

28 November 2023

easyJet plc

Results for the twelve months ending 30 September 2023

Record H2'23 financial performance with a positive outlook for FY24

- **Record H2 profit before tax despite challenging external operating environment**
 - FY23 headline profit before tax of £455 million (£633 million year on year improvement)
 - easyJet holidays profits grew 221%, delivering £122 million profit before tax
- **Positive outlook for FY24**
 - October RPS +12% (Q1 RPS expected to be ahead YoY despite being impacted by Middle East conflict)
 - Q2 to Q4 RPS all ahead YoY
 - H1 CPS ex fuel to be broadly flat YoY
 - easyJet holidays expected to grow >35% in FY24 with ASP up high single digits
- **Remain on track to deliver disciplined growth of c.9% in FY24**
 - H1'24 c. 42m seats, +11% YoY
 - H2'24 c. 59m seats, +8% YoY
- **Financial strength**
 - £41 million net cash with £4.7 billion liquidity
 - BBB/Baa3 credit ratings, both with positive outlook
- **Dividends reinstated**
 - 4.5p per share payable in early 2024
 - Expect pay out to increase to 20% of headline PAT on FY24's result
 - Potential to increase level of future returns to be assessed over the coming years

Commenting on the results, Johan Lundgren, easyJet's Chief Executive Officer, said:

"Our record summer performance demonstrates the success of our strategy and that demand for easyJet remains strong as customers choose us for our network and value.

"We see a positive outlook for this year with airline and holidays bookings both ahead year on year and recent consumer research highlights that around three quarters of Britons plan to spend more on their holidays versus last year with travel continuing to be the top priority for household discretionary spending.

"We are confident about the future and the opportunity ahead, focusing on capital discipline and driving our low cost model to achieve our ambitious medium term targets."

Overview

easyJet achieved a record performance during summer 2023, despite high fuel costs and the challenges arising from the external operational environment, thanks to initiatives implemented over the past year and a half. Supported by strong consumer demand and easyJet's leading brand position, the Company's success is driven by the low-risk expansion at primary airports, significant increases in ancillary revenue, market beating growth for easyJet holidays and a constant focus on cost. This led to a pre-tax headline profit of £455 million for the 2023 financial year, an improvement of £633m year on year.

Medium-term targets

easyJet has ambitious and credible medium-term targets, that provide the building blocks to achieve a Group PBT per seat of between £7 to £10. The levers to achieving this are: reducing winter losses, growing easyJet holidays to deliver

over £250 million of PBT and the cost savings that our current Airbus order book will deliver from fleet efficiency and upgauging. In addition to the delivery of our strategy, these targets are integral to achieving easyJet’s ambition to deliver more than £1 billion PBT.

Shareholder Returns

Considering easyJet's strong financial results in FY23 and robust liquidity position, the board is proposing an ordinary dividend of 4.5 pence per share, amounting to £34 million, at the upcoming Annual General Meeting. This represents 10% of the after-tax headline profit. The expectation is that this will rise to 20% of headline profits after tax in FY24, payable in early 2025. The Board is committed to maintaining regular returns to shareholders, with the level of future return to be assessed over the coming years, taking into account market conditions, capex requirements and progress towards the Group’s new medium-term targets.

Proposed aircraft purchase and conversion

easyJet has an existing order book with Airbus to FY29 for a further 158 A320neo family aircraft still to be delivered. Alongside this, as announced on 12 October 2023, easyJet has entered into conditional arrangements with Airbus to secure the delivery of a further 157 aircraft (56 A320neo & 101 A321neo) between FY29 – FY34 as well as 100 purchase rights (the “Proposed Purchase”). This provides easyJet with the ability to complete its fleet replacement programme of A319 aircraft and replace approximately half of the A320ceo aircraft as well as providing the foundation for disciplined growth. The Company is in exclusive negotiations with CFM for the supply of engines for the Proposed Purchase.

easyJet has also agreed to exercise conversion rights within its current order book to convert 35 A320neo deliveries into A321neo aircraft (the “Conversion”). This alongside the Proposed Purchase will deliver lower fuel burn, CO₂ emissions and operating costs per seat.

A circular is expected to be published on 29 November 2023 giving further details of the Proposed Purchase and seeking shareholder approval at a General Meeting on 19 December 2023.

FY23 Financial Summary

- Headline profit before tax of £455 million (2022: £178 million loss)
 - o Total revenue increased by 42% to £8,171 million (2022: £5,769 million) predominantly due to pricing strength, increased flown capacity, improved load factors and the continued growth of easyJet holidays.
 - o Group headline costs increased by 30% to £7,716 million (2022: £5,947 million), primarily due to the increase in flown capacity, significantly increased fuel costs and industry wide inflationary pressures, combined with resilience measures as part of the summer 2023 ramp up preparations and 15 wet lease aircraft which were within the fleet for the month of October. The continued growth of easyJet holidays, with 77% customer growth has seen costs increase, although at a slower rate than revenue resulting in improved margins.
- Reported profit before tax of £432 million (2022: £208 million loss)
 - o Non-headline loss of £23 million (2022: £30 million loss). Non-headline items consist primarily of returning final slots at Berlin Brandenburg airport following the rightsizing of the operation from 18 to 11 aircraft and an adjustment to right of use asset depreciation to correct a historic non-cash foreign currency translation error.

Fuel & FX Hedging

Jet Fuel	H1'24	H2'24	H1'25
Hedged position	76%	51%	25%
Average hedged rate (\$/MT)	867	823	832
Current spot (\$/MT) at 27.11.23	c.900		

USD	H1'24	H2'24	H1'25
Hedged position	76%	53%	27%
Average hedged rate (USD/GBP)	1.22	1.24	1.24
Current spot (USD/GBP) at 27.11.23	c.1.25		

- Carbon obligation including free allowances
 - o 100% covered for CY23 at €42/MT
 - o 86% covered for CY24 at €41/MT
- USD Lease payments hedged for the next three years at 1.29
- Capex hedged for the next 12 months in EUR & USD

Key Stats

	2023	2022	Change favourable/(adverse)
Capacity ¹ (millions of seats)	92.6	81.5	14%
Passengers ² (millions)	82.8	69.7	19%
Load factor ³ (%)	89%	86%	3ppt
Average sector length (km)	1,224	1,193	3%
Airline revenue per seat (£)	79.84	66.23	21%
<i>Airline RASK (p)</i>	6.52	5.54	18%
Fuel cost per seat (£)	21.95	15.68	(40)%
Airline headline cost ex fuel per seat (£)	54.30	53.20	(2)%
Airline headline cost per seat (£)	76.25	68.88	(11)%
<i>Airline headline CASK ex fuel (p)</i>	4.44	4.45	0%
Airline EBITDAR per seat (£)	10.96	6.46	70%
Airline EBIT per seat (£)	3.94	(0.43)	1,016%
Airline headline PBT/(LBT) per seat (£)	3.59	(2.65)	235%
Group headline PBT/(LBT) per seat	4.91	(2.19)	324%
Holidays passengers (m)	1.9	1.1	77%
Holidays profit before tax (£m)	122	38	221%
Headline EBITDAR Margin	14%	10%	4ppts
Headline ROCE	13%	0%	13ppts
Dividend (pence per share)	4.5	0	-

Outlook

The 2024 financial year has begun positively with strong year-on-year profit growth in October and revenue per seat on early bookings for Q2-Q4 pleasingly ahead of last year. There's also strong growth in easyJet holidays' bookings for all periods on sale, continuing the upward trend. Consequently, easyJet aims for continued progress towards our medium-term profitability ambitions.

Early winter results for FY24 will see an impact from the conflict in the Middle East, which started on 7th October. In our planned winter schedule, flights to Israel, Jordan (both temporarily paused) and Egypt represented 4% of capacity and 10% ASKs. Additionally there was a broader impact on near term flight searches and bookings across the industry, though this seems to be coming back with a recent improvement in trading. Accordingly, despite

positive underlying strength, easyJet does not currently expect its Q1 loss to improve year on year. The present booking strength for summer 2024, coupled with supply constraints in Europe, provide a positive outlook for the year as a whole.

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Conference call

There will be an analyst presentation at 09:00am GMT on 28 November 2023 at Nomura, One Angel Lane, London, EC4R 3AB.

Alternatively, a webcast of the presentation will be available both live and for replay (please register on the following link): https://brrmedia.news/EZJ_FY23

Alternatively dial in details are as follows: Dial in details are as follows: 0808 109 0700/+44 (0) 33 0551 0200 quoting 'easyJet full year results' when prompted.

Revenue

Total revenue saw a significant rise of 42%, reaching £8,171 million, compared to £5,769 million in 2022. This is primarily due to an increase in capacity to 92.6 million seats from 81.5 million in 2022, coupled with strong ticket yield and a continued increase in ancillary revenue generation.

Passenger revenue climbed by 37% to £5,221 million, up from £3,816 million in 2022, as we operated with higher capacity compared to the prior financial year. The Passenger Revenue Per Seat (RPS) also saw a 20% increase to £56.37, up from £46.80 in 2022. This growth is driven by easyJet's optimised network at primary airports, as demand remained strong through the year.

Group ancillary revenue saw a 51% increase to £2,950 million, up from £1,953 million in 2022. This is due to increased capacity and the rapid growth of easyJet holidays (with a 77% YoY increase in customers). Airline ancillary revenue per seat also rose by 21% to £23.47, compared to £19.43 in 2022. This is a result of easyJet's ongoing efforts to increase conversion and revenue management, generating additional revenue for the airline.

Costs

Group headline costs, excluding fuel, rose by 22% to £5,683 million, up from £4,668 million in 2022. This increase is attributed to higher capacity, industry-wide inflation, rapid expansion of easyJet holidays, and resilience measures implemented ahead of Summer 2023.

easyJet reported a gain of £27 million from foreign exchange on balance sheet revaluations, benefiting from the strengthening of sterling against the USD during the period on our net USD-denominated liabilities. This compares to a £64 million loss recorded in 2022.

Headline Airline cost per seat, excluding fuel, saw a marginal increase of 2% to £54.30 from £53.20 in 2022, aligning closely with the sector length increase of 3%. This is despite inflation being seen across the cost base, including within airport, navigation and staffing expenses, and a 3-percentage point increase in load factor observed during the year, which affects per passenger charges within airports.

Non-Headline Items

Non-headline items are those where, in management's opinion, separate reporting provides an additional understanding to users of the financial statements of easyJet's underlying trading performance, and which are

significant by virtue of their size and/or nature. These costs are separately disclosed and further detail can be found in the notes to the financial statements. Group non headline loss of £23 million (2022: £30 million loss) was recognised in the 2023 financial year. The significant items are the return of final slots at Berlin Brandenburg airport following the rightsizing of the operation from 18 to 11 aircraft and an adjustment to right of use asset depreciation to correct an historic non-cash foreign currency translation error.

Balance Sheet

During the 2023 financial year easyJet has focused on reducing its gross debt. This has included the repayment of a €500 million bond in February 2023 and the refinancing of the \$1.8bn UKEF facility where an additional \$950 million of gross debt was repaid. During the first quarter of the 2024 financial year, easyJet has also repaid a €500 million Eurobond which matured in October 2023.

As at 30 September 2023 our net cash position was £41 million (30 September 2022: £670 million net debt) including cash and cash equivalents and money market deposits of £2.9 billion (30 September 2022: £3.6 billion).

Fleet

easyJet's total fleet as at 30 September 2023 comprised 336 aircraft (30 September 2022: 320 aircraft, excluding three A319 aircraft held on a zero rent basis). The increase was driven by:

- Delivery of ten new A320neo aircraft, including accelerating two FY25 scheduled orders into FY23.
- Acquisition of eight mid-life A320 leased aircraft.
- Re-entry into the fleet of one former easyJet A319 aircraft, and the return to service of three aircraft held on a zero-rental agreement in 2022.

Six older leased aircraft exited the fleet at the end of their lease-term (three A319 aircraft, and three A320 aircraft), as easyJet continues its journey of retiring older, less efficient, aircraft whilst benefitting from the A320neo family aircraft with their superior fuel efficiency and greater number of seats.

easyJet already has 69 A320neo family aircraft within its fleet and an existing order book with Airbus to FY29 for a further 158 A320neo family aircraft still to be delivered. Alongside this, easyJet has now entered into conditional arrangements with Airbus to secure the delivery of a further 157 aircraft (56 A320neo & 101 A321neo) between FY29 – FY34 as well as 100 purchase rights (the "Proposed Purchase"). This provides easyJet with the ability to complete its fleet replacement programme of A319 aircraft and replace approximately half of the A320ceo aircraft, alongside providing the foundation for disciplined growth.

The average age of the fleet increased to 9.9 years (30 September 2022: 9.3 years). The average gauge of the fleet is currently 179 seats per aircraft (30 September 2022: 179 seats).

Fleet as at 30 September 2023

	Owned	Leased	Total	% of fleet	Changes since Sep-22	Firm Orders
A319	29	66	95	28%	1	-
A320	103	69	172	51%	5	-
A320neo	47	7	54	16%	10	90 ^a
A321neo	4	11	15	5%	-	68 ^a
	183	153	336			158
<i>Percentage of total fleet</i>	<i>54%</i>	<i>46%</i>				

- a) easyJet retains the option to alter the aircraft type of future deliveries, subject to providing sufficient notification to the OEM. The presented number assumes the conversion of 35 A320neo deliveries into A321neo deliveries as set out in the proposed aircraft purchase and conversion section of this release. It does not reflect the proposed aircraft order from FY29 to FY34.

Our flexible fleet plan allows us to expand or contract the size of the fleet depending on the demand outlook.

Number of aircraft	FY24	FY25	FY26
Current contractual maximum	346	373	395
Base fleet plan	346	358	370
Current contractual minimum	337	338	313
New aircraft deliveries	16	19	27
Gross capital expenditure (£'m)	c.1,300	c.1,500	c.1,900

Capex is comprised of new fleet delivery payments, maintenance related expenditure, lease payments and other capital expenditure such as IT development.

Strategy

easyJet's purpose is to make low-cost travel easy. Our strategy is built around four key priorities that leverage our structural benefits in the European aviation market. These strategic initiatives guide easyJet towards its goal of becoming Europe's most loved airline, delivering value for our customers, shareholders, and people. The details of our strategic priorities are as follows:

- Building Europe's best network
- Transforming our revenue capability
- Driving our low-cost model
- Delivering ease and reliability

Building Europe's best network

easyJet has a strong network of number one and number two positions in primary airports, which has proven to be amongst the highest yielding in the market. This allows us to make efficient network choices, focusing on maximising returns.

easyJet constantly reviews its network to ensure capacity is allocated to markets where demand and returns are highest. From Summer 2019 to 2023, we've reallocated 47 aircraft, leading to stronger returns at bases where aircraft have been added and at those where capacity has been streamlined. Alongside this, we've expanded customer options by introducing over 80 new routes this year. Our investment into Italy and capacity rationalisation in Berlin saw routes mature during FY23, delivering an 45% and 83% profit improvement respectively. We expect to see continued route maturity in these locations through FY24 alongside maturity from the investments we made through FY23 in Porto and Lisbon.

