduct of internal investigations. It is chaired by the General Counsel and Company Secretary. Other members consist of the Head of Security Intelligence and Risk, Director of Business Assurance, Operations and Contentious Matters Lawyer, People Director – Strategic Partnering, and Contentious Matters and Operations Lawyer Engagement and Business Partnering Director. A member of the Internal Audit team acts as the ISG Secretariat.

Pensions committee
Provides oversight on pensions and makes Company decisions with regards to Pension matters in support of the Winning Team beacon and making Heathrow a great place to work, which is in service of Heathrow's vision to be an extraordinary airport, fit for the future. It is chaired by the Chief People Officer and other members consist of the General Counsel and Company Secretary and Chief Financial Officer.

People and planet committee
Responsible for ensuring the People and Planet beacon is delivered according to a clearly defined strategy that focuses on the material sustainability issues for Heathrow and is informed by the views of key stakeholders. It is chaired by the Chief Communications and Sustainability Officer, and other members consist of the General Counsel and Company Secretary, Chief People Officer, Communities and Sustainability Director, Carbon Strategy Director, Programme Director (for Carbon & Sustainability Programme), Head of Strategy, Director of Finance (Financial Control), Future Skills Director, and Director of Operational Delivery and Airline Coordination.

Policy coordination group
A strategic, senior-policy forum that provides updates on Heathrow's policy priorities and progress. These are currently written updates provided following the weekly Expanding Heathrow Steering Group/Building Block Coordination Group meetings that have overseen policy objectives during the year. Recipients include senior colleagues from different business functions, representing all Executive Committee Members, and they are provided with key updates on Heathrow's positions on key policy asks. It is led by the Policy Team with sign off from the Head of Public Affairs and Policy.

CORPORATE GOVERNANCE (CONTINUED)

EXECUTIVE SUB-COMMITTEES (CONTINUED)

Procurement approvals group
Provides appropriate levels of governance for procurement activities and approvals, including approving Category Strategies, Sourcing and Contracting Strategies and Recommendations to Award. It also considers any potential conflicts of interests within the Supply Chain and escalates them to the Executive Committee if deemed appropriate. It is chaired by the Chief Finance Officer, with responsibility for running the committee delegated to the Director of Procurement. Other members consist of the Head of Portfolio, Head of Infrastructure Procurement, Head of Technology and Corporate Services, Head of Operational Procurement and Head of Legal.

Risk and assurance committee
Responsible for reviewing the effectiveness of the risk management strategy and framework, and for reviewing the risk outlook, including Heathrow's principal risks. It is chaired by the General Counsel and Company Secretary. Other members consist of the Director of Financial Control, Sustainability Director, Director of Airside Operations, Director of Heathrow Portfolio Management Office, Director of Business Assurance, Head of Insurance, People Transformation Director and Marketing Director.

ROLES AND RESPONSIBILITIES

It is the HAHL Group's policy that the roles of the Chair and Chief Executive Officer are separate, with their roles and responsibilities clearly divided. The key roles and responsibilities of the Directors of the HAHL Board are set out below:

Chairman
The Chair is responsible for:

- Leading and managing the HAHL Board, its effectiveness and governance.
- Ensuring that HAHL Board meetings operate smoothly and provide a conducive environment for Board members to make effective decisions and discharge their fiduciary and statutory duties.
- Ensuring HAHL Board members are aware of, and understand, the views of key stakeholders.
- Helping set the tone from the top in terms of the purpose, goal, culture, vision and values for the whole organisation.
- Creating the conditions for the overall effectiveness of the HAHL Board.

Chief Executive Officer
The Chief Executive Officer is responsible for:

- The leadership and day-to-day management of the HAHL Group through the Executive Committee.
- Developing the HAHL Group's strategy and objectives while having regard to its responsibilities to the Shareholders and wider stakeholders.
- Chairing and Managing the Executive Committee.
- Working with the Chair, and General Counsel and Company Secretary to ensure that HAHL Board meetings operate smoothly.
- Ensuring the effective implementation of HAHL Board decisions.
- Regularly reviewing the operational performance and strategic direction of the HAHL Group's business.
- Optimising as far as possible the use and adequacy of the HAHL Group's resources.
- Working with the Chair to set the HAHL Group's purpose, goal, culture, vision and values.
- Ensuring the long-term sustainability of the business.
- Ensuring all HAHL Group policies and procedures are followed to the highest standards.

Chief Financial Officer
The Chief Financial Officer is responsible for the financial performance, capital allocation and financing of the HAHL Group and supporting the Chief Executive Officer in developing and implementing strategy.

Independent Non-Executive Directors
The Independent Non-Executive Directors are responsible for providing constructive challenge and bringing independence to the HAHL Board and its decision-making process. Particularly:

- Bringing a wide range of skills and experience, including independent judgement on issues of strategy, performance and risk management.
- Scrutinising and challenging the performance of the HAHL Group's business.
- Assessing risk and the integrity of the financial information and controls.

Non-Executive Shareholder Directors
The Non-Executive Shareholder Directors are nominated and appointed by our Shareholders in accordance with the terms of the Shareholders' Agreement and are therefore not classified as independent. They provide strong experience and constructive challenge, and monitor the performance and delivery of the HAHL Group's strategy.

Company Secretary
The role of Company Secretary is performed by the General Counsel who is a member of the Executive Committee. The Company Secretary is available to the Chair and all Directors and is responsible for managing board meetings, information flows to the HAHL Board and advising the HAHL Board on legal, corporate governance and procedural matters. Directors may also take professional advice at the Company's expense.

COMPOSITION OF THE HAHL BOARD

At the date of this report, the HAHL Board comprises the Chair, three Independent Non-Executive Directors, ten Non-Executive Shareholder Directors and two Executive Directors – the Chief Executive Officer and the Chief Financial Officer. The names and biographies of the principal Directors of the HAHL Board are published on pages 74 to 78. The Non-Executive Shareholder Directors are appointed by the Shareholders in accordance with the terms of the Shareholders' Agreement. All of the Non-Executive Shareholder Directors have formally approved alternates, who are also listed. The alternates are statutory Directors of HAHL, who attend board and/or committee meetings when Non-Executive Shareholder Directors are unable to do so. Occasionally, and with the prior consent of the Chair, some alternate Directors attend meetings alongside their appointors as observers. The Executive and Non-Executive Directors are equal members of the HAHL Board and have collective responsibility for the HAHL Group's strategy and performance. Each HAHL Board Director has a clear understanding of their accountability and responsibilities.

Recommendations for the appointment of Independent Non-Executive Directors to the HAHL Board are made by the Nominations Committee. Appointments are made on merit and against objective criteria with due regard to diversity (including skills, experience, age, gender, disability and social and ethnic background). Non-executive appointees are also required to demonstrate that they have sufficient time to devote to the role.

CORPORATE GOVERNANCE (CONTINUED)

COMPOSITION OF THE HAHL BOARD (CONTINUED)

The Independent Non-Executive Directors bring outside experience in areas such as aviation, transport, health and safety, sustainability, climate change, energy, regulation, government, finance, retail and technology, and provide constructive challenge and influence from outside the HAHL Group. The Chair holds periodic meetings with all the Non-Executive Directors to discuss the performance of management and the HAHL Board, without the Executive Directors present.

The HAHL Board considered the Chair, Philip Jansen, to be independent in judgment and character on his appointment on 1 January 2026.

The Chair and each of the Independent Non-Executive Directors have letters of appointment with the HAHL Group rather than service contracts, which include the expected time commitment of the appointment.

The Directors are required to comply with Heathrow's group policies, including policies on Professional Conduct, Health and Safety, Conflicts of Interest, Anti-Bribery, Gifts and Hospitality and Anti-Facilitation of Tax Evasion.

The HAHL Board believe that its size and composition are appropriate to meet the strategic needs and challenges of the business and to enable effective decision making. The composition of the HAHL Board is partly determined by the Shareholders' Agreement, which states that each Shareholder or specified combined group of Shareholders together controlling ten per cent or more of the issued ordinary shares of FGP Topco Limited, is entitled to appoint one Director to the HAHL Board. Currently Ardian appoints 3 directors, PIF and QIA each appoint two directors, and GIC, ART and CIC each appoint one director. It is considered to be in the interests of the HAHL Group for each Shareholder to be represented on the HAHL Board.

In addition, there are four Independent Non-Executive Directors, including the Chair, whose purpose is to challenge and provide external expertise. The HAHL Board does not have a majority of Independent Non-Executive Directors and it is felt that the numbers associated with ensuring a majority of Independent Non-Executive Directors would make the operation of the HAHL Board unwieldy and unduly costly.

It is acknowledged that, although there is international diversity on the HAHL Board in terms of ethnicity, there is a relative lack of gender diversity with only three women currently on the HAHL Board. Shareholders are encouraged to consider different aspects of diversity, including gender and ethnicity, when nominating their non-executive representatives on the HAHL Board. Similar considerations are also taken into account by the Nominations Committee when choosing new Independent Non-Executive Directors. The HAHL Board is committed to making the HAHL Group an ever-more inclusive environment, thereby fostering a more diverse workforce which should increase diversity at the most senior levels.

Heathrow participates in the FTSE Women Leaders Review, which is an independent, business-led framework supported by Government which sets recommendations to improve the representation of women on the boards and leadership teams of the FTSE 350 and 50 of the UK's largest private companies. The HAHL Board also discloses information about the ethnicity of its directors in accordance with the recommendations of the Parker Report. More information can be found in the Remuneration Committee Report on page 97.

2025 HAHL BOARD ACTIVITIES

The HAHL Board held a total of fourteen meetings during the year ended 31 December 2025 which included four "In-Person" meetings and ten Teams meetings. Five of the meetings were additional extraordinary meetings scheduled to consider Expanding Heathrow and other matters. Seventeen Board Working Group Meetings were held to provide HAHL Board members with the opportunity to consider certain issues in greater depth, and joint strategy sessions were held in conjunction with the Executive Committee in January and November. In addition, an operational tour of the airport took place in October and Board dinners were held in January and July. During the year the HAHL Board focused on a number of areas as set out below.

Our Foundations:

SAFETY, SECURITY AND COMPLIANCE

- Monitored and reviewed health and safety across the airport, including the welfare of passengers and colleagues.
- Monthly Safety Moments, covering a broad range of safety topics.
- Received updates from the Sustainability and Operational Risk Committee.
- Next Generation Security Programme and Department for Transport Security Liquid Standard.

SERVICE AND OPERATIONS

- Considered operational and business performance.
- Asset Management Compliance Programme.
- Considered airport readiness.
- Executive compensation and incentives.
- Cargo transformation.
- Passenger Experience.

GOVERNANCE AND FINANCIAL RESILIENCE

- Protected and monitored liquidity.
- Reviewed financial performance and forecasts.
- Considered and approved the 2026 Management Business Plan.
- Reviewed and approved quarterly results announcements.
- Reviewed and approved the 2024 Annual Report and Financial Statements.
- Approved distributable reserves planning.
- Approved corporate simplification programme.
- Considered improvements to existing corporate governance arrangements, including financial reporting requirements and performance against the Wates Principles.
- Considered output and actions from the 2024 HAHL Board evaluation process.
- Reviewed and monitored key principal risks and mitigations and approved new risk appetite framework.
- Approved 2025 Continuity of Service Plan.
- Reviewed and approved Group Policies.
- Received updates from the Audit and Finance Committees.
- Commissioned the Kelly Review Committee to consider the power outage incident and subsequent closure of the Airport.
- Approved HAHL Board and committee membership changes resulting from completion of the share sales on both 12 December and 3 July 2025.
- Approved the appointment of a new Chair to the HAHL Board.

Funding

- In 2025, Heathrow secured £1.5 billion equivalent in new funding, complementing our robust liquidity position and adding diversification.
- We issued a €600 million sustainability-linked bond, our second Euro SLB following our inaugural 2023 issuance and is our fourth in this asset class.
- We issued a C$600 million 12-year Class A bond, returning to the market following a four-year absence.
- We issued a £300 million 17-year Class A GBP bond, marking our first GBP Class A issuance since October 2020.
- We completed two private placements totally GBP 239 million across both Class A and B levels of the capital structure, reaffirming strong support for the 2nd lien offering in this market.

CORPORATE GOVERNANCE (CONTINUED)

2025 HAHL BOARD ACTIVITIES (CONTINUED)

Our Beacons:

WINNING TEAM
- Discussed the approach to workforce engagement.
- Considered updates on diversity and succession planning.
- People Change Strategy and Colleague Engagement Plan.
- Industrial Relations Strategy.
- Received updates from the Remuneration and Nominations Committees.

FOCUS TO GO FASTER
- The Board heard from guest speakers: Tracey Waltho, Chair of The Council for the Independent Scrutiny of Heathrow Airport.

VALUE FOR CUSTOMERS
- Received updates on regulatory strategy, communications with the CAA and preparations for H8.
- Commercial strategy including retail, car parks, 2026 aero charges and other regulated charges.
- Approved Top 10 KPIs for 2026 and Targets.
- Cargo Strategy.
- Procurement Strategy.

DIGITAL FUTURE
- Digital Strategy, including cyber.

PEOPLE AND PLANET
- Considered Heathrow's Sustainable Communities and Charity Partnerships.
- Sustainability and Carbon Strategy, including Connecting People and Planet.
- Political Updates and government policy asks.
- Approved Heathrow's 2024 Modern Slavery Act Statement.

CREATING CAPACITY
- Passenger demand and growth strategy.
- Creating Capacity Programme.
- Expanding Heathrow.
- Passenger Forecasts.

HAHL BOARD AND COMMITTEE ATTENDANCE

The Directors' attendance at formally scheduled HAHL Board and Committee meetings during the year is recorded in the following table. It shows the number of formally scheduled HAHL Board and Committee meetings attended by each Director, or their alternate Director. Alternate Directors also occasionally attend HAHL Board meetings in an 'observer' capacity, but this attendance is not shown. The HAHL Board held fourteen meetings during the year ended 31 December 2025, including one meeting held without management (Thomas Woldbye, Sally Ding and Mine Hifzi) present.

	HAHL Board	Audit Committee	Finance Committee[19]	Nominations Committee	Remuneration Committee	Sustainability and Operational Risk Committee ('SORC')
Total meetings held during the period	14	4	3	7	4	4
Independent Non-Executive Directors						
Lord Paul Deighton[1] (Chair)	13	-	-	2	-	-
Philip Jansen[2] (Chair)	1	-	-	-	-	-
Rt. Hon Ruth Kelly[3]	13	4	2	-	-	3
Joan MacNaughton	14	-	-	-	-	4
Mark Brooker	14	-	-	-	4	4
Non-Executive Shareholder Directors and their alternates						
Akbar Al Baker[5] (Ali Bouzarif[4])	14	3	3	7	3	4
His Excellency Ahmed Ali Al-Hammadi[6] (Deven Karnik[4][7])	3	-	-	-	1	-
His Excellency Jassim Saif Ahmed Al-Sulaiti[6] (Deven Karnik[4][7])	10	-	-	-	-	-
Deven Karnik[7]	-	4	-	-	-	-
Turqi A. Alnowaiser (Basil Fannouch[4][8])	14	-	-	-	-	-
Yazeed Alrubaian[5] (Basil Fannouch[4][8])	14	-	3	-	-	-
Basil Fannouch[8]	-	-	-	7	4	3
Faisal Alkhani[9]	-	4	-	-	-	-
Juan Angoitia[10] (William Briggs/Alexis Ballif[4])	14	4	2	7	4	-
Alexis Ballif[11] (William Briggs/Juan Angoitia[4])	14	-	3	-	-	3
William Briggs[12] (Juan Angoitia, Alexis Ballif[4])	6	4	-	-	-	-

CORPORATE GOVERNANCE (CONTINUED)

HAHL BOARD AND COMMITTEE ATTENDANCE (CONTINUED)

	HAHL Board	Audit Committee	Finance Committee[19]	Nominations Committee	Remuneration Committee	Sustainability and Operational Risk Committee ('SORC')
Luke Bugeja[13] (Juan Carlos Bullón Alemán/Olivier Fortin/Rob Horsnall[4][13])	7	-	-	-	-	-
Raymond Chan[14] (Richard Hedley/William Loc[4])	14	4	3	-	-	-
Andrew Dench (Andrew Dallal[4])	14	-	3	6	3	-
David Xie[20] (Minzhen (Orlando) Wang/Jianwei (Davy) Wu[4][15])	14	-	3	-	-	-
Executive Directors						
Thomas Woldbye CEO[16]	13	4	1	5	3	2
Sally Ding CFO[17]	13	4	3	-	3	3
Company Secretary						
Mine Hifzi General Counsel[18]	12	4	1	6	4	4

(1) Lord Paul Deighton resigned as Chair of the HAHL Board and as the Chair of the Nominations Committee with effect from 1 January 2026.
(2) Philip Jansen was appointed as Chair of the HAHL Board and as a Member of the Nominations Committee with effect from 1 January 2026. He attended the HAHL Board meeting on 17 December as an observer.
(3) Rt. Hon Ruth Kelly became a member of the SORC on 23 January 2025.
(4) Alternate Directors. Edouard Bertagna was appointed as an additional alternate director for Juan Angoitia, Alexis Ballif and William Briggs on 24 February 2026.
(5) Akbar Al Baker - Non-Executive Shareholder Director (QIA) became Chair of the Remuneration Committee on 16 April 2025.
(6) H.E. Ahmed Ali Al-Hammadi – Non-Executive Shareholder Director (QIA) resigned from the HAHL Board on 16 April 2025 and was replaced by H.E. Jassim Saif Ahmed Al-Sulaiti with effect from the same date.
(7) Deven Karnik – Non-Executive Alternate Shareholder Director (QIA) became a member of the Audit Committee on 23 January 2025.
(8) Basil Fannouch – Non-Executive Alternate Shareholder Director (PIF) became a member of the SORC, Remuneration and Nominations Committees on 17 February 2025.
(9) Faisal Alkhani – Shareholder Representative (PIF) became a voting member of the Audit Committee on 23 January 2025 but is not a director of the HAHL Board.
(10) Juan Angoitia – Non-Executive Shareholder Director (Ardian) became a member of the Audit, Remuneration and Nominations Committees on 23 January 2025. He was subsequently appointed as Chair of the Nominations Committee on 1 January 2026.
(11) Alexis Ballif – Non-Executive Shareholder Director (Ardian) became a member of SORC on 23 January 2025.
(12) William Briggs – Non-Executive Shareholder Director (Ardian) became a member of the Audit Committee on 23 January 2025 and became Ardian's third representative director on the HAHL Board on 3 July 2025.
(13) Luke Bugeja, and his alternates (Juan Carlos, Bullón Alemán, Olivier Fortin and Rob Horsnall) resigned from the HAHL Board on 3 July 2025.
(14) Raymond Chan – Non-Executive Shareholder Director (ART) became a member of the Audit Committee on 23 January 2025.
(15) Jianwei (Davy) Wu – Non-Executive Alternate Director (CIC) was appointed on 1 December 2025.
(16) The Chief Executive Officer is invited to attend meetings of the Audit Committee, Nominations Committee and Remuneration Committee, but is not a member of those committees.
(17) The Chief Financial Officer is invited to attend the meetings of the Audit Committee, Remuneration Committee and SORC but is not a member of those committees. The Chief Financial Officer is also a non-voting member of the Finance Committee.
(18) The General Counsel and Company Secretary is invited to attend all of the HAHL Board's committee meetings and is a member of the SORC.
(19) A number of additional Finance Committee approvals were obtained by email circulation to the members throughout the year and were subsequently ratified.
(20) David Xie – Non-Executive Shareholder Director (CIC) resigned on 24 February 2026 and was replaced by Yiqiang Zhan with effect from the same date.

EFFECTIVENESS

Induction and Information
A comprehensive induction programme is provided for all new HAHL Board Directors, including access to our 'Directors Induction SharePoint Site', which has useful governance information, including an overview of Heathrow's governance structure, information about Directors' statutory duties and practical information about HAHL Board and Committee meetings. Our Directors update their skills, knowledge and familiarity with the HAHL Group by regularly meeting with senior management, attending operational site visits, strategy sessions with the Executive Committee and regular training sessions. All HAHL Board Directors have access to the advice and services of the General Counsel and Company Secretary and the Heathrow Group's Legal team. They may also take independent professional advice at the Company's expense.

The Chair and General Counsel and Company Secretary are responsible for ensuring that Directors receive accurate, timely and clear information. To ensure that adequate time is available for board discussion and to enable informed decision making, briefing papers are prepared and circulated to Directors a week prior to scheduled HAHL Board meetings.

The HAHL Board receives regular and timely information (at least monthly) on all key aspects of the business, including information on the health, safety and wellbeing of colleagues and passengers, risks and opportunities, the financial performance of the business, strategy, operational matters, market conditions and sustainability, all supported by key performance indicators. This information is provided in the form of a monthly Board Information Pack, which was developed with interaction and feedback from the HAHL Board. The HAHL Board also receives regular updates on the passenger demand forecast.

Key financial information is collated from the Heathrow Group's various accounting systems. The HAHL Group's finance function is appropriately qualified to ensure the integrity of this information and is provided with the necessary training to keep up to date with regulatory changes. Annually, the statutory financial information is externally audited by PricewaterhouseCoopers LLP and key financial reporting related controls are also reviewed by the Financial Controls team on behalf of management with oversight from the Group internal audit function.

Other key information is prepared by the relevant internal function. Processes for collecting data, as well as the reporting of that data, are reviewed on a cyclical basis by the HAHL Group's internal audit function, with quarterly reporting provided to the Audit Committee.

Training and Development
Directors' training and development needs are of key importance in order to discharge their statutory and other duties effectively. Directors are encouraged to highlight specific areas, about the business or otherwise, where they feel their skills or knowledge would benefit from further development as part of the annual Board evaluation process. Training opportunities are provided through internal meetings, working groups, presentations and briefings by internal advisers, business heads and external speakers. Our Directors also receive training on their statutory duties (including under section 172(1) of the Companies Act), as part of their induction, to ensure they understand their duty to promote the long-term success of Heathrow.

Conflicts of Interest
Directors have a statutory duty to avoid situations in which they have, or may have, interests that conflict with those of Heathrow, unless that conflict is first authorised by the HAHL Board. The HAHL Board has agreed procedures for the management of Directors' conflicts of interest. The Company's Articles of Association also contain provisions to allow the Directors to authorise potential conflicts of interest so that a director is not in breach of his or her duty under company law. Directors are required to disclose any potential conflicts of interest on their initial appointment and regularly thereafter, and a Conflicts Register is maintained to record interests and ensure Directors' conflicts can be managed effectively.

Board Evaluation
The HAHL Board considers the regular review of its function, Committees and Directors to be an essential element of good corporate governance and important for identifying key areas of focus for future improvement and for strengthening its overall performance. Internal self-evaluation assessments were carried out in October 2024 and November 2025. The reviews were conducted by questionnaire, which sought the Directors' feedback on all aspects of the performance of the HAHL Board and its Committees, including board composition, behaviours and dynamics, HAHL Board facilities, the number and length of meetings, agendas, the quality of information, the Chair's leadership and focus, strategic oversight, interaction between the HAHL Board and its Committees, overview of risk, succession planning, induction and training, and priorities for change. The results were collated by the Secretariat team and anonymised before being discussed by the General Counsel and Company Secretary and the Chair, with feedback provided to the HAHL Board for consideration and recommendations, with follow-up actions debated and adopted as appropriate.

2024 Internal Evaluation
An internal evaluation was undertaken during October 2024. Overall, there was a majority consensus that the HAHL Board and its committees were functioning well and were effective. Three key themes emerged from the results of the evaluation:

1. There was desire to continue to review the effectiveness of HAHL Board meetings, including whether the current number, length and format of meetings continued to be appropriate. Some responses indicated a wish to further reduce the overall number of meetings and focus on including more deep dive sessions within agendas, with more routine matters being circulated in board packs.
2. Responses relating to Internal Controls indicated a desire for the HAHL Board to receive more in-depth information about the effectiveness of Internal Controls.
3. Directors also indicated that they would like to continue to review the effectiveness of the HAHL Board and Committees' software platform with a view to making it more user-friendly.

AREAS OF FOCUS IDENTIFIED

The key areas identified for increased focus and development during the 2025 financial year are set out below:

1. To continue to monitor and review the effectiveness of the format, length and number of annual HAHL Board, Committee, and Board Working Group meetings and look to include more deep dive sessions in the HAHL Board agenda.
2. To provide enhanced information on the design and effectiveness of internal controls to align with the UK Corporate Governance Code (2024). To establish a fraud risk management framework to demonstrate procedures in place to prevent fraud, to ensure compliance with the new 'failure to prevent fraud offence' included in the 2023 Economic Crime and Corporate Transparency Act and to keep the Audit Committee updated on the workstreams related to Internal Controls as they progress.
3. To continue to review the HAHL Board and Committees' software platform with a view to improving the overall user experience and upgrading it to offer additional functionality highlighted by Board members.

CORPORATE GOVERNANCE (CONTINUED)

EFFECTIVENESS (CONTINUED)

ACTIONS

Following a review of the feedback received from the HAHL Board during the 2024 internal evaluation, the below actions were undertaken:

1. The HAHL Board continued to monitor the effectiveness of the format, length and number of HAHL Board, Committee and Board Working Group meetings. Following review, the HAHL Board agreed to further reduce the annual number of HAHL Board meetings from 9 meetings to 6 meetings, consisting of 5 “In-person” meetings and one Teams meeting, with effect from 2026. A focus was also given to developing the agenda for Board Working Group meetings to accommodate more regulatory and expanding Heathrow sessions as well as other items.
2. In line with the ongoing enhancements to our enterprise risk management framework there is increasing visibility and challenge of key controls across Heathrow's principal risks. As the framework continues to mature, the approach to assuring design and effectiveness will be developed further. A fraud risk management framework has been developed to respond to the new 'failure to prevent fraud offence' included in the Economic Crime and Corporate Transparency Act. This included implementation of mandatory fraud awareness training for all senior managers ahead of the 1 September implementation date as well as identification of key fraud risks and related controls.
3. The effectiveness of the HAHL Board and Committees’ Sharepoint sites continued to be reviewed and monitored with adjustments being made to improve the directors’ overall user experience. Links were added to agendas to make it easier to call up papers during meetings.

2025 Internal Evaluation

An internal evaluation of the HAHL Board was undertaken during November 2025. Overall, there was majority consensus that the HAHL Board and its committees were functioning well and were effective. The following key themes emerged from the results of the evaluation:

1. Directors indicated a desire to review the scope, and delegated authority of Board Committees with a view to allowing more time for the HAHL Board to focus on strategic business issues.
2. Responses also showed that Directors found the operational tour of great benefit and that they would be interested in further tours/site visits with the opportunity to meet more key stakeholders and colleagues from different areas of the business.
3. Directors also expressed an interest in receiving more Heathrow business-related training, which they would find useful.

AREAS OF FOCUS IDENTIFIED

The key areas identified for increased focus and development during the 2026 financial year are set out below:

1. To review the scope and delegated authority of the Board’s Committees with a view to allowing more time for increased focus by the HAHL Board on strategic matters.
2. Consideration to be given to arranging more operational tours/site visits for the HAHL Board and more opportunities to meet key stakeholders, senior managers and colleagues from different areas of the business.
3. Consideration to be given to offering HAHL Board members more training on Heathrow’s business-related matters.

Overall, the review showed that there were no material shortcomings in relation to the operation of the HAHL Board and its Committees. The Chair confirms that each Director continues to make a valuable contribution to the HAHL Board and, where relevant, its Committees.

AUDIT COMMITTEE

The Audit Committee monitors the integrity of financial information for the benefit of our Stakeholders."

RT. HON RUTH KELLY, CHAIR
Independent Non-Executive Director

OTHER COMMITTEE MEMBERS

Akbar Al Baker,
Non-Executive Shareholder Director – QIA (represented by his alternate Ali Bouzarif)

Deven Karnik,
Non-Executive Alternate Shareholder Director – QIA

Faisal Alkhani,
Shareholder Representative - PIF

Juan Angoitia,
Non-Executive Shareholder Director – Ardian

William Briggs,
Non-Executive Shareholder Director – Ardian

Raymond Chan,
Non-Executive Shareholder Director – ART

CHANGES TO COMMITTEE MEMBERS DURING THE YEAR

Rt. Hon Ruth Kelly,
Independent Non-Executive Director (appointed as Chair on 23 January 2025)

Deven Karnik,
Non-Executive Alternate Shareholder Director – QIA (appointed 23 January 2025)

Faisal Alkhani,
Shareholder Representative – PIF (appointed 23 January 2025)

Juan Angoitia,
Non-Executive Shareholder Director – Ardian (appointed 23 January 2025)

William Briggs,
Non-Executive Shareholder Director – Ardian (appointed 23 January 2025)

Raymond Chan,
Non-Executive Shareholder Director – ART (appointed on 23 January 2025)

INTRODUCTION

As the Chair of the Audit Committee (the 'Committee'), I am pleased to present this report for the year ended 31 December 2025. The Committee's primary responsibility is to provide support to the HAHL Board by exercising oversight of the integrity of the Group's financial and regulatory reporting, engaging with the external auditor, and overseeing the Group's internal control and risk management framework. Heathrow experienced record-breaking numbers of passengers in 2025, and the Committee has continued to oversee, monitor, challenge and support management in ensuring quality and integrity in Heathrow's accounting and reporting practices.

Following the sub-station fire, on 21 March 2025, the subsequent review and report (the Kelly Report, which can be found on our corporate website) included two risk-related recommendations. One related to the identification of high impact/ low likelihood risks and one concerned improvements to processes that drive greater sharing of risk insights across Heathrow teams. These recommendations are being progressed and will further enhance the HAHL Board's visibility of Heathrow's complex risk landscape.

ROLES AND RESPONSIBILITIES

The Committee is a formal committee of the HAHL Board, and its responsibilities include:

- Considering the appointment, relevant ethical guidance and assessing the independence of the external auditor. Ensure key personnel are rotated at appropriate intervals (including overseeing the process for selecting the external auditor and making recommendations to the HAHL Board).
- Recommending the audit fee to the HAHL Board for approval, pre-approving any fees in respect of non-audit services provided by the external auditor and ensuring that the provision of non-audit services does not impair the external auditor's independence or objectivity.
- Agreeing with the external auditor the nature and the scope of the audit and reviewing the auditor's quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements.
- Reviewing reports on the effectiveness of systems for internal financial control, financial reporting and risk management, including reviewing the adequacy of the Group's process to prevent, detect and respond to fraud.
- Reviewing Internal Audit reports to the Committee on the effectiveness of the HAHL Group's systems for internal control, financial reporting and risk management.
- Reviewing Heathrow's principal risks, in conjunction with the Sustainability and Operational Risk Committee, with a particular focus on finance-related risks.
- Considering management's response to any major external or internal audit recommendations.
- Approving the appointment and discharge of the Director of Business Assurance.
- Monitoring the integrity of the financial statements of the HAHL Group, reviewing and challenging where necessary the actions, accounting policies, and key judgements and estimates of management in relation to the interim and annual financial statements, and any press release related to those statements.
- Providing confirmation that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.
- Reviewing Heathrow's reporting of climate-related financial information and ensuring compliance with the requirements of Climate-related Financial Disclosures.

AUDIT COMMITTEE (CONTINUED)

ROLES AND RESPONSIBILITIES (CONTINUED)

- Overseeing the appointment of the Climate Change Board Director, if appointed, and making recommendations to the HAHL Board for their appointment.
- Review and confirmation of the going concern disclosure for the Annual Report and Financial Statements.
- Overseeing all press releases relating to external financial results.
- Reviewing Heathrow's procedures for handling allegations from whistleblowers and overseeing the handling of allegations.
- Reviewing ethics matters and considering any ethical issues which arise as a result of audit findings.
- Reviewing Internal Investigations, approving the Internal Investigations Protocol and overseeing the handling of Internal Investigations.
- Reviewing Heathrow's tax policy and insurance strategy and arrangements.
- Reviewing the results of the Data Protection Officer's data privacy compliance monitoring programme and ensuring that the Data Protection Office is adequately resourced to carry out its tasks.
- Considering the adequacy of management's response to any major data privacy non-compliance findings as a result of monitoring activities.
- Considering any other topics, as defined by the HAHL Board.

2025 ACTIVITIES

The Committee held four scheduled meetings during the year, with members of senior management required to attend as and when appropriate. Meeting attendance can be found on page 89. An update was provided to the HAHL Board on key issues discussed at each of the Committee's meetings. In addition, the Committee Chair held regular private sessions with the Chief Financial Officer, the senior finance team, the Director of Business Assurance, and the external audit team, to ensure open and informal lines of communication, and that any concerns could be raised outside formal meetings.

The Committee's main activities were to:

Financial reporting

- Review and recommend approval of the interim and preliminary results announcement, Annual Report and Financial Statements and the associated going concern statements, taking into consideration the disclosures against FRC guidance.
- Review the annual statement of responsibility by management with respect to the internal control environment.
- Review financial resilience and assumptions used to support the going concern statements.
- Independently review, challenge and endorse significant accounting policies, critical judgements, key estimates, and the impact of emerging accounting developments on the interim and annual financial statements.
- Review and approve the approach to Climate-related Financial Disclosures for 2025 and the consistency between the potential future scenarios identified and any impact they may have on these financial statements.
- Review and approve the approach taken to manage the Group's distributable reserves.
- Review and approve the going concern assessment period.

External audit

- Consider reports by the external auditor on the audit and of the external auditor's findings in relation to the financial statements.
- Review the external audit strategy and assess effectiveness of the external audit.
- Review audit and non-audit fees incurred in 2025.
- The Committee assessed the independence, objectivity, and effectiveness of the external auditor during the year, including the quality of reporting, challenge, and professional scepticism demonstrated. The Committee was satisfied that the auditor remained independent and effective and recommended the re-appointment of the auditor to the HAHL Board.

Internal audit

- Review delivery of the 2025 Internal Audit plan and approve any material changes to it.
- Review the conclusions, key findings and actions (remediation plans) from internal audits completed.
- Monitor progress of the implementation of actions from internal audit activity.
- The Committee reviewed the effectiveness of the Internal Audit function, including its independence, scope, and quality of reporting, and concluded that it remained effective and appropriately resourced during 2025.

Risk management and internal control

- Review the effectiveness of risk management and internal control governance for the HAHL Group, particularly in relation to financial risks. Further detail on our approach to managing risk is included on page 30.
- Review the effectiveness of Heathrow's internal control systems and application of internal control over financial reporting.
- A Joint Risk Review session was introduced at the start of 2025, including members of the Sustainability & Operational Risk Committee. The Joint session provides oversight and challenge of Heathrow's risk management and systems of internal control, including review of Internal and External Audit work, where it pertains to the wider risk landscape.

Governance and other

- Consider and approve our tax strategy and review tax matters.
- Review the Committee's terms of reference.
- Review and approve the Group's corporate simplification project.
- Receive updates on financial and climate-related reporting and other corporate governance-related matters.
- Receive quarterly updates from the Data Privacy Officer on Data Privacy compliance.
- Review Heathrow's procedures for the handling of allegations from whistleblowers, including reviewing reports from the Internal Investigations Steering Group, which is overseen by the Audit Committee Chair, who is also a designated Independent Non-Executive Director.
- Monitor the delivery of the Kelly Report recommendations.

