easyJet plc

MAKING LOW-COST TRAVEL EASY

Annual Report and Accounts 2023

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to our Annual Report and Accounts 2023

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Further reading
For more information, visit our corporate website:
corporate.easyJet.com

FINANCIALS

STRATEGIC REPORT

GOVERNANCE

Additional information

AT A GLANCE

OUR PURPOSE

Making low-cost travel easy.

Read more on page 8

WHAT WE DO

We are a low-cost, European, point-to-point airline.

We use our cost advantage, operational efficiency and leading positions in primary airports to deliver low fares from these airports – making great value travel accessible for everyone.

We aim to provide simple, convenient travel and holidays at a competitive price with outstanding customer service.

FLEET DETAILS

Aircraft in the fleet
at 30 September 2023

	Total	Owned	Leased
A319	95	29	66
A320	172	103	69
A320neo	54	47	7
A321neo	15	4	11
TOTAL	**336**	**183**	**153**

KEY FACTS

Countries[1]
35

Core market positions
1[2] OR 2

Customer satisfaction
73%

Routes[1]
1,018

Airports
155

Number of aircraft
336

1) As served over the financial year ending 30 September 2023.
2) Number one low-cost carrier in the core markets of the UK, France and Switzerland, where a carrier has >10% of market share.

CHAIRMAN'S STATEMENT

2023: A YEAR OF ACHIEVEMENT

STEPHEN HESTER
Chairman

"I am confident that easyJet can prosper over the years to come from serving well a growing customer demand for travel, driven by our uniquely powerful brand and customer positioning.

The 2023 financial year was one of considerable accomplishment at easyJet. We made important progress on our strategic framework, on the operational resilience so necessary in a constrained aviation environment, and on the balance sheet strength to underpin future growth and risk management. Of particular note was strong financial delivery, including record profits in the second half of the year, and the return to dividends we propose.

However, no review of the year is possible without a discussion of the external environment. The world is full of challenges and difficult problems, ranging from the appalling human tragedies ongoing in Ukraine and more recently in the Middle East conflict, to the economic costs of tackling inflation and post-pandemic supply bottlenecks, alongside the stresses of a long-coming normalisation of interest rates. The airline industry has substantial exposure to these challenges, ranging from operational impacts on a complex schedule, to jet fuel and exchange rate price volatility, and most important of course, the health of passenger demand.

Our thoughts and profound sympathies go out to all those so cruelly affected by conflicts they did not seek.

However, away from the conflicts, on a medium and long-term view I remain positive, indeed optimistic. The world is showing its resilience, the ability to respond and tackle challenges and for economies to adapt to very major changes. Employment is strong, major recessions have been avoided to date and the striking march of technological development shows the way for continued human progress and prosperity. There will be plenty of setbacks and issues to tackle, but I am confident that easyJet can prosper over the years to come from serving well a growing customer demand for travel, driven by our uniquely powerful brand and customer positioning. The aviation industry is tricky to navigate, but we believe we are in a good position to be successful for our customers, shareholders, people and broader society.

Turning to the specifics of 2023 for easyJet:

STRATEGY

We have spent considerable time honing and updating our strategy post-pandemic. We aspire to a position as Europe's most loved airline, winning for our customers, our shareholders and our people. As a champion of low-cost, customer-friendly travel in Europe, with unrivalled network and positioning, we see this as a demanding but appropriate goal. Its pillars – building Europe's best network, transforming revenue, delivering ease and reliability, and driving our low-cost model – are at the heart of what we are doing.

PERFORMANCE

Revenue for the full year increased 42% to £8,171 million. Group headline profit before tax of £455 million was an improvement of £633 million versus the prior year. easyJet holidays delivered £122 million of profit before tax, which is a very pleasing result in what is only the second full year of operations.

Following the achievement of easyJet's existing financial targets, we have set new medium-term targets. These include a Group headline profit before tax of £7 to £10 per seat, high teen ROCE, Holidays profit before tax of over £250 million, and disciplined capacity growth of around 5% CAGR to 2028. We clearly understand that in a capital-intense industry, with some inherent volatility, being able to achieve attractive returns on capital lies at the heart of delivery for our shareholders.

CHAIRMAN'S STATEMENT (CONTINUED)

BALANCE SHEET

Financial strength is an important attribute in this industry, given its nature and asset intensity. As at 30 September 2023, easyJet had unrestricted access to £4.7 billion of liquidity, in line with the prior year, despite repaying £1.2 billion of gross debt and the purchase of 10 aircraft during the year. easyJet finished the year with a net cash balance of £41 million.

This strength, reflected in the investment grade credit ratings we hold, positions easyJet to be able to prepare for the capex coming over the next few years, as aircraft deliveries increase, but also provides a base to deal with those challenges and opportunities that the current macro-economic environment may present.

DIVIDENDS

Given the financial performance in the 2023 financial year alongside easyJet's strong 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 headline proft after tax. The expectation is that this will rise to 20% of headline profit 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.

YOUR BOARD

I am pleased to report that your Board is effective and is strongly focused on supporting management through strategy development and operational delivery. We were joined by Sue Clark as Senior Independent Director in March, completing the Board refresh of recent years.

OUR PEOPLE

I am hugely grateful to our employees, management and my Board colleagues for their continued dedication and commitment to delivering easyJet's purpose to all stakeholders. It is not an exaggeration to note that the last few years have brought unprecedented stress and difficulty to managing an airline. Johan Lundgren, our CEO, is leading a talented team, and doing it well.

STAKEHOLDERS

There has been a constant dialogue with our stakeholder groups throughout the year, and on behalf of the Board, I would like to take this opportunity to thank them for their partnership. At the front of our minds remain our customers and shareholders. We take very seriously the task of serving customers well and were not content with the impact on them of external operating conditions this past summer. In response, we took measures to bolster our schedule's resilience, ensuring we delivered a more robust and reliable service to our customers. There is more to do. Our focus remains firmly on providing a quality customer experience in all areas within our control.

It is gratifying to see positive financial results, but there is still a way to go to produce the high performance levels that easyJet is capable of. We are determined to deliver and demonstrate that easyJet can be a leading airline for our shareholders, just as we are for our customers.

There has been some criticism of rising airfares and the unbundled pricing models of airlines like easyJet. This ignores the fact that some 30 million of our customers opt for the cheapest no-frills fare option. We are committed to the highest levels of transparency on our full range of fare bundles – the low-cost air travel we provide remains exceptionally good value compared to other transport and leisure activities. And if authorities could more effectively support reform of air traffic routings and air traffic control reliability, there would be substantially greater customer benefits to come.

SUSTAINABILITY

The airline industry as a whole has a particular responsibility to respond effectively to the climate-based challenges facing the world. It is therefore important that easyJet continues to play a positive role as a leader in mapping out the transition towards our ultimate ambition of zero carbon emission flying. This was set out through our net zero roadmap, launched in September 2022. It is very pleasing that our carbon intensity emissions for the 2023 financial year are below the level we had set out in our net zero roadmap.

THE FUTURE

In December 2023, easyJet will hold a general meeting for the proposed aircraft purchase of 157 aircraft and 100 purchase rights from Airbus. I believe the proposed purchase is strongly in the interests of easyJet's shareholders as fleet renewal reduces costs, reduces carbon intensity and is expected to drive positive returns for the business, forming a core part of the delivery of our strategic objectives.

As we move forward, the Board and I will continue to work collectively with the management team and everyone at easyJet to progress towards the delivery of our new medium-term targets.

Stephen Hester
Chairman

HIGHLIGHTS

STRONG DEMAND UNDERPINS GROWTH

"

This year saw strong financial delivery including record profits in the second half of the year, and the return to dividends we propose.

Stephen Hester
Chairman

Read more on **pages 27** to **34**

FINANCIAL HIGHLIGHTS

Profit/(loss) before tax

£432m

2023	432
2022	(208)

Revenue

£8.2bn

2023	8.2
2022	5.8

Headline EBIT

£476m

2023	476
2022	3

Headline profit/(loss) before tax

£455m

2023	455
2022	(178)

Net cash/(debt)

£41m

2023	41
2022	(670)

Headline EBITDAR margin

13.8%

2023	13.8
2022	9.9

Alternative performance measures
We use various alternative performance measures (APMs) which we believe provide useful additional information for understanding the financial performance and financial health of the Group. See the glossary on pages 195 and 196 which provides a comprehensive list of the APMs that we use, an explanation of how they are calculated, why we use them and a reconciliation to the closest equivalent IFRS measure where relevant.

NON-FINANCIAL HIGHLIGHTS

Load factor

89.3%

2023	89.3
2022	85.5

Seats flown

92.6m

2023	92.6
2022	81.5

OTP (On-time performance)

66%

2023	66
2022	72

CO_2 emissions per passenger kilometre

67.2g

2023	67.2
2022	70.4

CEO REVIEW

MAKING LOW-COST TRAVEL EASY

JOHAN LUNDGREN
Chief Executive Officer

> **We have a clear strategy and plan that we are working towards which will deliver our target of making low-cost travel easy, winning for our customers, our shareholders and our people.**

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 £633 million on the previous year.

We knew there were going to be external challenges through the year from the external operating environment, with continued French pension reform strikes, ongoing air traffic control flow rate restrictions and airspace congestion. In order to prepare for this, we started our recruitment earlier than ever before, insourced key processes such as ID checks, and took proactive action through the summer season to mitigate the impact of disruption for our customers.

It is very pleasing to have delivered our existing financial targets in the 2023 financial year: mid-teen EBITDAR margin, easyJet holidays to deliver greater than £100 million of profit before tax and a low to mid-teen ROCE. Following this, we have set out our new ambitious medium-term targets, with the goal to deliver greater than £1 billion of headline profit before tax. We have a clear strategy and plan that we are working towards which will deliver our purpose of making low-cost travel easy, winning for our customers, our shareholders and our people.

FINANCIAL PERFORMANCE

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 and the rapid growth of easyJet holidays.

Passenger Revenue Per Seat (RPS) saw a 21% 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. 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.

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.

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 4 percentage point increase in load factor observed during the year, which affects per passenger charges within airports.

CEO REVIEW (CONTINUED)

easyJet holidays continues to be the fastest-growing UK holiday company, expanding its customer base by 77% year on year. This profitable growth has been very pleasing to see and delivered the Company's existing medium-term financial target with its £122 million of profit before tax.

This year's Group headline profit before tax of £4.91 per seat is an encouraging first step towards our medium-term target of £7 to £10 Group profit before tax per seat.

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 to 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 7 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.

MEDIUM-TERM TARGETS

easyJet has ambitious and credible medium-term targets, that provide the building blocks to achieve a Group profit before tax 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 profit before tax 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 profit before tax.

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 an 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.

We are 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 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 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.

Our crew in particular have worked tirelessly throughout the year, providing the customer service that our customers expect and love from easyJet. There were many unexpected challenges during the peak summer period from wildfires in Greece to air traffic control disruption. I would like to commend our crew for how they managed these challenges and to thank all my colleagues for their contribution in the year to our record performance.

Johan Lundgren
Chief Executive Officer

OUR PURPOSE FRAMEWORK

MAKING LOW-COST TRAVEL EASY

We are passionate about connecting people by making travel easy, enjoyable and affordable for customers, whether for leisure or business. Our purpose defines who we are and guides our actions and decision making.

A PURPOSE-LED BUSINESS

LOW-COST

We are a low-cost, European, point-to-point airline.

TRAVEL

We believe in the power of travel to bring people and places together.

EASY

Low-cost travel should be a positive and hassle-free experience.

DELIVERING OUR STRATEGIC PRIORITIES

Building Europe's best network
Read more on **pages 12** and **13**

Transforming revenue
Read more on **pages 14** and **15**

Delivering ease and reliability
Read more on **pages 16** and **17**

Driving our low-cost model
Read more on **pages 18** and **19**

TO ARRIVE AT OUR DESTINATION OF BEING EUROPE'S MOST LOVED AIRLINE, WINNING FOR

OUR CUSTOMERS
Read more on **page 9**

OUR SHAREHOLDERS
Read more on **page 10**

OUR PEOPLE
Read more on **page 11**

MADE POSSIBLE BY OUR PEOPLE LIVING OUR VALUES

Always with safety at our heart

Always challenging cost

Making a positive difference

Always warm and welcoming

Living the Orange Spirit

Read more on **pages 35** to **38**

CUSTOMER PROPOSITION

WINNING FOR OUR CUSTOMERS

To be Europe's most loved airline, we win for customers by offering an unbeatable network and delivering value through a best-in-class customer experience at competitive prices.

Continual improvement to the customer experience focuses first on people-driven service, along with foundational investments behind a longer-term approach that leverages technology.

This includes investing in 'brilliant basics' – with the aim of making communication, boarding, bag drop, the inflight experience and disruption service recovery as easy as possible. Our people are key to improving customers' experience and we are building the Orange Spirit through enhanced customer service training and incentive programmes for frontline staff.

Making our customers' travel experience even easier will come through the application of connected technology to create an easier travel experience across every stage of the journey through further development of the industry-leading easyJet app.

Customers respond positively to our proposition, with 78% of seats in FY23 booked by returning passengers. We are seen as the number one in providing value for money in core markets – the UK, France and Switzerland – and 94% of easyJet's target audience in the UK would consider flying with easyJet this summer.[1]

Overall customer satisfaction in FY23 remained level at 73%[2], despite higher volumes of disruption compared to FY22.

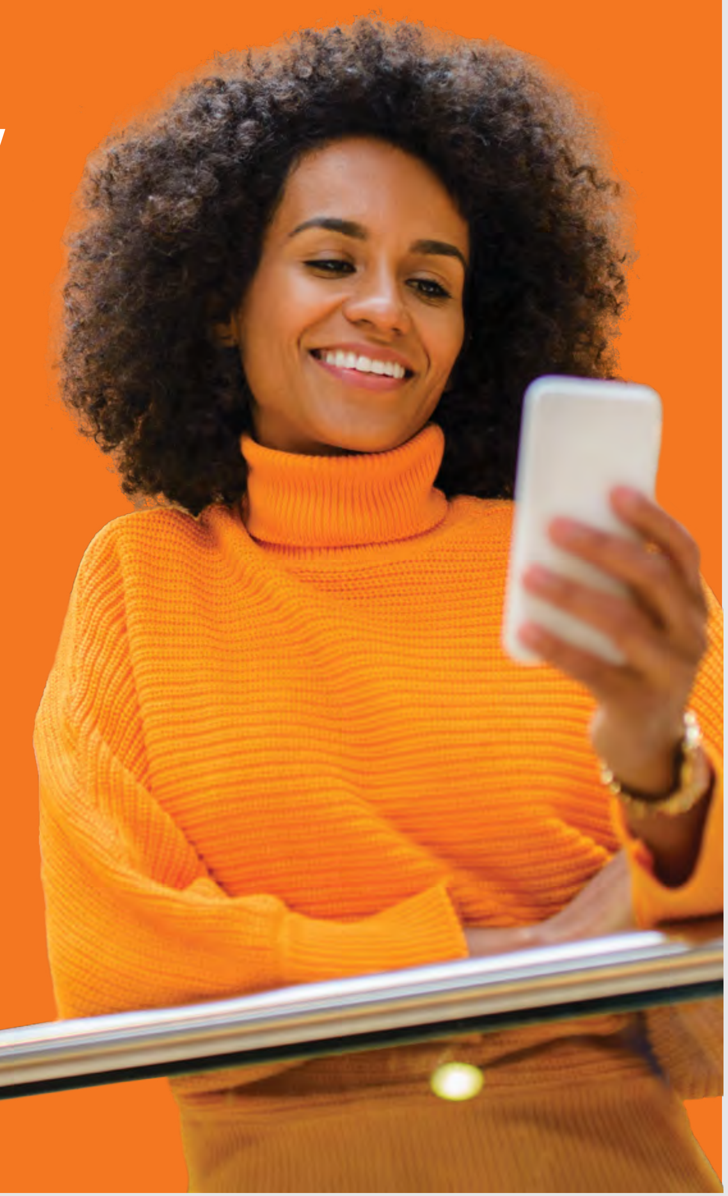
Read more on **pages 16** and **17**

1) Brand consideration and value perceptions are from our new brand tracker with Delineate launched in June 2023.
2) This figure denotes the percentage of customers who said they were completely, very or quite satisfied with their experience in the easyJet internal On The Day survey conducted by KPMG. In FY23, we changed our customer satisfaction measurement platform; therefore, all previous scores have been normalised for comparison.