We aim to further strengthen our position in key markets as the competitive landscape evolves. easyJet remains ready for opportunistic growth alongside growth on our existing network, through leveraging slot growth in core markets and upgauging which allows expansion at slot constrained airports. In 2023, 42% of capacity was in fully constrained airports (+5 pts vs 2019) and 39% of capacity was in airports that are constrained at peak times (+9 pts vs 2019), which demonstrates our increased concentration at airports that deliver the highest returns.

Our focused network strategy can be summarised as follows:

1. Lead in our Core Markets
easyJet prioritises slot-constrained airports as these are where customers want to fly to and from, which as a result have superior demand and yield characteristics. In our core markets, we are able to achieve cost leadership and preserve scale. We provide a balanced network portfolio across domestic, city and leisure destinations. Our scale enables us to provide a market leading network and schedule.
2. Investment in Destination Leaders

We will build on our existing leading positions in Western Europe's top leisure destinations to provide network breadth and flexibility. This will also unlock cost benefits, enabling us to manage seasonality and support the growth of easyJet holidays. It also ensures that easyJet remains top of mind for customers and is seen as the 'local airline' for governments and hoteliers.

3. Build our network in Focus Cities

easyJet is building a network of key cities, broadening our presence across Europe. This is a low-risk way of serving large origin markets. We will base assets in Focus Cities where it makes sense from a cost perspective.

Transforming revenue

easyJet recognises that the continued evolution of our product portfolio represents a significant opportunity to build on spend per customer and deliver enhanced sustainable returns.

Airline Ancillaries:

Cabin bags and our leisure bundles, amongst other ancillary products, have continued to deliver incremental revenue through the period. Additionally, easyJet's inflight retail offering, introduced last year, has resulted in a profit per seat increase of +42% in FY23 compared to the former model. These initiatives have led to the Airline's ancillary yield being £11.95 higher than the same period in 2019.

Integrated pricing has been implemented for cabin and hold bags on 16% of the network, delivering a £0.43 per seat benefit on the test routes, with the roll out to be continued to the rest of the network in FY24. This is a step towards the long-term strategy of total basket optimisation. Further initiatives are underway with data science in revenue management, gauge optimisation and e-commerce enabling us to unlock further merchandising capability.

easyJet holidays:

easyJet holidays continues its rapid growth, becoming a major player within the sector and doubling its UK market share year on year. easyJet holidays has recorded 77% customer growth year on year and a profit before tax of £122 million in the 2023 financial year.

As the holidays business grows in scale, targeted investments will continue to be made to strengthen the customer base. Future initiatives are underway to optimise pricing alongside enhancing the product offering through room options and ancillary products.

The UK market has further opportunities for growth in Leisure, City Breaks and new products, to continue to increase our market share. Our multi-currency technology platform also enables easy and rapid expansion into other source markets. This year we launched Switzerland, which is on sale for departures from early 2024. We already have a leading leisure network from Geneva and Basel to destinations including the Balearics, Canaries and Greece, where Switzerland's package holiday market of 1.1 million customers offers an excellent opportunity for easyJet holidays to continue its growth.

Moving into the 2024 financial year, easyJet holidays expects to grow by more than 35% taking its UK market share from 5% to 7%. The business will also launch French and German source markets as the holidays business continues to expand its presence as a pan European holiday company.

Driving our low-cost model

easyJet has a cost advantage over its major competitors within its primary airport network. Alongside cost actions, easyJet is focused on improving margins through its network optimisation, effective pricing management and ancillaries driving higher yields.

easyJet has delivered a number of cost actions:

- Descent profile optimisation software: the upgraded technology retrofit has been completed on our CEO aircraft, achieving fuel savings through lower thrust and fuel burn during descent not only providing a cost saving but also achieving a permanent carbon emissions saving.
- Insourcing line maintenance at LGW, BER, GLA, EDI, BHX, BFS, MAN and BRS: enabling easyJet to have greater control over maintenance, reducing cost incurred and improving the quality of maintenance fulfilled.

- Since opening our Berlin hangar in January, we have seen a 38% average cost saving per aircraft visit.
- Line maintenance insourcing at Birmingham, Manchester and Belfast resulting in line maintenance being fully insourced in the UK.
- Increasing automation of self-service management: increasing digitalisation of customer flows and reducing the need for contact centre support.
 - 80% of customers are now using the self-service platform as our Generative AI tool is assisting customer queries, resulting in a 50% reduction in response processing times and a 30% reduction in processing cost of each email received.

Cost remains a core emphasis for the business for the coming year, with cost benefits to come through:

- Fleet upgauging: As we replace A319s with A320 family aircraft, we will unlock efficiency benefits, increasing the average gauge from 179 to the low 190s by FY28 and to the low 200s by FY34. The delivery of NEO aircraft from easyJet's new and existing orders will also bring additional fuel and airport incentive benefits.
- Increased productivity: capacity restoration through Winter 24 will promote productivity and additional cost savings. Further efficiency will be driven through data and IA.

Delivering ease and reliability

easyJet aims to deliver a seamless and digitally enabled customer journey at every stage and is continuously working to enhance the customer experience. The focus areas to deliver ease in the customer experience are:

- Communications: providing helpful and timely information flows and creating cohesion across the end-to-end experience.
- Airport journey: improving the airport experience by optimising core processes including boarding and bag drop like providing twilight check in at more airports and the application of technology enhancements such as biometric automation to reduce queuing.
- Inflight offering: creating a more personalised service enabled through the use of connected technology and enhancing the current crew's engagement.
- Disruption management: focusing on improvements to streamline policies, simplify processes and automate solutions, alongside more efficient communications via connected devices.

easyJet also aims to deliver reliable performance through:

- Process oversight: a focus on base driven reporting, with station level ownership and control.
- Prior to departure: optimising planning activities such as crew rostering and standby allocation.
- On the day turn execution: key to delivery, with elements including supply chain, event communications management, hand luggage policies and inventory optimisation.

Despite the operational challenges seen during the year, we executed on our plan for FY23, ranking either first or second in on time performance in our top 10 airports. Our focus on resilience will continue as we look ahead to FY24, we are investing to ensure we are well prepared for external challenges that may happen in Summer 24.

Gatwick continues to be a clear focus, and we have looked to further optimise our schedule and increased the level of standby aircraft here.

Our enhanced use of technology is also being applied to improve and speed up every aspect of the customer experience. More than three quarters of customers exclusively use our digital self-service platforms to self-serve, and we have also implemented A.I to help speed up the time it takes to resolve customer queries.

Sustainability

There are many benefits of travel and tourism. It connects people, countries and cultures and supports the aspirations and livelihoods of millions of people. If lost, it would have a devastating global impact on economic prosperity and social mobility. Clearly, we need to find a balance that both lowers the impact of aviation and safeguards these benefits. This is why we developed and published a SBTi-aligned net zero roadmap, and secured validation from SBTi for our interim target of 35% greenhouse gas emissions intensity reduction by 2035 (against

a FY19 baseline). We are collaborating in multiple cross-sector partnerships and have invested multimillions of pounds in the development of zero carbon emission technology. It is very pleasing to see that this work is being recognised, with each of our ratings from CDP, Sustainalytics and MSCI either improving or being maintained. During 2023 we were also included into FTSE 4 Good.

We're also making significant breakthroughs. We partnered with Rolls-Royce to set a world first by successfully running a modern aero engine on green hydrogen. A test on a key component in a Pearl 700 engine in September further proves hydrogen's suitability for aviation, and – in addition to continued partnerships with Airbus, GKN Aerospace and Cranfield Aerospace Solutions – easyJet has played the lead role in establishing the Hydrogen in Aviation Alliance (HIA) to help ensure the infrastructure and supply exists, so we can capitalise on this opportunity when it becomes available.

We're also making substantial operational efficiencies. A fifth of our fleet comprises the highly efficient NEO aircraft and we've invested heavily in state-of-the-art software to drive flight efficiencies – all of which are contributing to easyJet's best-ever carbon intensity performance in FY23.

Looking beyond our operations, we continue to support the vital work of UNICEF and many charitable and local community focused projects. At the same time, easyJet holidays is working to maximise the socio-economic benefits of tourism to destination communities, while managing environmental impacts.

Sustainability is at the heart of our strategy and everyone at easyJet is dedicated to building a sustainable and thriving aviation sector that will serve and benefit countless generations to come.

Our People

easyJet continues to have a market leading reputation as an employer of choice, as evidenced through our Glassdoor rating of 4.2.

In a recruitment market that remains competitive, we continue to improve how we attract and retain diverse talent that reflects the communities we serve. We have evolved our Employee Value Proposition (EVP) and launched a more compelling careers website to deliver a much-improved candidate experience and to convert more of the interest generated by our recruitment advertising into applications.

When people join easyJet, our proactive and rewarding health and wellbeing strategy empowers them to take small, easy steps to better wellbeing every day. By giving colleagues the tools, support and confidence they need to take care of themselves and each other, they will have the energy to enable us to perform at our best and win together.

By building an inclusive culture and living our behaviours, we create a place where everyone can not only be themselves but also thrive, grow to their full potential and be at their best.

Footnotes

(1) Capacity based on actual number of seats flown.

(2) Represents the number of earned seats flown. Earned seats include seats which are flown whether or not the passenger turns up, as easyJet is a no-refund airline and once a flight has departed, a no-show customer is generally not entitled to change flights or seek a refund. Earned seats also include seats provided for promotional purposes and to staff for business travel.

(3) Represents the number of passengers as a proportion of the number of seats available for passengers. No weighting of the load factor is carried out to recognise the effect of varying flight (or "sector") lengths.

OUR FINANCIAL RESULTS

The year was characterised by a strong trading environment, culminating in a record summer for the Group, supported by an excellent contribution from easyJet holidays.

Headline profit before tax of £455 million for the year ended 30 September 2023 was an improvement of £633 million on the loss of £178 million for the year ended 30 September 2022, with total revenue of £8,171 million, £2,402 million ahead of the prior year. The year was characterised by a strong trading environment, culminating in a record summer for the Group. This result was supported by an excellent contribution from easyJet holidays, which has started to demonstrate its potential for the future.

easyJet flew 82.8 million passengers in the year (2022: 69.7 million), up 19% on the previous year, this being the first year with no travel restrictions since 2019. Strong yields and airline revenue per seat (RPS) recovery (15% and 21% increase respectively over the prior year) were key drivers of success in the year. Load factor for the year was 89.3% (2022: 85.5%), an improvement of 3.8 percentage points, and capacity was 14% ahead of the prior year. easyJet holidays delivered package holidays for 1.9 million customers (including agent commission passengers, 2022: 1.1 million), generating incremental revenue of £776 million (2022: £368 million) and delivering £122 million of headline profit before tax (2022: £38 million). The year was also characterised by industry-wide cost challenges coming off the back of persistently high levels of inflation. Despite the resilience measures that easyJet undertook, we also saw significant disruption including the impact of ATC failures and external industrial action in several of our markets.

Trading in the first half of the financial year, with the absence of the prior year pandemic-related travel restrictions, saw capacity increase by 25% to 37.9 million seats flown (H1 2022: 30.3 million) and strong yields delivering a record first half RPS result of £66.46 (H1 2022: £47.61). The total number of passengers carried in H1 increased by 41% to 33.1 million (H1 2022: 23.4 million) with load factors at 87.5%, a 10.2 percentage point increase on the comparative period (H1 2022: 77.3%). Disruption due to external industrial action has been a feature throughout the year, starting in the first half of the financial year with French ATC strikes resulting in flight cancellations and an impact on on-time performance. In March alone only five days were unaffected by strike action.

Second half trading saw a continuation of strong yields and RPS results, and a Q4 load factor of 91.6%. July and August revenues of over £1 billion in each month were a record, as was headline EBIT in Q4, the strongest quarterly headline EBIT in easyJet's history. This was despite significant disruption over the summer period, with ongoing industrial action and significant ATC challenges across Europe, in particular at Gatwick Airport. easyJet took action to thin the flying schedule at Gatwick over the peak trading period in order to mitigate ATC issues and ensure flights flew to schedule, protecting the customer experience by limiting on-the-day cancellations.

Fuel prices remained high throughout the year and experienced significant volatility, ranging from c. \$700 to \$1,100 per metric tonne. The industry faced significant inflationary cost pressures in addition to the cost of the disruption in the year. Notwithstanding, with a focus on cost management, productivity, and increased capacity, the airline cost per seat (CPS) excluding fuel for the year of £54.30, was an increase of only 2% on the prior year (2022: £53.20). With the increase in average sector length factored in, airline headline cost per available seat kilometre (CASK) excluding fuel at 4.44 pence was marginally lower than the prior year (2022: 4.45 pence).

The strong revenues and cost management delivered a headline EBITDAR achievement for the year of £1,130 million, £561 million greater than the prior year (2022: £569 million), and a statutory profit before tax for the year of £432 million, an improvement from the loss of £208 million in the previous year.

Where amounts are presented at constant currency these values are an alternative performance measure (APM) and are not determined in accordance with International Financial Reporting Standards (IFRS), but provide relevant and comparative reporting for readers of these financial statements. Definitions of APMs and reconciliations to IFRS measures are set out in the Glossary in the annual reports and accounts.

Performance summary

£ million (reported) – Group	2023	2022
Total revenue	8,171	5,769
Headline costs excluding fuel, balance sheet FX and ownership costs ¹	(5,008)	(3,921)
Fuel	(2,033)	(1,279)
Headline EBITDAR	1,130	569
Depreciation, amortisation and dry leasing costs	(654)	(566)
Headline EBIT	476	3
Net finance charges	(48)	(117)
Foreign exchange gain/(loss)	27	(64)
Headline profit/(loss) before tax	455	(178)
<i>Being:</i>		
<i>Airline headline profit/(loss) before tax</i>	333	(216)
<i>Holidays headline profit before tax</i>	122	38
Headline tax (charge)/credit	(114)	31
Headline profit/(loss) after tax	341	(147)
Non-headline items	(23)	(30)
Non-headline tax credit	6	8
Total profit/(loss) after tax	324	(169)

£ million (reported) – Group	2023	2022
Headline profit/(loss) before tax per seat	£4.91	£(2.19)

£ per seat - Airline only ²	2023	2022
Airline revenue	79.84	66.23
Headline costs excluding fuel, balance sheet FX and ownership costs ¹	(46.93)	(44.09)
Fuel	(21.95)	(15.68)
Headline EBITDAR	10.96	6.46
Depreciation, amortisation and dry leasing costs	(7.02)	(6.89)
Headline EBIT	3.94	(0.43)
Net finance charges	(0.63)	(1.45)
Foreign exchange gain/(loss)	0.28	(0.77)
Airline headline profit/(loss) before tax	3.59	(2.65)
Headline tax (charge)/credit	(1.22)	0.38
Airline headline profit/(loss) after tax	2.37	(2.27)
Non-headline items	(0.24)	(0.36)
Non-headline tax credit	0.06	0.10
Airline total profit/(loss) after tax	2.19	(2.53)

1) Ownership costs are defined as depreciation, amortisation and dry leasing costs, plus net finance charges.

