easyJet Holidays Limited

Annual Report and Accounts

For the year ended 30 September 2023

Registered Number 11927917

easyJet Holidays Limited

Contents

easyJet Holidays Limited

Report of the Directors for the year ended 30 September 2023

Strategic report

The Directors present their strategic report on the affairs of the Company for the year ended 30 September 2023.

The Company is a wholly owned indirect subsidiary of easyJet plc, a company that is listed on the London Stock Exchange. The full strategic report for easyJet plc and all of its subsidiaries (together the 'easyJet Group') may be found on pages 2 to 70 of easyJet plc's Annual Report and Accounts for the year ended 30 September 2023.

Principal activity

The principal activity of the Company is the sale of holiday packages to customers originating in the UK, where two or more components including flights, hotels, and transfers, are packaged together and sold to customers through our online platform, call centre and selected trade partners.

Review of the business

easyJet holidays continues to be the fastest growing, highest margin holiday company, taking 1.9m customers away and delivering a profit before tax of £122m in the year to 30 September 2023 (2022: 1.1m customers and profit before tax of £38m). The Company's share of the UK market has doubled year on year, reaching 5% in 2023 with customers reporting exceptional levels of satisfaction, with a customer satisfaction score of 83%. These results clearly demonstrate the strength of the business model.

The easyJet holidays business model is uniquely positioned with a low fixed cost base and a high proportion of variable direct costs. The low fixed cost base means that easyJet holidays is able to offer industry leading prices to our customers 70% of the time, whilst maintaining strong margin. The business can quickly adapt to changes in the demand environment as a result of its operating model and technology platform; both of which are highly scalable. We will look to convert as many of the easyJet Group's airline passengers as possible into easyJet holidays customers while also attracting other package holidaymakers in the market; one key advantage of our holidays business is that it has few constraints on growth.

Through our Environmental, Social and Governance priorities, we want to make a positive impact on the environment and local communities that make our holidays so special. During the year easyJet holidays partnered with leading global organisations such as Oxford University, the Global Sustainable Tourism Council, and the United Nations World Tourism Organisation to develop thinking and implement scalable solutions. An example is extending the summer season in key beach destinations in Greece. easyJet's research has shown that holidaying outside of the peak season can result in positive impacts as well as reducing negative impacts across economic, social, and environmental factors.

Given the results achieved in the year to 30 September 2023, the Company has now exceeded the initial medium term target of £100m+ profit before tax. As part of the FY23 Group results, easyJet holidays has set out a new target to deliver greater than £250m of profit before tax in the medium term. The next phase of our growth includes doubling UK market share to 10% with clear plans to invest in areas that will develop the business for continued long-term success. easyJet holidays launched new source markets from Switzerland in August 2023 as well as Germany and France in December 2023. The Company will look to grow these markets in 2024 and beyond as we deliver on our five-year strategy.

Key performance indicators

The most relevant key performance indicators monitored by the Company are:

	2023	**2022**
	£m's	**£m's**
Revenue	1,046	495
Gross Profit	134	61
Operating profit	110	38
	2023	**2022**
	m's	**m's**
easyJet holidays passengers[1]	1.9	1.1

[1] Total holiday customers excluding affiliates was 1.6 million (FY22: 0.8 million)

easyJet Holidays Limited

Report of the Directors for the year ended 30 September 2023

Strategic report

Section 172 statement

Under Section 172(1) of the Companies Act 2006 (‘Section 172’) the Directors must act in a way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the Company.

The Directors of the Company, both individually and collectively, consider that they have discharged their duties under Section 172 taking into account the factors listed above in decisions made during the year. Many of the decisions taken by the Directors during the year relate to supporting the strategic initiatives of easyJet plc and its subsidiaries (the “easyJet Group”).

Stakeholder Engagement

The Directors of the Company continually strive to maintain a high standard of business conduct, culture, values, ethics and reputation, and take their responsibilities seriously to ensure their obligations to stakeholders and shareholders are met. The Company’s primary stakeholders are deemed to be customers, suppliers, regulators and employees. As part of the easyJet Group, the Company is also able to engage with stakeholders at a Group level.

A summary is provided below, and further information on who the easyJet Group’s key stakeholders are, how we engage with them and related outcomes are set out on pages 95 to 99 of easyJet plc’s 2023 Annual Report and Accounts, which is incorporated by reference into this statement.

Customers

easyJet holidays is committed to earning the loyalty of its customers and fulfilling the easyJet Group's purpose of making low-cost travel easy. This commitment is shown through our dedication to offering brilliant holidays at unbeatable prices, with the ultimate goal of becoming the most loved holiday company in Europe. We place a high value on understanding and engaging with our customers, as it allows us to prioritise efforts aimed at creating a positive customer experience and fostering loyalty.

We maintain a continuous connection with customers through our 24/7 customer support and resolution team, ensuring that we address customer concerns. Additionally, we actively gather feedback on the holiday experiences of our customers through our continuous Customer Satisfaction Programme.

We have consistently met our commitments to customers, which has fostered trust and loyalty, helping to support our exceptional growth. This can clearly be seen through the ‘Ultimate Flexibility’ proposition, which has empowered customers to make bookings with confidence, regardless of prevailing market conditions. Expansion efforts have also included launching in Switzerland in August 2023 with Germany and France in December 2023.

easyJet holidays holds an ATOL licence issued by the CAA, providing financial protection to UK holidaymakers. For sales in the German, French and Switzerland markets, easyJet holidays has arranged insurance through International Passenger Protection (IPP) to meet its insolvency protection obligations under the Package Travel Directive (2015/2302). easyJet holidays is also a member of The Travel Association (known as ABTA) and adheres to their code of conduct.

Suppliers

easyJet holiday’s suppliers have an important role in delivering our ambition, and we strive to ensure that they have aligned views on corporate responsibility and compliance. Our partners are carefully selected, and significant emphasis is placed on managing and nurturing these relationships, with the aim of encouraging incremental innovation and performance.

We work closely with our hoteliers, destination management companies and easyJet airline to mitigate the challenges across the industry and improve resilience and performance. Our standard supplier terms are to pay supplier invoices within 60 days of easyJet holidays having received the invoice, assuming that the goods or services have been delivered in accordance with the purchase order or as contracted. However, payment terms may be negotiated depending on the commercial situation on a case by case basis. easyJet holidays has reduced standard payment terms of 30 days to suppliers who have a Group turnover of less than £1m to support cash flow for small companies.

Regulators

Regulators and governments take decisions which directly impact our operations. easyJet Group engages with them to understand their strategic drivers and the impact of any regulatory changes on the Company and customers and to ensure that policymakers understand our business and the social and economic benefits it delivers.

As a package holiday provider, the Company has an Air Travel Organiser's Licence (ATOL) to be able to provide ATOL protected holidays for customers. The Board continued to engage with the Civil Aviation Authority (CAA) during the year in the lead up to the renewal of the Company's ATOL licence in September. The CAA began consulting on changes to the ATOL scheme as part of its planned ATOL reform. easyJet holidays responded to its Request for Information in March 2023 and awaits the next stage in the review process.

In September 2023 the Government launched its Call for Evidence on the review on Package Travel Regulations with the aim of gaining insights into how the existing 2018 Regulations are working and seeing if there are options to simplify and rationalise some areas. In November 2023, the European Commission also announced its intentions to update the Package Travel Directive that will be relevant for easyJet holidays sales from its other source markets in Europe. The board has responded to the UK Call for Evidence and is currently evaluating the changes proposed to the Directive.

Employees

Our people are a critical part of easyJet holidays business and a key part of our success. We have grown our team to over 270 people and are creating an inclusive culture where our people feel that they truly belong and can perform at their best.

