Helix Acquisition Limited

Investor Report – 30 September 2022

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It should also be noted that the information in this Investor Report has not been reviewed by the Obligors' auditors.

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Basis of Preparation

Unless otherwise specified this Investor Report comments on the historic financial performance of the Security Group for the six months to 30 September 2022. Defined terms used in this document have the same meanings as set out in the Master Definitions Agreement unless otherwise stated.

Contents

1. General Overview

• Earnings before interest, tax, depreciation, and amortisation ("EBITDA") of £31.8m (Sept 21: £1.2m), recovered strongly driven by an increasing level of Eurostar train paths • The Group has continued to utilise the UK Government Domestic Underpinning Arrangement ("DUA") for domestic services, the Group's largest revenue stream. The Domestic train paths billed were broadly flat year on year • Domestic services are expected to be below the Underpin level due to the reduction in domestic passenger numbers • During the 6 months to 30 September 2022 ("HY23"), Eurostar services were broadly stable at c80% of their pre-COVID levels with growth restricted by border processing capacity. • The Retail Price Index ("RPI") is historically high at, 12.6% in the 12 months to September 2022. HS1 stands to benefit from the increase as its income is positively correlated to RPI. • During the 6 months there have been several strike days by several unions in the rail sector. Network Rail (High Speed) ("NRHS") has been able to operate the railway for a large portion of each strike day, with the financial impact on HS1, over this period, immaterial. • Retail income has largely recovered to around 90% of pre-Covid levels, on an annualised basis, with 100% of units trading. • Operational performance remains strong, the average delay per train path from HS1's infrastructure averaging 5.80 seconds (Sept 21: 3.36 seconds). • The moving annual average ("MAA") Fatalities and Weighted Injuries index, our key safety measure, has risen to 0.111 (Sept 2021: 0.030). The Company is working with NR(HS) to reduce this trend • HS1 recently published its Environmental, Social, Governance Report ("ESG") for 2021/22. This notes several achievements during the year, including a 58% decrease in net carbon emissions compared to 2020/2021 and a 15% reduction in gas use due to system optimisation. These achievements are milestones on HS1's strategy to be the "Green Gateway to Europe". • St Pancras has been awarded the 2022 Station of the Year (Major) award at the National Rail Awards

2. Financial Summary

The following section should be read in conjunction with the unaudited consolidated accounts of Helix Acquisition Limited, which are available from the Investors section of the Group's corporate website (highspeed1.co.uk).

2.1. Train Paths

Train Paths Billed	6mths to 30-Sep-22	6mths to 30-Sep-21	Variance
Domestic	26,767	26,864	(97)
International*	7,306	1,589	5,717
Total	**34,073**	**28,453**	**5,620**

Trains paths billed increased by 20% versus the 6 months to 30 September 2021 predominantly due to the increase in International Eurostar paths because of the removal of Covid-19 related restrictions. Demand for international travel showed resilience, bouncing back quickly when restrictions were removed. For the 6 month reporting period Eurostar paths increased by 360% YoY.

Eurostar has retained some operational flexibility, with only 55% of the train paths used by Eurostar in 6 months to September 2022 booked on the forward booked timetable. Eurostar met excess demand through spot bids for additional paths, equating to 45% of their train paths run in the period Eurostar train paths billed.

Domestic paths, however, have seen slight decreases and continue to be protected by the DUA agreement.

In relation to domestic services operated, Southeastern Trains ("SET") has continued to book a timetable for the whole financial year but at a slightly reduced level. Actual domestic paths operated for the period to date are 22,356, down 667 paths (or 2.9%) from 23,023 in prior year. This level sits approximately 13% below the underpin level. Therefore, HS1 has continued to exercise the DUA in FY23 and the DfT has been compensating HS1 for the differences between the DUA and operated paths.

2.2. EBITDA Performance

EBITDA (£m)	6mnths to 30-Sep-22	6mnths to 30-Sep-21	Variance
Investment Recovery Charge ("IRC")	23.2	5.8	17.4
Net Operations, Maintenance and Renewals Charge ("OMRC")	(1.9)	(8.5)	6.6
Stations	0.1	0.2	(0.1)
Net unregulated income	10.4	3.7	6.7
Total	**31.8**	**1.2**	**30.6**

EBITDA for the year to date, one of the Group's key measures, was £31.8m, up £30.6m vs. September 2021. This was driven by higher IRC and OMRC income, in line with the increase in train paths noted above, and higher Unregulated income due to improved commercial performance, as increasing passenger numbers return to the station linked to increasing train paths.