KEY JUDGEMENTS AND FINANCIAL REPORTING MATTERS

The Committee reviewed the critical accounting judgements and key sources of estimation uncertainty outlined in the 'Accounting policies' section of the financial statements. Based on discussions with management, the work and recommendations of the Group finance function, and input from the external auditor, the Committee considered that the most significant financial statement risk matters are as follows:

Key judgement and financial reporting matters	Audit Committee review and conclusions
Probability of Long-term Growth Assets in the course of construction ('AICC') include costs related to the Long-term Growth programme. Only costs related to projects for which it is probable that future economic benefits will flow to the entity, applying IAS 16 'Property, Plant and Equipment', should be capitalised. An assessment of whether the Long-term Growth programme is probable requires management judgement.	The Committee reviewed management's judgement in relation to the £551 million of Long-term Growth related AICC taking into consideration two primary factors which are the Airports National Policy Statement ('ANPS'), which remains in full force and effect, and the HAHL Board's continued support for Long-term Growth. Considering all factors in relation to the remaining Long-term Growth AICC assets, including the legal and regulatory frameworks remaining in place, and noting the Board's continued support for the programme, the Committee concluded that it was probable expansion would occur. It therefore concluded that it was appropriate to recognise the expansion related AICC, that no impairment was required in the year, and that appropriate disclosures are included in the financial statements.
Climate-Related Financial Disclosures ('CFD') On the basis that climate change has been highlighted as a material risk, the Committee reviews CFD. It is also required to assess whether climate change risks provide indication that an asset may be impaired.	The Committee reviewed and approved the CFD in the Annual Report and Financial Statements. The Committee also considered whether there were any indicators of material impairment over property, plant and equipment, Long-Term Growth AICC, goodwill (in regard to Heathrow Airport Holdings Limited and FGP Topco Limited) and other intangible assets, investments in subsidiaries, investment properties and deferred tax assets as a result of the potential physical and transition risks arising from climate change that were identified in the CFD. The Committee agreed that it was appropriate that no further impairments were recognised in the year resulting from this exercise.
Fair value of investment properties The HAHL Group holds a variety of investment properties that are accounted for at fair value. In determining the fair value, judgement is required regarding a number of valuation assumptions that include discount rates, property rental growth rate, operating cost and expected yields.	The Committee challenged and approved the key assumptions with reference to expert third party valuation advice. The review included consideration of the sensitivity of the valuation to changes in the key assumptions. The Committee noted the sensitivity of the valuation to key assumptions. Further detail of this can be found in note 9.
Valuation of the retirement benefit obligation The HAHL Group operates a defined benefit pension scheme with both open and closed sections. Assessing the defined benefit pension obligation requires significant estimate and judgement, particularly to the discount rate, inflation and mortality.	The Committee considered the methodology for the financial and demographic assumptions used in the calculation of the net defined benefit obligation. After receiving expert third party advice, the Committee concluded that the assumptions adopted for 2025 were based on reasonable methodology and within an acceptable range. The Committee also reviewed the results of the triennial funding valuation of the BAA Pension Scheme. The Committee continues to note the sensitivity of the valuation to key assumptions. Further detail of this can be found in note 20.

AUDIT COMMITTEE (CONTINUED)

KEY JUDGEMENTS AND FINANCIAL REPORTING MATTERS (CONTINUED)

Key judgement and financial reporting matters	Audit Committee review and conclusions
Fair value of derivative financial instruments The HAHL Group holds a substantial derivative financial instruments portfolio comprising interest rate swaps, cross currency swaps, and index-linked swaps which are accounted for at fair value. In determining the fair value, judgement is used to determine the recovery rate and associated reduction in credit risk of super senior ranking derivatives (interest rate and index-linked swaps).	The Committee received half yearly updates on the estimated fair value of open derivatives and the basis for the valuation estimate. Further detail regarding the sensitivity of the year-end valuation to key assumptions can be found in note 17.
Ongoing accounting judgements and estimates The Group makes a number of significant accounting judgements that affect the financial statements on an ongoing basis, including: • Agent versus principal in the context of employment costs which are a contractual obligation of LHR Airports Limited and are presented as operating costs of the Group. • Useful economic life ('UEL') and depreciation of assets. • When and what costs are capitalised in the construction of assets.	The Committee considered management's assessment of these ongoing judgements, including whether they remain appropriate in the context of the current year's operations and financial reporting environment. The Committee concluded the judgements remain appropriate.

REMUNERATION COMMITTEE

"The Remuneration Committee has responsibility for determining the remuneration of members of the Executive Committee and approving the remuneration plans for all colleagues across the business."

AKBAR AL BAKER, CHAIR
Non-Executive Shareholder Director – QIA

OTHER COMMITTEE MEMBERS

Mark Brooker,
Independent Non-Executive Director

Andrew Dench,
Non-Executive Shareholder Director – GIC

Juan Angoitia,
Non-Executive Shareholder Director – Ardian

Basil Fannouch,
Non-Executive Alternate Shareholder Director – PIF

CHANGES TO COMMITTEE MEMBERS DURING THE YEAR

His Excellency Ahmed Ali Al-Hammadi,
Non-Executive Shareholder Director – QIA (appointed as Chair on 23 January 2025 and resigned as Chair on 16 April 2025)

Akbar Al Baker,
Non-Executive Shareholder Director - QIA (appointed as Chair on 16 April 2025)

Juan Angoitia,
Non-Executive Shareholder Director – Ardian (appointed 23 January 2025)

Basil Fannouch,
Non-Executive Alternate Shareholder Director – PIF (appointed 17 February 2025)

INTRODUCTION

As the Chair of the Remuneration Committee (the 'Committee') I am pleased to present the Committee's report for the year ended 31 December 2025. The Committee is responsible for making recommendations to the HAHL Board concerning the Group's remuneration strategy, framework and policy, and approving the compensation packages for senior executives. To make the best decisions for the Group, the Committee receives training from specialists and takes advice from independent external experts who provide updates on legislative requirements, market practice and remuneration benchmarking, drawing on evidence from across the sectors in which the Group operates as well as from other sectors.

The HAHL Group is an active equal opportunities employer. It promotes an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment and career development regardless of age, gender, nationality, ethnic origin, religion, marital status, sexual orientation or disability. All decisions relating to employment practices, including remuneration, are objective, free from bias and based solely upon work criteria and individual merit.

Each year the Group publishes its Gender Pay Gap Report which can be found at www.heathrow.com. The report also includes the Group's Ethnicity Pay Gap.

The FTSE Women Leaders Review is the independent, business-led framework supported by Government which sets recommendations to improve the representation of women on boards and leadership teams of the FTSE 350 and 50 of the UK's largest private companies. In 2022, Heathrow was identified as a Top 50 Private Company and, for the first time, submitted its leadership gender data. 2025 is the fourth year in which Heathrow has participated in the review.

Heathrow also continues to participate in The Parker Review and submits the ethnic diversity data of the HAHL Board. This business-led and Government backed review seeks to ensure that all have an equal opportunity to make the most of their potential and can progress to the highest levels in their business careers.

ROLES AND RESPONSIBILITIES

The Committee is a formal committee of the HAHL Board, and its responsibilities include approvals of:

- The remuneration framework and policy for all colleagues.
- The compensation package of the members of the Executive Committee including salary, bonus, long-term incentive plans, pensions, and other incentive compensation.
- The remuneration of Independent Non-Executive Directors.
- The contractual terms for the members of the Executive Committee and Independent Non-Executive Directors.
- The design, terms, and outcomes of all annual bonus plans.
- The design, terms, and outcomes of all long-term incentive plans.
- The budget for the annual salary review of all colleagues in management grades and the Pay Deal for colleagues in negotiated grades.
- The design and strategy for Heathrow's pension plans.
- The design and strategy of Heathrow's benefits.

2025 ACTIVITIES

The Committee held four scheduled meetings during the year. Meeting attendance can be found on page 89.

The Committee's main activities were to:

- Approve the outcome of the 2024 annual bonus plans.

REMUNERATION COMMITTEE (CONTINUED)

2025 ACTIVITIES (CONTINUED)

- Approve the outcome of the 2022 Share in Success Saver and Grant long-term incentive plans.
- Approve the design, targets and launch of the 2025 annual bonus plans.
- Approve the design, targets and launch of the 2025 Share in Success Saver and Grant long-term incentive plans.
- Approve CEO Remuneration.
- Approve the Annual Salary Review for the Executive Committee.
- Review the fees for Independent Non-Executive Directors.
- Review 2025 Gender and Ethnicity Pay Gap data.
- Approve the budget and negotiating framework for the 2025 & 2026 Pay Deal for colleagues in negotiated grades.
- Review 2024 FTSE Women Leaders Review and Parker Review results.
- Approve participation in the 2025 FTSE Women Leaders Review and 2025 Parker Review and to retain ethnicity data for board members.
- Approve retention bonus payments.
- Approve retention awards.
- Approve 2026 Annual Salary Review budget.
- Review 2026 Annual Bonus design.
- Approve 2026 SIS Plans Design.
- Approve the outcome of the 2024 DB Pension triennial valuation.
- The Committee were provided with updates on the following topics:
  - Reward market review and trends including a review of approach to Executive benchmarking.
- Defined Benefit Pension Triennial Actuarial Valuation Update.
- 2025 People Plan and 2026 People Priorities.
- Carbon Performance.
- Climate-related Financial Reporting Standards.
- Malice and Clawback Policy discussion.
- Talent and Succession Update.

REMUNERATION AND COMPONENTS

The Committee reviews Heathrow's remuneration structure each year to ensure that the framework supports Heathrow's strategic ambitions and rewards directors fairly for the contribution that they make to the business.

Remuneration is set with reference to the market and at a level that will enhance Heathrow's resources by attracting and retaining quality leaders who can deliver Heathrow's strategic ambitions in a manner consistent with its values, purpose and the interests of its Shareholders.

The remuneration policy reflects the complexity and significance of one of the world's largest airports. An Executive Director's remuneration comprises a base salary, benefits, retirement provisions, annual bonus and long-term incentive plans.

To ensure that remuneration is aligned to Heathrow's carbon and sustainability targets, an environmental, social and corporate governance ('ESG') carbon performance metric is included in all long-term incentive plans, focusing individual behaviour on making sustainable choices and rewarding sustainable outcomes.

EXECUTIVE AND WIDER WORKFORCE REMUNERATION POLICY TABLE

The Committee takes into account fair pay and conditions across Heathrow's workforce when setting the Executive Directors' remuneration policy. Pay components vary by an individual's organisational band (level in the organisation). The key components of the Executive Committee's remuneration relative to the wider workforce are summarised below:

Component and purpose in supporting business strategy	Executive Committee[1]	Other management colleagues	Negotiated grade colleagues
Base salary To secure and retain quality individuals to deliver Heathrow's strategy.	Base salaries are typically reviewed annually and are set taking into account: • The role's scope, responsibilities and accountabilities. • Remuneration benchmarking and competitive market practice. • Individual performance. • Fair pay and conditions across Heathrow's workforce.	Base salaries are reviewed annually and are set taking into account: • The role's scope, responsibilities and accountabilities. • Remuneration benchmarking and competitive market practice. • Individual performance. • Fair pay and conditions across Heathrow's workforce.	Salaries are subject to collective bargaining with Heathrow's recognised Trade Unions.

REMUNERATION COMMITTEE (CONTINUED)

EXECUTIVE AND WIDER WORKFORCE REMUNERATION POLICY TABLE (CONTINUED)

Component and purpose in supporting business strategy	Executive Committee[1]	Other management colleagues	Negotiated grade colleagues
Benefits To comprise part of a market competitive remuneration package.	Benefits include cash travel allowance, private healthcare, private health assessment, life assurance and income protection.	Eligibility for benefits is determined by an individual's organisational band and includes some or all of: cash travel allowance, private healthcare, private health assessment, life assurance and income protection.	Benefits include life assurance and income protection.
Retirement provisions To comprise part of a market competitive remuneration package, rewarding sustained contribution and encouraging retention.	The former Group defined benefit pension arrangement, the BAA Pension Scheme, was closed to new members on 15 June 2008. The Scheme remains open to future accrual for those contributing members who joined prior to the closure date. Pension provision is available for all other colleagues through a Defined Contribution Pension Plan. Colleague contribution rates are either 3%, 5% and 8% of base salary, coupled with an employer contribution of 8%, 10%, 12% respectively. Colleagues impacted by the Annual Allowance may opt for an Employer Pension Contribution equal to their Annual Allowance, if applicable, and the balance of the Employer Pension Contribution payable as a cash allowance. The Chief Executive Officer pension provision is a cash allowance equivalent to 15% of salary, in lieu of Pension Contributions due to the impact of the Annual Allowance	The former Group defined benefit pension arrangement, the BAA Pension Scheme, was closed to new members on 15 June 2008. The Scheme remains open to future accrual for those contributing members who joined prior to the closure date. Pension provision is available for all other colleagues through a Defined Contribution Pension Plan. Colleague contribution rates are either 3%, 5% and 8% of base salary, coupled with an employer contribution of 8%, 10%, 12% respectively. Colleagues impacted by the Annual Allowance may opt for an Employer Pension Contribution equal to their Annual Allowance, if applicable, and the balance of the Employer Pension Contribution payable as a cash allowance.	The former Group defined benefit pension arrangement, the BAA Pension Scheme, was closed to new members on 15 June 2008. The Scheme remains open to future accrual for those contributing members who joined prior to the closure date. Pension provision is available for all other colleagues through a Defined Contribution Pension Plan. Colleague contribution rates are either 3%, 5% and 8% of base salary, coupled with an employer contribution of 8%, 10%, 12% respectively. Colleagues impacted by the Annual Allowance may opt for an Employer Pension Contribution equal to their Annual Allowance, if applicable, and the balance of the Employer Pension Contribution payable as a cash allowance.
Annual bonus Reward colleagues to work towards a common goal to deliver the overall financial results of the company, strengthen our safety culture and continue to give passengers excellent service and become an extraordinary airport, fit for the future.	The Executive Committee participate in the Heathrow Bonus Plan. In 2025, the company performance multiplier is measured against targets for EBITDA, OPEX per Passenger, Airport Service Quality ('ASQ') metric, a Safety Close Call Reporting metric and the plan includes an individual performance based on the 2025 end of year performance rating. Subject to satisfying individual and financial performance criteria, the maximum incentive opportunity is 180% of base salary for the Chief Executive Officer. This is paid in March of the following year.	Management colleagues participate in the Heathrow Bonus Plan. In 2025 the company performance multiplier is measured against targets for EBITDA, OPEX per ASQ metric, a Safety Close Call Reporting metric and the plan includes an individual performance based on the 2025 end of year performance rating. Eligibility for annual bonus and target bonus opportunity is determined by an individual's organisational band e.g., target value of 10% of salary. Subject to satisfying individual and financial performance criteria, the maximum bonus opportunity for participants is 200% of target e.g., 20% of salary. This is paid in March of the following year.	Frontline colleagues participate in the Airport Performance Bonus with payment determined by EBITDA, OPEX per Passenger and Team Performance, which is made up QSM, subject to the achievement of a performance gate measured by Overall ASQ and Absence.
Long-term incentive plan Aligns the interests of Executive Directors with those of our	The Executive Committee participate in the Heathrow Share in Success ('SIS') Grant (long-term incentive plan) designed to reward the most senior leaders for the success of Heathrow over a three-year period. Executive Directors are allocated an award at the start of the plan,	Members of senior management participate in the Heathrow SIS Grant (long-term incentive plan) designed to reward the most senior leaders for the success of Heathrow over a three-year period. Senior Managers are allocated an award with a maximum face value determined by an individual's	The wider colleague population are eligible to participate in the SIS Saver plan, where colleagues have the opportunity to save in return for a bonus, subject to company performance.

REMUNERATION COMMITTEE (CONTINUED)

EXECUTIVE AND WIDER WORKFORCE REMUNERATION POLICY TABLE (CONTINUED)

Component and purpose in supporting business strategy	Executive Committee[1]	Other management colleagues	Negotiated grade colleagues
Shareholders, and rewards colleagues for long-term sustainable results, creating shareholder value and encouraging retention.	with a maximum face value of 280% of base salary for the Chief Executive Officer. Each Executive Director will receive a cash payment provided that Heathrow meets agreed performance conditions measured over a three-year period. Performance of the 2023 SIS Grant is measured against EBITDA, Service, Carbon and Engagement. The 2024 and 2025 plans' performance are measured by EBITDA, Carbon, Engagement, OPEX per Passenger, Regulatory Outcome and a Diversity metric. For each performance metric, entry-level performance results in zero vesting, target-level performance results in 50% vesting and maximum level performance results in 100% vesting. Currently, there are three SIS Grant plans in operation: • 2023 SIS Grant: performance is measured over 2023 to 2025; payable in August 2026. • 2024 SIS Grant: performance is measured over 2024 to 2026; payable in August 2027. • 2025 SIS Grant: performance is measured over 2025 to 2027; payable in August 2028. Each year, the Committee review and can adjust the performance metrics and targets in appropriate circumstances and may impose different eligibility and performance conditions on future awards.	organisational band. Each participant will receive a cash payment provided that Heathrow meets agreed performance conditions measured over a three-year period. Performance of the 2023 SIS Grant is measured against EBITDA, Service, Carbon and Engagement. The 2024 and 2025 plans' performance are measured by EBITDA, Carbon, Engagement and Diversity metrics. For each performance metric, entry-level performance results in zero vesting, target-level performance results in 50% vesting and maximum level performance results in 100% vesting. Currently, there are three SIS Grant plans in operation: • 2023 SIS Grant: performance is measured over 2023 to 2025; payable in August 2026. • 2024 SIS Grant: performance is measured over 2024 to 2026; payable in August 2027. • 2025 SIS Grant: performance is measured over 2025 to 2027; payable in August 2028. Each year, the Committee review and can adjust the performance metrics and targets in appropriate circumstances and may impose different eligibility and performance conditions on future awards. Management colleagues not eligible to participate in the SIS Grant, are eligible to participate in the SIS Saver plan, where colleagues have the opportunity to save in return for a bonus, subject to company performance. The 2023, 2024 and 2025 SIS Saver Plans are measured against EBITDA, Service, and Carbon. For each performance metric, entry-level performance results in zero vesting, target-level performance results in 50% vesting and maximum level performance results in 100% vesting. Currently, there are three SIS Saver plans in operation: • 2023 SIS Grant: performance is measured over 2023 to 2025; payable in August 2026. • 2024 SIS Grant: performance is measured over 2024 to 2026; payable in August 2027. • 2025 SIS Grant: performance is measured over 2025 to 2027; payable in August 2028.	Performance of the 2023, 2024 and 2025 SIS Saver Plans are measured against EBITDA, Service, and Carbon. For each performance metric, entry-level performance results in zero vesting, target-level performance results in 50% vesting and maximum level performance results in 100% vesting. Currently, there are three SIS Saver plans in operation: • 2023 SIS Saver: performance is measured over 2023 to 2025; payable in October 2026. • 2024 SIS Saver: performance is measured over 2024 to 2026; payable in August 2027. • 2025 SIS Saver: performance is measured over 2025 to 2027; payable in August 2028.

(1) Also applies to the Directors of Heathrow Airport Ltd

POLICY FOR NON-EXECUTIVE DIRECTORS

The Chair and Independent Non-Executive Directors receive fees for their services and are not eligible to participate in benefit, pension or bonus and other incentive plans.

The Committee approves the contractual terms, remuneration and compensation packages of the Chair and Independent Non-Executive Directors. The Chair and each of the Independent Non-Executive Directors have letters of appointment with the HAHL Group.

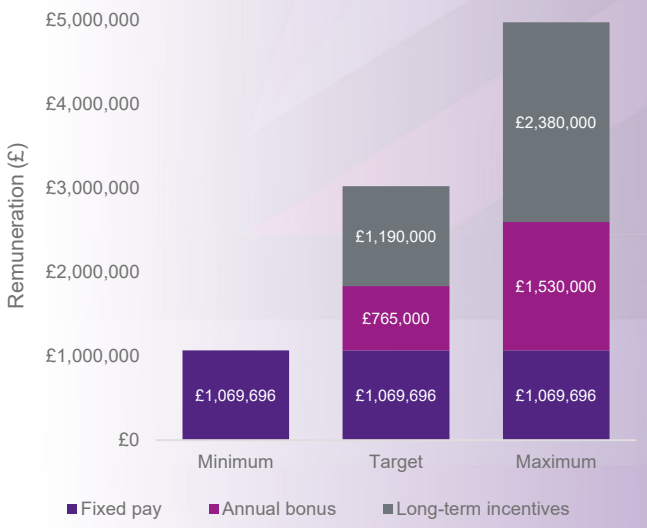
POTENTIAL REWARD OPPORTUNITIES AT DIFFERENT LEVELS OF PERFORMANCE

The graph below represents the Chief Executive Officer's total remuneration levels, summarised in the remuneration policy table, under the different performance scenarios: Minimum, Target and Maximum, if all incentive plans were active. The remuneration policy aligns a high proportion of total executive remuneration with the performance of the Group.

Minimum: Fixed pay comprising annual base salary, pension and benefits (as at 31 December 2025).

Target: Minimum plus target annual bonus, at 90% of base salary, and target long term incentives, at 140% of base salary.

Maximum: Minimum plus maximum annual bonus, at 180% of base salary, and maximum long-term incentives, at 280% of base salary.



CHIEF EXECUTIVE OFFICER REMUNERATION

The table below presents the remuneration figures for the Chief Executive Officer for the years ended 31 December 2024 and 31 December 2025:

	Fixed pay (£)				Performance pay (£)			
2025	**Salary**	**Benefits[1]**	**Pension**	**Sub-total**	**Annual bonus[2]**	**LTIP[3]**	**Sub-total**	**Total**
Chief Executive Officer								
Thomas Woldbye	**850,000**	**130,977**	**87,006**	**1,067,983**	**1,406,376**	**1,314,349**	**2,720,725**	**3,788,708**

(1) Benefits include cash travel allowance and taxable benefits.
(2) Actual 2025 annual bonus to be paid in March 2026.
(3) Expected 2023 SIS Grant to be paid in August 2026, based on performance measured over the three years 2023 to 2025. Figures are the accrued values prior to Remuneration Committee approval and may differ from actual final payment made.

	Fixed pay (£)				Performance pay (£)			
2024	**Salary**	**Benefits[1]**	**Pension**	**Sub-total**	**Annual bonus[2]**	**LTIP[3]**	**Sub-total**	**Total**
Chief Executive Officer								
Thomas Woldbye	775,000	112,454	83,076	970,530	1,268,906	1,057,560	2,326,466	3,296,996

(1) Benefits include cash travel allowance and taxable benefits.
(2) Actual 2024 annual bonus.
(3) Actual 2022 SIS Grant, based on performance measured over the three years 2022 to 2024. The accrued values presented last year have been updated to reflect the actual payment made.

SUSTAINABILITY AND OPERATIONAL RISK COMMITTEE

"The Sustainability and Operational Risk Committee reviews safety performance and challenges Heathrow's policies, conduct, performance and risk management approach against the Group's sustainability goals and operational objectives."

JOAN MACNAUGHTON, CHAIR
Independent Non-Executive Director

OTHER COMMITTEE MEMBERS

Akbar Al Baker,
Non-Executive Shareholder Director - QIA (represented by his alternate Ali Bouzarif)

Alexis Ballif,
Non-Executive Shareholder Director – Ardian

Basil Fannouch,
Non-Executive Alternate Shareholder Director – PIF

Mark Brooker,
Independent Non-Executive Director

Mine Hifzi,
General Counsel and Company Secretary

Rt. Hon Ruth Kelly,
Independent Non-Executive Director

Thomas Woldbye,
Chief Executive Officer

CHANGES TO COMMITTEE MEMBERS DURING THE YEAR

Rt. Hon Ruth Kelly,
Independent Non-Executive Director (appointed 23 January 2025)

Alexis Ballif,
Non-Executive Shareholder Director – Ardian (appointed 23 January 2025)

Basil Fannouch,
Non-Executive Alternate Shareholder Director – PIF (appointed 17 February 2025)

INTRODUCTION

I am pleased to present the Sustainability and Operational Risk Committee ('SORC' or the 'Committee') report for the year ended 31 December 2025. The SORC continued to perform a valuable role reviewing and constructively challenging Heathrow's safety performance, measures, policies, conduct, and risk management approach against sustainability goals and operational objectives. The Committee reviewed safety reports relating to the Heathrow Express rail service, airside safety, fire safety and occupational health and safety in general. Other areas of focus included Heathrow's overall operational resilience, carbon and sustainability plans, Heathrow's Cyber Security Programme, colleague absence trends, and how to facilitate an enhanced safety culture across all of the organisations operating at Heathrow.

ROLES AND RESPONSIBILITIES

The SORC is a formal committee of the HAHL Board, and its responsibilities include:

- Reviewing and challenging Heathrow's performance, policies, conduct, and risk management approach relating to operational risks and delivery of sustainability goals set out in the People and Planet Framework.
- Monitoring and challenging management over the effectiveness of the relevant internal control systems, for which it has access to any audit or assurance report it considers relevant.
- Reviewing and assessing management's response to significant operational incidents, for which it has access to any accident and investigation report it considers relevant.
- Monitoring and challenging the appropriateness of sustainability and operational risk assurance strategies and plans, the execution and results of such plans and relevant communications, including ESG-related disclosures.
- Reviewing any material amendments to the People and Planet Framework or any new sustainability strategy prior to approval by the HAHL Board.
- Reviewing the sustainability elements of Heathrow's Annual Report and Financial Statements, with particular focus on non-financial related risks.
- Reviewing Heathrow's Sustainability Report.

2025 ACTIVITIES

The SORC held four scheduled meetings during the year. Meeting attendance can be found on page 89. The Chair provided an update to the HAHL Board on key issues discussed at each of the Committee's meetings. A key focus for the Committee during the year was to monitor, in conjunction with the Audit Committee, the implementation of the recommendations of the Kelly Review, which are designed to enhance Heathrow's level of resilience. Further information about the Kelly Review can be found on page 85 and 93.

The Committee's main activities were to:

Safety

- Receive regular fire, safety, health and wellbeing (safety) updates, including learnings, from inside and outside the business.
- Review and advise on safety performance and the actions being taken to ensure compliance, to improve standards, and to ensure resilience to the risk of fire and asset failure.
- Review the progress of the 'Safety Culture Programme' aimed at strengthening the safety culture across all operations and organisations at Heathrow.
- Review incidents, using the learnings to develop and promote best-in-class safety performance.
- Consider how best to sustain and improve the health and wellbeing of colleagues at Heathrow.
- Review the Heathrow Express and Aviation Safety Reports.
- Approve Heathrow's Group Policies relating to Health and Safety and Sustainability.

Security

- Review and advise on cyber security strategy, cyber incidents, cyber insurance risks and mitigation initiatives.
- Review and advise on aerodrome security threats, improvements to security, and the learnings from external and in-house assessments.

Sustainability

- Review and advise on delivery of People and Planet Framework targets, in particular carbon, noise, air quality and waste, supported by a programme of internal and external engagement.
- Consider the programme of activity to embed the People and Planet Framework strategy within the business.

Risk and Assurance

- Review the principal risks to ensure alignment with the corporate governance framework and strategy, working alongside the Audit Committee and Risk and Assurance Committee to discharge both committees' respective responsibilities.
- Provide challenge to the business with regards to relevant audit and assurance reports.
- Review Heathrow's 2025 Top 10 KPI Targets.
- Monitor the delivery of the Kelly Report recommendations.

Effectiveness

- Reviewed the SORC's effectiveness during 2025 and agreed follow-up actions.

NOMINATIONS COMMITTEE

"The Nominations Committee is responsible for the appointment of Independent Non-Executive Directors, the Chief Executive Officer and Chief Financial Officer and aims to monitor and maintain an appropriate balance of skills, experience, independence and diversity on the HAHL Board."

JUAN ANGOITIA, CHAIR
Non-Executive Shareholder Director – Ardian

OTHER COMMITTEE MEMBERS

Akbar Al Baker,
Non-Executive Shareholder Director – QIA

Andrew Dench,
Non-Executive Shareholder Director – GIC

Basil Fannouch,
Non-Executive Alternate Shareholder Director – PIF

Philip Jansen,
HAHL Board Chair and Independent Non-Executive Director

CHANGES TO COMMITTEE MEMBERS DURING THE YEAR AND AFTER YEAR END

Juan Angoitia,
Non-Executive Shareholder Director – Ardian (appointed on 23 January 2025 and subsequently appointed as Committee Chair on 1 January 2026)

Basil Fannouch,
Non-Executive Alternate Shareholder Director – PIF (appointed on 17 February 2025)

Philip Jansen,
Chair of the HAHL Board and Independent Non-Executive Director (appointed as Committee member on 1 January 2026)

Lord Paul Deighton,
Chair of the HAHL Board and Independent Non-Executive Director (resigned as Committee member and Chair on 1 January 2026)

INTRODUCTION

I am pleased to present the Nominations Committee (the 'Committee') report for the year ended 31 December 2025. The report has been prepared in conjunction with Lord Paul Deighton as the outgoing Committee Chair. The purpose of the Committee is to oversee the appointment of new Independent Non-Executive Directors (other than the Non-Executive Shareholder Directors) to the HAHL Board, including the Chair of the HAHL Board, as well as the appointment of the Chief Executive Officer and Chief Financial Officer. The Committee also considers the extension of existing appointments. By making recommendations to the HAHL Board for the above-mentioned appointments, the Committee helps to monitor and maintain the balance of skills, experience, independence and diversity on the HAHL Board and ensures that there is a robust and transparent process for the recruitment of new appointments. Throughout the year the Committee's main focus was to:

- Consider an extension of Lord Paul Deighton's current appointment as an Independent Non-Executive Director and Chair of the HAHL Board to help facilitate the search for a new HAHL Board Chair and make a recommendation to the HAHL Board.
- Start the recruitment process and make a recommendation to the HAHL Board for a new HAHL Board Chair.
- Consider the extension of Ruth Kelly's appointment as an Independent Non-Executive Director and Chair of the Audit Committee and make a recommendation to the HAHL Board.
- Consider the extension of Mark Brooker's appointment as an Independent Non-Executive Director and make a recommendation to the HAHL Board.

ROLES AND RESPONSIBILITIES

The Committee is a formal committee of the HAHL Board, and its responsibilities include:

- Identifying and recommending for the consideration of the HAHL Board all new appointments of Independent Non-Executive Directors.
- Identifying and recommending for the consideration of the HAHL Board the appointment of the Chair.
- Identifying and recommending for the consideration of the HAHL Board the appointment of the Chief Executive Officer and Chief Financial Officer.
- Ensuring a formal, rigorous and transparent procedure is followed for the appointment of new senior executives and Independent Non-Executive Directors to the HAHL Board.
- Monitoring and maintaining an appropriate balance of skills, experience, independence and diversity on the HAHL Board.

2025 ACTIVITIES

The Nominations Committee met seven times during the year. Meeting attendance can be found on page 89.

Extension of Lord Paul Deighton's Appointment as HAHL Board Chair
Lord Paul Deighton had been appointed as HAHL Board Chair on 1 May 2016 and was serving an extension to his third three-year term, which had come to an end on the 30 April 2025. He had agreed to step down as HAHL Board Chair as soon as a new chairperson was appointed. The Committee asked Lord Paul Deighton if he would extend his role for a limited period of up to 1 year in order to provide continuity and stability during the period of transition while a new HAHL Board Chair was appointed before stepping down and he agreed. The Committee approved the extension in April and recommended to the HAHL Board that Lord Paul Deighton's appointment be extended, when it came to an end on 30 April 2025, for a further year up until 30 April 2026. The Committee acknowledged that the extension of his appointment would take the overall length of his tenure beyond the 9 years of deemed independence, however, it was felt that a limited extension of his role would benefit the HAHL Board by providing continuity and stability during the period of transition while a new HAHL Board Chair was appointed. Lord Paul Deighton resigned on 1 January 2026.

Search and recruitment process for the appointment of a new HAHL board chair

THE SEARCH PROCESS

The Committee commenced a search process for a new HAHL Board Chair in March 2025. The Committee agreed that Juan Angoitia (Non-Executive Shareholder Director and member of the Committee) would act as chair for the purposes of the search and appointment process as Lord Paul Deighton recused himself from the process as the outgoing HAHL Board Chair.

Executive Search consultancies were invited to present proposals on their approach to recruit for the new HAHL Board Chair. Following a shortlisting exercise, Russell Reynolds Associates ('RRA') were identified as the preferred partner for the recruitment and selection process for the new HAHL Board Chair role on the basis of their experience and knowledge of the industry. RRA were appointed to commence a global search for a new Independent Chairperson on 21 May 2025.

IDENTIFYING CANDIDATES AND ASSESSMENT

After a detailed and rigorous international search, RRA presented a long list of 13 candidates to the Committee on 19 June 2025 and after review 5 candidates were subsequently shortlisted and invited for interview. Following a number of interviews with Committee Members, Heathrow's Chief People Officer and RRA, two candidates were shortlisted for interviews with the Chief Executive Officer. During this stage the Committee identified Philip Jansen as the preferred candidate to lead Heathrow through its next chapter of transformation and expansion based on his energy, UK connections and demonstrable commercial experience in a highly regulated UK business.

RECOMMENDATION TO THE HAHL BOARD AND APPOINTMENT OF THE NEW CHAIR

Following the interview with the Chief Executive Officer and a review of feedback from the assessment process, the Committee approved a recommendation to the HAHL Board for the new Chair's appointment. On 20 November 2025, the Remuneration Committee approved the proposed remuneration package for the new HAHL Board Chair. On 1 December 2025, the HAHL Board approved Philip Jansen's appointment as the new HAHL Board Chair with effect from 1 January 2026 and approved his remuneration package. The HAHL Board considered Philip Jansen to be independent in judgement and character on his appointment.

Extension of Ruth Kelly's, and Mark Brooker's Appointments as Independent Non-Executive Directors
In March the Committee reviewed:

- Ruth Kelly's appointment as an Independent Non-Executive Director of the HAHL Board and Chair of the Audit Committee. The Committee recommended to the HAHL Board that Ruth's current appointment be extended, when it came to an end on 7 April 2025, for a further three years up until 7 April 2028. The HAHL Board approved the extension on 16 April 2025.
- Mark Brooker's appointment as an Independent Non-Executive Director of the HAHL Board. The Committee recommended to the HAHL Board that Mark's current appointment be extended, when it came to an end on 31 March 2025, for a further three years up until 31 March 2028. The HAHL Board approved the extension on 16 April 2025.

FINANCE COMMITTEE

The Finance Committee's key role is to review and approve matters relating to financing the HAHL Group and to act as a forum for obtaining consents from Shareholders of FGP Topco Limited pursuant to the Shareholders' Agreement."

ALEXIS BALLIF, CHAIR
Non-Executive Shareholder Director - Ardian

OTHER COMMITTEE MEMBERS

Thomas Woldbye,
Chief Executive Officer

Sally Ding,
Chief Financial Officer

A Non-Executive Shareholder Director representing each Shareholder entitled to appoint a Director to the HAHL Board

Rt. Hon Ruth Kelly,
Independent Non-Executive Director

CHANGES TO COMMITTEE MEMBERS DURING THE YEAR

Alexis Ballif,
Non-Executive Shareholder Director – Ardian (appointed as Chair on 23 January 2025)

INTRODUCTION

As the Chair of the Finance Committee (the 'Committee'), I am pleased to present the Committee's report for the year ended 31 December 2025. The Committee acts as both a HAHL Board Committee for the approval of matters relating to the financing of the HAHL Group and a forum for obtaining consents required from the Shareholders of FGP Topco Limited pursuant to the Shareholders' Agreement. The Committee's primary focus has been on ensuring the HAHL Group maintains sufficient liquidity at all levels of the capital structure at all times and its financial covenant levels were protected.

The HAHL Group has continued to demonstrate strong access to both public and private debt markets throughout 2025, reinforcing liquidity and diversification across the capital structure. Notable transactions included a return to the Canadian dollar market after four years, strengthening relationships with Canadian investors and extending the duration profile. The Group also marked its first Class A GBP issuance in five years with a 17-year bond, complemented by a EUR Class A public offering, and U.S. private placements across Class A and Class B tranches. These transactions delivered a balanced mix of geography and tenor, underscoring the resilience and depth of investor support for Heathrow credit.

As a notable post balance sheet event, the HAHL Group acknowledges the continued support of its banking group through the extension of its Revolving Credit Facility.

ROLES AND RESPONSIBILITIES

The Committee is a formal committee of the HAHL Board and is responsible for approving various matters relating to the Heathrow Group's debt financing arrangements, hedging strategies and treasury policies prior to their implementation, including approvals of:

- Any prospectus or other listing document required in relation to the issuance of any capital market instruments or any formal information memorandum in relation to borrowing by any member of the HAHL Group.
- The borrowing of any money or the assumption of any indebtedness by any member of the HAHL Group (including by way of the issue of securities) in excess of certain financial thresholds.
- The refinancing of any existing indebtedness in respect of any member of the HAHL Group in excess of certain financial thresholds.
- The making of any repayments of principal in addition to scheduled principal payments on any debt that may be owing by any member of the HAHL Group.
- Other than as required by the financing arrangements of any member of the HAHL Group, the making of any material loan or advance or the giving of any guarantee, indemnity or provision of any credit, in each case in excess of certain financial thresholds.
- The creation of, or the granting of any permission to create, any mortgage, charge, encumbrance or other security interest on any uncalled capital or on any asset, in each case in excess of certain financial thresholds.
- Any material change, amendment or variation to any of the financing arrangements of any member of the HAHL Group or any request for any waiver thereunder or any entry into any new loan or loan facility, in each case in excess of certain financial thresholds.
- Changes to Heathrow's treasury policies before going to the HAHL Board.
- The entry into any new non-investment grade debt facility.
- The bi-annual publication of investor reports in respect of Heathrow (SP) Limited and Heathrow Finance plc, pursuant to the requirements of the Common Terms Agreement and the Heathrow Finance plc financing arrangements.
- The strategy for mitigating risks relating to the Group's financing arrangements as detailed in note 18.