Our engagement survey, Your Voice Matters, runs quarterly and the latest results show an overall engagement score of 9.0 (out of 10) and an employee Net Promoter Score of 82. Our survey results have consistently shown a number of key engagement drivers score significantly above external benchmarks such as Freedom of Opinions, Autonomy, Recognition, Reward, Strategy, Organisational Fit and Management Support. We ensure all feedback and comments provided from employees are taken into consideration by our management board and we use this feedback to ensure we continue to make our workplace the best it can be.

easyJet holidays has also been recognised as one of the Sunday Times Best Places to Work (2023) and the Best Workplace in Travel for medium sized organisations.

We have a People Action Group, a cross functional team, dedicated to developing and implementing initiatives around wellbeing, development and recognition. We also provide a confidential and free of charge Employee Assistance Programme which is available to employees 24/7.

In addition to our core benefits of a competitive salary, performance related bonus and share schemes, we also provide all employees with a discount on our easyJet holidays package to enable them to enjoy the brilliant holiday experiences we offer.

Shareholders

The Company's shareholder is easyJet holidays Holdings Limited. The parent undertaking of the shareholder is easyJet plc. The Company ensures there is ongoing communication and engagement with the plc Board and that they are actively engaged in the decision-making process through two of the Company's Directors, Garry Wilson (Chief Executive Officer - easyJet Holidays) and Rebecca Mills (Legal Director – easyJet Holidays), who are also members of the Group's Airline Management Board (AMB). The remaining Directors attend the easyJet plc Board meetings by invitation.

Sustainability

In 2021 easyJet holidays launched its inaugural sustainability strategy focusing on three key pillars: create better holiday choices – which is about making sustainable travel affordable and accessible to everyone; keep our holidays special – which is about maximising the benefits and minimising the negative impacts of travel and tourism; and transform travel for everyone – which means embedding sustainability into business decisions and behaviours and driving meaningful change in the industry. Through our collaboration with the Travel Foundation, the University of Oxford, and as a member of the Global Sustainable Tourism Council (GSTC) where our Director of Customer and Operations sits on the board, easyJet holidays is focused on building its research, partnerships and hotel certifications, and taking action to make a positive impact on the people and places that make its destinations so special.

easyJet holidays has joined forces with the United Nations' World Tourism Organisation (UNWTO) and the University of Oxford to help develop the first ESG framework for tourism businesses. Based on UNWTO's UN Statistical Framework on Measuring Sustainable Tourism, the framework for tourism business project brings together businesses to co-design a tool to measure how tourism businesses impact, and depend on, people, planet, and prosperity. To support the creation of this tool, the UNWTO and the University of Oxford have carried out a comprehensive mapping of current work and interviewed pioneering businesses in the accommodation sector, along with further research and development. Through the easyJet holidays Sustainable Tourism Programme, easyJet holidays continued work throughout 2023 to equip Oxford graduate students with the transferable skills needed to identify and deliver solutions to help develop sustainable travel.

easyJet holidays has partnered with the GSTC to accelerate sustainability transformation in the industry by sponsoring training in sustainable tourism for its hotel partners in some of our key markets, Spain, Greece and Turkey. This training programme reflects easyJet holidays' commitment to supporting hotel partners to achieve GSTC-recognised certification within the next five years. Certified hotels become part of our 'eco-certified' collection, making it easier for customers to make sustainable choices. The GSTC Sustainable Tourism course aims to support hotels on their journey to meet their sustainability targets offering an excellent opportunity to gain in-depth knowledge about the GSTC Criteria and sustainable tourism practices. After completing the training, participants can take an optional official exam to receive the GSTC Professional Certificate in Sustainable Tourism, also sponsored by easyJet holidays.

Principal risks and uncertainties

As a member of the easyJet Group, a number of principal risks and uncertainties are consistent with those disclosed on pages 59 to 66 of the easyJet plc Annual Report and Accounts for the year ended 30 September 2023 where the mitigations and responses are outlined. Set out below are those risks and uncertainties that are considered to be different and/or specific to the operations of easyJet holidays Limited.

Consumer demand

Retaining consumer trust and confidence is critical to establishing a long-term profitable future. The Company continues to support its industry leading customer focused policies, including the timeliness of refunds where necessary and credit on account options. These provide greater flexibility and value to the customer, building confidence, trust, and retention.

The management team reviews the performance of the business at a weekly trading meeting, attended by senior managers; including members of the Holidays Management Board (HMB) and ensuring timely and appropriate actions are taken.

Disruption in destinations

As a provider of travel services, the Company is naturally exposed to the risk of disruption in the destinations on offer. These disruptions may be caused by outbreaks of disease, political volatility, supply issues, strike action, natural disasters and terrorist activity, leading to travel restrictions, route delays and cancellations, periods of uncertainty, reduced consumer confidence and the need to repatriate customers.

As far as possible, the Company seeks to mitigate these risks by offering a diverse portfolio of destinations by geography, season and nature of holiday; working closely with suppliers to ensure the best standards of safety are afforded to our customers throughout their holiday; and leveraging these to offer customer friendly terms and conditions that give customers the flexibility and security to book with confidence. The company is a member of ABTA, and also maintains close working relationships with governments in the UK and in many of the destination countries in which it operates giving earlier awareness of potentially disruptive policy changes and enabling more proactive planning to support affected customers.

In support of and in anticipation of potential disruption the Company has and continues to develop Business Resilience and Continuity Plans, working closely with partners to minimise any impact on customers and that their travel arrangements are provided in accordance with regulations.

easyJet holiday's 'Ultimate Flexibility' proposition empowers customers to make bookings with confidence, regardless of prevailing market conditions.

Competition in the Package Travel industry

The Company operates in a market that is highly competitive with competitors seeking to exploit the ease with which the internet enables basic travel packages to be created and sold. This creates an environment of downward pressures on price, margin and volume.

New entrants to the market have to meet the financial and operational requirements to obtain an ATOL license which mitigates the risk of low barriers of entry.

The Company operates a low risk business model, partnering with easyJet Airline Company Limited and easyJet holidays Transport Limited to provide maximum flexibility in seat availability and holding no bed inventory to minimise downside risk. It further seeks to mitigate competitive pressures and stand out from its competitors through a combination of careful cost control to deliver competitive pricing, strong relationships with suppliers that enable customer focused terms and conditions, and technology led development aimed at delivering a more tailorable service.

Supplier interruption

The Company purchases services from transport and accommodation providers and sells them as packages to consumers. The Company is therefore reliant on these counterparties for the fulfilment of these services and is exposed to the risk of their failure.

The Company has engaged with a variety of individual accommodation providers as well as a bed bank (specialised B2B platform) with the purpose of diluting the risk of any individual failures and being able to offer alternative options in those events. Continued expansion of the Company will further dilute this risk and enable greater flexibility, both locally and internationally.

For the provision of air travel the Company partners solely with easyJet. Due to the strength of easyJet's network and scale, the Directors deem this risk to be sufficiently limited and do not see it necessary to seek other air travel partners at this time.

Strategic report

Safety and security

The Company is responsible for providing holidays in line with safety standards. In the event of an accident or incident, the Company may be exposed to losses, such as financial loss and loss of trust and confidence.

The Directors understand the importance of these responsibilities and the Company seeks to manage and mitigate these risks through a Customer Safety Governance Group (a subset of the Holidays Management Board). This Group has oversight of the Customer Safety & Wellbeing Department and safety management system, which includes a proactive safety risk assessment based approval, review and renewal programme and a requirement on partners to maintain sufficient continuous insurance. The Company has undertaken a risk attitude programme, the output of which is to drive continuous improvement in the areas of risk and safety culture, safety processes and standards, resilience and preparedness. In the event of an incident the Company has established an Incident & Crisis Management Framework that allocates suitable resources to the understanding, recovery and resolution of the event and the circumstances in which it occurred, including the option of deploying a trained Special Assistance Team. Performance of approvals and incidents are reported upon periodically to inform continuous improvement in mitigating risks. The Company has procured appropriate insurance policies to mitigate these risks.

