

Governance Report

02 Directors of NATS Holdings

07 NATS governance framework

11 Reports from Board Committees

35 Report of the directors

Annual Report and Accounts 2026

Directors of NATS Holdings







Director's biographies

Chair

Sir Warren East

Sir Warren was appointed Chair on 1 September 2024. He served as CEO of Rolls-Royce between 2015 and 2022 and prior to this, spent almost 20 years with ARM Holdings, the British microprocessor manufacturing, design and software company including 12 years as CEO.

Sir Warren is currently non-executive director of Tokamak Energy Limited, ITM Power plc and ASML Holdings HV and a past President of the Institution of Engineering and Technology. He has previously served as a non-executive director with Dyson, Micron, BT Group, Rolls-Royce and De La Rue.

Sir Warren chairs the Nomination Committee and also attends the Audit Committee, Remuneration Committee, Safety Review Committee and Transformation Review Committees by invitation.

Executive Directors

Martin Rolfe, Chief Executive Officer

Martin took up the post of Chief Executive in May 2015, having been Managing Director, Operations since 2012, with responsibility for NATS' economically regulated UK and North Atlantic services. An engineer by training, Martin holds a Master's degree in Aerospace Systems Engineering from the University of Southampton. He has 30 years of experience in the defence and aerospace industry, and prior to joining NATS was the Managing Director of Lockheed Martin's Civil Division with responsibility for worldwide ATM programmes as well as UK Government business. Martin has also worked for the European Space Agency and Logica plc.

Gary Franklin, Chief Financial Officer

Gary was appointed CFO and executive Board member in January 2026, and joined NATS in 2007. He has extensive experience in the finance, regulatory and commercial areas of the business having held senior management positions in both NERL and NSL.

His previous role was as Managing Director for NSL and prior to that he led NATS' Group Business Finance function, which included responsibility for planning for all NATS Group entities. During this time, he also led a cost management process to support the business through the Covid pandemic when air traffic and company revenues fell drastically.

Before joining NATS, he held a variety of finance roles in the manufacturing sector. He is a CIMA qualified accountant.

Directors of NATS Holdings







Director's biographies

Non-Executive Directors

Greg Bagwell CB CBE

Greg served for 36 years in the Royal Air Force, retiring in 2016. He was a combat pilot for the first 20 of those years flying the Tornado GR1/4 and the CF-18 Hornet aircraft. He retired as the Deputy Commander of the Royal Air Force, where he had overall responsibility for all operations, and oversight of all safety management.

Subsequently, Greg has worked in the private sector with a number of companies, including Cobham plc, AirTanker Ltd and Ultra Electronics. He was an Executive Director on the Board of Cobham after its transfer to private ownership until 2025. He assumed the role of Chairman for ASG Aerospace Ltd in 2026.

Greg is President of the UK's Air & Space Power Association, a Fellow of the Royal Aeronautical Society and a Distinguished Fellow of the Royal United Service Institute. He is also a chair for senior programmes at the Windsor Leadership Trust, and a trustee of "Flying for Freedom", which enables wounded, injured and sick service personnel to fly solo in microlights and Chair of ASG Aerospace. Greg chairs the Safety Review Committee and is a member of the Transformation Review Committee.

Ross Baker

Ross is Chief Commercial Officer of Heathrow Airport. Previously he was Heathrow's Director of Operations and before that, Director of Strategy. Prior to joining Heathrow in 2011, Ross held a mix of advisory and aviation industry roles.

At Bain & Company, he advised on a range of strategic, commercial and operational engagements. Prior to Bain, Ross spent a decade with British Airways where he held operational and commercial management roles, in the UK and overseas.

Ross has been the Executive Chair of Heathrow Express since 2017 and is a Trustee of The Air League, the UK's leading aviation and aerospace charity. Ross graduated with an MA (Hons) degree in Politics from The University of Edinburgh. Ross is a member of the NATS Audit Committee.

Dr Harry Bush CB

Harry spent most of his career in HM Treasury where he focused latterly on policies towards growth, science funding and privatisation and private finance. He was UK Director at the European Investment Bank from 2001 to 2002. Harry left HM Treasury in 2002 to join the CAA Board as Group Director Economic Regulation, responsible for the economic regulation of the designated airports and NATS, as well as the CAA's economic analysis generally. He was a member of Eurocontrol's Performance Review Commission from 2005 to 2009 and of the UK's Commission for Integrated Transport from 2006 to 2010. After leaving the CAA in 2011, Harry was a consultant on economic regulation, undertaking assignments across a range of industries in the UK and overseas. He was vice chair of UCL Hospitals Foundation Trust for six years until August 2019. He is a Fellow of the Royal Aeronautical Society. Harry is a director of The Airline Group Limited (AG) and NATS Employee Sharetrust, and a member of the Audit Committee.

Directors of NATS Holdings







Director's biographies

Non-Executive Directors

Mike Campbell

Mike joined the Board in 2017, having spent the previous 11 years at easyJet, initially as Group People Director and subsequently as Group Director Europe. During his time at easyJet, he has also been Group Director, Transformation and has led on a series of strategic projects including the integration of GB Airways and the successful development of easyJet's presence in Europe.

Mike's early career has covered a range of sectors, from high-end luxury goods to high-volume, low-margin electronics and he has direct experience across a number of disciplines. Mike has a Bachelor's degree in Mathematics and a Masters in Fluid Dynamics, with a background in education and HR. He has operated in organisations across the world and has led businesses and change programmes across all of these. Mike is Chair of AG, Chair of the Transformation Review Committee and a member of the Nomination and Remuneration Committees.

Maria da Cunha

Maria began her career as a solicitor before joining British Airways in 2000 as a Competition Lawyer. During her 18-year tenure there, Maria held several senior positions including People Director and General Counsel. She has extensive experience in leading major transformations, corporate governance, working with the Government, legislators and regulatory bodies as well as crisis management. She has held and continues to hold non-executive director Board roles across a broad range of organisations.

Maria chairs the Remuneration Committee and sits on the Nomination Committee. She is also a director and chairs NATS Employee Sharetrust as well as the non-executive director for workforce engagement with the Board.

Georgina Dellacha

Georgina Dellacha is a Senior Asset Manager in the Private Markets Group of Universities Superannuation Scheme Management Limited (USS).

She has more than 20 years of experience in the infrastructure sector, covering ports, airports, water, renewables solar, wind, gas distribution, district heating, industrial energy solutions and UK fibre.

She has served on the Boards of Affinity Water, Wight fibre, Zephyr Investments Ltd, GNetwork in the UK, Eteck in the Netherlands, Adven Energy Solutions in Finland, Infracapital Solar in Spain and is currently a Board member of Bruc Fuentes, Redexis Energia in Spain and Virginia International Gateway in the USA. Before moving to London, she worked for the World Bank in Washington DC.

Georgina holds a Law Degree from Austral University from Buenos Aires and a MIA in International Finance and Business from Columbia University in NYC.

Directors of NATS Holdings







Director's biographies

Non-Executive Directors

Gavin Merchant

Gavin was USS Head of Asset Management, Direct Equity until the end of 2024. Gavin has worked in the infrastructure sector in the UK and Australia for over 25 years. Immediately prior to joining USS, Gavin was a director at Equitix Limited having previously worked at Merrill Lynch. Gavin graduated with an honours degree in Law from the University of Edinburgh and is a member of the Institute of Chartered Accountants of Scotland. Gavin is a director of AG and a member of the Remuneration Committee.

Bart Prudon

Captain Bart Prudon is easyJet's Director of Flight Operations, responsible for one of Europe's busiest and largest airline operations with 350 aircraft over 1,200 routes across 37 countries. Bart also holds the position of Nominated Person Flight-Operations, responsible for safety and compliance of easyJet's UK Air Operation Certificate (AOC) towards the Civil Aviation Authorities.

Previously Bart held the position of Chief Pilot, providing leadership to the group AOC Nominated Persons for Flight Operations and ensured consistency across three AOC's post-Brexit. Bart's role includes transforming IT within Flight Operations to deliver a true paperless cockpit and maximising the use of connectivity to deliver an even more efficient and sustainable operation.

Bart started his career in 1996, flying a range of turbo-prop aircraft before joining easyJet in 2004. He has flown over 14,000 hours and joined management as Flight-Operations Manager in Germany before joining the central leadership team. Bart is a director of AG and a member of the Safety Review Committee.

David Smith

David has nearly 40 years' blue-chip experience in the highly competitive global automotive, aerospace and defence industries, including Ford, Jaguar Land Rover and Rolls-Royce. He retired in late 2021 after four years as Group CFO and Board member at QinetiQ.

David worked for Ford for more than 25 years, in a variety of finance and treasury roles including CFO of Ford Otosan (Turkey), CFO of Land Rover and CFO and Strategy Director of JLR. In 2008, he became CEO of JLR during the transition to Tata ownership. Following two years as CEO of JLR, he took up two more CFO roles, first at Edwards Group and then at Rolls-Royce before joining QinetiQ.

David was also a Board member of Motability plc for ten years and is a Fellow of the Royal Society of Arts. David chairs the Audit Committee and is a member of the Transformation Review Committee.

Directors of NATS Holdings





Director's biographies

Non-Executive Director

Louise Street

Having completed a degree in Japanese and Business Management at Durham University, Louise joined British Airways on the graduate intake scheme in 1998. Her first eight years were in the commercial organisation, specifically in Sales and Revenue Management. She then moved to the operational side of the business and has undertaken a number of senior management roles in Customer Service and Operations. In July 2021, Louise was appointed into her current role as Head of Worldwide Airports, with responsibility for British Airways' operation and customer service at all British Airways served airports outside of London. Louise is a director of AG and a member of the Safety Review Committee.

Officer

Richard Churchill-Coleman, General Counsel

Richard is General Counsel, which includes the role of Company Secretary. He joined NATS in June 2007 from TUI Northern Europe Limited where he held the position of Group Legal Counsel. Richard has more than 35 years' experience in the aviation industry, having begun his career as an undergraduate aerospace engineer with British Aerospace plc before qualifying as a solicitor with Norton Rose and subsequently as a Chartered Secretary. Richard has previously held positions at Thomsonfly, Virgin Atlantic Airways and DHL Worldwide Express and holds a private pilot's licence.

NATS governance framework

NATS was formed as a PPP in July 2001. A key element in its governance structure is the Strategic Partnership Agreement (SPA) between its main shareholders: the Secretary of State for Transport; The Airline Group Limited (AG); and LHR Airports Limited (LHRA).

The SPA sets out the relative responsibilities of the signatories and, in particular, requires the group and the directors to adhere to the UK Corporate Governance Code so far as reasonably practicable and save to the extent inconsistent with the other provisions of the SPA.

The Board and Directors

Ultimate responsibility for the governance of NATS rests with the Board of NATS Holdings, which provides strategic direction and leadership and is responsible for ensuring that the NATS group is run safely, efficiently, effectively and legally, with appropriate internal controls to safeguard the shareholders' investment and group assets, ensuring it delivers value to shareholders and fulfils its wider role as a provider of critical national infrastructure.

The Board plays an important leadership role in promoting the desired culture of the organisation. Through governance activities in the year it monitored and input to key aspects of culture including:

- the highest governance and ethical standards reflecting the aspirations of the PPP;
- a prominent safety culture through 'Just Culture' reflecting the company's purpose of advancing aviation and keeping the skies safe;
- consultation with customers on service performance and capital investment;
- a cost-efficient, service-oriented and commercially smart organisation, requiring best in class performance of its employees and partners; and
- diversity and inclusion and fair treatment of its employees, valuing the contributions of all employees.