IRC, which currently represents 73% of EBITDA, was up 302% YoY driven by the increase in Eurostar trains billed.

Net OMRC has also improved by £6.6m due to increased OMRC Income. This is partly driven by additional train paths. HS1 also agree a new volume reopener in the period. This adjusted the

OMRC recovery levels to reflect changes in traffic volumes, in accordance with the project's regulatory framework.

Net unregulated income increased £6.7m YoY. This is driven by the increased rental income from tenants with the lifting of lockdowns improving footfall and performance at St Pancras, and additional turnover income received from tenants, resulting from higher sales figures within the stations.

2.3. Profit and Loss Account and Reconciliation Between Operating Profit and Consolidated EBITDA

Profit and Loss Account (£m)	**6mths to 30-Sep-22**	**6mths to 30-Sep-21**	**Variance**
Turnover	105.2	64.8	40.4
Other operating expenditure	(97.8)	(88.0)	(9.8)
Operating profit on ordinary activities before interest	**7.4**	**(23.2)**	**30.6**
Interest receivable and similar income	112.7	111.4	1.3
Finance charges	(100.3)	(99.5)	(0.8)
Profit on ordinary activities before taxation	**19.8**	**(11.3)**	**31.1**
Taxation on loss on ordinary activities	10.1	2.8	7.3
Profit/(loss) for the financial year	**29.9**	**(8.5)**	**38.4**

Turnover rises are linked to the increasing Eurostar train paths billed. Other operating expenses have increased due to increasing station costs associated with additional paths and inflationary cost several linked to core supplier contracts.

HS1 has no cash tax in the period and the movement Year on Year is driven by differed tax.

Reconciliation Between Operating Profit and Consolidated EBITDA (£m)	**6mths to 30-Sep-22**	**6mths to 30-Sep-21**	**Variance**
Operating Profit	**7.4**	**(23.2)**	**30.6**
Amortisation of intangible asset	24.2	24.2	0.0
Depreciation of RoU assets	0.2	0.2	0.0
Consolidated EBITDA	**31.8**	**1.2**	**30.6**

The Amortisation charged is linked to the amortising value of the service concession over time to 2040.

The Group's tax charge has Nil of cash tax payable in the period (September 2021: Nil).

Financing Costs (£m)	6mths to 30-Sep-22	6mths to 30-Sep-21	Variance
Interest payable to parent undertaking	30.2	28.7	1.5
Interest payable on bank borrowings	10.9	10.1	0.8
Interest payable on other loans	53.7	40.3	13.4
Interest payable on finance leases	13.7	13.1	0.6
Movement in liabilities measured at fair value	(8.3)	7.3	(15.6)
Total	**100.3**	**99.5**	**0.8**

Finance costs for the 6 months ending 30th September 2022 were £100.3m (Sept 2021: £99.5m), up £0.8m YoY.

The movement of fair value through profit and loss includes a fair value movement of the concession related financial asset and the movement in the fair value of derivatives, where hedge accounting cannot be applied under IFRS.

The increase in interest payable on other loans is driven by the index linked bonds.

2.4. Cash Flow

Net cash from operating activities was £54.6m (September 2021: £5.1m) which is a £49.5m YoY increase.

3. Business Update

3.1. Operational performance of the infrastructure remained strong despite the significant increases in demand following on from the UK's emergence from Covid-19 restrictions. The average delay per train path from HS1's Infrastructure (the Group's primary operational KPI) at 30 September 2022 was 5.80 seconds (September 2021: 3.36 seconds). This is driven several lineside fires and trespass incidents. Network Rail High Speed ("NRHS") is working to improve detection and mitigation of trespass events in the future and resilience to fires.

3.2. The Concession Agreement measures performance against a three month and annual performance floor. Performance floors measure the percentage of trains delayed by over five minutes or cancelled mainly due to HS1 attributable incidents. The annual threshold is 13% and three-month threshold is 15%. The three-month position at September 2022 is 0.47% (September 2021: 0.09%)

3.3. Based on the industry standard accident definition of Fatalities and Weighted Injuries per 1,000,000 hours worked, the accident rate was 0.111 at Sept '22, (Sept '21: 0.030). Safety performance remains a key business priority with targets maintained to be an injury free. NRHS is working on new initiatives to reduce this in the future.