CASE STUDY

DELIVERING EASE AND RELIABILITY

In 2023, we introduced a specialised customer chat feature to provide personalised support and improve our operational efficiency. Our goal was to upgrade our virtual adviser (chatbot) to autonomously handle common inquiries and seamlessly transfer to human agents when necessary. Live chat became our primary contact channel at the end of 2023. This transition has led to both improved customer engagement and enhanced operational efficiency. We have begun deploying the use of generative AI to create further efficiencies and engagement enhancements in customer interactions and have deployed a development team to scale these solutions based on early success.



SHAREHOLDER PROPOSITION

WINNING FOR OUR SHAREHOLDERS

Our strategic priorities — building Europe's best network, transforming revenue, delivering ease and reliability, and driving our low-cost model — will deliver shareholder value over the long term.

We have set ourselves ambitious new medium-term targets which provide us with the building blocks to achieve our ambition of making a profit before tax of greater than £1 billion.

A continued disciplined approach will be taken to managing the business through ensuring we are utilising our assets to generate the best returns from the capital we employ.

We will grow where it makes sense and we have identified the right opportunities to do so, supported by our investment-grade balance sheet – one of the strongest in the industry.

Our decision to reinstate the dividend demonstrates our commitment to both growth and shareholder returns.

Read more on **pages 27** to **34**

For more on our work for investors visit **corporate.easyJet.com/investors**

1) ROCE is calculated by taking headline profit/(loss) 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 the average capital employed. Capital employed is shareholders equity, excluding the hedging and cost of hedging reserves, plus net debt.
2) Capacity growth between 2023 and 2028.

MEDIUM-TERM TARGETS

Group PBT per seat
£7–10

Holidays PBT contribution
>£250M

ROCE[1]
HIGH TEEN %

Capacity growth CAGR[2]
c.5%

PEOPLE PROPOSITION

WINNING FOR OUR PEOPLE

Our purpose is clear and our destination is well understood, to be Europe's most loved airline. Winning for our people is a key leg of the journey.

Our people help us to win for our customers and we aim to provide an experience that sets us apart. With 82% of our colleagues in customer-facing roles, our people are one of our key differentiators. Our People strategy is focused on four key elements: enhancing our culture; future-proofing our capability; continuously improving our ways of working; and optimising productivity though world-class organisational effectiveness.

We strive to ensure that our people are proud of the organisation they work for, connected to our purpose, set up for success and empowered to make a difference. They aren't just employees, but brand advocates who give our customers a compelling reason to choose to fly with us.

We are setting our colleagues up for success by giving them the tools that make it easy to win. A continued focus on developing our colleagues, and retaining and attracting the best talent, will ensure capability within the organisation is future-proofed.

We continue to build a high-performance culture that allows the Orange Spirit to thrive by engaging and inspiring our people to stride towards a common goal.

Read more on **pages 35** to **38**

CASE STUDY

LIVING THE ORANGE SPIRIT

"When I applied for the role 20 years ago, I knew that my age and experience meant I had something really valuable to offer. My favourite part of the job has been meeting passengers from all over the world and giving them the most enjoyable travel experience possible. I'm proud to work at a company that puts people first.

Pam Clark, our oldest employee at the age of 73, is flying high as easyJet cabin crew. It was on an easyJet flight to Madrid 20 years ago that former hairdresser Pam picked up a recruitment ad and was inspired to make her childhood dream come true.

With two decades of loyal service with easyJet, Pam has welcomed an estimated 800,000 passengers on board 4,500 flights. Now she is encouraging others to follow in her footsteps and consider an exciting new career as cabin crew – no matter their age.

OUR STRATEGY IN ACTION

BUILDING EUROPE'S BEST NETWORK

OVERVIEW

- Lead and build scale in our core markets
- Maintain and build leadership positions in slot-constrained airports
- Accelerate investment in destination bases
- Additional expansion when opportunities arise

CASE STUDY

INCREASED OPERATIONS IN LISBON

Lisbon is a highly slot-constrained airport and last year we were delighted that the European Commission awarded 18 daily slots at the airport to us, as they were impressed with our plans to use the slots and grow at the airport. We began to operate these slots at the start of this financial year and the increase in flight frequencies and destinations we can now offer our customers has moved us into the number two position at this airport.

OUR STRATEGY IN ACTION (CONTINUED)
BUILDING EUROPE'S BEST NETWORK

Our network of number one and two positions at primary European airports is unique and gives easyJet an advantage that another airline would find hard to match.

UNRIVALLED NETWORK USING SOUGHT-AFTER AIRPORTS

Our network strategy gives us a competitive advantage. We are building our strength at Europe's most popular airports with large catchment areas, increasing opportunities at the most slot-constrained airports where our returns are highest. More flights and a wider range of destinations in these airports provide customers with the best choice and value when compared with our competitors.

For example, since 2019 we have added capacity into Portugal equivalent to 11 aircraft. This has resulted in us moving into the number two position in both Lisbon and Porto where we were previously the number three carrier, building scale and breadth of offering to our customers in this market.

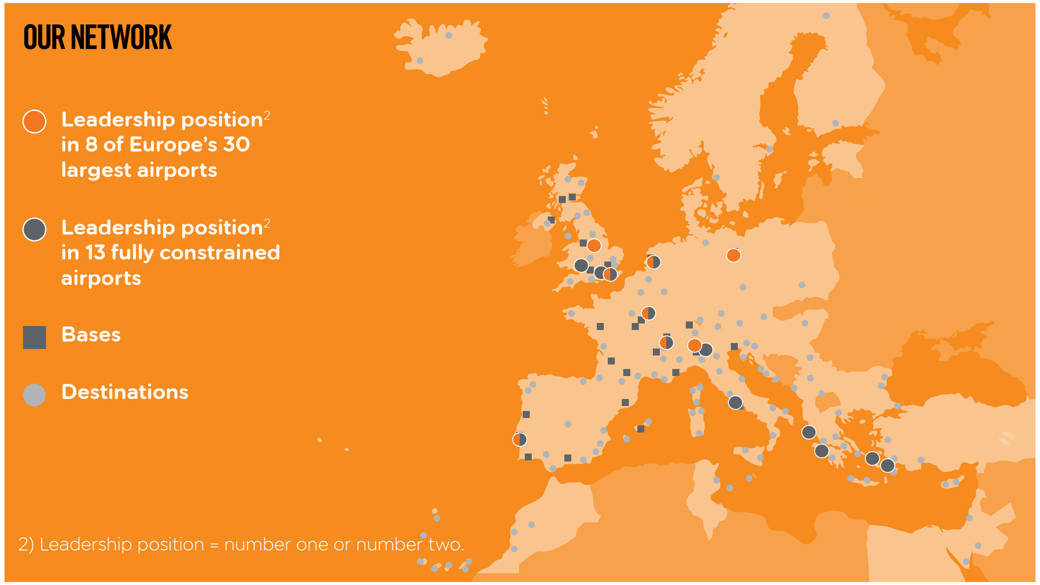
This is a great example of how we can grow by taking advantage of opportunities as they arise at slot-constrained airports. The table below also shows how since 2019 we have increased our focus on constrained airports where we achieve the highest returns.

LEAD AND BUILD SCALE IN OUR CORE MARKETS

We have many opportunities to grow in our core markets. Larger aircraft will provide 6% growth in capacity by 2028, as they enable us to increase our overall share of passengers in core slot-constrained airports without obtaining additional slots. We will also expand our existing markets. The regional market in the UK has performed extremely well and we will be adding aircraft to Manchester, Birmingham, Bristol and Liverpool to take advantage of rising demand.

Capacity %[1]	2023	2019	Delta
Fully constrained	**42%**	37%	+5ppts
Constrained at peak times	**39%**	30%	+9ppts
Other	**19%**	33%	-14ppts

1) Capacity (by calendar year) originating from constrained airports – IATA level 2 or level 3 definition.



PROGRESS IN FY23

- Operated additional slots at Porto and Lisbon which we were awarded in 2022.
- Greek islands: easyJet continued to be the largest carrier there this summer.
- Rightsized our operations in Berlin, where we now have 11 aircraft based and the returns have improved to be in line with our network average.
- Growth in UK regions with capacity increases compared to FY22 of: Edinburgh 30%, Bristol 28%, Manchester 26% and Liverpool 20%. These capacity increases also enabled an improved product offering, with a total of 26 new routes added into the UK regions, including seven new routes at Manchester and four new routes at Glasgow, broadening the choice for our customers.

PROPOSED AIRCRAFT ORDER

easyJet recently announced that it has entered into conditional arrangements with Airbus to secure the delivery of a further 157 aircraft (56 A320neo and 101 A321neo) between FY29-34 as well as 100 purchase rights. This provides easyJet with the ability to complete its fleet replacement programme of A319 aircraft and replace approximately half of the older A320ceo aircraft, alongside providing the foundation for disciplined growth. This proposed order secures scarce order book positions, enabling the ongoing renewal of the fleet to continue. A younger, more technologically advanced fleet will deliver substantial fuel and carbon efficiencies, helping to deliver our net zero pathway and drive improved profitability. The new aircraft also have more seats than the aircraft they are replacing and, as noted, this upgauging helps to increase capacity without the need to acquire additional slots, which can further improve overall profitability per seat.

This proposed order is a significant step in assuring the trajectory of the business and ensuring that easyJet has capacity available to implement its strategy between 2029 and the mid-2030s.

In view of the size of the order, shareholder approval is required in order for easyJet to proceed and a separate circular has been issued to shareholders containing the full details of the proposed transaction.

FY24 INITIATIVES

- Strengthening the UK regional market with more aircraft being added into Manchester, Bristol and Liverpool.
- Creating new bases for FY24 at Birmingham and Alicante, with three aircraft to be located at each base.
- Adding aircraft into Switzerland, providing customers with additional choice for skiing and other winter sports.
- Increasing capacity over the winter season (H1) with c.15% capacity growth focused across 10 key routes, unlocking productivity gains for pilots, cabin crew and aircraft. Beach capacity will be increased by around 20% as we expect people to seek winter sun, particularly in the Canary Islands and Egypt. We are also increasing capacity to city destinations by 16% as city breaks and business travel continue to recover.
- Aircraft deliveries scheduled for FY24 will continue the process of upgauging, as the new aircraft are larger and have more seats than the aircraft they are replacing.
- We expect capacity growth of c.5% per annum on average (CAGR) between 2023 and 2028.

RELEVANT RISK THEMES

- Safety, security and operations
- Asset performance
- Macro-economic and geopolitical

Read more on our principal risks on **pages 61** to **66**

TRANSFORMING REVENUE

OVERVIEW

- Maximise the revenue potential of our market
- Transform our ancillary revenue capability
- Diversify our sources of revenue, continuing to focus on easyJet holidays

CASE STUDY

FASTEST GROWING HOLIDAYS BUSINESS IN THE UK

easyJet holidays is going from strength to strength, with a 77% year-on-year growth in customers taking advantage of a fantastic range of holidays at consistently lower prices than our competitors. Our share of the UK market has doubled year on year, reaching 5% in 2023 with customers reporting exceptional levels of satisfaction, with a customer score of 83%.

This all amounts to £122 million headline profit before tax delivered for FY23.

Competitive pricing underpins the growth – we keep the fixed costs as a percentage of revenue as low as possible, lower than our major rivals. And this pays off for customers, our prices are cheaper 70% of the time.

The next phase of our growth plan includes doubling our UK market share to 10%, by introducing new destinations and products, and growing the leisure and city break sector.

easyJet holidays year-on-year customer growth

77%

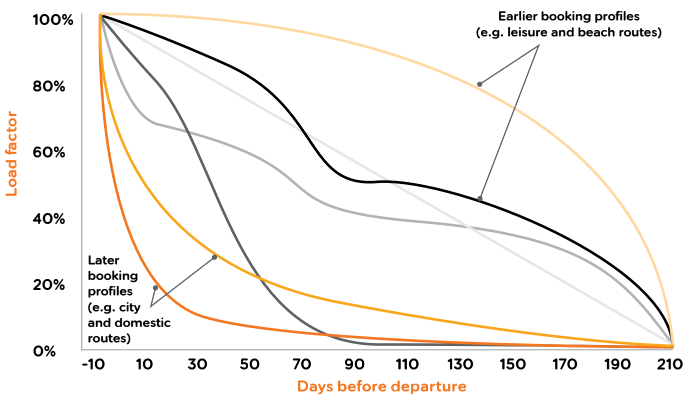
OUR STRATEGY IN ACTION (CONTINUED)
TRANSFORMING REVENUE

Continuing to develop and build on our exceptional revenue performance is a key element of our strategy, ensuring we maximise the revenue potential of the market.

This involves investing in our revenue management capability, developing new industry-leading ways of leveraging data, and optimising ticket and ancillary revenue.

We are transforming our ability to develop new ancillary revenue product for our customers based on their specific needs and we will also continue to diversify our sources of revenue with an ongoing focus on easyJet holidays.

Example booking curves



Additional airline ancillary revenue compared to 2019[1]

£1bn

Ancillary revenue as a proportion of airline revenue

29%

1) Calculated as increased ancillary revenue per seat FY23 versus FY19, multiplied by seats flown FY23.

PROGRESS IN 2023

Over the last four years we have transformed our ancillary proposition and this has provided a step change in revenue generation. We are giving customers more choice and they are responding well to further unbundling, such as enabling them to book a seat without having to book a large cabin bag. Our customers only have to pay for ancillary products that they want, rather than having products that they don't want included in the price of the ticket. Airline ancillary revenue in the current financial year was £2.2 billion, an increase of 37% compared to the prior year, and 29% of the airline's revenue now comes from the sale of ancillary products.