The boards of the subsidiary companies within the group are accountable to the NATS Holdings Board for all aspects of their business activities.

As at the date of approval of the accounts, the NATS Holdings Board comprised a non-executive Chair and 12 directors, as follows:

Executive Directors

- Chief Executive Officer (CEO); and
- Chief Financial Officer (CFO).

Non-Executive Directors

- a Chair, appointed by AG, subject to the prior approval of the Crown Shareholder;
- six directors appointed by AG;
- three Partnership directors, appointed by the Crown Shareholder; and
- one director appointed by LHRA.

Changes to the Directors

From 1 April 2025 to the date of approval of the accounts, there were the following changes to directors: Maria Antoniou retired as non-executive director on 31 July 2025 and was replaced by Maria da Cunha on 1 August 2025. Alistair Borthwick resigned as an executive director on 31 December 2025 and was replaced by Gary Franklin on 1 January 2026. Georgina Dellacha was appointed as non-executive director on 26 March 2026.

The roles of the Chair, Chief Executive and executive management

The Chair of the NATS group is responsible for the leadership of the Board and for its governance. He has no day-to-day involvement in the running of the group. Day-to-day management of the NATS group is the responsibility of the CEO, Martin Rolfe, supported by the NATS executive team. The NATS executive team is responsible for delivering NATS' overall strategy. The executive team is structured as follows:

- CEO;
- CFO;
- Chief Operations Officer;
- Safety and Sustainability Director;
- International Commercial Director (role being covered temporarily by the General Counsel);
- Human Resources Director;
- Capital Programmes and Transformation Director;
- Communications Director; and
- General Counsel.

The responsibilities of the Board

The Board has adopted a schedule of matters reserved for its decision and has put in place arrangements for financial delegations to ensure that it retains overall control of the business. The Board also has oversight of key business drivers and risks. Matters reserved for the Board include the monitoring of NATS' safety performance, appointments to the NATS executive team and issues with political, regulatory or public relations implications. In addition to the schedule of matters reserved to the Board, specific matters are reserved for Partnership directors, AG directors and the LHRA director, as follows:

Partnership and AG directors

- adoption of the business plan;
- entry into significant debts, charges or contingent liabilities;
- major agreements outside the ordinary course of business;
- significant litigation proceedings; and
- external investments, and acquisition and disposal of material assets.

LHRA director

- acquisition or disposal of any asset representing more than 10% of the total assets of the business;
- any aspects of the business plan which could adversely affect NERL's service to UK airports; and
- disposal of NATS Services shares by NATS.

NATS governance framework

Access to legal and professional advice

All directors have access to the advice and services of the General Counsel, Richard Churchill-Coleman, who acts as Secretary to the Board. If necessary, in furtherance of their duties, directors may take independent professional advice at the group's expense.

Board meetings

The Board routinely meets seven times per year in January, March, May, June, July, September and November and supplements these scheduled meetings with additional meetings as business priorities require. This year, the Board met eight times with each member (who served as a director during the year) as set out in the table on the next page.

The non-executive directors meet with the Chair, but without the executive directors present, after each Board meeting. Reports and papers are circulated to Board members in a timely manner in preparation for meetings, and this information is supplemented by any information specifically requested by directors from time to time. The directors also receive monthly management reports and information to enable them to review the group's performance.

The group's performance is also reviewed monthly by the executive team. This includes reviewing performance against operational targets and financial targets.

The Board's performance

Board effectiveness review

The Board is committed to continuous improvement and a performance evaluation of the Board, its committees, and the Chair is conducted each year. This year, the Board Effectiveness Review was undertaken externally by Beyond Governance. The results were assessed by the Board at its 26 March 2026 meeting and appropriate actions agreed.

Director induction

Following their appointment, the Company Secretary consults with new directors on the scope of induction to NATS which they require and a personalised induction programme is developed. This year an induction was undertaken for Maria da Cunha and Georgina Dellacha.



NATS governance framework

The Board's Committees

The Board has established five standing committees which operate within approved terms of reference.

These are the:

- Audit Committee;
- Nomination Committee;
- Remuneration Committee;
- Safety Review Committee; and
- Transformation Review Committee.

The number of meetings held by the principal Board committees, and attendance by executive directors and by non-executive director committee members, is provided in the table below together with attendance at Board meetings:

	Number of meetings attended/Number of eligible meetings					
	Board	Audit	Nomination	Remuneration	Safety Review	Transformation Review
Sir Warren East	8/8	4/4	2/2	3/4	1/4	4/5
Martin Rolfe	7/8	4/4	2/2	-	-	4/5
Alistair Borthwick	6/6	3/3	-	-	-	-
Maria Antoniou	1/1	-	-	1/1	-	-
Greg Bagwell	8/8	-	-	-	-	5/5
Harry Bush	8/8	-	-	-	-	-
Mike Campbell	8/8	-	1/2	3/4	-	5/5
Maria da Cunha	4/5	-	2/2	-	-	-
Gavin Merchant	8/8	-	-	4/4	-	-
Bart Prudon	6/8	-	-	-	4/4	-
David Smith	8/8	4/4	-	-	-	5/5
Louise Street	7/8	-	-	-	2/4	-
Ross Baker	5/8	-	-	-	-	-
Georgina Dellacha	1/1	-	-	-	-	-
Gary Franklin	2/2	1/1	-	-	-	-

The terms of reference for the Board and its committees are available to all employees and shareholders and can be made available externally with the agreement of the General Counsel. Reports from each of the standing committees are set out on pages 58 to 81. However, in addition to the standing committees, from time to time the Board may form committees on an ad hoc basis to deal with specific business issues. During the year the Board continued with the NR28 sub-committee comprising the Chair, Martin Rolfe, Gary Franklin, Harry Bush, David Smith and Mike Campbell, to consider the NR28 plan ahead of submission in November 2026.

Meetings with shareholders

A shareholders' meeting is usually held once a year to provide the group with an opportunity to update the shareholders on the progress of the annual business plan and long-term strategy. This year the meeting was held on 29 January 2026. Shareholders also meet informally with the Chair, CEO, CFO and other members of executive management upon request.

NATS governance framework

Compliance with the UK Corporate Governance Code

NATS is committed to maintaining the highest standards of corporate governance. The SPA requires the group and the directors to adhere to the UK Corporate Governance Code so far as reasonably practicable and save to the extent inconsistent with the other provisions of the SPA. The company has applied the principles of the Corporate Governance Code 2024 to the extent considered appropriate by the Board. A number of the principles and provisions in the Code are not relevant to the partnership nature of NATS' ownership and the principal areas where NATS did not comply are summarised below.

Provision 9: Independence of the Chair

The Chair is nominated by AG, his appointment being subsequently approved by the Secretary of State for Transport. He therefore does not fully meet the independence criteria as set out in the Code and this affects NATS' compliance with a number of the Code's provisions.

Provisions 11 and 12: Independence of Directors and appointment of Senior Independent Director

The arrangements for appointing non-executive directors, as set out in the SPA, are such that none of the directors meet the Code's criteria for independence. This affects NATS' ability to comply with a number of the Code's provisions, including the requirement to appoint a senior independent director. However, the Chair of The Airline Group acts as Senior Non-independent Director in the absence of the Chair.

Provisions 17 and 32: Composition of the Nomination and Remuneration Committees

Details of the work of the Nomination and Remuneration Committees are set out below. However, the manner in which directors are appointed, as noted above, means that these committees' processes do not fully comply with the Code as regards independence.

Provision 39: Notice or contract periods for non-executive directors

As noted in the Remuneration Committee report, the AG nominee directors and Partnership directors do not have service contracts with NATS. The Partnership directors are typically engaged on three-year fixed-term contracts and have letters of appointment from the DfT. Currently David Smith and Greg Bagwell have letters of appointment to 30 September 2028 and Maria da Cunha to 31 July 2028. The Chair has a service contract with NATS, details of which are set out in the Remuneration Committee report.

Provision 18: Re-election of directors

The non-executive directors are appointed by the shareholding groups and are therefore subject to the relevant shareholding groups' selection processes, rather than those included in the provisions of the Code. They are therefore not subject to annual re-election as stipulated by Provision 18, although Partnership directors are appointed by the Government on three-year fixed-term contracts.

The tenure of non-executive directors at 31 March 2026 was as follows:

Name	Date of appointment	Years of service to 31/3/26
Sir Warren East	1/9/24	1 year 7 months
Greg Bagwell	1/10/22	3 years 6 months
Ross Baker	30/11/23	2 years 4 months
Harry Bush	27/5/14	11 years 10 months
Mike Campbell	26/5/17	8 years 10 months
Maria da Cunha	1/8/25	8 months
Georgina Dellacha	26/3/26	1 month
Gavin Merchant	20/3/14	12 years
Bart Prudon	30/3/23	3 years
David Smith	1/10/22	3 years 6 months
Louise Street	29/11/18	7 years 4 months

The group is mindful of the Code principle that the Board and its committees should have a combination of skills, experience and knowledge, with consideration of the length of service of the Board as a whole and its membership and of the provision relating to the nine-year tenure of the Chair.

Provision 3: Engagement with major shareholders

Within the PPP structure, there are no institutional or public shareholders. However, the nature of the SPA is such that the shareholders have representatives amongst the directors with whom they enjoy a close working relationship. All non-executive directors are invited to relay the views of their respective shareholders into Board discussions. The Board is therefore able to take decisions in the best interests of the group, having taken account of the views of the shareholders. The Chair also has regular discussions with shareholders in addition to formal meetings noted under the 'Meetings with shareholders' section above.

Reports from Board Committees

Audit Committee report

The role of the Audit Committee

The Audit Committee met four times during the year. It is chaired by David Smith. Harry Bush and Ross Baker are the two remaining members of the Committee. The Committee members all have wide-ranging commercial and management experience and David Smith, former CFO of QinetiQ has recent, relevant financial and audit experience. The Committee members maintain their competence in the sector and on company specific issues through targeted training and briefing at Committee meetings.

The Chair, CEO, CFO, Director Group Financial Control, Director of Assurance and Risk, Head of Audit and Assurance, representation from our co-source internal audit provider and the external auditors are invited to attend each meeting dealing with routine business by standing invitation and others by exception as appropriate.

Part of each routine business meeting is set aside as required for members of the Committee to hold discussions without executive management present, including holding separate discussions with the external and internal auditors.

The main duties of the Committee include:

- monitoring the integrity and compliance of the group's financial statements;
- reviewing the effectiveness of both the external and internal auditors;
- reviewing the scope and results of internal and external audit work; and
- reviewing NATS' risk management and the effectiveness of internal controls.

The Committee makes recommendations to the Board on matters relating to the appointment, independence and remuneration of the external auditors and, to ensure independence, monitors the extent of non-audit services provided by the external auditors (as explained below). The Committee also reviews whistleblowing arrangements under which employees and third parties dealing with NATS may confidentially report suspected wrongdoing in financial reporting, tax compliance or other matters with the objective of confirming that the arrangements in place and for the investigation and follow-up of matters raised are appropriate. The Committee reviews its Terms of Reference annually and, taking account of updates to corporate governance best practice, recommends any changes to the Board for approval.

Main activities of the Committee during the year

a. Financial reporting

The primary role of the Committee in relation to financial reporting is to review with both management and the external auditors the annual financial statements of the group and its subsidiaries and NERL's regulatory accounts, having regard as appropriate to:

- the suitability of accounting policies adopted by the group;
- the clarity of disclosures and compliance with Companies Act legislation and financial reporting standards, including the requirements of NERL's Air Traffic Services Licence; and
- whether significant estimates and judgements made by management are appropriate.