2) These per seat metrics are for the airline business only, as the inclusion of hotel-related revenue and costs from the holidays business will distort the RPS and CPS metrics as they are not directly correlated to the seats flown by the airline. Our easyJet holidays business forms a separate operating segment to the airline, and easyJet holidays' key metrics are included under key statistics.

The total number of passengers carried in the financial year increased by 19% to 82.8 million (2022: 69.7 million), driven by a 14% increase in seats flown to 92.6 million seats (2022: 81.5 million seats) and a 3.8 percentage point increase in load factor to 89.3% (2022: 85.5%). This reflects the increased capacity from a year with no travel restrictions, an expanded network offer, and the increased customer demand. Capacity was impacted by disruption in the year, with specific measures such as pre-emptive thinning to provide schedule resilience, and the capacity

caps introduced at Gatwick in the fourth quarter as the airport struggled with a shortage of staffing in the control tower operated by NATS.

Total revenue increased by 42% to £8,171 million (2022: £5,769 million) and by 40% at constant currency. Airline RPS increased by 21% to £79.84 (2022: £66.23) and increased by 19% at constant currency, reflecting both increased load and strong ticket yield. The increase in airline RPS was balanced across passenger and ancillary revenue, and included revenue from the revised in-flight retail offer. As noted above, the airline performance was complemented by strong holidays performance with net revenue (i.e. excluding flight revenue which is reported under airline revenue) of £776 million.

Total headline costs excluding fuel, balance sheet exchange movements and ownership costs increased by 28% to £5,008 million (2022: £3,921 million) mainly as a result of the volume of flying and general industry cost pressures. Costs were also impacted by the disruption seen throughout the year with increased costs to deliver operational resilience and £211 million EU261 compensation and welfare costs incurred for airline passengers (2022: £205 million). However, the airline CPS of £46.93, was only 6% higher than the prior year (2022: £44.09), 4% at constant currency, and accommodates an increase in average sector length of 3% versus FY22. The CPS benefited from fixed operating costs spread across greater flying capacity in addition to easyJet's continued focus on operational cost reduction with a number of cost reduction projects delivered in the year. The projects included the retrofitting of descent profile optimisation software across the fleet, reducing fuel burn, and the launch of enhancements to our customer self-service disruption management tool, which has provided cost and customer experience benefits with regards to the management of disruption within the year.

Total fuel costs increased by 59% to £2,033 million for the year (2022: £1,279 million), which on an airline CPS basis represented a 40% increase to £21.95 (2022: £15.68), 31% at constant currency. The price of jet fuel remains high due to the increase in global demand with the resumption of pre-pandemic levels of flying and increased economic activity, along with the restricted supply from OPEC+ due to production cuts. The CPS metric also reflects the increase in average sector length compared to the prior year, with an increase of leisure routes in the destination mix.

Similar to the prior financial year, the movement in exchange rates in the year, and the translation of foreign currency denominated revenue and costs including fuel, has had a notable impact on the consolidated income statement. This has resulted in a net debit impact of £115 million (2022: £88 million) across costs and revenue, and an income statement credit of £27 million (2022: £64 million charge) from the translation of foreign currency denominated monetary assets and liabilities on the statement of financial position. Ownership costs benefited from the movement in US dollar interest rates with a credit of £30 million (2022: £71 million) from the discounted maintenance reserves provision, which uses long-term US dollar interest rates to set the discount rate.

During the financial year, the drawn element of the UKEF facility and the February 2016 €500 million Eurobond were repaid, considerably reducing easyJet's gross debt. This benefited net interest costs in the second half of the financial year, whilst there was also a positive impact from higher interest rates on cash balances throughout the whole year, resulting in the net finance charge for the year of £48 million being 59% lower than the prior year (2022: £117 million).

easyJet holidays continued to perform strongly, with a significant growth in customer numbers and its low fixed-cost operating model. Overall, incremental revenue from easyJet holidays of £776 million was more than double (111%) the previous year's revenue contribution (2022: £368 million), with 1.9 million customers (including agent commission passengers, 2022: 1.1 million) delivering £122 million of headline profit before tax (2022: £38 million).

The headline profit before tax per seat for the Group was £4.91 (2022: £2.19 loss). The airline's headline profit before tax per seat improved from a loss of £2.65 in the prior year to a profit of £3.59 this year, driven by the improvement in RPS as described earlier. This was tempered by the headline CPS increasing by 11%, primarily due to the increase in fuel costs on a per seat basis increasing 31% at constant currency. However, airline headline CPS excluding fuel only rose by 2% at constant currency, as strong cost management and increased flying (which reduces fixed costs per seat) offset the inflationary headwinds the sector overall has been exposed to. Holidays contributed £1.32 to the Group's headline profit before tax per seat, up from £0.46 in FY22, as a consequence of its increased profitability driven by its growth in customer numbers.

A non-headline charge of £23 million (2022: £30 million) was recognised in the year consisting of a £19 million correction on an historical foreign currency translation error of right of use asset depreciation, a £nil million loss on the sale and leaseback of eight aircraft (2022: £21 million loss from ten aircraft), a £3 million loss (2022: £10 million loss) on the final disposal of landing rights surrendered as a consequence of the reduction in our operations at Berlin Airport, and a net £1 million of restructuring charges (2022: £nil million) reflecting the change in estimation of the final settlement of restructuring programmes initiated in prior years.

Corporate tax has been recognised at an effective rate of 25.1% (2022: 18.7%), resulting in an overall tax charge of £108 million (2022: £39 million credit). This splits into a tax credit of £6 million on the non-headline losses and a tax charge of £114 million on headline items.

Profit/(loss) per share

	2023	2022	
	Pence per share	Pence per share	Change in pence per share
Basic headline profit/(loss) per share	45.4	(19.6)	65.0
Basic total profit/(loss) per share	43.1	(22.4)	65.5

Basic headline profit per share increased by 65.0 pence and basic total profit per share increased by 65.5 pence over the loss per share in the prior financial year as a consequence of the profit generated in the current financial year.

Return on capital employed (ROCE)

Reported £million	2023	2022 ¹
Headline profit before interest, foreign exchange gain/(loss) and tax	476	3
UK corporation tax rate	25%	19%
Normalised headline operating profit after tax (NOPAT)	357	2
Average shareholders' equity (excluding the hedging and cost of hedging reserves)	2,517	2,421
Average net debt	315	790
Average capital employed	2,832	3,211
Headline return on capital employed	12.6%	0.1%
Total return on capital employed	12.0%	(0.7%)

1) The average capital employed and ROCE percentage has been restated to exclude the hedging and cost of hedging reserves.

ROCE is calculated by taking headline profit before interest, foreign exchange gain/(loss) and tax, applying tax at the prevailing UK corporation tax rate at the end of the financial year, and dividing by average capital employed. Capital employed is defined as shareholders' equity excluding hedging and cost of hedging reserves plus net debt.

Headline ROCE for the year of 12.6% is significantly ahead of the prior year (2022: 0.1%). This reflects the move into a strong headline profit position in the year combined with the reduction in net debt from the profits generated and the positive working capital movement in the year driven by the increase in unearned revenue. Total ROCE of 12.0% (2022: (0.7%)) is reduced by the non-headline charge in the year, and is greater than prior year where the FY22 non-headline charge resulted in an operating loss.

Summary net cash/(debt) reconciliation

The below table presents cash flows on a net cash basis. This presentation is different to the presentation of the statement of cash flows in the consolidated financial statements as it includes non-cash movements on debt facilities.

	2023	2022	Change
	£ million	£ million	£ million
Operating profit/(loss)	453	(27)	480
Net tax paid	(12)	(4)	(8)
Net working capital movement excluding unearned revenue	(19)	101	(120)
Unearned revenue movement	458	197	261
Depreciation and amortisation	673	564	109
Net capital expenditure	(754)	(530)	(224)
Net proceeds from sale and leaseback of aircraft	76	87	(11)
Increase in lease liability	(208)	(43)	(165)
Net funding activities	-	53	(53)
Purchase of own shares for employee share schemes	(15)	(9)	(6)
Other (including the effect of exchange rate movements)	59	(149)	208
Net decrease in net debt	711	240	471
Net debt at the beginning of the year	(670)	(910)	240
Net cash/(debt) at the end of the year	41	(670)	711

Net cash as at 30 September 2023 was £41 million (30 September 2022: £670 million net debt) and comprised cash, cash equivalents and money market deposits of £2,925 million (30 September 2022: £3,640 million), borrowings of £1,895 million (30 September 2022: £3,197 million) and lease liabilities of £989 million (30 September 2022: £1,113 million).

Net working capital outflow, excluding unearned revenue, of £19 million in the year (2022: £101 million inflow) predominantly reflects the increased holding of Emissions Trading System (ETS) allowances for the remaining FY23 flying liability and FY24 forward purchase of allowances.

The unearned revenue movement of £458 million (2022: £197 million) has increased as customer booking behaviour has normalised in the year, and easyJet has increased available capacity and stimulated improved levels of demand, including for the easyJet holidays offer. In addition, the inflow reflects the improved ticket and ancillary yields achieved.

The increase in depreciation and amortisation to £673 million (2022: £564 million) predominantly reflects the increase in leased aircraft maintenance costs, recognised through depreciation, with the rise in flying volumes and greater numbers of leased aircraft. Additionally, the prior financial year benefited from a significant movement in the discount rate on maintenance reserves (based predominantly on US dollar short-term and long-term rates) which reduced the overall maintenance charge, whereas the change in the rate this financial year has been less pronounced.

Net capital expenditure in the year of £754 million (2022: £530 million) reflects the investment in fleet renewal and growth in the overall size of the fleet. The expenditure is across ten new aircraft (2022: eight), pre-delivery payments for future aircraft, capital expenditure on long life parts, engines and aircraft spares, and maintenance additions. The sale and leaseback of eight aircraft in the year resulted in a net cash inflow of £76 million compared to the ten sale and leasebacks in FY22 which generated proceeds of £87 million. Lease additions (including the eight sale and leaseback aircraft) and lease extensions are the key drivers for the increase in the lease liability by £208 million (which excludes exchange rate impact and lease payments).

In the prior year, the net funding activities of £53 million relate to final funding income from the rights issue in FY21.

The £208 million movement in 'Other' predominantly reflects a movement in net interest, as interest received in this financial year is significantly higher due to increased interest rates, and the foreign exchange impact in the year.

Exchange rates

The proportion of revenue and headline costs denominated in currencies other than sterling is outlined below alongside the exchange rates in the year:

	Revenue		Headline costs ¹	
	2023	2022	2023	2022 ¹
Sterling	55%	51%	32%	32%
Euro	35%	38%	35%	37%
US dollar	1% ²	1%	27%	25%
Other (principally Swiss franc)	9%	10%	6%	6%

Average headline exchange rates ³	2023	2022
Euro – revenue	€1.15	€1.18
Euro – costs	€1.15	€1.18
US dollar	\$1.24	\$1.32
Swiss franc	CHF 1.14	CHF 1.25

Closing exchange rates	2023	2022
Euro	€1.15	€1.14
US dollar	\$1.22	\$1.11
Swiss franc	CHF 1.12	CHF 1.09

- 1) 2022 figures have been restated to exclude the impact of non-headline costs.
- 2) Our customers have the option of paying for flights in US dollars.
- 3) Exchange rates quoted are post-hedging applied to revenue and headline costs.

Headline exchange rate impact

	Euro £ million	Swiss franc £ million	US dollar £ million	Other £ million	Total £ million
Favourable/(adverse)					
Total revenue	66	46	1	1	114
Fuel	(4)	-	(125)	-	(129)
Headline costs excluding fuel	(63)	(24)	(17)	4	(100)
Headline total before tax¹	(1)	22	(141)	5	(115)

- 1) Excludes the impact of balance sheet revaluations.

The Group's Foreign Currency Risk Management policy aims to reduce the impact of fluctuations in exchange rates on future cash flows. Refer to note 26 in the financial statements for more details.

easyJet recognises a significant element of revenue, 35%, across its network in euros, and therefore a weaker sterling versus euro on average, when compared to the prior year, has resulted in a stronger sterling denominated revenue (and similarly with Swiss francs). However, this has been offset by increased costs due to the stronger euro compared to the prior year. Additionally, easyJet's cost base is 27% US dollar denominated, notably fuel and aircraft lease payments, and therefore the post-hedge US dollar rate strengthening compared to the prior year has also increased headline costs. On a net position, the movement in average exchange rates between the current and prior years has resulted in an adverse foreign currency impact of £115 million on the consolidated income statement.

Conversely, in-year movements in closing exchange rates resulted in easyJet benefitting from the translation of foreign currency denominated monetary assets and liabilities held on the statement of financial position, primarily due to sterling strengthening against the US dollar over the course of the year, resulting in a net gain of £27 million (2022: £64 million loss).

FINANCIAL PERFORMANCE

Revenue

£ million - Group	2023	2022
Passenger revenue	5,221	3,816
Ancillary revenue	2,174	1,585
Holidays incremental revenue ^{1 2}	776	368
Total revenue	8,171	5,769

- 1) easyJet holidays numbers include elimination of intercompany airline transactions
- 2) The presentation of Group revenue has been amended to split out holidays incremental revenue; refer to note 1 in the financial statements.

Total revenue increased by 42% to £8,171 million (2022: £5,769 million) and 40% at constant currency.

The increase in revenue was a combined result of increased customer volumes, a focus on yield optimisation resulting in strong ticket yield, and continued growth in our ancillary offer. The total number of passengers carried increased by 19% to 82.8 million (2022: 69.7 million), arising from a combination of a 14% increase in seats flown to 92.6 million seats (2022: 81.5 million seats) and a 3.8 percentage point increase in load factor to 89.3% (2022: 85.5%). This reflects the increased capacity on offer with the return to flying in the absence of pandemic-related travel restrictions. Similar to the prior year, within revenue there was a £47 million credit (2022: £22 million) arising from the release of aged contract liabilities within other payables, with £40 million recognised in passenger revenue and £7 million in ancillary revenue.

Total airline RPS of £79.84 was 21% ahead of prior year (2022: £66.23), 19% at constant currency, and total yield of £89.36 was 15% favourable (2022: £77.48), 14% at constant currency, with passenger yield 13% and ancillary yield 14% favourable at constant currency.

Airline ancillary revenue of £2,174 million was 37% ahead of the previous financial year (2022: £1,585 million), 35% at constant currency, as a result of both passenger numbers and improved yields. Refreshed ancillary offers and pricing initiatives have contributed to the continued growth of this revenue stream as an increasing proportion of our customers choose to buy our flexible product offering. Within ancillary revenue the relaunch of the in-flight retail offer has delivered an additional £22 million of partner revenue compared to the prior financial year with improved spend per seat alongside higher passenger numbers.

easyJet holidays' incremental revenue increased by 111% to £776 million (2022: £368 million) and now accounts for 9% of total revenue. The growth is attributable to improved yields and growth in customer numbers to 1.9 million (including agent commission passengers, 2022: 1.1 million).