Legal and regulatory compliance

The Package Travel Directive protects consumers by making the tour operator accountable and liable for failures of its suppliers in the performance of its contract with consumers. The Company believes these risks are suitably mitigated through a diverse range of accommodation and travel choices (allowing alternative options to be offered to the customer if a change to the holiday contract happens), strong supplier relationships through which redress would be sought where appropriate and holding suitable liability insurance. The Company has also complied with its legal obligation to refund customers within 14 days of package holidays being cancelled. At present, the Company and the Directors are not aware of any material ongoing or pending claims.

Technology

The Company is reliant on its core technology platforms to facilitate its online presence while the competitive nature of the market amplifies the importance of rapid and continued enhancement to the services on offer.

Disruption to these platforms and systems could have a severe adverse impact on the operations of the Company. To mitigate this risk, the Company partners with technology experts, seeks to use established products and adopts an agile, iterative approach to developing software which places emphasis on quality and resilience in these deployed solutions.

In addition, regular disaster recovery tests are performed where the complete failure of the primary platform is simulated, and services are switched over to the back-up platform. This is a key component of the business continuity programme of activity which includes regular security testing (penetration testing) and load/performance testing carried out against the live platform to further mitigate the risk of failure. The Company also ensures that security and performance testing is *ba*ked into the software development lifecycle through automation, ensuring that there is a multi-faceted approach to security and resilience.

Cyber Threats

The aviation and travel sectors are facing increasingly sophisticated and persistent cyber threats. This means that despite the controls and mitigations outlined below to prevent/manage risks, easyJet holidays retains a degree of vulnerability regarding the availability, integrity and confidentiality of its information and data.

Data breach

A data breach (whether through a cyber-attack, third party incident, user error or misconfigured systems) could result in accidental and/or unlawful destruction/loss/alteration to data and/or unauthorised disclosure of and/or access to data (in each case including personal data) which is transmitted, stored or otherwise processed by easyJet holidays.

Through easyJet Group we are supported by a Dedicated Digital Safety team who provide a level of assurance over third parties, proactively monitor threats, and respond to incidents. The easyJet Group also have a Digital Safety Programme to ensure compliance, data control and protection. Digital safety is also discussed monthly at the Airline Management Board (AMB) meeting which is attended by Garry Wilson in his capacity as a member of the AMB. Other mitigation measures include security logging and monitoring, vulnerability scanning and penetration testing.

Financial risks:

As a member of the easyJet Group, a number of principal financial risks are consistent with those disclosed in note 26 of the easyJet plc Annual Report and Accounts for the year ending 30 September 2023. Set out below are those financial risks that are considered to be different and/or specific to the operations of easyJet holidays Limited.

easyJet Holidays Limited

Report of the Directors for the year ended 30 September 2023

Strategic report

Liquidity

The treasury function is managed centrally by the Group treasury team and supports the business activities and financial risks faced by the Company. This includes setting and monitoring treasury policies, centralising the Group’s cash management, reporting and monitoring daily cash balances, and investing any surplus cash held by the Company in money market deposits on its behalf.

The cash flows for the Company reflect the seasonal profile demand with a significant weighting to the summer months. The Company ensures that the customer and supplier payment terms are set to achieve a favourable working capital balance.

Changes in regulatory requirements such as the on-going ATOL consultation could alter the seasonal profile of working capital. easyJet holidays responded to its Request for Information in March 2023 and awaits the next stage in the review process.

For the year ending 30 September 2023 easyJet holidays had access to funds of £425m made up of £28m of cash and £397m of surplus cash loaned to the Group treasury function for investment.

Credit risk

The Company seeks to limit any exposure to credit risk by ensuring that customer payments are due prior to any supplier requirements. To minimise exposure in sales through travel agent partners, the Company’s preferred arrangement is to require customer funds to be held in trust accounts. Where this is not available, other mitigations, including credit insurance, are used.

Exchange rate volatility

The nature of the business exposes it to significant expenditures denominated in foreign currencies, primarily euros, whilst the majority of revenue is in sterling. This imbalance in currency inflows and outflows can create risk in adverse currency movements. easyJet Group’s treasury function undertakes cashflow hedging on behalf of the Company using currency denominated forward contracts to manage this risk.

Results and dividends

The Company’s profit after tax for the year was £121 million (2022: £38 million profit), which has been transferred to reserves. Net assets at 30 September 2023 were £152 million (2022: £33 million net assets). The Company did not propose or pay a dividend in the year (2022: £Nil).

On behalf of the board

Garry Wilson

Director

14 February 2024

Hangar 89, London Luton Airport

Luton, Bedfordshire, LU2 9PF

Registered Number 11927917

easyJet Holidays Limited

Reports of the Directors for the year ended 30 September 2023

Directors’ report

The Directors present the Strategic report from page 2 to 7, the Directors’ report from page 8 to 9, the Statement of Directors’ responsibilities on page 10 and the audited financial statements (also referred to as ‘accounts’) for the year ended 30 September 2023. Further details of the Company can be found in note 1 to the accounts.

Results and dividends

The Company’s profit after tax for the year was £121 million (2022: £38 million profit), which has been transferred to reserves. Net assets at 30 September 2023 were £152 million (2022: £33 million net assets). The Company did not propose or pay a dividend in the year (2022: £Nil).

Future developments

Details of future developments in the business of the Company can be found in the Strategic report from page 1 to 6.

Directors

The Directors who held office during the year and up to the date of the signing of the financial statements:

Garry Wilson

Michelle Heywood

Rebecca Mills

Matthew Callaghan

Employees

The Company is an equal opportunities employer. It ensures that employees and applicants do not receive less favourable treatment on the basis of their age, colour, creed, disability, full or part time status, gender, marital status, nationality or ethnic origin, race or sexual orientation.

The Company treats applicants with disabilities equally and supports current employees who become disabled. This includes offering flexibility and making reasonable adjustments to the workplace to ensure they can achieve their full potential.

It is understood that good communication within the business is vital. The Company ensures that key issues and matters are discussed with employees and employee representatives so that it can react quickly and ensure that everyone remains engaged. There is also confidential Speak Up Speak Up channel available for employees who feel they cannot raise concerns to their line manager or HR directly.

The Company encourages the involvement of employees in its performance through the use of employee share schemes, settled in the shares of the Company’s ultimate parent undertaking, easyJet plc.

Further details are contained in the published Annual Report and Accounts of easyJet plc for the year ended 30 September 2023.

Political donations and expenditure

There were no political donations made or political expenditure incurred during the year (2022: £Nil).

Principal subsidiaries

Information in respect of the Company's subsidiary is given in note 9 to the accounts.

Directors’ indemnities

Directors’ and Officers’ insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on behalf of the Company. The deed executed by easyJet plc in November 2007 indemnifies each of the Directors of the Company and/or its subsidiaries as a supplement to the Directors’ and Officers’ insurance cover. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the year to 30 September 2023 and remain in force for all Directors of the Company.

Financial risk management

The easyJet plc Board is responsible for setting financial risk and capital management policies and objectives across the whole easyJet Group, which are implemented by the Group treasury function on a day-to-day basis. The policy outlines the approach to risk management and also states the instruments and time periods which the treasury function is authorised to use in managing financial risks. The policy is regularly reviewed to ensure best practice.

The Company is exposed to similar financial risks as the easyJet Group and follows easyJet Group financial risk and capital management objectives and policies, which are disclosed in note 26 to the easyJet plc Annual Report and Accounts for the year ended 30 September 2023. The Company is also exposed to financial risks disclosed in the Strategic Report on page 5.

easyJet Holidays Limited

Reports of the Directors for the year ended 30 September 2023

Directors' report

Going concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis for preparing these financial statements, the Directors have considered the Company's business activities, together with factors likely to affect its future development and performance, as well as the Company's principal risks and uncertainties through to September 2025.