In addition, the Committee assists the Board in its assessment of whether the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

To aid its reviews the Committee considers reports from the CFO and reports from the external auditors on the outcome of the annual audit.

The Committee considered the following significant accounting judgements and sources of estimation uncertainty in the year:

Revenue recognition

The economic regulatory price control for UK en route services allows for the recovery (or reimbursement) of income entitlement where actual traffic volumes or inflation are different to the regulator's forecasts made at the start of a price control period, where actual service performance is different to the regulator's annual targets, from the unforeseen impact of financial market conditions on defined benefit pension costs and for adjustments brought forward from the previous price control period. The legal framework of the Transport Act 2000, the CAA's price control determination and NERL's licence establish the contractual rights and obligations of NERL and airspace users, who are liable to pay the charges for air traffic services. As explained in note 3, the company's accounting policy is based on IFRS 15 by analogy having regard to the specific circumstances of NERL's legal and regulatory framework. Accordingly, the group recognises variable consideration in respect of the regulatory framework to reflect its revenue entitlement for the service provided in the year.

After review, the Committee remains satisfied with the bases for revenue recognition and management's assessment of the recoverability of revenue allowances. The Committee also considered the disclosure provided in note 3 to the financial statements of the company's significant judgements and the explanation of the results provided in the financial review section of this report (see page 18).

Reports from Board Committees

Aquila joint venture

The carrying value of the group's investment and the £25m shareholder loan facility it provides to Aquila was fully impaired in the year ended 31 March 2024, as the unavoidable costs which the joint venture faced under its Project Marshall contract exceeded the economic benefits it was expected to receive under it. During this financial year Aquila updated its business plan, in light of on-going negotiations with its MOD customer on the next Project Marshall pricing period and reassessed the unavoidable costs of this contract. Whilst challenges and uncertainty remain, Aquila's latest business plan indicates a degree of improved prospects, leading to an increased likelihood of repayment of a portion of the shareholder loan by the contract end date. After having regard to the present value of the cash flows projected by Aquila and taking account of the ongoing risks of contract execution and the status of price negotiations, management concluded that there was a £2.5m write back in the carrying value of the group's interest in Aquila at the reporting date. The Committee challenged the basis of management's judgements in assessing fair value and agreed with this conclusion and was satisfied with the disclosures within note 35.

Retirement benefits

The pension funding position determined under international accounting standards requires a number of actuarial assumptions to be made in assessing the value of liabilities, including judgements in relation to long-term interest rates, inflation, longevity and salary growth. The Committee reviewed the basis for determining these assumptions, having regard to the Trustees prudent technical provisions valuation at 31 December 2023 which concluded in the year, and endorsed best estimate demographic assumptions for longevity and commutation.

The final calculations in respect of the defined benefit pension scheme are performed by a qualified actuary, independent of the scheme. Note 3 to the accounts summarises critical judgements and key sources of estimation uncertainty and note 33 sets out the main actuarial assumptions used, including sensitivity analysis.

The Committee had regard to the assets of the pension scheme and their valuation and considered management's procedures, with a particular focus on harder to value illiquid investments at level 3 of the fair value hierarchy which represented 18.8% of the scheme's portfolio.

The Committee also considered the adequacy of the explanations for the different basis of valuation for the Trustees funding assessment of a deficit of £142.7m at 31 December 2023 and for the balance sheet position under international accounting standards of a surplus of £97.9m at 31 March 2026. The Committee was satisfied that the approach being taken and related disclosures were appropriate, including an explanation of a new schedule of contributions.

Assets in the course of construction

The company holds material balances in assets in the course of construction which reflects the nature of its capital investment programme. Assets are held at cost during development and depreciated when in the location and condition necessary to be capable of operating as intended. The Committee received reports on the process undertaken by management to review the carrying value of these assets and the impairment charge of £13.8m recognised in the year.

Carrying value of investment in Aireon

Since its acquisition the group's equity investment in Aireon has been accounted for at fair value through profit and loss. In light of the process by which the group is seeking to divest its stake in Aireon, the Committee reviewed and challenged the valuation methodology approach. For the first time since investing, this approach was based upon the anticipated consideration from this potential sale. The assessment included management adjustments to consider the risk of any anticipated transaction not completing at the proposed price.



Reports from Board Committees

The carrying value of goodwill

The Committee continued its focus on this recognising both the materiality of the group's carrying value of goodwill, the impact of impairment on the group's result and the inherent subjectivity of judgements made in assessing recoverable value and the associated impairment testing. Goodwill comprises the remaining balance arising from the public private partnership transaction (PPP) in 2001 and the goodwill on acquisition of the controlling interest in Searidge Technologies Inc. in December 2021, which has been impaired in previous financial years.

The key judgements in relation to the PPP balance relate to: the assumptions underlying the calculation of value in use, including the extent to which the company's Board approved business plan cash flow projections, which are based on the CAA's NR23 price control, are achievable and assessing fair value less costs of disposal, including the extent of any premium which may be realised in excess of the value of regulatory assets.

In addressing this review, the Committee had regard to the higher of the values determined on a value in use and fair value less costs of disposal basis reflecting: the cash flows implied by the group's business plan and an extended period over which the revenue shortfall for years 2020 to 2022 is to be recovered; the cost of capital assumption used to discount value in use; the costs that would likely be incurred by the company should a disposal of NERL's regulatory assets take place; and the value of NERL's regulatory assets, including the extent to which a premium was appropriate to reflect the scope for out-performance of regulatory settlements having regard to those implied by market transactions in regulated entities. The Committee evaluated management's judgement in setting a 7.5% RAB premium for fair value less costs of disposal and for the terminal value used in the value in use calculation. This was within the range of 5-10% of an independent professional assessment undertaken in the recent years and market precedent transactions during the financial year which the Committee had reviewed.

With respect to goodwill arising on acquisition of Searidge the key judgements related to the calculation of value in use, including the extent to which its business plan revenue growth and cash flow projections are achievable and the appropriateness of the discount rate.

The Committee also considered appropriate sensitivities. Following its review, the Committee was satisfied with the explanations and disclosures provided in notes 2 and 13 to the accounts.

Going concern and viability

The Committee also reviewed the evidence supporting the assessments of going concern and viability (see page 23), including the company's March 2026 business plan, the level of available liquidity and the net debt to RAB covenant, the company's long-term forecast for air traffic volumes, the funding position of the defined benefit pension scheme and the recovery over an extended period of the Covid income shortfall determined by the CAA, together with plausible downside scenarios and reverse stress tests. Following its review, the Committee concluded it was satisfied with the approach being taken and the reasonableness of the judgements made together with the relevant disclosures, in particular the disclosures made in the going concern and viability statements and in note 2 to the financial statements.

Other matters

The Chair of the Committee was provided by the Financial Reporting Council (FRC) with the report of its inspection of the audit for the year ended 31 March 2025 undertaken by EY LLP, the group's statutory auditor. The FRC assessed EY's audit as 'Limited Improvements required', with no key findings arising. The Committee discussed the consideration given to the FRC's findings by management in the preparation of the financial statements for the year ended 31 March 2026 and how the actions agreed as part of the review had been reflected by EY in their audit approach and where relevant in the evidence provided by management for the other findings.

During the year the Committee reviewed the half year financial statements for the period to 30 September 2025 issued to shareholders under the terms of the SPA.

b. Internal audit

The group's Internal Audit department conducts a programme of work to review and examine the controls in place to mitigate NATS' business risks, which encompasses internal financial control and risk management.

The Internal Audit function operates as a co-source model led by the Head of Audit and Assurance, with a blend of internal resources and external support from Deloitte, which provides access to specialist skills when required. The Audit Committee approved an internal audit plan for the year at the March 2025 meeting, focusing effort on priority areas around resilience, project delivery and core business controls.

The results of internal audits and agreed actions are reported as appropriate to relevant directors, executives and managers and reported on regularly to the Committee. Internal Audit monitors the satisfactory completion of actions by management to address their findings and reports on this to the Committee to assist its oversight. The Committee oversees the performance of Internal Audit through the receipt of a report on its work presented to each Committee meeting and agrees the annual work plan in the context of the group's assurance map and key risks. The Committee also considers the ongoing independence of internal audit, with the Director of Assurance and Risk reporting that no independence issues had been identified during the year.

Reports from Board Committees



c. External audit

EY was reappointed as the external auditor for the year ended 31 March 2026. EY attended four Audit Committee meetings. The Committee has reviewed the performance and the continuing independence of EY during the year and at its June 2026 meeting.

d. Risk management

The Committee receives at each meeting reports from risk management on the performance of the most significant risks, the effectiveness of internal controls, and material emerging risks. These reports include reviews of the risk framework and methodology applied for identifying, assessing and mitigating enterprise and emerging risks and assessing risk appetite.

During the last 12 months the committee has overseen progress in embedding the changes made to the risk appetite framework. Executive Directors assess the aggregate levels of risk within each risk category on a six monthly basis, and report those identified as being outside of appetite, either because the level of risk is too high or that we are not taking enough risk. Using the results of this review of the risk appetite framework, the Committee recommended to the Board that management pursue an increased appetite for risk taking in the areas related to commercial growth, which is being implemented by management.

The Committee has continued its oversight of risk by conducting an annual review of the principal risks, and regular reviews of the most significant enterprise risks and detailed reviews of specific risks. Risk reports to the Executive and the Committee are clearly organised by the most significant enterprise risks, risk categories and which strategic objectives they relate to. NATS is committed to maintaining an effective and resilient Enterprise Risk Management framework across the business.

In conjunction with the review of internal controls, commented on further below, the Committee reviews the processes in place to identify, assess, mitigate and manage risk, in particular at enterprise level, in order to satisfy itself that they are appropriate and within the specified risk appetite agreed by the Board or where that is not the case, to ensure that the Board is aware and that appropriate steps are in place to manage and mitigate the exposure.

On the basis of this work, the Committee is satisfied that the directors have carried out a robust assessment of the most significant risk exposures of the company. The Committee also reviews the extent of warranties and guarantees entered into by the group, with particular focus on any unlimited liability indemnities entered into as part of commercial arrangements.

e. Internal control

The Board is responsible for the group's system of internal control and risk management and for reviewing its effectiveness.

NATS' system of internal control is designed to ensure that the significant financial, operational, safety, legal, compliance and business risks faced by the group are identified, evaluated and managed to acceptable levels. The Committee has continued to focus on how management will meet the changes to the risk management and internal control section of the UK Corporate Governance Code (Provision 29) which comes into effect for the 2026/27 financial year. This has included reviewing the continuing work to improve the group's assurance map and identifying material control objectives, as required by the revised Code, for each of our key control frameworks. This work aims to increase the clarity around the key control frameworks in the business, the risks they mitigate and the internal and external assurances which will be used as the basis for the Board's assessment of the effectiveness of internal control.

The Audit Committee reviewed the specific material controls and assurance plans identified for each material control objective across the year, detailing how management will test, monitor and conclude on the effectiveness of the controls identified.

Further, as explained above, the Committee receives regular reports from Internal Audit concerning the results of their work and agrees their annual programme of work, as well as regular reports from risk management. The Committee also reviews reports from the external auditor, reports of any attempted or actual frauds, reports from the management's Tax and Treasury Committees and considers the circumstances of whistleblowing reports. However, as with all such systems, internal controls can only provide reasonable but not absolute assurance against misstatement or loss.

f. Whistleblowing

In overseeing NATS' whistleblowing procedures, the Committee remains satisfied that the appointment of the independent provider and the associated whistleblowing procedures continue to meet best practice and are promulgated effectively throughout the company and to interested stakeholders and third parties.