2025 ACTIVITIES

The Committee held three meetings during the year and approved a number of financing matters by written resolution. The Committees and its main activities were to review and/or approve:

- Debt funding for Heathrow, including bond issuances, private placements and term debt.
- The extension of Heathrow's Revolving Credit Facility by 2 years to a 2029 maturity date. This was approved in 2025 and executed in January 2026.
- The Heathrow (SP) Limited and Heathrow Finance plc 2025 Investor Reports.
- The 2025 base prospectus and supplements to the 2024 base prospectus.
- A hedging strategy and the execution of interest rate swaps.
- Early accretion paydown on inflation-linked swaps.
- Cash upstreaming from the Heathrow (SP) Limited Group to Heathrow Finance plc.

DIRECTORS' REPORT

The Directors present their annual report and audited financial statements for the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is as the holding company of a group of companies that own Heathrow Airport and operate the Heathrow Express rail service.

A review of the progress of the Group's business during the year, the key performance indicators, internal controls, principal business risks and likely future developments are contained in the Strategic and Governance Reports.

RESULTS AND DIVIDENDS

The profit after taxation for the financial year amounted to £444 million (2024: £684 million). Dividends of £550 million were paid to ultimate shareholders during the year (2024: £nil). The statutory results for the year are set out on page 117.

The financial statements have been prepared on a going concern basis as detailed in the going concern statement from page 124 in the Group's accounting policies.

DIRECTORS

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

Lord Deighton – Resigned 1 January 2026
Philip Jansen – Appointed 1 January 2026
Andrew Dench
Thomas Woldbye
RT. Hon Ruth Kelly
Joan MacNaughton
H.E. Jassim Saif Ahmed Al-Sulaiti – Appointed 16 April 2025
Mark Brooker
Akbar Al Baker
Ahmed Ali Al-Hammadi – Resigned 16 April 2025
Luke Bugeja - Resigned 3 July 2025
Raymond Chan
David Xie – Resigned 24 February 2026
Yiqiang Zhan – Appointed 24 February 2026
Yuanyuan (Sally) Ding
Juan Angoitia[(1)]
Alexis Ballif[(2)]
Turqi A. Alnowaiser
Yazeed Alrubaian
William Briggs[(3)] – Appointed 3 July 2025

Alternates:

Ali Bouzarif (Alternate to Akbar Al Baker)
Richard Hedley (Alternate to Raymond Chan)
William Loc (Alternate to Raymond Chan)
Andrew Dallal (Alternate to Andrew Dench)
Deven Karnik (Alternate to Ahmed Ali Al-Hammadi until 16 April 2025, then appointed as alternate to H.E. Jassim Al-Sulaiti)
Minzhen (Orlando) Wang (Alternate to David Xie until 24 February 2026, then appointed as alternate to Yiqiang Zhan)
Jianwei (Davy) Wu (Appointed as alternate to David Xie on 1 December 2025 until 24 February 2026, then appointed as alternate to Yiqiang Zhan)
Juan Carlos Bullon Aleman (Alternate to Luke Bugeja) - Resigned 3 July 2025
Olivier Fortin (Alternate to Luke Bugeja) - Resigned 3 July 2025
Basil Fannouch (Alternate to Yazeed Alrubaian and Turqi A. Alnowaiser) - Appointed 17 February 2025
Rob Horsnall (Alternate to Luke Bugeja) - Resigned 3 July 2025
Edouard Bertagna (Alternate to Juan Angoita, Alexis Ballif and William Briggs) – Appointed 24 February 2026

(1) Juan Angoitia was also appointed as alternate to William Briggs and Alexis Ballif on 3 July 2025.
(2) Alexis Ballif was also appointed as alternate to Juan Angoitia and William Briggs on 3 July 2025.
(3) William Briggs is also alternate to Juan Angoitia and Alexis Ballif.

COMPANY SECRETARY

The Company Secretary is Mine Hifzi, General Counsel.

EMPLOYMENT POLICIES

The Group has no direct employees. The staff are employed by LHR Airports Limited, a fellow subsidiary entity of the HAHL Group. The Group directly incurs the employment cost of services provided to the Group as stated in the accounting policies on page 132.

The Group's employment policies are regularly reviewed and updated to ensure they remain effective. The Group's overall aim is to create and sustain a high performing organisation by building on the commitment of its people.

The Group has defined a set of guiding principles to ensure fair recruitment and selection. The Group continues to aim to recruit, retain and develop high-calibre people and has talent and succession management programmes for managerial roles.

The Group is committed to giving full and fair consideration to applicants for employment. Every applicant or employee will be treated equally whatever their race, nationality, ethnic or national origin, sex, marital status, sexual orientation, religious belief, disability, age or community background. The Group actively encourages a diverse range of applicants and commits to fair treatment of all applicants.

We are an equal opportunities employer, all employment is decided on the basis of qualifications, merit and business need. As an accredited Disability Confident Leader, we are committed to attracting the widest possible pool of talent and are securing, retaining and developing disabled colleagues. We offer the opportunity for any individual with a disability, to be guaranteed an interview if they can demonstrate that they meet the minimum criteria for the role. We provide adjustments at both the recruitment stages and when colleagues are employed by us. We have policies in place and an active network to support colleagues with disabilities or those who develop disabilities whilst working for Heathrow.

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

Details of corporate governance arrangements can be found on page 82.

EMPLOYEE ENGAGEMENT STATEMENT

Details of how the Directors have engaged with employees and the principal decisions made can be found in the section 172 (1) statement from page 67.

STAKEHOLDER ENGAGEMENT STATEMENT

Details of how the Directors have engaged with suppliers, customers and other stakeholders and the principal decisions made can be found in the section 172 (1) statement from page 67.

STREAMLINED ENERGY AND CARBON REPORTING

The Group's reporting in relation to Streamlined Energy and Carbon Reporting requirements can be found in the Strategic Report on page 56.

SUBSEQUENT EVENTS

Subsequent events are disclosed in note 29.

FINANCIAL RISKS

Details of the financial risk management objectives and policies, hedging policies and exposure to financial risks can be found in the accounting policies and note 18.

POLITICAL DONATION

No political donations were made during the year (2024: £nil).

DIRECTORS' INDEMNITY

The Company's Articles of Association provide that, subject to the provisions of the Companies Act 2006, but without prejudice to any protection from liability which might otherwise apply, every Director of the Company shall be indemnified out of the assets of the Company against any loss or liability incurred by them in defending any proceedings in which judgement is given in their favour, or in which they are acquitted or in connection with any application in which relief is granted to them by the court for any negligence, default, breach of duty or breach of trust by them in relation to the Company or otherwise in connection with their duties or powers or office. This indemnity also applies to the Directors who are Directors of other companies within the Group.

The third-party indemnity provisions (which are qualifying third-party indemnities under section 234 of the Companies Act 2006) are in place during the 2025 financial year and at the date of approving the annual report and financial statements.

Matters disclosed in the strategic report	Location in the strategic report	Page
Description of our business model	Our business	8
Sustainable growth	Our beacons in action: People and Planet	20
Research and development and innovation	Our beacons in action: People and Planet	20
Carbon footprint and greenhouse gas emissions	Our carbon footprint	56
Corporate responsibility – colleagues	Our beacons in action: Winning Team	16
Corporate responsibility – community	Our beacons in action: People and Planet	20
Charitable donations	Our beacons in action: People and Planet	20
Equality, diversity and inclusion	Our beacons in action: Winning Team	16
Principal risks and uncertainties	Our principal risks	32

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed within the period set out in section 485 of the Companies Act 2006.

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITORS

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 Company's auditors is unaware.
- The Director has taken all the steps that they ought to have taken as a Director in order to make themself aware of any relevant audit information and to establish that the Company's auditors 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.

The strategic report and Directors' report were approved and authorised by the Board and were issued on behalf of the Board.

YUANYUAN (SALLY) DING
Director
24 February 2026

Company registration number: 05757208

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted International Accounting Standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- State whether applicable UK-adopted International Accounting Standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements.
- Make judgements and accounting estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

YUANYUAN (SALLY) DING
Director
24 February 2026

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEATHROW AIRPORT HOLDINGS LTD

Report on the Audit of the Financial Statements

OPINION

In our opinion:

- Heathrow Airport Holdings Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2025 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise:

- the Consolidated statement of financial position as at 31 December 2025;
- the Company statement of financial position as at 31 December 2025;
- the Consolidated income statement for the year then ended;
- the Consolidated statement of comprehensive income for the year then ended;
- the Consolidated statement of changes in equity for the year then ended;
- the Company statement of changes in equity for the year then ended;
- the Consolidated statement of cash flows for the year then ended;
- the accounting policies; the significant accounting judgements and estimates; and
- the notes to the group and company financial statements.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

OUR AUDIT APPROACH

Overview

AUDIT SCOPE

- We performed full scope audit procedures over three components in the group. Procedures over material financial statements lines were performed over one further component.

KEY AUDIT MATTERS

- Valuation of Long-term Growth asset in construction - risk of impairment (group)
- Valuation of derivative financial instruments - credit risk adjustment on super senior derivatives (inflation linked swaps and interest rate swaps) (group)
- Valuation of investment properties – the discount rate assumption in relation to commercial car parks (group)
- Impairment of investments in subsidiary undertakings (company)

MATERIALITY

- Overall group materiality: £55.0m (2024: £60.0m) based on the consideration of various factors and benchmarks, together with engagement leader judgement, resulting in this quantum which represents approximately 2.7% (2024: 2.9%) of adjusted EBITDA.
- Overall company materiality: £58.1m (2024: £58.8m) based on approximately 1% of total assets.
- Performance materiality: £41.3m (2024: £45.0m) (group) and £43.6m (2024: £44.1m) (company).

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

KEY AUDIT MATTERS
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEATHROW AIRPORT HOLDINGS LTD (CONTINUED)

OUR AUDIT APPROACH (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Valuation of Long-term Growth asset in construction - risk of impairment (group)	
Refer to • the Audit Committee report on 'Key Judgements and Financial Reporting Matters', • the Accounting Policies, • the Significant accounting judgements and estimates; and • note 7 in the group financial statements. Assets in the course of construction include costs of £551m in respect of the Heathrow Long-Term Growth programme ('Long-Term Growth') following the Government decision in October 2016 in favour of Heathrow, and subsequent Board decision in October 2016 to apply for the Development Consent Order. These two events were considered by the Directors to be a trigger point for the capitalisation of Long-term Growth related costs to commence. We considered that, due to the nature and timing of this programme, there is a risk of impairment should the continued presumption that the project will continue not exist or if there are any factors or events which could contradict the original judgements to capitalize costs, specifically whether it will generate future economic benefits.	We performed the following audit procedures in order to assess the risk of impairment in relation to the Long-Term Growth asset: • Assessed the design and implementation of key controls relating to Property, plant and equipment, including Assets in the course of construction; • Challenged management to consider the current political and economic factors for and against Long-term Growth plan and associated assets and the impact of these on what represents a significant infrastructure project in the UK, including the impact of climate change, both to the aviation industry as a whole and to Heathrow's business plan for Long-term Growth; • Obtained recent corroborative and contradictory evidence on the project's technical feasibility, commercial viability and financeability (investability). This included assessing UK government policy, the proposal submitted by Heathrow, subsequent government announcements, Heathrow's existing pricing mechanism, the funding track record of comparable UK infrastructure projects, and commitment from the Board and Shareholders; • Evaluated whether details regarding Long-term Growth plan and assets are disclosed appropriately in the financial statements, including significant estimates and judgements to the extent necessary. Based on the above work performed, we concur with management's view that, as at 31 December 2025, no impairment should be recognised in relation to the Long-term Growth asset in construction and it continues to be probable that the asset will generate future economic benefits.
Valuation of derivative financial instruments - credit risk adjustment on super senior derivatives (inflation linked swaps and interest rate swaps) (group)	
Refer to • the Audit Committee report on 'Key Judgements and Financial Reporting Matters'; • the Accounting Policies; • Significant accounting judgements and estimates; and • note 17 in the group financial statements. As at 31 December 2025, the group held derivative assets of £1,001m and derivative liabilities of £1,130m on the balance sheet. These are held to mitigate interest rate, inflation and foreign exchange risk arising on borrowings. Included in these derivative balances were inflation linked swaps totalling £283m assets and £506m liabilities and interest rate swaps totalling £520m assets and £415m liabilities. IFRS 9 Financial Instruments requires derivatives to be accounted for at fair value with movements recognised in profit or loss, unless designated in a hedging relationship. Due to the nature and complexity in the valuations involved, we identified a significant risk that the fair value of inflation linked and interest rate swaps ranking as super senior in the priority of payments may be misstated. The risk is principally driven by the estimation of the valuation of credit risk of the swaps, in particular the assumed loss given default percentage applied to the valuation of these derivatives.	We, with the support of our Treasury specialists, performed the following audit procedures: • Assessed the design and implementation of key controls relating to the valuation of derivatives; • On a sample basis, performed independent valuation testing of the derivatives, including the credit risk adjustment at 31 December 2025; • Inspected the documentation supporting the super senior nature of interest rate swaps and inflation linked swaps where a higher recovery rate than the currency swaps is used in the valuation and evaluated whether the rate used is in line with the expected market rate; • Tested the estimation of the credit risk and quantum of the recovery rate applied to the super senior derivatives; • Assessed the adequacy of management's derivative fair value disclosures in the financial statements, including the sensitivity analysis set out in notes to the financial statements. The results of our procedures above did not identify any material exceptions. We consider the disclosures in the financial statements to be adequate.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEATHROW AIRPORT HOLDINGS LTD (CONTINUED)

OUR AUDIT APPROACH (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties – the discount rate assumption in relation to commercial car parks (group)	
Refer to • the Audit Committee report on 'Key Judgements and Financial Reporting Matters'; • the Accounting Policies and the key sources of estimation uncertainty relating to investment properties and specifically the sensitivity of the fair value to the discount rate used in the valuation of commercial car parks; and • note 9 in the group financial statements. The fair value of investment properties is £2,610m at 31 December 2025 and comprises rental properties, car parks, airport lounges and advertising sites. The commercial car parks represent 37% of the total investment property portfolio as at 31 December 2025. We identified a significant risk in relation to the valuation of commercial car parks, specifically the discount rate assumption, given the sensitivity of the fair value of these assets to this assumption.	We, with the support of our Real Estate Valuation experts, performed the following audit procedures: • Assessed the design and implementation of key controls relating to the valuation of investment properties; • Challenged management and their experts on whether the discount rate used to determine the fair value of the commercial car parks was appropriate, supported by analysis of benchmark data and expected ranges; • Engaged our Real Estate Valuation experts to perform specific procedures to assist us in our evaluation of whether the methodology and other assumptions used in valuing the commercial car parks were appropriate and investigated any year-on-year movements; • Assessed management's expert's qualifications and independence and read their terms of engagement to determine whether there were any matters that might affect their objectivity or may have imposed scope limitations upon their work; and • Evaluated the adequacy of disclosures in the financial statements, including the sensitivity analysis set out in notes to the financial statements. The results of our procedures above did not identify any material exceptions. We consider the disclosures in the financial statements to be appropriate.
Impairment of investments in subsidiary undertakings (company)	
Refer to • the Accounting policies; and • note 3 in the company financial statements. The parent company had £6,390m of investments in subsidiary undertakings. There is a risk that the performance of the subsidiary undertakings is not sufficient to support the carrying value and the assets may be impaired. Management has performed an assessment of impairment indicators with none being identified.	We evaluated management's assessment of impairment indicators and considered the consistency with other audit procedures performed. We concluded management's view that no impairment indicators exist was reasonable.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEATHROW AIRPORT HOLDINGS LTD (CONTINUED)

OUR AUDIT APPROACH (CONTINUED)

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group has two trading entities; one non-trading financing entity which holds listed debt; and a number of non trading entities. Our audit scope includes a full scope audit of one of the trading entities, which contributes approximately 99% of the group's adjusted EBITDA and 97% of the group's revenue and the full scope of audit of two other components. Audit procedures over certain financial statements line items were performed for one further component. The majority of the audit effort in relation to controls and substantive testing was performed at the significant trading entity level.

The impact of climate risk on our audit
Management assessed the potential financial statement impacts of climate risk and the disclosures in the Climate-related Financial Disclosures (CFD) and carbon footprint sections, including Heathrow's Net Zero pathway to 2050. We made enquiries of management and their climate expert, reviewed Heathrow's external sustainability reporting, and challenged assumptions—particularly those relating to climate scenarios and SAF uptake—used in management's climate risk assessment. Using our business understanding and internal climate specialists, we evaluated how climate risk affects key areas such as assessing useful lives of property, plant and equipment, testing valuation of investment properties, evaluating impairment of goodwill and assessing the recoverability of deferred tax assets, and assessed whether related assumptions were properly reflected in discounted cash flow models. We also considered consistency between climate-related narrative disclosures and the financial statements. Our procedures did not identify any material impact on the financial statements or key audit matters for the year ended 31 December 2025.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
Overall materiality	£55.0m (2024: £60.0m).	£58.1m (2024: £58.8m).
How we determined it	The consideration of various factors and benchmarks, together with engagement leader judgement, resulting in this quantum which represents approximately 2.7% (2024: 2.9%) of adjusted EBITDA	Approximately 1% of total assets
Rationale for benchmark applied	We have determined the most appropriate level of materiality in the context of the nature of the organisation, which is both profit orientated and one with a significant infrastructure base requiring investment and maintenance. We considered the importance of various income statement and balance sheet metrics to the users of these financial statements, the implications of the materiality level on the scoping of financial statement lines items and the prior year materiality level. The overall materiality level represents approximately 2.7% (2024: 2.9%) of adjusted EBITDA, 1.5% (2024: 1.7%) of revenue and 0.3% (2024: 0.3%) of total gross assets.	We have applied this benchmark of total assets, a generally accepted auditing practice, which reflects the nature of the entity as a holding company that principally holds investments in subsidiaries.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £33m to £52.3m. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%) of overall materiality, amounting to £41.3m (2024: £45.0m) for the group financial statements and £43.6m (2024: £44.1m) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEATHROW AIRPORT HOLDINGS LTD (CONTINUED)

OUR AUDIT APPROACH (CONTINUED)

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £2.8m (group audit) (2024: £3.0m) and £2.9m (company audit) (2024: £2.9m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

CONCLUSIONS RELATING TO GOING CONCERN

Our evaluation of the Directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Tested the appropriateness of management's cash flow forecasts and performing a retrospective review of actual performance to the prior year model;
- Reviewed the debt agreements to confirm the terms and conditions, including covenants. The covenants were consistent with those used in management's going concern assessment;
- Assessed management's base case and severe but plausible downside scenario, ensuring the directors have considered all appropriate factors, including the passenger forecast, the regulatory tariff, the liquidity position of the group, available borrowing facilities, the timing of contractual debt repayments and the relevant covenants;
- Assessed management's stress test to assess the impact of movements in passenger forecast and price tariff on the overall liquidity headroom and covenants;
- Reviewed and performed recalculation to ensure the group's compliance with covenant as at Dec-26;
- Tested the mathematical accuracy of models;
- Performed audit procedures over the group and company levels of liquidity; and
- Reviewed the going concern basis of preparation disclosure in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements
As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEATHROW AIRPORT HOLDINGS LTD (CONTINUED)

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT (CONTINUED)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of environmental and health and safety regulations, and adherence to data protection requirements, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, Heathrow's continued access to its CAA operating license, and UK corporation, VAT and employment tax. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- Evaluating the design and implementation of key controls relating to period end close processes and particularly journals processing;
- Discussions with management, including those outside of the finance function; representatives from Business Assurance and Internal Audit; and members of the group's General Counsel team. Those discussions included consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading the Board minutes to identify any issues which could indicate non-compliance with laws and regulations;
- Identifying and testing journal entries, in particular certain journal entries posted with unusual account combinations and journals crediting revenue and impacting capitalisation of property, plant and equipment;
- Testing material adjustment journals to ensure these were appropriate in nature and magnitude; and
- Incorporate elements of unpredictability in our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report. In our engagement letter, we also agreed to describe our audit approach, including communicating key audit matters.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

JASKAMAL SARAI (SENIOR STATUTORY AUDITOR)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
24 February 2026

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2025

		Year ended 31 December 2025				Year ended 31 December 2024			
	Note	Before certain re-measurements and exceptional items[1] £m	Certain re-measurements[2] £m	Exceptional items[3] £m	Total £m	Before certain re-measurements and exceptional items[1] £m	Certain re-measurements[2] £m	Exceptional items[3] £m	Total £m
Revenue	1	**3,623**	**-**	**-**	**3,623**	3,559	-	-	3,559
Operating costs	2	**(2,275)**	**(93)**	**-**	**(2,368)**	(2,184)	147	(22)	(2,059)
Other income		**6**	**-**	**-**	**6**	4	-	-	4
Operating profit/(loss)		**1,354**	**(93)**	**-**	**1,261**	1,379	147	(22)	1,504
Financing									
Finance income	4	**93**	**-**	**-**	**93**	127	-	-	127
Finance costs	4	**(1,112)**	**393**	**-**	**(719)**	(1,010)	342	-	(668)
Net finance costs		**(1,019)**	**393**	**-**	**(626)**	(883)	342	-	(541)
Profit/(loss) before tax		**335**	**300**	**-**	**635**	496	489	(22)	963
Taxation charge	5	**(108)**	**(83)**	**-**	**(191)**	(144)	(135)	-	(279)
Profit/(loss) for the year		**227**	**217**	**-**	**444**	352	354	(22)	684

(1) Amounts stated before certain re-measurements and exceptional items are non-GAAP measures.
(2) Certain re-measurements consist of: fair value gains and losses on investment property revaluations, gains and losses arising on the re-measurement of financial instruments, together with the associated fair value gains and losses on any underlying hedged items that are part of a cash flow, fair value and economic hedging relationship and the associated tax impact on these.
(3) Exceptional items in 2024 are irregular material write-off charges. Further detail can be found in note 3. There were no exceptional items in 2025.

The notes on pages 136 to 180 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2025

	Note	**Year ended 31 December 2025 £m**	Year ended 31 December 2024 £m
Profit for the year		**444**	684
Items that will not be subsequently reclassified to the consolidated income statement			
Actuarial gain on pensions			
Loss on plan assets	*20,23*	**(5)**	(212)
Decrease in scheme liabilities	*20,23*	**79**	239
Items that may be subsequently reclassified to the consolidated income statement			
Equity investments			
Gain taken to equity	*23*	**-**	7
Cash flow hedges			
(Loss)/gain taken to equity	*23*	**(83)**	81
Transfer to finance costs	*23*	**18**	12
Impact of cost of hedging			
Gain/(loss) taken to equity		**8**	(4)
Other comprehensive income for the year, net of tax		**17**	123
Total comprehensive income for the year		**461**	807

The notes on pages 136 to 180 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2025

	Note	31 December 2025 £m	31 December 2024 £m
Assets			
Non-current assets			
Property, plant and equipment	7	**11,681**	11,092
Right of use assets	8	**307**	332
Investment properties	9	**2,610**	2,667
Intangible assets	10	**3,060**	2,952
Equity investments	11	**34**	34
Derivative financial instruments	17	**967**	1,041
Trade and other receivables	13	**11**	13
		18,670	18,131
Current assets			
Inventories	12	**20**	17
Trade and other receivables	13	**371**	379
Current income tax assets		**19**	-
Derivative financial instruments	17	**34**	12
Term deposits	15	**816**	525
Restricted cash	14	**39**	30
Cash and cash equivalents	15	**549**	1,499
		1,848	2,462
Total assets		**20,518**	20,593
Liabilities			
Non-current liabilities			
Borrowings	16	**(17,089)**	(16,797)
Derivative financial instruments	17	**(981)**	(1,535)
Deferred income tax liabilities	19	**(1,156)**	(1,006)
Lease liabilities	8	**(370)**	(395)
Retirement benefit obligations	20	**(4)**	(120)
Provisions		**(2)**	(1)
Trade and other payables	21	**(3)**	(3)
		(19,605)	(19,857)

	Note	31 December 2025 £m	31 December 2024 £m
Current liabilities			
Borrowings	16	**(1,517)**	(1,451)
Derivative financial instruments	17	**(149)**	(60)
Lease liabilities	8	**(41)**	(39)
Provisions		**(2)**	(2)
Current income tax liabilities		**-**	(7)
Trade and other payables	21	**(578)**	(567)
		(2,287)	(2,126)
Total liabilities		**(21,892)**	(21,983)
Net liabilities		**(1,374)**	(1,390)
Equity			
Capital and reserves			
Share capital	22	**2,666**	2,666
Share premium	22	**105**	-
Hedging reserve		**(4)**	53
Equity investment reserve		**14**	14
Accumulated losses		**(4,155)**	(4,123)
Total equity		**(1,374)**	(1,390)

The notes on pages 136 to 180 form part of these financial statements. These financial statements of Heathrow Airport Holdings Limited (Company registration number: 05757208) on pages 117 to 122 were approved by the Board of Directors and authorised for issue on 24 February 2026. They were signed on its behalf by:

THOMAS WOLDBYE
Director

YUANYUAN (SALLY) DING
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025

		Attributable to owners of the Company					
		Share capital	Share premium	Hedging reserve	Equity investment reserve	Accumulated losses	Total equity
	Note	£m	£m	£m	£m	£m	£m
Balance as at 1 January 2024		2,666	-	(36)	7	(4,834)	(2,197)
Comprehensive income							
Profit for the year		-	-	-	-	684	684
Other comprehensive income/(expense)							
Fair value gain, net of tax, on:							
Cash flow hedges	*23*	-	-	93	-	-	93
Equity investments	*23*	-	-	-	7	-	7
Impact of cost of hedging	*23*	-	-	(4)	-	-	(4)
Actuarial gain on pension, net of tax:							
Loss on plan assets	*20,23*	-	-	-	-	(212)	(212)
Decrease in scheme liabilities	*20,23*	-	-	-	-	239	239
Total comprehensive income		-	-	89	7	711	807
Balance as at 31 December 2024		2,666	-	53	14	(4,123)	(1,390)

The notes on pages 136 to 180 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

		Attributable to owners of the Company					
		Share capital	Share premium	Hedging reserve	Equity investment reserve	Accumulated losses	Total equity
	Note	£m	£m	£m	£m	£m	£m
Balance as at 1 January 2025		**2,666**	**-**	**53**	**14**	**(4,123)**	**(1,390)**
Comprehensive income							
Profit for the year		**-**	**-**	**-**	**-**	**444**	**444**
Other comprehensive (expense)/income							
Fair value loss, net of tax, on:							
Cash flow hedges	*23*	**-**	**-**	**(65)**	**-**	**-**	**(65)**
Impact of cost of hedging	*23*	**-**	**-**	**8**	**-**	**-**	**8**
Actuarial gain on pension, net of tax:							
Loss on plan assets	*20,23*	**-**	**-**	**-**	**-**	**(5)**	**(5)**
Decrease in scheme liabilities	*20,23*	**-**	**-**	**-**	**-**	**79**	**79**
Total comprehensive (expense)/income		**-**	**-**	**(57)**	**-**	**518**	**461**
Transactions with owners							
Dividends paid	*6*	**-**	**-**	**-**	**-**	**(550)**	**(550)**
Bonus issue of share capital[1]		**-**	**105**	**-**	**-**	**-**	**105**
Total transactions with owners		**-**	**105**	**-**	**-**	**(550)**	**(445)**
Balance as at 31 December 2025		**2,666**	**105**	**(4)**	**14**	**(4,155)**	**(1,374)**

(1) On 30 October 2025, the Company issued 2 ordinary shares of £0.062 each to ADI Finance 2 Limited, the Company's parent undertaking, for total consideration of £105 million. The proceeds in excess of par value of £105 million were recorded in the share premium reserve.

The notes on pages 136 to 180 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2025

	Note	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Cash flows from operating activities			
Cash generated from operations	*25*	**1,970**	2,019
Taxation:			
Corporation tax paid		**(78)**	(80)
Net cash generated from operating activities		**1,892**	1,939
Cash flows from investing activities			
Purchase of:			
Property, plant and equipment		**(1,168)**	(866)
Investment properties		**(4)**	(71)
Intangible assets		**(43)**	-
Proceeds on disposal of:			
Investment in subsidiary		**7**	-
Investment properties		**-**	1
(Increase)/decrease in term deposits[1]		**(291)**	1,575
Interest received		**96**	173
Dividends received from equity investments		**6**	4
Net cash (used in)/generated from investing activities		**(1,397)**	816

	Note	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Cash flows from financing activities			
Dividends paid to Parent		**(550)**	-
Proceeds from issuance of bonds		**1,121**	944
Repayment of bonds		**(1,198)**	(1,178)
Fees and other financing items		**(6)**	(8)
Repayment of term notes		**(100)**	(75)
Proceeds from issuance of term notes		**289**	200
External interest paid[2]		**(709)**	(731)
Settlement of accretion on index-linked swaps		**(86)**	(10)
Early settlement of accretion on index-linked swaps[3]		**(157)**	(660)
Inflation swap restructuring[4]		**-**	14
Payment of lease liabilities		**(40)**	(39)
Net cash used in financing activities		**(1,436)**	(1,543)
Net (decrease)/increase in cash and cash equivalents and restricted cash		**(941)**	1,212
Cash and cash equivalents at beginning of year		**1,529**	317
Cash and cash equivalents and restricted cash at end of year	*15*	**588**	1,529

(1) Term deposits have an original maturity over three months.
(2) Interest paid on senior (Class A) debt of £654 million (2024: £660 million), which includes £20 million of lease interest paid (2024: £20 million), and interest paid on junior (Class B) debt of £55 million (2024: £71 million).
(3) The Group has elected to early pay £157 million (2024: £631 million) of accrued accretion and £nil of prepaid accretion (2024: £29 million), which was due to be settled within the next 12 months in line with the liquidity profile assessment of the Group.
(4) In 2024, the Group restructured two inflation-linked swaps by shortening the maturities from 2035. This resulted in a cash inflow to the Group of £14 million made up of £68 million net future interest less £54 million future accretion.

The notes on pages 136 to 180 form part of these financial statements.

ACCOUNTING POLICIES

for the year ended 31 December 2025

The principal accounting policies applied in the preparation of these consolidated financial statements of Heathrow Airport Holdings Limited (the 'Company') and its subsidiaries (together the 'Group') are set out below. Applicable material accounting policies are disclosed in line with IAS 1 requirements. These policies have been consistently applied to all the years presented, unless stated otherwise.

THE GROUP

The Company is the private holding company of a group of private companies that owns Heathrow Airport ('Heathrow') and operates Heathrow Express ('HEX'), the express rail service between Heathrow and central London. Heathrow Airport Holdings Limited is a limited, by shares, liability company incorporated, registered and domiciled in the UK. Its registered office is The Compass Centre, Nelson Road, Hounslow, Middlesex, TW6 2GW.

BASIS OF PREPARATION

Compliance with IFRS and historical cost convention
The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. They are prepared under the historical cost convention, except for investment properties, financial assets, derivative financial instruments, and financial liabilities that qualify as hedged items under fair value hedge accounting. These exceptions to the historical cost convention have been measured at fair value in accordance with IFRS and as permitted by the Companies Act accounts regulations.

These financial statements are presented in Sterling, which is the Group's functional currency, and are rounded to the nearest million pounds ('£m'), except when otherwise noted.

New and amended standards adopted by the Group
The Group has applied the following amendments for the first time for their annual reporting year ended 31 December 2025:

- Amendments to IAS 21 titled *Lack of Exchangeability*.
- *Disclosures about Uncertainties in the Financial Statements*

The amendments listed above did not impact the amounts recognised in the current or prior periods and are not expected to have a material impact on future periods.

New standards and interpretations not yet adopted
At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective (and in some cases have not yet been adopted by the UK Endorsement Board):

- IFRS 18 *Presentation and Disclosures in Financial Statements*.
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures* and the related Amendments to IFRS 19 issued in August 2025.
- Amendments to IAS 21 titled *Translation to a Hyperinflationary Presentation Currency*.
- Amendments to IFRS 7 and IFRS 9 titled *Amendments to the Classification and Measurement of Financial Instruments*.
- *Annual Improvements to IFRS Accounting Standards—Volume 11*.
- Amendments to IFRS 7 and IFRS 9 titled *Contracts Referencing Nature-dependent Electricity*.

The Group's financial reporting will be presented in accordance with the new standards and amendments as they become effective.

With the exception of IFRS 18, the new standards and amendments are not expected to have a material impact on the consolidated results, financial position or cash flows of the Group.

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. The Directors have not completed a full review but anticipate that the application of the new IFRS 18 requirements will change the Group's future financial statements. In particular the following requirements to:

- Present specified categories and defined subtotals in the statement of profit or loss, which is likely to change how operating profit is calculated and reported. The Directors have not finalised analysis on the amount of the change.
- Provide disclosures on management-defined performance measures ('MPMs') in the notes to the financial statements.
- Improve aggregation and disaggregation.

The Directors have amended the aggregation of some information and some categorisation labels in the notes to the financial statements. In some cases this has resulted in a restatement of the comparative figure. For example, in note 1 the category 'other services' has been renamed 'travel services' and the relevant values updated accordingly.

AUDIT EXEMPTION OF SUBSIDIARIES

For the year ended 31 December 2025, the following subsidiaries of the Group were entitled to exemption from audit under s.479A of the Companies Act 2006:

Subsidiary	Registered number
Heathrow Enterprises Limited	02767216
Heathrow Holdco Limited	06408400
LHR Airport Services Limited	03414461
LHR Building Control Services Limited	03316215
LHR Business Support Centre Limited	03065139

PRIMARY FINANCIAL STATEMENTS FORMAT

The Group's primary financial statements are prepared in accordance with UK-adopted International Accounting Standards as they apply to the financial statements of the Group for the year ended 31 December 2025.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

PRIMARY FINANCIAL STATEMENTS FORMAT (CONTINUED)

A columnar approach has been adopted in the income statement and the impact of certain items is shown in a separate column. This column includes certain re-measurements and exceptional items as listed in (i) and (ii) below, which management separates from the underlying operations of the Group. Also, this column includes the effect on taxation of changes in tax rates in (iii) and (iv) below. By isolating certain re-measurements and exceptional items, management believes the results provides the reader with an understanding of the underlying performance of the Group, by concentrating on the matters over which it has most influence, whilst recognising that information on these additional items is available within the financial statements, should the reader wish to refer to them.

The column 'certain re-measurements' in the consolidated income statement contains the following items:

i. Fair value gains and losses on investment property revaluations.
ii. Derivative financial instruments and the fair value gains and losses on any underlying hedged items that are part of a fair value hedging relationship.
iii. The associated tax impacts of the items in (i) and (ii) above.
iv. The impact on deferred tax balances of known future changes in tax rates.

EXCEPTIONAL ITEMS

The Group separately presents certain items on the face of the income statement as exceptional as it believes it assists investors to understand underlying performance and aids comparability of the Group's result between periods. Exceptional items are irregular material transactions or events.

GOING CONCERN

The Directors have prepared the financial statements on a going concern basis as they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. In assessing the going concern position of the Group, the Directors have considered the principal risks and uncertainties likely to impact financial performance, cash flow, liquidity and covenant compliance for the period to May 2027.

Background
Heathrow is economically regulated by the CAA which controls Heathrow's maximum airport charges. We are currently operating under the H7 price control period, which runs between 1 January 2022 and 31 December 2026. The H8 price control period will run between 1 January 2027 and 31 December 2031. Heathrow's H8 Business Plan was submitted to the CAA in July 2025, with Initial Proposals due from the regulator in March 2026. As such, at this stage, the Directors do not have certainty over H8 charges which are within the going concern assessment period.

The Company is part of the wider Heathrow Group, with the ultimate parent undertaking being FGP Topco Limited. In considering the going concern assessment, the Directors have considered the wider Heathrow Group given the corporate structure.

The wider Heathrow Group can raise finance at both Heathrow (SP) Limited ('Heathrow SP') and Heathrow Finance plc ('Heathrow Finance') and is bound by two types of debt covenant, tested on 31 December each year: the Regulatory Asset Ratio ('RAR'), a measure of the ratio of consolidated nominal net debt to the Regulatory Asset Base ('RAB'); and Interest Cover Ratio ('ICR'), a measure of operating cashflows to debt interest charge. These covenants exist at different levels within the Group's Class A and Class B debt.

Base case scenario
Passenger forecasts are fundamental to the going concern analysis as a measure of forecast revenue and operating cash flows. There is inherent subjectivity in modelling future passenger numbers, but strong passenger demand provides confidence in our forecast passenger numbers. Despite economic uncertainty, interest rate pressures and inflation, total passenger numbers for the year ended 31 December 2025 exceeded forecasts at 84.5 million (0.7% increase from 2024). The base case assumes forecast passenger numbers of 85.0 million for the year ended 31 December 2026.