We believe there is scope for further revenue generation from the pricing algorithms we have developed which we are continuously evolving and which are used to apply dynamic pricing to both tickets and ancillary products. The data science team which develops and refines these algorithms is embedded within our revenue management team to ensure we prioritise development where it will enable us to maximise our return.

The algorithms will balance how rapidly flights are selling against the benefit of flying full and price seats to maximise revenue. Different types of routes have different booking curves: leisure routes tend to get booked earlier, while city routes sell much nearer departure (see graphic above).

In addition, easyJet's in-flight retail brand and proposition, which launched last year, is delivering growth across all KPIs and is allowing us to tailor our product offering to our customers. This has been a real success and we have increased spend per seat by 17% to £2.12 and profit per seat by 42% to £0.60. We are planning to deliver over £1 profit before tax per seat over the medium term.

In addition to the development of ancillary revenue, we are also benefiting from the growth of easyJet holidays. This year it has performed strongly, contributing incremental revenue of £776 million to the Group and generating £122 million profit from 1.9 million passengers (including agent commission passengers).

> **We believe there is scope for further revenue generation from the pricing algorithms we have developed which we are continuously evolving.**

FY24 INITIATIVES

- We are planning further growth of easyJet holidays. Having achieved our original target for easyJet holidays, of profit before tax in excess of £100 million, we have now set ourselves a new target for easyJet holidays to achieve profit before tax of £250 million in the medium term. The next phase of our growth plan includes doubling our UK market share to 10% by introducing new destinations and products, and growing the leisure and city break sector. We will look to convert as many of our airline passengers as possible into easyJet holidays customers, and one key advantage of our holidays business is that it has no constraints on growth. easyJet holidays recently launched into Switzerland so there will be a focus on growing this market in 2024, and expansion into other markets in Continental Europe will also be explored.
- We will focus on the continued development of our in-flight retail offering to make it even more attractive to our customers and to drive towards delivery of our medium-term target of £1 profit before tax per seat. Enhancements being assessed include the introduction of closed-loop wi-fi to facilitate an enhanced in-flight retail experience by enabling customers to browse the product offering with latest prices on their phone and to order to their seat. Similarly, we will also assess the development of pre-order capability for in-flight retail for food, drink and Duty Free.

RELEVANT RISK THEMES

- Technology
- Macro-economic and geopolitical

Read more on our principal risks on **pages 61** to **66**

OUR STRATEGY IN ACTION (CONTINUED)

DELIVERING EASE AND RELIABILITY

OVERVIEW

- Provide an easy and reliable customer experience
- Protect and build on easyJet's strong brand
- Grow and deepen relationships with our customers
- Establish sustainability leadership

Use of our disruption management tool

80%

of those disrupted used the disruption management tool

CASE STUDY

SELF-SERVICE TOOL

We have further enhanced the functionality of our disruption management self-service tool (SSDM) this year to make it even easier for customers to make changes when disruption does occur. Customers are now able to use the SSDM to select alternative flights and to book hotels if accommodation is required, or to request either vouchers or a refund. This year, 80% of customers made use of it.

OUR STRATEGY IN ACTION (CONTINUED)
DELIVERING EASE AND RELIABILITY

Giving customers an enjoyable, hassle-free experience and reliable service that makes them want to fly with us again will always be one of the key cornerstones of our strategy. Ease and reliability is at the centre of our purpose to make low-cost travel easy.

Airline customer satisfaction score

73%

We aim to deliver a seamless and digitally enabled customer journey at every stage and we are working continuously to enhance the customer experience, particularly at the airport.

Sustainability continues to be a priority for easyJet and our customers, and our net zero roadmap demonstrates our commitment to leading in this area.

easyJet has a loyal customer base, with 78% of seats booked by returning customers, as our crew provide the warmest onboard experience. The latest brand tracker[1] confirmed our number one position in our core markets when it comes to value, which is all the more important at a time when consumers' disposable income continues to be squeezed.

In preparation for the summer 2023 season, we recruited more crew than ever before, onboarding them ahead of summer to ensure we were fully prepared.

Unfortunately, despite easyJet being fully prepared for this summer, we saw operational challenges outside of our control, in particular with air traffic control (ATC), which was the single biggest source of delays this year across the network and more specifically at Gatwick. We continued to take proactive action throughout the summer to manage in this challenging operating environment. As a result, to tackle this, we consolidated flights in the middle of the day at Gatwick to create 'firebreaks' in our schedule to minimise the knock-on effects from delays to aircraft in the morning.

Congested airspace from the continued invasion of Ukraine, French ATC strikes, the impact of NATS staff shortages in the control tower at Gatwick and weather-related disruption all drove operational challenges in 2023.

PROGRESS IN FY23

- Self-service disruption management tool functionality enhanced during the year, improving the experience for our customers.
- Our in-house team processed employment reference checks more quickly and we recruited more crew than ever before.
- We aspire to lead the way on the sustainability agenda, and we were very proud to win the 2023 UK Green Business award for 'Net Zero Strategy of the Year'.
- Launched the Hydrogen in Aviation alliance alongside Rolls-Royce, Airbus, Ørsted, GKN Aerospace and Bristol Airport. We expect this alliance to be critical in bringing together major players across the aviation and energy sectors to accelerate the delivery of zero carbon aviation.

FY24 INITIATIVES

- Recruitment of cabin crew and pilots for the 2024 summer season to take place early again. Recruitment is already underway for the 1,100+ cabin crew and c.500 pilots that we need for the 2024 summer season. We have already received over 13,000 applications for cabin crew and have recruited over 35% of our target, with training scheduled from November 2023 to January 2024. We have also recruited over 50% of the pilots we require.
- Encouraging Gatwick to build more resilience by increasing staffing levels in the control tower. ATC was the single biggest source of delays this year and the Gatwick tower, operated by NATS, particularly struggled to cope with staff shortages, leading to restrictions on the aircraft numbers which Gatwick could handle over a sustained period. We have been engaged in dialogue with Gatwick Airport since this issue started to have a significant detrimental impact, and have stressed the importance of improving their resilience to reduce disruption and minimise the negative impact on customers' travel plans. In the meantime, we continue the ongoing work to improve our customer experience at Gatwick as with all other airports.
- Supporting Rolls-Royce's research into hydrogen engine development. Our groundbreaking partnership with Rolls-Royce aims to pioneer the development of hydrogen combustion engine technology. In November 2022, we set a new aviation milestone with the world's first run of a modern aero engine using hydrogen, and in September 2023, we successfully tested a combustor, a key engine component. The ground testing continues through FY24, with a longer-term ambition to carry out flight tests. See page 48 for more details of this and other hydrogen aircraft partnerships we are involved in.

RELEVANT RISK THEMES

- Safety, security and operations
- Asset performance
- Our people
- Environmental sustainability
- Technology

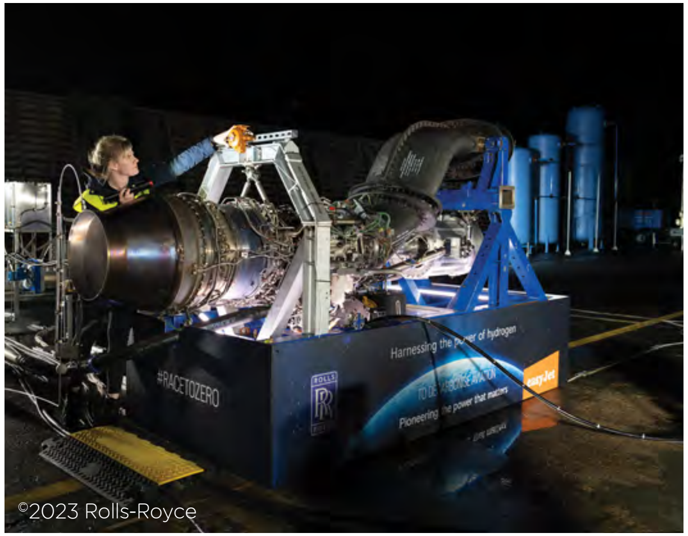
Read more on our principal risks on **pages 61 to 66**

INDUSTRY LEADING CUSTOMER PERCEPTION – #1LCC[1]

	UK	FRANCE	SWITZERLAND
Delivering on value	#1	#1	#1
Brand awareness	#1LCC	#1LCC	#1LCC
Delivering on network	#1LCC	#1LCC	#1LCC
Delivering on reliability	#1LCC	#1LCC	#1LCC
Making travel easy	#1LCC	#1LCC	#1LCC

1) Number one low-cost carrier in the core markets of the UK, France and Switzerland, where a carrier has >10% market share.

Source: Delineate Brand Tracker (August 2023)



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OUR STRATEGY IN ACTION (CONTINUED)

DRIVING OUR LOW-COST MODEL

OVERVIEW

- Drive our business with sustainable efficiency
- Invest in our fleet
- Optimise our capital efficiency
- Deliver strong productivity

CASE STUDY

INSOURCING LINE MAINTENANCE

In recent years we have insourced line maintenance at several locations, enabling us to have greater control over maintenance, reducing costs incurred and improving the quality of the maintenance fulfilled.

Our most recent development was the opening of our Berlin maintenance hangar in January 2023. This c.10,000 square-metre facility had 107 full-time engineers and other staff in September 2023, and in the time since it opened has dealt with 367 maintenance events, an average of 41 per month. This is expected to rise to c.60 per month in 2024. We have seen an average cost saving of 38% per aircraft visit to date.

Cost saving per aircraft visit to date

38%

OUR STRATEGY IN ACTION (CONTINUED)
DRIVING OUR LOW-COST MODEL

Disciplined implementation of our low-cost model underpins all elements of the easyJet strategy:

- A highly efficient point-to-point network delivering simplicity in operations and scale within airports.
- Providing disaggregated products and relevant bundles of products, allowing customers to pay for what they value.
- Ensuring we have a fleet with exceptional fuel efficiency and low maintenance costs.

And most importantly, it means always challenging cost, ensuring that where easyJet spends it delivers tangible value to our customers. Alongside a focus on productivity and investing in processes and tools which deliver truly sustainable long-term cost efficiency.

Our low-cost model means always challenging cost, ensuring easyJet delivers tangible value to our customers.

Upgauging the fleet will help us to keep costs per seat down, as the fixed costs involved with flying an aircraft are spread over a greater number of seats. Our average gauge is expected to increase from 179 at September 2023 to above 190 in FY28. This will give us a cost-saving per seat of greater than £3, which is a benefit that no other European airline has on this scale over the next five years.

The capacity we are adding in the FY24 winter season will help to drive aircraft utilisation improvements of 12% year on year. Pilot productivity is expected to go up by 9% and crew productivity by 6% year on year. The productivity and utilisation benefits that we expect to see as a result of this increased capacity mean that we expect our cost per seat excluding fuel over the forthcoming winter season to reduce year on year, and to be flat across the FY24 year as a whole.

PROGRESS IN FY23

- Fleet renewal continues with the delivery of 10 new A320neo family aircraft in the year.
- Insourcing maintenance in Berlin with the opening of a new hangar.
- Functionality of our self-service disruption management tool enhanced during the year, with the result that 80% of disrupted passengers now use the tool when disruption occurs. This reduces the volume of calls which our call centre operatives need to handle, meaning shorter wait times for those customers who do call and reduced costs overall to manage disruption when it occurs.

Expected average gauge by FY28

190+

Delivery of new A320neo family aircraft in the year

10

- Descent Profile Optimisation is software which reduces the amount of fuel used on landing an aircraft by plotting a more fuel-efficient descent. It is estimated that this saves at least 50kg of fuel per flight. easyJet now has the largest fleet in the world equipped with this technology. See page 44 for full details.

FY24 INITIATIVES

- Our overall ambition for the forthcoming financial year is to ensure that our cost per seat (excluding fuel) is flat year on year. We aim to achieve this through our continued focus on making cost savings through efficiencies and procurement savings that do not jeopardise the quality of our service offering, combined with larger initiatives such as those described below.
- Delivery of 16 NEO aircraft scheduled for FY24, comprising 15 A320s and an A321 NEO aircraft typically deliver at least a 15% boost in fuel efficiency and therefore help to keep our overall fuel costs down, as well as producing significantly lower carbon emissions and being quieter.
- Assessing the opportunity to insource more line maintenance across the network: in recent years we have insourced line maintenance at Gatwick, Glasgow, Edinburgh, Bristol and most recently Berlin with great success, delivering lower cost and a better quality service. We are actively assessing where we might be able to deliver further insourcing in FY24.
- Exploring the use of AI technology to improve efficiency and reduce costs: we have already introduced a generative AI solution to manage customer queries, which has led to a 50% reduction in response processing times and a 30% reduction in the processing cost of each email received. Our teams are exploring other ways in which we can utilise data to drive efficiency across the business.

RELEVANT RISK THEMES

- Asset performance
- Environmental sustainability

Read more on our principal risks on **pages 61** to **66**

OUR NET ZERO ROADMAP

PIONEERING FUTURE TRAVEL

We're pioneering positive change for our planet, communities and people. Getting one step closer to net zero every day.

Our emissions intensity in grams CO_2e per revenue tonne kilometre

1,000
800
600
400
200
0

2022 2023 2024 2025 2030 2035 2040 2045 2050

2023 Current position: exceeding targets

67.2g
Achieved our lowest CO_2 intensity ever, 67.2gCO_2/Revenue Passenger Kilometre

20%
Fleet is now over 20% NEO following the delivery of our 69th aircraft

332
Successfully installed Descent Profile Optimisation (DPO) on 332 aircraft, making easyJet the largest worldwide operator of DPO-enabled aircraft

easyJet entered in to a sustainability-linked loan based on our net zero roadmap. Read more on page 99

BY 2035

WE ARE COMMITTED TO REDUCING OUR GHG EMISSIONS INTENSITY BY

35%

versus 2019

Our validated science-based target, a 35% carbon emissions intensity improvement by 2035, is benchmarked against a 2019 baseline. Since 2000, over a 20-year period, we have already reduced our carbon emissions per passenger per kilometre, by one third.

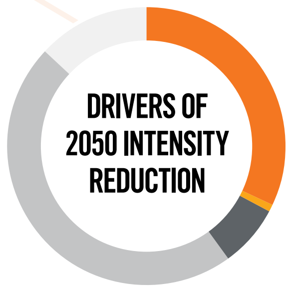
- Sustainable Aviation Fuels (SAF)
- Operational efficiencies
- Airspace modernisation
- Zero carbon emissions aircraft
- Fleet renewal with NEO aircraft

BY 2050

WE AIM TO BE NET ZERO, REDUCING OUR CARBON EMISSIONS INTENSITY BY

78%

versus 2019



We will address residual emissions through carbon removals

easyJet plc commits to reduce well-to-wake GHG emissions related to jet fuel from owned and leased operations by 35% per Revenue Tonne Kilometre (RTK) by FY35 from a FY19 base year. The target boundary includes biogenic emissions and removals from bioenergy feedstocks. Based on SBTi Aviation Sectoral Decarbonisation Pathway for a well below 2°C scenario, read more on page 56.