The Committee is satisfied that the company's response to whistleblowing reports received during the year has been appropriate and, if necessary, appropriate actions have been taken in line with the high standards of governance which the Board requires.

David Smith
Chair of the Audit Committee

Reports from Board Committees



Nomination Committee report

The role of the Nomination Committee

The Nomination Committee is chaired by Sir Warren East and, during the year, comprised two further non-executive directors: Mike Campbell and Maria da Cunha (who replaced Maria Antoniou upon her retirement in August 2025). The Committee meets when considered necessary by its members and may invite executives and advisors to attend meetings as appropriate.

Appointments to the Board are made by the relevant sponsoring shareholder under the terms of the SPA. The Committee evaluates the balance of skills, knowledge and expertise required by the Board and makes recommendations to the shareholders with respect to Board appointments. It also reviews succession plans for executive directors and senior executives.

During the year the DfT completed a recruitment process for a Partnership Director to replace Maria Antoniou who completed her nine year term on 31 July 2025. Maria da Cunha was appointed on 1 August 2025. The Airline Group also appointed an additional director, Georgina Dellacha, on 26 March 2026.

Main activities of the Committee during the year

The Committee met twice during the year to oversee the recruitment of a Chief Financial Officer and Capital Programmes and Transformation Director.

MWM were appointed as search agency, based on their previous experience of delivering similar searches, their knowledge of the industry, and ability to identify diverse candidates.

The committee considered both long and short listed candidates prepared by MWM. Following initial interviews by Martin Rolfe, Alistair Borthwick and Chris Last, further interviews were undertaken by the Chair, Mike Campbell, Harry Bush and David Smith for the Chief Financial Officer role and the Chair and Mike Campbell for the Capital Programmes and Transformation Director role.

I was appointed Chair on a 3-year contract expiring on 31 August 2027.

The committee then reviewed the feedback from the interview process and endorsed the proposed appointments, following which the Remuneration Committee approved appropriate remuneration packages. Gary Franklin was appointed as Chief Financial Officer on 1 January 2026 and Caroline Sheridan as Capital Programmes and Transformation Director on 2 March 2026.

The Committee's terms of reference require it to give due regard to the benefits of diversity, including gender, on the Board. During the year there were three female directors on the Board, representing 23%. There are two female members of the Executive, representing 25%.

Sir Warren East
Chair of the Nomination Committee



Reports from Board Committees



Remuneration Committee report

Dear Shareholders,

I am pleased to present the directors' remuneration report for the year ended 31 March 2026.

It is a pleasure to have joined the NATS Board in August 2025 and taken on the role of Chair of the Remuneration Committee from Maria Antoniou. I would like to take this opportunity to thank Maria for her guidance and counsel she provided as part of my induction.

The Committee continues to monitor the wider remuneration agenda, both within NATS and externally. While determining the annual pay review budget for the broader management population, discussions covered various aspects of the internal and external pay dynamics, including management differentials in the personal contract group compared with negotiated grade staff groups, while also ensuring parity with external competitive pay movement. Additionally, the Committee is mindful of impending UK legislation around pay gap reporting, and the implications this may have for statutory reporting. NATS has again published a combined pay gap report covering gender, ethnicity and disability, demonstrating a strong commitment to understanding where there are areas of improvement needed in the organisation and taking the appropriate actions to address them.

The next sections highlight the key remuneration decisions made by the Committee over the course of the year.

Key remuneration decisions for 2025/26

- The Committee agreed an increase to base salary for Martin Rolfe, CEO of 4.5% and Alistair Borthwick, CFO of 9% with effect from 1 April 2025. These increases were agreed by the Committee taking into consideration movement in external market and individual performance.
- Alistair Borthwick resigned from his role as CFO during the period and left the business on 31 December 2025. He was paid his salary up to this date and received no payment in respect of notice. Taking into account the personal reasons for his departure, the Committee determined that Alistair would be treated as a good leaver in respect of elements of his variable pay. He will receive a bonus for FY26, calculated based on performance for the full year and adjusted pro-rata for the nine months of the year he worked; this will be paid at the usual time, following the end of the financial year. From a LTIP perspective Alistair is eligible to receive 50% of the remaining value, based upon the outcome of the performance test on 1 April 2026, and paid in two equal instalments in June 2026 and June 2027.
- Gary Franklin was appointed as CFO with effect from 1 January 2026. Gary was previously the NSL Finance Director prior to undertaking the interim MD NSL Director role and so, as an existing employee, there was no buy-out associated with his appointment. He was appointed on a salary of £350,000 with the other elements of his remuneration set in line with the current Policy.
- The Committee approved salary increases for the wider Executive team which were in line with movement in external market and individual performance.
- The Committee approved a set of targets for the 2025/26 Annual Management Performance Related Pay Scheme (AMPRPS) which incorporated measures linked directly to supporting the company strategy, including targets that focus on financial performance and business growth, customer service and ESG related areas such as improving diversity and emissions reduction. As in previous years, safety overrides exist to ensure that no additional reward is delivered to our executives if a safe service is not delivered. Additionally, an underpin on the NERL delay measure linked to significant events was reinstated since traffic levels have returned to a more predictable level following the Covid recovery period.
- The revised weighting structure introduced in 2024/25 for the NSL leadership team was extended to all colleagues in NSL in receipt of an AMPRPS to continue focus on the deliverables required in support of the ambitious NSL business strategy.
- Vesting of the second payment opportunity of the new NR23 Long Term Incentive Plan (LTIP) occurred during the year, payable in June 2026.
- Under the NR23 scheme, partial payments are made from the third year of the scheme onwards, and these have been calculated according to the scheme rules and based on the audited financial performance of the business.

Remuneration for 2026/27

For the 2026/27 financial year, the Committee will operate the remuneration policy as set out below. The highlights include:

- agreeing the executive director and executive team pay awards for 1 April 2026 and overseeing the parameters of the wider management team pay review. A revised set of targets for the 2026/27 AMPRPS incentive plan were agreed, retaining focus on financial performance, customer service and continuing progress in support of the company strategy; and
- vesting of the third payment opportunity of the NR23 LTIP.

Maria da Cunha
Chair of the Remuneration Committee

Reports from Board Committees

Purpose and responsibilities of the Committee

The Committee meets when necessary but no less than twice a year and is responsible for considering and approving:

- the arrangements for determining the remuneration, benefits in kind and other terms of employment for the Chair and executive directors, other members of the executive team, and the company's Personal Contract Group (around 400 senior managers);
- company incentive targets for executive directors and other members of the executive team;
- a statement of remuneration policy;
- details of the remuneration of each executive director for inclusion in the Annual Report and Accounts;
- reward arrangements for executive directors and other members of the executive team;
- exit arrangements for executive directors and other members of the executive team; and
- the appointment of independent advisors to the Committee taking into consideration any potential conflicts with the Company.

The terms of reference for the Committee require it to ensure the company's remuneration policy complies with the current UK Corporate Governance Code, as far as practicable under the Strategic Partnership Agreement. No director is involved in decisions relating to their own remuneration.

Activities in the year

During the 2025/26 financial year, the Committee met three times and its main activities were to:

- review and approve the executive director and executive team salary increases effective 1 April 2026;
- discuss the pay allocation to apply for the wider management team pay review;
- review and approve the 2025/26 AMPRPS incentive arrangements (payments due in June 2026);
- review and approve the 2026/27 AMPRPS targets for executive directors, the executive team and Personal Contract Group;
- review and approve the vesting of the second payment opportunity of the NR23 LTIP in June 2026; and
- conducting the annual review of the Committee's Terms of Reference.

Membership

The Remuneration Committee of the Board is comprised entirely of non-executive directors. It is chaired by Maria da Cunha. Other members are Gavin Merchant and Mike Campbell. Sir Warren East also attends the meetings (but is absent for discussion about his own remuneration).

Advisers and other attendees

As appropriate, the CEO and HR Director are invited to attend Committee meetings.

Wholly independent advice on executive remuneration is received from the Executive Compensation practice of PwC UK. PwC were selected by the Committee following a full tender exercise in December 2020; their performance is regularly reviewed and the Committee are satisfied with the services rendered. PwC fees for advice to the Committee in 2025/26 were £61,000.

Directors' Remuneration Policy

It is the company's policy to establish and maintain competitive pay rates that take full account of the different pay markets relevant to its operations. In return, employees are expected to perform to the required standards and to provide the quality and efficiency of service expected by our customers and in line with the NATS values and behaviours. In fulfilling this policy, the company adheres where possible to the principles and provisions of the UK Corporate Governance Code on directors' remuneration as outlined below.

The level of executive directors' remuneration takes into account competitive practice across comparator companies as agreed with the Committee (companies from which NATS might seek to recruit employees or which are considered similar to NATS, for example, in having a high degree of public accountability) together with the need to attract and retain talent. Executive directors are rewarded based on responsibility, competence and contribution, and the average budgeted increase in salaries elsewhere in the group. Performance-related reward forms a substantial part of the total remuneration package and is designed to align the interests of directors with those of stakeholders and to promote the long-term success of the company.

Performance is measured against a portfolio of key business objectives and payment is determined based on performance beyond that expected of directors as part of their normal responsibilities. In implementing this strategy, the Committee adopts the principle that incentive scheme targets must be stretching and in line with the Board's agreed strategic growth and business plan objectives.

The tables on pages 66 to 68 describe the key components of each element of the remuneration arrangements for the executive directors, and the company's policy in this respect. Earnings and benefits are set out in the table of directors' remuneration on page 70.

Reports from Board Committees

Discretions retained by the Committee in operating the variable pay schemes

The Committee operates the group's various incentive plans according to their respective rules and, where applicable, in accordance with relevant legislation and HMRC guidance. In order to ensure efficient administration of these plans, certain discretions are reserved to the Committee, these include:

- determining who may participate in the plan;
- determining the timing of grants of awards and/or payments under the plans;
- determining the quantum of awards and/or payments (within the limits set out in the remuneration policy table);
- determining the performance measures and targets applicable to an award (in accordance with the remuneration policy table);
- where a participant ceases to be employed by the company, determining whether 'good leaver' status applies;
- determining the extent of vesting of an award based on assessment of the performance conditions, including discretion as to the basis on which performance is to be measured if an award vests in advance of the normal timetable (on cessation of employment as a 'good leaver' or on the occurrence of corporate events);
- whether recovery and/or withholding shall be applied to any award and, if so, the extent to which they shall apply; and
- making appropriate adjustments to awards on account of certain events, such as major changes to the constitution of the company.

Approach to recruitment remuneration

In the event that the company recruits a new executive director (either from within the organisation or externally), when determining appropriate remuneration arrangements, the Committee will take into consideration all relevant factors to ensure that arrangements are in the best interests of the company and its shareholders. This will include the application of the policy described in the policy table. In exceptional circumstances for externally recruited directors, the Committee may offer additional cash awards to compensate an individual for remuneration forfeited on leaving a previous employer.

The awards would not exceed what is felt to be a fair estimate of the remuneration forfeited and would reflect (as far as possible) the nature and time horizons attached to that remuneration and the impact of any performance conditions.

For an internal appointment, any remuneration terms awarded in respect of the previous role may either continue on its original terms or be adjusted to reflect the new appointment.

When recruiting non-executive directors, the remuneration arrangements offered would normally be in line with those paid to existing non-executive directors, details of which are set out in the Annual Report on Remuneration below.