The base case uses tariffs for the year ended 31 December 2026 set out in the CAA's H7 Final Decision. From 1 January 2027, tariffs, capital expenditure and financing assumptions reflect the Initial Business Plan submitted by Heathrow to the CAA in July 2025.

Continued support for the Group's credit enabled Heathrow to successfully raise over £1.5 billion of debt in 2025, including a €600 million Class A sustainability-linked bond and £139 million in Class B and £100 million in Class A US private placements. We returned to the Canadian market after a four-year absence with the issuance of a C$600 million Class A bond and issued a £300 million Class A bond, marking our first GBP issuance since 2020. In addition, a £150 million Class A term debt was signed in December 2025 with delayed drawdown to mid-2026. As at 31 December 2025, the wider group has total liquidity available of £2.9 billion, comprising of £1.4 billion of cash held and £1.5 billion in undrawn and revolving credit facilities. Total debt maturity for the period to 31 May 2027 is £1.3 billion at Heathrow SP and £0.4 billion at Heathrow Finance. The base case also includes forecast debt issuances based on Heathrow's latest business plan.

The Group has sufficient liquidity to meet its base case cash flow needs until at least 31 May 2027, with no breaches of its covenants in that period.

Severe but plausible downside scenario
The Directors have also considered a severe but plausible downside scenario that considers inherent uncertainty in passenger numbers, but also H8 regulatory uncertainty from 1 January 2027 until finalised by the CAA.

Passenger numbers at the low end of Heathrow's Board approved passenger forecast is considered to be a severe but plausible outcome. This considers the Group's views of plausible impacts caused by reduced passenger confidence and other economic factors. The low range of passengers represents a 1.5% reduction against the forecast base case for 2026.

The tariff and capital expenditure assumptions remain the same as in the base case for 2026. Until the CAA's H8 Final Decision is published there is inherent uncertainty over the allowed tariffs and the size of the capital programmes from 2027. The CAA's Initial Proposals are not due until March 2026 and therefore the Directors have forecast a range of potential tariffs and capital expenditure outcomes, with the severe but plausible scenario reflecting lower capital expenditure and correspondingly a lower tariff to deliver those capital programmes in 2027.

While deemed unlikely, the Directors have also assumed that the Group would be unable to access debt markets for any new funding and that dividends would not be declared under such circumstances. Only committed facilities are included in the severe but plausible downside scenario.

Under the severe but plausible downside scenario, the Group has sufficient liquidity to meet all forecast cash flow needs until at least 31 May 2027, with no breach of its covenants in that period.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

GOING CONCERN (CONTINUED)

Reverse stress test
The Directors have performed reverse stress tests to assess the level of downside risk required to breach financial covenants within the going concern assessment period. The analysis considered extreme reductions in passenger numbers and, separately, the potential impact of a materially lower tariff outcome from 2027, pending the CAA's H8 Final Decision.

The Directors concluded that only highly remote materially lower passenger numbers or a substantially reduced tariff would result in a covenant breach. These passenger levels and tariff charges are well below the low end of the Group's forecast and are considered highly unlikely by the Directors. Should circumstances arise that require corrective action, many previously utilised tactical actions remain available, such as cost reduction, deferral of investment or temporary reprofiling of interest payments.

Conclusion
Having had regard to both liquidity and debt covenants and considering a severe but plausible downside scenario and reverse stress testing, the Directors have concluded that there is sufficient liquidity available to meet the Group and Company's funding requirements for at least 12 months from the date of approval of these consolidated financial statements and that it is accordingly appropriate to adopt a going concern basis for their preparation.

BASIS OF CONSOLIDATION

The consolidated financial statements consolidate the financial statements of Heathrow Airport Holdings Limited and all its subsidiaries.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. Subsidiaries are consolidated from the date which the Group obtains control and continue to be consolidated until the date that such control ceases. Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed where necessary, to ensure consistency with policies adopted by the Group.

ALTERNATIVE PERFORMANCE MEASURES

In addition to performance measures, the Group discloses additional information including profit from operations, if applicable, performance before certain re-measurements and exceptional items. The Group believes that this additional information provides useful information on underlying trends. This additional information is not defined under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies, as it is not intended to be a substitute for, or superior to, IFRS measures of profit. The alternative performance measures are set out on pages 189 to 191.

CLIMATE CHANGE

Achieving net zero carbon aviation so as to limit the impacts of climate change is one of the Group's principal risks, as identified on page 36. Climate change could materially impact future passenger demand either due to future government or regulator intervention, an increase in the cost of aviation due to taxation or levies, or as a result of a change in consumer sentiment to aviation. In addition, the Group may need to invest significant amounts of capital in order to future-proof its operations against the impacts of climate change. Both these transition and physical risks are explained fully within the Climate-related Financial Disclosures ('CFD') from page 38. Positive engagement with the CAA and airlines during 2022 supported the creation of the Carbon and Sustainability programme. This investment of around £141 million throughout the current regulatory settlement period (2022 to 2026), delivers essential projects to support our net zero goals 'In the Air' and 'On the Ground' by 2030. The long-term forecast is the same plan that is used to support the future financial projections that also underpin matters including going concern, impairment, investment properties, and deferred tax assets. Further information on Heathrow's plan on achieving commitment to a global net zero goal for aviation is on page 21.

In preparing these financial statements, management considers the climate change risk outlined above to ensure consistency between the potential future scenarios identified in the Climate-Related Disclosures and any impact they may have on these financial statements. These are:

- **Property, plant and equipment (excluding assets in the course of construction):** whether physical risks associated with climate change impact the useful economic lives of existing assets resulting in the need for accelerated depreciation. This could be as a result of assets that will be replaced as part of the Group's Net Zero Plan to decarbonise during their current useful economic life; or could be as a result of the need to replace existing infrastructure in response to increasing temperatures and more unpredictable weather patterns ahead of previous expectations. Management has set out an energy strategy, that includes working on a design for a new heating and cooling solution for the airport which will replace gas boilers with zero carbon heating technologies. This will enable the turning off of gas for heating the airport by the mid-2030s. In addition, we are investing in charging infrastructure to support the switch to electric vehicles across the airport. In the year, there has been no resultant change in the useful economic lives of the Group's assets, and no related accelerated depreciation or impairment. Refer to note 7 for further information.
- **Assets in the course of construction:** specifically related to Long-term Growth assets and whether the aim to get to net zero aviation impacts the probability of Long-term Growth occurring, and therefore the recoverability of Long-term Growth assets. Refer to the capitalisation critical judgement on page 134 for further information.
- **Investment properties:** Investment properties are initially recognised at cost and subsequently stated at fair value. The fair value of investment properties is based on expected revenue and revenue growth. As part of the CBRE investment property valuation, climate related impacts are considered such as climate-related legislation (e.g. EPCs), and any relevant capital expenditure is taken into account. The valuation is as of date of reporting. Physical and transition risks are taken into account by how the market interprets risk. Refer to note 9 for further information.
- **Deferred tax assets:** whether future passenger demand impacts the recoverability of deferred tax assets. Deferred income tax assets are recognised in respect of all deductible timing differences where it is considered probable that there will be sufficient future taxable income against which these assets will be recovered. The recognition of these deferred income tax assets is supported by a combination of the reversal of taxable temporary differences and forecast future taxable income. A reduction in future passenger numbers may impact future taxable income. Refer to note 19 for further information.

The Directors are satisfied that all information presented in the annual report and financial statements has been consistently applied throughout, particularly regarding forecast information and commitments associated with achieving net zero.

SEGMENT REPORTING

Information reported to the HAHL Board as Chief Operating Decision Maker for the purposes of resource allocation and assessment of segment performance relates to the operations of Heathrow and Heathrow Express.

Revenue from contracts with customers
Revenue is income arising from the sales of goods and services in the ordinary course of the Group's activities and excludes amounts collected on behalf of third parties. Revenue is recognised when performance obligations are satisfied, and control has transferred to the customer. For the majority of the revenue streams, there is a low level of judgement in determining the timing of transfer of control and transaction price.

The Group recognises revenue from the following major sources:

- Aeronautical.
- Retail.
- Other.

AERONAUTICAL INCOME
Aeronautical income includes:

- Aircraft movement charges levied according to noise, emissions and weight recognised on landing.
- Aircraft parking charges based on time parked and whether aircraft are wide or narrow bodied as provided.
- Passenger charges based on the number of departing passengers on departure.
- Other charges levied for passenger and baggage operations when these services are rendered.

Landing and terminal services are provided to airlines on demand under the published regulatory prices, rather than through fixed quantity individual contracts. Depending on the service being provided, the transaction price is calculated based on a fixed price per landing, parking, per passenger and by weight. Where applicable, separate incentive agreements are signed with individual airlines. These charges are recognised at a point in time when Heathrow renders and fulfils the service.

RETAIL
Retail income includes concession fees from retail and commercial concessionaires at the airport which are based upon reported revenue and/or volumes by concessionaires, taking into account contracted minimum guaranteed income where applicable.

The performance obligation for this revenue stream is the provision of retail unit space to a third party for the purposes of selling goods or providing services to the passengers, in return for a concession fee. Variable consideration from the concessionaire revenue is recognised in the period based on an estimate of the sales occurred, therefore at a point in time, with a true-up when the sales are confirmed.

Retail services also include revenue generated from the provision of parking services to customers, which include for Short Stay, Long Stay, Business parking and Storage. The Group considers the performance obligation is satisfied by the provision of a car park space for each day the car is parked, therefore the revenue is recognised over time.

Customers who book and pay for car parking, but then subsequently cancel before occupying or prematurely curtail the use of the parking space are refunded on a pro-rata case basis.

OTHER
Significant components of other revenue are:

- Other regulated charges ('ORCs').
- Rail income.
- Property revenue.

ORCs
Revenue in relation to ORCs is derived from the recovery of certain costs incurred by the Airport. It includes:

- Usage charges made for operational systems (e.g. check-in desks), recognised as each service is provided.
- Charges related to passengers with restricted mobility and other services recognised at the time of delivery.
- Other invoiced sales: recognised on the performance of the service.

The Group typically satisfies its performance obligation as the service is provided. Revenue is recognised on the day the service takes place, therefore at a point in time.

Rail income
Heathrow Express derives its income from the sale of tickets to customers.

Revenue attributable to return tickets is allocated to each journey and recognised on the day each journey takes place, therefore at a point in time. Heathrow has used sample data of historical journeys to estimate when each journey takes place. Based on this historical data, the Group estimates:

- 90% of single tickets are used in the month of sale, with the remainder used in the following month.
- 80% of return tickets (50% outward and 30% return) are used in the month of sale, with the remainder used in the following month.
- All multiple journey tickets are used evenly across 6 months including the month of sale.

Property revenue
The Group acts as a lessor for various spaces across the Airport. See note 8 for further information.

FINANCE INCOME

Finance income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use, are capitalised as part of the cost of those assets, until the asset is complete and available for use. Such borrowing costs are capitalised whilst projects are in progress.

Where assets in the course of construction are financed by specific borrowing facilities, the interest rate relating to those specific borrowing facilities is used to calculate the amount to capitalise, otherwise an interest rate based on the weighted average cost of debt is used.

Borrowing costs incurred during a period of suspension are not considered to be a necessary cost of development and thus are recognised in the income statement in the period in which they are incurred. All other borrowing costs, including costs incurred in respect of the maintenance of the Group's credit ratings, are recognised in the income statement in the period in which they are incurred.

PROPERTY, PLANT AND EQUIPMENT

Operational assets
Terminal complex, airfield, plant and equipment, other land and buildings and rail assets are stated at cost less accumulated depreciation and accumulated impairment losses. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

Assets in the course of construction are stated at cost and reviewed for impairment. No depreciation is charged, or revaluation made, prior to work in progress being transferred to the appropriate asset category. 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 and the asset is available for use. Where appropriate, cost includes borrowing costs capitalised (see 'Borrowing Costs' policy), own labour costs of construction-related project management and directly attributable overheads. Costs associated with projects that are in the early stages of planning are capitalised where the Directors are satisfied that it is probable the necessary consents will be received and the projects will be developed to achieve a successful delivery of an asset such that future benefits 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. This includes review of all assets that have a residual economic life greater than the zero-carbon target date.

Long-term Growth
Assets in the course of construction include qualifying costs in respect of Long-term Growth following the Government decision in October 2016 in favour of Heathrow, and subsequent Board decision in October 2016 to apply for the Development Consent Order ('DCO').

These two events were considered by management to be a trigger point for the programme to proceed. Management subsequently announced publicly that the Group would apply for planning permission, deeming it probable that the Long-term Growth programme would be realised. Management considers October 2016 to be the point at which the programme moved from the research phase to the development phase, and therefore eligible development expenditure is capitalised in line with the principles of IAS 16 and IAS 38 as 'assets in the course of construction'. Long-term growth costs incurred during the research phase for the Airports Commission process and before Heathrow was named as the preferred location for new runway capacity in October 2016, were expensed in the period incurred.

Costs directly associated with, and solely for the purposes of, seeking planning consent for the delivery of the programme through the Development Consent Order process were capitalised as they are directly attributable to the final design and construction of the project assets.

Refer to pages 134 to 135 for the critical judgements made in applying the capitalisation accounting policy for long-term growth.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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:

Terminal complex	
Terminal building, pier and satellite structures	20–75 years
Terminal fixtures and fittings	5–40 years
Airport plant and equipment	
Baggage systems	5–20 years
Screening equipment	5–15 years
Lifts, escalators and travelators	10–30 years
Other plant and equipment, including runway lighting and building plant	5–50 years
Tunnels, bridges and subways	50–120 years
Airport transit systems	
Rolling stock	20 years
Track	50 years
Airfields	
Runway surfaces	10–15 years
Runway bases	40–100 years
Taxiways and aprons	20–50 years
Rail	
Rolling stock	8–40 years
Tunnels	100 years
Track metalworks	5–10 years
Track bases	10–50 years
Signals and electrification work	20–40 years
Plant and equipment	
Motor vehicles	4–12 years
Office equipment	5–15 years
Computer equipment	4–5 years
Other land and buildings	
Short leasehold properties	Period of lease
Leasehold improvements	Lower of useful economic life or period of lease

Asset residual values and useful lives are reviewed and adjusted at each reporting date. If expenditure maintains the life of the asset or maintains its earning capacity, then it is treated as revenue expenditure and expensed as incurred. Alternatively, if the expenditure provides incremental future benefits so that it improves the earning capacity or extends the life of the asset beyond its originally intended useful economic life, then it is treated as capital expenditure. This is usually the case with non-climate compliant assets where the Group seeks to modify where possible as it works towards its zero-carbon footprint commitment detailed in the strategic report. In certain circumstances, the asset life may fall outside of the boundaries disclosed above.

Climate uncertainty does not have a material impact on the assessment of useful lives as the assets are considered to be fit for purpose over the assessed useful economic lives with reasonable repairs and maintenance. The key assumption in our plan which mitigates our carbon footprint is the adoption of sustainable aviation fuel, as explained in the CFD from page 38, which will use the existing asset infrastructure without material changes to existing assets. Consistent with the physical risk assessment in the CFD, there are no material physical risks associated with climate change due to physical location of the airport and its operations, and therefore at this stage there have been no resultant changes to the useful economic lives of assets.

IMPAIRMENT OF ASSETS (EXCLUDING GOODWILL)

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 management deem impairment testing for an asset is necessary, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal 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. When performing this review, Heathrow and Heathrow Express form two cash generating units ('CGUs') based on the functional organisational structure by which the airport is managed.

INVESTMENT PROPERTIES

Investment property held to earn rentals and/or for capital appreciation, is initially measured at cost and subsequently stated at fair value at the reporting date, as determined by the Directors and supported by external valuers. Gains or losses arising from changes in the fair value of investment property are recognised in the income statement in the period in which they arise.

Gains or losses on disposal of an investment property are recognised in the income statement on the unconditional completion of the sale.

Land is held by the Group for long term strategic purposes and is not held for resale. Investment properties are land and buildings where the building is built to maximise the return on land and buildings as an 'interim use', are held for long term rental yield and are not occupied by the Group. Investment property also includes property that is being constructed or developed for future use as investment property. Properties leased to third parties under operating leases are classified as investment property, unless a significant proportion is occupied by the Group.

GOODWILL

In June 2006 the Group acquired what was then called BAA plc (now LHR Airports Limited) in a business combination. As a result of the business combination goodwill was recognised, which was calculated as the excess of the purchase consideration paid over the fair value of the assets and liabilities acquired. Goodwill represents the potential for long term growth in the infrastructure and passenger traffic and tariffs. As at 31 December 2025, the Group has two operating segments; Heathrow Airport and Heathrow Express. Goodwill is allocated wholly to Heathrow Airport, representing the core assets driving long term value.

An impairment test compares the carrying value of an asset (in this case the Heathrow Airport cash-generating unit containing goodwill) to its recoverable amount. The recoverable amount has been calculated using the fair value less cost to sell methodology. Fair value has been calculated using the adjusted present value methodology based on the cash flow projections until 2041. Management believes this is an appropriate period for a projection to provide the real value of a business that requires significant capital expenditure over a long period of time. The cash flows have been discounted at mid period and the residual value applied on the last year of the projection has been calculated applying a multiple of 1.23x Regulatory Asset Base ('RAB').

If the recoverable amount is less than the carrying value, impairment exists. The impairment test was performed as at 31 December 2025. No impairment charges resulted.

Short term projections are based on the latest forecast approved by the Board in December 2025. Longer term projections reflect Heathrow's emerging long-term growth plans and climate change considerations. Due to the nature of the regulatory arrangement and the significant headroom in the goodwill valuation, climate change risks are not considered to have a material impact on the valuation of goodwill. As further explained in the CFD section on page 38, physical risks associated with climate change are not expected to require material levels of additional capital expenditure outside of the Group's existing capital plans, and passenger numbers adopted from our scenario analysis that feeds into our long-term forecast, detailed in the CFD section on page 38, forecasts adequate long-term passengers to support Heathrow's own long-term cash flow forecasts. Refer to note 10 for further details.

INTANGIBLE ASSETS

Internally generated intangible assets
Development expenditure incurred in respect of individual projects is capitalised when the future economic benefit of the project is probable and is recognised only if all the following conditions are met:

- The Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The Group can demonstrate how the intangible asset created will generate future economic benefits.
- The Group has available the resources to complete the asset.
- The Group intends to complete that asset and has the future ability to sell or use the asset.
- The development cost of the intangible asset can be measured reliably.

Following initial recognition of an intangible asset, the cost model is applied requiring the asset to be held at cost less any accumulated amortisation and impairment. Amortisation begins when the asset is ready for use.

This type of expenditure primarily relates to internally developed software and website projects for the Group and are amortised on a straight-line basis over their useful economic lives of three to seven years. During the period of development, the asset is tested for impairment annually. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Purchased intangible assets (software costs)
Computer software costs principally relate to operating and financial software. These assets are amortised on a straight-line basis over their useful lives of between four and fifteen years. The assets are assessed for impairment whenever there is indication that the intangible asset may be impaired.

Purchased intangible assets (retail contracts)
Retail contracts relate to the acquisition of Heathrow Airports Holdings Group in June 2006. These assets are amortised over a period of between ten and fifteen years. Amortisation for the year is charged through operating costs. The assets are assessed for impairment whenever there is indication that the intangible asset may be impaired.

Cloud computing arrangements
The Group enters into some cloud computing arrangements, including software as a service, platform as a service, infrastructure as a service and other similar hosting arrangements. The Group has recognised the cost of these arrangements as an intangible asset when the Group has a contractual right to take possession of the software during the contract and the Group is able to operate the software on its own hardware. All other costs of cloud computing arrangements are recognised as an expense.

LEASES

Group as a lessee
Group leases relate to the electricity distribution network at the airport, offices, warehouses, plant and equipment and track access.

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

The Group recognises a right-of-use asset and a corresponding lease liability for all lease agreements in which the Group is the lessee.

The right-of-use asset is initially measured at cost. The right-of-use assets are then subsequently depreciated using the straight-line method from the commencement date to the earlier of the lease term or useful life of the underlying asset. Right-of-use assets are assessed for impairment whenever there is indication that the asset may be impaired.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted at the rate implicit in the lease, or, if the rate cannot be determined, the Group's incremental borrowing rate.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

LEASES (CONTINUED)

The incremental borrowing rate is based on the (i) reference rate, (ii) financing spread and (iii) lease specific adjustments. The reference rate is based on the UK Nominal Gilts aligned with the tenor of the lease observed at the time of signing the contract. The financing spread is based on the term of the debt, level of indebtedness, entity and economic environment. The lease specific adjustment is required if the term of the lease is out of the norm.

The Group remeasures the lease liability when there is a change in the future lease payments arising from a change in rate or index or, a modification to the lease that is not accounted for as a separate lease. When the lease liability has been remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the profit or loss account if the carrying amount of the right-of-use asset has been reduced to zero.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group has opted not to recognise right-of-use assets and lease liabilities for low value assets and short-term leases (defined as a lease with a lease term of 12 months or less). Instead, the lease payments are recognised as an operating expense on a straight-line basis over the length of the lease term or on a systematic basis.

EXTENSION AND TERMINATION OPTIONS

Extension and termination options are included in a number of leased assets across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Extension and termination options are included in the measurement of right-of-use assets and lease liabilities when there is reasonable certainty that they will be exercised.

Group as a lessor

The Group receives rental income from operating leases of its investment properties, space in the terminals and ancillary buildings. Income from operating leases is recognised on a straight-line basis over the lease term.

The Group fully accounts for the default risk on lease receivables by recognising loss allowances, which are recognised in accordance with the requirements of IFRS 9 (see impairment of financial assets policy below for further information).

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

CASH AND CASH EQUIVALENTS

For the purposes of the statement of financial position, cash and cash equivalents comprise of cash at bank, cash in hand, money market funds and short-term deposits with an original maturity of three months or less. For the Consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts, excluding tax or escrow deposits.

Restricted cash

Cash that can only be used for a specific purpose, or where access is restricted, is classified as restricted cash.

Term deposits

Term deposits are shown separately on the statement of financial position and statement of cash flows.

FINANCIAL INSTRUMENTS

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortised cost.
- Fair value through profit or loss ('FVTPL').

The Group has no financial assets measured at fair value through other comprehensive income ('FVOCI'). However, the Group has elected to present in other comprehensive income changes in fair value of equity investments accounted for at FVTPL.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, financial assets are initially measured at fair value plus transaction costs, being the amortised cost, except for those classified as FVTPL, which are initially measured at fair value.

Subsequent measurement of financial assets

FINANCIAL ASSETS AT AMORTISED COST

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ('FVTPL')

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Impairment of financial assets

Financial assets measured at amortised cost, trade receivables, contract assets and loan commitments are subject to the Expected Credit Loss ('ECL') model in IFRS 9.

When assessing credit risk and measuring expected credit losses, the Group considers a broader range of information which includes past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the asset.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1').
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- Financial assets that have objective evidence of impairment at the reporting date ('Stage 3').

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second and third categories.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial asset. For large one-off balances where there is no historical experience, analysis is completed in respect of a number of reasonably possible scenarios.

Trade and other receivables

Trade receivables, which generally have 14-day terms, are initially recognised at their transaction price.

The Group records loss allowances on trade receivables as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses. The Group assess impairment of trade receivables on a collective basis where they possess shared credit risk characteristics, and have been grouped based on sector industry global default rates. Refer to note 13 for a detailed analysis of how the impairment requirements of IFRS 9 are applied. The Group has a small number of receivables with large value and these receivables are managed on an account basis (i.e. individually).

When a trade receivable is uncollectible, it is written off against the ECL provision for trade receivables. Subsequent recoveries of amounts previously written off are credited against costs in the income statement. Short-term trade receivables do not carry any interest and are stated at their amortised cost, as reduced by appropriate allowances for estimated irrecoverable amounts.

Equity

An equity instrument is any contract that provides a residual interest in the assets of a business after deducting all other liabilities. Equity instruments issued by the Group are recorded as the proceeds received, net of direct issue costs.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables, and derivative financial instruments.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost unless part of a fair value hedge relationship.

For index-linked borrowings, the nominal amount is adjusted for movements in the relevant price index. This accretion expense is recorded within finance costs in the income statement.

For sustainability-linked borrowings (sustainability-linked bond, revolving credit and working capital facilities), the Group has assessed the term of the borrowings and concluded that terms of the borrowing are consistent with other borrowings. Accordingly, the Group has accounted for sustainability-linked borrowings at amortised cost.

Debt issue costs

Prepaid fees in relation to the future issuance of debt are held on the statement of financial position on the basis that such issuance is considered probable. If issues do not occur, or are deemed not to be probable, such fees are recognised in the income statement.

Trade and other payables

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

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The derivative is classified as a non-current asset or liability when the remaining maturity is more than 12 months and as a current asset or liability where it is less than 12 months.

Certain derivatives, as indicated by their fair value at inception or immediately prior to the restructuring, cannot be supported by observable inputs alone. These 'day 1' fair values are supported by unobservable factors including the counterparty's credit, capital, funding and trading charges. These amounts are deferred on the statement of financial position in compliance with IFRS 9 and recognised in the income statement on a straight-line basis over the life of the underlying derivative instrument.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

When derivatives are not in a hedging relationship, the fair value changes on these derivatives are recognised within fair value gains/(losses) on financial instruments in the income statement. The interest payable and receivable on those derivatives are recorded at their net amount in finance costs in the income statement.

The Group uses some derivatives as part of hedging relationships in line with its group risk strategy. When this is the case, the Group documents at the inception of the transaction, the relationship between the derivative being used as a hedging instrument, and the hedged item. The Group documents each hedge relationship in terms of the underlying exposure and performs periodic assessment of the critical terms match. The Group has two types of hedging relationship:

- Fair value hedges, where they hedge exposure to changes in the fair value of the hedged asset or liability.
- Cash flow hedges, where they hedge exposure to variability in cash flows that are attributable to a particular risk associated with any changes in the fair value of the hedged asset, liability or forecasted transaction.

When derivatives are designated in a hedge relationship, the net interest payable or receivable on those derivatives is recorded net of the interest on the underlying hedged item in the income statement.

FAIR VALUE HEDGE

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value gains and losses on any underlying hedged items that are part of a fair value hedging relationship.

If a hedge relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item that is still in place is amortised over the tenor of the original hedged item.

CASH FLOW HEDGE

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity. The amount recognised in the separate component of equity is the lower of:

- The cumulative gain or loss on the hedging instrument from the inception of the hedge.
- The cumulative change in fair value (present value) of the expected cash flows on the hedged item from the inception of the hedge.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the hedging reserve in equity. If the cumulative change in the hedging instrument exceeds the change in the hedged item (sometimes referred to as an ‘over-hedge’), ineffectiveness will be recognised in the profit and loss for the excess. If the cumulative change in the hedging instrument is less than the change in the hedged item (sometimes referred to as an ‘under-hedge’), no ineffectiveness will be recognised.

Management assess on a regular basis the level of expected future Sterling re-financing to support the cash flow hedging arrangements. If there were significant changes in the expected quantum of future Sterling re-financing, then levels may be insufficient to support components of the hedging reserve, requiring the hedging reserve to be recognised in profit or loss.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss, as described in the derivative financial instruments disclosure in note 17.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When or if a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

SOURCES OF INEFFECTIVENESS

The Group documents hedge effectiveness at inception of the hedge and monitors effectiveness during the hedge relationship on an ongoing basis. Any ineffectiveness is recognised in the income statement. The main sources of hedge ineffectiveness are considered to be timing differences between the cash flows of the hedged item and the hedging instruments, currency basis and credit risk.

Applying IFRS 9, the Group recognises the cost of hedging in other comprehensive income, reducing a potential source of ineffectiveness for cross-currency swaps.

EMPLOYMENT COSTS

Employees of Heathrow Airport Limited are directly employed by LHR Airports Limited. In 2008, Heathrow Airport Limited entered into a Shared Services Agreement (‘SSA’) with LHR Airports Limited in which the latter became the shared service provider for the Group. However, in December 2014, Heathrow Airport Limited became the only operating entity party to the SSA. Accordingly, although employees remain legally employed by LHR Airports Limited, the Group makes all employment decisions.

Management have therefore assessed that LHR Airports Limited is not providing a service, substantive or otherwise in relation to employees, to the Group.

The Group therefore recognises all employment costs, including wages and salaries, pension costs, medical costs and redundancy payments, as well as any other associated expenses properly incurred by the employees.

The exception is the board members of Heathrow Airport Holdings Limited, the costs of which are recharged to Heathrow Airport Limited with a mark-up of 7.5%. Management concluded that LHR Airports Limited is exposed to the majority of the significant benefits and risks associated with the exchange transaction.

Retirement benefit obligations

LHR Airports Limited has both defined contribution and defined benefit pension schemes. LHR Airports Limited is an indirect subsidiary of HAHL Group and is the sponsor of the Defined Benefit pension scheme, the Unfunded Unapproved Retirement Benefit scheme and the Post-Retirement Medical Benefits scheme.

Following a decision in 2015 to re-assess the Group’s relationship with the legal sponsor of the retirement benefit schemes, it was determined that Heathrow Airport Limited, and therefore the Group, should act as the sponsor in relation to these schemes. As a result, the Group recognises retirement benefit obligations within its financial statements.

Obligations for contributions to the defined contribution pension scheme are recognised as an expense in the income statement as incurred.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

EMPLOYMENT COSTS (CONTINUED)

The cost of providing benefits under the defined benefit pension scheme is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of the defined benefit obligation) and is based on actuarial advice. Past service costs are recognised in the income statement on a straight-line basis over the vesting period or immediately if the benefits have vested.

When the benefit of a plan is changed or when a plan is curtailed, the resulting change that related to past service or the gain or loss on curtailment is recognised immediately in the income statement. When a settlement occurs, the obligation and related plan asset are remeasured using current actuarial assumptions and the resultant gain or loss recognised in the income statement during the period in which the settlement occurs. Curtailment and settlement events are those that result in a material impact to the defined benefit obligation or which result in a significant change in number of scheme members.

Net interest is calculated by applying a discount rate to the net defined benefit liability or asset.

The Group recognises actuarial gains and losses in full in other comprehensive income ('OCI') in the period in which they occur. Re-measurements of the net defined benefit liability are recognised immediately in OCI.

The defined benefit pension asset or liability in the statement of financial position comprises the present value of the defined benefit plan obligation (using a discount rate based on high-quality corporate bonds), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. Scheme assets include funds for which the fair value is estimated at year-end based on the most recently available audited position with adjustments made for subsequent cash flows.

GOVERNMENT GRANTS

Government grants are recognised where it is probable that the grant will be received, and all the attached conditions have been complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, for which it is intended to compensate, are expensed. The Group has chosen to present grants related to an expense item as net deductions against the related expense.

CURRENT AND DEFERRED INCOME TAX

The tax (charge)/credit for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is recognised in other comprehensive income.

Current tax assets and current tax liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Group relief claimed/surrendered between UK companies is paid for at the applicable tax rate of 25% (2024: 25%) for the year, unless there is a specific reason preventing the company from doing so.

Deferred income taxation is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group's financial statements at rates expected to apply when they reverse (currently 25%), based on current tax rates and law. Deferred income taxation is not provided on the initial recognition of an asset or liability in a transaction, other than a business combination, if at the time of the transaction there is no effect on either accounting or taxable profit or loss.

Deferred income tax assets are recognised to the extent that it is probable that there are future taxable temporary differences from the unwind of the deferred income tax liabilities, against which these deductible temporary differences can be utilised and other future taxable profits. There are no unrecognised deferred income tax assets. The recognition of these deferred income tax assets is supported by a combination of the reversal of taxable temporary differences and forecast future taxable income. Deferred tax assets and liabilities are not discounted. For deferred tax purposes, investment properties are assessed on a 'held for sale' basis.

Deferred income taxation is determined using the tax rates and laws that have been enacted or substantively enacted during the year and are expected to apply in the periods in which the related deferred tax asset or liability is reversed.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

SHARE CAPITAL

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

DIVIDEND DISTRIBUTION

A dividend distribution to the Company's shareholder is recognised as a liability in the Group's financial statements in the period in which the shareholder's right to receive payment of the dividend is established.

FOREIGN CURRENCY

The consolidated financial statements are presented in Sterling, which is the parent company's functional currency.

Transactions denominated in foreign currencies are initially recorded in the entity's functional currency 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 the income statement.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

for the year ended 31 December 2025

In applying the Group's accounting policies, management have made judgements and estimates in a number of key areas. Actual results may differ from these estimates. Management considers significant estimates to be those with a significant risk or resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year. The estimates and assumptions are reviewed on an on-going basis.

CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Capitalisation
Management is required to make judgements in relation to the capitalisation of costs. This relates to both when amounts may begin to be capitalised and in relation to the nature of costs incurred.

In relation to when amounts can be capitalised, judgement is needed to determine when a project moves from the research phase (where costs must be expensed in the current period) to the development phase and hence may be capitalised. Factors considered in determining the point when capitalisation of costs commences include progress towards planning permission, technical feasibility of the project and the availability of funding to complete the project.

Judgement has been exercised in relation to what costs to capitalise, particularly in relation to:

- The assessment of assets in the course of construction, including Long-term Growth costs where judgement is exercised to determine costs that are directly attributable to the assets under construction. Costs typically capitalised include contractor costs, the cost of employees working on a project and the purchase of materials used in a project.
- Capitalised interest costs during the course of assets under construction, refer to the borrowing costs accounting policy above.

Probability of Long-term Growth
Assets in the course of construction for the Long-term Growth programme had a net book value of £551 million as at 31 December 2025 (2024: £485 million), net of impairment. There was no impairment recognised in 2025 compared with an impairment charge of £22 million in 2024.

IAS 16 *Property, Plant and Equipment* requires it to be probable that future economic benefits associated with an item will flow to the entity for an item to be capitalised. Management considered two triggers in assessing whether future economic benefits are probable—the legal status of the Airports National Policy Statement ('ANPS') and the business case for the programme. In addition, we assess for indicators of obsolescence or physical damage.

ANPS
In December 2020, the Supreme Court unanimously ruled that the policy framework governing expansion – the ANPS – is a lawful UK Government policy, and it remains in place as at 31 December 2025, as do the regulatory frameworks required for Long-term Growth. Management is aware of the UK Government's stated intention to review all National Policy Statements in 2026, including the ANPS (see page 33). The Government continues to publicly express strong support for expanding Heathrow Airport (see page 24).

BUSINESS CASE
Management's current long-term passenger modelling continues to support the business case, and this is why we have already restarted work on the Long-term Growth programme to create additional capacity within the existing airport footprint.

CLIMATE AND PLANNING CONSENT
To obtain planning consent for the third runway, we have to demonstrate that expanding Heathrow is compatible with the UK's climate change obligations, including the Paris Climate Agreement. The Government has made decarbonising aviation a central part of its green growth agenda, launching a Jet Zero Taskforce, with some of the most senior figures in the aviation sector, and bringing a SAF Mandate into law, with 22% of all jet fuel set to go green by 2040. Our scenario analysis that inputs into our long-term forecast is discussed in the CFD from page 38. We have an ambition to make 2019 the peak year for carbon emissions at Heathrow and a plan to get to net zero aviation by 2050. Please see page 21 for our net-zero aviation section.

FINANCEABILITY
Management considers the Group to have adequate access to capital, supported by its financing track record and expected continued access to debt markets. Delivery of the Long-term Growth programme is dependent on securing an appropriate and a timely regulatory framework. This is considered probable but requires ongoing monitoring and is subject to ongoing discussions with the CAA.

CONCLUSION
Management has carefully considered the risks to the programme, particularly climate change risk on long-term passenger numbers, the legislative and regulatory environment, and any likely financeability risks. We consider the completion of the Long-term Growth programme to be a probable outcome. Management will continue to test this judgement as we formalise next steps with investors, the Government, airline customers, local communities and regulators. Any future change to this critical judgement, in particular if the conclusion changes to determine that it is not probable that economic benefits will flow, would result in a full impairment of these assets.

OBSOLESCENCE
During 2024 management identified Long-term growth assets at risk of obsolescence and performed a full review. This resulted in the Group writing off £22 million of assets during 2024, representing costs associated with work that will need to be restarted, for example through re-engagement with the community around Heathrow. Management did not identify further indicators of obsolescence during 2025, resulting in no impairment being recognised.

Employment costs
The presentation of certain costs including employment costs and pension costs which are a contractual obligation of LHR Airports Limited are presented as operating costs of the Group in the financial statements as Heathrow Airport Limited (part of the Group) is deemed to be the principal in relation to these transactions. This judgement is based on the balance of risks and rewards between group companies.