OUR NET ZERO ROADMAP (CONTINUED)

HOW WE PLAN TO ACHIEVE NET ZERO BY 2050

REDUCE

MINIMISE OUR ENERGY REQUIREMENTS

Fleet renewal with NEO
Minimise fuel burn and emissions through current technology
- 158 NEO aircraft to be delivered by 2029

Operational efficiencies
Fuel saving through initiatives including single engine taxi and engine washing
- SkyBreathe fuel management tool
- Descent Profile Optimisation

Airspace modernisation
10% reduction by 2035 through Single European Sky and modernisation of UK airspace
- Advocating for change by decision makers

REPLACE

CHANGE FROM FOSSIL FUELS TO LOW-CARBON AND ZERO CARBON SOURCES

Sustainable Aviation Fuel
Use at scale in line with EU and UK mandates
- Long-term supply agreements with fuel suppliers

Zero carbon emission aircraft
Committed to being an early adopter in transitioning the fleet
- Our partnerships include Rolls-Royce, Airbus, Cranfield Aerospace Solutions, GKN Aerospace

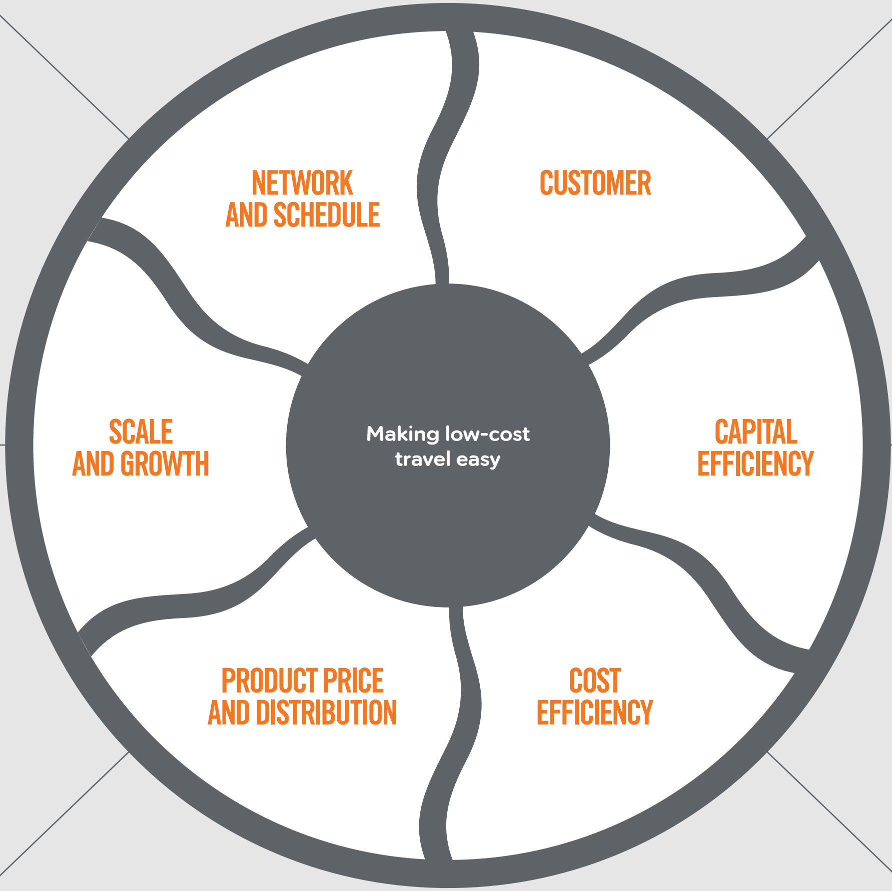
REMOVE

ADDRESS RESIDUAL EMISSIONS TO REACH NET ZERO

Carbon removal
Residual emissions will be removed to reach net zero by 2050
- Agreement signed with Airbus and 1PointFive for Direct Air Carbon Capture and Storage credits

BUSINESS MODEL

CREATING VALUE THROUGH



LOW-COST OPERATIONS

We deliver our purpose by leveraging the low-cost airline business model with network and service differentiation.

NETWORK AND SCHEDULE

Standard low-cost model

- Point-to-point routes.
- Frequency of schedule.

easyJet differentiation

- Leadership positions in primary and slot-constrained airports in many of Europe's largest catchments with high customer demand.
- These have proven to be among the highest yielding in the market and enable us to tap into both business and leisure demand.
- Our network is unrivalled and difficult to replicate.

SCALE AND GROWTH

Standard low-cost model

- Scale drives high brand awareness and facilitates volume pricing deals (e.g. airports, fleet).
- Spreads fixed overheads over larger volume of seats.

easyJet differentiation

- We have strengthened and will continue to strengthen our positions as the competitive landscape evolves, bidding for additional slots where it makes economic sense.
- We have an opportunity for further growth by investing in new, larger aircraft with greater seat numbers (known as upgauging).

PRODUCT PRICE AND DISTRIBUTION

Standard low-cost model

- Low fares predicated on basic airport and cabin product.
- Unbundled fares with additional charges for bags, seats and catering.

easyJet differentiation

- Industry-leading revenue management capability, including dynamic pricing of ancillaries.
- Continued evolution of the Group's product portfolio to build on spend per customer and deliver enhanced sustainable returns.
- Limited indirect distribution to capture additional value.

CUSTOMER

Standard low-cost model

- Standardised products to meet the needs of individuals.

easyJet differentiation

- Leading customer app which improves the overall experience from booking to check-in to reaching the aircraft, often without the need for human interaction.
- Warm welcome and personal service to get customers to their destination on time.
- Disruption management self-service tool makes it easier for customers to be better supported, informed and able to make changes when disruption does occur.

CAPITAL EFFICIENCY

Standard low-cost model

- Single fleet type with standard specification.
- High density, single-class cabin.
- Short turnarounds and high aircraft utilisation.
- Young fleet.

easyJet differentiation

- Opportunity to increase the average gauge of our aircraft through our fleet renewal programme, bringing in larger aircraft.
- This presents us with a considerable opportunity for organic growth by increasing our overall seat capacity.
- c.35% of the A319s will be replaced over the next three years.

COST EFFICIENCY

Standard low-cost model

- High productivity and strong cost culture.

easyJet differentiation

- Long-term strategic partnerships with key airports and ground-handling operators.
- Focus on seasonal bases which increases cost flexibility, with 21 aircraft now operating for eight months of the year from these bases. New seasonal base to open in Alicante in 2024.

MARKET REVIEW

MARKET DYNAMICS

The key factors and trends which influence easyJet and all operators within the European airline industry.

DEMAND

KEY MARKET DRIVER

The airline industry overall is a cyclical one, with demand for flights driven primarily by economic growth. Demand is also seasonal, particularly in leisure travel. However, the business model of low-cost carriers such as easyJet tends to be more resilient to recession, as there will be some customers who seek greater value during periods of low economic growth, attracted by our lower prices and our network of primary airports.

Demand in the first half of the year grew strongly as the industry rebound from the pandemic continued, with easyJet's passenger numbers being 41% higher than in the equivalent six-month period in the previous year. Over the second half of our financial year, demand continued to be strong but external factors – primarily air traffic control strikes in Europe, notably France – caused disruption to spike and eventually led to easyJet reducing flight volumes at Gatwick from July, which reduced passenger numbers compared to what they would otherwise have been.

Later in the year Gatwick Airport also imposed flight reductions across all airlines as they struggled with staffing levels in their air traffic control tower. Passenger numbers in the second half of our financial year were 7% higher than in the second half of the previous financial year. Overall, easyJet flew 82.8 million passengers in this financial year, an increase of 19% on the previous year and 86% of the pre-pandemic passenger numbers.

Forecasts from a range of institutions are that economic growth will be weak across both the UK and the EU in 2024, as a consequence of geopolitical factors such as the ongoing wars in Ukraine and the Middle East, high inflation and interest rates. However, whilst consumers' disposable income is under pressure, a recent survey showed that 77% of UK consumers are willing to protect their spend on holidays and travel above most other items of discretionary expenditure. Furthermore, we believe that easyJet will be protected due to the emphasis on value in such an environment.

IMPACT ON OUR INDUSTRY

- Most European airlines have seen customer numbers increase strongly this year and they are now at similar levels to those seen prior to the pandemic.
- The continued increases in the cost of living and the associated squeeze on household and business incomes across European economies are likely to increase the emphasis on value in the short term, to the natural advantage of low-cost carriers such as easyJet.

HOW WE ARE RESPONDING

- We have moved a significant percentage of our fleet to destination bases, which allows us to reallocate capacity from one source market to another rapidly in response to demand fluctuations.
- We focus on constrained airports, where demand is more resilient to these macro-economic pressures.
- The combination of low fares, primary airports and our city network is an attractive offering for business travellers when cost focus is paramount.
- Our strategic focus on 'Building Europe's best network' and 'Transforming revenue' addresses these market dynamics, including how we manage the associated risks.

FUEL

KEY MARKET DRIVER

Fuel is one of the biggest costs airlines face and one of the most volatile. Fuel represented 26% of easyJet's headline cost base in the current financial year. The ICE Brent crude oil spot price has fluctuated between $72 and $99 per barrel over our financial year. The price was predominantly on a downward trend for the first seven months through to May 2023, coming off the spike which the Russian invasion of Ukraine triggered in 2022. Then a combination of stronger world demand and reduced OPEC production levels led to a general increase in the market price of oil over the remainder of our financial year, with the price at $95 per barrel at 30 September 2023, 8% higher than 12 months earlier. The price of jet fuel is strongly correlated with the price of crude oil.

Brent price

IMPACT ON OUR INDUSTRY

- Many European airlines hedge their fuel costs, reducing their exposure to short-term volatility in the price of jet fuel.
- Aerospace companies are developing new technologies and fuels which could in the future help to decarbonise aviation. This could have an impact on the price of jet fuel as well as the alternative fuels as demand patterns shift over time.

HOW WE ARE RESPONDING

- easyJet has continued its fuel hedging programme throughout the year and is 76% hedged for H1 FY24.
- Further details on how we manage this risk can be found under the Macro-economic conditions risk on page 63.
- easyJet is involved in a number of initiatives to achieve our ambition to be a leader in decarbonising aviation. The main ones are hydrogen aircraft partnerships and the use of Sustainable Aviation Fuel. Full details can be found in the 'Pioneering future travel' section on pages 48 to 50.

MARKET REVIEW (CONTINUED)

ENVIRONMENTAL AND SOCIAL

KEY MARKET DRIVER

Sustainability, in particular the carbon emissions from flights and their contribution to climate change, is a significant issue for the aviation industry.

According to research by Kantar Public across six European countries in September 2021, 78% of European consumers consider climate change a very serious problem. In 2022, a nationwide study of 2,000 British holidaymakers, conducted by easyJet, revealed that 76% think that companies need to urgently set out how they will achieve net zero this century and demonstrate how they are operating more sustainably. 78% say they will choose an airline based on their sustainability credentials when travelling in the future and 70% would commit to a zero carbon emission holiday if it was available to them.

IMPACT ON OUR INDUSTRY

- Individual airlines, airports and industry groups have set net zero targets for 2050.
- Aerospace companies are developing new technologies and fuels which could in the future help to decarbonise aviation.
- Governments across Europe are considering the policy measures that will be needed to meet their own net zero targets.

HOW WE ARE RESPONDING

- For 2023 we are ahead of our SBTi-aligned net zero roadmap (see page 20 for full details).
- We recently announced that we are the first airline to sign a contract with Airbus relating to Direct Air Carbon Capture and Storage technology. We believe carbon removal will play an important role in addressing our residual emissions in the future, to help us achieve our pathway to net zero.
- Our full Sustainability Strategy with further detail can be found in the Sustainability section on pages 39 to 58.

ON-TIME PERFORMANCE, AIRSPACE MANAGEMENT AND SUPPLY CHAIN PRESSURES

KEY MARKET DRIVER

European airspace remains a challenging and congested environment. Eurocontrol continues to redesign the airspace infrastructure with the aim of creating a more efficient and sustainable network, but currently UK and EU airspace consists of a complex network of flight paths that have seen little development over the last 70 years.

In 2023, congested airspace from the continued conflict in Ukraine, French air traffic control strikes, the impact of NATS staff shortages in the control tower at Gatwick, weather-related disruption and the NATS system failure in August all drove operational challenges, particularly over the second half of the year, resulting in a higher-than-normal level of cancellations.

IMPACT ON OUR INDUSTRY

- Air traffic control delays cause a number of issues from additional flying time and airport congestion to inefficient flight planning.
- Antiquated flight paths cause additional fuel burn.
- The NATS system failure in August 2023 caused many flight cancellations, resulting in the travel plans of thousands of travellers across Europe being disrupted and causing airlines to incur additional welfare costs (hotels, food, etc.) on behalf of their customers.

HOW WE ARE RESPONDING

- We are encouraging Gatwick to build more resilience into their operations, particularly staffing levels in the control tower.
- Recruitment is already underway for cabin crew and pilots for summer 2024, to ensure we are operationally ready for next year's peak trading period.
- We are advocating for change and modernisation of airspace, alongside other airlines, by lobbying national decision makers and maintaining a collaborative relationship with Eurocontrol (see page 44 for further details).
- Our strategic focus 'Delivering ease and reliability' addresses these market dynamics, including how we manage the associated risks (read more on pages 16 and 17).

FOREIGN EXCHANGE

KEY MARKET DRIVER

easyJet is exposed to foreign exchange rate movements, mainly resulting from euro revenues and US dollar costs, translated into our functional currency of sterling. Sterling strengthened during the year against both the euro and US dollar, as the political turmoil which impacted the UK in autumn 2022 faded and investors' confidence in the UK and sterling returned. Sterling's strength against both currencies peaked in July 2023 and then it weakened over the late summer as expectations of the Bank of England continuing to raise interest rates began to fade. When sterling weakens this has an adverse impact on US-denominated costs (mainly fuel, leases and maintenance) and a favourable impact on euro revenues when translated into sterling.

IMPACT ON OUR INDUSTRY

- Many European airlines hedge their foreign currency requirements, particularly for the US dollar, which reduces their exposure to short-term currency fluctuations.

HOW WE ARE RESPONDING

- easyJet has continued its US dollar hedging programme throughout the year and is already 76% hedged on US dollars for H1 FY24.
- Further details on how we manage this risk can be found under the Macro-economic conditions risk on page 63.

KEY PERFORMANCE INDICATORS

easyJet has seven key performance indicators which we use to measure our overall progress.