Reports from Board Committees

Remuneration policy table

Component	Link to strategy	Operation	Maximum opportunity	Framework to assess performance	Recovery and withholding
Base salary	To provide fixed remuneration for each role which reflects the size and scope of executive directors' responsibilities and their individual skills and experience.	Executive directors' salaries are normally reviewed annually and fixed for the 12 months commencing on 1 April. The Committee takes into consideration: > role, experience and performance of the individual; > internal and external relative positioning for total reward; and > the average budgeted increase in base salaries elsewhere in the group.		Not applicable	Not applicable
Benefits	To provide flexible, market aligned benefits on a cost-effective basis.	May include private health cover for the executive and their family, life assurance cover of up to eight times annual base salary, income protection and a car allowance. Relocation support and any associated costs or benefits may also be provided if considered by the Committee to be appropriate and reasonable to meet the requirements of the business. Other benefits may be offered from time to time broadly in line with market practice. Executive directors may participate in any all-employee share plan which may be operated by the company on the same terms as other employees.	The overall value of benefits will depend on the individual's circumstances and therefore there is no formal maximum. Participation in the all-employee share plan will be subject to the scheme's rules and in line with any relevant statutory limits.	Not applicable	Not applicable
Pensions	To provide cost-effective and competitive post-retirement benefits.	Executive directors' pensions and life assurance are based on salary only, with performance-related incentive payments and other discretionary benefits excluded. The principal method of securing pensions for executive directors is via the NATS Limited Section of the Mercer Master Trust, a defined contribution (DC) pension arrangement. NATS has an accruing legacy Defined Benefit (DB) pension arrangement which closed to new joiners from 1 April 2009. NATS also offers a company-wide pension cash alternative in lieu of employer pension contributions for those with total pension savings close to the most recent Lifetime Allowance, which is also available to eligible executive directors.	Maximum employer contributions are: > 18% for members of the DC scheme; or > 15% of base salary as a pension cash alternative in lieu of employer contributions to the DC scheme; or > for legacy members of the defined benefit pension scheme (DB) who have transferred out of that scheme, 25% of base salary as a pension cash alternative in lieu of employer contributions to the DB; or > funding level of the DB Scheme varies depending on the scheme valuation. Existing members (i.e. those employees who were employed prior to 1 April 2009 when the scheme was closed to new members) continue to accrue benefits on a 1:58th final salary basis (up to 2/3rds FPE as maximum). The contribution levels offered to Executives are consistent with those for other NATS employees.	Not applicable	Not applicable

Reports from Board Committees

Component	Link to strategy	Operation	Maximum opportunity	Framework to assess performance	Recovery and withholding
Annual incentive	To reward and incentivise the achievement of annual financial and strategic goals which are selected to align to the strategy of the business.	An Annual Management Performance Related Pay Scheme (AMPRPS) is in place for the executive team and all employees in the Personal Contract Group. The AMPRPS is paid entirely in cash. As per the rules of the scheme, the Committee may determine that vesting should not be applied for any participant(s) should the Committee consider that individual performance or other circumstances makes this an appropriate outcome. This power would only be exercised in circumstances when the Committee decides that there has been or could be significant damage to the reputation of the company either during the performance years or as a result of the award. In these cases, the decision would be referred to the non-executive directors of the Board for ratification.	The AMPRPS starts accruing from threshold levels of performance as follows: Threshold: 20% or 40% (target dependant) Target: 50% or 75% (target dependant) Stretch: 100% The current maximum potential for each executive director is set out in the annual report on remuneration and will achieve a maximum of 70% of base salary for the CEO and 55% of base salary for the CFO.	Targets are set annually and are a mix of corporate and personal performance. They are determined by the Remuneration Committee each year taking into account the group's key strategic priorities and the approved budget for the year and are set out in the Annual Report on remuneration. The Committee may apply discretion as appropriate.	The rules of the annual incentive include a recovery provision whereby individuals are liable to repay or forfeit some or all of their AMPRPS if there is a material misstatement of the results.



Reports from Board Committees

Component	Link to strategy	Operation	Maximum opportunity	Framework to assess performance	Recovery and withholding
Long-term incentive (Transitional LTIP and the NR23 LTIP)	To incentivise executives to achieve the company's long-term strategy and enhance shareholder value.	Cash awards based on the achievement of long-term, financial and strategic targets over the relevant regulatory price control period. The NR23 LTIP award covers the new five-year regulatory period from 1 January 2023 to 31 December 2027. The performance conditions have been approved by the Committee and are based 85% on financial measures and 15% on the Company's ESG climate goals.	The current maximum potential for each executive director is set out in the annual report on remuneration and will achieve a maximum of 110% of base salary per annum.	Awards vest based on performance measuring the return against a set of agreed targets as approved by the Committee for each respective plan.	The rules of the current LTIP include provisions for recovery and withholding to apply if the Committee concludes that: > the performance on variable pay awards, that have been made or vested, was materially misstated or should have been assessed materially differently; > the assessment of any performance condition was based on an error, or inaccurate or mis-leading information or assumptions; > the relevant individual has committed serious misconduct; and the employment of the relevant individual could have been or was terminated as a result thereof; > the company is censured by a regulatory body or suffers a significant detrimental impact on its reputation and the relevant individual was responsible for, or had management oversight over, the actions, omissions or behaviour that gave rise to that censure or detrimental impact; > the company or entities representing a material proportion of the group becomes insolvent or otherwise suffers a corporate failure that the relevant individual should be held responsible (in whole or in part) for that insolvency or failure; or > there is a major safety or operational incident resulting in serious consequences for the organisation, its customers or air passengers. Recovery and withholding may be applied for up to the third anniversary of the end of the LTIP award's performance period. The provisions of this clause have not been used in the last financial year nor the last five years.

Reports from Board Committees

Service contracts

Executive directors

The employment contracts of the CEO and CFO provide for 12 months' notice in the event of termination by the company or six months' notice from the executive director.

Exit payment policy

The Committee is committed to ensuring that it does not pay more than is necessary when executives leave NATS. The table below sets out the key provisions for executive directors under their service contracts and the Incentive Plan rules.

For all leavers, the Committee may also determine to make a payment in reimbursement of a reasonable level of outplacement and legal fees in connection with a settlement agreement.

Non-executive directors

Charges for the services of non-executive directors are determined in agreement with the relevant sponsoring body: the DfT in the case of the Partnership directors and The Airline Group (AG) in the case of AG appointed directors.

Partnership directors are normally engaged on three-year fixed-term contracts and have letters of appointment from the DfT.

When setting the policy for directors' remuneration, the Committee considers the pay and employment conditions elsewhere in the group. The Committee is informed of salary increases for the general employee population and is kept informed of pay negotiations. It takes these into account when determining salary increases for executive directors.

Where relevant and appropriate, the Committee seeks to align the remuneration policy for executive directors with that of other senior managers, or exercise upward or downward discretion where appropriate. Selected employees are able to share in the success of the group through participation in the annual incentive. Executive directors and other members of the executive team are eligible for participation in the LTIP.

Consideration of the views of stakeholders in setting the Remuneration Policy

The Committee is mindful of the views of the DfT and AG and the regulator in determining the appropriate levels of remuneration and ensuring that shareholder, regulator and director interests are aligned.

Exit payment policy table

Element	Termination policy
Base salary, benefits and pension	Payment will be made up to the termination date in line with relevant contractual notice periods and will not exceed contractual entitlements.
Annual incentive (AMPRPS)	Unless otherwise provided in the service contract, executives are not entitled to accrued annual incentive payments unless the individual is determined by the Committee to be a good leaver. A good leaver is any individual who leaves due to death, agreed retirement or for any other reason if the Committee so decides.
Long-term incentive	The default position is for unvested tranches to lapse at the time of exit. Vested tranches will remain exercisable for a period of one month following the date of cessation. For individuals determined by the Committee to be a good leaver (defined above), unvested tranches shall continue under the plan on existing terms save that the Committee may adjust down the size and/or life of such tranches on such basis as it determines appropriate (for example, on account of assessment of performance conditions over curtailed periods and by reference to time elapsed into performance periods) and retains discretion for early vesting.

Reports from Board Committees

Annual Report on Remuneration

Directors' remuneration for the year ended 31 March 2026

This part of the directors' remuneration report summarises the emoluments of executive and non-executive directors for the 2025/26 financial year.

Remuneration earned by directors for the year ended 31 March 2026 (audited)

The table sets out the emoluments of the Chair and the directors. It shows all of the remuneration earned by an individual during the year and reports a single total remuneration figure.

Audited information - Directors' remuneration

Emoluments of the Chair and directors were as follows:

		Salary or fees*		Benefits*		Pension*		**Total fixed pay***		Annual incentive*		Long-term incentive plan*		**Total variable pay***		**Total remuneration***	
	Notes	**2026 £'000**	2025 £'000	**2026 £'000**	2025 £'000	**2026 £'000**	2025 £'000	**2026 £'000**	2025 £'000	**2026 £'000**	2025 £'000	**2026 £'000**	2025 £'000	**2026 £'000**	2025 £'000	**2026 £'000**	2025 £'000
Chair																	
Sir Warren East	1	**188**	110	**2**	1	**-**	-	**190**	111	**-**	-	-	-	**-**	-	**190**	111
Dr Paul Golby CBE		**-**	75	**-**	5	**-**	-	**-**	80	**-**	-	-	-	**-**	-	**-**	80
Executive directors																	
Martin Rolfe	2, 3, 4, 7	**553**	529	**14**	14	**83**	79	**650**	622	**343**	310	**425**	561	**768**	871	**1,418**	1,493
Gary Franklin	2, 5, 6	**88**	-	**3**	-	**248**	-	**339**	-	**41**	-	**-**	-	**41**	-	**380**	-
Alistair Borthwick	2, 4, 7	**342**	391	**22**	40	**48**	59	**412**	490	**196**	183	**255**	297	**451**	480	**863**	970
Non-executive directors																	
Maria Antoniou	1	**18**	51	**1**	1	**-**	-	**19**	52	**-**	-	**-**	-	**-**	-	**19**	52
Greg Bagwell	1	**54**	51	**2**	1	**-**	-	**56**	52	**-**	-	**-**	-	**-**	-	**56**	52
Maria da Cunha	1	**36**	-	**-**	-	**-**	-	**36**	-	**-**	-	**-**	-	**-**	-	**36**	-
David Smith	1	**54**	51	**3**	3	**-**	-	**57**	54	**-**	-	**-**	-	**-**	-	**57**	54
Michael Campbell	8	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Dr Harry Bush CB	8	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Georgina Dellacha	8	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Gavin Merchant	8	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Bart Prudon	8	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	
Louise Street	8	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Ross Baker	9	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
		1,333	1,258	**47**	65	**379**	138	**1,759**	1,461	**580**	493	**680**	858	**1,260**	1,351	**3,019**	2,812

*For year, or from date of appointment or up to date of resignation.