As at 31 December, easyJet holidays Limited had access to liquidity of £349m through either cash and cash equivalents or surplus cash that had been lent to the easyJet Group for investment on holidays' behalf. easyJet holidays does not have any borrowings as it was setup initially through equity investment by shareholders.

The Directors have reviewed easyJet holidays' financial forecasts and funding requirements and have modelled a base case representing management's best estimations of how the business plans to perform over the period to September 2025 as well as giving consideration to the potential impact of severe but plausible downside scenarios.

In modelling the impact of severe but plausible downside scenarios on easyJet holidays' future performance, the Directors have considered demand suppression and the closure of destinations causing a reduction in forecast passengers of c.25%. These impacts have been modelled across the whole going concern period. This downside scenario resulted in a significant reduction in revenue but still maintained sufficient headroom to cover the business' commitments across the going concern period.

After reviewing easyJet holidays' current liquidity position, the base case and severe but plausible downside financial forecasts incorporating the uncertainties described above, the Directors have a reasonable expectation that the Company has sufficient resources to continue in operation for the foreseeable future. For these reasons the Directors continue to adopt the going concern basis of accounting in preparing the Company's financial statements.

Statement of disclosure of information to auditors

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the persons who are Directors of the Company at the date of approval of this report confirms that:

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

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office.

On behalf of the Board

Garry Wilson

Director

14 February 2024

Hangar 89, London Luton Airport

Luton, Bedfordshire, LU2 9PF

Registered Number 11927917

easyJet Holidays Limited

Reports of the Directors for the year ended 30 September 2023

Statement of Directors' responsibilities in respect of the financial statement

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

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

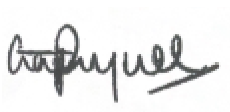
Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Garry Wilson

Director

14 February 2024

Independent auditors' report to the members of easyJet holidays Limited

Report on the audit of the financial statements

Opinion

In our opinion, easyJet holidays Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts, which comprise: the Statement of financial position as at 30 September 2023; the Income statement, Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the members of easyJet holidays Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 September 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Independent auditors' report to the members of easyJet holidays Limited (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Company's Air Travel Organiser's Licence or ABTA membership being revoked or breach of other regulations imposed by UK or European travel authorities, non-compliance with the Tour Operators Margin Scheme, adherence to data protection requirements in the jurisdictions in which the Company operates and holds data and non-compliance with employment regulations in the UK, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting fraudulent journal entries, designed to manipulate the financial performance of the Company. Audit procedures performed by the engagement team included:

- Discussions with management, internal audit and the Company's legal team in respect of potential non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Identifying and testing journal entries with unusual account combinations; and
- Reviewing the financial statement disclosures and testing them to supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Ruaridh Macphee (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford 14 February 2024

easyJet Holidays Limited

Income statement

Continuing operations

	Note	Year ended 30 September 2023 £m	Year ended 30 September 2022 £m
Total Revenue	2	**1,046**	495
Cost of sales		**(912)**	(434)
Gross Profit		**134**	61
Administrative Costs		**(24)**	(23)
Operating profit		**110**	38
Interest receivable and other financing income		**12**	**1**
Interest payable and other financing charges		**-**	**(1)**
Net finance income	3	**12**	-
Profit before tax	4	**122**	38
Tax charge	6	**(1)**	-
Profit for the financial year		**121**	38

easyJet Holidays Limited

Statement of comprehensive income

For the year ended 30 September 2023

	Note	Year ended 30 September 2023 £m	Year ended 30 September 2022 £m
Profit for the financial year		**121**	38
Other comprehensive (expense)/income			
Items that may be reclassified to the income statement:			
Cash flow hedges			
Fair value (loss)/gain in the year		**(6)**	3
Losses/(gains) transferred to income statement		**4**	(1)
Related tax charge	6	**(1)**	(1)
Total other comprehensive (loss)/income		**(3)**	1
Total comprehensive income for the year		**118**	39

Losses/(gains) on cash flow hedges reclassified from other comprehensive income into the following income statement captions:

	2023 £m	2022 £m
Cost of sales	**5**	(1)
Foreign exchange gain/(loss)	**(1)**	-
	4	(1)

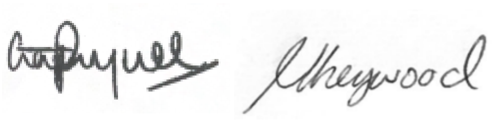
easyJet Holidays Limited

Statement of financial position

As at 30 September 2023

	Note	2023 £m	2022 £m
Non-current assets			
Intangible assets	8	**16**	7
Investments in subsidiaries	9	**-**	-
Deferred tax assets	6	**8**	9
		24	16
Current assets			
Trade and other receivables	10	**188**	109
Amounts owed by group undertakings	10	**397**	153
Derivative financial instruments with group undertakings	16	**-**	2
Cash and cash equivalents	11	**28**	38
		613	302
Current liabilities			
Trade and other payables	12	**(128)**	(87)
Unearned revenue	12	**(206)**	(109)
Derivative financial instruments with group undertakings	16	**(3)**	-
Amounts due to fellow group companies		**(142)**	(88)
Provisions for liabilities and charges	13	**(3)**	-
		(482)	(284)
Net current assets		**131**	18
Non-current liabilities			
Unearned revenue	12	**(3)**	(1)
		(3)	(1)
Net assets		**152**	33
Shareholders' equity			
Share capital	14	**-**	-
Capital Contribution		**20**	20
Hedging reserve		**(2)**	1
Retained earnings		**134**	12
Total equity		**152**	33

The accounts on pages 14 to 30 were approved by the Board of Directors and authorised for issue on 14th February 2024 and signed on behalf of the Board.



Garry Wilson
Director

Michelle Heywood
Director

easyJet Holidays Limited

Statement of changes in equity

For the year ended 30 September 2023

	Share capital £m	**Capital contribution £m**	**Hedging reserve £m**	**Retained earnings £m**	**Total equity £m**
At 1 October 2022	**-**	**20**	**1**	**12**	**33**
Profit for the financial year	**-**	**-**	**-**	**121**	**121**
Total other comprehensive loss	**-**	**-**	**(3)**	**-**	**(3)**
Total comprehensive income	**-**	**-**	**(3)**	**121**	**118**
Share incentive schemes					
Value of employee services	**-**	**-**	**-**	**1**	**1**
At 30 September 2023	**-**	**20**	**(2)**	**134**	**152**

	Share capital £m	Capital contribution £m	Hedging reserve £m	Retained earnings/ (Accumulated losses) £m	Total equity £m
At 1 October 2021	-	20	-	(27)	(7)
Profit for the financial year	-	-	-	38	38
Total other comprehensive income	-	-	1	-	1
Total comprehensive income	**-**	**-**	**1**	**38**	**39**
Share incentive schemes					
Value of employee services	-	-	-	1	1
At 30 September 2022	-	20	1	12	33

easyJet Holidays Limited

Notes to the accounts

1 Accounting policies, judgements and estimates

Statement of compliance

easyJet holidays Limited (the "Company"), a private company limited by shares, is a tour operator incorporated and domiciled in England, United Kingdom. The address of its registered office is Hangar 89, London Luton Airport, Luton, Bedfordshire LU2 9PF, England. The Company is a wholly owned subsidiary of easyJet holidays Holdings Limited.

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the applicable legal requirements of the Companies Act 2006.