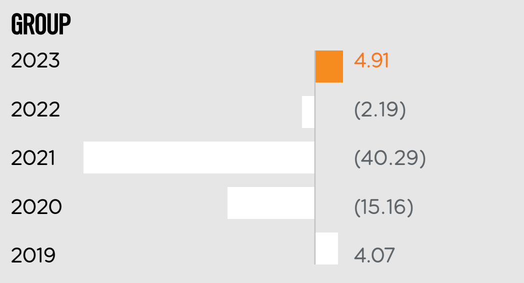
HEADLINE PROFIT/(LOSS) BEFORE TAX PER SEAT (£)

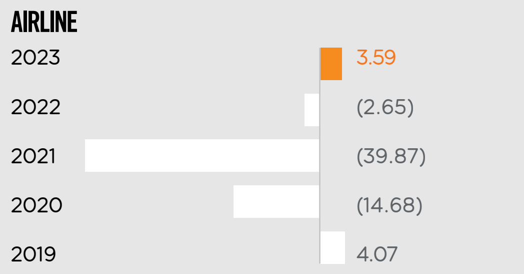
GROUP

£4.91

AIRLINE

£3.59





Why it is important

Incremental improvements in profitability ensure that we have a platform for long-term growth while generating value for all stakeholders.

What we measure

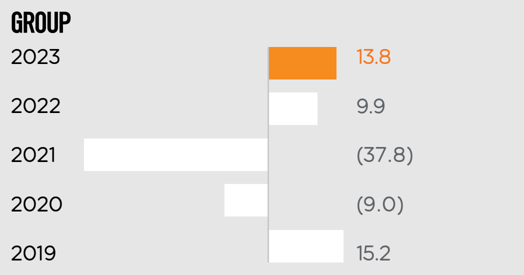
Headline profit/(loss) before tax divided by the number of seats flown. Prior to this year, our per seat metrics were calculated for the airline only. However, given the growth of easyJet holidays we will now focus on headline profit/(loss) before tax per seat for the Group as a whole as that metric will correctly reflect the performance of the airline and the holidays business combined. We will therefore use the Group metric as our KPI going forwards, particularly as it is one of our new medium-term targets (see page 10 for details).

How we performed

Headline profit before tax per seat for the Group was £4.91 (2022: £2.19 loss). Airline revenue per seat (RPS) increased by 19% at constant currency, a consequence of increased loads and strong yields. The increase in RPS was balanced across passenger and ancillary revenue, and included improved revenue from the revised in-flight retail offer. This was tempered by cost per seat (CPS) on fuel increasing 31% on a constant currency basis predominantly due to the increase in post-hedge fuel prices compared to the prior financial year. CPS on airline headline costs excluding fuel only rose by 1% 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 2022, as a consequence of its increased profitability driven by its growth in customer numbers.

HEADLINE EBITDAR MARGIN (%)

13.8%



Why it is important

EBITDAR is a good proxy for cash generation. EBITDAR margin is a metric the business uses to make its operating decisions and is one measure of the underlying performance of the business.

What we measure

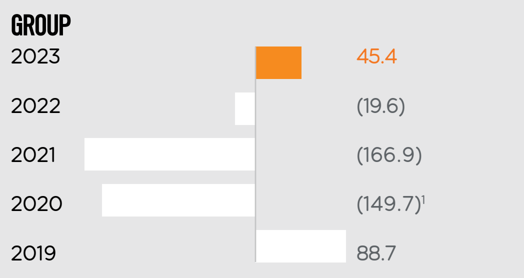
Headline EBITDAR divided by total revenue.

How we performed

Headline EBITDAR margin % increased from 9.9% last year to 13.8% this year. This was a reflection of the improved performance of the Group as volumes and prices increased and customers' confidence to travel returned.

HEADLINE EARNINGS/(LOSS) PER SHARE (P)

45.4p



1) 2020 previously restated due to impact of 2021 rights issue.

Why it is important

Delivering sustainable shareholder value is a fundamental part of our mindset as we manage our business.

What we measure

Headline profit/(loss) after tax divided by the weighted average number of shares in issue during the year (adjusted for shares held in employee benefits trusts).

How we performed

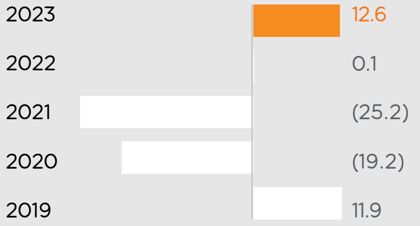
Headline earnings per share was 45.4 pence (2022: 19.6 pence loss per share) as a result of the improved performance of the Group this year. Total earnings per share was 43.1 pence (2022: 22.4 pence per share loss).

KEY PERFORMANCE INDICATORS (CONTINUED)

HEADLINE RETURN/(LOSS) ON CAPITAL EMPLOYED (%)

12.6%

GROUP



Capital employed definition changed to now exclude the hedging and cost of hedging reserves. 2019–2022 recalculated as a result.

Why it is important

As a low-cost business, we focus on efficiency to provide outstanding customer service at the best value, while also driving operational efficiencies which will maximise our return on investment.

What we measure

Headline profit/(loss) 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 the average capital employed. Capital employed we now define as shareholders' equity, excluding the hedging and cost of hedging reserves, plus net debt.

How we performed

Headline ROCE improved to 12.6% (2022: 0.1%) driven by the higher headline profit before interest, foreign exchange gain/(loss) and tax of £476 million this year (2022: £3 million), combined with the reduction in net debt. Total ROCE for the year was 12.0% (2022: (0.7)%). The total ROCE was adverse to the headline ROCE due to non-headline items generating a £23 million charge before tax in the income statement.

CUSTOMER SATISFACTION (%)

73%

AIRLINE

1) In 2023 we changed our customer satisfaction measurement platform and 2022 has been restated for comparison.

Why it is important

Customers have increasing choice and their expectations are rising. Ensuring we meet their evolving needs will position us as the brand of choice when flying within Europe.

What we measure

Our customer satisfaction index is based on the results of a customer satisfaction survey for the airline, measuring how satisfied the customer was with their most recent flight.

How we performed

Overall customer satisfaction stayed constant at 73%. Customer satisfaction is closely related to the level of disruption experienced, notably on-the-day cancellations and delays. Generally, when disruption increases, our customer satisfaction score decreases. The operational challenges experienced in the year, and particularly over the busy summer trading period, resulted in a high level of cancellations and delays and therefore our customer satisfaction score was lower than we would like it to be.

ON-TIME PERFORMANCE (%)

66%

AIRLINE

Why it is important

Reliable operational performance is a key factor in our customers' perceptions of their experience with us. Managing on-time performance (OTP) and minimising disruption will positively impact on the likelihood of our customers choosing to fly with us on a repeat basis.

What we measure

Percentage of flights which arrive within 15 minutes of the scheduled arrival time.

How we performed

Our OTP declined in the year to 66% (2022: 72%) primarily as a consequence of the external factors such as air traffic control delays which caused disruption.

CO_2 EMISSIONS PER PASSENGER KILOMETRE (G)

67.2g

AIRLINE

Why it is important

An important part of our strategy is to make a meaningful difference for our planet and help to tackle climate change. In the short term our focus is on being as efficient as we can and driving carbon efficiencies.

What we measure

How much carbon dioxide is produced for each passenger, for each kilometre they fly with us.

How we performed

In 2023, our carbon emissions per passenger kilometre were 67.23g, a significant reduction from 70.36g in 2022 and our lowest emissions figure ever. This is a reflection of the increased load factor in the current year which drove a decrease in emissions per passenger, combined with the increased number of more efficient NEO aircraft and a continued focus on flight efficiency measures such as Descent Profile Optimisation.

FINANCIAL REVIEW

OUR FINANCIAL RESULTS

KENTON JARVIS
Chief Financial Officer

"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.

FINANCIAL REVIEW (CONTINUED)

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 on pages 195 and 196.

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)
Being:		
Airline headline profit/(loss) before tax	***333***	*(216)*
Holidays headline profit before tax	***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)

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.

£ 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.

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.

FINANCIAL REVIEW (CONTINUED)

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) 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 Pence per share	2022 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.

FINANCIAL REVIEW (CONTINUED)

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 £ million	2022 £ million	Change £ 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.

FINANCIAL REVIEW (CONTINUED)

Headline exchange rate impact

Favourable/(adverse)	Euro £ million	Swiss franc £ million	US dollar £ million	Other £ million	Total £ million
Total revenue	66	46	1	1	114
Fuel	(4)	–	(125)	–	(129)
Headline costs excluding fuel	(63)	(24)	(17)	4	(100)
Headline total before tax[1]	**(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 easyJet holidays incremental revenue; refer to note 1a 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

FINANCIAL REVIEW (CONTINUED)

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 year, 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 loss) 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 year generated a £nil million loss (2022: £21 million loss from ten aircraft).

FINANCIAL REVIEW (CONTINUED)

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 profit 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 £ million	2022 Re-presented[1] £ million	Change £ 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.

FINANCIAL REVIEW (CONTINUED)

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%

1) holidays' passenger numbers excluding agency commission passengers are 1.6 million (FY22: 0.8 million).

Refer to the Glossary on page 197 for further detail.

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 excluding 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 excluding fuel at constant currency (pence)	**4.38**	4.39	0%

PEOPLE AND CULTURE

CREATING A WINNING CULTURE

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

Jane Storm
Group People Director

LIVING OUR PROMISES TO CREATE A WINNING CULTURE

We need our colleagues to be highly engaged and connected if we are to reach our destination of being Europe's most loved airline.

Through our biannual Your Voice Matters engagement survey, we learn where to best focus our time and energy to improve colleague engagement, enhance and modernise our colleague experience and how we can support our people to deliver for our customers.

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.

And 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. This will make it easy for us to reach our destination together.

OUR PROMISE BEHAVIOUR FRAMEWORK

This year we worked with our people to create a behavioural framework to support our promise and deliver our strategy.

During the year, we ran focus groups with cabin crew, pilots, engineers and colleagues from our offices to pinpoint exactly what makes us great today and share ideas on what we need to do more of to help us reach our destination of being Europe's most loved airline.

We identified behaviours that will help guide our daily decision making, strengthen our culture and bring out the best in our teams.

Bringing our promise behaviours to life across our business every day, including embedding them into our employee life cycle, enables us to achieve our purpose and deliver our strategic priorities:

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

Be safe

- We work together to keep everyone safe
- We speak up, learn from our mistakes and act when needed
- We respect and care for each other and our own wellbeing

Be challenging

- We proactively look for ways to be more efficient
- We think about the impact of our cost-based decisions on others
- We seek opportunities to drive growth

Be bold

- We're ambitious, forward-looking and make decisions with confidence
- We're curious and challenge the way we do things to improve and innovate
- We take accountability and have a can-do attitude

Be welcoming

- We are passionate about our customers and help each other to deliver for them every day
- We're fair, open and approachable
- We go above and beyond to make things easy

Be Orange

- We love to win and celebrate success
- We listen, learn and break down barriers
- We're brave, determined and restless to try new things

PEOPLE AND CULTURE (CONTINUED)

UNDERPINNING EVERYTHING WITH AN INCLUSIVE CULTURE

We are committed to building an inclusive culture for all, where colleagues can be their authentic selves and feel a sense of belonging. In 2023, we relaunched our Inclusion and Diversity framework to keep us focused on what is important for creating the inclusive culture and diverse and authentic workforce that is key to our business success.

INCLUSION

INCLUSION FIRST

Engage

We have engaged with colleagues across the business to ensure everyone understands the part they play in creating an inclusive culture. We embed important messaging into recurring training for crew and put on a range of offsite meetings and town hall events.

Educate

Throughout 2023, we have continued to work with our partners at The Centre for Inclusive Leadership (TCfIL) on creating an inclusive culture and mindset. Together we have provided training for the Airline Management Board and created leadership communities across the easyJet network. The partnership has enabled us to inspire our leaders to think and engage differently and create a culture that enables all colleagues to belong and thrive.

Community

Our employee-led community known as the Trailblazers network continues to support and engage colleagues, putting on events and creating educational tools that spread the word about the value of the differences that make up our colleague population.

This year we introduced 'You matter moments'. These are online information pages that inform all colleagues about the events and observations that make up our inclusion calendar, such as Holocaust Memorial Day, Ramadan, LGBTQIA+ History month, the Lunar New Year and International Women's Day.

Our International Women's Day event featured women from the 2022 Women to Watch and Role Models for Inclusion lists. Each participant spoke about what embracing equity meant to them and how everyone can play their part in making an inclusive and equitable culture.

Other events included our continued engagement in LGBTQIA+ Pride month, during which we took part in six community Prides across the UK and Europe. In August we recognised and celebrated South Asian Heritage month, showcasing the rich culture of the South Asian community within easyJet and across Luton.

We continue to work with key partners to provide insights and advice. Our current partnerships include:

- Business Disability Forum (BDF)
- DIAL Global
- Diversity in Hospitality, Travel and Leisure (WiHTL)
- Employers Network for Equality & Inclusion (ENEI)
- Fantasy Wings
- Stonewall, the LGBTQIA+ charity

DIVERSITY

FLYING HIGH FOR PEOPLE

Attract

We continue to improve how we attract and retain diverse talent that reflects the communities we serve, with new ambitious targets to improve the gender representation across our leadership population and match our peers across the industry and other FTSE companies.

As an organisation we are committed to the target of 40% women on our plc Board, which we meet, and the same percentage of the Airline Management Board and its direct reports filled by women by 2025, in line with the FTSE Women Leaders pledge. To achieve this, we need female representation at all levels of the organisation, to create a pipeline of talent for the future.

Thrive

To ensure everyone can thrive and grow to their full potential we invest in opportunities for our under-represented communities. We introduced our Accelerate Programme to support our ambitious targets to improve female representation, which has enabled 40 women to further develop and support their career aspirations. Find out more about this programme on page 37.

Retain

We continue to look at how we enhance and modernise the experience of our colleagues across easyJet, encompassing our communication channels, policies and ways of working.

PEOPLE AND CULTURE (CONTINUED)

CASE STUDY
ACCELERATING WOMEN

The Accelerate Flightpath: Women's Development Programme is the first of a series of progressive programmes aimed at addressing the imbalance of representation in our under-represented communities. It is designed to develop women at all levels, with the wider goal of increasing the number of women at a senior level.

The Inclusion and Diversity team worked with the Talent Development team to develop the programme and partnered with EDIT Development to support and embed it. EDIT works with organisations globally to create diverse and inclusive cultures, bringing the latest thinking to individual and organisational development.

The Accelerate programme encourages women at easyJet to look back at what has influenced who they are and explore the present for areas of growth and opportunity. It inspires them to remove their 'boundaries' and discover the art of the possible. EDIT and easyJet believe such programmes create long-lasting communities who can lift, support and challenge each other now and in the future. To ensure that each participant is successful, line managers are engaged from the outset, so that they understand the fundamentals of the programme and how they can play their part in continually developing their direct report.

"The Accelerate course has given me the opportunity to think about my key strengths, identify my development areas, particularly in how I come across to others, and the direction I want my career to go in. Specific insights for me have been looking at how to build on my network and evaluate my career success factors. It has been inspirational to share our insights with one another on the course and learn from each other's experiences. I look forward to the upcoming sessions and continuing my journey towards my career aspirations.

Lisa Matheson
Finance Manager, Crew and Accelerate participant

WELLBEING

WE AIM TO BE RENOWNED FOR OUR CULTURE OF CARE AND SUPPORT

We have developed a proactive health and wellbeing strategy and a programme of activities to drive impact and cultural change.