KEY SOURCES OF ESTIMATION UNCERTAINTY

Useful economic life ('UEL') and depreciation
Calculation of depreciation and the retention of assets on the fixed asset register requires management to make judgements regarding the useful economic lives of non-current assets in regard to legal limits on the use of the asset, improvements, or where there is an option to extend the lease after the initial period and with economic/potential lives that exceed the lease period. These judgements are based on Heathrow's experience of similar assets, engineering data and industry standards.

Where management identifies that actual UELs differ from those estimated, the UELs are adjusted in the period that the difference is identified.

Investment properties
In applying IAS 40 investment properties have been estimated to be worth £2,610 million as at 31 December 2025 (2024: £2,667 million). To assist in assessing the valuation of our investment properties Heathrow engages a professional valuation firm, CBRE Limited, Chartered Surveyors, that is regulated by the Royal Institution of Chartered Surveyors. Valuations are carried out having regard to comparable market evidence relevant to each specific property or class of properties. In assessing fair value, current and potential future income (after deduction of non-recoverable outgoings) is capitalised using yields derived from market evidence. Independent valuations are obtained for all investment properties.

Management have reviewed the main assumptions underlying the valuation of investment properties and provide sensitivity analysis based on reasonable possible changes to relevant assumptions. The main estimations made that have a significant risk of resulting in a material adjustment to the carrying amounts of investment properties within the next financial year have been assessed as those related to commercial Car Parks. Management have deemed the discount rates applied to future cash flows as the key input into the commercial Car Park valuations. Sensitivities have been run to analyse the impact of a reasonable change in discount rates as informed by discussions with CBRE Limited. The results of the sensitivities are shown in note 9 to the financial statements.

Retirement benefit obligations
Certain assumptions have been adopted for factors that determine the valuation of the Group's liability for pension obligations at the period end and charges to the income statement. The assumptions have been determined in consultation with the Group's actuary considering market and economic conditions. Assumptions can vary from period to period because of changing conditions and other determinants which may cause increases or decreases in the valuation of the Group's liability for pension obligations.

The objective when setting pension scheme assumptions for future periods is to reflect the expected actual outcomes, other than the discount rate, which must be set by reference to the yield on high quality corporate bonds with a term consistent with the obligations. The impact of the change in assumptions on the valuation of the net financial position of the Group pension scheme is recorded as a net actuarial gain or loss and is reflected in the statement of comprehensive income.

The triennial Trustee valuation of the scheme was completed during 2025 and included updates to mortality rates as well as other key demographic indicators, which have been used to inform management assumptions used as at 31 December 2025.

Management have reviewed the assumptions underlying the valuation of retirement benefit obligations. The main estimations made that have a significant risk of resulting in a material adjustment to the carrying value of the assets and liabilities relating to the scheme have been assessed as: a) Discount rate, b) Inflation rates, and c) Mortality/Life expectancy changes. Sensitivities have been run to analyse the impact of a reasonable change in these estimations informed by discussions with scheme actuaries ISIO and internal Heathrow experts. The results of the sensitivities are shown in note 20.

Derivatives - loss given default and assumed recovery rates
Accounting standards require that the fair value of financial instruments reflect their credit quality, and also the assumed recovery rate which then implies a loss given default rate. The credit risk associated with the Group's derivatives is updated monthly based on current market data, and industry standard default rates. However certain derivatives are ranked higher in the waterfall priority payments schedule such as interest rate swaps and inflation-linked swaps and therefore apply a super senior recovery rate. The results of the sensitivities are given in note 18.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2025

1 SEGMENT INFORMATION

As described in the accounting policies, the Group is organised into business units according to the nature of the services provided. Most revenue is derived from the activities carried out within the Airport. The exception to this is Heathrow Express, which is a separately identifiable operating segment under IFRS 8, with separately identifiable assets and liabilities, and hence management reports on two operating segments, as follows:

- Heathrow Airport (Aeronautical and commercial operations within the Airport and its boundaries).
- Heathrow Express (Rail income from the Heathrow Express rail service between Heathrow and London).

The performance of the above segments is measured on a revenue and adjusted EBITDA basis.

The reportable segments derive their revenues from a number of sources and this information is also provided to the Board on a monthly basis.

- Table (a) details total revenue from external customers and is broken down into aeronautical, retail and other. It is further analysed by the reportable segments. No information in relation to inter-segmental revenue is disclosed as it is not considered material. Also detailed within table (a) is adjusted EBITDA which is profit before interest (net finance costs), tax, depreciation, amortisation, fair value gains and losses on investment properties and exceptional items (if any), which is also analysed by reportable segments.
- Table (b) details the transaction price allocated to (partially) unsatisfied performance obligations.
- Table (c) details depreciation, amortisation and fair value gains and losses.
- Table (d) details asset and liability information by reportable segment. The assets and liabilities information by segment is not provided to the Board on a monthly basis but is included in this note as additional information.
- Section (e) details revenue and non-current asset information by geographical segment.

TABLE (A)

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Revenue		
Aeronautical		
Movement charges	**837**	850
Parking charges	**110**	76
Passenger charges	**1,311**	1,303
Total aeronautical revenue	**2,258**	2,229
Retail		
Retail concessions[(1)]	**293**	300
Non-concession retail[(1)]	**112**	109
Catering	**96**	89
Car parking	**197**	185
Travel services[(1)]	**93**	89
Total retail revenue	**791**	772
Other		
Other regulated charges	**288**	287
Property revenue	**32**	30
Property (lease related income)	**135**	123
Non-Heathrow Express rail income	**26**	23
Heathrow Express	**93**	95
Total other revenue	**574**	558
Total revenue	**3,623**	3,559
Segment analysis:		
Heathrow Airport[(2)]	**3,530**	3,464
Heathrow Express	**93**	95
Adjusted EBITDA	**2,049**	2,044
Segment analysis:		
Heathrow Airport	**2,011**	2,003
Heathrow Express	**38**	41

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

1 SEGMENT INFORMATION (CONTINUED)

TABLE (A) (Continued)

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Reconciliation to statutory information:		
Depreciation and amortisation	**(695)**	(665)
Operating profit (before certain re-measurements and exceptional items)	**1,354**	1,379
Exceptional items	**-**	(22)
Fair value (loss)/gain on investment properties (certain re-measurements)	**(93)**	147
Operating profit	**1,261**	1,504
Finance income	**93**	127
Finance costs (after certain re-measurements)	**(719)**	(668)
Profit before tax	**635**	963

(1) As noted in the basis of preparation on page 123, the Directors have updated the aggregation of some items of revenue. The updated aggregation has been reflected in the comparative amounts. This affects the categories of 'retail concessions' (2024 as previously reported of £274 million), 'non-concession retail' (previously 'other retail' of £72 million in 2024), and 'travel services' (previously 'other services' of £152 million in 2024).
(2) Revenue of £1,033 million (2024: £1,095 million) was derived from a single external customer and has been included within the Heathrow Airport segment.

The transaction price allocated to (partially) unsatisfied performance obligations are as set out below:

TABLE (B)

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Property income charged in advance	**10**	5
Retail income charged in advance	**16**	9
Total	**26**	14

All unsatisfied performance obligations as at 31 December 2024 were satisfied during 2025 and are included within total revenue for the year. Management expects that all of the transaction price allocated to the unsatisfied contracts as of the year ended 31 December 2025 will be recognised as revenue during the next reporting period.

TABLE (C)

	Year ended 31 December 2025		Year ended 31 December 2024	
	Depreciation and amortisation[1]	**Fair value loss[2]**	Depreciation and amortisation[1][3]	Fair value gain[2]
	£m	**£m**	£m	£m
Heathrow Airport	**(656)**	**(93)**	(645)	147
Heathrow Express	**(39)**	**-**	(20)	-
Total	**(695)**	**(93)**	(665)	147

(1) Includes intangible asset amortisation charges of £58 million (2024: £38 million).
(2) Reflects fair value gain or loss on investment properties only.
(3) The split of depreciation and amortisation between the Heathrow Airport and Heathrow Express segments for the year ended 31 December 2024 has been updated to reflect the impact of IFRS 16 adjustments to Heathrow Express leases.

TABLE (D)

	31 December 2025		31 December 2024	
	Assets	**Liabilities**	Assets	Liabilities
	£m	**£m**	£m	£m
Heathrow Airport	**17,259**	**(579)**	16,592	(567)
Heathrow Express	**494**	**(6)**	528	(6)
Total operations	**17,753**	**(585)**	17,120	(573)
Unallocated assets and liabilities:				
Cash and cash equivalents, term deposits, equity investments and external borrowings	**1,438**	**(18,606)**	2,088	(18,143)
Derivative financial instruments	**1,001**	**(1,130)**	1,053	(1,595)
Deferred and current tax assets/(liabilities)	**19**	**(1,156)**	-	(1,013)
Retirement benefit assets/(obligations)	**-**	**(4)**	-	(120)
Amounts owed to group undertakings	**-**	**-**	-	(105)
Right of use assets and lease liabilities	**307**	**(411)**	332	(434)
Total	**20,518**	**(21,892)**	20,593	(21,983)

(E) Revenue and non-current asset information by geographical segment
Heathrow Airport Holdings Group is domiciled in the UK. All revenue from external customers originates in the UK which for the year ended 31 December 2025 was £3,623 million (2024: £3,559 million). The breakdown of the major components of total revenue from external customers is shown in table (a) above.

Non-current assets excluding derivative financial instruments were £17,703 million (2024: £17,090 million). There were no non-current assets held outside the UK (2024: £nil).

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

2 OPERATING COSTS

Operating costs comprise:

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Employment		
Wages and salaries	**443**	424
Social security costs	**54**	46
Pension costs	**19**	39
Other staff related costs	**24**	27
Own staff costs capitalised	**(54)**	(41)
	486	495
Operational[1]	**469**	438
Maintenance	**263**	240
Business rates	**116**	116
Utilities	**114**	130
Other general expenditure[2]	**132**	100
Operating costs before depreciation, amortisation, certain re-measurements and exceptional items	**1,580**	1,519
Depreciation and amortisation		
Property, plant and equipment	**594**	586
Intangible assets	**58**	38
Right of use assets	**43**	41
	695	665
Operating costs before certain re-measurements and exceptional items	**2,275**	2,184
Fair value loss/(gain) on investment properties (certain re-measurements)	**93**	(147)
Exceptional items (note 3)	**-**	22
Total operating costs[3]	**2,368**	2,059

(1) Operational costs consist of expenditure in relation to the standard operations of the airport.
(2) The largest balance in this category is marketing costs of £64 million (2024: £55 million). Other expenses in this category are individually immaterial.
(3) Eligible research and development expenditure is identified retrospectively annually, following detailed review work. It is not therefore known with precision at the accounting date.

Auditors' remuneration
Audit fees and non-audit fees for the current and preceding financial years were borne by Heathrow Airport Limited. The specific fees that relate to the Group are as follows:

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Fees payable to the Group's auditors for the audit of the:		
Group and Company's annual financial statements	**0.2**	0.2
Company's subsidiaries	**1.0**	1.0
Total audit fees	**1.2**	1.2
Fees payable to the Group's auditors and their associates for other services specific to the Group		
Audit related assurance services	**0.5**	0.5
Non-audit related services[1]	**0.3**	0.3
Total non-audit fees	**0.8**	0.8
Total fees	**2.0**	2.0

(1) Non-audit fees predominantly relate to services provided in connection with bond issuances and other treasury related activities.

In addition, PwC also provided non-audit services of £0.3 million (2024: £0.3 million) to the BAA Pension Scheme Trustees in connection with employer covenant reporting.

Employee information
The Group had a monthly average of 8,094 employees (2024: 8,286) of which 136 (2024: 147) are employees of Heathrow Express Operating Company Limited and the rest are legally employed by LHR Airports Limited. The Group makes all employment decisions; consequently, employee numbers for those providing services to the operation of the airport are reported in the financial statements of the Group and not in the financial statements of LHR Airports Limited.

	Year ended 31 December 2025 Number of employees	Year ended 31 December 2024 Number of employees
By activity		
Operations	**6,069**	6,321
Support services	**2,025**	1,965
Total	**8,094**	8,286

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

2 OPERATING COSTS (CONTINUED)

Key management compensation

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Key management compensation[1]		
Salaries and short-term employee benefits[2]	**9.4**	8.7
Aggregate amounts receivable under long-term incentive schemes	**3.8**	3.2
Value of company pension contributions to pension schemes	**0.2**	0.1
Sum paid to related parties for directors' services	**1.4**	1.2
Total	**14.8**	13.2

(1) Key management of the Company is the Board of Directors and members of the Executive Committee of Heathrow Airport Holdings Limited who control and direct the FGP Topco Group's operational activities and resources.
(2) Salaries and short-term employee benefits includes salaries, allowances, director fees, accrued bonuses and other benefits.

Key management participate in the Heathrow Long-Term Incentive Plan designed to reward the most senior leaders for the success of Heathrow over a three-year period. In respect of the Plans, a cash amount is granted which could vest in future periods contingent on achieving or surpassing EBITDA and other carbon and operational targets over a three-year period.

None of the key management (2024: none) exercised share options during the year in respect of their services to the HAHL Group. None of the key management (2024: none) received termination benefits during the year.

Directors' remuneration

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Aggregate emoluments[1]	**4.3**	4.8
Aggregate amounts receivable under long-term incentive schemes	**1.4**	1.7
Value of company pension contributions to pension schemes	**0.1**	-
Sum paid to related parties for directors' services	**1.4**	1.2
Total	**7.2**	7.7

(1) Aggregate emoluments includes salaries, allowances, director fees, accrued bonuses and other benefits.

None of the directors (2024: none) exercised share options during the year in respect of their services to the HAHL Group.

One of the directors (2024: one) had retirement benefits accruing to them under a defined benefit scheme and none of the directors (2024: none) were members of a defined contribution scheme.

Highest paid director

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Salary and allowances	**1.2**	0.9
Aggregate amounts receivable under long-term incentive schemes	**1.3**	1.0
Bonus accrued	**1.4**	1.3
Total	**3.9**	3.2

The highest paid director participates in the Heathrow Long-Term Incentive Plan designed to reward them for the success of Heathrow over a three-year period. In respect of the Plans, a cash amount is granted which could vest in future periods contingent on achieving or surpassing EBITDA and other carbon and operational targets over a three-year period.

The highest paid director did not exercise (2024: none) any share options during the year in respect of their services to the HAHL Group.

The highest paid director had no retirement benefits accruing to them under a defined benefit scheme and was not a member of a defined contribution scheme.

3 EXCEPTIONAL ITEMS

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Asset write-off	**-**	22
Loss on exceptional items after tax	**-**	22

Asset write-off
In the year ended 31 December 2024, the Group conducted a review of existing Long-term Growth related assets in the course of construction for obsolescence resulting in a £22 million non-cash write-off charge. Further details are provided in the significant accounting judgement disclosure on pages 134 to 135. There were no exceptional items in 2025.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

4 FINANCING

	Note	**Year ended 31 December 2025 £m**	Year ended 31 December 2024 £m
Finance income			
Interest on deposits		**93**	127
Total finance income		**93**	127
Finance costs			
Interest on borrowings:			
Bonds and related hedging instruments[1]		**(753)**	(720)
Bank loans and overdrafts and unwind of hedging reserves		**(176)**	(175)
Net interest expense on external derivatives not in hedge relationship[2]		**(263)**	(174)
Interest payable to group undertakings		**(3)**	(4)
Facility fees and other charges		**(6)**	(3)
Net pension finance costs		**(6)**	(7)
Finance costs on lease liabilities		**(20)**	(20)
Total borrowing costs		**(1,227)**	(1,103)
Less: capitalised borrowing costs[3]	7	**115**	93
Total finance costs		**(1,112)**	(1,010)
Net finance costs before certain re-measurements		**(1,019)**	(883)

	Note	**Year ended 31 December 2025 £m**	Year ended 31 December 2024 £m
Certain re-measurements			
Fair value gain/(loss) on financial instruments			
Interest rate swaps: not in hedge relationship		**116**	246
Index-linked swaps: not in hedge relationship		**277**	107
Cross-currency swaps: not in hedge relationship[4][5]		**(6)**	3
Ineffective portion of cash flow hedges[5]		**(7)**	(1)
Ineffective portion of fair value hedges[5]		**11**	(9)
Foreign exchange contracts		**2**	(4)
Fair value gain on financial instruments		**393**	342
Net finance costs		**(626)**	(541)

(1) Includes accretion of £102 million (2024: £76 million) on index-linked bonds.
(2) Includes accretion of £355 million (2024: £282 million) on index-linked swaps.
(3) Capitalised interest included in the cost of qualifying assets arose on the general borrowing pool and is calculated by applying an average capitalisation rate of 5.57% (2024: 6.97%) to expenditure incurred on such assets.
(4) Includes foreign exchange retranslation loss on the currency bonds of £5 million (2024: £5 million gain) which has moved systematically in the opposite direction to that of the cross-currency swaps which economically hedge the related currency bonds.
(5) The value of all currency bonds changes systematically in the opposite direction to that of the related cross-currency swaps, in response to movements in underlying exchange rates with a net nil impact in fair value for foreign exchange movements.

5 TAXATION CHARGE

	Year ended 31 December 2025			Year ended 31 December 2024		
	Before certain re-measurements	**Certain re-measurements**	**Total**	Before certain re-measurements	Certain re-measurements	Total
	£m	**£m**	**£m**	£m	£m	£m
UK corporation tax						
Current tax						
Current tax charge at 25% (2024: 25%)	**(43)**	**(3)**	**(46)**	(58)	(10)	(68)
(Under)/over provision in respect of prior years	**(1)**	**-**	**(1)**	2	-	2
Deferred tax						
Current year charge	**(62)**	**(81)**	**(143)**	(87)	(127)	(214)
(Under)/over provision in respect of prior years	**(2)**	**1**	**(1)**	(1)	2	1
Taxation charge for the year	**(108)**	**(83)**	**(191)**	(144)	(135)	(279)

The taxation charge on the Group's profit before tax differs from the theoretical amount that would arise by applying the UK statutory tax rate to the accounting profit of the Group for the reasons as set out in the following reconciliation:

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Profit before tax	**635**	963
Reconciliation of the tax charge		
Tax calculated at the UK statutory rate of 25% (2024: 25%)	**(159)**	(241)
Net non-deductible expenses	**(22)**	(26)
Adjustments in respect of current income tax of previous years	**(1)**	2
Adjustments in respect of deferred income tax of previous years	**(1)**	1
Difference in deferred income tax movement for investment properties and financial instruments	**(8)**	(15)
Taxation charge for the year	**(191)**	(279)

The total tax charge for the year ended 31 December 2025 was £191 million (2024: £279 million) based on a profit before tax of £635 million (2024: £963 million).

The tax charge on profit before certain re-measurements and exceptional items was £108 million (2024: £144 million). Based on a profit before tax, certain re-measurements and exceptional items of £335 million (2024: £496 million), this results in an effective tax rate of 32.2% (2024: 29.0%). The tax charge is higher than the statutory rate of 25% (2024: higher than the statutory rate of 25%) primarily due to a large amount of depreciation, which is unallowable for tax purposes, increasing the tax charge for the year (2024: primarily due to a large amount of depreciation, which is unallowable for tax purposes, increasing the tax charge for the year).

In addition, for the year ended 31 December 2025, a tax charge of £83 million (2024: £135 million) was recognised on certain re-measurements arising from fair value movements on financial instruments and investment properties of £300 million (2024: £489 million).

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. Management has performed an assessment of the UK Pillar 2 rules based on the 2025 data and based on the assessment, the Group qualifies for one of the transitional safe harbours provided in the UK Pillar 2 rules. The Group does not have any current tax exposure in relation to Pillar 2.

The Group has a captive insurance company located in the Isle of Man, a jurisdiction with a statutory corporate income tax rate below 15%. As a result, the profits arising in this entity are likely to attract the domestic top-up tax in the Isle of Man. For UK tax purposes these profits are captured by the Controlled Foreign Company ('CFC') regime, against which management expects to receive a tax credit for the Isle of Man domestic top-up tax.

The Group applies the exception under IAS 12 'income taxes' amendment for recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes.

There are no items which would materially affect the future tax charge.

6 DIVIDENDS

During the year, the Company declared total dividends of £550 million (2024: £nil) to its shareholder, ADI Finance 2 Limited.

All dividends were used to finance dividends being paid by FGP Topco Limited, the ultimate parent company of the Group, to its shareholders. Dividends were declared and paid on 7 March 2025 for £250 million (£0.01 per share) and on 18 November 2025 for £300 million (£0.01 per share).

7 PROPERTY, PLANT AND EQUIPMENT

	Note	Terminal complex £m	Airfields £m	Plant and equipment £m	Land and support facilities £m	Rail £m	Assets in the course of construction £m	Total £m
Cost								
1 January 2024		12,138	1,748	1,032	364	1,113	1,680	18,075
Additions		-	-	-	-	-	1,051	1,051
Reclassification		155	(151)	-	(4)	-	-	-
Write-offs		-	-	-	-	-	(23)	(23)
Borrowing costs capitalised	*4*	-	-	-	-	-	93	93
Disposals		(34)	(4)	(16)	(1)	(2)	-	(57)
Transfer to investment properties	*9*	-	-	-	-	-	(1)	(1)
Transfer to intangible assets	*10*	-	-	-	-	-	(14)	(14)
Transfer to completed assets		139	104	83	141	11	(478)	-
31 December 2024		**12,398**	**1,697**	**1,099**	**500**	**1,122**	**2,308**	**19,124**
Additions		**-**	**-**	**1**	**-**	**-**	**1,226**	**1,227**
Write-offs		**-**	**-**	**-**	**-**	**-**	**(3)**	**(3)**
Borrowing costs capitalised	*4*	**-**	**-**	**-**	**-**	**-**	**115**	**115**
Disposals		**(13)**	**(3)**	**(13)**	**-**	**-**	**-**	**(29)**
Transfer to investment properties	*9*	**-**	**-**	**-**	**-**	**-**	**(32)**	**(32)**
Transfer to intangible assets	*10*	**-**	**-**	**-**	**-**	**-**	**(123)**	**(123)**
Transfer to completed assets		**22**	**198**	**44**	**27**	**(9)**	**(282)**	**-**
31 December 2025		**12,407**	**1,892**	**1,131**	**527**	**1,113**	**3,209**	**20,279**

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Terminal complex £m	Airfields £m	Plant and equipment £m	Land and support facilities £m	Rail £m	Assets in the course of construction £m	Total £m
Accumulated depreciation								
1 January 2024		(5,656)	(574)	(681)	(135)	(457)	-	(7,503)
Charge for the year	2	(429)	(53)	(64)	(15)	(25)	-	(586)
Disposals		34	4	16	1	2	-	57
31 December 2024		**(6,051)**	**(623)**	**(729)**	**(149)**	**(480)**	**-**	**(8,032)**
Charge for the year	2	**(424)**	**(59)**	**(73)**	**(14)**	**(24)**	**-**	**(594)**
Disposals		**13**	**3**	**12**	**-**	**-**	**-**	**28**
31 December 2025		**(6,462)**	**(679)**	**(790)**	**(163)**	**(504)**	**-**	**(8,598)**
Net book value								
31 December 2024		6,347	1,074	370	351	642	2,308	11,092
31 December 2025		**5,945**	**1,213**	**341**	**364**	**609**	**3,209**	**11,681**

Land and support facilities
Land and support facilities are freehold except for leasehold properties which are presented in note 8.

Assets in the course of construction
The major balances in assets in the course of construction include accumulated costs related to the Long-term Growth of Heathrow, baggage programme projects to install the latest generation of baggage screening machines, the Asset Management programme to replace assets at the end of their useful life, and the Airport resilience programme including tunnels and airfield improvements.

Accelerated depreciation
Depreciation includes £3 million (2024: £2 million) of accelerated depreciation.

Management considered climate-related risks (as described in the CFD from page 38) and associated strategic capital projects that could impact the useful economic lives of Property, Plant and Equipment with no resultant change to useful economic lives.

Write-offs
As outlined on page 9, the regulatory environment that the Group operates in provides cash flow predictability, supporting investment. This limits the Group's exposure to impairment of assets in the course of construction to market conditions, though assets remain exposed to physical damage or obsolescence. In 2025, the Group wrote-off £3 million (2024: £1 million) relating to capital projects paused and discontinued. The Group also wrote-off £nil (2024: £22 million) of Long-term Growth related assets in the course of construction as a result of obsolescence. See the Group's Significant Accounting Judgements and Estimates on pages 134 to 135 for more details.

Borrowing costs capitalised
During the year ended 31 December 2025, borrowing costs of £115 million were capitalised (2024: £93 million). Capitalised borrowing costs were calculated by applying an average interest rate of 5.57% (2024: 6.97%) to expenditure incurred on qualifying assets.

A tax deduction of £115 million (2024: £93 million) for capitalised borrowing costs was taken in the year. Subsequent depreciation of the capitalised borrowing costs is disallowed for tax purposes. Consequently, the capitalised borrowing costs give rise to a deferred tax liability, which is released each year in line with the depreciation charged on the relevant assets.

Regulatory asset base ('RAB')
The regulatory asset base is a regulatory construct, based on predetermined principles not based on IFRS. By investing efficiently in the Airport, we add to the RAB over time. The RAB is an important measure as it represents the invested capital on which Heathrow are authorised to earn a cash return and is used in the financial ratios used to assess covenant compliance as detailed in the financial review. It is used in key financial ratios and in our regulatory financial statements.

RAB as at 31 December 2025 was £21,263 million (2024: £20,422 million). The year-on-year increase is primarily driven by inflation as the RAB is directly linked to the Retail Price Index ('RPI').

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Leased assets
Included within total property, plant and equipment above, the Group had assets rented to third parties under operating leases as follows:

	31 December 2025 £m	31 December 2024 £m
Cost or valuation	**790**	785
Accumulated depreciation	**(437)**	(410)
Net book value	**353**	375

Securities
Securities granted by the Group over its assets, including property, plant and equipment, are disclosed in note 16.

8 LEASES

Group as a lessee

(i) Amounts recognised in the statement of financial position

RIGHT-OF-USE ASSETS

	Land and Buildings £m	Plant and Equipment £m	Electricity network and other assets[1] £m	Total £m
Balance as at 1 January 2024	35	26	243	304
Additions	2	5	46	53
Re-measurements	-	-	16	16
Depreciation charge for the year	(4)	(5)	(32)	(41)
Balance as at 31 December 2024	**33**	**26**	**273**	**332**
Additions	**-**	**2**	**-**	**2**
Re-measurements	**-**	**1**	**15**	**16**
Depreciation charge for the year	**(4)**	**(6)**	**(33)**	**(43)**
Balance as at 31 December 2025	**29**	**23**	**255**	**307**

(1) The largest balance in this category is the electricity distribution network at the Airport of £212 million (2024: £216 million). Other assets within this category are individually immaterial.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

8 LEASES (CONTINUED)

LEASE LIABILITIES

	31 December 2025	31 December 2024
	£m	£m
Current	**41**	39
Non-current	**370**	395

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function. Potential future increases in variable lease payments based on an index or rate are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

(ii) Amounts recognised in profit and loss

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Depreciation expense on right-of-use assets	**43**	41
Interest expense on lease liabilities	**20**	20
Expense relating to variable payments not included in the measurement of the lease liability	**6**	3

(iii) Amounts recognised in statement of cash flows
The Group has some contracts that contain variable lease payment terms linked to RPI, aligned to the Group's regulatory environment which provides cash flow predictability through passenger pricing (revenue) linked to RPI. The breakdown of the lease payments are as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Fixed payments	**17**	23
Variable payments	**43**	36
Total cash outflow relating to leases	**60**	59

Group as a lessor
Lease income from lease contracts where the Group is the lessor is as below:

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
Operating lease		
Property (lease-related income)[1]	**135**	123

(1) Includes £9 million (2024: £8 million) of income relating to variable lease payments that do not depend on an index or a rate.

Operating lease
The Group leases out a portion of its investment property. The Group has classified these as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease income, showing the undiscounted lease income to be received after the reporting date.

	31 December 2025 Land and buildings	31 December 2024 Land and buildings
	£m	£m
Within one year	**81**	84
One to two years	**72**	74
Two to three years	**68**	71
Three to four years	**55**	69
Four to five years	**45**	56
More than five years	**2,347**	2,068
	2,668	2,422

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

9 INVESTMENT PROPERTIES

	Car parks £m	Airport operations £m	Commercial land and buildings £m	Total £m
Valuation				
1 January 2024	1,284	505	660	2,449
Additions	-	-	71	71
Transfer from property, plant and equipment	-	-	1	1
Disposals	-	-	(1)	(1)
Investment property fair value movements[1]	75	43	29	147
31 December 2024	**1,359**	**548**	**760**	**2,667**
Additions	-	-	4	4
Transfer from property, plant and equipment	29	-	3	32
Investment property fair value movements[1]	(110)	6	11	(93)
31 December 2025	**1,278**	**554**	**778**	**2,610**

(1) Fair value losses in 2025 are primarily due to the revaluation of a multi-storey car park. Fair value gains in 2024 are primarily due to the impact of improved trading performance across the portfolio.

	Level 2			Level 3		
	Car parks £m	Airport operations £m	Commercial land and buildings £m	Car parks £m	Commercial land and buildings £m	Total £m
Valuation						
1 January 2024	302	505	545	982	115	2,449
Additions	-	-	1	-	70	71
Transfer from property, plant and equipment	-	-	1	-	-	1
Disposals	-	-	(1)	-	-	(1)
Investment property fair value movements[1]	-	43	24	75	5	147
31 December 2024	**302**	**548**	**570**	**1,057**	**190**	**2,667**
Additions	-	-	4	-	-	4
Transfer from property, plant and equipment	-	-	3	29	-	32
Reclassification	-	-	70	-	(70)	-
Investment property fair value movements[1]	19	6	11	(129)	-	(93)
31 December 2025	**321**	**554**	**658**	**957**	**120**	**2,610**

(1) Fair value losses in 2025 are primarily due to the revaluation of a multi-storey car park. Fair value gains in 2024 are primarily due to the impact of improved trading performance across the portfolio.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

9 INVESTMENT PROPERTIES (CONTINUED)

Investment properties valuations are prepared in accordance with the valuation manual issued by the Royal Institution of Chartered Surveyors and appraised by our property management company CBRE Limited, who are independent and have appropriate recognised qualifications and experience in the categories and location of our investment properties being valued.

Management conducts a detailed review of each property to ensure the correct assumptions and inputs have been used. Meetings with the valuers are held on a periodic basis to review and challenge the assumptions used in the valuation techniques, where they are classified into 3 categories as follows:

Level 1 inputs are quoted prices from active markets at the measurement date using relevant information generated by market transactions involving identical or comparable (similar) assets.

Level 2 inputs are other quoted market prices directly or indirectly observable and involve a combination of inputs. Non-revenue generating employee car parks, airport operations and land valuations were generated by a market approach involving similar observable transactions along with land value reversion whilst the other assets were valued using the capitalised income approach incorporating net initial and equivalent yield. Some of the valuation incorporated rent free and void periods where relevant in order to determine the most reasonable valuation.

Level 3 inputs are based on unobservable inputs which relate to discounted cash flow technique using an appropriate asset discount rate including growth rates for the relevant revenues and costs based on our business plan. Most of this classification is made up of commercial car parks which account for 89% (2024: 85%) of the valuation. In the case of land, the discounted cash flow methodology has incorporated exit yields, occupancy and ancillary revenues.

On 24 December 2024, the Group acquired a new investment property at an acquisition cost comprising of the purchase price, stamp duty, and associated professional and legal fees. The purchase price was appraised by an external valuer during the bidding process. Following the acquisition, management conducted a review as of 31 December 2024 and concluded that the fair value of the investment property approximates the final purchase price in the completed transaction six days prior, as there had been no significant changes in the valuation assumptions that were previously applied. It was classified as a Level 3 valuation. The investment property was included in the CBRE valuation described above as at 31 December 2025, resulting in a £70 million reclassification to Level 2 valuations.

There were no further transfers between the fair value classifications for investment properties during the year.

By their nature, investment property valuations incorporate long-term passenger trends that incorporate market assumptions on climate change.

Changes in fair values are presented in the income statement as part of operating costs.

The investment property asset class balance consists of 49% (2024: 51%) car parks, 21% (2024: 21%) airport operations and 30% (2024: 28%) commercial land and buildings. Level 2 to 3 is split according to the following percentiles respectively: 59% (2024: 53%) and 41% (2024: 47%).

Of the level 3 valuations, 89% (2024: 85%) relates to commercial car parks. The discount rate applied in determining level 3 fair value of commercial car parks varies for each car park, with the rates applied across the portfolio ranging from 8.75% to 9.50%. The sensitivity analysis below relates specifically to fair value movements in car parks within the level 3 valuation.

(Decrease)/increase in asset valuation	**31 December 2025**	31 December 2024
	£m	£m
Car parks – discount rate		
+0.5% pa	**(45)**	(47)
-0.5% pa	**48**	50

The property rental income earned by the Group from its investment property, amounted to £282 million (2024: £276 million). Direct operating expenses arising on the investment property, all of which generated rental income in the period, amounted to £18 million (2024: £15 million). This excludes £9 million repair costs incurred for a multi-storey car park. The Group has entered into contracts for the maintenance of its investment property, which will give rise to an annual charge of less than £1 million (2024: less than £1 million).

Securities granted by the Group over its assets, including investment properties, are disclosed in note 16.

10 INTANGIBLE ASSETS

	Note	Goodwill £m	Software £m	Rail intangibles £m	Software in the course of construction	Total £m
Cost						
1 January 2024		2,753	356	94	-	3,203
Disposals		-	(11)	-	-	(11)
Transfer from property, plant and equipment	*7,9*	-	14	-	-	14
31 December 2024		**2,753**	**359**	**94**	**-**	**3,206**
Additions		**-**	**1**	**-**	**42**	**43**
Disposals		**-**	**(5)**	**-**	**-**	**(5)**
Transfer from property, plant and equipment	*7,9*	**-**	**87**	**-**	**36**	**123**
31 December 2025		**2,753**	**442**	**94**	**78**	**3,367**
Accumulated amortisation						
1 January 2024		-	(223)	(4)	-	(227)
Charge for the year	*2*	-	(32)	(6)	-	(38)
Disposals		-	11	-	-	11
31 December 2024		**-**	**(244)**	**(10)**	**-**	**(254)**
Charge for the year	*2*	**-**	**(51)**	**(7)**	**-**	**(58)**
Disposals		**-**	**5**	**-**	**-**	**5**
31 December 2025		**-**	**(290)**	**(17)**	**-**	**(307)**
Net book value						
31 December 2024		2,753	115	84	-	2,952
31 December 2025		**2,753**	**152**	**77**	**78**	**3,060**

Goodwill
Goodwill is allocated to the Heathrow Airport cash-generating unit. The recoverable amount of Heathrow Airport has been measured using fair value. In determining the fair value of the Group, management has made a number of assumptions based on recent experience that are consistent with relevant external sources of information. The key assumptions used in determining the recoverable amounts are:

- Return allowed by the regulator. The assumptions made for the return allowed by the regulator reflect management's view of the airport's cost of capital and expectations of the result of future price determinations.
- Forecast passenger numbers. The determination of future passenger numbers, including assumptions associated with the long-term demand associated with climate change risks outlined in the CFD from page 38.
- Discount rates. The unlevered discount rate applied to the unlevered operational cash flows for the calculation of the recoverable amount in the base case was 7.0%. This was calculated by adjusting a risk-free rate at an appropriate market risk premium.
- Cost of debt. Long-term assumptions for the cost of debt of 6.0% applied to the impact of leverage on cash flows are consistent with the current cost of debt throughout the forecast period.

There is no reasonable change in assumptions that would give rise to impairment.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

10 INTANGIBLE ASSETS (CONTINUED)

Software costs
These software costs principally relate to operating and financial software, amortised over a period of between four and fifteen years. Amortisation for the year has been charged through operating costs.

Rail intangibles
Rail intangibles relate to payments made to Crossrail in return for a service level commitment to operate services to Heathrow for a period of 15 years, which forms the amortisation period. Amortisation for the year has been charged through operating costs.

11 EQUITY INVESTMENTS

	31 December 2025 £m	31 December 2024 £m
Unlisted securities		
1 January	**34**	24
Gain recognised in equity	**-**	10
31 December	**34**	34

Equity investments designated as FVOCI related to the Group's 4.19% equity interest in National Air Traffic Services Holdings Limited ('NATS'), the UK's national air traffic services provider. The Group does not exercise significant long-term influence over NATS and accordingly the investment has been classified as an equity investment.