The Company is included within the audited consolidated accounts of easyJet plc, a company incorporated in England and Wales, which have been prepared in accordance with UK adopted International Financial Reporting Standards and filed with the Registrar of Companies. The Company is therefore exempt from the obligation to prepare consolidated accounts in accordance with section 400 of the Companies Act 2006 and has not elected to do so.

Basis of preparation

The financial statements have been prepared based on the historical cost convention except for certain financial assets and liabilities, including derivative financial instruments which are measured at fair value.

The accounts of the Company are presented in Sterling, rounded to the nearest million (£m) unless otherwise stated, which is the Company's functional currency. This is a change from the prior year accounts which were presented to the nearest thousand. The Company's functional currency has been determined by reference to the primary economic environment in which it operates.

The Company's business activities, together with factors likely to affect its future development and performance, are described on pages 1 to 8.

The financial statements have been prepared on a going concern basis. In adopting the going concern basis for preparing these financial statements, the Directors have considered the Company's business activities, together with factors likely to affect its future development and performance, as well as the Company's principal risks and uncertainties through to September 2025.

As at 31 December, easyJet holidays Limited had access to liquidity of £349m through either cash and cash equivalents or surplus cash that had been lent to the easyJet Group for investment on holidays' behalf. easyJet holidays does not have any borrowings as it was setup initially through equity investment by shareholders.

The Directors have reviewed easyJet holidays' financial forecasts and funding requirements and have modelled a base case representing management's best estimations of how the business plans to perform over the period to September 2025 as well as giving consideration to the potential impact of severe but plausible downside scenarios.

In modelling the impact of severe but plausible downside scenarios on easyJet holidays' future performance, the Directors have considered demand suppression and the closure of destinations causing a reduction in forecast passengers of c.25%. These impacts have been modelled across the whole going concern period. This downside scenario resulted in a significant reduction in revenue but still maintained sufficient headroom to cover the business' commitments across the going concern period.

After reviewing easyJet holidays' current liquidity position, the base case and severe but plausible downside financial forecasts incorporating the uncertainties described above, the Directors have a reasonable expectation that the Company has sufficient resources to continue in operation for the foreseeable future. For these reasons the Directors continue to adopt the going concern basis of accounting in preparing the Company's financial statements.

The use of critical accounting estimates and management judgement is required in applying the accounting policies. Areas involving a higher degree of judgement or complexity, or where assumptions or estimates are significant to the accounts are highlighted in note 1b.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A-D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134-136 (capital management disclosures).
- The requirement in paragraph 38 of IAS 1 to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

- Paragraphs 91 to 99 of IFRS 13, Fair value measurement (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- IFRS 7, Financial instruments: Disclosures.
- IFRS 2, ‘Share based payments’ paragraphs 45(b), and 46-52.
- The following parts of IFRS 15, ‘Revenue from contracts with customers’ relating to the disclosure of contract liabilities:
  - the disclosure requirements set out in the second sentence of paragraph 110; and
  - paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129
- Paragraph 17 of IAS 24, Related party disclosures (key management compensation).
- The requirements in IAS 24, Related party disclosures, to disclose related party transactions entered into between two or more members of a group.

Climate change

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the climate change risks identified in the Sustainability section of the easyJet Group ARA, the Group’s stated target of net zero carbon emissions by 2050, and our commitment to reducing our carbon emissions intensity by 35% by 2035. These targets and risks have been considered in relation to the financial reporting judgements and estimates in the current year and these have not materially impacted the conclusions reached including:

- the estimates of future cash flows used in impairment assessments of the carrying value of non-current assets; and
- the estimates of future profitability used in our assessment of the recoverability of deferred tax assets in the UK

Known climate-related impacts are incorporated into the Group’s short term and medium term cashflows including the fleet planning, the purchase of next-generation aircraft, fuel-saving initiatives and costs associated with carbon, i.e., updated mandates for the phase out of ETS allowances by 2026 and the expected price and quantity required of SAF usage.

Climate change is not expected to have any significant impact on demand or further impact on the Group’s short term cash flows considered in the going concern and viability assessments. Additional identified climate based risks and the impact of these in the absence of actions taken by easyJet to manage the transition are considered in the stress testing for Group impairment and viability. In particular the impact of a reduction in demand due to investor/market sentiment and increased costs due to changes in technology, regulatory and legal requirements have been considered.

1a) Significant accounting policies

The significant accounting policies applied in the preparation of the financial statements are summarised below. Unless otherwise stated they have been applied consistently to both years presented. The explanations of these policies focus on areas where judgement is applied or which are particularly significant in the financial statements.

Revenue

Revenue comprises of package revenue earned as principal, and commissions earned as an agent.

The flights, accommodation and other services included in a package holiday are transformed into one product for customers within the meaning of IFRS 15 'Revenues from Contracts with Customers’. The Company provides a significant service integrating these services into one bundle, so the package holiday constitutes a single performance obligation.

Package holidays revenue (excluding flights which is recognised on departure) is measured as the price paid by the customer for the service booked. The performance obligation is satisfied over time and therefore the revenue is recognised evenly across the length of the holiday.

Revenue earned as an agent is recognised at the end of the holiday and presented as the net commission receivable (rather than the whole transaction value). Businesses are identified as being agents dependent on a number of criteria, principally the control exercised over the provision of service, inventory risk and customer credit risk.

Package holiday deposits are paid for at the point of booking. Package holiday balances due from customers are offset against the customer deferred revenue until paid in full, due 28 days before departure. Unearned revenue relates to package holidays sold where the payment has been received from the customer, but the performance obligation has not been met, and is recognised as a liability in the statement of financial position. Once the performance obligation is met, these amounts are recognised as revenue. Vouchers issued by the Company in lieu of refunds are held in the statement of financial position in other payables as a contract liability until they are redeemed against a new booking, at which point they are recognised as unearned revenue, or when the performance obligation is complete, at which point they will be recognised as revenue.

If the Company cancels a holiday, unless a customer immediately re-books on an alternative holiday, at the point of the cancellation the amount paid for the holiday is derecognised from unearned revenue and a contract liability is recognised within trade and other payables to refund the customer or provide a voucher if requested. The Company makes an estimate of the proportion of this liability which will never be claimed by customers and recognises this as income.

Some of the compensation payments made to customers (in respect of holiday disruption) are offset against revenues recognised up to the amount of the booking value, with the excess compensation being recorded within expenses.

Costs

Direct operating costs are recognised within cost of sales in the income statement over the duration of the holiday in line with the policy for revenue. Expenses relating to flights which have not taken place yet are recorded as prepayments in the statement of financial position. All other expenses are recognised as and when they are incurred.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation, which is calculated to write off their cost on a straight-line basis over their expected useful lives. Amortisation is recognised within administrative costs in the Income statement. Expected useful lives are reviewed annually.

Licence agreements to use cloud software are capitalised if the Company has both a contractual right to the software and the ability to run the software independently of the host vendor. If this is not deemed the case the costs are expensed and treated as a service agreement.

Customisation and configuration costs related to the implementation of Cloud based applications are expensed unless they create an asset that is separate and identifiable from the software.

	Expected useful life
Computer software	3 years

Impairment of non-financial assets

As part of the holidays cash generating unit (CGU) the associated assets are tested for impairment where there is an indication of impairment. A single value in use (‘’VIU’’) calculation is performed in order to assess the recoverability of the assets. When assessing for impairment, easyJet considers future changes including in relation to market, technological, economic and legal developments and climate change risks. An impairment loss is recognised to the extent that the carrying value exceeds the higher of the asset’s or cash generating unit’s fair value less cost to sell and its value in use.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Investment in subsidiaries

The Company measures investment in subsidiaries at cost less accumulated impairment. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of Impairment losses are recognised immediately in profit or loss.

Cash and cash equivalents

Cash in the statement of financial position comprise cash at banks and on hand.