We started the year with a discovery phase. The goal was to fully understand the health and wellbeing landscape of easyJet, establish our baseline and create clear KPIs to start making informed decisions. We ran focus groups, released a dedicated health and wellbeing survey, held one-to-ones with the Airline Management Board (AMB) and drew on the Your Voice Matters survey, our Employee Assistance Programme and occupational health data.

We used this information to design the strategy. We started by defining our wellbeing proposition, creating a wellbeing brand and building a robust strategy framework, mapping out the initial areas of focus, both in the short and long term.

The results were 'Wellbeing, the easier way', which is about making the journey to better wellbeing as easy as possible. The strategy has three elements as shown on the right. Healthy living is about giving our people the tools and resources they need to prioritise all aspects of wellbeing. Healthy communities bring colleagues together with a shared purpose to create a sense of belonging. Lastly, Healthy working is about building wellbeing into all we do; from our policies and guidelines to the way we work and interact.

WELLBEING, THE EASIER WAY

Empowering and supporting our people to take small easy steps to better wellbeing every day, so we have the energy to perform at our best and win together — at work and in life.

OUR WELLBEING PILLARS

What health and wellbeing means to us at easyJet:

Healthy living

Looking after our mental and physical wellbeing enables us to live well and approach each day with positive energy and confidence.

Healthy communities

Community and human connection are essential to wellbeing as they foster a shared sense of purpose, belonging and support among our people.

Healthy working

Championing a shared responsibility and commitment to wellbeing in the way we work creates a high-performing easyJet, powered by an energised, thriving workforce.

PEOPLE AND CULTURE (CONTINUED)

RESOURCING THE BEST

PEOPLE RECRUITMENT 2023

Cabin crew
2,748

Engineering
186

Pilots
446

Management and administration
582

EMPLOYER BRANDING

We evolved our EVP in January this year (see image) to help us to continue to attract and retain the best talent.

In addition, we have continued to evolve how we advertise roles to ensure diversity remains a priority, with targeted campaigns for cabin crew; 'influencer' recruitment marketing on TikTok as well as working with our public relations team on a very successful campaign showcasing older colleagues who start careers with us over the age of 45.

Our new careers website launched in October 2023 at **careers.easyJet.com**. This provides content and messaging aligned with the EVP, and clearer information on why people should view easyJet as an employer of choice.

Make it easyJet

Everything we do is guided by our promise and our goal to Make it easyJet

Connect people to what they love
- High performing people
- Great travel perks
- Flexible working
- Opportunities

Share our Orange Spirit
- Energised
- Positive
- Inclusive
- United by purpose

Develop in Orange years
- Making us Europe's most loved airline
- Drive to net zero
- A career with breadth and variety
- Push you and your ambitions further

EXTERNAL RECOGNITION

Over the last few years, we have featured in the list of Britain's Most Admired Companies. In 2022, we were seventh in the Transport sector

easyJet holidays was named in the Sunday Times Best Places to Work 2023. This accolade comes following easyJet holidays being awarded 'Best Travel Retailer 2022' at the Travolution Awards and receiving the 2023 'Sustainable Future Award' at the Travel Weekly Globe Travel Awards.

On 30 September 2023 easyJet's Glassdoor score was 4.2.

LISTENING TO OUR COLLEAGUES

To reach our destination of being Europe's most loved airline, we understand that highly engaged and connected colleagues are essential to our success. We have a comprehensive employee listening approach which includes employee consulting groups, works councils, people action groups and more.

The key mechanism for employee listening is our Your Voice Matters employee engagement survey, for which we partner with Peakon, a globally recognised employee listening platform. We have an aggregated colleague engagement score[1] of 7.2, with an aggregated participation rate of 64%.

1) The aggregated engagement score is derived from the average responses to the four primary engagement questions, as part of the four surveys conducted in FY23.

CREATING CAPABILITY FOR THE FUTURE

We continue to invest in building capability across our organisation, building the skills we need for today and tomorrow, and developing our leaders and managers.

We celebrated a very successful Learning at Work week where over 1,000 of our colleagues participated in various learning interventions centred around the theme of creating the future.

We offer a variety of personal and professional development programmes, with our flagship talent development programme being Velocity. This year we saw the first cohort graduate and a second cohort start. Velocity was designed by easyJet for easyJet and includes many structured workshops, mentoring, coaching, 360 feedback, behavioural assessment and a business challenge think tank, enabling us to build our future leaders.

GENDER PAY GAP 2022

(reported in March 2023)

Median gender pay gap
45.7%

Mean gender pay gap
50.3%

The biggest single factor influencing our gender pay gap is the gender representation within our pilot community. This remains a well-known industry-wide challenge that we continue to tackle, working with our partners to inspire more young people to consider a career in aviation, including encouraging more women to become pilots.

Our gender pay gap submission for 2023 and those for previous years are available on our website at **corporate.easyJet.com/sustainability/gender-pay-reports**

FEMALE/MALE REPRESENTATION[1]

	Female	Male
plc Board	4 (40%)	6 (60%)
Airline Management Board[2]	3 (30%)	7 (70%)
Airline Management Board direct reports[3]	19 (30%)	43 (70%)
Senior managers[4]	10 (19%)	42 (81%)
All employees	7,538 (45%)	9,159 (55%)

● Female ● Male

1) Figures per Human Capital Management system at 30 September 2023
2) The Airline Management Board is our 'Executive Committee' for the purposes of the FTSE Women Leaders Review.
3) Airline Management Board direct reports that are reported as part of the FTSE Women Leaders Review.
4) Defined in accordance with the Companies Act 2006, and includes those with responsibility for planning, directing or controlling the activities of the Company as well as Directors of our subsidiary undertakings.

SUSTAINABILITY

OUR APPROACH TO SUSTAINABILITY

easyJet not only aims to do business responsibly, we want to be pioneers of change.

Johan Lundgren
Chief Executive Officer

Aviation contributes to climate change so we're working hard to reduce the impact of our operations.

That feeling of responsibility extends to preserving the 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 our SBTi-aligned (and now award-winning) net zero roadmap, are collaborating in multiple cross-sector partnerships and invested multimillions of pounds in the development of zero carbon emission technology.

We're also making significant breakthroughs. Last year, 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 (HIA) alliance 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 and AI to drive flight efficiencies – all of which are contributing to easyJet's best-ever carbon intensity performance.

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.

These are just a few examples, but they demonstrate that sustainability is at the heart of our business strategy and a recent Environmental, Social and Governance (ESG) materiality assessment shows how critical it is not only to our financial performance but to our people too.

As ever, there is more work to be done, but we are all dedicated to building a sustainable and thriving aviation sector that will serve and benefit countless generations to come.

Read more on **pages 40 to 58**

We're conscious about the impact of aviation and we're working hard to adapt our operations to ensure we can thrive within a low-carbon economy, while safeguarding the enormous benefits of travel and tourism for future generations.

EXTERNAL RECOGNITION

ESG ratings

easyJet was scored in the top 10% of all airlines ranked by Sustainalytics

25.4
Score

SUSTAINALYTICS

Sustainalytics uses a 100-0 scoring scale, with a lower score being better

September 2023

AA
Score

MSCI

MSCI uses a CCC-AAA scoring scale

July 2023

B
Score

CDP
DRIVING SUSTAINABLE ECONOMIES

CDP uses an F-A scoring scale

December 2022

Included in

FTSE4Good

2023 awards

Jun 2023
Net Zero Strategy of the Year
UK Green Business Awards

May 2023
Achievement in Sustainability 2023 — Airline
Business Travel News Awards

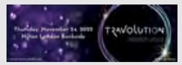
Jan 2023
Top Sustainable Airline at Prague 2022
Prague Airport

Prague Airport

Sustainable Future Award
Travel Weekly Globe Travel Awards
Awarded to easyJet holidays

Nov 2022
Airline Sustainability Award
Scottish Passenger Association Awards

Travolution Impact Award
Travolution Awards
for easyJet's net zero pathway



SUSTAINABILITY (CONTINUED)

SUSTAINABILITY STRATEGY

Pioneering positive change for our planet, communities and people
Getting one step closer to net zero every day

Reducing our impact today for a better tomorrow

We work tirelessly to minimise the environmental impact across our operations.

- Focused on reducing the carbon intensity of our flying. Read more on **page 45**
- Continuously addressing our noise impact. Read more on **page 44**
- Enhancing our environmental performance through ISO 14001-aligned environmental management system. Read more on **page 47**
- Tackling waste and plastic reduction within easyJet and our supply chain. Read more on **page 47**

Pioneering future travel

easyJet's support in the development of zero carbon emission technologies will shape the future of flying.

- Signed up to Race to Zero. Read more on **page 20**
- Driving change to deliver our net zero transition roadmap. Read more on **page 20**
- Collaboration and partnerships to achieve zero carbon emission aviation. Read more on **page 48**
- Advocating for effective carbon regulation and new technology. Read more on **page 48**

Driving positive change in society

Positively impacting our people, customers and communities to maximise the social and economic benefits of travel and tourism.

- Making more sustainable travel accessible to everyone through easyJet holidays. Read more on **page 51**
- Remaining an employer of choice. Read more on **page 51**
- Creating an inclusive workplace. Read more on **page 51**
- Supporting charitable causes that are important to our customers and employees. Read more on **page 53**

United Nations Sustainable Development Goals relevant to our ambitions

Preparing for future reporting requirements
We are familiarising ourselves with International Sustainability Standards Board (ISSB) reporting standards for when the UK adopts them, and with CSRD (EU Corporate Sustainability Reporting Directive) in preparation for easyJet's reporting under this legislation in future years.

SUSTAINABILITY AND ESG GOVERNANCE

Strong governance and monitoring at Board level drive delivery of our Sustainability Strategy

PLC BOARD

Approves Sustainability Strategy and reviews implementation, guided by its committees below:

Nominations Committee

Diversity organisational targets, employee engagement and culture, workforce engagement, sustainability and ESG expertise of the Board

Audit Committee

Accuracy and reliability of non-financial reporting, ethics and compliance-related impact, climate risk, supply chain integrity and sustainable procurement

Safety & Operational Readiness Committee

Review and monitoring of the implementation of easyJet's annual safety plan

Remuneration Committee

ESG-linked remuneration and gender pay gap

Finance Committee

Emissions Trading Schemes

AIRLINE MANAGEMENT BOARD

Regular updates and approval
There are AMB sponsors for (key) material ESG topics

SUSTAINABILITY STEERING COMMITTEE

Steers direction of Sustainability Strategy, including net zero roadmap and ESG disclosure

SUSTAINABILITY TEAM

Supported by specialist sustainability and ESG working groups

SUSTAINABILITY (CONTINUED)

MATERIALITY

Understanding the main social and environmental issues that have an impact on our business will help us meet our ambition to pioneer positive change in our sector.

This year we have undertaken a double materiality assessment to identify the topics we need to address right now and the issues and opportunities of rising importance. A double materiality assessment looks outward at the impact on people and the planet, such as greenhouse gas (GHG) emissions, the impact of flights on destinations, and the impact of easyJet on employee wellbeing. It also looks inward, at the impact on our business success – such as the effect of extreme weather events exacerbated by climate change on flight disruptions.

By engaging both internal and external stakeholders, we gained a deeper understanding of their key ESG concerns. This will allow us to make sure we are focusing our efforts on what they care most about. It will also help us ensure our sustainability reporting is aligned with our stakeholders' concerns and help build brand awareness. Importantly, it will help us meet regulatory requirements, particularly the EU Corporate Sustainability Reporting Directive.

"I admire easyJet's decarbonisation strategy and the decision to stop offsetting to focus on reducing emissions, by partnering with Rolls-Royce on a hydrogen engine. This can give them a leadership role within the sector for zero emissions flights. It's a way to gain prestige and authority for public relations and attracting customers, but also human capital.

Supplier

"Carbon reduction is a big opportunity as it's an area where we are driving commercial viability. It makes us more appealing to sustainability-minded customers. This is the single biggest opportunity for us as we are trying to lead the way for all the right reasons.

Head office management

THE PROCESS

Our double materiality process had five stages:

STAGE 1

STAKEHOLDER MAPPING

We worked with sustainability experts Corporate Citizenship to plan the project, identify stakeholders and understand the key topics of the agenda.

STAGE 2

HORIZON SCAN AND ISSUE IDENTIFICATION

A review of the business, sustainability and regulatory landscape gave us a list of 17 potentially relevant sustainability topics that have an impact on our business, or where we have an impact.

STAGE 3

STAKEHOLDER ENGAGEMENT

We gathered stakeholder perspectives through surveys, interviews and focus groups. 841 stakeholders took part, including academics, employees, customers, NGOs, regulators, government departments and investors.

STAGE 4

ANALYSIS

Online surveys asked stakeholders to rate the importance of the topics identified to business and society. Quantitative results from the surveys were enriched with qualitative insights from interviews and focus groups.

STAGE 5

VALIDATION

Topics were validated, reviewed and confirmed by the Airline Management Board.

SUSTAINABILITY (CONTINUED)

OUTCOMES

All 17 topics ranked highly on the matrix – illustrating the high relevance to easyJet of all the ESG topics selected for evaluation and reflecting the complex range of impacts of travel and tourism on easyJet's stakeholders, up and down the value chain. There was a strong consensus on material issues across all stakeholder groups, particularly between internal and external stakeholders.

EMERGING TOPICS AND OPPORTUNITIES

The process highlighted a number of issues that will grow in importance over the next five to 10 years, as well as some opportunities:

Emerging topics

- Climate change
- Data privacy and security
- Macro-economic and geopolitical risks

Opportunities

- Advocacy and collaboration in technology innovation
- Sustainable travel and tourism
- Inclusion and Diversity

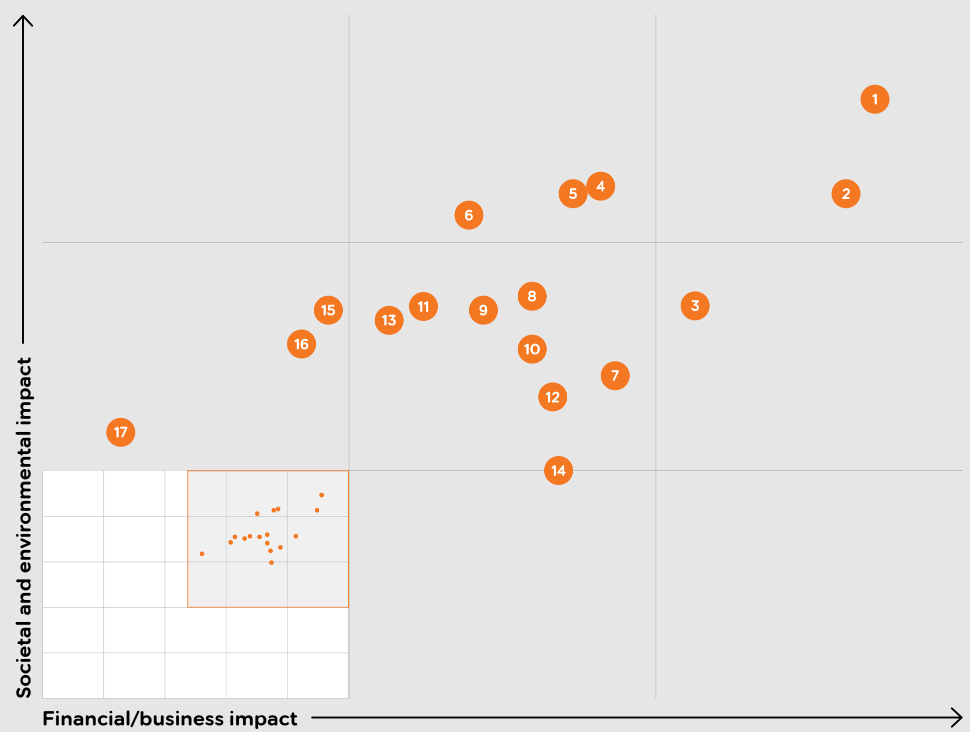
"One of the most exciting opportunities is around recruitment and retention, and creating a sense of purpose by being a business at the forefront of a transition in a challenging industry.