Reports from Board Committees

Notes to the table of directors' emoluments:

1. Benefits paid to Sir Warren East, Maria Antoniou, Greg Bagwell, Maria da Cunha and David Smith represent the reimbursement of travel costs.
2. The benefits provided to Martin Rolfe, Gary Franklin and Alistair Borthwick include a car allowance, medical and dental benefits. Alistair's benefits also include £10,565 (2025: £27,521) for the reimbursement of costs for travelling from Prestwick to the Hampshire head office and to London to business purposes, which are required to be reported as taxable income.
3. Martin Rolfe is a member of the defined contribution pension scheme in order to make employee contributions only and in 2026 sacrificed £10,000 of his salary under the company's salary sacrifice arrangements (2025: £10,000, restated). These contributions are reported in his salary above. The company did not make any employer contributions.
4. Martin Rolfe and Alistair Borthwick were eligible for the pension cash alternative payment scheme in lieu of employer pension contributions. Under the pension cash alternative payment scheme, Martin Rolfe received £82,885 for the year (2025: £79,316), Alistair Borthwick received £47,994 for the year (2025: £58,708).
5. Gary Franklin has a defined benefit pension arrangment that provides for a pension on retirement which is a calculated as a portion of his final salary, with benefits accruing on the basis of 1/58th of salary for each year of service. As at 31 March 2026 Gary had accrued 18 years of service in the scheme. The pension figure in the table is an estimate of the increase in value of his pension accrual, calculated using a standard formula reflecting his length of service and the change in the year to his salary, following his appointment to the CFO role on 1 January 2026.
6. Gary Franklin's annual incentive relates to his performance in the period since his appointment.
7. Martin Rolfe and Alistair Borthwick received a payment in June 2025 for fulfilling the performance conditions of the NR23 long-term incentive plan (LTIP). The prior period value represents the final payment under a transitional LTIP for the period 1 April 2021 to 31 March 2023.
8. These directors are appointed by The Airline Group (AG) which charged NATS a total of £259,807 (2025: £243,205) for the services of the directors.
9. Ross Baker is the LHRA appointed non-executive director. LHRA does not charge NATS for his services as a director.

NATS discloses LTIP payments for the NR23 scheme in line with Schedule 5 of SI 2008/410 of the 2006 Companies Act. In this way, the disclosure of earnings under this plan reflects the point in time at which the participant becomes entitled to receive a payment rather than the date when performance is tested. This disclosure approach is considered appropriate given that the listed company regulations (Schedule 8) are more appropriate for a share-based incentive plan, which the NR23 LTIP is not, it is a cash-based incentive. In most other regards, however, NATS follows the disclosure requirements for listed companies set out in Schedule 8 in the spirit of adherence to best-practice governance and disclosure.

Base salaries of executive and non-executive directors and AG fee for AG appointed directors

	Annual base salary		
	Year ended 31 March 2025	Year ended 31 March 2026	% change
Martin Rolfe	£528,774	£552,569	4.5%
Gary Franklin	n/a	£350,000	n/a
Alistair Borthwick	£391,388	£426,612	9.0%
Partnership directors:			
Base fee	£41,980	£43,660	4.0%
Fee for chairs of Board sub-committees	£9,330	£10,000	7.2%
Chair	£188,240	£188,240	n/a

Alistair Borthwick left the company on 31 December 2025, and Gary Franklin moved into the CFO post on 1 January 2026.

The Committee agreed increases to base salary for Martin Rolfe and Alistair Borthwick of 4.5% and 9% respectively, effective from 1 April 2025. These increases took into consideration our annual benchmarking exercise, competitive movement and individual performance. The Committee also agreed an increase of 4% to the base fees for non-executives.

Airline Group (AG) appointed directors

AG directors receive no remuneration for their services to the NATS Board. However, AG charged £259,807 for the services of its directors in the year (£243,205 for 2024/25). This charge is used to fund the activities of AG.

LHR Airports (LHRA) appointed director

The LHRA director is employed and remunerated by LHRA. LHRA does not charge NATS for the services of its director.

Annual Management Performance Related Pay Scheme (AMPRPS) incentive for the year ended 31 March 2026 (audited)

The maximum potential award under the AMPRPS for 2025/26 for the CEO was up to 70% of salary and 55% of salary for the CFO. AMPRPS awards are determined based on company performance and personal performance. The table below summarises the outturn across the various company performance targets this year, which resulted in an overall outturn of 88.26%, which corresponds to 66.19% out of an available 75% of the award for executive directors. Gary Franklin received a proportionate payment for his AMPRPS based on time in post from 1 January 2026 to 31 March 2026.

Reports from Board Committees

Annual Management Performance Related Pay Scheme

Financial measures	Weighting %	Threshold (40%)	Target (75%)	Stretch (100%)	Outcome £m	Payable %
NERL EBITDA (£m)	24%	238	251	263	271.0	24.0%
NSL EBITDA (£m)	6%	11.8	13.1	14.4	15.4	6%
By 2040 - Every airspace user relies on our services	**Weighting %**	**Threshold (20%)**	**Target (50%)**	**Stretch (100%)**	**Outcome (seconds)**	**Payable %**
NERL average seconds of delay per flight (en route). Note: the CAA's measure of capacity performance includes a metric for NERL attributable delay which is based on weighted delays exceeding pre-determined thresholds on a daily basis. It is intended to capture the impact of major service outages. In the event this metric scores above 250 points no incentive will be payable for delay performance.	10%	10.1	8.77	7.5	7.8	8.8%
NSL average seconds of staffing and engineering delay per arrival (UK airports).	5%	3.4	2.9	2.4	0.5	5.0%
Total no. of ATCO validations achieved across Operations by end March 2026 (incorporates all validation levels).	10%	115	120	133	141	10.0%
By 2040 - We'll be carbon negative	**Weighting %**	**Threshold (20%)**	**Target (50%)**	**Stretch (100%)**	**Outcome (score)**	**Payable %**
3Di score achieved by end December 2025*	7%	n/a	27.77	26.45	27.44	4.4%
By 2040 - We'll be a Top 25 UK Company to work for	**Weighting %**	**Threshold (20%)**	**Target (50%)**	**Stretch (100%)**	**Outcome (%)**	**Payable %**
Achieve a 50:50 gender diversity for new recruits to the business	5%	35% female		50% female	27%	0.0%
By 2040 - We'll be delivering an additional £500m in revenue per year	**Weighting %**	**Threshold (20%)**	**Target (50%)**	**Stretch (100%)**	**Outcome (£m)**	**Payable %**
NSL Order Intake - the total value of new orders won by NSL during the financial year (£m)	8%	61	72	83	85.8	8.0%
Company Targets Total Opportunity/Outturn	**75%**					**66.2%**

*excluding non-revenue flights - see explanatory note on page 189.

NERL EBITDA targets are neutral to traffic volumes, pension rates, exceptional items (redundancy, relocation and share scheme costs), regulatory tax clawback mechanism, costs of changes in financing/ownership, FX gains/losses, profit/loss on asset disposal, provision movements on property reinstatements, bad debts, bonus scheme costs, changes in the basis of determining above the line tax credits, net ADS-B income/cost, net variance in ACOG/UKADS costs, and Integrated Traffic Management costs.

NSL EBITDA includes its share of joint venture profits. The figures are neutral to pension rates, exceptional items (redundancy, relocation, restructuring costs and share scheme costs), costs arising out of any change in capital structure or ownership, FX gains/losses, profit/loss on asset disposal, provision movements on property reinstatements, bad debts, bonus scheme costs, adhoc transactions deemed uncontrollable, and any changes in the provision in respect of NSL's investment in Aquila following assessment in FY24.

Reports from Board Committees

Personal performance (weighted at 25% of the maximum opportunity) was assessed against objectives that covered areas including, but not limited to, delivering a safe and resilient operation, a focus on growing geopolitical security threats, delivering on business growth ambitions in the UK and overseas, and continuing to prioritise capital investment programmes that underpin our performance. Measurement is based on the NATS Personal Performance Rating System.

An overall summary table is provided below:

Director	Opportunity (% of salary)	Company performance element % payable	Personal performance element % payable	Total AMPRPS payable June 2026 (£)
Martin Rolfe	70%	66.19% out of 75%	22.5% out of 25%	£343,070
Alistair Borthwick	55%	66.19% out of 75%	21.25% out of 25%	£195,852
Gary Franklin	55%	66.19% out of 75%	18.75% out of 25%	£40,880

*Gary Franklin AMPRPS payment is proportionate to his time in role as CFO, based on the period 1 January 2026 to 31 March 2026.

Long-term incentive payments (LTIP)

LTIP arrangements are standard components of executive remuneration practice and are established for executive directors and other members of the executive team to incentivise long-term performance, align performance with shareholders' interests and reward exceptional performance. A five-year period was adopted from the start of NR23 to align with our regulatory period. Previously a three-year period was applied, which are now in run off. Payments under LTIP arrangements are made according to a predetermined vesting schedule; vesting will typically occur in tranches over at least a three-year period. Payments are subject to eligibility criteria under scheme rules. These require participants to be employed at the vesting date or to be good leavers under the scheme rules.

Payments to past directors

There were no payments to past directors in the year.

Payments for loss of office

There were no payments for loss of office during the financial year.

Reports from Board Committees

Ratio of the Chief Executive's pay to UK employees

Although the requirement to disclose the pay ratio is not a statutory requirement for NATS, the Committee considered it appropriate to include the relevant disclosures on an entirely voluntary basis as it helps to demonstrate the link between the Chief Executive's pay and the remuneration of the wider workforce. The table below shows the pay ratios over the past eight years.

Date	Method of calculation adopted	25th percentile pay ratio (Chief Executive: UK employees)	Median pay ratio (Chief Executive: UK employees)	75th percentile pay ratio (Chief Executive: UK employees)
April 2019	Option B	18:1	13:1	10:1
April 2020	Option A	35:1	23:1	17:1
April 2021	Option A	9:1	6:1	4:1
April 2022	Option A	10:1	8:1	5:1
April 2023	Option A	19:1	14:1	9:1
April 2024	Option A	15:1	11:1	7:1
April 2025	Option A	19:1	14:1	9:1
April 2026	Option A	20:1	14:1	10:1

The remuneration data reference periods to which the calculations were completed were in line with the financial year 1 April to 31 March. All required components were included and the single figure methodology was applied. To determine the full-time equivalent remuneration for each employee, each employee's working percentage as at 31 March is used to calculate their full-time equivalent (FTE) remuneration. This FTE remuneration is then ordered from lowest to highest to determine the 25th, 50th and 75th percentiles in relation to the CEO.

Percentile	Base salary (£'000)	Total remuneration (£'000)	Ratio of CEO total remuneration to percentile
25th	62	72	20
50th	87	103	14
75th	106	145	10
CEO	529	1,419	1

The median, 25th percentile and 75th percentile figures used to determine the ratio in 2019 were calculated by reference to Option B, which used the most recent pay information available from the NATS gender pay report data to allow us to make best estimates on the 25/50/75th percentile pay data for comparison. From 2020, the Committee changed the calculation methodology to Option A, as it was considered more statistically accurate, and data became available to use this method. The Committee considers that the median pay ratio disclosed above is consistent with the pay, reward and progression policies for the company's UK employees taken as a whole. The employees used in the calculations are considered to be reasonably representative of the 25th, 50th and 75th percentiles of the company's remuneration for the relevant financial year.

Five-year history of Chief Executive remuneration

The following table sets out a five-year history of the remuneration of the Chief Executive.

Financial years ended 31 March	2022[1]	2023	2024	2025	2026
Earned for the year (£'000s)	713	1,399	1,163	1,493	1,419
AMPRPS (% of maximum entitlement)	50%	83.6%	29.8%	83.8%	88.7%
LTIP (% of maximum entitlement)	n/a	100%	100%	76%[2]	n/a[3]

[1] Remuneration in 2022 was significantly impacted by the Covid pandemic.

[2] Under the NR23 LTIP, total vesting is determined by performance over the full five-year regulatory period ending in December 2027. In line with the scheme rules, interim payments may be made in years three and four where performance is assessed as being on track to meet the full-period targets. The LTIP amount disclosed for 2025 represents the first interim payment, reflecting a proportion of the total opportunity.

[3] As explained on page 72, NATS will disclose LTIP payments for the NR23 scheme in line with Schedule 5 of SI 2008/410 of the 2006 Companies Act, and therefore the outcome in respect of the 2026 performance year will be disclosed in next year's report.

Reports from Board Committees

Statement of directors' interest in shares

Aggregate emoluments disclosed above do not include any amounts for the value of shares awarded under the company's all-employee share ownership plan. NATS' all-employee share ownership plan is designed to give every employee (including executive directors but not non-executive directors) an equal opportunity to acquire a stake in the future success of the company.