The equity investment is valued by discounting the forecast dividend stream and an assigned terminal value to the equity in 2031. A rate of 9.14% (2024: 9.68%) has been used as the discount factor.

Disclosure of the Group's financial risk management framework that includes the governance of its equity investments is included in note 18.

12 INVENTORIES

	31 December 2025 £m	31 December 2024 £m
Consumables	**20**	17

The total value of inventories consumed in the year was £1 million (2024: £1 million). There is no material difference between the value of inventories in the statement of financial position and their replacement cost.

13 TRADE AND OTHER RECEIVABLES

	31 December 2025 £m	31 December 2024 £m
Non-current		
Prepaid debt fees[1]	**1**	3
Prepayments	**10**	10
	11	13
Current		
Trade receivables	**117**	144
Accrued income[2]	**121**	103
Trade receivables and accrued income	**238**	247
Less: provision for impairment	**(9)**	(10)
Trade receivables and accrued income after impairment	**229**	237
Prepayments	**74**	104
Other receivables[3]	**68**	38
	371	379

(1) Prepaid debt fees largely relate to financing fees paid on facilities not yet drawn and are amortised over the term of the facility.
(2) Accrued income is net of any amounts received in advance from customers.
(3) The largest receivable in this balance is a VAT receivable of £60 million (2024: £27 million). Other items in this balance are various individually immaterial receivables.

The fair value of trade and other receivables is not materially different from the carrying value.

Trade receivables are non-interest bearing and are generally on 14-day terms. No collateral is held as security.

As at 31 December 2025, trade receivables of £67 million (2024: £66 million) were fully performing. Trade receivables of £50 million (2024: £78 million) were past due. These relate to a number of independent customers for whom there is no recent history of default. Refer to note 18, Financial instruments, for the ageing profile of trade receivables under credit risk.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

13 TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements in the provision for impairment of trade receivables are as follows:

	£m
1 January 2024	13
Impairment of trade receivables	(3)
31 December 2024	**10**
Impairment of trade receivables	**(1)**
31 December 2025	**9**

As at 31 December 2025, trade receivables were considered for impairment under IFRS 9 resulting in a decrease in provision of £1 million (2024: £3 million). Impaired receivables mainly relate to specific customers experiencing economic difficulties but also includes expected credit losses. Note 18 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses. The creation and release of any provisions for impaired receivables have been included in 'other general expenditure' operating costs in the consolidated income statement as shown in note 2.

During the year, £1 million of trade receivables (2024: £1 million) were written off.

The Group is not exposed to significant foreign currency exchange risk as the majority of trade and other receivables are denominated in Sterling. Additional disclosure on credit risk management is included in note 18.

14 RESTRICTED CASH

	31 December 2025 £m	31 December 2024 £m
Cash account	**1**	1
Short-term deposits	**38**	29
	39	30

15 CASH AND CASH EQUIVALENTS AND TERM DEPOSITS

	31 December 2025 £m	31 December 2024 £m
Cash at bank and in hand	**28**	34
Short-term deposits	**521**	1,465
Cash and cash equivalents	**549**	1,499
Term deposits	**816**	525
Cash and cash equivalents, and term deposits	**1,365**	2,024

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates and is subject to interest rate risk. The fair value of cash and cash equivalents approximates to their book value.

Within the Group, Heathrow Airport Limited, Heathrow Finance plc, LHR Airports Limited and LHR Insurance Services Limited hold investments in term deposits, which have an original maturity of more than three months.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash at bank, cash in hand, money market funds and short-term deposits with an original maturity of three months or less, held for the purpose of meeting short-term cash commitments, restricted cash and bank overdrafts.

	31 December 2025 £m	31 December 2024 £m
Restricted cash	**39**	30
Unrestricted cash and cash equivalents	**549**	1,499
Total cash and cash equivalents	**588**	1,529

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

16 BORROWINGS

	31 December 2025 £m	31 December 2024 £m
Current		
Secured		
Heathrow Funding Limited bonds:		
3.250% C$500 million due 2025	-	277
1.500% €750 million due 2025	-	619
4.221% £155 million due 2026	**155**	-
0.450% CHF210 million due 2026	**196**	-
6.750% £700 million due 2026	**698**	-
Total Heathrow Funding Limited bonds	**1,049**	896
Heathrow Finance plc bonds:		
5.750% £250 million due 2025	-	250
Total Heathrow Finance plc bonds	-	250
Total bonds	**1,049**	1,146
Heathrow Finance plc facilities	**135**	-
Total Heathrow Finance plc facilities	**135**	-
Heathrow Airport Limited debt:		
Class A2 term loan due 2025	-	100
Term notes due 2026	**100**	-
Total Heathrow Airport Limited debt	**100**	100
Total current (excluding interest payable)	**1,284**	1,246
Interest payable	**233**	204
Interest payable to parent	-	1
Total current	**1,517**	1,451

	31 December 2025 £m	31 December 2024 £m
Non-current		
Secured		
Heathrow Funding Limited bonds:		
4.221% £155 million due 2026	-	155
0.450% CHF210 million due 2026	-	185
6.750% £700 million due 2026	-	696
1.800% CHF165 million due 2027	**154**	145
2.650% NOK1,000 million due 2027	**71**	66
2.694% C$650 million due 2027	**352**	361
3.400% C$400 million due 2028	**216**	222
2.625% £350 million due 2028	**349**	348
7.075% £200 million due 2028	**207**	209
4.150% A$175 million due 2028	**84**	83
2.750% £450 million due 2029	**447**	447
2.500% NOK1,000 million due 2029	**65**	59
1.500% €750 million due 2030	**614**	579
3.782% C$400 million due 2030	**215**	220
1.125% €500 million due 2030	**433**	410
3.661% C$500 million due 2031	**270**	277
6.450% £900 million due 2031	**957**	947
Zero-coupon €50 million due January 2032	**78**	71
6.000% £350 million due 2032[1]	**347**	346
1.366%+RPI £75 million due 2032	**121**	116
Zero-coupon €50 million due April 2032	**76**	69
1.875% €500 million due 2032	**435**	412
1.5225% CHF220 million due 2032[1]	**205**	193
0.101%+RPI £182 million due 2032	**252**	242
3.726% C$625 million due 2033	**342**	351
4.500% €650 million due 2033[1]	**581**	564
1.875% €650 million due 2034	**480**	462
4.171% £50 million due 2034	**50**	50
Zero-coupon €50 million due 2034	**61**	56
0.347%+RPI £75 million due 2035	**105**	100

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

16 BORROWINGS (CONTINUED)

	31 December 2025 £m	31 December 2024 £m
Non-current (continued)		
Secured *(continued)*		
Heathrow Funding Limited bonds *(continued)*:		
3.8750% €600 million due 2036[1]	**517**	-
0.337%+RPI £75 million due 2036	**105**	100
1.061%+RPI £180 million due 2036	**283**	272
4.900% C$600 million due 2037	**324**	-
3.460% £105 million due 2038	**105**	105
0.419%+RPI £51 million due 2038	**71**	68
1.382%+RPI £50 million due 2039	**81**	77
Zero-coupon €86 million due 2039	**87**	82
3.334%+RPI £460 million due 2039	**880**	844
0.800% JPY10,000 million due 2039	**36**	44
1.238%+RPI £100 million due 2040	**159**	152
0.362%+RPI £75 million due 2041	**105**	100
5.875% £750 million due 2041	**734**	735
3.500% A$125 million due 2041	**62**	62
6.250% £300 million due 2042	**296**	-
2.926% £55 million due 2043	**54**	54
4.625% £750 million due 2046	**743**	743
4.702% £60 million due 2047	**60**	60
1.372%+RPI £75 million due 2049	**121**	116
2.750% £400 million due 2049	**393**	393
6.070% £70 million due 2056	**70**	70
6.070% £70 million due 2057	**70**	70
0.147%+RPI £160 million due 2058	**218**	211
Total Heathrow Funding Limited bonds	**13,141**	12,799
Heathrow Finance plc bonds:		
3.875% £275 million due 2027	**275**	274
4.125% £300 million due 2029	**300**	300
6.625% £400 million due 2031	**396**	396
Total Heathrow Finance plc bonds	**971**	970
Total bonds	**14,112**	13,769

	31 December 2025 £m	31 December 2024 £m
Heathrow Airport Limited debt:		
Class A3 term loan due 2029	**200**	200
Class B1 term loan due 2032	**50**	-
Term notes due up to 2054[2]	**1,700**	1,562
Total Heathrow Airport Limited debt	**1,950**	1,762
Heathrow Finance plc facilities	**1,027**	1,161
Total bank loans	**2,977**	2,923
Total external borrowings	**17,089**	16,692
Borrowings from parent	**-**	105
Total non-current	**17,089**	16,797
Total borrowings (excluding interest payable)	**18,373**	18,043

(1) The Group has issued a number of sustainability-linked bonds. Further details on the Sustainability Performance Targets can be found in our Sustainability-Linked Bond Framework at the Heathrow Investor Centre website.
(2) Includes £20 million (2024: £20 million) in US private placements which is a green bond issuance.

As at 31 December 2025, the carrying value of non-current borrowings due after more than 5 years was £12,651 million (2024: £12,383 million), comprising £10,331 million (2024: £10,220 million) of bonds and £2,320 million (2024: £2,163 million) in bank facilities, excluding lease liabilities.

Fair value of borrowings	**31 December 2025**		31 December 2024	
	Book value £m	**Fair value[1] £m**	Book value £m	Fair value[1] £m
Current				
Short-term debt	**1,284**	**1,303**	1,246	1,242
Non-current				
Long-term debt	**17,089**	**15,984**	16,692	15,468
Borrowings from parent	**-**	**-**	105	105
	18,373	**17,287**	18,043	16,815

(1) Fair value of borrowings are for disclosure purposes only. Bonds and floating rate term loan fair values are taken from Bloomberg while Class B RPI inflation linked debt and floating rate facilities' fair values are based on discounted cash flow valuations.

Accrued interest is included as a current borrowings balance and not in the carrying amount of non-current borrowings. The fair value of listed borrowings is based on quoted prices (thereby classified as Level 1) at the statement of financial position date. For unlisted borrowings, the Group establishes fair values by using discounted cash flow analysis utilising yield curves derived from observable market data, which are adjusted to allow for any relevant credit risk (Level 2). The fair value of borrowings which have floating rate interest are assumed to materially equate to their nominal value. As at 31 December 2025, the fair value of debt classified as Level 1 and Level 2 was £13,612 million and £3,675 million respectively (2024: £13,307 million and £3,508 million respectively).

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

16 BORROWINGS (CONTINUED)

The average cost of the Group's external gross debt as at 31 December 2025 was 3.90% (2024: 3.70%), taking into account the impact of interest rate, cross-currency and index-linked hedge costs but excluding index-linked swap accretion. Including index-linked swap accretion, the Group's average cost of debt as at 31 December 2025 was 6.30% (2024: 5.27%).

The RPI growth rate in the period reflected by a 12-month annualised increase of 3.8% in 2025 compared to an annualised increase of 3.6% in 2024.

Heathrow Funding Limited bonds
The maturity dates of the Heathrow Funding Limited bonds listed above reflect their scheduled redemption dates that correspond to the maturity dates of the loans between Heathrow Airport Limited and Heathrow Funding Limited. The bonds are not callable in nature and are expected to be repaid on their scheduled redemption date. However, to meet rating agency requirements the bonds have a legal maturity that is two years later, except for the 4.221% £155 million due 2026, 2.625% £350 million due 2028, 6.000% £350 million due 2032, 0.101%+RPI £182 million due 2032, 0.347%+RPI £75 million due 2035, 0.337%+RPI £75 million due 2036, 1.061%+RPI £180 million due 2036, 3.460% £105 million due 2038, 0.419%+RPI £51 million due 2038 and 0.362%+RPI £75 million due 2041 bonds wherein the redemption dates coincide with their legal maturity dates.

Impact of fair value hedge adjustments
The nominal value of debt designated in a fair value hedge relationship was £1,199 million, €2,050 million, C$720 million, CHF 210 million, A$175 million, JPY 10,000 million and NOK 2,000 million (2024: £396 million, €2,050 million, C$620 million, CHF 210 million, A$175 million, JPY 10,000 million and NOK 2,000 million). Where debt qualifies for fair value hedge accounting, hedged item adjustments have been applied as follows:

	31 December 2025		31 December 2024	
	Nominal[1]	**Fair value adjustment[2]**	Nominal[1]	Fair value adjustment[2]
	£m	**£m**	£m	£m
GBP denominated debt[3][4]	**1,199**	**(17)**	396	2
Euro denominated debt[4]	**1,682**	**100**	1,682	77
CAD denominated debt[3]	**399**	**-**	337	2
CHF denominated debt	**160**	**1**	160	1
AUD denominated debt	**96**	**3**	96	3
JPY denominated debt	**71**	**11**	71	8
NOK denominated debt	**175**	**12**	175	15
	3,782	**110**	2,917	108

(1) Nominal values are based on initial designation FX rates.
(2) Fair value adjustment is comprised of fair value gain of £112 million (2024: £110 million) on continuing hedges and £2 million loss (2024: £2 million) on discontinued hedges, which no longer meet the criteria for hedge accounting.
(3) During 2025, fair value hedges of £266 million (2024: £277 million) matured and there were new designations totalling £1,130 million (2024: £196 million).
(4) The Group has issued €600 million Class A 3.875% due 2036 bond on 9 January 2025 and applied bifurcated hedge accounting treatment permissible under IFRS 9. Bifurcation of hedge; the floating portion of £503 million of existing GBP debt due 2031 was designated in a 'fair value hedge' relationship until January 2030. The fixed portion of the €600 million derivative was designated into a 'cash flow hedge' until final maturity in January 2036.

Securities and guarantees
Heathrow Airport Limited, Heathrow Express Operating Company Limited, Heathrow (SP) Limited and Heathrow (AH) Limited (together, the 'Obligors') have granted security to Deutsche Trustee Company Limited (in its capacity as the 'Borrower Security Trustee', for itself and as trustee for the Borrower Secured Creditors) over their property, assets and undertakings to secure their obligations under various financing agreements.

Heathrow (DSH) Limited and Heathrow Finance plc have also granted security over all of their assets, which includes first priority security interests in the share capital of Heathrow Finance plc and its wholly owned subsidiary, Heathrow (SP) Limited, to secure their obligations under their financing agreements.

BAA Pension Trust Company Limited, as a trustee of the BAA Pension Scheme, is a Borrower Secured Creditor and ranks equally in an amount up to £284 million with senior (Class A) debt.

LHR Airports Limited has provided a guarantee and indemnity to Deutsche Trustee Company Limited (in its capacity as the 'Bond Trustee') in exchange for the conversion of certain classes of legacy bonds originally issued by LHR Airports Limited (the 'LHR Guaranteed Bonds') into Bonds. Pursuant to this guarantee and indemnity, LHR Airports Limited unconditionally and irrevocably agrees to pay to the Bond Trustee all sums due and payable but unpaid by Heathrow Funding Limited in respect of scheduled interest and payment of principal on such LHR Guaranteed Bonds.

Heathrow Funding Limited has given the Bond Trustee a covenant to pay and discharge, when due, to each of the Issuer Secured Creditors (including Bondholders) all Issuer Secured Liabilities (including all amounts due under the Bonds). The Bond Trustee holds the benefit of that covenant on trust for itself and the Issuer Secured Creditors. Heathrow Funding Limited has also granted security to the Bond Trustee (for itself and as trustee for the Issuer Secured Creditors) over its property, assets, undertakings and rights to secure the covenant to pay and discharge the Issuer Secured Liabilities.

Heathrow Airport Limited has also granted security to the Bond Trustee (for itself and as trustee for the Issuer Secured Creditors) over its property, assets, undertakings and rights to secure the covenant to pay and discharge the Issuer Secured Liabilities.

Heathrow Airport Limited and Heathrow Express Operating Company Limited have provided a guarantee and indemnity in favour of Lloyds Bank plc (in its capacity as the Borrower Account Bank) in respect of each other's obligations under the Borrower Account Bank Agreement and associated financing agreements. ADI Finance 1 Limited and ADI Finance 2 Limited have granted security to Lloyds Bank plc (in its capacity as the 'Security Agent') over all of their assets, which includes their interests in the share capital of ADI Finance 2 Limited and Heathrow Airport Holdings Limited, respectively, to secure their obligations under the ADI Finance 2 Limited financing agreements. Additional disclosures on risk management and hedging of borrowings are included in notes 17 and 18.

The total value secured is £18,373 million (2024: £17,938 million) equal to the gross value of HAHL Group debt.

17 DERIVATIVE FINANCIAL INSTRUMENTS

31 December 2025	Notional £m	Assets £m	Liabilities £m	Total £m
Current				
Foreign exchange contracts	**84**	**-**	**-**	**-**
Interest rate swaps	**2,205**	**-**	**(104)**	**(104)**
Cross-currency swaps	**161**	**34**	**-**	**34**
Index-linked swaps	**200**	**-**	**(45)**	**(45)**
	2,650	**34**	**(149)**	**(115)**
Non-current				
Foreign exchange contracts	**23**	**-**	**-**	**-**
Interest rate swaps	**5,673**	**520**	**(311)**	**209**
Cross-currency swaps	**5,731**	**164**	**(208)**	**(44)**
Index-linked swaps	**4,777**	**283**	**(462)**	**(179)**
	16,204	**967**	**(981)**	**(14)**
Total	**18,854**	**1,001**	**(1,130)**	**(129)**

31 December 2024	Notional £m	Assets £m	Liabilities £m	Total £m
Current				
Foreign exchange contracts	47	-	(1)	(1)
Cross-currency swaps	947	11	(54)	(43)
Index-linked swaps	470	1	(5)	(4)
	1,464	12	(60)	(48)
Non-current				
Foreign exchange contracts	66	-	(2)	(2)
Interest rate swaps	7,378	633	(640)	(7)
Cross-currency swaps	5,062	136	(230)	(94)
Index-linked swaps	4,977	272	(663)	(391)
	17,483	1,041	(1,535)	(494)
Total	18,947	1,053	(1,595)	(542)

As at 31 December 2025, total non-current notional value of derivative financial instruments due in greater than 5 years was £8,575 million (2024: £11,911 million), comprising £1,909 million (2024: £3,969 million) of index-linked swaps, £3,492 million (2024: £3,893 million) of cross-currency swaps, and £3,174 million (2024: £4,049 million) of interest rate swaps.

As at 31 December 2025, £152 million (2024: £179 million) remained deferred on the statement of financial position and £27 million (2024: £35 million) had been recognised in the income statement for the period.

The Group has index-linked derivative financial instruments where changes in RPI are capitalised to the carrying value of the instrument over its life, with scheduled payments every 5 years. The Group has paid scheduled accretion of £86 million (2024: £10 million) and also elected to make early cash repayments of £157 million (2024: £632 million) of its accrued accretion and an additional £nil (2024: £28 million) of prepaid accretion in advance of the schedule repayment dates, which has had the effect of reducing future accretion payments by £162 million (2024: £684 million). The accretion accrual over index linked swaps as at 31 December 2025 is £501 million (2024: £394 million). The nominal value of index-linked derivative financial instruments is £4,977 million (2024: £5,447 million), and cumulative accretion over the life of the instruments is £3,277 million (2024: £3,281 million).

During 2025, the Group restructured four interest rate swaps with notional value of £833 million by extending the maturities from 2030 until 2042 with no fair value impact in the income statement.

Interest rate swaps

Interest rate swaps are maintained by the Group and designated as hedges, where they qualify against variability in interest cash flows on current and future floating or fixed rate borrowings. The gains and losses deferred in equity on the cash flow hedges will be continuously released to the income statement over the period of the hedged risk. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised or no longer meets the Group's risk management objective. The cumulative gains and losses deferred in equity relating to the discontinued cash flow hedge relationships will be continuously released to the income statement over the period of the hedged risk.

Losses deferred in other comprehensive income, gross of tax, of £99 million (2024: £119 million) related to the discontinued cash flow hedges. During the year, £20 million (2024: £21 million) was recycled from the frozen hedging reserve to the income statement.

Of the losses deferred in the hedging reserve, £20 million (2024: £20 million) is expected to be released in less than one year, £15 million (2024: £20 million) between one and two years, £35 million (2024: £40 million) between two and five years and £29 million (2024: £39 million) over five years.

Cross-currency swaps

Cross-currency swaps have been entered into by the Group to hedge currency risk on interest and principal payments on its foreign currency-denominated bond issues. The gains and losses deferred in equity on certain swaps in cash flow hedge relationships will be continuously released to the income statement over the period to maturity of the hedged bonds.

The gains deferred are £92 million (2024: £199 million), of which £26 million (2024: £45 million) are expected to be released in less than one year, £23 million (2024: £36 million) between one and two years, £37 million (2024: £75 million) between two and five years and £6 million (2024: £43 million) over five years.

The Group has entered into cross-currency swaps which are sustainability linked derivatives ('SLDs'). These are linked to the Group's sustainability program and related KPIs contained in the Heathrow Sustainability-linked Bond Framework.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

17 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

IFRS 9 permits designation of single hedging instrument to hedge more than one risk of two or more hedged items. A single derivative may be separated by additional (hypothetical or synthetic) trades if each component of the derivative is designated as a hedging instrument in qualifying and effective hedge relationships.

During the year, the Group issued a sustainability-linked €600 million due 2036 bond and related cross-currency swaps with floating front-end and fixed back-end terms to incorporate sustainability linked step-up features. The Group designated and applied bifurcated hedge accounting treatment, permissible under IFRS 9, as the floating interest rate and the fixed interest rate are separately identifiable and reliably measurable.

Index-linked swaps
Index-linked swaps have been entered into in order to economically hedge RPI linked revenue and the Regulatory Asset Base ('RAB') but are not designated in a hedge relationship.

Foreign exchange contracts
Foreign exchange contracts are used to manage exposures relating to future capital expenditure. Hedge accounting is not sought for these derivatives.

18 FINANCIAL INSTRUMENTS

Financial risk management objectives and policies
The Group's principal financial instruments (other than derivatives) comprise of loans, term notes, listed bonds, cash and short-term deposits; the main purpose of these instruments is to raise finance for the Group's operations and additionally include trade and other receivables, trade and other payables and lease liabilities.

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

The Group mitigates the risk of mismatch between Heathrow's aeronautical income and its regulatory asset base, which are directly linked to changes in the retail prices index, and nominal debt and interest payments by the use of index-linked instruments.

The Group's policy does not permit use of derivatives for speculative purposes. However, some derivatives do not qualify for hedge accounting, or are specifically not designated as a hedge where gains and losses on the hedging instrument and the hedged item naturally offset in the Group's income statement. These instruments include index-linked swaps and foreign exchange forward contracts. The treasury function operates on a centralised basis, where derivatives are only used for economic hedging purposes and not as speculative investments and are classified as 'held for trading', other than designated and effective hedging instruments, and are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period, otherwise they are classified as non-current.

The main risks arising from the Group's financial instruments are market risk (including fair value interest rate, foreign currency, cash flow interest rate and price risks), credit risk and liquidity risk. The Board approves prudent treasury policies for managing each of the risks which are summarised below.

Hedging strategy
The hedge ratio for each designation is established by comparing the quantity of the hedging instrument and the quantity of the hedged item to determine their relative weighting; for all of the Group's existing hedge relationships the hedge ratio has been determined as 1:1.

CROSS-CURRENCY SWAPS DESIGNATED IN FAIR VALUE HEDGE

The Group enters into cross-currency swaps, to hedge against the cash flows of currency coupons and the final principal exchange. The annual interest coupon payments are swapped into Sterling SONIA floating rates. Fair value hedge accounting has been applied to these relationships in addition to the existing cash flow hedge.

Cross-currency swaps are designated as fair value hedges against the final settlement of currency-denominated public bonds to mitigate the functional currency exposure on the principal and interest payments. The Group's policy is to hedge against movements in foreign exchange rates and interest rate exposure, and to comply with the Group's interest rate policy. The credit adjustments and currency basis elements (non-elected on adoption of IFRS 9 towards the legacy hedge designations) on the cross-currency swaps are the main sources of hedge ineffectiveness and are recognised in certain re-measurements within finance costs of £11 million gain (2024: £9 million loss) in the income statement.

The fair value of cross-currency interest rate swaps designated in a fair value hedge relationship as at 31 December 2025 was £139 million (2024: £34 million) asset and £178 million (2024: £213 million) liability, respectively.

These cross-currency derivatives are included within 'derivative financial assets' and 'derivative financial liabilities' in the statement of financial position.

These are held in a fair value hedge relationship with the debt items as identified and listed in the table shown below:

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

18 FINANCIAL INSTRUMENTS (CONTINUED)

Borrowings in a fair value hedge relationship	Notional hedged £m	Weighted average interest rate after swaps	Hedged FX rate	Swap maturity	Carrying value of hedged item 2025 £m	Carrying value of hedged item 2024 £m
0.500% CHF400 million due 2024	277	SONIA + 1.86%	1.44	2024	**-**	-
3.250% C$500 million due 2025	266	SONIA + 1.15%	1.88	2025	**-**	277
0.450% CHF210 million due 2026	161	SONIA + 1.27%	1.31	2026	**196**	185
2.650% NOK1,000 million due 2027	84	SONIA + 1.00%	11.85	2027	**71**	66
4.150% A$175 million due 2028	96	SONIA + 1.51%	1.82	2028	**84**	83
2.500% NOK1,000 million due 2029	91	SONIA + 1.71%	10.97	2029	**65**	59
1.500% €750 million due 2030	566	SONIA + 1.07%	1.16	2030	**614**	579
3.782% C$400 million due 2030[(1)]	72	SONIA + 1.55%	1.68	2030	**65**	66
6.450% £900 million due 2031[(2)(3)]	699	SONIA + 1.46%	1.00	2030	**723**	193
4.500% €650 million due 2033	557	SONIA + 1.84%	1.17	2033	**581**	564
1.875% €650 million due 2034	559	SONIA + 1.53%	1.16	2034	**480**	462
4.900% C$600 million due 2037	327	SONIA + 1.62%	1.83	2037	**324**	-
0.800% JPY10,000 million due 2039	71	SONIA + 1.60%	141.44	2039	**36**	44

(1) Bifurcation of hedge; a fair value hedge designation of C$120 million with the remaining balance designated in a cash flow hedge relationship.
(2) Bifurcation of hedge; the floating portion of the cross-currency swaps hedging the £196 million of existing GBP debt due 2031 was designated in a 'fair value hedge' relationship until December 2029. The fixed portion of the CHF 220 million derivative was designated into a 'cash flow hedge' until final maturity in December 2032.
(3) A new bifurcation of hedge in the period; the floating portion of the cross-currency swaps hedging the £503 million of existing GBP debt due 2031 was designated in a ‘fair value hedge’ relationship until January 2030. The fixed portion of the €600 million derivative was designated into a ‘cash flow hedge’ until final maturity in January 2036.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

18 FINANCIAL INSTRUMENTS (CONTINUED)

Movement note

Borrowings in a fair value hedge relationship	Notional hedged	Change in value of hedged item 2025	Change in value of hedging instrument 2025	Change in value of hedged item 2024	Change in value of hedging instrument 2024
	£m	£m	£m	£m	£m
0.500% CHF400 million due 2024	277	-	-	93	(93)
3.250% C$500 million due 2025	266	11	(11)	11	(12)
0.450% CHF210 million due 2026	161	(13)	13	5	(4)
2.650% NOK1,000 million due 2027	84	(5)	5	7	(7)
4.150% A$175 million due 2028	96	-	1	6	(6)
2.500% NOK1,000 million due 2029	91	(5)	6	7	(7)
1.500% €750 million due 2030	566	(35)	38	16	(18)
3.782% C$400 million due 2030[(1)]	72	1	(1)	3	(3)
6.450% £900 million due 2031[(2)(3)]	699	(16)	17	-	-
4.500% €650 million due 2033	557	(17)	20	27	(32)
1.875% €650 million due 2034	559	(18)	24	10	(17)
4.900% C$600 million due 2037	327	1	(2)	-	-
0.800% JPY10,000 million due 2039	71	7	(6)	5	(6)

(1) The change in value of both hedged item and hedged instruments is below the rounded threshold.
(2) A new bifurcation of hedge; the floating portion of the cross-currency swaps hedging the £196 million of existing GBP debt due 2031 was designated in a 'fair value hedge' relationship until December 2029. The fixed portion of the CHF 220 million derivative was designated into a 'cash flow hedge' until final maturity in December 2032.
(3) Bifurcation of hedge; the floating portion of the cross-currency swaps hedging the £503 million of existing GBP debt due 2031 was designated in a 'fair value hedge' relationship until January 2030. The fixed portion of the €600 million derivative was designated into a 'cash flow hedge' until final maturity in January 2036.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

18 FINANCIAL INSTRUMENTS (CONTINUED)

CROSS-CURRENCY SWAPS DESIGNATED IN CASH FLOW HEDGE

The Group hold cross-currency interest rate swaps to convert the principal and annual interest coupons of some of the Group's non-GBP denominated bonds to a Sterling debt notional with fixed GBP annual interest coupons.

The Group applied cash flow hedge accounting to these relationships to manage its currency cash flow exposure on the principal and interest payments. The cash flow hedge designations were fully effective in the 2025 and 2024 financial years as the notional amount, maturity, payment and reset dates match. Any ineffectiveness due to credit adjustments and currency basis spreads (not elected on adoption of IFRS 9 towards the legacy hedge designations) are recognised in certain re-measurement within finance costs of £7 million loss (2024: £1 million) in the income statement.

The fair value of cross-currency interest rate swaps designated in cash flow value hedge relationship as at 31 December 2025 was £39 million (2024: £95 million) asset and £17 million (2024: £56 million) liability.

These cross-currency derivatives are included within 'derivative financial assets' and 'derivative financial liabilities' in the statement of financial position.

Borrowings in a cash flow hedge relationship	**Notional hedged £m**	**Weighted average interest rate after swaps**	**Hedged FX rate**	**Swap maturity**	**Carrying value of hedging instrument 2025 £m**	Carrying value of hedging instrument 2024 £m
1.500% €750 million due 2025[1]	681	2.34%	1.10	2025	**-**	(54)
2.694% C$650 million due 2027	374	2.03%	1.74	2027	**(13)**	6
1.800% CHF165 million due 2027	136	3.39%	1.21	2027	**24**	20
3.400% C$400 million due 2028	226	2.66%	1.77	2028	**(1)**	11
3.782% C$400 million due 2030[2]	167	2.93%	1.68	2030	**(3)**	7
1.125% €500 million due 2030	427	2.33%	1.17	2030	**10**	-
3.661% C$500 million due 2031	291	3.18%	1.72	2031	**(1)**	14
1.875% €500 million due 2032	443	2.67%	1.13	2032	**4**	(3)
1.5225% CHF220 million due 2032[3]	196	5.34%	1.12	2032	**7**	1
3.726% C$300 million due 2033	173	2.81%	1.74	2033	**7**	17
3.726% C$325 million due 2033	190	2.78%	1.71	2033	**8**	18
3.875% €600 million due 2036[4]	503	5.79%	1.19	2036	**4**	-
3.500% A$125 million due 2041	68	2.44%	1.84	2041	**(1)**	1

(1) The hedging relationship ceased on redemption payment of the €750 million bond and final exchange on cross-currency swaps in October 2025. No notional was hedged as at 31 December 2025.
(2) Bifurcation of hedge; a cash flow hedge designation of C$280 million with the remaining balance designated in a fair value hedge.
(3) Bifurcation of hedge; the fixed portion of the cross-currency swaps hedging the CHF 220 million derivative was designated into a 'cash flow hedge' until final maturity in December 2032. The floating portion of £196 million of existing GBP debt was designated in a 'fair value hedge' relationship until December 2029.
(4) Bifurcation of hedge; the fixed portion of the €600 million derivative was designated into a 'cash flow hedge' until final maturity in January 2036. The floating portion of £503 million of existing GBP debt was designated in a 'fair value hedge' relationship until January 2030.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

18 FINANCIAL INSTRUMENTS (CONTINUED)

Movement note

Borrowings in a cash flow hedge relationship	Notional hedged	Change in value of hedged item 2025	Change in value of hedging instrument 2025	Change in value of hedged item 2024	Change in value of hedging instrument 2024
	£m	£m	£m	£m	£m
1.500% €750 million due 2025[1]	681	(52)	52	30	(30)
2.694% C$650 million due 2027	374	19	(19)	15	(14)
1.800% CHF165 million due 2027	136	(4)	5	5	(5)
3.400% C$400 million due 2028	226	12	(12)	9	(8)
3.782% C$400 million due 2030[2]	167	10	(9)	3	(3)
1.125% €500 million due 2030	427	(8)	10	-	(2)
3.661% C$500 million due 2031	291	17	(15)	5	(4)
1.875% €500 million due 2032	443	(4)	7	(2)	(1)
1.5225% CHF220 million due 2032[3]	196	(7)	8	-	-
3.726% C$300 million due 2033	173	11	(10)	2	(2)
3.726% C$325 million due 2033	190	11	(11)	2	(2)
3.875% €600 million due 2036[4]	503	4	(1)	-	-
3.500% A$125 million due 2041	68	2	(2)	-	(1)

(1) The hedging relationship ceased on redemption payment of the €750 million bond and final exchange on cross-currency swaps in October 2025. No notional was hedged as at 31 December 2025.
(2) Bifurcation of hedge; a fair value hedge designation of C$280 million with the remaining balance designated in a cash flow hedge.
(3) Bifurcation of hedge; the fixed portion of the CHF 220 million derivative was designated into a 'cash flow hedge' until final maturity in December 2032. The floating portion of £196 million of existing GBP debt was designated in a 'fair value hedge' relationship until December 2029.
(4) Bifurcation of hedge; the fixed portion of the €600 million derivative was designated into a 'cash flow hedge' until final maturity in January 2036. The floating portion of £503 million of existing GBP debt was designated in a 'fair value hedge' relationship until January 2030.

INTEREST RATE SWAPS DESIGNATED IN CASH FLOW HEDGE

The Group hold interest rate swaps to hedge future forecast variable Sterling interest rates. This exposure is managed through relative proportion of fixed rate debt. Hedged risk is the variability of the cash flows attributed to the changes in interest rates. During the year, the Group entered into a £200 million notional of forward starting interest rate swaps maturing in 2037, with a weighted average of 4.15%. The impact on the cash flow hedge reserve in the current year is £nil.

Interest rate risk

The Group's policy is to maintain a mix of fixed and floating rate debt within Board approved parameters such that a minimum of 75% of existing and forecast debt is at a fixed rate. It manages its cash flow interest rate risk by using floating or fixed interest rate swaps, where at three or six-month intervals the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts are exchanged.

Floating interest rate swap contracts that exchange floating rate interest for fixed interest, have been designated as cash flow hedges to hedge the variability of the interest cash flows associated with floating rate debt. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to the Group's income statement over the period that the floating rate interest payments affect profit or loss.

Fixed interest rate swap contracts that exchange fixed rate interest for floating interest, have been designated as fair value hedges when they hedge the Group's exposure to changes in the fair value of a recognised liability. Changes in the fair value of derivatives that are designated as fair value hedges are recognised in the Group income statement within finance costs, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

The critical terms of the interest rate swap contracts and their corresponding hedged items are the same. A qualitative assessment of effectiveness is performed as stipulated in IFRS 9, and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite directions in response to movements in the underlying interest rates.

The main sources of ineffectiveness in these hedge relationships are the effects of the Group's own credit risk on the fair value of the interest rate swap contracts, that are not reflected in the fair value of the hedged item attributable to changes in interest rates, difference in critical terms between the hedging instrument and hedged item. No other sources of ineffectiveness emerged from these hedging relationships.

Certain hedging instrument components are treated as costs of hedging with the gains and losses deferred in a cost hedging component of equity reserves and released systematically into profit or loss to correspond with the timing and impact of hedged exposures.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

18 FINANCIAL INSTRUMENTS (CONTINUED)

Sensitivity analysis

In order to give a clearer picture of the impact on our results or financial position of potential changes in significant estimates and assumptions, the following sensitivities are presented of how a 1.00% (2024: 1.00%) change in Sterling Overnight Index Average (SONIA) rates would have resulted in the following gain/(loss) to pre-tax profit and equity, due to movements in the finance income, finance costs and mark-to-market valuation of derivatives comprised of interest rate and index-linked swaps:

	31 December 2025		31 December 2024	
	Income statement impact	**Equity impact**	Income statement impact	Equity impact
	£m	**£m**	£m	£m
SONIA rate				
2025:1.00% increase (2024: 1.00% increase)	**289**	**-**	276	-
2025 1.00% decrease (2024: 1.00% decrease)	**(322)**	**-**	(303)	-

The sensitivities we disclose in the financial statements are forward looking and not necessarily indicative of the actual effects, so we analyse sensitivities around market data risk to the carrying amounts of assets and liabilities within the next financial year and as such we consider 1.00% to be reasonable in light of the recent quantum of market movements on SONIA benchmark rates.