3.4. The current Directors list as at 30 September 2022 is as follows:

- J Curley
- S Jones
- K Ludeman
- A Pitt
- A Leness
- M Osborne
- PT Robson

3.5. In relation to customers and potential new operators:

3.5.1. Gwendoline Cazenave has been appointed the new CEO of Eurostar Group and started in post in October 2022.

3.5.2. There are no significant updates for SET beyond the update on train paths in Section 2.1.

3.6 HS1 launched its sustainability strategy in September 2020, committing to Net Zero Carbon by 2030. HS1 Recently published its latest annual ESG report for 21/22 which confirms the business is continuing to deliver on its strategy to be the 'Green Gateway to Europe'. Furthermore, HS1's 'Project Peatlands' sustainability campaign received the 'Highly Recommended' award, in the 'Best Sustainability Initiative' category at the Global Travel Retail Awards.

3.7 The rise in utilities cost does not directly impact HS1, as the cost is pass through, but does impact the cost base of our customers. HS1 has a well-developed Energy Procurement Strategy which it has utilised to take out Corporate Power Purchase Agreements ("CPPA") linked to UK renewable assets until April 2025, helping to fix prices for its customers. The first CPPA was contracted in April 2022 and the first trade secured renewable energy from October 2022 to September 2032.

4. Significant announcements/publications by the Regulator/Government by or relating to the Security Group

4.1. HS1's regulatory charges for Control Period 3 commenced on 1 April 2020, and are effective until 31 March 2025. Due to changes in the fixed timetable from EIL and SET due to Covid impacts, HS1 has and will continue to execute an annual "Volume Reopener" for the remainder of CP3 to adjust these OMR charges and ensure fixed OMR costs are recovered.

4.2. The Domestic Underpin Agreement continues to be utilised as domestic train paths continue to operate at under this level. DfT are paying the shortfall between the booked timetable and the baseline services in the Underpin agreement.

4.3. In late July the regulatory functions in respect of HS1 stations were transferred from DfT to the ORR. HS1 Ltd worked with DfT and the ORR to enact the transfer which will benefit the HS1 system by bringing regulation of both route and station assets under the oversight of the rail regulator, who has broad expertise and experience in conducting periodic reviews and monitoring asset management across rail. The ORR has published a Second Regulatory Statement in respect of HS1 stations. There was no change in HS1's risk profile as a result of the transfer.

4.4. On 30 September the ORR published its Initial consultation on its approach to Periodic Review 24 (PR24) – the c.2-year regulatory process to approve or determine HS1's plans and track access charges for the HS1 network (now for both route and stations) for the next control period April 2025 to March 2029. The document sets out the timescales for PR24 and the areas the ORR proposes to focus on. HS1 Ltd has submitted its response to this consultation. The ORR will publish its final 'Approach to PR24' document by end January 2023.

In June 2022, the Government launched its consultation on primary legislative changes to effect rail reform – i.e.. the creation of the Great British Railways ("GBR"), a single body responsible for the overall strategic direction of the railway. The aim is to have GBR in place by 2024. Under GBR, infrastructure and the awarding of Passenger Service Contracts will replace the franchising system. Although there should not be a direct impact on HS1 and the Concession a number of items, such as our approach to Track Access Contracts and the Performance Regime, could change in the longer term as well as a series of consequential amendments to our contracts.

4.5. Other than as disclosed above or in the News and Investors sections of the Group's corporate website (highspeed1.co.uk), there have been no significant announcements or publications by or relating to the Security Group.

5. Financing

5.1. Debt Structure (excluding working capital facility, accrued interest and derivatives)

Debt Facility (£m)	**Balance Outstanding 30 September 2022***	**Balance Outstanding 30 September 2021***	**Maturity Date**
Nominal Bonds	610.0	610.0	01-Nov-38
Index Linked Bonds	341.4	305.8	01-Nov-38
7 Year Bank Debt (tranche A)	13.0	13.0	28-Mar-24
US Private Placement tranche A	305.9	335.1	30-Mar-28
US Private Placement tranche B	117.0	117.0	30-Mar-31
US Private Placement tranche C	58.0	58.0	30-Mar-31
US Private Placement tranche D	50.0	50.0	30-Mar-36
US Private Placement tranche E	162.6	163.8	31-Mar-39
US Private Placement tranche F	130.0	130.0	31-Dec-39
Total	**1,788.0**	**1,782.7**	