Business partner

MATERIALITY MATRIX EXPLAINED

This matrix summarises the overall result of easyJet's 2023 double materiality assessment. It takes into account two criteria: internal and external stakeholders' views on the financial impact of the sustainability topic on the business (horizontal axis) and the impact of our business operation on society and the environment (vertical axis). We consulted a range of stakeholders to gather qualitative and quantitative data about both perspectives. The most critical topics are 'Climate change' and 'Customer safety and security' in the top right corner, reflecting their ongoing prominence in society and business. Other governance-related topics such as 'Responsible governance', 'Business ethics', and 'Responsible marketing practices' were placed in the middle of the matrix, indicating the ongoing importance of these business fundamentals. Similarly, social topics like 'Workers in the supply chain', 'Employee health, safety and wellbeing' and 'Diversity, equity and inclusion' also remain highly material. What has gained prominence this year is 'Customer satisfaction and accessibility', 'Data privacy and cybersecurity', 'Talent attraction and retention', and 'Sustainable travel and tourism', reflecting the increasing stakeholder interests and concerns in these areas in the post-pandemic world.

MATERIALITY MATRIX (WEIGHTED)



1. Customer safety and security
2. Climate change
3. Data privacy and cybersecurity
4. Customer accessibility and satisfaction
5. Sustainable travel and tourism
6. Employee health, safety and wellbeing (including labour rights)
7. Talent attraction and retention
8. Business ethics
9. Responsible governance
10. Advocacy and collaboration on technological innovation
11. Responsible marketing practices
12. Diversity, equity and inclusion
13. Workers in the supply chain
14. Macro-economic and geopolitical risks
15. Local air pollution and noise management
16. Waste and water management
17. Contribution to local economics and communities

All 17 topics were rated highly material to easyJet as plotted in the top right quadrant of the matrix and is demonstrated in the smaller graph to scale.

"You get much better results with inclusive or diverse teams, not just trying to fill a criterion but seeing genuine difference.

Board member

NEXT STEPS

We will use the outcomes of the process to support our strategic aspiration to be leaders in sustainability in our sector.

Many of the highlighted issues are already part of our Group and Sustainability strategic plans and underlying governance structures. The materiality assessment outcomes reiterate the need to double down on those areas and highlight where we need to strengthen our efforts.

We will use the findings to improve stakeholder engagement and communications, and align with emerging mandatory reporting standards. We are already using insights from the assessment to prepare for future regulatory obligations such as the EU CSRD, and to inform a comprehensive supply chain due diligence exercise to identify impacts, manage risks and ensure compliance with reporting requirements.

The insights will be integrated into our Enterprise Risk Management to enhance internal collaborations and governance structures.

We aim to distinguish between materiality topics that are to be managed and those where we intend to lead, being mindful of the emerging topics and opportunities, and using the outcomes of this stakeholder engagement to refine our Social Impact strategy.

REDUCING OUR IMPACT TODAY FOR A BETTER TOMORROW

We work tirelessly to minimise the environmental impact across our operations. Our focus is to reduce the carbon intensity of our flying but we are also addressing our noise impact, enhancing our environmental performance, tackling waste and reducing the use of plastics throughout the business.

We publish a range of ESG factsheets on our website to be read alongside the 2023 Annual Report and Accounts. The factsheets provide further data and information on: human capital; safety, quality, and governance; digital safety, and environmental management. Go to: **corporate.easyJet.com/sustainability**

REDUCING OUR IMPACT IN THE AIR

OVERVIEW

As an interim goal on our net zero pathway, we have established a target of 35% greenhouse gas (GHG) emissions intensity reduction by 2035 (against a FY19 baseline). This ambitious target, validated by the Science Based Targets initiative (SBTi), was a first for low-cost carriers worldwide.

In FY23, we have made significant progress against this target, delivering a 5% reduction versus FY19, a saving of over 500,000 tonnes of CO_2e (well-to-wake). This was driven primarily by fleet renewal, with 10 NEO aircraft joining the fleet, and strong performance of operational efficiencies led by Descent Profile Optimisation (DPO) and Continuous Descent Approach (CDA). We also recorded our lowest ever CO_2 intensity of 67.2gCO_2/RPK.

WHAT WE ARE DOING TO REDUCE CARBON

Efficient aircraft

easyJet is proud to hold one of the largest fleets of A320neo family aircraft in Europe. By the end of FY29, we aim to take delivery of a further 158 brand new NEO (New Engine Option) A320 and A321 aircraft, at a combined list price of $19 billion – with 69 already part of the fleet. Equipped with CFM International's LEAD-1A engines, NEOs offer at least a 15% boost in fuel efficiency and provide a 50% noise reduction compared to the CEO-type (Current Engine Option) they replace, and produce significantly less NOx. This switch to more fuel-efficient aircraft, as well as upgauging to larger aircraft with more seats, has a significant impact on reducing carbon emissions in the short term due to both higher absolute fuel efficiency and lower emissions per seat.

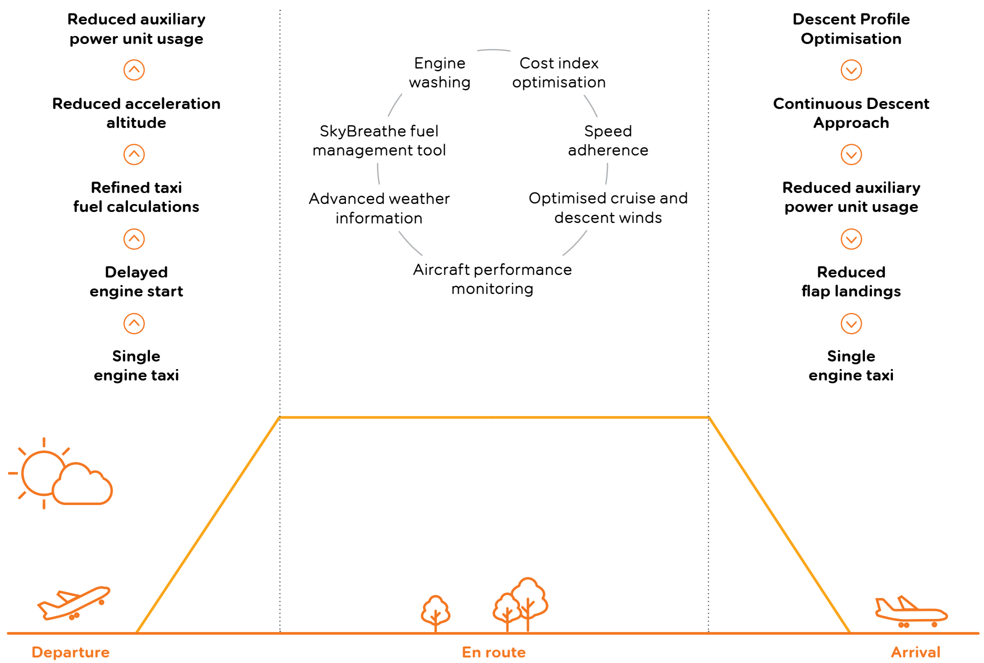
Complementing this upgrade, since 2013 our A320ceo aircraft have been delivered with 'Sharklet' wingtips. Also fixed as standard on NEO models, these reduce drag and fuel-burn by up to 3% per hour flown. We've managed a further boost in efficiency by having 93% of our A320 fleet delivered with, or retrofitted, to the increased density Spaceflex configuration. This reconfiguration has freed up space in the rear galley to create room for six additional seats per plane. Regular passengers will notice the seats of these aircraft have also had an upgrade – converted to a slimline lightweight Recaro design (standard on all NEO deliveries), which has further reduced the weight and fuel burn of the aircraft. For a full fleet profile, see page 2.

Operational improvements and efficiencies

We continue to operate our aircraft as efficiently as possible and are always looking for further efficiency improvements to reduce fuel burn and therefore carbon emissions. Our initiatives cover the whole flight profile from departure to arrival. This is accompanied by a variety of partnerships to improve flight efficiency including those with Airbus, Collins Aerospace, NATS and Eurocontrol.

While we continue to be progressive and invest in new technologies to improve efficiencies, safety continues to be our first priority. All new measures are therefore closely scrutinised and taken only when safe and practical to do so, and within the parameters of the operational environment. We are harnessing the power of AI and big data through initiatives such as the deployment of the SkyBreathe fuel management tool. This solution automatically collects and analyses data from the easyJet fleet and combines them with data from other sources such as weather conditions and air traffic control to identify the most relevant fuel-saving opportunities. This enables the implementation of the most efficient operational procedures on the ground and in the air.

OUR CARBON REDUCTION INITIATIVES



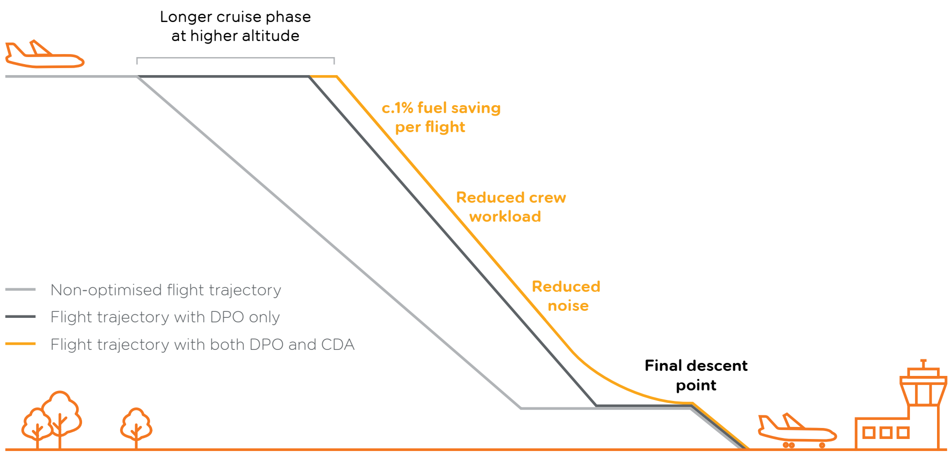
SUSTAINABILITY (CONTINUED)

CASE STUDY

OPTIMISING DESCENT

We've made a multimillion-pound investment in upgrading our planes' software to minimise fuel burn and emissions during descent to a destination airport. easyJet uses two software upgrades, DPO and CDA, which enable the aircraft's onboard computer to calculate and operate a minimum fuel burn descent trajectory, which also minimises emissions. easyJet now has DPO/CDA installed on 332 aircraft and has the largest DPO/CDA-enabled fleet in the world.

OPTIMISED DESCENT THROUGH SOFTWARE UPGRADES



AIRSPACE MODERNISATION

Airspace modernisation has the potential for significant carbon reductions in the short and medium term and will be critical to addressing non-CO_2 global warming effects. It must be addressed at a national and pan-European level and is crucial for a more environmentally-optimised and efficient air traffic management system.

easyJet is laying the foundations to be equipped for optimised European airspace as the first airline evaluation partner for Iris, the groundbreaking air traffic management programme led by Inmarsat, the global leader in satellite communications, the European Space Agency and Airbus.

Iris enables new air traffic management functionalities such as trajectory-based operations which will enable controllers to manage a flight as a single trajectory as opposed to a series of discrete paths. This will help aircraft to avoid holding patterns, calculate shortest available routes and evaluate optimum altitudes. The additional communications capacity provided by SwiftBroadband-Safety (SB-S) powers a host of powerful onboard digital applications, such as AI flight profile optimisers and real-time weather applications. easyJet has now received six out of 11 IRIS-equipped Airbus NEO aircraft with trials expected to start in the first half of FY24.

We are working with stakeholders and public authorities in the UK and across Europe to advocate for the modernisation of airspace. Projects include the Single European Sky, which has a stated ambition to deliver 10% carbon emissions savings from European aviation. easyJet engages with key stakeholders in Brussels through its membership of the A4E's Airspace Working Group. easyJet is a partner on the HERON project, a three-year programme led by Airbus as part of the SESAR Joint Undertaking which coordinates and concentrates all EU research and development activities in air traffic management with innovative procedures that range from more efficient aircraft operations to optimised management of air traffic during flights.

NOISE

easyJet continues to work to reduce the noise impact of our aircraft and flights, helped by the acquisition of newer, quieter Airbus A320neo and A321neo aircraft, powered by CFM LEAP-1A engines, that meet ICAO Chapter 14 regulations. In total 48% of our fleet are Chapter 14 certified with the remaining 52% Chapter 4 certified.

Flight crew use specialist techniques to minimise noise, adhering to noise abatement procedures and flying continuous descent approaches.

We investigate any concerns raised relating to noise. This helps us understand how we can improve procedure design and flight planning to reduce the impact of noise.

AIRPORTS

This year we extended our airports environmental programme to include London Gatwick Airport, London Luton Airport, Edinburgh Airport and EuroAirport Basel Mulhouse Freiburg alongside Bristol and SEA Milan airports. These partnerships aim to test and define how airlines and airport operators can work in a more carbon-efficient and sustainable way. The collaborations explore the use of Sustainable Aviation Fuels, improvements to recycling and waste management, more sustainable ground service equipment, flight operations improvements, employee carbon-saving initiatives, including travel to work, and research partnerships on the infrastructure associated with the transition to hydrogen.

INTERNAL CARBON PRICE

We set an internal carbon price, based on ETS costs, for monitoring and evaluating compliance obligations. Using the internal carbon price we can track the obligation costs now and in the future. The internal carbon price is input into easyJet's master financial models that drive the five-year financial plan, 10-year funding model and budget. These financial models forecast route profitability and therefore influence both near and long-term commercial decisions such as the routes that easyJet operates and the frequency of service. The internal carbon price also has a material influence on the fleet plan, which defines the number and type of aircraft in the easyJet fleet, and on fleet-related capex as a result.