The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions and may not be representative of the actual change.

In determining the fair value, judgement is used to determine the recovery rate and associated reduction in credit risk of super senior ranking derivatives (interest rate and index-linked swaps).

As at 31 December 2025, the super senior assumed recovery rate was 85% (2024: 85%). With all other variables remaining constant, if the assumed recovery rate had increased or decreased by 10% (2024: 10%), annual pre-tax profit would have decreased or increased by £14 million and £14 million respectively (2024: £17 million and £17 million respectively). Management have considered and agreed a consistent approach to the assumed recovery rate across the hedging derivative under the priority payments enforcements as ranked super senior ahead of all Class A debt.

Foreign exchange risk

For debt raised in foreign currencies, the Group uses cross-currency swaps to hedge the interest and principal payments. The Group is not exposed to foreign exchange risk on borrowings after hedging.

The Group uses foreign exchange contracts to hedge material capital expenditure in foreign currencies once a project is certain to proceed. The effect on the income statement is £1 million (2024: £1 million) from +/-5% upward/downward shift in the foreign exchange rates.

Inflation risk

The Group is exposed to RPI risk on its index-linked bonds and derivatives held to economically hedge cash flows on debt instruments and RPI linked revenue.

As at 31 December 2025, if the RPI had increased or decreased by 1% in isolation (with all other variables remaining constant), annual pre-tax profit would have decreased or increased by £425 million and £402 million respectively (2024: a 1% increase or decrease leading to a £497 million decrease and £466 million increase respectively).

The sensitivities we disclose in the financial statements are forward looking, so we analyse sensitivities around market data risk to the carrying amounts of assets and liabilities within the next financial year and as such we consider 1% to be reasonable and provided an appropriate stress test. The sensitivity analyses have been determined based on reasonably possible changes of the respective assumptions and may not be representative of the actual change.

Credit risk

Credit risk arises from cash and cash equivalents, term deposits, derivative financial instruments and accounts receivable. The Group has no significant concentrations of credit risk. The Group's exposure to credit related losses, in the event of non-performance by counterparties to financial instruments, is mitigated by limiting exposure to any one party or instrument and ensuring only counterparties within defined credit risk parameters are used.

The Group maintains a prudent split of cash and cash equivalents and term deposits spread across a range of market counterparties in order to mitigate counterparty credit risk. Board approved investment policies and relevant debt facility agreements provide counterparty investment limits, based on short and long-term credit ratings. Investment activity is reviewed on a regular basis and no cash or cash equivalents are placed with counterparties with short-term credit ratings lower than A-2 (S&P) or F1 (Fitch).

The Group monitors the credit ratings of derivative counterparties on a daily basis and ensures no positions are entered into with counterparties with long-term credit ratings below BBB- (S&P) or BBB- (Fitch). Initial hedge counterparties must have short-term ratings of at least A-2 (S&P) or at least BBB+ (S&P) if the short-term rating is unavailable. If both ratings are unavailable from S&P, short-term ratings must be at least F1 (Fitch), and long-term ratings must be at least A (Fitch).

As at 31 December 2025, the Group had credit risk on derivatives with assets marked to market of £1,001 million (2024: £1,053 million). The maximum exposure to credit risk as at 31 December 2025 was £2,629 million (2024: £3,348 million).

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

18 FINANCIAL INSTRUMENTS (CONTINUED)

Set-off of financial assets and liabilities
Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. According to the enforceable master netting agreements with the counterparties, in the event of default, derivative financial instruments with the same counterparty and of similar payment seniority can be net settled.

The table below shows the Group's financial assets and liabilities that are subject to offset in the statement of financial position and the impact of enforceable master netting or similar agreements:

	Gross amount presented in the statement of financial position	Right of asset offset with derivative counterparty	Right of liability offset with derivative counterparty	Net amount
	£m	£m	£m	£m
31 December 2025				
Derivative financial assets	**1,001**	**(149)**	**(424)**	**428**
Derivative financial liabilities	**(1,130)**	**149**	**424**	**(557)**
31 December 2024				
Derivative financial assets	1,053	(300)	(413)	340
Derivative financial liabilities	(1,595)	300	413	(882)

Expected credit loss
The Group applies IFRS 9 for recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and, also according to the industry sector of the Group's customers.

The expected loss rates are based on Global industry default rates as well as the corresponding historical credit.

The historical rates are adjusted to reflect the loss given default factors affecting the customer's ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period. Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery, therefore moving from 'Stage 2' to 'Stage 3'.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

18 FINANCIAL INSTRUMENTS (CONTINUED)

Expected credit loss (Continued)

On the above basis the expected credit loss for trade receivables as at 31 December 2025 and 31 December 2024 was determined as follows:

31 December 2025	**Current**	**1-30 days**	**31-60 days**	**61-90 days**	**Over 90 days**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Trade receivables						
Gross carrying amount	**67**	**30**	**2**	**2**	**16**	**117**
Lifetime expected credit loss	**(1)**	**(1)**	**-**	**-**	**(7)**	**(9)**
Total adjusted receivables	**66**	**29**	**2**	**2**	**9**	**108**

31 December 2024	Current	1-30 days	31-60 days	61-90 days	Over 90 days	Total
	£m	£m	£m	£m	£m	£m
Trade receivables						
Gross carrying amount	66	58	4	2	14	144
Lifetime expected credit loss	(2)	(1)	-	-	(7)	(10)
Total adjusted receivables	64	57	4	2	7	134

Liquidity risk
Although there can be no certainty that financing markets will remain open for issuance at all times, debt maturities are spread over a range of dates, thereby ensuring that the Group is not exposed to excessive refinancing risk in any one year.

The Group has the following undrawn committed borrowing facilities available in respect of which all conditions precedent had been met at the relevant date:

	31 December 2025	31 December 2024
	£m	£m
Floating rate facilities		
Expiring in more than one year and less than two years	**1,386**	-
Expiring in more than two years and less than five years	**-**	1,386
Expiring in more than five years	**150**	50
	1,536	1,436

As at 31 December 2025, overdraft facilities of £10 million were available (2024: £10 million).

The Group has sufficient liquidity to meet its forecast needs for at least the next 12 months. This includes operating cash flows under the base case business plan and capital investment, debt service costs, debt maturities and repayments. As at 31 December 2025, the total liquidity position is £2,901 million (2024: £3,460 million), comprising of £1,365 million (2024: £2,024 million) in cash resources as well as undrawn committed borrowing facilities of £1,536 million (2024: £1,436 million).

The tables below analyse the gross undiscounted contractual cash flows as at 31 December 2025 and 31 December 2024 of the Group's financial liabilities and net settled derivative financial instruments (index-linked swaps and interest rate swaps) to the contractual maturity date.

31 December 2025	**Less than one year**	**One to two years**	**Two to five years**	**Greater than five years**
	£m	**£m**	**£m**	**£m**
Borrowing principal payments	**1,288**	**857**	**3,647**	**12,619**
Borrowing interest payments	**710**	**634**	**1,708**	**3,932**
Derivative financial instruments	**(39)**	**(132)**	**(79)**	**(880)**
Trade payables	**229**	**-**	**-**	**-**
Capital payables	**239**	**-**	**-**	**-**
Lease liabilities	**60**	**55**	**120**	**487**
	2,487	**1,414**	**5,396**	**16,158**

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

18 FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2024	Less than one year £m	One to two years £m	Two to five years £m	Greater than five years £m
Borrowing principal payments	1,250	1,142	3,195	12,385
Borrowing interest payments	664	634	1,599	3,759
Derivative financial instruments	(74)	65	(502)	(788)
Trade payables	246	-	-	-
Capital payables	181	-	-	-
Lease liabilities	58	58	138	487
	2,325	1,899	4,430	15,843

The tables below analyse the expected gross undiscounted contractual cash flows as at 31 December 2025 and 31 December 2024 of the Group's derivative financial instruments which will be settled on a gross basis based on the remaining period to the contractual maturity date. The table should be viewed in conjunction with the table presenting undiscounted cash flows on the Group's financial liabilities and net settled derivative financial instruments.

31 December 2025	**Less than one year £m**	**One to two years £m**	**Two to five years £m**	**Greater than five years £m**
Cross-currency derivative payments	**327**	**239**	**617**	**695**
Cross-currency derivative receipts	**(243)**	**(172)**	**(415)**	**(514)**
Cross-currency notional payments at maturity	**161**	**594**	**1,645**	**3,576**
Cross-currency notional receipts at maturity	**(197)**	**(581)**	**(1,685)**	**(3,550)**
	48	**80**	**162**	**207**

31 December 2024	Less than one year £m	One to two years £m	Two to five years £m	Greater than five years £m
Cross-currency derivative payments	292	251	562	534
Cross-currency derivative receipts	(180)	(161)	(339)	(364)
Cross-currency notional payments at maturity	947	161	1,008	3,977
Cross-currency notional receipts at maturity	(898)	(185)	(956)	(3,873)
	161	66	275	274

Cross-currency swaps payables and receivables are disclosed separately in the table above as cash settlement is on a gross basis and stated at initial hedge rate to reflect that in the borrowing principal payments.

Capital risk management

The Group monitors capital on the basis of its gearing ratio. Like other regulated utilities in the UK, gearing is measured by reference to the ratio of net debt to the Regulatory Asset Base ('RAB'). Net debt is the external consolidated nominal net debt at the entity within the Group that the relevant debt facility sits.

There are gearing covenants in financing agreements at various levels of the Group. Gearing ratios at each Group level are below:

	31 December 2025	31 December 2024
Net debt to RAB at Heathrow Finance plc	**0.829**	0.814
Total net debt to RAB at Heathrow (SP) Limited	**0.739**	0.720
Senior net debt to RAB at Heathrow (SP) Limited	**0.631**	0.618

As at 31 December 2025, Heathrow's RAB was £21,263 million (2024: £20,422 million). Heathrow (SP) Limited's senior (Class A) and junior (Class B) gearing ratios were 63.1% and 73.9% respectively (2024: 61.8% and 72.0% respectively) with respective trigger levels of 72.5% and 85%. Heathrow Finance's gearing ratio was 82.9% (2024: 81.4%) with a covenant of 92.5%.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

18 FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category

The Group's financial instruments as classified in the financial statements can be analysed under the following categories:

31 December 2025	Financial assets at amortised cost and cash equivalents	Assets at fair value through income statement	Derivatives qualifying for hedge accounting	Equity investments	Total
	£m	£m	£m	£m	£m
Equity investments	-	-	-	34	34
Derivative financial instruments[1][2]	-	821	180	-	1,001
Cash and cash equivalents[3]	549	-	-	-	549
Trade receivables and accrued income	229	-	-	-	229
Term deposits	816	-	-	-	816
Total financial assets	**1,594**	**821**	**180**	**34**	**2,629**

(1) Designated in fair value hedges of interest rate risk with changes in fair value recognised in finance costs in the income statement of £139 million.
(2) Designated in cash flow hedges of interest rate risk with changes in fair value recognised in losses taken to equity in other comprehensive income of £39 million.
(3) Cash held by LHR Insurance Services Limited is restricted and excluded from the cash and cash equivalents figure disclosed in the table.

31 December 2025	Financial liabilities at amortised cost	Liabilities at fair value through income statement	Derivatives qualifying for hedge accounting	Total
	£m	£m	£m	£m
Borrowings	(18,373)	-	-	(18,373)
Derivative financial instruments[1][2]	-	(935)	(195)	(1,130)
Trade payables	(229)	-	-	(229)
SAF incentive scheme accrual	(60)	-	-	(60)
Capital payables	(239)	-	-	(239)
Lease liabilities	(411)	-	-	(411)
Total financial liabilities	**(19,312)**	**(935)**	**(195)**	**(20,442)**

(1) Designated in fair value hedges of interest rate risk with changes in fair value recognised in finance costs in the income statement of £178 million.
(2) Designated in cash flow hedges of interest rate risk with changes in fair value recognised in losses taken to equity in other comprehensive income of £17 million.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

18 FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2024	Financial assets at amortised cost and cash equivalents	Assets at fair value through income statement	Derivatives qualifying for hedge accounting	Equity investments	Total
	£m	£m	£m	£m	£m
Equity investments	-	-	-	34	34
Derivative financial instruments[(1)(2)]	-	924	129	-	1,053
Cash and cash equivalents[(3)]	1,499	-	-	-	1,499
Trade receivables and accrued income	237	-	-	-	237
Term deposits	525	-	-	-	525
Total financial assets	2,261	924	129	34	3,348

(1) Designated in fair value hedges of interest rate risk with changes in fair value recognised in finance costs in the income statement of £34 million.
(2) Designated in cash flow hedges of interest rate risk with changes in fair value recognised in losses taken to equity in other comprehensive income of £95 million.
(3) Cash held by LHR Insurance Services Limited is restricted and excluded from the cash and cash equivalents figure disclosed in the table.

31 December 2024	Financial liabilities at amortised cost	Liabilities at fair value through income statement	Derivatives qualifying for hedge accounting	Total
	£m	£m	£m	£m
Borrowings	(18,043)	-	-	(18,043)
Derivative financial instruments[(1)(2)]	-	(1,326)	(269)	(1,595)
Trade payables	(246)	-	-	(246)
SAF incentive scheme accrual	(76)	-	-	(76)
Capital payables	(181)	-	-	(181)
Lease liabilities	(434)	-	-	(434)
Total financial liabilities	(18,980)	(1,326)	(269)	(20,575)

(1) Designated in fair value hedges of interest rate risk with changes in fair value recognised in finance costs in the income statement of £213 million.
(2) Designated in cash flow hedges of interest rate risk with changes in fair value recognised in losses taken to equity in other comprehensive income of £56 million.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

18 FINANCIAL INSTRUMENTS (CONTINUED)

Fair value estimation

Financial instruments that are measured in the statement of financial position at fair value are classified by the following fair value measurement hierarchy:

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

As at 31 December 2025 and 2024, all fair value estimates on derivative financial instruments are included in level 2.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (such as derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques and inputs used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Applicable market-quoted swap yield curves adjusted for relevant basis and credit default spreads.
- The recovery rate and associated reduction in credit risk of super senior ranking derivatives (interest rate and index-linked swaps).
- The fair value of derivatives and certain financial instruments are calculated as the present value of the estimated future cash flows based on observable market inputs such as RPI and credit default swap curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

At the restructuring date or initial date of recognition of index-linked swaps, the fair value of these instruments, as indicated by their fair value immediately prior to the restructuring or at initial recognition, cannot be supported by observable inputs alone. These fair values are supported by unobservable factors including the counterparty's credit, capital, funding and trading charges. Differences are deferred on the statement of financial position in compliance with IFRS 9.

As at 31 December 2025, £130 million (2024: £154 million) remained capitalised and £24 million (2024: £28 million) had been recognised in the income statement for the period.

On a semi-annual basis, the Group reviews any material changes to the valuation techniques and market data inputs used. The potential impact to the fair value hierarchy is assessed if it is deemed a transfer. Significant transfers between levels are considered effective at the end of the reporting period. During the year there were no transfers between the levels in the fair value hierarchy.

The tables below present the Group's assets (other than investment properties, disclosed in note 9) and liabilities that are measured at fair value as at 31 December 2025 and 31 December 2024:

31 December 2025	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Assets				
Assets at fair value through income statement	**-**	**821**	**-**	**821**
Derivatives qualifying for hedge accounting	**-**	**180**	**-**	**180**
Equity investments	**-**	**-**	**34**	**34**
Total assets	**-**	**1,001**	**34**	**1,035**
Liabilities				
Liabilities at fair value through income statement	**-**	**(935)**	**-**	**(935)**
Derivatives qualifying for hedge accounting	**-**	**(195)**	**-**	**(195)**
Total liabilities	**-**	**(1,130)**	**-**	**(1,130)**

31 December 2024	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Assets at fair value through income statement	-	924	-	924
Derivatives qualifying for hedge accounting	-	129	-	129
Equity investments	-	-	34	34
Total assets	-	1,053	34	1,087
Liabilities				
Liabilities at fair value through income statement	-	(1,326)	-	(1,326)
Derivatives qualifying for hedge accounting	-	(269)	-	(269)
Total liabilities	-	(1,595)	-	(1,595)

19 DEFERRED INCOME TAX

The net movement on the deferred income tax account is as follows:

	Note	**2025 £m**	2024 £m
1 January		**(1,006)**	(751)
Charged to income statement	*5*	**(144)**	(213)
Charged to other comprehensive income	*23*	**(6)**	(42)
31 December		**(1,156)**	(1,006)

Deferred tax is analysed as follows:

	31 December 2025 £m	31 December 2024 £m
Deferred income tax liabilities	**(1,396)**	(1,321)
Deferred income tax assets	**240**	315
	(1,156)	(1,006)

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

19 DEFERRED INCOME TAX (CONTINUED)

The movements in deferred income tax assets and liabilities during the financial year are shown below.

Deferred income tax liabilities

	Excess of capital allowances over depreciation	Revaluations of investment property to fair value	Revaluations of property, plant and equipment	Financial instruments	Other[1]	Total
	£m	£m	£m	£m	£m	£m
1 January 2024	(867)	(302)	(55)	-	(16)	(1,240)
Charged to income statement	(20)	(50)	-	-	(1)	(71)
Charged to other comprehensive income	-	-	-	-	(3)	(3)
Transfer from deferred income tax assets	-	-	-	(7)	-	(7)
31 December 2024	**(887)**	**(352)**	**(55)**	**(7)**	**(20)**	**(1,321)**
(Charged)/credited to income statement	**(18)**	**15**	**-**	**(90)**	**(1)**	**(94)**
Credited to other comprehensive income	**-**	**-**	**-**	**19**		**19**
31 December 2025	**(905)**	**(337)**	**(55)**	**(78)**	**(21)**	**(1,396)**

(1) This category contains individually immaterial items, the largest of which is tax on rolled over gains of £12 million (2024: £12 million).

Deferred income tax assets

	Capital losses	Non trade deficit[1]	Financial instruments	Fair value uplift of bonds	Post employment benefits[2]	IFRS 16	Tax losses carried forward	Total
	£m	£m	£m	£m	£m	£m	£m	£m
1 January 2024	14	83	93	26	37	24	212	489
(Charged)/credited to income statement	-	(9)	(70)	(3)	2	1	(63)	(142)
Charged to other comprehensive income	-	-	(30)	-	(9)	-	-	(39)
Transfer to deferred income tax liabilities	-	-	7	-	-	-	-	7
31 December 2024	**14**	**74**	**-**	**23**	**30**	**25**	**149**	**315**
(Charged)/credited to income statement	**(1)**	**(10)**	**-**	**(3)**	**(4)**	**1**	**(33)**	**(50)**
Charged to other comprehensive income	**-**	**-**	**-**	**-**	**(25)**	**-**	**-**	**(25)**
31 December 2025	**13**	**64**	**-**	**20**	**1**	**26**	**116**	**240**

(1) The £64 million (2024: £74 million) closing deferred tax asset relates to non-trading deficit pre-April 2017.
(2) These include pensions, other retirement rights, life insurance and medical care after employment ceases.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

19 DEFERRED INCOME TAX (CONTINUED)

Deferred income tax charged to other comprehensive income during the year was as follows:

	Note	**Year ended 31 December 2025 £m**	Year ended 31 December 2024 £m
Hedging reserve	*23*	**19**	(30)
Tax charge on actuarial movement	*23*	**(25)**	(9)
Equity investments		**-**	(3)
		(6)	(42)

As at 31 December 2025, the aggregate amount of undistributed earnings of subsidiaries and joint ventures on which temporary differences may exist was £nil (2024: £nil).

A £nil deferred tax liability (2024: £nil) has been recognised on undistributed earnings since no tax is expected to arise on the distributions from subsidiaries in the future under the application of UK tax legislation.

The net deferred tax liability is expected to increase in 2026 by £59 million. This primarily relates to movements in accelerated capital allowances, carried forward losses and financial instruments.

Deferred income tax assets have been recognised in respect of all deductible temporary differences where it is considered probable that there will be sufficient future taxable income against which these assets will be recovered. UK tax losses have no expiry date. The recognition of these deferred income tax assets is supported by a combination of the reversal of taxable temporary differences and forecast future taxable income up to 2051, the year the deferred tax assets are expected to unwind fully.

In assessing the risks associated with future taxable income forecasts that have been used to support recognition, management have concluded that there is significant headroom (over 50%) above the amounts required to support recoverability of the deferred income tax assets. The reliance on future taxable profits has been made with a high level of certainty as there is considerable headroom in the Group's long-term forecasts over and above the amount forecast to be utilised to support recoverability of the deferred income tax assets.

Based on the improved trading performance in the year to 31 December 2025, management consider that the conclusion that deferred tax assets may be recovered against the unwind of existing deferred tax liabilities and future forecast taxable profits, remains appropriate.

20 RETIREMENT BENEFIT OBLIGATIONS

The Group has applied the requirements of the standard IAS 19 'Employee Benefits (Revised 2011)' ('IAS 19R') for the year ended 31 December 2025.

LHR Airports Limited, which is an indirect subsidiary of HAHL Group, is the sponsor of the Defined Benefit ('DB') pension scheme, the Unfunded Unapproved Retirement Benefit ('UURBS') scheme and the Post-Retirement Medical Benefits ('PRM') scheme. Following a decision to re-assess the Group's relationship with the legal sponsor of the retirement benefit schemes, it was determined that Heathrow Airport Limited, and therefore the Group, should act as sponsor in relation to these schemes. As a result, the Group recognises retirement benefit obligations within its financial statements.

The Group's primary defined benefit pension scheme (the 'BAA Pension Scheme' or the 'Scheme') is now closed to new employees. As required by UK pension law, there is a Pension Trustee Board that, together with LHR Airports Limited, is responsible for governance of the Scheme. The employer's contributions are determined based on triennial valuations conducted on assumptions determined by the Trustee and agreed by LHR Airports Limited. The defined benefit obligation or surplus is calculated quarterly by independent actuaries.

LHR Airports Limited also provides unfunded pensions in respect of a limited number of former directors and senior employees whose benefits are restricted by the rules of the Scheme. In addition, LHR Airports Limited provides post-retirement medical benefits to certain pensioners.

LHR Airports Limited operates a defined contribution pension scheme for all employees who joined the Group after 15 June 2008. The Group has no further payment obligations once the contributions have been paid. The total cost of defined contribution pension arrangements is fully expensed as employment costs.

Amounts arising from pensions related liabilities in the Group's financial statements
The following tables identify the amounts in the Group's financial statements arising from its pension related liabilities. Further details of each scheme (except defined contribution schemes) are within sections a) and b).

Income statement
Pension and other pension related liabilities costs

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Employment costs:		
Defined contribution schemes	**24**	26
BAA Pension Scheme	**9**	10
Past service (credit)/charge - BAA Pension Scheme	**(15)**	3
	18	39
Finance charge - BAA Pension Scheme	**5**	7
Finance charge - Other pension and post-retirement liabilities	**1**	1
Total pension charge	**24**	47

Other comprehensive income
Gain on pension and other pension related liabilities

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
BAA Pension Scheme gain	**98**	35
Unfunded schemes gain	**1**	1
Actuarial gain recognised before tax	**99**	36
Tax charge on actuarial gain	**(25)**	(9)
Actuarial gain recognised after tax	**74**	27

For the year-ended 31 December 2025, a past service credit of £15 million (2024: £3 million charge) was recognised. The past service credit in 2025 was in relation to a Pension Increase Exchanges and Bridging Pension Options exercise during the year. The past service charge in 2024 was in relation to a change to scheme rules which ensures the final pensionable salary of scheme members was not impacted by 2020 salary changes.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

20 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Statement of financial position – net defined benefit pension (deficit)/surplus and other pension related liabilities.
The net deficit or surplus of the LHR Airports Limited retirement benefit schemes, being the BAA Pension Scheme, Unfunded Unapproved Retirement Benefit Scheme and Post-Retirement Medical Benefit Scheme, are recognised within non-current assets or non-current liabilities if the pension schemes are in a surplus or deficit position respectively. The net surplus or deficit is presented below for the current and previous four financial years.

	31 December				
	2025	2024	2023	2022	2021
	£m	£m	£m	£m	£m
Fair value of plan assets	**2,490**	2,497	2,782	2,735	4,886
Benefit obligation	**(2,474)**	(2,596)	(2,910)	(2,839)	(4,543)
Surplus/(deficit) in BAA Pension Scheme	**16**	(99)	(128)	(104)	343
Unfunded pension obligations	**(19)**	(20)	(22)	(21)	(29)
Post-retirement medical benefits	**(1)**	(1)	(1)	(1)	(1)
Deficit in other pension related liabilities	**(20)**	(21)	(23)	(22)	(30)
Net (deficit)/surplus in pension schemes	**(4)**	(120)	(151)	(126)	313
Group share of net (deficit)/surplus in pension schemes	**(4)**	(120)	(151)	(126)	313

The Group has the ability to recognise any surplus in the BAA Pension Scheme in full, because the Group has an unconditional right to a refund of surplus upon gradual settlement of liabilities.

There are no reimbursement rights included within scheme assets which require separate disclosure.

(A) BAA pension scheme
The BAA Pension Scheme is a funded defined benefit scheme with both open and closed sections. The Scheme closed to employees joining the Group after 15 June 2008. The Scheme's assets are held separately from the assets of the HAHL Group and are administered by the trustee.

The value placed on the Scheme's obligations as at 31 December 2025 is based on the full actuarial valuation carried out as at 30 September 2024. This has been updated as at 31 December 2025 by ISIO Group Limited to take account of changes in economic and demographic assumptions, in accordance with IAS 19R. The Scheme assets are stated at their bid value as at 31 December 2025. As required by IAS 19R, the Group recognises re-measurements as they occur in the statement of comprehensive income.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

20 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(A) BAA pension scheme (Continued)

ANALYSIS OF MOVEMENTS IN PLAN ASSETS AND DEFINED BENEFIT OBLIGATIONS

	2025	2024
	£m	£m
Fair value of plan assets as at 1 January	**2,497**	2,782
Income statement:		
Interest income on plan assets	**132**	122
Administration costs	**(4)**	(3)
Other comprehensive income:		
Re-measurement loss(return on assets in excess of interest income on plan assets)	**(7)**	(283)
Cash flows:		
Employer contributions (including benefits paid and reimbursed)	**16**	15
Members' contributions	**1**	1
Benefits paid (by fund and Group)	**(145)**	(137)
Fair value of plan assets as at 31 December	**2,490**	2,497
Defined benefit obligation as at 1 January	**(2,596)**	(2,910)
Income statement:		
Current service cost	**(4)**	(7)
Past service credit/(charge)	**15**	(3)
Interest cost	**(137)**	(129)
Other comprehensive income:		
Re-measurements of defined benefit obligation:		
Arising from changes in financial assumptions	**80**	321
Arising from changes in demographic assumptions	**49**	5
Experience loss	**(24)**	(8)
Cash flows:		
Members' contributions	**(1)**	(1)
Employer contributions	**(1)**	(1)
Benefits paid (by fund and Group)	**145**	137
Defined benefit obligation as at 31 December	**(2,474)**	(2,596)

The net actuarial gain before tax of £98 million (2024: £35 million) for the BAA Pension Scheme resulted from a decrease in obligations due to higher net discount rate of £81 million (2024: £321 million), offset by a decrease in assets of £7 million due to over performance relative to discount rates (2024: £283 million). In addition, there was a £50 million gain (2024: £5 million) attributable to updated demographic assumptions and a £24 million experience loss (2024: £8 million) when allowing for actual inflation.

The actuarial gain on change in financial assumptions is mainly attributable to an actuarial gain on liabilities resulting from an increase in the net discount rate of 0.05% over the year, based on a discount rate assumption of 5.45% and an RPI inflation assumption of 3.15% which outstripped a loss on assets. The discount rate used has increased from 5.40% in 2024 to 5.45% in 2025 and is derived from the yield on 'high quality corporate bonds' of duration consistent with liabilities of the scheme. The Group adopted a multi-agency approach to setting the discount rate, i.e. for a bond to be treated as high quality it must have a rating of AA (or equivalent) from at least two of the major ratings agencies.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

20 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

ANALYSIS OF FAIR VALUE OF PLAN ASSETS

	31 December 2025			31 December 2024		
	Quoted[1]	**Unquoted**	**Total**	Quoted[1]	Unquoted	Total
Fair value of plan assets	**£m**	**£m**	**£m**	£m	£m	£m
Equity	**86**	**413**	**499**	63	456	519
Bonds	**257**	**167**	**424**	257	177	434
Cash	**-**	**24**	**24**	-	42	42
Liability driven investment	**-**	**831**	**831**	-	815	815
Buy in	**-**	**374**	**374**	-	364	364
Multi-strategy funds	**-**	**338**	**338**	-	323	323
Total fair value of plan assets	**343**	**2,147**	**2,490**	320	2,177	2,497

(1) Quoted assets have prices in active markets in which transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

As at 31 December 2025, the largest single category of investment was a liability driven investment ('LDI') mandate, with a value of £831 million, being 33% of the asset holding (2024: £815 million, 33%).

LDI holdings are portfolios of bonds, repurchase agreements, interest rate and inflation derivatives which are intended to protect the Scheme from movements in interest rates and inflation, so that the fair value of this element of the portfolio moves in the same way as the fair value of Scheme's obligations.

RISK EXPOSURE

Through its defined benefit pension plans, the Group is exposed to a number of risks as detailed within the statement of investment principles and below:

- Funding: that the Scheme has insufficient assets to cover 100% of the accrued liabilities.
- Mismatching: arising from a difference in the sensitivity of asset and liability values to financial and demographic factors.
- Cash flows: arising from a shortfall of liquid assets relative to the Scheme's immediate liabilities.
- Investment managers: arising from a failure to meet target returns.
- Diversification: an inadequate spread of investments and sources of return.
- Covenant: the possibility of failure of the Scheme's sponsor.
- Counterparty: arising from the failure of a third party to fulfil its obligations under a financial (e.g. derivative or bulk annuity) contract entered into with the Scheme.
- Operations: fraud, poor advice or negligence.
- Leverage: an additional risk introduced if the economic exposure arising from investing in a derivative is greater than the capital committed to the investment.
- Regulatory: arises from investing in a market environment where the regulatory regime may change.
- Liquidity: the ease with which assets are marketable and realisable.

These risks are reduced by careful structuring of the Scheme's funding and investment management arrangements, and through the contracts with the investment managers. Counterparty risk is reduced by limiting the exposure to any one counterparty, together with the use of a collateral mechanism for derivative positions that is calculated daily. Operational risk is reduced as far as possible by due diligence on the appointment and review of investment managers, annuity providers and advisors, and by contracts of engagement.

ANALYSIS OF FINANCIAL ASSUMPTIONS

The financial assumptions used to calculate Scheme assets and liabilities under IAS 19R were:

	31 December 2025	31 December 2024
	%	%
Rate of increase in pensionable salaries	**1.90**	1.90
Increase to deferred benefits during deferment	**2.75**	3.40
Increase to pensions in payment:		
Open section	**2.95**	3.15
Closed section	**3.15**	3.40
Discount rate	**5.45**	5.40
Inflation assumption	**3.15**	3.40

The assumptions relating to longevity underlying the pension liabilities at the reporting date are in line with those adopted for the 2024 actuarial funding valuation, removing prudency, and are based on standard actuarial mortality tables with an allowance for future improvements in longevity. The assumptions are equivalent to a life expectancy for a 65 year old male pensioner of 21.1 years (2024: 21.4 years) and 21.9 years (2024: 22.3 years) from age 65 for a 45 year old male non-pensioner.

The expected rate of inflation is an important assumption for salary growth and pension increase. A rate of inflation is 'implied' by the difference between the yields on fixed and index-linked government bonds.

Interest income on the plan assets is calculated by multiplying the fair value of the plan assets by the discount rate discussed above.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

20 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

As required under IAS 19R, interest income on the plan assets is calculated by multiplying the fair value of the plan assets by the discount rate discussed above.

The funding valuation is used to judge the amount of cash contributions the Group needs to put into the pension scheme. It will always be different to the IAS 19 accounting deficit, which is an accounting rule concerning employee benefits and shown in the statement of financial position. Note that for the valuation as at 31 December 2025, the assumptions have been updated from those detailed at the September 2024 triennial valuation to allow for actual realised inflation in 2025. The future inflation assumptions above are applied for future periods.

ANALYSIS OF FUTURE CASH FLOWS

UK legislation requires that pension schemes are funded prudently. In December 2025, the trustee of the BAA Pension Scheme concluded a formal actuarial valuation of the Scheme as at September 2024. The next actuarial valuation of the BAA Pension Scheme will be measured as at 30 September 2027.

The September 2024 funding valuation identified a surplus of £7 million, consequently LHR Airports Limited have agreed that there continues to be no deficit repair contributions required.

The valuation also considered the cost of the benefits that will be built up over the remaining future lifetime of active members. The table below gives a breakdown of the future service cost as at 30 September 2024 and the cost as at 30 September 2021 for comparison. Active members pay contributions to the Scheme as a condition of membership.

Future service contributions over the future lifetime of active members whilst employed by the Group

	30 September 2024	30 September 2021
	% of base salary including shift pay	% of base salary including shift pay
Cost of pension benefits	**13.8**	29.0
Plus administration expenses (including the PPF levy)	**7.5**	-
Less members' contributions	**(3.0)**	(3.4)
Employer future service contribution rate	**18.3**	25.6

SENSITIVITY ANALYSIS OF SIGNIFICANT ASSUMPTIONS

The following tables present a sensitivity analysis for each significant actuarial assumption showing how the defined benefit obligation would have been affected, before and after tax, by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

The standard market practice is to include sensitivity to a change of between 0.1% and 1%. We considered 1.0% for discount rate and 0.5% for inflation rate to be reasonable and in line with market practice and the movements in assumptions observed in 2025.

(Decrease)/increase in defined benefit obligation	**31 December 2025**		31 December 2024	
	Before tax	**After tax**	Before tax	After tax
	£m	**£m**	£m	£m
Discount rate				
+1.00% (2024: +1.00%) discount rate	**(277)**	**(208)**	(323)	(242)
-1.00% (2024: -1.00%) discount rate	**320**	**240**	400	300
Inflation rate				
+0.50% (2024: +0.50%) inflation rate	**110**	**83**	130	98
-0.50% (2024: -0.50%) inflation rate	**(116)**	**(87)**	(128)	(96)
Mortality				
Increase in life expectancy by one year	**71**	**53**	77	58

The sensitivity analysis is based on a change in one assumption while holding all other assumptions constant, therefore interdependencies between assumptions are excluded, with the exception of the inflation rate sensitivity which also impacts salary and pension increase assumptions. The analysis also makes no allowance for the impact of changes in gilt and corporate bond yields on asset values. Sensitivities calculated for 2025 have been updated for the CMI 2024 model as noted above in the analysis of financial assumptions.

The total contributions by the Group to the defined benefit pension scheme in 2026 are expected to be £11 million. The levels of contributions are based on the current service costs and the expected cash flows of the defined benefit pension scheme. The Group estimates the present value of the duration of the Scheme liabilities on average fall due over 13 years (2024: 15 years).

The Group is aware of the High Court's judgement in June 2023 (upheld in July 2024) in the case of Virgin Media Limited vs NTL Pension Trustees II Limited, which means that for some defined benefit pension schemes, amendments made between 1997 and 2016 will be void unless the amendment was accompanied by confirmation that specific criteria were met. This created uncertainty in the measurement of the defined benefit obligation.

In September 2025, the UK Government announced future legislation that aims to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. Timescales for the new legislation are yet to be finalised, but it should dissolve any uncertainty.

The Group is not currently aware of any effect on the Scheme. Therefore, the defined benefit obligation for the Scheme has been calculated on the basis of the pension benefits currently being administered.

Management believes that the scheme has no significant plan specific or concentration risks.

(B) Other pension and post-retirement liabilities

LHR Airports Limited also provides unfunded pensions in respect of a limited number of former directors and senior employees whose benefits are restricted by the Scheme rules. The unfunded pension obligations amount to £19 million (2024: £20 million) and are included in the statement of financial position.

In addition, LHR Airports Limited provides post-retirement medical benefits to certain pensioners. The present value of the future liabilities under this arrangement is £1 million (2024: £1 million) and this is also included in the statement of financial position.

The value of these unfunded pensions has been assessed by the actuary using the same assumptions as those used to calculate the Scheme's liabilities.