Amounts owed by group undertakings

In order to manage counterparty risk and increase the interest return on funds, surplus cash is invested by the group treasury function on behalf of the Company. The investments are made in short term money market deposits with a maturity of less than three months and are disclosed separately on the face of the balance sheet. Funds are repayable on demand.

Financial instruments

Financial instruments are recognised when the Company becomes party to the contractual provisions of the instrument and derecognised when it ceases to be a party to such provisions.

Financial assets measured at amortised cost

Subsequent to initial recognition, this classification of financial asset is measured at amortised cost using the effective interest rate method. Financial assets are measured at amortised cost when both of the following criteria are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

Financial assets measured at amortised cost include trade and other receivables, amounts owed by group undertakings and cash and bank balances.

Impairment of financial assets measured at amortised cost

At each reporting date easyJet recognises a loss allowance for expected credit losses on financial assets measured at amortised cost.

In establishing the appropriate amount of loss allowance to be recognised, easyJet applies either the general approach or the simplified approach, depending on the nature of the underlying group of financial assets.

Notes to the accounts

General approach – impairment assessment

The general approach is applied to the impairment assessment of cash and cash equivalents.

Under the general approach the Company recognises a loss allowance for a financial asset at an amount equal to the 12-month expected credit losses, unless the credit risk on the financial asset has increased significantly since initial recognition, in which case a loss allowance is recognised at an amount equal to the lifetime expected credit losses.

Simplified approach – impairment assessment

The simplified approach is applied to the impairment assessment of trade and other receivables.

Under the simplified approach the Company always recognises a loss allowance for a financial asset at an amount equal to the lifetime expected credit losses using a historic loss probability method.

Financial liabilities measured at amortised cost

Financial liabilities, including trade and other creditors and amounts due to group undertakings are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derivative financial instruments with group undertakings

Derivative financial instruments are used to hedge foreign currency risk. Foreign exchange forward contracts are held by fellow group entities on behalf of the Company. The Company enters into foreign forward contracts with the group entity with terms that mirror exactly those that have been entered into with external financial institutions. All these contracts are designated as cash flow hedges.

Cash flow hedges

Gains and losses arising from changes in the fair value of foreign exchange forward designated as a cash flow hedge are recognised in other comprehensive income and deferred in the hedging reserve to the extent that the hedges are determined to be effective.

All foreign exchange contracts in a cash flow hedge relationship are designated on a forward basis with the full fair value as the hedge instrument.

Fair value changes in foreign currency derivative instruments attributable to currency basis are not designated as part of the hedged instrument. Such fair value changes are recognised through other comprehensive income as a Cost of Hedging, and are recycled to profit or loss on a rational basis, according to the nature of the underlying hedged item. All other changes in fair value are recognised immediately in the income statement.

In the event that a hedged forecast transaction is no longer expected to occur, any related gains and losses are immediately transferred from the hedging reserve and recognised in the income statement. Derivative instruments that have been derecognised from hedge relationships are classified as fair value through profit or loss thereafter with subsequent fair valuation movements impacting profit and loss.

Hedge accounting is discontinued when a hedging instrument is derecognised (e.g. through expiry, disposal or termination of a derivative), or no longer qualifies for hedge accounting. Where the hedged item continues to be expected to occur, the related gains and losses remain deferred in the hedging reserve until the transaction takes place.

Hedge relationship

The Company determines that the criteria for each hedge accounting relationship are met due to:

- All relationships demonstrate a strong economic correlation;
- The effects of credit do not dominate the change in value of the associated hedged risk; and
- All Company hedge relationships have a hedge ratio of one to one, aligning to the Company's risk management strategy.

Share capital and dividend distribution

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Final dividend distributions to the Company's shareholders are recognised as a liability in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Capital contributions received

Where a capital contribution is received which is not made by way of subscription for share capital and no rights are retained, it is recognised in a separate reserve within equity.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments relating to highly probable transactions that are forecast to occur after the year end.

Share-based payments

The Company participates in a number of equity-settled easyJet Group share incentive schemes. The fair value of grants under the Long Term Incentive Plan is measured at the date of grant using the Black-Scholes model for awards based on Return on Capital Employed (ROCE) performance targets, and the Stochastic model (also known as the Monte Carlo model) for awards based on Total Shareholder Return (TSR) performance targets. The fair value of all other awards is the share price at the date of grant.

The fair value of the estimated number of options and awards that are expected to vest is expensed to the income statement on a straight-line basis over the period that employees' services are rendered, with a corresponding increase in shareholders' equity. Where non-market performance criteria (such as ROCE) attached to the share options and awards are not met, any cumulative expense previously recognised is reversed. For awards with market-related performance criteria (such as TSR), an expense is recognised irrespective of whether the market condition is satisfied.

The social security obligations payable in connection with grant of the share options are an integral part of the grant itself and the charge is treated as a cash-settled transaction. A deferred tax balance is recognised based on the intrinsic value of the outstanding options.

Tax

Tax expense in the income statement consists of current and deferred tax. Tax is recognised in the income statement except when it relates to items credited or charged directly to other comprehensive income or shareholders' equity, in which case it is recognised in other comprehensive income or shareholders' equity. The charge or credit for current tax is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to the taxable income.

Deferred tax assets represent amounts considered recoverable in future periods in respect of deductible temporary differences, losses and tax credits carried forward. Deferred tax assets are recognised to the extent that these are estimated to be fully recoverable against the unwind of taxable temporary differences and future taxable income.

Deferred tax is calculated at the tax rates that are expected to apply in the periods in which recovery of assets and settlement of liabilities are expected to take place, based on tax rates or laws enacted or substantively enacted at the date of the statement of financial position.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and it is the intention to settle these on a net basis.

Provisions

Provisions are recognised when a present legal or constructive obligation arises as a result of a past event, it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Amounts provided for represent the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account all related risks and uncertainties. Onerous contracts are recognised at the first indication that a loss is anticipated, and the provision based on the expected economic outflow arising from the contracts.

Employee benefits

The Company contributes to defined contribution pension schemes for the benefit of employees. The Company has no further payment obligations once the contributions have been paid. The assets of the schemes are held separately from those of the

Company in independently administered funds. The Company's contributions are charged to the income statement in the year in which they are incurred.

The expected cost of compensated annual leave and other employee benefits is recognised at the time that the related employees' services are provided.

Foreign currencies

Transactions arising in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling using the rate of exchange ruling at the end of a reporting period and (except where the asset or liability is designated as a cash flow hedge) the gains or losses on translation are included in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated into Sterling at foreign exchange rates ruling at the dates the transactions were effected.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received. Grants that compensate the Company for expenses incurred are recognised in the income statement in the relevant financial statement line on a systematic basis in the periods in which the expenses are recognised to present the net expense to the Company.

1b) Critical accounting judgements and estimates

The preparation of accounts in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of income and expenses during the reporting period. Although these amounts are based on management's best estimates, events or actions may mean that actual results ultimately differ from those estimates, and these differences may be material. The estimates and the underlying assumptions are reviewed regularly.

Notes to the accounts

1bi) Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised and presented in the accounts.

Credits issued to customers - £4 million (2022: £5 million)

Under the 'Protection Promise', the Company continues to offer customers the option to accept credit in lieu of cash refunds. The liability for credits issued to customers is classified as other payables until the credit is redeemed against a future booking when it is reclassified to unearned revenue. The liability has been recorded in full and released on expiry as there is not sufficient historical data available to reliably estimate the amount of vouchers that will not be used prior to expiry. Applying breakage at 10% would not result in material change.

1bii) Critical accounting estimates

The following critical accounting estimates involve a higher degree of judgement or complexity, or are areas where assumptions are significant to the accounts. The critical accounting estimates concerned are major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year.