Headline costs excluding fuel

	2023		2022	
	Group £ million	Airline £ per seat	Group £ million	Airline £ per seat
Operating costs and income				
Airports and ground handling	1,800	19.44	1,443	17.70
Crew	941	10.16	767	9.40
Navigation	422	4.56	339	4.16
Maintenance	341	3.69	301	3.69
Holidays direct operating costs	582	n/a	273	n/a
Selling and marketing	232	2.04	173	1.88
Other costs	695	7.09	635	7.38
Other income	(5)	(0.05)	(10)	(0.12)
	5,008	46.93	3,921	44.09
Ownership costs				
Aircraft dry leasing	-	-	2	0.04
Depreciation	625	6.75	539	6.60
Amortisation	29	0.27	25	0.25
Net interest and other financing income and charges	48	0.63	117	1.45
	702	7.65	683	8.34
Foreign exchange (gain)/loss	(27)	(0.28)	64	0.77
	675	7.37	747	9.11
Headline costs excluding fuel	5,683	54.30	4,668	53.20

Headline CPS excluding fuel for the airline increased by 2% to £54.30 (2022: £53.20), and by 2% at constant currency.

Included within the Group headline costs excluding fuel of £5,683 million is £654 million (2022: £330 million) related to the Holidays business, the cost increase primarily being activity related due to the growth of the business.

Headline operating costs and income

Airports and ground handling operating costs increased by 25% to £1,800 million (2022: £1,443 million), an increase of 10% to £19.44 (2022: £17.70) on an airline CPS basis, 7% at constant currency. The year has seen a significant overall increase in airport rates, both contractual and regulatory, reflecting that easyJet largely flies from slot-constrained and regulated airports. In addition, with airport and ground handling costs being linked to volumes, operating costs associated with improved load factors, as well as higher passenger and security charges, drove a cost increase on a per seat basis.

Crew costs increased by 23% to £941 million (2022: £767 million), an increase of 8% to £10.16 (2022: £9.40) on an airline CPS basis, 6% at constant currency. This CPS increase reflects the current highly inflationary CPI environment, increased costs invested in resilience to mitigate disruption, post-pandemic pay deals and an increase in sector length. This has been offset by productivity gains in the year and the benefit of allocating the fixed element of crew costs over greater capacity.

Navigation costs increased by 24% to £422 million (2022: £339 million), a rise of 10% to £4.56 (2022: £4.16) on an airline CPS basis, 7% at constant currency, as a result of the increases in both Eurocontrol rates and an increase in the sector length of our commercial flying compared to the previous year.

Maintenance costs increased by 13% to £341 million (2022: £301 million), but remained flat at £3.69 (2022: £3.69) on an airline CPS basis, and decreased by 4% at constant currency. This reflects that whilst flying hours have increased in the year, there is a benefit from the fixed element of maintenance costs being apportioned over the increased capacity.

Group selling and marketing costs increased by 34% to £232 million (2022: £173 million), which for the airline resulted in an increase of 9% to £2.04 (2022: £1.88) on a CPS basis, 6% at constant currency. The increase is predominantly in selling costs which result from increased credit card bookings on increased sales, higher credit card fees, and an element of increased airport commission.

Group other costs increased by 9% to £695 million (2022: £635 million), which for the airline was a reduction of 4% to £7.09 (2022: £7.38) on a CPS basis, and 4% reduction at constant currency. Other costs include the impact of the disruption experienced in the year, with net £211 million disruption compensation and welfare costs incurred (2022: £205 million) after a £24 million release (2022: £3 million pre-pandemic liability release) of a liability held for prior year disruption costs where customer compensation claims have not matched our initial estimations. In the prior year, easyJet also incurred significant wet lease costs; the absence of such costs this year has been offset by increased employee costs and benefits, and an investment in cybersecurity and merchandising technology in the year.

Headline ownership costs

Depreciation costs increased by 16% to £625 million (2022: £539 million), a 2% increase to £6.75 (2022: £6.60) on a CPS basis, and 2% at constant currency. The increase in depreciation costs compared to prior year is due to the increased maintenance provision for leased aircraft, reflecting higher flying volumes and the change in the discount rate arising from movements in US dollar interest rates, as well as an increase in the leasehold fleet. The cost on a CPS basis has benefited from the increased maintenance cost being allocated across an increased seat capacity.

Group net interest and other financing income and charges decreased by 59% to £48 million (2022: £117 million), which amounted to a 57% decrease on an airline CPS basis to £0.63 (2022: £1.45) reflecting the benefit from higher interest rates on cash deposits in the period, and the reduction in gross debt.

Foreign exchange gains in the year were £27 million (2022: £64 million loss), being the benefit of the retranslation of foreign currency denominated monetary assets and liabilities arising from currency movements, with sterling being stronger against both the US dollar and euro at 30 September 2023 compared to 30 September 2022.

Fuel

	2023		2022	
	Group £ million	Airline £ per seat	Group £ million	Airline £ per seat
Fuel	2,033	21.95	1,279	15.68

Fuel costs for the year increased by 59% to £2,033 million, compared to £1,279 million in 2022, a 40% increase on a CPS basis to £21.95 (2022: £15.68), 31% on a constant currency basis. The increase in flying volumes, resulting in a 17% increase in block hours in the year, 3% increase in average sector length (1,224km from 1,193km) and increased load factor, has contributed (on an absolute basis), in addition to the increase in post-hedge fuel prices over the year.

The Group uses jet fuel derivatives to hedge against increases in jet fuel prices to mitigate cash and income statement volatility. In order to manage the risk exposure, jet fuel derivative contracts are used in line with the Board-approved policy to hedge up to 18 months of forecast exposures.

During the financial year, the average market price payable for jet fuel reduced by 16% from \$1,063 per tonne in 2022 to \$897 per tonne in 2023. The overall post-hedge fuel price in the year was \$867 per tonne (2022: \$705), the 23% increase compared to FY22 being due to the fuel cost at the time the FY23 hedges were entered into. Approximately 80% of jet fuel was hedged in 2023. Additionally, the cost of compliance with emission trading schemes increased with a greater level of flying and the higher cost of allowances coupled with the previous year comparative including the carry forward of unused ETS allowances from the years impacted by pandemic-related restrictions.

Group profit/(loss) after tax

£ million (reported) – Group	2023	2022
Headline profit/(loss) before tax	455	(178)
Headline tax (charge)/credit	(114)	31
Headline profit/(loss) after tax	341	(147)
Non-headline items before tax	(23)	(30)
Non-headline tax credit	6	8
Total profit/(loss) after tax	324	(169)

Non-headline items

A non-headline charge of £23 million (2022: £30 million) was recognised in the year. This consisted of a £19 million correction on an historical foreign currency translation error of right of use asset depreciation, £3 million loss on disposal for a further and final surrender of landing rights as a consequence of the reduction in our operations at Berlin Airport (2022: £10 million) and net restructuring charges of £1 million (2022: £nil million) resulting from the impact of additional costs arising from previously announced restructuring programmes in Germany. The sale and leaseback of eight aircraft in the period generated a £nil million loss (2022: £21 million loss from ten aircraft).

Corporate tax

Corporate tax has been recognised at an effective rate of 25.1% (2022: 18.7%), resulting in an overall tax charge of £108 million (2022: £39 million credit). This splits into a tax charge of £114 million on the headline losses and a tax credit of £6 million on the non-headline items, the right of use asset depreciation non-headline charge being tax deductible and therefore creating a tax credit.

Summary consolidated statement of financial position

	2023	2022	Change
		Re-presented ¹	
	£ million	£ million	£ million
Goodwill and other non-current intangible assets	641	582	59
Property, plant and equipment (excluding right of use assets)	3,936	3,682	254
Right of use assets	928	947	(19)
Derivative financial instruments	153	442	(289)
Equity investment	31	31	-
Other assets (excluding cash and money market deposits)	1,159	1,022	137
Unearned revenue	(1,501)	(1,043)	(458)
Trade and other payables	(1,764)	(1,759)	(5)
Other liabilities (excluding debt)	(837)	(701)	(136)
Capital employed	2,746	3,203	(457)
Cash and money market deposits ²	2,925	3,640	(715)
Debt (excluding lease liabilities)	(1,895)	(3,197)	1,302
Lease liabilities	(989)	(1,113)	124
Net cash/(debt)	41	(670)	711
Net assets	2,787	2,533	254

1) The liability for compensation and reimbursements for airline customer delays and cancellations has been re-presented from provisions for liabilities and charges to liabilities within other payables.

2) Excludes restricted cash.

Since 30 September 2022 net assets have increased by £254 million.

The net book value of goodwill and other non-current intangible assets has increased in the year by £59 million, reflecting significant investment in the year on software development and applications, with a focus on digital

safety and security, optimising commercial platforms and customer applications, and implementing aircraft descent optimisation software.

The property, plant and equipment (excluding right of use assets) net book value has increased by £254 million, the impact of the sale and leaseback of eight aircraft and the depreciation charge for the year being offset by the ten new owned aircraft brought into the fleet in the year.

At 30 September 2023, right of use assets amounted to £928 million (2022: £947 million) and lease liabilities amounted to £989 million (2022: £1,113 million). Whilst there have been a number of new leases, including aircraft sale and leaseback transactions, and lease extensions, the relatively static position of lease assets and liabilities arises from a number of lease returns, and the fact that new leases are being entered into for shorter lease periods as easyJet manages the exit of A319 aircraft from the fleet.

There has been a £289 million decrease in the net asset value of derivative financial instruments, with a closing net asset balance of £153 million (2022: £442 million). The movement is due to a decrease in currency assets, including cross currency swaps, as a result of the stronger pound against the US dollar and euro in comparison to the rates at 30 September 2022. This reduction was partially offset by a gain in the asset value of jet fuel hedges compared to 30 September 2022 as a result of an increase in the jet fuel forward curve.

Other assets have increased by £137 million, mainly driven by increased current intangible assets reflecting the ETS allowances held as a result of increased flying and the increased cost of the allowances.

Unearned revenue increased by £458 million, reflecting customer behaviour returning to a more forward booking position, improved yields, and FY24 capacity availability.

Other liabilities have increased by £136 million as a result of increased provisions, in particular for maintenance with the increase in flying over the year, but also because deferred tax is now in a liability position with the return to profit in the year.

Debt has decreased by £1,302 million as a result of the repayment of the drawn element of the UKEF facility, and repayment of a €500 million Eurobond in the year, with no additional debt entered into.

KEY STATISTICS

OPERATING MEASURES

	2023	2022	Increase/ (decrease)
Seats flown (millions)	92.6	81.5	14%
Passengers (millions)	82.8	69.7	19%
Load factor	89.3%	85.5%	3.8ppt
Available seat kilometres (ASK) (millions)	113,334	97,287	16%
Revenue passenger kilometres (RPK) (millions)	102,984	84,874	21%
Average sector length (kilometres)	1,224	1,193	3%
Sectors (thousands)	519	456	14%
Block hours (thousands)	1,094	938	17%
easyJet holidays passengers (thousands) ¹	1,893	1,072	77%
Number of aircraft owned/leased at end of year	336	320	5%
Average number of aircraft owned/leased during year	328	321	2%
Average number of aircraft operated per day during year	276	255	8%
Number of routes operated at end of year	1,018	988	3%
Number of airports served at end of year	155	153	1%

FINANCIAL MEASURES

	2023	2022	Favourable/ (adverse)
Total return on capital employed	12.0%	(0.7%)	12.7ppt
Headline return on capital employed	12.6%	0.1%	12.5ppt
Group total profit/(loss) before tax per seat (£)	4.67	(2.55)	283%
Group headline profit/(loss) before tax per seat (£)	4.91	(2.19)	324%
Airline total profit/(loss) before tax per seat (£)	3.35	(3.01)	211%
Airline headline profit/(loss) before tax per seat (£)	3.59	(2.65)	235%
Airline headline profit/(loss) before tax per ASK (pence)	0.29	(0.22)	232%
easyJet holidays total profit before tax (£ millions)	122	38	221%
Revenue			
Airline revenue per seat (£)	79.84	66.23	21%
Airline revenue per seat at constant currency (£)	78.60	66.23	19%
Airline revenue per ASK (pence)	6.52	5.54	18%
Airline revenue per ASK at constant currency (pence)	6.42	5.54	16%
Airline revenue per passenger (£)	89.36	77.48	15%
Airline revenue per passenger at constant currency (£)	87.98	77.48	14%
Costs			
Per seat measures			
Airline headline cost per seat (£)	76.25	68.88	(11%)
Airline headline cost per seat excluding fuel (£)	54.30	53.20	(2%)
Airline headline cost per seat excl fuel at constant currency (£)	53.58	52.43	(2%)
Per ASK measures			
Airline headline cost per ASK (pence)	6.23	5.77	(8%)
Airline headline cost per ASK excluding fuel (pence)	4.44	4.45	0%
Airline headline cost per ASK exc fuel at constant currency (pence)	4.38	4.39	0%

1) Holidays passenger numbers excluding agency commission passengers are 1.6 million (FY22 0.8m).

Refer to the Glossary in the annual report and accounts for further detail.

Going Concern and Viability Statement

Assessment of prospects

The strategic report in the annual report and accounts sets out the activities of the Group and the factors likely to impact its future development, performance and position. The Finance Review in the annual report and accounts sets out the financial position of the Group, cash flows, liquidity position and borrowing activity. The notes to the accounts include the objectives, policies and procedures for managing capital, financial risk management objectives, details of financial instruments and hedging activities and exposure to credit risk and liquidity risk.

In accordance with the requirements of the 2018 UK Corporate Governance Code, the Directors have assessed the long-term prospects of the Group, taking into account its current position, the updated medium-term targets set out in the strategic plan and a range of internal and external factors, including the principal risks. The Directors have determined that a three-year period is an appropriate timeframe for this viability assessment. In concluding on a three-year period, the Directors considered the reliability of forecast information, the current macro-economic and market conditions and longer-term management incentives. However, it is noted that the high-level fleet plan used by easyJet is necessarily over a longer period to enable future planning of aircraft deliveries underpinning the plans for fleet modernisation, future growth, cost efficiencies and sustainability improvements. This longer-term planning is evidenced this year by the latest proposed aircraft purchase transaction which, if approved by shareholders, will secure aircraft deliveries for the period FY29-34.

The assessment of the prospects of the Group includes the following factors:

- The strategic plan – which takes into consideration growth expected by way of creating value through the business model, market conditions, future commitments, cash flow, expected impact of key risks, funding requirements and maturity of existing financing facilities (see below).

As at September 2023	Maturity date	Available funds (drawn and undrawn)
Eurobonds	October 2023	€500m
	June 2025	€500m
	March 2028	€1,200m
Revolving credit facility	September 2025 ¹	\$400m
Undrawn UKEF backed facility	June 2028	\$1,750m

1) Option to extend to September 2026 at lender's consent.

- The fleet plan – the plan retains some flexibility to adjust the size of the fleet in response to opportunities or risks.
- Strength of the balance sheet and unencumbered assets – this sustainable strength gives us access to capital markets.
- Risk assessment – see detailed risk assessment in the annual report and accounts.