21 TRADE AND OTHER PAYABLES

	31 December 2025 £m	31 December 2024 £m
Non-current		
Other payables	**3**	3
	3	3
Current		
Deferred income	**26**	14
Trade payables[1]	**229**	246
Other tax and social security	**11**	10
SAF incentive scheme accrual[2]	**60**	76
Other payables[2][3]	**13**	40
Capital payables	**239**	181
	578	567

(1) Trade payables are non-interest bearing and are generally on 30-day terms.
(2) As noted in the basis of preparation on page 123, the Directors have updated the aggregation of some items of other payables. The SAF incentive scheme accrual has been presented separately from other payables. The updated aggregation has been reflected in the comparative amounts.
(3) This balance typically consists of individually immaterial amounts. In 2025 the largest item was £5 million of customer deposits. In 2024 the largest item was a payable under a commercial control of £31 million.

The fair value of trade payables and other payables are assumed to materially equate to their carrying value due to their short-term nature.

22 SHARE CAPITAL AND RESERVES

	Number of shares	Nominal value £m
Authorised		
Ordinary shares of £0.062 each		
As at 1 January and 31 December 2025	**43,000,000,100**	**2,666**
Called up, allotted and fully paid		
Ordinary shares of £0.062 each		
1 January 2025	**42,998,461,934**	**2,666**
Issue of shares	**2**	**-**
31 December 2025	**42,998,461,936**	**2,666**

On 30 October 2025, the Company issued 2 ordinary shares of £0.062 each to ADI Finance 2 Limited, the Company's parent undertaking, for total consideration of £105 million. The proceeds in excess of par value of £105 million were recorded in the share premium reserve.

Nature and purpose of reserves
The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Hedging reserve	Gains/losses arising on the effective portion of hedging instruments carried at fair value in a qualifying cash flow hedge.
Equity investment reserve	This reserve represents the collective movement in fair value since initial recognition of the equity investments, for which the Group has elected to present movements in fair value in other comprehensive income.
Accumulated losses	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

23 TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

The tax (charge)/credit relating to components of other comprehensive income was as follows:

	Year ended 31 December 2025			Year ended 31 December 2024		
	Before tax £m	**Tax credit/(charge) £m**	**After tax £m**	Before tax £m	Tax (charge)/credit £m	After tax £m
Continuing operations						
Equity investments						
Gain/(loss) taken to equity	**-**	**-**	**-**	10	(3)	7
Cash flow hedges						
(Loss)/gain taken to equity	**(111)**	**28**	**(83)**	107	(26)	81
Transfer to net finance costs	**24**	**(6)**	**18**	17	(5)	12
Impact of cost of hedging						
Gain/(loss) taken to equity	**11**	**(3)**	**8**	(5)	1	(4)
Actuarial gain on pensions (note 20)						
Loss on plan assets	**(7)**	**2**	**(5)**	(283)	71	(212)
Decrease in scheme liabilities	**106**	**(27)**	**79**	319	(80)	239
Other comprehensive income	**23**	**(6)**	**17**	165	(42)	123

24 COMMITMENTS AND CONTINGENT LIABILITIES

Commitments for property, plant and equipment
The figures in the following table are contractual commitments to purchase goods and services at the reporting date.

	31 December 2025	31 December 2024
	£m	£m
Contracted for, but not accrued:		
Asset management and compliance	**353**	258
Carbon and sustainability	**21**	16
Commercial proposition	**64**	29
Improve efficiency and service	**43**	12
Terminal 2 baggage system	**337**	176
Next generation security	**98**	146
Modernising Heathrow	**13**	2
Expanding Heathrow	**12**	-
	941	639

Contingent liabilities
As at 31 December 2025 the Group has external contingent liabilities, comprising letters of credit, performance guarantees and other items arising in the normal course of business amounting to £3 million (2024: £3 million).

25 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit before tax to cash generated from operations

	Note	**Year ended 31 December 2025** **£m**	Year ended 31 December 2024 £m
Operating activities			
Profit before tax		**635**	963
Exceptional items	*3*	**-**	22
Profit before tax and exceptional items		**635**	985
Adjustments for:			
Net finance costs	*4*	**626**	541
Depreciation	*7*	**594**	586
Amortisation of intangibles	*10*	**58**	38
Amortisation of right of use assets	*8*	**43**	41
Profit on disposal of subsidiary		**(7)**	-
Fair value loss/(gain) on investment properties	*9*	**93**	(147)
Write-offs	*7*	**3**	1
Dividends income		**(6)**	(4)
Working capital changes:			
Decrease/(increase) in trade and other receivables		**7**	(48)
Increase in inventories		**(3)**	-
Increase in provisions		**1**	-
(Decrease)/increase in trade and other payables		**(52)**	28
Difference between pension charge and cash contributions		**(22)**	(2)
Cash generated from operations		**1,970**	2,019

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

25 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Reconciliation in financing liabilities

	Current borrowings (excluding accruals)	Interest accruals on external borrowings	Non-current borrowings	Net derivative liabilities (note 17)	Lease liabilities	Borrowings from parent (including interest accruals)	Total financing liabilities
	£m	£m	£m	£m	£m	£m	£m
1 January 2024	(1,345)	(226)	(16,999)	(993)	(403)	(204)	(20,170)
Cash flows	1,252	688	(1,134)	674	59	-	1,539
Transfers from non-current to current	(1,285)	-	1,285	-	-	-	-
Inflation linked indexation	-	-	(76)	(282)	-	-	(358)
Impact of FX and fair value hedge adjustment	135	-	240	(286)	-	-	89
Other non-cash changes (including accruals and fair value)	(3)[1]	(666)[2]	(8)[3]	345[4]	(90)[5]	98[6]	(324)
31 December 2024	**(1,246)**	**(204)**	**(16,692)**	**(542)**	**(434)**	**(106)**	**(19,224)**
Cash flows	**1,297**	**662**	**(1,403)**	**270**	**60**	**-**	**886**
Transfers from non-current to current	**(1,271)**	**-**	**1,271**	**-**	**-**	**-**	**-**
Inflation linked indexation	**-**	**-**	**(102)**	**(355)**	**-**	**-**	**(457)**
Impact of FX and fair value hedge adjustment	**(61)**	**-**	**(149)**	**213**	**-**	**-**	**3**
Other non-cash changes (including accruals and fair value)	**(3)[1]**	**(691)[2]**	**(14)[3]**	**285[4]**	**(37)[5]**	**106[6]**	**(354)**
31 December 2025	**(1,284)**	**(233)**	**(17,089)**	**(129)**	**(411)**	**-**	**(19,146)**

(1) Bond amortisation of issue costs, premiums and discounts of £3 million (2024: £3 million).
(2) Interest on external borrowings of £691 million (2024: £665 million).
(3) Amortisation of issue costs, premiums and discounts of £nil (2024: £1 million) and zero-coupon accruals of £14 million (2024: £7 million).
(4) Derivative fair value movements of £293 million (2024: £352 million) less derivative interest of £8 million (2024: £7 million) included within net finance costs and certain re-measurements in note 4.
(5) Lease additions of £2 million (2024: £53 million), interest of £20 million (2024: £20 million) and other uplifts of £15 million (2024: £17 million).
(6) Settlement of intercompany loans of £108 million as part of the corporate intercompany simplification and change in accruals of £1 million, offset by interest capitalised on the intercompany loan between the Group and ADIFin2 of £3 million. Movement in 2024 comprises of non-cash settled movements resulting from an intercompany loans simplification process of £96 million and settlement of group relief of £6 million, offset by £4 million of interest payable on the borrowing.

26 RELATED PARTY TRANSACTIONS

During the year the Group entered into the following transactions with related parties:

Purchase of goods and services from related parties	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Amey OWR Limited	-	1
Ferrovial SE	-	2
Ferrovial Construction (UK) Limited	50	85
	50	88

Sales to related parties	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Harrods International Limited	11	10
Qatar Airways Limited	73	67
Riyadh Air	1	-
	85	77

Balances outstanding with related parties

	31 December 2025		31 December 2024	
	Amounts owed by related parties £m	Amounts owed to related parties £m	Amounts owed by related parties £m	Amounts owed to related parties £m
ADI Finance 2 Limited	-	-	-	105
Ferrovial Construction (UK) Limited	-	-	-	3
Qatar Airways Limited	2	-	2	-
Riyadh Air	2	-	-	-
	4	-	2	108

The related parties outlined above are related through ownership by the same parties. The transactions relate primarily to construction projects, loans, interest payable, concession fees and aeronautical revenue, and are conducted on an arm's length basis.

Key management personnel compensation is covered within note 2.

27 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking of the Company is ADI Finance 2 Limited.

The ultimate parent entity and controlling party is FGP Topco Limited.

FGP Topco Limited is the parent entity of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements can be obtained by writing to the Company Secretarial Department at the registered office of The Compass Centre, Nelson Road, Hounslow, Middlesex, TW6 2GW.

28 SUBSIDIARIES

The subsidiaries of the Group are as follows:

Direct subsidiaries:
Heathrow Holdco Limited
LHR Airports Limited

Indirect subsidiaries:
BAA Pension Trust Company Limited(3)
Heathrow (AH) Limited
Heathrow (DSH) Limited
Heathrow (SP) Limited
Heathrow Airport Limited
Heathrow Enterprises Limited
Heathrow Express Operating Company Limited
Heathrow Finance plc
Heathrow Funding Limited(1)
LHR Airport Services Limited
LHR Building Control Services Limited
LHR Business Support Centre Limited
LHR Insurance Services Limited(2)

(1) Incorporated in Jersey, but UK tax resident.
(2) Incorporated in the Isle of Man, but all profit taxed in the UK as a Controlled Foreign Company.
(3) Dormant subsidiaries.

Ultra Global Limited, an indirect subsidiary, was disposed of in 2025 for total consideration of £6 million.

Unless otherwise indicated, all subsidiaries are wholly owned and are incorporated, registered and domiciled in England and Wales.

The registered office of the Company's subsidiaries is the same as Heathrow Airport Holdings Limited, as set out below, with the exception of Heathrow Funding Limited whose registered office is IFC5, St Helier, Jersey, JE1 1ST, Channel Islands.

29 SUBSEQUENT EVENTS

On 23 January 2026, the Group extended its existing revolving credit facility of £1,386 million by 2 years to 30 September 2029.

On 5 February 2026, the Group issued a £400 million bond with a final maturity date of 5 February 2034.

Registered office
Heathrow Airport Holdings Limited, The Compass Centre, Nelson Road, Hounslow, Middlesex, TW6 2GW

Registered in England Number: 05757208

COMPANY STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2025

	Note	31 December 2025 £m	31 December 2024 £m
Assets			
Non-current assets			
Investment in subsidiaries	3	**6,390**	4,609
Trade and other receivables	4	**1,226**	746
Deferred income tax assets	5	**64**	74
		7,680	5,429
Current assets			
Trade and other receivables	4	**15**	455
		15	455
Total assets		**7,695**	5,884
Liabilities			
Non-current liabilities			
Trade and other payables	6	**-**	(53)
		-	(53)
Current liabilities			
Trade and other payables	6	**-**	(19)
Current income tax liabilities		**(9)**	(6)
		(9)	(25)
Total liabilities		**(9)**	(78)
Net assets		**7,686**	5,806
Equity			
Capital and reserves			
Share capital	7	**2,666**	2,666
Share premium		**105**	-
Retained earnings		**4,915**	3,140
Total equity		**7,686**	5,806

The notes on pages 186 to 188 form part of these financial statements.

The profit of the Company for the year ended 31 December 2025 attributable to the shareholder was £2,325 million (2024: £36 million).

These financial statements of Heathrow Airport Holdings Limited (Company registration number: 05757208) on pages 181 to 188 were approved by the Board of Directors and authorised for issue on 24 February 2026. They were signed on its behalf by:

THOMAS WOLDBYE
Director

YUANYUAN (SALLY) DING
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025

		Attributable to owners of the Company			
		Share capital	Share premium	Retained earnings	Total equity
	Note	£m	£m	£m	£m
Balance as at 1 January 2024		2,666	-	3,104	5,770
Comprehensive income					
Profit for the year	*1*	-	-	36	36
Total comprehensive income		-	-	36	36
Balance as at 31 December 2024		**2,666**	**-**	**3,140**	**5,806**
Comprehensive income					
Profit for the year	*1*	**-**	**-**	**2,325**	**2,325**
Total comprehensive income		**-**	**-**	**2,325**	**2,325**
Transactions with owners					
Dividends paid		**-**	**-**	**(550)**	**(550)**
Issue of shares[1]			**105**	**-**	**105**
Total transactions with owners		**-**	**105**	**(550)**	**(445)**
Balance as at 31 December 2025		**2,666**	**105**	**4,915**	**7,686**

(1) On 30 October 2025 the Company issued 2 Ordinary shares of £0.062 each to ADI Finance 2 Limited, the Company's parent undertaking, for a total consideration of £105 million. The proceeds in excess of par value of £105 million were recorded in the share premium reserve.

The notes on pages 186 to 188 form part of these financial statements

ACCOUNTING POLICIES

for the year ended 31 December 2025

The principal accounting policies applied in the preparation of the financial statements of Heathrow Airport Holdings Limited (the 'Company') are set out below. Applicable material accounting policies are disclosed in line with IAS 1 requirements. These policies have been applied consistently to all the years presented, unless otherwise stated.

THE COMPANY

The Company is a private holding company of a group of private companies that owns Heathrow Airport ('Heathrow') and operates Heathrow Express ('HEX'), the express rail service between Heathrow and central London. Heathrow Airport Holdings Limited is a limited, by shares, liability company incorporated, registered and domiciled in the UK. Its registered office is The Compass Centre, Nelson Road, Hounslow, Middlesex, TW6 2GW.

BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards. They have been prepared by the Directors in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101').

Under FRS 101, the Company applies the recognition and measurement provisions of International Accounting Standard ('IAS') 27 'Separate Financial Statements', in accordance with UK-adopted International Accounting Standards.

The Company has taken advantage of certain disclosure exemptions in FRS 101 as its financial statements are included in the publicly available consolidated financial statements of FGP Topco Limited. Copies of those consolidated financial statements can be obtained by writing to the Company Secretarial Department at The Compass Centre, Nelson Road, Hounslow, Middlesex, TW6 2GW.

The following disclosure exemptions have been taken:

- The requirements of IFRS 7 *Financial Instruments: Disclosures*.
- The requirements of paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement*.
- The requirements of IAS 7 *Statement of Cash Flows*.
- The requirements of paragraphs 17 and 18A of IAS 24 *Related Party Disclosures*.
- The requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements*.
- The requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

These financial statements are presented in Sterling, which is the Company's functional currency, and are rounded to the nearest million pounds ('£m'), except where otherwise noted.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The following new accounting pronouncements were adopted to comply with amendments to IFRS. None of these had any significant impact on adoption:

- Amendments to IAS 21 titled *Lack of Exchangeability*.
- *Disclosures about Uncertainties in the Financial Statements*.

The amendments listed above did not impact the amounts recognised in prior periods and are not expected to have a material impact on the current or future periods.

GOING CONCERN

The Directors have prepared the financial statements on a going concern basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Company is part of the wider Heathrow Group, with the ultimate parent undertaking being FGP Topco Limited. In considering the going concern assessment, the Directors have considered both the individual circumstances of the Company and the wider Heathrow Group given the corporate structure. Full detail of the considerations for the Heathrow Group can be found on page 124.

Having had regard to both liquidity and debt covenants and considering a severe but plausible downside scenario and reverse stress testing, the Directors have concluded that there is sufficient liquidity available to meet the Group and Company's funding requirements for at least 12 months from the date of these financial statements and that it is accordingly appropriate to adopt a going concern basis for their preparation.

DIVIDEND INCOME

Dividend income is recognised when the right to receive payment is established.

FINANCING

Finance costs and finance income are recognised in the income statement in the period in which they are incurred.

INVESTMENT IN SUBSIDIARIES

Investments in subsidiaries are stated at cost and reviewed for impairment if there are any indications that the carrying value may not be recoverable. Reversals are recognised where there is a favourable change in the economic assumptions in the period since the provision was made.

AMOUNTS OWED BY GROUP UNDERTAKINGS

Intercompany advances to other Group entities are all held till maturity; neither party have an option to call or prepay the loan before the contracted maturity date.

Such assets are held under a business model to hold and collect contractual cash flows and therefore meet the solely payments of principal and interest test. No embedded derivatives are currently recognised in these advances, and the amortised cost classification is not impacted. All intercompany advances are assessed for impairment under the IFRS 9 'expected credit losses model' ('ECL').

AMOUNTS OWED TO GROUP UNDERTAKINGS

Amounts owed to group undertakings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the amount initially recognised (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

CURRENT AND DEFERRED TAXATION

The tax charge for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is recognised in other comprehensive income.

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

Group relief claimed/surrendered between UK companies is paid for at the applicable tax rate of 25% (2024: 25%) for the year, unless there is a specific reason preventing the company from doing so.

Deferred income taxation is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company's financial statements at rates expected to apply when they reverse (currently 25%), based on current tax rates and law. Deferred income taxation is not provided on the initial recognition of an asset or liability in a transaction, other than a business combination, if at the time of the transaction there is no effect on either accounting or taxable profit or loss.

Deferred income tax assets are recognised to the extent that it is probable that there are future taxable temporary differences from the unwind of the deferred income tax liabilities, against which these deductible temporary differences can be utilised and other future taxable profits. There are no unrecognised deferred income tax assets. The recognition of these deferred income tax assets is supported by a combination of the reversal of taxable temporary differences and forecast future taxable income. Deferred tax assets and liabilities are not discounted. For deferred tax purposes, investment properties are assessed on a 'held for sale' basis.

Deferred income taxation is determined using the tax rates and laws that have been enacted, or substantively enacted during the year and are expected to apply in the periods in which the related deferred tax asset or liability is reversed.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

SHARE CAPITAL

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

DIVIDEND DISTRIBUTION

A dividend distribution to the Company's shareholder is recognised as a liability in the Company's financial statements in the period in which the shareholder's right to receive payment of the dividend is established.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

for the year ended 31 December 2025

In applying the Company's accounting policies, management have made judgements and estimates in a number of key areas. Actual results may, however, differ from the estimates calculated and management believes that the following areas present the greatest level of uncertainty.

CRITICAL JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

There are no critical judgements for the Company.

KEY SOURCES OF ESTIMATION UNCERTAINTY

There are no key sources of estimation uncertainty.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2025

1 COMPANY RESULT FOR THE YEAR

As permitted by Section 408 of the Companies Act 2006, the income statement of the Company is not presented as part of these financial statements. The profit of the Company for the year ended 31 December 2025 attributable to the shareholder was £2,325 million (2024: £36 million).

2 OPERATING COSTS

Auditors' remuneration
The Company's auditors received £79,000 (2024: £79,000) as remuneration for the audit of the Company's financial statements, the cost of which was borne by Heathrow Airport Limited.

Employee information
The Company had no employees (2024: none).

Directors' remuneration
Details of Directors' remuneration for the year are provided in note 2 of the Group financial statements.

3 INVESTMENT IN SUBSIDIARIES

	£m
Cost	
1 January 2025	**4,609**
Repayment of investment in Heathrow Holdco Limited	**(4,609)**
Acquisition of LHR Airports Limited	**6,108**
Additional investment in LHR Airports Limited	**282**
31 December 2025	**6,390**

The Company's subsidiary undertakings are Heathrow Holdco Limited and LHR Airports Limited, which are incorporated and registered in England and Wales. Details of the principal subsidiary undertakings of the Company are provided in note 28 of the Heathrow Airport Holdings Limited consolidated financial statements.

During the year, as part of a wider Group simplification project, the Company received a dividend of £6,348 million from Heathrow Holdco Limited. This amount represented substantially all of the net assets of Heathrow Holdco Limited. The Directors consider this payment to be partly a return of the Company's investment in Heathrow Holdco Limited of £4,609 million and the remainder being dividend income recognised in the income statement of £1,739 million. As part of the HAHL Group's corporate simplification project, Heathrow Holdco Limited's investment in LHR Airports Limited of £6,108 million was transferred to the Company. Following this, the Company acquired additional shares in LHR Airports Limited for consideration of £282 million.

The Company reviews the investment in the subsidiary's carrying value for impairment if there are any indications that the carrying value may not be recoverable. The recoverable amount, fair value less costs to sell, is calculated based on discounted cash flow projections of the business using a perpetuity model where the discount rate is calculated using a weighted average cost of capital ('WACC') of 4.04% for regulatory period H7 (2025-2026), 6.76% for H8 (2027-2031), 6.92% for H9 (2032-2036), 6.77% for H10 (2037-2041) and a terminal cash flow which uses multiple of 1.232x the Regulatory Asset Base ('RAB'). Short-term projections are based on the latest forecast approved by the Board in December 2025, and longer-term projections reflect the latest two runway capital plan. The discount rate is based on an unlevered cost of equity consistent with the building blocks of the regulatory WACC. From the review of the position as at 31 December 2025, management concluded that there is no impairment in the investments held.

Due to the nature of the regulatory arrangement and the significant headroom in the valuation, as change risks are not considered to have a material impact on the valuation of investments in subsidiaries. Passenger numbers adopted from our scenario analysis that feeds into our long-term forecast, detailed in the CFD section from page 38, forecasts adequate long-term passengers to support Heathrow's own long-term cash flow forecasts.

4 TRADE AND OTHER RECEIVABLES

	31 December 2025 £m	31 December 2024 £m
Current		
Amounts owed by group undertakings – interest bearing[2]	**-**	8
Interest owed by group undertakings[2]	**15**	447
	15	455
Non-current		
Amounts owed by group undertakings – interest bearing[1][2]	**1,226**	746
	1,226	746

(1) Amounts owed by group undertakings in 2024 represent a loan advanced to Heathrow Holdco Limited. In 2025, the loan was novated to LHR Airports Limited. The loan attracts a fixed rate of interest of 6.65%.
(2) Amounts owed by group undertakings are unsecured.

All intercompany advances are assessed for impairment under the IFRS 9 'expected credit losses model' ('ECL'). Management has considered the cash flow forecasts for the remaining term of the loans and believes the group undertakings to have sufficient resources to meet their obligations. Consequently, management has determined that the loans are low risk and fall within 'Stage 1' of IFRS 9's impairment model, and 12-month ECL could be calculated.

The ECL calculated as at 31 December 2025 was £nil (2024: £nil).

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

5 DEFERRED INCOME TAX ASSETS

	31 December 2025	31 December 2024
	£m	£m
Deferred income tax assets	**64**	74

Deferred income tax assets have been recognised in respect of all deductible temporary differences where it is considered probable that there will be sufficient future taxable income against which these assets will be recovered. There are no unrecognised deferred income tax assets. UK tax losses have no expiry date. The recognition of these deferred income tax assets is supported by a combination of the reversal of taxable temporary differences and forecast future taxable income up to 2051, the year the deferred tax assets are expected to unwind fully.

6 TRADE AND OTHER PAYABLES

	31 December 2025	31 December 2024
	£m	£m
Non-current		
Loan from parent undertaking – interest free[1]	**-**	53
	-	53
Current		
Amounts owed to group undertakings – interest free[1]	**-**	19
	-	19

(1) In 2024, the loan from parent undertaking represents an amount lent by ADI Finance 2 Limited to the Company. Amounts owed by group undertakings were owed to Heathrow Holdco Limited. These borrowings were unsecured and settled in full in 2025.

7 SHARE CAPITAL AND RESERVES

	Number of shares	**Nominal value £m**
Authorised		
Ordinary shares of £0.062 each		
As at 1 January and 31 December 2025	**43,000,000,100**	**2,666**
Called up, allotted and fully paid		
Ordinary shares of £0.062 each		
1 January 2025	**42,998,461,934**	**2,666**
Issue of shares	**2**	**-**
31 December 2025	**42,998,461,936**	**2,666**

On 30 October 2025, the Company issued 2 ordinary shares of £0.062 each to ADI Finance 2 Limited, the Company's parent undertaking, for total consideration of £105 million. The proceeds in excess of par value of £105 million were recorded in the share premium reserve.

Nature and purpose of reserves
The following describes the nature and purpose of each reserve within equity:

Reserve	**Description and purpose**
Share premium	Amount subscribed for share capital in excess of nominal value.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

8 DIVIDENDS

During the year, the Company declared total dividends of £550 million (2024: £nil) to its shareholder, ADI Finance 2 Limited.

All dividends were used to finance dividends being paid by FGP Topco Limited, the ultimate parent company of the Group, to its shareholders. Dividends were declared and paid on 7 March 2025 for £250 million (£0.01 per share) and on 18 November 2025 for £300 million (£0.01 per share).

9 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking of the Company is ADI Finance 2 Limited.

The ultimate parent entity and controlling party is FGP Topco Limited.

FGP Topco Limited is the parent entity of the largest group to consolidate these financial statements. The parent entity of the smallest group to consolidate these financial statements is the Company. Copies of the consolidated financial statements can be obtained by writing to the Company Secretarial Department at the registered office of The Compass Centre, Nelson Road, Hounslow, Middlesex, TW6 2GW.

10 SECURITIES AND GUARANTEES

Heathrow Airport Limited, Heathrow Express Operating Company Limited, Heathrow (SP) Limited and Heathrow (AH) Limited (together, the 'Obligors') have granted security to Deutsche Trustee Company Limited (in its capacity as the 'Borrower Security Trustee', for itself and as trustee for the Borrower Secured Creditors) over their property, assets and undertakings to secure their obligations under various financing agreements. Each Obligor has also guaranteed the obligations of each other Obligor under such financing agreements. The total value secured is £18,373 million (2024: £17,938 million), equal to the gross value of Heathrow Airport Holdings Limited Group debt.

11 SUBSEQUENT EVENTS

There are no further subsequent events to disclose.

Registered office
Heathrow Airport Holdings Limited, The Compass Centre, Nelson Road, Hounslow, Middlesex,
TW6 2GW.

Registered in England Number: 05757208

ALTERNATIVE PERFORMANCE MEASURES ('APMS') – UNAUDITED

The Group presents its results in accordance with UK-adopted International Accounting Standards. Management also produces Alternative Performance Measures ('APMs') which are other financial measures not defined by IFRS. Management relies on these APMs for decision making and for evaluating the Group's performance. Below we provide an explanation of each APM.

EBITDA

EBITDA is profit or loss before interest (net finance costs), taxation, depreciation and amortisation. EBITDA is a useful indicator as it is widely used by investors, analysts and rating agencies to assess operating performance.

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Profit for the year	**444**	684
Tax charge	**191**	279
Net finance costs	**626**	541
Operating profit	**1,261**	1,504
Depreciation and amortisation	**695**	665
EBITDA	**1,956**	2,169

ADJUSTED EBITDA

Adjusted EBITDA is profit or loss before interest (net finance costs), taxation, depreciation, amortisation, fair value gains and losses on investment properties and exceptional items (if any). Fair value gains and losses on investment properties are excluded as they can vary significantly from one year to the next due to market perceptions of the value of the property and the accounting method used to calculate the fair value. Exceptional items are outlined in note 3. These are excluded due to their size and the fact that they are not representative of a normal trading year. Adjusted EBITDA is an approximation of pre-tax operating cash flow and reflects cash generation before changes in working capital and investment. The APM assists investors to value the business (valuation using multiples) and rating agencies and creditors to gauge levels of leverage by comparing adjusted EBITDA with net debt.

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Profit for the year	**444**	684
Tax charge	**191**	279
Net finance costs	**626**	541
Operating profit	**1,261**	1,504
Depreciation and amortisation	**695**	665
Exceptional items	**-**	22
Fair value loss/(gain) on investment properties	**93**	(147)
Adjusted EBITDA	**2,049**	2,044

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Cash generated from operations	**1,970**	2,019
Write-offs	**(3)**	(1)
Profit on disposal of subsidiary	**7**	-
Dividend income	**6**	4
(Decrease)/increase in trade and other receivables	**(7)**	48
Increase in inventories	**3**	-
Decrease/(increase) in trade other payables	**52**	(28)
Increase in provisions	**(1)**	-
Difference between pension charge and cash contributions	**22**	2
Adjusted EBITDA	**2,049**	2,044

ALTERNATIVE PERFORMANCE MEASURES ('APMS') – UNAUDITED (CONTINUED)

ADJUSTED OPERATING PROFIT

Adjusted operating profit or loss shows operating results excluding fair value gains and losses on investment properties and exceptional items. These are excluded as they can vary significantly from one year to the next due to market perceptions of the value of the property and the accounting method used to calculate the fair value. The adjusted measure is used to assess underlying performance of the trading business.

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Operating profit[1]	**1,261**	1,504
Exceptional items	**-**	22
Fair value loss/(gain) on investment properties	**93**	(147)
Adjusted operating profit	**1,354**	1,379

(1) Operating profit is presented on the Group income statement; it is not defined per IFRS, however it is a generally accepted profit measure.

NET FINANCE COSTS BEFORE CERTAIN RE-MEASUREMENTS

Net finance costs before certain re-measurements exclude fair value gains and losses on financial instruments. Excluding fair value gains and losses can be useful to investors and financial analysts when assessing the Group's underlying profitability, as measured by adjusted EBITDA, because they can vary significantly from one year to the next. A significant portion of the fair value gains and losses on financial instruments occur due to the business entering into arrangements to hedge against future inflation. As these contracts do not meet hedge criteria under IFRS 9, fair value gains and losses create significant volatility in our IFRS income statement.

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Finance income	**93**	127
Finance costs	**(719)**	(668)
Net finance costs after certain re-measurements	**(626)**	(541)
Fair value gain arising on re-measurement of financial instruments	**(393)**	(342)
Net finance costs before certain re-measurements	**(1,019)**	(883)

ADJUSTED PROFIT BEFORE TAX

Adjusted profit or loss before tax excludes fair value gains and losses on investment properties and financial instruments and exceptional items. Excluding these can be useful to investors and financial analysts when assessing the Group's underlying profitability, because they can vary significantly from one year to the next.

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Profit before tax	**635**	963
Exceptional items	**-**	22
Fair value loss/(gain) on investment properties	**93**	(147)
Fair value gain arising on re-measurement of financial instruments	**(393)**	(342)
Adjusted profit before tax	**335**	496

ADJUSTED PROFIT AFTER TAX

Adjusted profit or loss after tax excludes fair value gains and losses on investment properties and financial instruments, exceptional items and the associated tax. Excluding these can be useful to investors and financial analysts when assessing the Group's underlying profitability, because they can vary significantly from one year to the next.

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Profit after tax	**444**	684
Exceptional items	**-**	22
Fair value loss/(gain) on investment properties	**93**	(147)
Fair value gain arising on re-measurement of financial instruments	**(393)**	(342)
Tax charge on fair value loss/(gain) on investment properties and re-measurement of financial instruments	**83**	135
Adjusted profit after tax	**227**	352

ALTERNATIVE PERFORMANCE MEASURES ('APMS') – UNAUDITED (CONTINUED)

HAHL GROUP CONSOLIDATED NOMINAL NET DEBT

Consolidated nominal net debt is a measure of financial position used by our creditors when assessing covenant compliance.

Nominal net debt is short- and long-term debt less qualifying cash and cash equivalents and term deposits. It is an important measure as it is used as a metric in assessing covenant compliance for the Group. It includes index linked swap accretion and the hedging impact of cross-currency interest rate swaps. It excludes pre-existing lease liabilities recognised upon transition to IFRS 16, accrued interest, capitalised borrowing costs and intra-group loans.

	31 December 2025 £m	31 December 2024 £m
Total financing liabilities (note 25)	**(19,146)**	(19,224)
Cash and term deposits (note 15)	**1,365**	2,024
Net derivative liabilities (note 17)	**129**	542
Index-linked swap accretion[1]	**(501)**	(394)
Impact of cross-currency interest rate swaps[2]	**(75)**	(284)
Bond issuance costs and zero-coupon accruals[3]	**72**	70
IFRS 16 lease liability relating to pre-existing leases[4]	**326**	336
Amounts payable to parent undertaking	**-**	105
Interest payable	**233**	205
Consolidated nominal net debt	**(17,597)**	(16,620)

(1) Index-linked swap accretion is included in nominal net debt; amounts are reported within derivative financial instruments on the Group's statement of financial position.
(2) Where bonds are issued in currencies other than GBP, the Group has entered into foreign currency swaps to fix the GBP cash outflows on redemption. The impact of these swaps is reflected in nominal net debt.
(3) Capitalised bond issue costs and zero-coupon accruals are excluded from nominal net debt.
(4) The lease liability relating to leases that existed at the point of transition to IFRS 16 (1 January 2019) is excluded from nominal net debt. All new leases entered into post transition are included.

REGULATORY ASSET BASE ('RAB')

The regulatory asset base is a regulatory construct, based on predetermined principles not based on IFRS. By investing efficiently in the Airport, we add to the RAB over time. The RAB is an important measure as it represents the invested capital on which Heathrow are authorised to earn a cash return and is used in the financial ratios used to assess covenant compliance as detailed in the financial review. It is used in key financial ratios and in our regulatory financial statements.

	31 December 2025 £m	31 December 2024 £m
Regulatory Asset Base ('RAB')	**21,263**	20,422

REGULATORY GEARING RATIO

The regulatory gearing ratio is consolidated nominal net debt to the RAB. It is a financial indicator used by investors, financial analysts, rating agencies, creditors and other parties to ascertain a company's debt position in regulated industries.

Gearing ratios	**31 December 2025**	31 December 2024
Total net debt to RAB at Heathrow Finance plc	**0.829**	0.814
Total net debt to RAB at Heathrow (SP) Limited	**0.739**	0.720
Senior net debt to RAB at Heathrow (SP) Limited	**0.631**	0.618

GLOSSARY

AICC	Assets held In the Course of Construction
AGM	Annual General Meeting
ANPS	Airports National Policy Statement
APM	Alternative Performance Measure
ASQ	Airport Service Quality. Quarterly Airport Service Quality surveys directed by Airports Council International. Survey scores range from 1 up to 5.
ATM	Air Transport Movement. A flight carried out for commercial purposes. Includes scheduled flights operating according to a published timetable, charter flights and cargo flights but excludes empty positioning flights and private non-commercial flights.
CAA	Civil Aviation Authority
CEO	Chief Executive Officer
CFD	Climate-related Financial Disclosures, relating to the disclosure requirements of the Companies (Strategic Report) (Climate-Related Financial Disclosure) Regulations 2022
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CO_2e	Absolute carbon emissions
DCO	Development Consent Order
EBITDA	Earnings (profit or loss) Before Interest (net finance costs), Taxation, Depreciation and Amortisation
ECL	Expected Credit Loss
ED&I	Equality, Diversity and Inclusion
ESG	Environmental, Social and Governance
FRC	Financial Reporting Council
FRS	Financial Reporting Standard
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
GAAP	Generally Accepted Accounting Principles

GDP	Gross Domestic Product
GHG	Greenhouse Gas emissions
H7 / H8 / H9	Our regulatory periods, set by our regulator, the CAA. H7 is 2022 to 2026, H8 is 2027 to 2031 and H9 is 2032 to 2037.
HAHL	Heathrow Airport Holdings Limited
HAHL Board	The Board of Directors of Heathrow Airport Holdings Limited as defined on page 74.
HAL	Heathrow Airport Limited
HEX	Heathrow Express Operating Company Limited
IAS	International Accounting Standard
ICR	Interest Cover Ratio
IFRS	International Financial Reporting Standards
KPI	Key Performance Indicator
LDI	Liability Driven Investment
LTG	Long-Term Growth
MPM	Management-defined Performance Measure
Net Zero Plan	Heathrow's sustainability strategy entitled "Connecting People and Planet" published in 2022.
Nominal Net Debt	Short- and long-term debt less qualifying cash and cash equivalents and term deposits.
OCI	Other Comprehensive Income
ORC	Other Regulated Charges
PRS	Passengers Requiring Support
RAB	Regulatory Asset Base. A regulatory construct, based on predetermined principles not based on IFRS. The RAB represents the invested capital on which Heathrow are authorised to earn a cash return.
RAR	Regulatory Asset Ratio. The ratio of consolidated nominal net debt to the RAB.
RCF	Revolving Credit Facility

RCP	Representative Concentration Pathway (climate change scenario)
RPI	Retail Price Index
SAF	Sustainable Aviation Fuel
SLB	Sustainability Linked Bond
SLD	Sustainability Linked Derivative
SORC	Sustainability and Operational Risk Committee
SSA	Shared Services Agreement
SSP	Shared Socioeconomic Pathway (climate change scenario)
TCFD	Taskforce on Climate-related Financial Disclosure
TNFD	Taskforce on Nature-related Financial Disclosure
UEL	Useful Economic Life
WACC	Weighted Average Cost of Capital