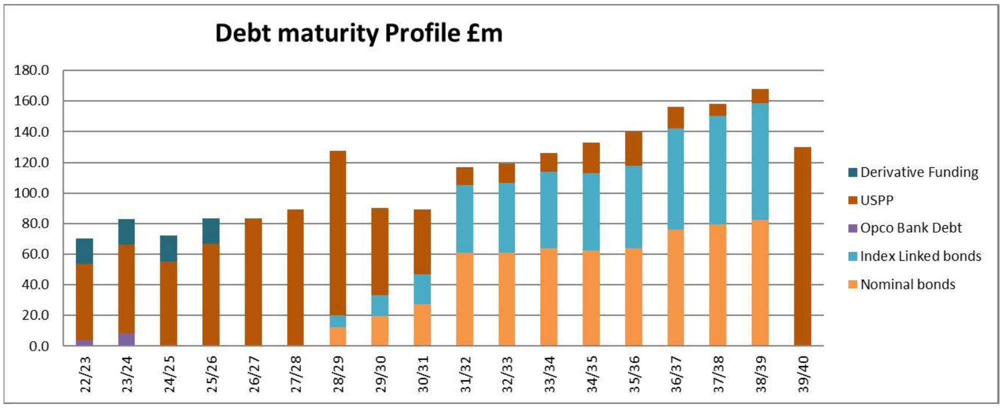
*Gross of capitalised fees/issuance discounts/premiums

During the twelve-month period, the Group made scheduled capital repayments of £29.1m on tranche A US private placement debt and £1.2m on tranche E US private placement debt.

At 30 September 2022, the Group had drawn down £40m of the working capital facility (2021: £56.9m).

5.2. Debt Maturity

The HS1 debt maturity profile as at 30 September 2022.



6. Hedging Position

The Security Group's hedging position continues to be compliant with the Group's hedging policy of maintaining between 70% and 110% of its senior debt fixed for a minimum 7 year period.

Of the £1,788.0m of senior debt issued as at 30 September 2022, 96% is effectively fixed rate debt with the only underlying floating rate debt being the £58m US Private Placement tranche C and the £13.0m term loan against 6mth Sterling Overnight Index Average ("SONIA").

7. Capital Expenditure

Capex for the year to 30 September 2022 was £5.6m (September 2021: £4.4m). This was entirely funded through Escrow.

8. Acquisitions and Disposals

There have been no acquisitions or disposals involving the Security Group since the previously delivered Investor Report.

9. Restricted Payments

The Security Group submitted its 2021/22 full year compliance certificate on 15 June 2022 and as such, on 29 September 2022 was permitted to pay £11.8m in respect of accrued interest on subordinated loans from the parent company.

10. Ratios

10.1. We confirm that in respect of this Investor Report dated 30 September 2022, by reference to the most recent Financial Statements that we are obliged to deliver to you in accordance with Paragraph 1 (*Financial Statements*) of Part A (*Information Covenants*) of Schedule 2 (*Security Group Covenants*) of the Common Terms Agreement:

10.1.1. the ratio of Historic Consolidated Cashflow to Historic Consolidated Debt Service in respect of the relevant Test Period (12mths to 30 Sept 2022) is 1.41x; and

10.1.2. the ratio of Projected Consolidated Cashflow to Projected Consolidated Debt Service in respect of the relevant Test Period (12mths to 30 September 2023) is or is estimated to be 1.47x.

10.2. We confirm that the above Ratios have been calculated in respect of the Test Period or as at the Test Dates for which it is required to be calculated under the Common Terms Agreement.

10.3. We confirm that all forward looking financial ratio calculations and projections made for the purpose of making the confirmation above:

10.3.1. are made on the basis of assumptions made in good faith and arrived at after due and careful consideration;

10.3.2. are consistent and updated by reference to the most recently available financial information required to be produced by each Obligor under this Schedule 2 (*Security Group Covenants*); and

10.3.3. are consistent with the Accounting Standards (insofar as such Accounting Standards reasonably apply to such calculations and projections).

11. Policy

We confirm that:

11.1. no Default or Trigger Event has occurred and is continuing;

11.2. the Borrower is in compliance with the Hedging Policy; and

11.3. the statements set out in this Investor Report are accurate in all material respects.

Yours faithfully

Patrick Robson

Patrick Robson (Dec 1, 2022 16:35 GMT)

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Director

M. Farrer

Mark Farrer (Dec 1, 2022 15:37 GMT)

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Chief Financial Officer

Signing without personal liability, for and on behalf of
HS1 as Security Group Agent