Stress testing

The corporate risk management framework facilitates the identification, analysis, and response to plausible risks, including emerging risks, as our business evolves in an increasingly volatile environment. Through our corporate risk management process, a robust assessment of the principal risks facing the organisation has been performed and the controls and mitigations identified.

Both individually and combined these potential risks are unlikely to require significant additional management actions to support the business to remain viable, however, there could be actions that management would deem necessary to reduce the impact of the risks. The stress testing scenarios identified in the table on the subsequent pages show that there is sufficient liquidity under all scenarios. In the first four scenarios one of the assumptions is that the existing Eurobonds are refinanced, whereas in the last scenario no refinancing of existing Eurobonds is assumed.

Going concern statement

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 easyJet's business activities, together with factors likely to affect its future development and performance, as well as easyJet's principal risks and uncertainties through to June 2025.

As at 30 September 2023, easyJet had a net cash position of £41 million including cash and cash equivalents of £2.9 billion, with unrestricted access to £4.7 billion of liquidity, and has retained ownership of 54% of the total fleet, all of which are unencumbered.

The Directors have reviewed the financial forecasts and funding requirements with consideration given to the potential impact of severe but plausible risks. easyJet has modelled a base case representing management's best estimation of how the business plans to perform over the period. The future impact of climate change on the business has been incorporated into strategic plans, including the estimated financial impact within the base case cash flow projections of the future estimated price of ETS allowances, the phasing out of the free ETS allowances from 2024, the expected price and quantity required of Sustainable Aviation Fuel (SAF) usage and fleet renewals.

The business is exposed to fluctuations in fuel prices and foreign exchange rates. easyJet is currently c.76% hedged for fuel in H1 of FY24 at c.\$867 per metric tonne, c.51% hedged for H2 FY24 at c.\$823 and c.25% hedged for H1 FY25 at c.\$832.

In modelling the impact of severe but plausible downside risks, the Directors have considered demand suppression leading to a reduction in ticket yield of 5% and a reduction in Holidays contribution of 5%. The model also includes the recurrence of additional disruption costs (at FY22 levels), an additional \$50 per metric tonne on the fuel price, 1.5% additional operating cost inflation and an adverse movement on the US dollar rate. These impacts have been modelled across the whole going concern period. In addition, this downside model also includes a grounding of 25% of the fleet for the duration of the peak trading month of August, to cover the range of severe but plausible risks that could result in significant operational disruption. This downside scenario resulted in a significant reduction in liquidity but still maintained sufficient headroom on external liquidity requirements.

The Directors also considered a separate downside model that included the operational disruption and adverse US dollar rate but, instead of the yield reduction, modelled increased costs (additional 3% inflation assumed on operating costs) and an additional \$100 per metric tonne on the fuel price compared to the base case. This scenario was not as severe and as such still resulted in sufficient headroom. It was not deemed plausible to combine yield reduction and the higher cost and fuel increases based on an analysis of historical information across the airline industry.

After reviewing the current liquidity position, committed funding facilities, the base case and severe but plausible downside financial forecasts incorporating the uncertainties described above, the Directors have a reasonable expectation that the Group 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 Group's financial statements.

Viability Statement

Based on the assessment performed, the Directors have a reasonable expectation that the Company and the Group will be able to continue in operation and meet all liabilities as they fall due up to September 2026. In making this statement, the Directors have made the following key assumptions:

1. easyJet has access to a variety of funding options including capital markets, aircraft financing and bank or government debt. The stress testing demonstrates that the current funding with refinancing of the existing Eurobonds would be sufficient to retain liquidity in both the base and downside scenarios (excluding the specific lack of funding scenario).
2. In assessing viability, it is assumed that the detailed risk management process as outlined in the annual report and accounts captures all plausible risks, and that in the event that multiple risks occur, all available actions to mitigate the impact to the Group would be taken on a timely basis and have the intended impact.

3. There is no prolonged grounding of a substantial portion of the fleet greater than included in the downside and alternative downside scenarios. This includes a grounding of 25% of the fleet for the duration of the peak trading month of August, to cover the range of severe but plausible risks that could result in significant operational disruption.

The key risks that are most likely to have a significant impact on easyJet's viability have been considered in the stress testing across multiple scenarios and are shown in the table below. The assumptions applied to the models are based on plausible but severe impacts of the risks, as assessed by review of the current macro-economic position and historical information across the airline industry. The principal risks have continued to be assessed for any changes in the risk environment. The actions in place to mitigate against these risks are included in the Risk section in the annual report and accounts.

Scenario Modelled	Description	Assumptions applied	Corporate risk covered
Demand suppression and operational disruption	Downside scenario covering multiple risks that may lead to a reduction in demand, resulting in a prolonged yield reduction over the period. In addition, this scenario combines risks that also would lead to operational disruption and/or short-term grounding of the fleet.	<p>Across the whole period:</p> <ul style="list-style-type: none"> - reduction in ticket yield of 5% - reduction in Holidays contribution of 5% - additional disruption costs (based on FY22 levels). <p>One-off:</p> <ul style="list-style-type: none"> - a grounding of 25% of the fleet for the duration of the peak trading month of August. 	<p>Breach of regulatory requirements</p> <p>Significant safety or security event</p> <p>Significant digital security event</p> <p>Network and primary airport risks</p> <p>Significant operational disruption</p>
Increase in costs and operational disruption	Scenario covers multiple risks that would result in an increase in costs across the period or a significant spike in costs. In addition, this scenario combines risks that also would lead to operational disruption and/or short-term grounding of the fleet.	<p>Across the whole period:</p> <ul style="list-style-type: none"> - additional \$100 per metric tonne on the fuel price - increased costs (additional inflation assumed on all costs) - additional disruption costs (based on FY22 levels) - an adverse movement on the US dollar rate. <p>One-off:</p> <ul style="list-style-type: none"> - a grounding of 25% of the fleet for the duration of the peak trading month of August. 	<p>Breach of regulatory requirements</p> <p>Significant safety or security event</p> <p>Significant operational disruption</p> <p>Significant digital security event</p> <p>Network and primary airport risks</p> <p>Macro-economic conditions</p>
Climate change	Scenario covers climate-based risks that would result in both a reduction in demand and increased costs. This includes SAF and ETS costs, capex and maintenance costs due to technology changes	<p>Across the whole period:</p> <ul style="list-style-type: none"> - reduction in demand – reduced yields or capacity - increased fuel costs (SAF and ETS) - increased maintenance costs - new taxes. 	Climate change transition risks

Scenario Modelled	Description	Assumptions applied	Corporate risk covered
	and additional costs for regulatory and legal challenge.		
Failure to deliver on plans	Scenario covers the risks that would result in easyJet being unable to deliver on its plans for the period.	Across the whole period: <ul style="list-style-type: none"> - reduced initiatives income - increased costs - reduction in ticket yield of 5% - reduction in Holidays contribution of 5%. 	Non-delivery of strategic initiatives Talent acquisition and retention risks
Lack of Funding	Scenario covers the risk that would result in no further funding being available to easyJet during the period.	Across the whole period: <ul style="list-style-type: none"> - uncommitted funding excluded. 	Macro-economic conditions

Consolidated income statement

Year ended 30 September							
		2023			2022		
		Headline	Non-headline	Total	Headline	Non-headline	Total
	Notes	£ million	(note 2) £ million	£ million	£ million	(note 2) £ million	£ million
Passenger revenue		5,221	-	5,221	3,816	-	3,816
<i>Ancillary revenue¹</i>							
Airline ancillary revenue		2,174	-	2,174	1,585	-	1,585
Holidays incremental revenue		776	-	776	368	-	368
Total ancillary revenue		2,950	-	2,950	1,953	-	1,953
Total revenue	5	8,171	-	8,171	5,769	-	5,769
Fuel		(2,033)	-	(2,033)	(1,279)	-	(1,279)
Airports and ground handling ¹		(1,800)	-	(1,800)	(1,443)	-	(1,443)
Crew		(941)	-	(941)	(767)	-	(767)
Navigation		(422)	-	(422)	(339)	-	(339)
Maintenance		(341)	-	(341)	(301)	-	(301)
Holidays direct operating costs (excluding flights) ¹		(582)	-	(582)	(273)	-	(273)
Selling and marketing		(232)	-	(232)	(173)	-	(173)
Other costs		(695)	(10)	(705)	(635)	(30)	(665)
Other income		5	6	11	10	-	10
EBITDAR		1,130	(4)	1,126	569	(30)	539
Aircraft dry leasing		-	-	-	(2)	-	(2)
Depreciation	7	(625)	(19)	(644)	(539)	-	(539)
Amortisation of intangible assets		(29)	-	(29)	(25)	-	(25)
Operating profit/(loss)		476	(23)	453	3	(30)	(27)
Interest receivable and other financing income		132	-	132	26	-	26
Interest payable and other financing charges		(180)	-	(180)	(143)	-	(143)
Foreign exchange gain/(loss)		27	-	27	(64)	-	(64)
Net finance charges		(21)	-	(21)	(181)	-	(181)
Profit/(loss) before tax		455	(23)	432	(178)	(30)	(208)
Tax (charge)/credit	3	(114)	6	(108)	31	8	39
Profit/(loss) for the year		341	(17)	324	(147)	(22)	(169)
Earnings/(loss) per share, pence							
Basic	4			43.1			(22.4)
Diluted	4			42.7			(22.4)

1) Revenue and expenditure of easyJet holidays recognised in the prior year has been re-presented, see note 1 for details.

Consolidated statement of comprehensive income

		Year ended 30 September 2023 £ million	Year ended 30 September 2022 £ million
	Notes		
Profit/(loss) for the year		324	(169)
Other comprehensive (loss)/income			
<i>Items that may be reclassified to the income statement:</i>			
Cash flow hedges			
Fair value (losses)/gains in the year		(19)	774
Gains transferred to income statement		(51)	(730)
Hedge ineffectiveness/discontinuation loss/(gain) transferred to income statement		1	(5)
Related deferred tax credit/(charge)	3	12	(11)
Cost of hedging		(9)	8
Related deferred tax credit/(charge)	3	2	(2)
<i>Items that will not be reclassified to the income statement:</i>			
Remeasurement (loss)/gain of post-employment benefit obligations		(8)	41
Related deferred tax charge	3	(1)	(10)
Fair value gains on equity investment		-	1
		(73)	66
Total comprehensive income/(loss) for the year		251	(103)

Consolidated statement of financial position

		As at 30 September 2023	As at 30 September 2022 (re-presented)
	Notes	£ million	£ million
Non-current assets			
Goodwill		365	365
Other intangible assets		276	217
Property, plant and equipment	7	4,864	4,629
Derivative financial instruments		35	127
Equity investment		31	31
Restricted cash		2	3
Other non-current assets		138	91
Deferred tax assets	3	-	62
		5,711	5,525
Current assets			
Trade and other receivables		343	367
Intangible assets		676	495
Derivative financial instruments		186	423
Restricted cash		-	4
Money market deposits		-	126
Cash and cash equivalents		2,925	3,514
		4,130	4,929
Current liabilities			
Trade and other payables ¹		(1,764)	(1,759)
Unearned revenue		(1,498)	(1,042)
Borrowings	8	(433)	(437)
Lease liabilities		(217)	(247)
Derivative financial instruments		(54)	(86)
Current tax payable	3	(3)	(5)
Provisions for liabilities and charges ¹	9	(175)	(102)
		(4,144)	(3,678)
Net current (liabilities)/assets		(14)	1,251
Non-current liabilities			
Borrowings	8	(1,462)	(2,760)
Unearned revenue		(3)	(1)
Lease liabilities		(772)	(866)
Derivative financial instruments		(14)	(22)
Non-current deferred income		(4)	(4)
Post-employment benefit obligation		(7)	(1)
Provisions for liabilities and charges	9	(626)	(589)
Deferred tax liabilities	3	(22)	-
		(2,910)	(4,243)
Net assets		2,787	2,533
Shareholders' equity			
Share capital		207	207
Share premium		2,166	2,166
Hedging reserve		113	170
Cost of hedging reserve		(2)	5
Translation reserve		72	(6)
Retained earnings/(accumulated losses)		231	(9)
Total equity		2,787	2,533

1) The liability for compensation and reimbursements for airline customer delays and cancellations has been re-presented from provisions for liabilities and charges to liabilities within other payables. Refer to note 1 for further detail.

Consolidated statement of changes in equity

	Share capital	Share premium	Hedging reserve	Cost of hedging reserve	Translation reserve	Retained earnings/(accumulated losses)	Total equity
	£ million	£ million	£ million	£ million	£ million	£ million	£ million
At 1 October 2022	207	2,166	170	5	(6)	(9)	2,533
Profit for the year	-	-	-	-	-	324	324
Other comprehensive loss	-	-	(57)	(7)	-	(9)	(73)
Total comprehensive income/(loss)	-	-	(57)	(7)	-	315	251
<i>Share incentive schemes</i>							
Employee share schemes - value of employee services	-	-	-	-	-	18	18
Purchase of own shares	-	-	-	-	-	(15)	(15)
Currency translation transfer ¹	-	-	-	-	78	(78)	-
At 30 September 2023	207	2,166	113	(2)	72	231	2,787
	Share capital	Share premium	Hedging reserve	Cost of hedging reserve	Translation reserve	Retained earnings/(accumulated losses)	Total equity
	£ million	£ million	£ million	£ million	£ million	£ million	£ million
At 1 October 2021	207	2,166	156	(1)	-	111	2,639
Loss for the year	-	-	-	-	-	(169)	(169)
Other comprehensive income	-	-	28	6	-	32	66
Total comprehensive (loss)/income	-	-	28	6	-	(137)	(103)
Transfers to property, plant & equipment	-	-	(14)	-	-	-	(14)
<i>Share incentive schemes</i>							
Employee share schemes - value of employee services	-	-	-	-	-	26	26
Purchase of own shares	-	-	-	-	-	(9)	(9)
Currency translation differences	-	-	-	-	(6)	-	(6)
At 30 September 2022	207	2,166	170	5	(6)	(9)	2,533

- 1) The translation reserves transfer relates to a correction of a historical error in the retranslation of monetary assets and liabilities in overseas subsidiaries on consolidation. The cumulative amount of exchange differences on these balances were previously presented within retained earnings/(accumulated losses) in the consolidated statement of changes in equity and the consolidated statement of financial position. However, these exchange differences should have been presented as part of the translation reserve. This has resulted in a £78 million transfer between retained earnings/(accumulated losses) and the translation reserve to more accurately present the cumulative foreign exchange gains recognised on consolidation. The nature of the error is considered to not constitute a material error on a qualitative basis and therefore the impact has been adjusted in the current year. There is no change in brought forward or carried forward total equity from this change and no restatement of the consolidated statement of financial position or consolidated statement of changes in equity has been made.

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

At 30 September 2023, amounts in the cost of hedging reserve comprised of a £3 million gain related to cross-currency basis (2022: £7 million gain) and a £5 million loss related to the time value of options (2022: £2 million loss).