Amortisation of intangible assets - £5 million (2022: £4 million) (note 8)

Estimation of the expected useful life and recoverable amount of intangible assets requires the Company to assess future cash flows projected to be generated by the assets, which in turn is dependent upon a variety of factors including prevailing economic conditions and consumer demand for the Company's products.

Recoverability of deferred tax assets - £8 million (2022: £9 million) (note 6)

The deferred tax asset balances include £8.0m (2022: £9.0m) arising on full recognition of the UK trading tax losses accumulated at the statement of financial position date. The Company has concluded that these deferred tax assets will be fully recoverable against the unwind of taxable temporary differences and future taxable income based on the long term strategic plans of the Company. The financial projections used in assessing future taxable income are consistent with that used for the assessment of the carrying value of easyJet Group's goodwill, and, they include the expected impact of future climate change to the extent this can be reliably forecast.

The tax losses for which a deferred tax asset has been recognised are expected to be utilised within the next eight years, based on probable forecast future taxable income of easyJet Group as a whole carried forward losses in easyJet holidays Limited can be offset against profits elsewhere in the easyJet Group. Probable forecast future taxable income includes an incremental and increasing risk weighting to represent higher levels of uncertainty in future periods.

The period over which the loss is utilised has been stress tested by assessing probable future taxable income for the next three years, based on the same risk weightings to those applied above, but assuming no profit growth from the end of a three year forecast period. The resultant reduction in forecast taxable profit calculated on this basis would extend the tax loss utilisation period by one year.

1c) New and revised standards and interpretations

A number of amended standards became applicable during the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. The amendments that became applicable for annual reporting periods commencing on or after 1 January 2022, and did not have a material impact were:

- Amendments to IFRS 3 – Business Combinations – Reference to the conceptual framework
- Amendments to IAS 16 – Property, plant and equipment – Proceeds before intended use
- Amendments to IAS 37 – Provisions, contingent liabilities and contingent assets – Onerous contracts: Cost of fulfilling a contract
- Annual improvements to IFRS 1, IFRS 9, IAS 41 and illustrative examples accompanying IFRS 16 Leases
- IFRS 9, IAS 39, IFRS 7, IFRS 4, IAS 16 Interest rate benchmark reform - Phase 2

There are no standards that are issued but not yet effective that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

easyJet Holidays Limited

Notes to the accounts

2 Revenue

	2023 £m	2022 £m
Revenue as principal	**1,040**	490
Revenue as agent	**6**	5
	1,046	495

During the year the Company had one primary geographical market, being the United Kingdom.

3 Net finance income

	2023 £m	2022 £m
Interest receivable and other financing income		
Net exchange gains on monetary assets and liabilities	**1**	-
Interest receivable from fellow group undertakings	**11**	1
	12	1
Interest payable and other financing charges		
Net exchange losses on monetary assets and liabilities	**-**	(1)
	-	(1)
Net finance income	**12**	-

4 Profit before tax

The following have been included in arriving at profit before tax:

	2023 £m	2022 £m
Amortisation of intangible assets	**(5)**	(4)
Net foreign exchange gains/(losses)	**1**	(1)
Share based payment charge	**(1)**	-

Auditors' remuneration

During the year the Company obtained the following services from the Company's auditors:

	2023 £m	2022 £m
Auditors' remuneration	**0.1**	0.1
	0.1	0.1

The audit fee for the holidays sub group is paid centrally and recharged to the Company. Including the Company audit fee noted above the total expenses borne by the Company for the audit of the holidays sub group totaled to £160,000 (2022: £113,000). During the year £24,860 (2022: £22,600) of non-statutory audit services had been provided to the Company.

easyJet Holidays Limited

Notes to the accounts

5 Employees

Average monthly number of persons employed	2023 Number	2022 Number
Sales, marketing and administration	**224**	142
	224	142

Employee costs	2023 £m	2022 £m
Wages and salaries	**13**	10
Social security costs	**2**	1
Other pension costs	**1**	1
Share-based payments	**1**	-
	17	12

Directors' emoluments	2023 £m	2022 £m
Remuneration	**3**	2
	3	2

The Company had four (2022: four) Directors in the year.

One Director receives a taxable payment in lieu of employer pension contributions. All other Directors accrue retirement benefits under the easyJet Group defined contribution pension scheme.

One Director exercised shares in the parent company during the year (2022: Nil) and four Directors received shares relating to the Long Term Incentive plans (2022: four)

The highest paid Director received remuneration totalling £1.8m (2022: £1.2m) and pension contributions of £26,000 (2022: £22,000). This included a performance related bonus.

easyJet Holidays Limited

Notes to the accounts

6 Tax charge

Tax on profit from ordinary activities:

	2023 £m	2022 £m
Current tax		
United Kingdom corporation tax	**27**	**7**
Group relief	**(26)**	**(7)**
Total current tax charge	**1**	**-**
Total tax charge	**1**	-

Reconciliation of the total tax charge

The tax charge for the year is lower than (2022: lower than) than the standard rate of corporation tax in the UK as set out below:

	2023 £m	2022 £m
Profit before tax	**122**	38
Tax charge at 22.0% (2022: 19.0%)	**27**	7
Group relief	**(26)**	(7)
Total tax charge	**1**	-

The Finance Act 2021 confirmed an increase of the UK corporation tax rate from 19% to 25% with effect from 1 April 2023 and as such, the blended statutory current tax rate for the year ended 30 September 2023 is 22%. Temporary differences have been measured using the enacted tax rates that are expected to apply when the liability is settled or the asset is realised, which is 25%. On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. This will therefore apply to easyJet holidays for the the year ended 30 September 2025 onwards.

Tax on items recognised directly in other comprehensive income or shareholders' equity:

	2023 £m	2022 £m
Charge to other comprehensive income		
Deferred tax on change in fair value of cash flow hedges	**1**	-

Deferred tax

The net deferred tax asset in the statement of financial position is as follows:

	Fair value (gains)/ losses £m	**Share-based payments £m**	**Trading loss £m**	**Total £m**
As at 1 October 2022	-	-	9	**9**
Credited to income statement	**-**	-	(1)	**(1)**
As at 30 September 2023	**-**	**-**	**8**	**8**

	Fair value gains £m	Share-based payments £m	Trading loss £m	Total £m
As at 1 October 2021	-	-	9	9
As at 30 September 2022	-	-	9	9

Based on current projections, it is estimated that deferred tax assets of approximately £1m will reverse during the next financial year. Deferred tax assets are expected to reverse against future trading profits.

7 Dividends

The Company did not propose or pay a dividend in the year (2022: £Nil).

8 Intangible assets

	Computer software £m	Total £m
Cost		
At 1 October 2022	17	17
Additions	14	14
At 30 September 2023	**31**	**31**
Accumulated amortisation		
At 1 October 2022	10	10
Charge for the year	5	5
At 30 September 2023	**15**	**15**
Net book value		
At 30 September 2023	**16**	**16**
At 30 September 2022	7	7

9 Investments in subsidiaries

	2023 £	2022 £
Investment in subsidiary	**2**	2

The Company's subsidiary is detailed below, including the address in the footnote.

	Country of incorporation	Principal activity	Percentage of ordinary shares held
easyJet holidays Transport Limited(1)	England	Air transport	100

(1) Hangar 89, London Luton Airport, Luton, Bedfordshire, LU2 9PF.

10 Trade and other receivables

	2023 £m	2022 £m
Trade receivables	**14**	8
Less provision for loss allowance	**(1)**	(1)
	13	7
Amounts owed by group undertakings	**397**	153
Prepayments	**163**	96
Accrued income	**3**	2
Other receivables	**9**	4
	585	262

Amounts due from trade receivables are short-term in nature and largely comprise receivables from trade partners. A material impact on default is considered unlikely due to mechanisms such as trust accounts and credit insurance which the Company has in place. In addition, credit card receivables are due from highly rated financial institutions and, accordingly, the possibility of material default is considered to be unlikely.