The share plan holds 5% of the shares in NATS and is administered by a special trustee company with three directors – one each appointed by HM Government, AG and the Trades Unions (collectively known as the Trustee). Maria da Cunha chairs the Trustee meetings.

The price of an employee share, which is independently valued and subsequently approved by HMRC, is currently £6.10 per share. This price applies for the period 1 January 2026 to 30 June 2026. Details of the shares held by directors during the year are set out below.

	Fully Vested		Exercisable on 31 August 2029		Exercisable on 31 August 2030				
Director	**Brought Forward**	**Granted in year**	**Brought Forward**	**Granted in year**	**Brought Forward**	**Granted in year**	**Total Holding (no. of shares)**	**Value at 31 March 2026 (£6.10 per share)**	**Value at 31 March 2025 (£6.05 per share)/Date of appointment (£6.10 per share)**
Martin Rolfe	1,430	635	250	-	-	263	**2,578**	**£15,726**	£10,164
Gary Franklin[1]	716	-	250	-	263	-	**1,229**	**£7,497**	£7,497

[1] Brought forward balances for Gary Franklin represent shares held on 1 January 2026, the date of his appointment as a Director.

As stated in last year's report, in March 2025, employees including executive directors were offered the option to participate in an award partnership shares at fair value (being the lower of the share price at the start of the accumulation period and the end of the accumulation period, of £5.75) by deductions from gross salary over a six-month accumulation period ending August 2025. Participants received one free matching share for every partnership share purchased. The CEO participated in this offer and consequently 263 partnership shares and 263 matching shares were awarded in September 2025.

In March 2025, the company paid a dividend of 61.17 pence per share to all shareholders, including employee participants in the employee share trust. Employee shareholders were given the choice of receiving a cash payment or dividend shares to the equivalent value. The CEO elected the dividend shares option and was subsequently awarded a total of 169 shares in April 2025. A further dividend of 48.93 pence per share was paid in September 2025. The CEO elected to receive this dividend in shares and was granted a further 203 shares in October 2025.

Implementation of the remuneration policy for the year ending 31 March 2027

This part of the directors' remuneration report sets out how the remuneration policy will be applied for the financial year ending 31 March 2027.

Executive directors

Base salaries

	Annual base salary (effective from 1 April)		
Director	**2025**	**2026**	**% change**
Martin Rolfe, CEO	£552,569	£574,671	4%
Gary Franklin, CFO	£350,000*	£350,000	0%

*Salary as at 1 January 2026 when Gary Franklin was appointed to CFO.

For Martin Rolfe, the Committee agreed a 4% pay increase recognising both his performance over the year and position in range against the agreed comparator group. A pay increase was not awarded to Gary Franklin given the recency of his appointment to CFO.

Reports from Board Committees

Pension and benefits

Martin Rolfe receives a pension cash alternative of 15% of base salary in lieu of employer contributions to the defined contribution scheme (DC). The cash percentage is applicable group-wide and equates to a maximum of 15% for members opting out of the DC pension and 25% for those opting out of the defined benefit pension scheme. Gary Franklin has a defined pension arrangement that provides for a pension on retirement which is calculated as a portion of his final salary, with benefits accruing on the basis of 1/58th of salary for each year of service.

Annual incentive scheme

An AMPRPS award will be in place for 2026/27, with the following opportunity levels:

- CEO – 70% of base salary.
- CFO – 55% of base salary.

Performance measures will continue to be aligned to the company strategy and include financial, service performance and ESG related measures (combined weighting of 75%), as well as personal performance measures (25% weighting). The 2025/26 scheme also retains the underpin in relation to NERL delay performance (described in the table above on page 72).

Long-term incentive plan (LTIP)

The current LTIP award (the NR23 LTIP) was approved by the Remuneration Committee aligned to the new five-year regulatory period beginning 1 January 2023. The final performance conditions were approved in March 2024 which enabled the plan to be formally granted in April 2024.

No increase was made to the maximum annual grant values for participants. As such, the opportunity levels for the NR23 LTIP are as follows:

- CEO – 550% of salary (110% of base salary per annum).
- CFO – 202.5% of salary (90% of base salary per annum). Gary Franklin has been eligible to participate in this plan since his appointment as CFO on 1 January 2026, therefore the maximum opportunity level is proportionate.

The performance conditions incorporate financial and ESG related metrics as shown in the table below, and the award will vest based on the performance outcome with five equal payment opportunities starting in 2025 through to 2029.

Financial Performance Conditions	Threshold (20% Vesting of Payment Opportunity)	Target (60% Vesting of Payment Opportunity)	Stretch (100% Vesting of Payment Opportunity)	Weighting (% of maximum of Payment Opportunity)
NERL Regulatory Return[1]	2.55%	3.19%	3.83%	60%
NSL Profitable Revenue Growth[2]	£257 million	-	£303 million	25%
Environmental, Social and Governance (ESG) Performance Conditions	**(Threshold (40% Vesting of Payment Opportunity)**	**Target (75% Vesting of Payment Opportunity)**	**Stretch (100% Vesting of Payment Opportunity)**	**Weighting (% of maximum of Payment Opportunity)**
SBTi Validated Estate CO_2 reductions[3] (Scope one and two)	Reduction of 41% - 46.9%	Reduction of 47% - 52.9%	Reduction of 53% or more	10%
CDP Score – Climate Change[4]	To achieve and maintain an A- rating throughout the Performance Period			5%

[1] The target values have been updated since the 2022/23 report to reflect the final NR23 regulatory settlement.
[2] With straight-line vesting between Threshold and Stretch.
[3] With straight-line vesting between Threshold and Target and straight-line vesting between Target and Stretch.
[4] This Performance Condition is binary; either the CDP rating has been achieved and maintained (100% vesting) or has not been achieved (0% vesting).

Reports from Board Committees



Non-executive directors

The company's approach to setting the fees for non-executive directors is by reference to those paid by similar companies. Fees are reviewed annually by the subcommittee for non-executive remuneration.

Partnership directors

As shown below, the base fee for partnership directors has been increased by 3.4% in line with market movement. The sub-committee chair fee remained at £10,000 as it maintained alignment with market rates.

Fees with effect from 1 April	2025	2026	% change
Base fee	£43,660	£45,186	3.4%
Fee for chairs of Board sub-committees *	£10,000	£10,000	0%

*Remuneration Committee, Audit Committee and Safety Review Committee.

Airline Group (AG) appointed directors

AG appointed directors receive no remuneration for their services to the NATS Board. However, a fee is paid to AG in lieu of remuneration for these directors. This fee is reviewed on an annual basis by the NATS CEO and HR Director. It was agreed that the annual fee from 1 April 2026 would increase to £286,623.

LHR Airports (LHRA) appointed director

The LHRA director is employed and remunerated by LHRA. LHRA does not charge NATS for the services of its director.

Maria da Cunha
Chair of the Remuneration Committee

Reports from Board Committees

Safety Review Committee report

The Role of the Safety Review Committee

The Safety Review Committee (SRC) supports the Board in discharging its accountabilities for the safe provision of air traffic services and for security arrangements across NATS. It meets quarterly as a formal committee and receives separate in-depth briefings as required. Its remit includes the requirements to:

- monitor and review the effectiveness of the safety and security arrangements in place in the group;
- review the delivery of the group's safety objectives through its operations, structures and processes;
- review the group's safety performance;
- consider future risks and review company plans for addressing these;
- monitor the implementation of safety enhancement programmes; and
- make recommendations to the Board for improving the group's safety and security management systems.

The Committee is chaired by Greg Bagwell with two other non-executive director members Louise Street and Bart Prudon. In addition, the NATS Board Chair attends the Committee.

During the year, the Committee took advice from the following special advisors, who attended meetings by standing invitation:

- Captain John Monks, Director of Safety and Security, British Airways.
- Professor George Bearfield, Director of Health, Safety and Cyber Security, Rock Rail. (Professor Bearfield resigned in June 2025).

At least two of the following four members of NATS Executive team are required to attend routine meetings: the CEO, Safety and Sustainability Director, Chief Operations Officer and Capital Programmes and Transformation Director.

The Chief Security Officer formally reports to the Committee on the security arrangements in NATS twice per annum. Aquila provide an update on their safety performance once per annum.

The CAA's Head of Airspace, ATM and Aerodromes has an annual invitation to meet and brief the Committee. This year's discussion revisited ongoing work on level busts, controlled airspace infringements and mitigating the risk from increased drone activity and the effects of malicious acts.

Safety Performance

The SRC carefully monitors the group's safety performance and progress towards its targets. Despite increasing traffic, and complexity due to geopolitically induced airspace closures, our safety performance continued to be strong. NATS met all five safety performance targets recording zero NATS-attributable risk-bearing Airprox and only two RAT A (Serious)/B (Major) events. This reflects an improvement compared with 2024, which recorded six RAT A/B events, and a marked reduction against earlier reporting periods when the average was ten per year.

Safety Risk Management

The launch of the NATS Safety Plan 2035 marked a major milestone, setting a clear path towards the goal of zero major safety incidents with NATS material contribution by 2035. Central to the Plan are seven adverse outcomes that provide a common framework for understanding how our operation could contribute to an aircraft accident, aligning risk management, safety benefits and investment decisions across the business.

The Committee regularly reviewed information on safety occurrences along with recommendations and updates on serious events.

Topics for in depth discussion have included airport operations, particularly runway safety events, VFR-IFR integration and controlled airspace excursions. Current progress with the issues and plans for improvements were studied and challenged for each topic.



Reports from Board Committees



> Safety Culture

The NATS Safety Culture Survey was conducted in November 2025. 78% of responses were favourable, consistent with the strong trend seen across the last four surveys.

Sessions were held which focused on leadership, communication and decision making under pressure, using a re-enactment of the circumstances leading up to the Überlingen mid-air collision as a case study. These highlighted how organisational culture and psychological safety enable people to speak up and challenge.

> Physical and Personnel Security

External Threat:

Penetration testing in 2024 demonstrated robust physical security measures and a significant improvement in the security challenge culture, including showing the right behaviours when being challenged, and the visible wearing of access passes. The threat of protestors, environmental and political, has not diminished but NATS continues to provide assurance that contingency plans are in place to minimise disruption.

Insider Threat Activities:

NATS is a member of the Civil Aviation Information Exchange (CAIE) Insider Threat Sub-Group which allows the company to receive information from other areas of the industry on potential issues such as CV fraud and bogus referencing. Work has been undertaken to ensure that NATS takes all reasonable steps to mitigate the risk from potential insider threat activities.

Greg Bagwell, CB CBE
Chair of the Safety Review Committee

Reports from Board Committees

Transformation Review Committee report

The role of the Committee

The Committee's objective is to provide the Board with oversight of NATS' transformation programmes, alongside assurance of the quality of the strategy, planning and delivery of these programmes.

This includes the development and delivery of cost-effective long-term investment plans, operational transformation programmes, wider company transformation programmes and additional items where appropriate, including people and procedural changes required to realise operational and commercial benefits.

The Committee is chaired by Mike Campbell with two non-executive directors as members; Greg Bagwell and David Smith. The NATS Chair, Sir Warren East, also attends. The CEO is invited to attend by standing invitation and the following executive directors are invited to attend as appropriate:

- Capital Programme Transformation Director;
- Chief Operations Officer;
- Managing Director, NATS Growth/Services; and
- Safety and Sustainability Director.

Throughout the year the Committee received advice from Paul Taylor, Technical adviser to the Committee, attending meetings by standing invitation.