Consolidated statement of cash flows

		Year ended 30 September 2023	Year ended 30 September 2022
	Notes	£ million	£ million
Cash flows from operating activities			
Cash generated from operations	10	1,509	892
Interest and other financing charges paid		(162)	(130)
Interest and other financing income received		125	11
Settlement of derivatives		91	7
Net tax paid	3	(12)	(4)
Net cash generated from operating activities		1,551	776
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(677)	(501)
Purchase of non-current other intangible assets		(77)	(29)
Net decrease/(increase) in money market deposits	11	126	(126)
Net proceeds from sale and leaseback of aircraft		76	87
Net cash used in investing activities		(552)	(569)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		-	91
Share issue transaction costs		-	(38)
Purchase of own shares for employee share schemes		(15)	(9)
Repayment of bank loans and other borrowings	11	(1,192)	(377)
Repayment of capital element of leases	11	(218)	(206)
Decrease in restricted cash		5	7
Net cash used in financing activities		(1,420)	(532)
Effect of exchange rate changes		(168)	303
Net decrease in cash and cash equivalents		(589)	(22)
Cash and cash equivalents at beginning of year		3,514	3,536
Cash and cash equivalents at end of year		2,925	3,514

Notes to the financial statements

1. Accounting policies, judgements and estimates

Statement of compliance

easyJet plc (the 'Company') and its subsidiaries ('easyJet' or the 'Group' as applicable) is a low-cost airline carrier operating principally in Europe. The Company is a public limited company (company number 03959649), incorporated and domiciled in the United Kingdom, whose shares are listed on the London Stock Exchange under the ticker symbol EZJ. The address of its registered office is Hangar 89, London Luton Airport, Luton, Bedfordshire, LU2 9PF, England.

The consolidated financial statements of easyJet plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

Basis of preparation

This consolidated financial information has been prepared in accordance with the Listing Rules of the Financial Conduct Authority.

The financial information set out in this document does not constitute statutory financial statements for easyJet plc for the two years ended 30 September 2023 but is extracted from the 2023 Annual Report and Financial statements.

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 easyJet's business activities, together with factors likely to affect its future development and performance, as well as easyJet's principal risks and uncertainties through to June 2025.

As at 30 September 2023, easyJet has a net cash position of £41 million including cash and cash equivalents of £2.9 billion, with unrestricted access to £4.7 billion of liquidity, and has retained ownership of 54% of the total fleet, all of which are unencumbered.

The Directors have reviewed the financial forecasts and funding requirements with consideration given to the potential impact of severe but plausible risks. easyJet has modelled a base case representing management's best estimation of how the business plans to perform over the period. The future impact of climate change on the business has been incorporated into strategic plans, including the estimated financial impact within the base case cash flow projections of the future estimated price of Emissions Trading System (ETS) allowances, the phasing out of the free ETS allowances from 2024, and the expected price and quantity required of Sustainable Aviation Fuel (SAF) usage and fleet renewals.

The business is exposed to fluctuations in fuel prices and foreign exchange rates. easyJet is currently c.76% hedged for fuel in H1 of FY24 at c.\$867 per metric tonne, c.51% hedged for H2 FY24 at c.\$823 and c.25% hedged for H1 FY25 at c.\$832.

In modelling the impact of severe but plausible downside risks, the Directors have considered demand suppression leading to a reduction in ticket yield of 5% and a reduction in Holidays contribution of 5%. The model also includes the reoccurrence of additional disruption costs (at FY22 levels), an additional \$50 per metric tonne on the fuel price, 1.5% additional operating cost inflation and an adverse movement on the US dollar rate. These impacts have been modelled across the whole going concern period. In addition, this downside model also includes a grounding of 25% of the fleet for the duration of the peak trading month of August, to cover the range of severe but plausible risks that could result in significant operational disruption. This downside scenario resulted in a significant reduction in liquidity but still maintained sufficient headroom on external liquidity requirements.

The Directors also considered a separate downside model that included the operational disruption and adverse US dollar rate but, instead of the yield reduction, modelled increased costs (additional 3% inflation assumed on operating costs) and an additional \$100 per metric tonne on the fuel price compared to the base case. This scenario

was not as severe and as such still resulted in sufficient headroom. It was not deemed plausible to combine yield reduction and the higher cost and fuel increases based on an analysis of historical information across the airline industry.

After reviewing the current liquidity position, committed funding facilities, the base case and severe but plausible downside financial forecasts incorporating the uncertainties described above, the Directors have a reasonable expectation that the Group 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 Group's financial statements.

The Annual Report and Accounts for 2022 has been delivered to the Registrar of Companies.

The Annual Report and Accounts for 2023 will be delivered to the Registrar of Companies in due course. The auditors' report on those financial statements was unqualified and neither drew attention to any matters by way of emphasis nor contained a statement under either section 498(2) of Companies Act 2006 (accounting records or returns inadequate or financial statements not agreeing with records and returns), or section 498(3) of Companies Act 2006 (failure to obtain necessary information and explanations).

Accounting policies

The accounting policies adopted are consistent with those described in the Annual Report and Accounts for the year ended 30 September 2023.

Change in presentation

Presentation of easyJet holidays

The presentation of the consolidated income statement has been amended in order to provide more relevant information to the users of the financial statements, reflecting the increasing significance of the Holidays operating segment. Holidays revenues have historically been presented within 'Ancillary revenue', whilst associated costs have been presented within the 'Airports, ground handling, holidays accommodation, and other operating costs' line. Ancillary revenue has now been split into ancillary revenue attributable to airline passengers and Holidays incremental revenue, which is the revenue from holidays' customers net of flight revenue; the passenger revenue and airline ancillary revenue attributable to holidays' customers being included in the passenger revenue and airlines ancillary revenue lines respectively. Additionally, a new cost line 'Holidays direct operating costs' is shown which includes costs specific to the Holidays business such as accommodation costs and airport transfers.

The prior year has been presented on a consistent basis, which has resulted in the re-presentation of the consolidated income statement as below.

Year ended 30 September 2022

	(Previously reported)			(Re-presented)		
	Headline	Non-headline (note 2)	Total	Headline	Non-headline (note 2)	Total
	£ million	£ million	£ million	£ million	£ million	£ million
Revenue						
Passenger revenue	3,816	-	3,816	3,816	-	3,816
Airline ancillary	-	-	-	1,585	-	1,585
Holidays incremental revenue	-	-	-	368	-	368
Ancillary revenue	1,953	-	1,953	1,953	-	1,953
Total revenue	5,769	-	5,769	5,769	-	5,769
Expenditure						
Airports and ground handling	-	-	-	(1,443)	-	(1,443)
Airports, ground handling, holidays accommodation, and other operating costs	(1,716)	-	(1,716)	-	-	-
Holidays direct operating costs (excluding flights)	-	-	-	(273)	-	(273)
Total	(1,716)	-	(1,716)	(1,716)	-	(1,716)

Presentation of the liability for compensation for airline customer delays and cancellations

In previous reporting periods easyJet has classified the liability for compensation and reimbursements for airline customers arising from flight delays and cancellations as a provision. In response to a ruling by the International Financial Reporting Interpretations Committee (IFRIC) that compensation for delays gives rise to variable consideration, this liability has been re-presented from provisions for liabilities and charges to liabilities within trade and other payables. This impacts both the statement of financial position and the accompanying notes to the financial statements. The prior year statement of financial position has been re-presented as described below, and the impact on accompanying notes is described in those notes. Specifically, for note 9, as a result of this re-presentation, the provision for holidays' customer compensation for quality issues, personal injury and illness, and the provision for refunds of air passenger duty and similar charges have been re-presented as 'Other provisions'.

As at 30 September 2022

	Previously reported	Re-presented
	£ million	£ million
Current liabilities		
Trade and other payables	(1,685)	(1,759)
Provisions for liabilities and charges	(176)	(102)
Remaining other current liabilities	(1,817)	(1,817)
	(3,678)	(3,678)

The value of the liability for the year ending 30 September 2021 was not material and therefore the 1 October 2021 opening balance in the relevant comparative notes has not been re-presented.

Critical accounting judgements and estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make judgements as to the application of accounting standards to the recognition and presentation of material transactions, assets and liabilities within the Group, and the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Estimations are based on management's best evaluation of a range of assumptions, however, 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.

Critical accounting judgements

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

Classification of income or expenses between headline and non-headline (note 2)

Non-headline items are those where, in management's opinion, their separate reporting provides an additional understanding to users of the financial statements of easyJet's underlying trading performance, and which are significant by virtue of their size and/or nature. In considering the categorisation of an item as non-headline, management's judgement includes, but is not limited to, a consideration of:

- whether the item is outside of the principal activities of the easyJet Group (being to provide point-to-point airline services and package holidays);
- the specific circumstances which have led to the item arising, including, if extinguishing an item from the statement of financial position, whether that item was first generated via headline or non-headline activity. The rebuttable presumption being that when subsequently extinguishing an item from the statement of financial position, any impact on the income statement should be reflected in the same way as that which was used in the initial creation of the item;
- if the item is irregular in nature; and,
- whether the item is unusual by virtue of its size.

Non-headline items may include impairments, amounts relating to corporate acquisitions and disposals, expenditure on major restructuring programmes and the gain or loss resulting from the initial recognition of sale and leaseback transactions.

Consolidation of easyJet Switzerland S.A.

Judgement has been applied in consolidating easyJet Switzerland S.A. as a subsidiary on the basis that the Company exercises a dominant influence over the undertaking. A non-controlling interest has not been reflected in the consolidated financial statements on the basis that the holders of the remaining 51% of the shares have no entitlement to any dividends from that holding and the Company has an option to acquire those shares for a predetermined minimal consideration.

Critical accounting estimates

The following critical accounting estimates include judgements or complexity and are the 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.

Owned aircraft carrying values – £3,846 million (2022: £3,598 million) (note 7)

The key estimates used in arriving at aircraft carrying values are the UELs and residual values of the owned aircraft.

Aircraft are depreciated over their UEL to their residual values in line with the Property, Plant and Equipment Accounting Policy. The UEL is based on easyJet's long-term fleet plan and intended utilisation of the current fleet which include long-term assumptions of market conditions and customer demands, which by their nature are inherently uncertain.

Residual value estimates for aircraft are based on independent aircraft valuations. The valuations are based on an assessment of the current and future state of the global marketplace for specific aircraft assets. Should the marketplace for an asset class deteriorate unpredictably, there could be a risk that the recoverable amount for some aircraft assets would fall below their current carrying value or that residual values are subject to downward

adjustment. If the market expectation of residual value of the easyJet aircraft varied by +/- 10% this would result in an approximate +/- £7 million impact on annual depreciation rates.

Owned and leased aircraft asset recoverable amounts are included in the Airline CGU and are therefore subject to review for impairment annually or when there is an indication of impairment within the Airline CGU.

Aircraft maintenance provisions - £753 million (2022: £636 million) (note 9)

easyJet incurs liabilities for maintenance costs arising during the lease term of leased aircraft. These costs arise from legal and constructive contractual obligations relating to the condition of the aircraft when it is returned to the lessor. To discharge these obligations, it is usual for easyJet to carry out at least one heavy maintenance check on each of the engines and the airframe of the aircraft during the lease term. A material provision representing the estimated cost of this obligation is built up over the course of the lease. The estimates and assumptions used in the calculation of the provision are reviewed at least annually, and when information becomes available that is capable of causing a material change to an estimate, such as the renegotiation of end of lease return conditions, increased or decreased aircraft utilisation, or changes in the cost of heavy maintenance services and the expected uplift in future prices.

A significant portion of the future maintenance costs and cost increases are under contract and provide certainty to the provision. Where cost increases are not under contract, an estimation of the likely future increases are made in the calculation of the provision. Given the significant value of the provision, the provision is sensitive to changes in the future increase of uncontracted costs. An additional 4% cost uplift on uncontracted costs over the future years used in the provision would result in a £28 million increase in the provision. Additionally, with many maintenance costs incurred in US dollars, the provision remains sensitive to changes in the GBP/USD exchange rate. A significant +/- 10 cent change in the GBP/USD exchange rate would impact the provision by -£48 million/+£56 million respectively.

The rates used to discount the provision to arrive at a present value are based on observable market rates as an estimate of the relevant risk free rate.

The provision can also be materially influenced by the maintenance status of aircraft when they enter the easyJet fleet. To give flexibility to the fleet plan easyJet may lease 'mid-life' aircraft. When mid-life aircraft enter the fleet, a 'catch-up' maintenance provision is created to reflect the maintenance obligation for the flying cycles undertaken before the aircraft entered the easyJet fleet. The trigger for such increases to the provision is the lease contract and as such any future mid-life lease events are not reflected in the current provision. It is of note that where contractually agreed a mid-life delivery asset is also created when the mid-life leased aircraft enter the fleet, creating a separate related asset on the statement of financial position.

Goodwill and landing rights - £520 million (2022: £523 million)

It is management's judgement that there are two separate CGUs which generate largely independent cash flows, these being easyJet's Airline route network and its Holidays business. The recoverable amount of goodwill and landing rights has been determined based on value in use calculations for the airline route network CGU as they are wholly attributable to it. The value in use is determined by discounting future cash flows to their present value. When applying this method, easyJet relies on a number of key estimates including the ability to meet its strategic plans, future fuel prices and exchange rates, long-term economic growth rates for the principal countries in which it operates, and its pre-tax weighted average cost of capital. Strategic plans include assessments of the future impact of climate change on easyJet to the extent these can be estimated. This includes, for example, the future estimated price of ETS allowances, the phasing out of the free ETS allowances from 2024, the expected price and quantity required of SAF usage and currently estimated fleet renewals. The impact of longer-term climate change risks that are not part of the strategic plans has been considered as part of the stress testing and plausible scenarios modelled.

Fuel prices and exchange rates continue to be volatile in nature and the ability to pass these changes on to the customer is a critical judgement that requires estimation. In addition, assumptions over customer demand levels could have a significant effect on the impairment assessment performed. Any future events that would lead to extended travel restrictions or fleet grounding may impact future impairment or useful economic life assessments. The stress testing considered as part of the overall impairment assessment takes into account

different assumptions for these key estimates.

Recoverability of deferred tax assets - £442 million (2022: £443 million) (note 3)

The deferred tax asset balances include £442 million (2022: £443 million) arising on full recognition of the UK trading tax losses accumulated at the statement of financial position date. The Group 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 Group. Where applicable the financial projections used in assessing future taxable income are consistent with those used elsewhere across the business, for example in the assessment of going concern. These assessments include the expected impact of climate change on easyJet, and the future financial impact within cash flow projections, including the future estimated price of ETS allowances, the phasing out of the free ETS allowances from 2024, the expected price and quantity required of SAF usage and fleet renewals.

The tax losses for which a deferred tax asset has been recognised are expected to be utilised within the next six years, assessed by considering probable forecast future taxable income. The probable forecast future taxable income includes the impact of the expected unwind of taxable temporary differences as well as the effect of Full Expensing Relief for qualifying capital expenditure. 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.

The tax losses can be carried forward indefinitely and have no expiry date.

In the 22 November 2023 Autumn Statement it was announced that full expensing relief, introduced in the Finance (No.2) Act 2023, for qualifying expenditure incurred from 1 April 2023 to 31 March 2026 will be made permanent. It is not substantively enacted at the statement of financial position date but the Group is assessing the impact it may have on the recoverability of deferred tax assets for subsequent financial years.