Notes to the accounts

Amounts owed by Group undertakings relates to surplus cash that is loaned to the Group treasury function for investment and has therefore been classified as a trade receivable. The agreement in place with the Group means that amounts are repayable on demand.

Prepayments principally relate to future seat capacity purchased from the Company's subsidiary. At 30 September 2023, £158 million (2022: £93 million) of the seat capacity purchased from fellow group companies related to flights which had not yet taken place, therefore no revenue or cost was recognised in the income statement in respect of these flights.

11 Cash and cash equivalents

	2023 £000's	2022 £000's
Cash and cash equivalents (original maturity less than three months)	**28**	38
	28	38

12 Trade and other payables

	2023 £m	2022 £m
Trade payables	**32**	20
Accruals	**86**	55
Deferred revenue	**5**	5
Other payables	**5**	7
	128	87

	2023		2022	
Contract liabilities balances	**Unearned £m**	**Other £m**	**Unearned £m**	**Other £m**
Balance at 1 October	**110**	**7**	51	14
Balance at 30 September	**209**	**5**	110	7

Other contract liabilities consist of amounts transferred from unearned revenue to other payables due to the cancellation of holidays. This liability includes customer vouchers outstanding and amounts where customers have not yet requested a refund, voucher or holiday amendment.

	2023		2022	
	Unearned £m	**Other £m**	**Unearned £m**	**Other £m**
Revenue recognised that was included in the contract liability balance at the beginning of the year	**100**	**3**	45	2

13 Provisions for liabilities and charges

	Other Provisions £m	Onerous Contracts £m	Total £m
At 1 October 2022	(1)	-	(1)
Charged to income statement	(2)	-	(2)
At 30 September 2023	**(3)**	**-**	**(3)**

Onerous contracts relate to incentives given to customers where the booking is expected to be loss making.

14 Share capital

	Number of shares 2023	2022
Authorised		
Two ordinary shares of £1 each	**2**	2
Allotted, called up and fully paid		
Two ordinary shares of £1 each	**2**	2
At 30 September	**2**	2

15 Share incentive schemes

The Company participates in the following Group share incentive schemes, all of which are settled in the equity of its ultimate parent, easyJet plc. Further details are given in pages 174 to 176 of easyJet plc's published Annual Report and Accounts for the year ended 30 September 2023.

The exercise price of all awards is £Nil. None of the awards were exercisable at 30 September 2023 (2022: None).

The weighted average remaining contractual life for each class of share award at 30 September is as follows:

	2023 Years	2022 Years
Long Term Incentive Plan	**7.3**	7.6
Restricted Stock Unit	**8.5**	8.4
Restricted Share Plan	**8.4**	9.3
Save As You Earn scheme	**2.5**	2.9

Long Term Incentive Plan

The plan was open, by invitation, to Executive Directors and senior management, and provides for annual awards of Performance Shares. The vesting of these shares is dependent on total shareholder return (TSR) targets compared to FTSE ranked companies at the start of the performance period. All awards have a three year vesting period. Awards made in December 2020 are assessed on performance conditions measured over the three financial years ended 30 September 2023.

Restricted Stock Unit

The plan was awarded to the Airline Management Board, senior managers and some middle management, and provided annual awards of Performance Shares worth up to 75% of salary each year. All awards have a two or three year vesting period, of which the vesting conditions are continued employment.

Restricted Share Plan

The plan is open, by invitation, to Executive Directors, the Airline Management Board and senior and some middle management, and provides for annual awards of Performance Shares worth from 20% to 125% of salary, depending on role. All awards have either a two or three year vesting period. For the Executive Directors a three year performance period plus two year post vesting holding period will apply. The awards are subject to the following underpins: that easyJet does not fall below its minimum liquidity target (such that a credit risk is triggered) through the vesting period and that there is satisfactory governance performance including no ESG issues that result in material reputational damage to the Company (as determined by the Board). The vesting of these shares is also dependent on continued employment and assessment against performance underpins, as outlined in the Directors Remuneration Report, measured over the vesting period.

Save As You Earn scheme

The scheme is open to all employees on the UK payroll. Participants may elect to save up to £500 per month under a three-year savings contract. An option is granted by the Company to buy shares at a discount of 20% from the market price on the day immediately preceding the date on which invitations are sent; however the 2022 scheme was granted at a discount of 10% from the market price, and the 2020 scheme did not have a discount. At the end of the savings period, the option becomes exercisable for a period of six months. Employees who are not paid through the UK payroll may participate in the scheme under similar terms and conditions, albeit without the same tax benefits.

16 Financial instruments

The company has the following financial instruments held at fair value:

	2023 £m	2022 £m
Derivative financial instruments measured at fair value through profit or loss		
- Cash flow hedges with group undertakings	**(3)**	2
	(3)	2

Fair value of derivative financial instruments

Accumulated gains and losses resulting from the transactions relating to derivatives designated as cashflow hedges are deferred in the hedging reserve. They will be recognised in the income statement in the periods that the hedged transactions impact the income statement. Where the gain or loss is included in the initial amount recognised following the purchase of an aircraft, recognition in the income statement is in the form of depreciation of the purchased asset.

Fair valuation movements on the derivatives designated as fair value through the profit and loss are recognised in the income statement and offset foreign exchange movements on the corresponding notional amount of the statement of financial position monetary liabilities held in EUR.

Fair value calculation methodology

Where available the fair values of derivatives and financial instruments have been determined by reference to observable market prices where the instruments are traded. Where market prices are not available, the fair value has been estimated by discounting expected future cash flows at prevailing interest rates and by applying year end exchange rates.

The financial instruments for which the fair value is disclosed in the table above and derivative financial instruments are classified as level 2.

The fair value measurement hierarchy levels have been defined as follows;

• Level 1, fair value of financial instruments based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2, fair value of financial instruments in an active market (for example, over the counter derivatives) which are determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates.

• Level 3, fair value of financial instruments that are not based on observable market data (i.e. unobservable inputs).

17 Guarantees and contingent liabilities

The Company is involved in a number of disputes and litigation which arose in the normal course of business. The likely outcome of these disputes and litigation cannot be predicted, and in complex cases reliable estimates of any potential obligation may not be possible.

Having reviewed the information currently available, management considers that the ultimate resolution of these claims, disputes and litigation is unlikely to have a material effect on the Company's results, cash flows or financial position.

easyJet plc has given a formal undertaking to the Civil Aviation Authority to guarantee the payment and discharge of all liabilities of easyJet holidays Limited. The guarantee is required for easyJet holidays Limited to maintain its licence under The Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012. easyJet plc has also issued guarantees in favour of easyJet holidays Limited relating to processing of credit card transactions and brand licence agreement with easyGroup Limited.

18 Related party transactions

The Company has taken advantage of the exemption granted by paragraph 8(k) of FRS 101 not to disclose transactions and balances with other easyJet plc entities that are wholly owned by a member of the Group.

Amounts included in the income statement for the year ended 30 September 2023 due under the Brand Licence and other agreement with easyGroup Limited and others, detailed within note 29 of the Annual Report and Accounts for easyJet plc, amounted to £1.9m (2022: £0.9m), relating to royalty payments. At 30 September 2023 this amount was included in trade and other payables.

19 Ultimate Parent Company

The Company's immediate parent company is easyJet holidays Holdings Limited, incorporated in England and Wales, registered number 11925196.

The Company's ultimate controlling company is easyJet plc, incorporated in England and Wales, registered number 03959649.

The largest and smallest Group in which the results of the Company are consolidated is headed by easyJet plc. The consolidated accounts of easyJet plc can be obtained from Hangar 89, London Luton Airport, Luton, Bedfordshire, LU2 9PF or www.corporate.easyjet.com.