Main activities of the Committee during the year

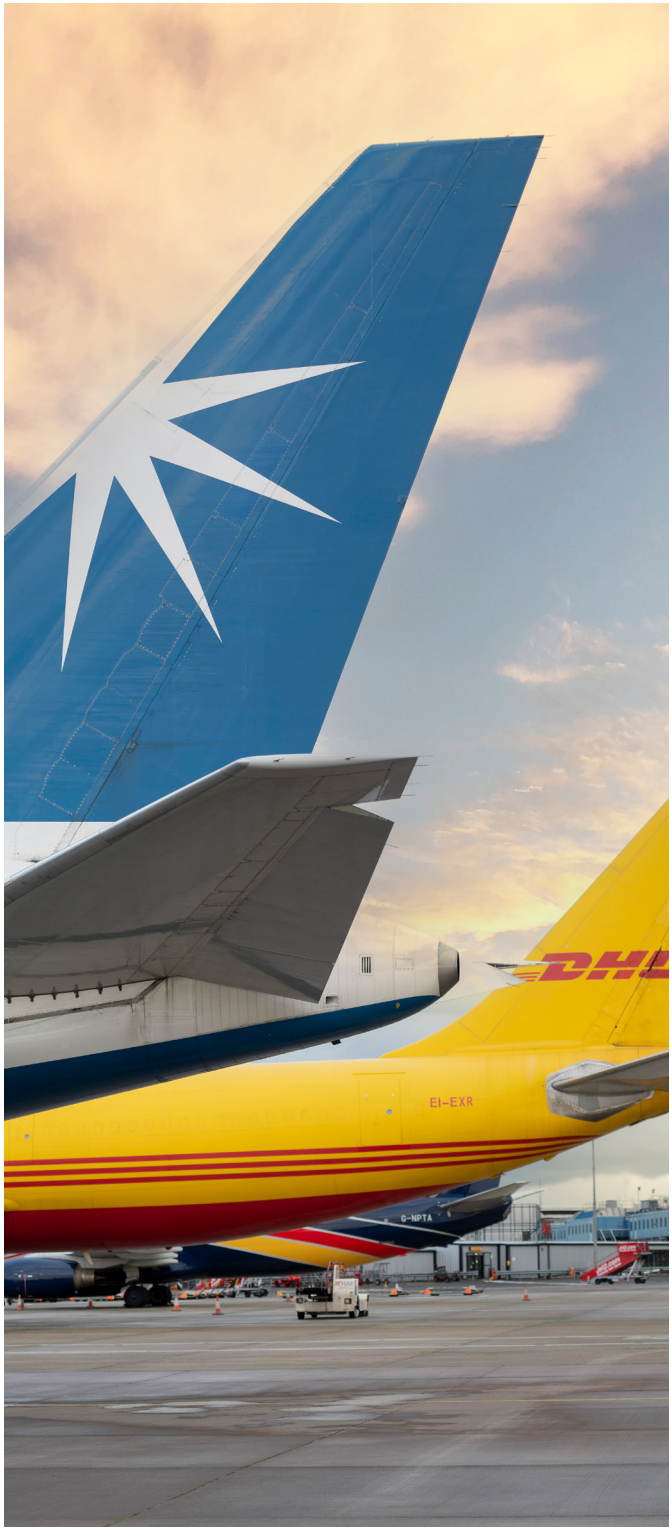
As part of its governance and oversight, the Committee receives regular in-depth reports and briefings on the existing and planned transformation agenda and organisational risk profiles. A new dashboard was welcomed by the Committee this year, providing project delivery insights and commentary around the successful delivery of SAP SuccessFactors, underpinning NATS corporate systems, the implementation of Scottish Free Route Airspace into operation and a focus on the ongoing commitment to Training transformation.

During the financial year, the following have been the key areas of focus by the Committee:

System Resilience

Following the technical incident in August 2023, NERL assisted the CAA Independent Panel Review, with the report and findings published in November 2024, focused on critical system review, incident management and industry preparedness. Although two years ago, it is worth noting that all actions arising from the August 2023 and July 2025 incidents were completed. The CAA subsequently noted in the report to the Department for Transport, that NATS response to the 30 July 2025 incident effectively mitigated the risk of a recurrence and confirmed that recommendations from the 2023 independent review have been embedded within regulatory oversight.

The TRC provided assurance to the Board during the implementation of improvements and over the course of the year, has broadened its focus on system resilience, extending beyond those systems directly impacted to strengthen overall operational robustness.



Reports from Board Committees



Portfolio Schedule Review

A focus has remained on the strengthening of programme and project controls, to ensure high quality programme management in the running of major programmes. Greater base planning assumptions and organisational changes have allowed for improved delivery confidence, with opportunities for structured lesson learning identified to capture and replicate good practice across programmes.

The deliverability of the LTIP portfolio continues to be a topic that is regularly reviewed by the TRC, with the Committee providing guidance and expertise to enable successful outcomes.

DP En Route (DPER)

The DPER programme experienced schedule pressures reflecting technical complexity and the iterative refinement of user requirements. Work was undertaken to strengthen alignment between user and technical requirements, supporting the development of a deliverable forward plan.

During the year, the programme maintained a clear focus on delivery, focusing on the identification of opportunities for acceleration. System development is now more closely aligned to user needs, supported by a structured approach that has secured strong operational engagement. Targeted planning and resourcing have enabled effective ATCO involvement. The DPER team continue to capture lessons learned to inform and improve future transformation initiatives. The TRC maintained consistent oversight and provided constructive challenge to key assumptions ensuring decisions relating to development and delivery remained appropriately balanced.

Airspace Modernisation

The Committee has monitored progress on planned airspace changes, with an additional focus on readiness for the NATS licence change effective 6 May 2026 following the Government's appointment of NERL to lead the UK Airspace Design Service (UKADS). Airspace modernisation remains a key element of the Government's growth agenda, with UKADS coordinating the delivery of holistic, modernised airspace design and changes. Individual airspace change initiatives are reviewed by the Committee on a continuing basis, providing the necessary levels of assurance to the Board.

NAS Replacement

The Committee oversaw further developments made during the year on the NAS replacement programme, which is developing a technical solution to replace NATS core Flight Data Processing (FDP) system. The programme is critical to ensure the long-term resilience and continuity of this mission critical capability. Whilst NAS continues to provide a highly reliable service, it is built upon legacy 1970s technology and demands highly specialist expertise to maintain, reflecting its bespoke software architecture and ageing hardware environment. While possible, maintaining the NAS system significantly beyond 2030 is expected to become increasingly costly and time-intensive, with diminishing opportunities for meaningful enhancement.

Recognising these factors, the Committee has considered the appropriate balance between risk and delivery pace, emphasising the need to progress the replacement programme at sufficient speed to ensure timely implementation, but ensuring the requisite levels of quality that reflect the mission criticality of any replacement system. The TRC play a key role in this, providing oversight and constructive challenge, ensuring that risks are reduced where reasonably practicable in order to safeguard operational continuity, reflecting the highest priority for airline stakeholders.

Cyber Security

The TRC continues to play a key role in providing Board oversight of cyber security and receives updates from the Chief Security Officer on all aspects of cyber security assurance, including technical compliance, monitoring and reporting on events, allowing the TRC to effectively oversee and review plans post incident management. Changes in the external threat environment continue to be monitored and the effectiveness of key controls within the organisation are assessed, considering the highest risks to operational and corporate systems.

Mike Campbell
Chair of the Transformation Review Committee

Report of the directors

The directors present their Annual Report on the affairs of the group, together with the financial statements and the auditor's report for the year ended 31 March 2026.

The Governance report set out on pages 48 to 83 forms part of this report. A review of the group's key business developments in the year and an indication of likely future developments, as well as information regarding greenhouse gas emissions, energy consumption and actions to increase energy efficiency, are included within the Strategic report.

Information about the use of financial instruments by the group is given in note 22 to the financial statements.

Dividends

The company has paid dividends of £69.2m in the year (2025: £171m). The Board recommends a final dividend for the year of nil (2025: nil).

Directors and their interests

The directors of the company at the date of this report are set out on pages 49 to 53. Changes in the Board during the year and to the date of this report as explained on page 54.

The interests of the directors in the share capital of the parent company, through their participation in the All-Employee Share Ownership Plan, are set out on page 75.

None of the directors have, or have had, a material interest in any contract of significance in relation to the group's business.

Directors' indemnities

The company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Employee engagement

The directors are committed to the involvement of employees in the decision-making process through effective leadership at all levels in the organisation, including engagement with the Board through a designated non-executive director. Employees are frequently involved through direct discussions with their managers, cross company working groups and local committees. Regular employee consultations cover a range of topics affecting them, including such matters as corporate performance and business plans. The directors encourage the involvement of employees in the company's performance through the All-Employee Share Ownership Plan.

The directors have regard to the safety, health and well-being of employees (and contract staff). The NATS CEO maintains high visibility with employees through visits to NATS sites, or through virtual engagements where more appropriate, where he talks to them about current business issues and takes questions in an open and straightforward manner. The NATS CEO hosts a quarterly executive open session for the whole organisation which regularly attracts 700-800 attendees and a separate quarterly update for the wider management team. The CEO also meets with his senior leadership team on a quarterly basis. His weekly written update on the company's intranet has a 75% readership. Such actions enable employees to achieve a common awareness of those factors affecting the performance of the company. An employee engagement survey was conducted in February 2025 and its feedback is shaping improvement plans. Also, employees' views are represented through an open dialogue with Prospect and the Public and Commercial Services Union (PCS), the recognised unions on all matters affecting employees. Formal arrangements for consultation with employees exist through a local and company-wide framework agreed with the Trades Unions.

The group pay policy is explained in the Remuneration Committee's report. The group is an equal opportunities employer. Its policy is designed to ensure that no applicant or employee receives less favourable treatment than any other on the grounds of sex, age, disability, marital status, colour, race, ethnic origin, religious belief or sexual orientation, nor is disadvantaged by conditions or requirements applied to any post which cannot be shown to be fair and reasonable under relevant employment law or codes of practice.

The group is also committed to improving employment opportunities for disabled people. The group will continue to promote policies and practices which provide suitable training and retraining, and development opportunities for disabled employees, including any individuals who become disabled, bearing in mind their particular aptitudes and abilities and the need to maintain a safe working environment.

The group strives to maintain the health, safety and wellbeing of employees through an appropriate culture, well-defined processes and regular monitoring. Line managers are accountable for ensuring health and safety is maintained and responsibility for ensuring compliance with both legal requirements and company policy rests with the Safety and Sustainability Director.

Business relationships

We explain on pages 44 to 46 how the directors have had regard to the need to foster the company's business relationships with suppliers, customers and other stakeholders, and the effect of that regard, including on principal decisions taken during the financial year.

Going concern and viability statements

The directors' assessment of going concern and their viability statement are set out on pages 23 to 24.

Report of the directors



Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of the parent company, and of the profit or loss of the group and the parent company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the group's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each person who is a director at the date of approval of these financial statements confirms that:

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

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with UK adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the group;
- the Strategic report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that it faces; and
- 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 group's position and performance, business model and strategy.

Auditor

EY LLP was appointed as statutory auditor for the financial year ended 31 March 2026, following a mandatory re-tender of the audit undertaken in the prior year.

At the meeting to approve this year's financial statements, the Board resolved to re-appoint EY LLP as statutory auditor.

Approved by the Board of directors and signed by order of the Board by:



Richard Churchill-Coleman
Secretary
26 June 2026

Registered office
4000 Parkway, Whiteley, Fareham, Hampshire PO15 7FL

Registered in England and Wales
Company No. 0413821