Defined benefit pension assumptions - £152 million gross obligation (2022: £140 million gross obligation)

The Swiss pension scheme meets the requirements under IAS 19 to be recognised as a defined benefit pension scheme and the net pension obligation is recognised on the consolidated statement of financial position. The measurement of scheme assets and obligations are calculated by an independent actuary in line with IAS 19. The financial and demographic assumptions used in the calculation are determined by management following consultation with the independent actuary with consideration of external market movements and inputs. The calculation is most sensitive to movements in the discount rate applied, which has been subject to significant volatility.

Liability for compensation payments - £62 million (2022: £74 million)

easyJet incurs liabilities for amounts payable to customers who make claims in respect of flight delays and cancellations, for which claims could be made up to six years after the event, and for reimbursement of reasonable expenses incurred as a result of flight delays and cancellations. The key estimation in the liability is the passenger claim rate for compensation payments. The estimation carries a level of uncertainty as it is based on customer behaviour. The basis of the estimates included in the liability are reviewed at least annually and when information becomes available that may result in a material change to the estimate. Should the claim rate for compensation paid to customers increase by 2% across the six-year liability period, it would result in an addition to the year end provision of £15 million.

Vouchers issued - £58 million (2022: £111 million)

It is currently easyJet policy in the event of flight cancellations to offer customers the option to accept vouchers in lieu of cash refunds. The liability for these vouchers is classified under other payables until the voucher is redeemed against a future booking, when it is reclassified to unearned revenue.

For airline flight vouchers, where the likelihood of the contractual right being exercised is considered to be remote, immaterial breakage has been applied. This has been estimated based on the utilisation rates experienced to date, and these liabilities have been taken to the consolidated income statement as revenue. The breakage was applied in the first half of the financial year ahead of a significant voucher expiry deadline later in the financial year. That deadline was subsequently been extended into the next financial year to allow customers the maximum opportunity to utilise their vouchers. Utilisation patterns since this extension do not suggest that the breakage recognition should be reversed.

For vouchers issued to customers in countries where regulations stipulate unused vouchers should be refunded to the customer before the expiry of the statutory period, the required refunds have been made.

Applying breakage to the balance of the remaining airline flight vouchers at 30 September 2023 at a rate of 10% would result in a reduction in the liability of c.£5 million.

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 IAS16 – Property, plant and equipment – Proceeds before intended use
- Amendments to IAS37 – 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

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

2. Non-headline items

An analysis of the amounts presented as non-headline is given below:

	Year ended 30 September 2023	Year ended 30 September 2022
	£ million	£ million
Sale and leaseback loss	-	21
Restructuring charge	1	-
Loss on disposal of landing rights	3	10
Fair value adjustment and hedge discontinuation credit	-	(1)
Correction of prior year error	19	-
Total non-headline charge before tax	23	30
Tax credit on non-headline items	(6)	(8)
Total non-headline charge after tax	17	22

Sale and leaseback loss

During the year, easyJet completed the sale and leaseback of eight A319 aircraft (2022: ten). There was a £nil million impact in the income statement (£6 million loss recognised in other costs offset by £6 million gain recognised in other income) for the sale and leaseback of the eight aircraft during the year (2022: £21 million loss recognised in other costs).

Restructuring

As a result of the downsizing of operations at Berlin Brandenburg Airport, announced in the previous financial year, in the current year easyJet returned an additional number of landing right 'slots' held at the airport relating to our summer 2023 flying schedule. As noted last year, the slots in Berlin were acquired as part of the acquisition of Air Berlin's operations in 2017. An allocation of the purchase price to the surrendered slots has been estimated and, as no consideration was received in return for giving back the slots, recognised as a loss on disposal of an intangible asset. This resulted in a non-headline restructuring charge of £3 million (2022: £10 million). Additionally, net restructuring charges of £1 million (2022: £nil million) representing additional costs arising from previously announced restructuring programmes in Germany, have been incurred in the period. As at 30 September 2023, there were unpaid amounts of £6 million (2022: £15 million) representing remaining redundancy cases which have not been finalised and settled at the end of the financial year.

Hedge discontinuation

Hedge discontinuation relates to the cumulative fair value of financial derivatives at the time of being discontinued from a previous hedge accounting relationship. No hedges were discontinued in the year ended 30 September 2023.

In accordance with IFRS 9, hedge effectiveness testing is performed on a regular, periodic basis. For cash flow hedges this includes an assessment of highly probable future cash exposures with the amount compared to the notional value of derivatives held in a hedge relationship. In the year ending 30 September 2022, this resulted in a £1 million net credit related to these discontinued derivatives held in other comprehensive income being immediately recorded in the income statement.

Correction of prior year error

In performing a review of foreign currency translation, an immaterial error was identified in a third-party system relating to aircraft lease modifications which occurred in FY21 and the depreciation of the corresponding right of use assets. The required correction to the statement of financial position at 30 September 2023 of £19 million has

been posted to depreciation on those right of use assets. This has been disclosed as a non-headline item as it is an irregular, immaterial error originating in an earlier financial year.

Tax on non-headline items

After the necessary tax adjustments, which principally relate to the sale and leaseback transactions in both the current and comparative periods, there is a non-headline tax credit of £6 million (2022: £8 million) for the year.

3. Tax (charge)/credit

Tax on profit/(loss) on ordinary activities

	2023 £ million	2022 £ million
Current tax		
Foreign tax	11	7
Total current tax charge	11	7
Deferred tax		
Temporary differences relating to property, plant and equipment	76	(50)
Other temporary differences	24	(2)
Adjustments in respect of prior years	(3)	2
Remeasurement of opening balances due to change in tax rates	-	4
Total deferred tax charge/(credit)	97	(46)
Total tax charge/(credit)	108	(39)
Effective tax rate	25.1%	18.7%

Reconciliation of the total tax charge/(credit)

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

	2023 £ million	2022 £ million
Profit/(loss)before tax	432	(208)
Tax charge/(credit) at 22.0% (2022: 19.0%)	95	(40)
Income not chargeable for tax purposes:		
Expenses not deductible for tax purposes	8	5
Share-based payments	(3)	2
Adjustments in respect of prior years - deferred tax	(3)	2
Difference in applicable rates for current and deferred tax	12	(12)
Attributable to rates other than standard UK rate	(1)	1
Change in substantively enacted tax rate	-	4
Movement in provisions	-	(1)
Total tax charge/(credit)	108	(39)

Current tax payable at 30 September 2023 amounted to £3 million (2022: £5 million payable) which is solely related to tax payable in other European jurisdictions.

During the year ended 30 September 2023, net cash tax paid amounted to £12 million (2022: £4 million net cash tax paid).

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 the Group for the year ended 30 September 2025 onwards. The Group has applied the exception allowed by an amendment to IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes.

Tax on items recognised directly in other comprehensive (loss)/income or shareholders' equity:

	2023	2022
	£ million	£ million
Charge/(credit) to other comprehensive (loss)/income		
Deferred tax on change in fair value of cash flow hedges	14	(13)
Deferred tax on post-employment benefit	(1)	(10)

Deferred tax

The net deferred tax (asset)/liability in the statement of financial position is as follows:

	Accelerated capital allowances	Short-term timing differences	Fair value (gains)/ losses	Share-based payments	Post- employment benefit obligation	Trading loss	Total
	£ million	£ million	£ million	£ million	£ million	£ million	£ million
At 1 October 2022	341	(26)	68	(1)	(1)	(443)	(62)
Charged/(credited) to income statement	73	27	-	(3)	(1)	1	97
Charged to other comprehensive loss	-	-	(14)	-	1	-	(13)
At 30 September 2023	414	1	54	(4)	(1)	(442)	22

Deferred tax liabilities expected to be settled:

	£ million
Within 12 months	-
After more than 12	22
At 30 September 2023	22

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.

	Accelerated capital allowances	Short-term timing differences	Fair value (gains)/ losses	Share-based payments	Post- employment benefit obligation	Trading loss	Total
	£ million	£ million	£ million	£ million	£ million	£ million	£ million
At 1 October 2021	373	(26)	51	(3)	(9)	(425)	(39)
Charged/(credited) to income statement	(32)	-	4	2	(2)	(18)	(46)
Charged to other comprehensive income	-	-	13	-	10	-	23
At 30 September 2022	341	(26)	68	(1)	(1)	(443)	(62)

4. Earnings/(loss) per share

Basic earnings/(loss) per share has been calculated by dividing the total profit/(loss) for the year by the weighted average number of shares in issue during the year after adjusting for shares held in employee benefit trusts.

To calculate diluted earnings/(loss) per share, the weighted average number of ordinary shares in issue has been adjusted to assume conversion of all dilutive potential shares. Share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year are considered to be dilutive potential shares. Where share options are exercisable based on performance criteria and those performance criteria have been met during the year, these options are included in the calculation of dilutive potential shares. The calculation of diluted loss per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

Headline basic and diluted earnings/(loss) per share are also presented, based on headline profit/(loss) for the year.

Earnings/(loss) per share is based on:

	2023	2022
	£ million	£ million
Headline profit/(loss) for the year	341	(147)
Total profit/(loss) for the year	324	(169)

	2023	2022
	million	million
Weighted average number of ordinary shares used to calculate basic earnings/(loss) per share	751	753
Weighted average number of ordinary shares used to calculate diluted earnings/(loss) per share	758	753

	2023	2022
Earnings/(loss) per share	pence	pence
Basic	43.1	(22.4)
Diluted	42.7	(22.4)

	2023	2022
Headline earnings/(loss) per share	pence	pence
Basic	45.4	(19.6)
Diluted	45.0	(19.6)

5. Segmental and geographical revenue reporting

Segmental analysis:

	Year ended 30 September 2023			
	Airline £ million	Holidays £ million	Intergroup transactions £ million	Group £ million
Passenger revenue	5,221	-	-	5,221
Ancillary revenue	2,174	1,047	(271)	2,950
Total revenue	7,395	1,047	(271)	8,171
Airline operating costs including fuel	(5,537)	-	-	(5,537)
Holidays direct operating costs	-	(842)	260	(582)
Selling and marketing	(189)	(43)	-	(232)
Other costs and other income	(654)	(47)	11	(690)
Amortisation, depreciation and dry leasing	(649)	(5)	-	(654)
Net interest (payable)/receivable and other financing income/(charges)	(59)	11	-	(48)
Foreign exchange gain	26	1	-	27
Headline profit before tax	333	122	-	455
Non-headline items	(23)	-	-	(23)
Total profit before tax	310	122	-	432
	Year ended 30 September 2022 (re-presented)			
	Airline £ million	Holidays £ million	Intergroup transactions £ million	Group £ million
Passenger revenue	3,816	-	-	3,816
Ancillary revenue	1,585	495	(127)	1,953
Total revenue	5,401	495	(127)	5,769
Airline operating costs including fuel	(4,129)	-	-	(4,129)
Holidays direct operating costs*	-	(400)	127	(273)
Selling and marketing*	(153)	(20)	-	(173)
Other costs and other income	(593)	(32)	-	(625)
Amortisation, depreciation and dry leasing*	(562)	(4)	-	(566)
Net interest (payable)/receivable and other financing income/(charges)*	(117)	-	-	(117)
Foreign exchange loss	(63)	(1)	-	(64)
Headline (loss)/profit before tax	(216)	38	-	(178)
Non-headline items	(30)	-	-	(30)
Total (loss)/profit before tax	(246)	38	-	(208)

The presentation of this note has been expanded in the current year to provide further information to the users of the financial statements; additional financial statement line items are marked in the above table with an *. Note that airline operating costs including fuel comprises operating costs that relate solely to the airline segment, and similarly holidays direct operating costs are costs specific to the Holidays segment. All other costs are incurred by both the Airline and Holidays segments.

The prior year has been re-presented in order to show the information on a consistent basis. This revised presentation reflects the increased granularity of the Holidays segment available to the CODM and plc Board.

As described in note 1, airline revenue is recognised at a point in time (when the flight takes place). The Holidays revenue detailed in this note includes both flight revenue, recognised at the time the flight takes place, and

remaining ancillary revenue which is recognised over time, aligned to the duration of the holiday. The holidays flight revenue is included in this note within ancillary revenue (with the associated intergroup transaction) aligned to the presentation of revenue to the CODM and plc Board.

The intergroup transactions column represents revenue and cost transactions between Airline and Holidays for the flight element of holiday packages. These intercompany transactions are eliminated on consolidation.

Assets and liabilities are not allocated to individual segments and are not separately reported to, or reviewed by, the CODM, and therefore have not been disclosed.

Geographical revenue:

	2023	2022 (re-presented)
	£ million	£ million
United Kingdom	4,345	2,845
France	852	674
Switzerland	791	626
Northern Europe (excluding Switzerland)	610	537
Southern Europe (excluding France)	1,434	995
Other	139	92
	8,171	5,769

easyJet has assessed the materiality of geographical revenues and has disclosed revenues by country of origin where such revenues are in excess of 10% of total revenue. For the year ended 30 September 2023, this included separate presentation of France and Switzerland which were previously included in Southern Europe and Northern Europe respectively. The prior year has therefore been re-presented in order to show the information on a consistent basis.

Geographical revenue is allocated according to the location of the first departure airport on each booking.

Southern Europe comprises countries lying wholly or mainly south of the border between Italy and Switzerland.

easyJet holidays' revenue is generated wholly from the United Kingdom.

easyJet's non-current assets principally comprise its fleet of 183 (2022: 181) owned and 153 (2022: 139) leased aircraft, giving a total fleet of 336 at 30 September 2023 (2022: 320). easyJet stored nil aircraft under power by the hour agreements (2022: 3). 27 aircraft (2022: 27) are registered in Switzerland, 128 (2022: 132) are registered in Austria, nil (2022: 4) are registered in the Cayman Islands, and the remaining 181 (2022: 160) are registered in the United Kingdom.

6. Dividends

No dividend was paid in the year ending 30 September 2023 or 30 September 2022.

An ordinary dividend in respect of the year ended 30 September 2023 of 4.5 pence per share, or £34 million, based on 10% headline profit after tax, is to be proposed at the forthcoming Annual General Meeting. These financial statements do not reflect this proposed dividend.

7. Property, plant and equipment

	Owned assets			Right of use assets		
	Aircraft and spares	Land and buildings	Other	Aircraft and spares	Other	Total
	£ million	£ million	£ million	£ million	£ million	£ million
Cost						
1 October 2022	4,988	44	68	2,416	45	7,561
Additions	604	-	14	292	18	928
Aircraft sold and leased back	(165)	-	-	44	-	(121)
Disposals ¹	(31)	-	(4)	(100)	(15)	(150)
At 30 September 2023	5,396	44	78	2,652	48	8,218
Accumulated depreciation						
At 1 October 2022	1,390	-	28	1,479	35	2,932
Charge for the year	263	-	8	368	5	644
Aircraft sold and leased back	(86)	-	-	-	-	(86)
Disposals ¹	(17)	-	(4)	(100)	(15)	(136)
At 30 September 2023	1,550	-	32	1,747	25	3,354
Net book value						
At 30 September 2023	3,846	44	46	905	23	4,864
At 1 October 2022	3,598	44	40	937	10	4,629

	Owned assets			Right of use assets		
	Aircraft and spares	Land and buildings	Other	Aircraft and spares	Other	Total
	£ million	£ million	£ million	£ million	£ million	£ million
Cost						
At 1 October 2021	4,802	44	55	2,335	45	7,281
Additions ²	414	-	14	120	-	548
Aircraft sold and leased back	(216)	-	-	25	-	(191)
Disposals	(12)	-	(1)	(64)	-	(77)
At 30 September 2022	4,988	44	68	2,416	45	7,561
Accumulated depreciation						
At 1 October 2021	1,243	-	19	1,255	29	2,546
Charge for the year	255	-	9	269	6	539
Aircraft sold and leased back	(102)	-	-	-	-	(102)
Disposals	(6)	-	-	(45)	-	(51)
At 30 September 2022	1,390	-	28	1,479	35	2,932
Net book value						
At 30 September 2022	3,598	44	40	937	10	4,629
At 1 October 2021	3,559	44	36	1,080	16	4,735

The net book value of aircraft includes £569 million (2022: £414 million) relating to advance payments for future deliveries and life limited parts not yet in use. This amount is not depreciated.

The net book value of aircraft spares is £112 million (2022: £81 million).

The 'Other' categories are principally comprised of leasehold improvements, computer hardware, leasehold property, fixtures, fittings and equipment, and work in progress in respect of property, plant and equipment projects. The work in progress as at 30 September 2023 was £14 million (2022: £20 million).

As at 30 September 2023, easyJet was contractually committed to the acquisition of two CFM LEAP engines (2022: four), and 158 (2022: 168) Airbus A320 family aircraft, with a total estimated list price³ of \$18.1 billion (2022: \$19.2 billion) before escalations and discounts, for delivery in financial years 2024 (16 aircraft), 2025 (19 aircraft) and 2026 to 2029 (123 aircraft).

At the year end date easyJet had a commitment for six aircraft lease contracts, where the aircraft had not been delivered, with a combined value of £67 million. Subsequent to 30 September 2023 two aircraft have been delivered reducing the commitment to £45 million.

- 1) Right of use asset disposals includes the transactions to remove the fully depreciated assets from the statement of financial position when the leased assets are returned. The gross value of the cost and associated accumulated depreciation was £100 million.
- 2) £(14)million Other asset values previously recorded as transfers have been reclassified as additions.
- 3) As Airbus no longer publishes list prices, the last available list price published in January 2018 has been used for the estimated list price and the prior year comparator has been restated to be on the same basis.

8. Borrowings

	Current £ million	Non-current £ million	Total £ million
At 30 September 2023			
Eurobonds	433	1,462	1,895
	433	1,462	1,895
<hr/>			
	Current £ million	Non-current £ million	Total £ million
At 30 September 2022			
Eurobonds	437	1,919	2,356
Term loan (UK Export Finance backed facility)	-	841	841
	437	2,760	3,197

Amounts above are shown net of issue costs or discounted amounts which are amortised at the effective interest rate over the life of the debt instruments.

The February 2016 Eurobond with a carrying value of £437 million was repaid in February 2023. In addition, the Term loan (UK Export Finance backed facility) with a carrying value of £841 million was repaid in June 2023 and the facility was cancelled. At the same time easyJet entered into a new undrawn facility for \$1.75 billion. The October 2016 Eurobond with a carrying value of £433 million has been repaid in October 2023.

9. Provisions for liabilities and charges

	Maintenance provisions £ million	Restructuring £ million	Other provisions £ million	Total provisions £ million
At 1 October 2022 (re-presented)¹	636	15	40	691
Exchange adjustments	(44)	-	-	(44)
Release of provisions	-	(5)	(6)	(11)
Additional provisions recognised	257	6	17	280
Updated discount rates net of unwind of discount	(30)	-	-	(30)
Utilised	(66)	(10)	(9)	(85)
At 30 September 2023	753	6	42	801

	Maintenance provisions £ million	Restructuring £ million	Other provisions £ million	Total provisions £ million
Year ended 30 September 2022 (re-presented) ¹				
At 1 October 2021	550	18	16	584
Exchange adjustments	93	-	-	93
Release of provisions	-	(10)	(1)	(11)
Additional provisions recognised	141	10	31	182
Related to aircraft sold and leased back	6	-	-	6
Updated discount rates net of unwind of discount	(71)	-	-	(71)
Utilised	(83)	(3)	(6)	(92)
At 20 September 2022	636	15	40	691

The maintenance provisions provide for maintenance costs arising from legal and constructive obligations relating to the condition of the aircraft when returned to the lessor. Restructuring and other provisions include amounts in respect of potential liabilities for employee-related matters and litigation which arose in the normal course of business.

	2023 £ million	2022 ¹ £ million
Current	175	102
Non-current	626	589
	801	691

1) The liability for compensation and reimbursements for airline customer delays and cancellations has been re-presented from provisions for liabilities and charges to liabilities within other payables. Refer to note 1 for further detail.

The split of the current/non-current maintenance provision is based on the expected maintenance event timings. If actual aircraft usage varies from expectation the timing of the utilisation of the maintenance provision could result in a material change in the classification between current and non-current. Maintenance provisions are expected to be utilised within nine years.

Within other provisions are provisions for litigation matters. The split of these provisions between current/non-current is based on the dates of expected court judgements. Provisions for restructuring could be fully utilised within one year from 30 September 2023 and therefore are classified as current.

10. Reconciliation of operating profit/(loss) to cash generated from operations

	2023	2022
	£ million	(re-presented) £ million
Operating profit/(loss)	453	(27)
Adjustments for non-cash items:		
Depreciation	644	539
Loss on disposal of property, plant and equipment	14	7
Loss on sale and leaseback	-	21
Amortisation of intangible assets	29	25
Share-based payments	18	26
Loss on disposal of other intangible assets	3	10
Changes in working capital and other items of an operating nature:		
Increase in trade and other receivables	(16)	(151)
Increase in current intangible assets	(179)	(43)
Increase in trade and other payables ¹	120	312
Increase in unearned revenue	458	197
Post employment benefit contributions	(2)	(1)
Decrease in provisions ¹	(7)	(61)
(Increase)/decrease in other non-current assets	(40)	64
Increase/(decrease) in other derivative financial instruments	14	(26)
Cash generated from operations	1,509	892

- 1) The liability for compensation and reimbursements for airline customer delays and cancellations has been re-presented from provisions for liabilities and charges to liabilities within other payables. Refer to note 1 for further detail.

11. Reconciliation of net cash flow to movement in net cash/(debt)

	01 October 2022	New debt Foreign exchange	raised in the year	Other ¹	Net cash flow	30 September 2023
	£ million	£ million	£ million	£ million	£ million	£ million
Cash and cash equivalents	3,514	(168)	-	-	(421)	2,925
Money market deposits	126	-	-	-	(126)	-
	3,640	(168)	-	-	(547)	2,925
Eurobond	(2,356)	28	-	(11)	444	(1,895)
Term loan (UK Export Finance backed facility)	(841)	105	-	(12)	748	-
Lease liabilities	(1,113)	94	(126)	(62)	218	(989)
	(4,310)	227	(126)	(85)	1,410	(2,884)
Net (debt)/cash	(670)	59	(126)	(85)	863	41

- 1) Other includes deferred fees, lease extensions and rate changes.

12. Government Grants and assistance

During the year ended 30 September 2023, easyJet Airline Company Limited continued to claim 'activité partielle longue durée', long-term partial activity (APLD), a scheme implemented by the French Government under which, subject to agreement with trade unions, it is possible to reduce the activity of employees, within the limit of 50% of their legal working time, while maintaining a compensation funded by the Government. The total amount claimed by easyJet companies in the year ended 30 September 2023 amounted to £3 million (2022: £8 million, received through this scheme and similar 'furlough schemes' operated by the Governments of Switzerland and Germany) and is offset within employee costs in the income statement. There are no unfulfilled conditions or contingencies relating to this scheme.

On 8 January 2021, easyJet Airline Company Limited signed a five-year term loan facility of \$1.87 billion (with easyJet plc as a Guarantor), underwritten by a syndicate of banks and supported by a partial guarantee from UK Export Finance under their Export Development Guarantee scheme. The Export Development Guarantee scheme for commercial loans is available to qualifying UK companies, does not carry preferential rates or require state aid approval, but does contain some restrictive covenants including dividend payments. However, these restrictive covenants are compatible with easyJet's existing policies. In April 2022, easyJet repaid \$100 million of this facility, reducing the overall UKEF facility size from \$1.87 billion to \$1.77 billion and in June 2023 this facility was repaid and terminated. A new five-year undrawn facility of \$1.75 billion was entered into in June 2023. Embedded within the facility is a sustainability key performance indicator linked to a reduction in carbon emission intensity in line with easyJet's SBTi validated target, with a margin adjustment mechanism (upward or downward) conditional on the achievement of specific milestones. Other than the sustainability linkage the facility is on similar terms to the 2021 agreement.

13. Contingent liabilities and commitments

Contingent liabilities

easyJet is involved in a number of disputes and litigation cases which arose in the normal course of business. The potential outcome of these disputes and litigations can cover a range of scenarios, and in complex cases reliable estimates of any potential obligation may not be possible.

easyJet has previously disclosed an investigation by the Information Commissioner's Office (ICO) into a cyberattack and subsequent data breach that took place in 2020. The ICO has advised in this financial year that no further action will be taken and the investigation against easyJet is now closed. Due to the uncertainty surrounding the investigation no provision had been made for an estimated outcome from the case, and as such there is no impact on the financial statements of the ICO's decision to close the investigation. Although the ICO investigation is closed, the associated class action filed in May 2020 in the UK High Court by a law firm representing a class of customers affected by the data breach arising from the cyberattack, remains in place. Similarly, other claims have been commenced or are threatened in certain other courts and jurisdictions. The merit, likely outcome and potential impact of these actions are subject to significant uncertainties and therefore the Group is unable to currently assess the likely outcome or quantum of the claims, and as such a provision is not included in these financial statements.

Additionally, there is a possibility of a claim being made by a third-party supplier, for what would be a material recovery. Management have assessed the likelihood of a case being brought, easyJet's response and likelihood of a successful defence, and at this stage do not consider it appropriate to provide for such a possibility.

Contingent commitments

Letters of credit and performance bonds

At 30 September 2023, easyJet had outstanding letters of credit and performance bonds totalling £45 million (2022: £43 million), of which £12 million (2022: £10 million) expires within one year. The fair value of these instruments at each year end was negligible.

No amount is recognised on the statement of financial position in respect of any of these financial instruments as it is not probable that there will be an outflow of resources and the fair value has been assessed to be £nil.

Aircraft orders

easyJet's current order book with Airbus extends to calendar year 2028 and will deliver 158 aircraft (90 A320neo and 68 A321neo). This will continue the Company's fleet modernisation, as the 156 seat A319 and some A320ceo aircraft (180 or 186 seat) leave the business and new A320neo (186 seat) and A321neo (235 seat) aircraft enter, providing upgauging, cost and sustainability enhancements. Further, easyJet has a commitment with CFM to purchase two LEAP engines in FY24.

In addition, easyJet has entered into conditional arrangements with Airbus to secure the delivery of a further 157 aircraft (56 A320neo and 101 A321neo) between FY29 and FY34 as well as 100 purchase rights (the 'Proposed Purchase'). This provides easyJet with the ability to complete its fleet replacement programme of A319 aircraft and replace approximately half of the A320ceo aircraft, alongside providing the foundation for disciplined growth.

The conditional arrangement includes easyJet's agreement with Airbus to exercise conversion rights of 35 A320neo deliveries into A321neo aircraft (the 'Conversion'). Alongside the Proposed Purchase this arrangement will deliver lower fuel burn, lower CO2 emissions and lower operating costs per seat.

The scale of the Proposed Purchase and the Conversion means that both are conditional on shareholder approval at a general meeting of the shareholders which will be held in December 2023.

Based on latest list prices for aircraft published in January 2018, the Proposed Purchase and the Conversion are expected to result in an aggregate commitment of approximately \$19.9 billion, which will be spread over a number of years. The aggregate actual price for the aircraft would be substantially lower because of certain price concessions granted by Airbus.

At the year end date easyJet had a commitment for six aircraft lease contracts, where the aircraft had not been delivered, with a combined value of £67 million. Subsequent to 30 September 2023 two aircraft have been delivered reducing the commitment to £45 million.

Pathway to net zero

On 26 September 2022, easyJet announced its pathway to net zero. This roadmap references several partnerships with other commercial companies to explore certain technologies which may assist with the overall goal to decarbonise the aviation industry. The majority of these partnerships are in fact agreements to work together on the areas identified and do not involve a financial commitment from easyJet other than the time and effort involved in the collaboration over an agreed period. Where there is a signed agreement requiring a financial commitment from easyJet in the future, any future payments are contingent on project progress or product / service delivery and are therefore not certain, hence no liability has been recognised for these payments.

14. Related party transactions

The Company licences the easyJet brand from easyGroup Limited ('easyGroup'), a wholly owned subsidiary of easyGroup Holdings Limited, an entity in which easyJet's founder, Sir Stelios Haji-Ioannou, holds a beneficial controlling interest. The Haji-Ioannou family concert party shareholding (being easyGroup Holdings Limited and Polys Holding Limited) holds, in total, approximately 15.27% of the issued share capital of easyJet plc as at 30 September 2023.

Under the Amended Brand Licence signed in October 2010 and approved by the shareholders of easyJet plc in December 2010, an annual royalty of 0.25% of total revenue is payable by easyJet to easyGroup. The full term of the agreement is 50 years.

easyJet and easyGroup established a fund to meet the annual costs of protecting the 'easy' (and related marks) and the 'easyJet' brands. easyJet contributes up to £1 million per annum to this fund and easyGroup contributes £100,000 per annum. If easyJet contributes more than £1 million per annum, easyGroup will match its contribution in the ratio of 1:10 up to a limit of £5 million contributed by easyJet and £500,000 contributed by easyGroup.

Three side letters have been entered into: (i) a letter dated 29 September 2016 in which easyGroup consented to easyJet acquiring a portion of the equity share capital in Founders Factory Limited; (ii) a letter dated 26 June 2017

in which easyJet's permitted usage of the brand was slightly extended; and (iii) a letter dated 2 February 2018 in which easyGroup agreed that certain affiliates of easyJet have the right to use the brand.

The amounts included in the income statement, within other costs, for these items are as follows:

	2023	2022
	£ million	£ million
Annual royalty	20	14
Brand protection (legal fees paid through easyGroup to third parties)	1	2
	21	16

At 30 September 2023, £6.0 million (2022: £11.1 million) was payable to easyGroup.

15. Events after the statement of financial position date

After the statement of financial position date of 30 September 2023,

- in October 2023, the October 2016 Eurobond of €500 million was repaid;
- in October 2023, three A319 aircraft were sold and leased back with gross proceeds of £32 million; and
- in November 2023, easyJet signed two aircraft leases with a combined value of £12 million.