SUSTAINABILITY (CONTINUED)

OUR CARBON PERFORMANCE IN 2023

TOTAL AND INTENSITY

Our total GHG emissions from the fuel used in our flights was 7,515,806 metric tonnes CO_2e in FY23 compared to 6,390,927 metric tonnes CO_2e in FY22. The FY23 figure is higher than FY22 reflecting the market recovery from the effects of the pandemic. In FY23 we recorded our lowest ever carbon intensity of 67.23gCO_2/RPK as 10 more Airbus NEO aircraft joined our fleet, taking our fleet composition to 20% NEO, and made significant progress in implementing operational efficiency initiatives. This included the rollout of DPO and CDA software across all 332 compatible aircraft in our fleet. We have also reduced our well-to-wake GHG emissions per revenue tonne kilometre by 5% versus FY19, making a very strong start towards our SBTi-validated interim target of 35% reduction in emissions intensity by 2035.

The increase in Scope 3 emissions has been driven by an increase in capacity and customers at easyJet and easyJet holidays, an increase in the number of new aircraft delivered in the year, and an improvement in the granularity, methodology and data sources used by EcoAct to calculate Scope 3 emissions (excluding Scope 3 Category 3).

THIRD-PARTY VERIFICATION

Our absolute emissions and intensity metrics are verified by a third-party specialist auditor, Verifavia, who are a leading verification body for aviation. Verifavia used a reasonable assurance approach to review easyJet's 2023 financial year aircraft fuel burn, Revenue Passenger Kilometres, Revenue Tonne Kilometres and associated output CO_2 and CO_2e key performance indicators. In FY23, the verified emissions equated to 92% of easyJet's GHG emissions footprint and included Scope 1, Scope 2 and Scope 3 Category 3 (upstream emissions due to fuel usage). 99.97% of easyJet's Scope 1 and Scope 2 emissions are attributable to use of aviation turbine fuel.

Verifavia's detailed assurance statement is available at **corporate.easyJet.com/sustainability**

Greenhouse gas and energy performance

	FY23			FY22		
	Global emissions	**UK-only emissions[2]**	**Global emissions (excluding UK)**	Global emissions	UK-only emissions[2]	Global emissions (excluding UK)
Scope 1 – tonnes of CO_2e	**7,517,925**	**2,752,970**	**4,764,955**	6,421,434	2,601,877	3,819,557
Scope 2 – tonnes of CO_2e[1]	**300**	**5**	**295**	0	0	0
Total Scope 1 and 2 – tonnes of CO_2e	**7,518,225**	**2,752,975**	**4,765,250**	6,421,434	2,601,877	3,819,557
Scope 3 – tonnes of CO_2e[3]	**2,303,152**			1,660,512		
Total carbon footprint – Scope 1, 2 and 3 tonnes of CO_2e	**9,821,377**			8,081,946		
Scope 1 energy use (kWh)	**30,554,375,959**	**11,298,307,349**	**19,256,068,609**	25,911,221,182	10,498,872,319	15,412,348,863
Scope 2 energy use (kWh)	**6,084,730**	**4,065,111**	**2,019,619**	3,246,789	3,246,789	0
Total energy use (kWh) Scope 1 and 2	**30,560,460,688**	**11,302,372,460**	**19,258,088,228**	25,914,467,971	10,502,119,108	15,412,348,863
Voluntary carbon credits retired, tonnes of CO_2e	**2,808,879**			6,497,911		

1) Year-on-year change in Scope 2 emissions was driven primarily by the opening of the new maintenance hangar in Berlin, Germany.
2) UK-only emissions cover emissions from flights operating under our UK Air Operating Certificate.
3) Scope 3 figures exclude the following GHG protocol categories as they are not applicable to easyJet: (9) Downstream transportation and distribution (13) Downstream leased assets (14) Franchises. Categories (10) Processing of sold products and (11) Use of sold products are not deemed to be material for easyJet and are also excluded.

Scope 1 GHG emissions/revenue passenger kilometre due to aviation fuel

	FY23		FY22	
	easyJet plc gCO_2/RPK	**easyJet plc gCO_2e/RPK**	easyJet plc gCO_2/RPK	easyJet plc gCO_2e/RPK
Carbon emissions/revenue passenger kilometre	**67.23**	**67.84**	70.36	71.07

Scope 1 CO_2/RPK due to aviation fuel
CO_2 emissions due to combustion of aviation turbine fuel per revenue passenger per kilometre travelled on revenue flights.

Scope 1 CO_2e/RPK due to aviation fuel
GHG emissions CO_2, N2O and CH4 due to combustion of aviation turbine fuel per revenue passenger per kilometre travelled on revenue flights.

Well-to-wake GHG emissions/revenue tonne kilometre due to aviation fuel (aligned with the SBTi target)

	FY23 easyJet plc gCO_2e/RTK	FY22 easyJet plc gCO2e/RTK
Well-to-wake GHG emissions/revenue tonne kilometre (aligned with the SBTi target)	**882**	909

Well-to-wake CO_2e/RTK
GHG emissions including CO_2, N_2O and CH_4 due to Scope 1 (combustion) and Scope 3 Category 3 (extraction, processing and distribution) of aviation turbine fuel per tonne of revenue payload per kilometre travelled on revenue flights – as required by the SBTi.

SUSTAINABILITY (CONTINUED)

CARBON EMISSIONS METHODOLOGY

The measurement and reporting of our GHG emissions are aligned to the EU, UK and Swiss Emissions Trading Schemes (ETS), the GHG Protocol, and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) see pages 54 to 57. Our GHG emissions metrics also meet the UK Government's Streamlined Energy and Carbon Reporting requirements, 2019. easyJet measures and reports GHG emissions footprint in tonnes CO_2 and CO_2e (carbon dioxide equivalent, i.e. CO_2, N_2O and CH_4).

easyJet uses the operational control approach, in which we include emissions from activities where we control the operation.

Scope 1, Scope 2 and Scope 3 Category 3 (extraction, processing and distribution of aviation turbine fuel) emissions are calculated in-house by easyJet's Sustainability, Finance and Flight Operations teams, are third-party verified, and equate to 92% of our total GHG emissions footprint.

This year we have worked with EcoAct, a global climate change and sustainability consultancy, on our carbon mapping work. EcoAct has carried out carbon mapping on all applicable Scope 3 emissions, excluding Category 3 (equating to 8% of our total GHG emissions footprint), and reviewed the calculations carried out by easyJet's in-house teams.

Our carbon intensity calculation method aligns to industry norms, i.e. ETS requirements. We adopt Great Circle Distance (GCD) with a fixed correction factor for each sector, as endorsed by ETS and ICAO. This approach enhances the accuracy of distances flown. Each flight records completed data, fuel, passengers and GCD, with regular internal checks for data quality. Department for Environment, Food and Rural Affairs (Defra) GHG Conversion Factors from June 2023 were applied for reporting.

For further details on our carbon emissions methodology, see the ESG environment fact sheet at **corporate.easyJet.com/sustainability**

KEY DEFINITIONS

Revenue passenger

A revenue passenger is a passenger for whose transportation an air carrier receives commercial remuneration, as defined by the Sustainability Accounting Standards Board (SASB).

Revenue Passenger Kilometres (RPK) is defined as the cumulative total kilometres travelled by revenue passengers.

Revenue tonne

Tonne of revenue generating payload.

easyJet does not carry any cargo and therefore the revenue tonnes are calculated assuming 100kg average for each passenger and luggage as per SBTi guidance.

The GHG Protocol categorises emissions in three scopes:

Scope 1

Direct emissions from owned and leased assets (typically combustion of fossil fuels). Also included are fugitive emissions from chillers and air-conditioning equipment.

Scope 2

Indirect emissions from imported energy (typically grid electricity) used in assets where easyJet has direct operational control.

Scope 3

All other indirect emissions resulting from upstream and downstream business activity such as supply chain, business travel and aircraft components.

A breakdown of our FY23 Scope 3 emissions can be found in our ESG environment fact sheet at **corporate.easyJet.com/sustainability**

NON-CARBON DIOXIDE EFFECTS

easyJet recognises the impact of non-CO_2 effects caused by contrail cirrus and their contribution to global warming. There is uncertainty around the magnitude of the impact, particularly on individual flights, which contrasts with the clear correlation between CO_2-induced warming and fossil fuel burn. There is an urgent need for more funding, data and research to quantify these effects and develop ways of minimising aviation's overall impact on climate change. Airspace modernisation will be critical to mitigating contrail cirrus warming through optimised routings. In 2023, we have conducted trials with NATS, Airbus and Breakthrough Energy to assess predictive models to evade high contrail risk regions. We have also joined Project CICONIA, part of EU Single European Sky ATM Research 3 (SESAR3).

NOx and other particulates also affect local air quality. The levers of our net zero roadmap – fleet renewal, operational efficiencies, airspace modernisation, SAF and zero carbon emissions aircraft – aim to address both CO_2 and non-CO_2 effects.

CARBON OFFSETTING

In September 2022, we announced our transition from investment in voluntary carbon offsetting to supporting the new technologies that will facilitate delivery of our net zero roadmap see pages 20 and 21, such as our hydrogen engine partnership with Rolls-Royce and scaling Direct Air Carbon Capture and Storage with Airbus and 1PointFive.

From 1 January 2023, we ceased to offset new bookings, although we continued to honour our carbon offset commitment to customers who booked up to and including 31 December 2022. In relation to carbon emitted during FY23, we retired 2,808,879 voluntary carbon credits, all certified to either Gold Standard or VCS (Voluntary Carbon Standard). These carbon credit certificates are available at **corporate.easyJet.com/sustainability**

From January 2023, we made an optional carbon compensation facility available to customers via our partners South Pole.

SUSTAINABILITY (CONTINUED)

REDUCING OUR IMPACT ON THE GROUND

OVERVIEW

As well as reducing our environmental impact in the air, our commitment to reducing our impact on the ground is managed through our IATA certified Environmental Management System (EMS), through which we systematically prioritise and address environmental impact across the breadth of our operations.

ENVIRONMENTAL MANAGEMENT SYSTEM

We maintained our Stage 2 registration under the IATA Environmental Assessment Programme (IEnvA), an EMS accreditation programme aligned with internationally recognised environmental management standard ISO 14001:2015. IEnvA was specifically developed for the aviation sector to independently assess the commitment of aviation stakeholders to continuously improve their environmental performance. IEnvA Stage 2 Standards represent the highest level of IEnvA compliance and require an airline to demonstrate ongoing environmental performance improvement.

We were the first low-cost carrier operating in Europe with an IEnvA Stage 2 certified EMS and the first non-IATA member to participate in the IEnvA certification process.

easyJet's Environment Policy can be found at: **corporate.easyJet.com/sustainability**

WASTE MANAGEMENT

We generate a variety of waste streams in our operations and are committed to reducing waste across all our activities. We always try to apply the waste hierarchy (reduce, reuse, recycle and recover) to minimise the impact of waste. A prime example of this is where we cannot avoid single-use-plastics, we work with our suppliers to ensure that these plastics are diverted from landfill or incineration. For example, 1.9 million plastic seals, equivalent to six tonnes, have been diverted from incineration since our supplier TydenBrooks began a recycling trial at Gatwick in 2022. The seals cannot be avoided or reduced due to Civil Aviation Authority (CAA) requirements, so a supply chain solution to recycle the plastic has been sought. Our supplier processes the seals into recycled plastic pellets, which are reused to make components in the automotive industry.

Waste generated in easyJet operations (excluding onboard waste)

In our offices we segregate recyclable waste streams such as paper and cardboard, aluminium cans, plastics and food waste. In FY23, in our Luton campus, we achieved 100% landfill diversion. In FY23, we generated 30% more waste than in FY22, which is due to increased activity at all of our bases and office locations post-pandemic.

Waste type	Metric tonnes FY23	Metric tonnes FY22
Total waste generated	**354.01**	272.78
Total general waste	**245.73**	191.91
Total hazardous waste	**108.28**	80.87
Total reused, recycled, and recovered	**288.34**	–

Hazardous waste

Hazardous and non-hazardous waste is generated in our Engineering & Maintenance operations. For easyJet, the main types of hazardous wastes we produce include:

- waste oils and fuels
- oil contaminated containers, rags, gloves and cardboard
- electrical and electronic equipment waste (WEEE)
- batteries and accumulators
- fluorescent tubes.

We are committed to ensuring that all hazardous waste is appropriately managed in accordance with local requirements and any risks to human health and the environment are minimised. We have a procedure for waste segregation to ensure hazardous waste is not allowed to contaminate any other waste stream. We apply the waste hierarchy to the way we manage hazardous waste, giving priority to waste prevention (avoid creating waste in the first place), and reusing and recycling where possible. For example, cardboard is reused for transporting engineering parts, and cleaning cloths are made from recycled clothing materials.

Onboard waste

Airlines and passengers have a strong desire to reuse and recycle. We communicate regularly with our cabin crew community, emphasising the importance of waste segregation. Training on waste segregation and recycling is part of our cabin crew new entrant course.

The management of the disposal of our onboard waste is typically handled by our ground handling and cleaning contractors. Waste is taken to appropriate disposal facilities at airports, with some materials being recovered for recycling and some being sent to landfill or incinerated.

Under the International Catering Waste (ICW) legislation, UK-EU waste interpretation labels all onboard waste as ICW, leading to unnecessary incineration or landfill. In 2023, we supported trade associations' (Airlines UK and IATA) campaigns for smarter regulation of ICW in aviation.

In FY23, we simplified waste segregation procedures on board to improve the quality and legal compliance of recycling collected. We continue to discuss these issues of waste with partners at our base airports to drive improvements in waste segregation and increase recycling rates and we now are able to recycle at 50% of our bases (versus 31% at FY22 year end). Working with SEA Milan Airports, we carried out an analysis of onboard waste in FY23 which showed that 58.5% of waste materials generated per flight are recyclable.

Onboard waste generated across the network

Metric	FY23	FY22	FY21
Waste per passenger (kg/pax)[1]	**0.09**	0.07	0.08
Total onboard waste (thousand tonnes)[2]	**7.27**	4.92	1.61

1) Average waste generated per passenger was calculated based on the total cabin waste generated from aircraft operations at Luton Airport and the number of arriving passengers.
2) Total onboard cabin waste generated, including recycling, general waste and international catering waste, calculated using average waste per passenger and the total number of easyJet passengers carried.

The total onboard waste produced has increased year on year in line with passenger numbers. We continue to make changes to our in-flight food and drinks service to reduce the number of single-use plastics and excess packaging used in our flights. For example, this financial year we conducted an analysis on Airbus A319 and Airbus A320 and achieved 29% reduction in dry store pack contents, while an Airbus A321 review achieved 16% reduction.

In FY23, we trialled reusable cups and cutlery for crew meals, which has a potential to save over 10 million single-use items per year. This will be rolled out to all crew in the first quarter of FY24.

SUSTAINABLE PREMISES

easyJet has direct operational control over nine sites – seven in the UK and one each in Germany and France. The majority of our UK sites operate on 100% renewable energy and do not drive any carbon emissions under the market-based approach.

In FY23, we installed new energy-saving lighting in our landside offices in Luton and changed the heating system from LPG to electric. We also installed an electric ventilation system.

ELECTRIC VEHICLES

At the planning stages of the Berlin hangar build project we took the decision to install electric charging points with a view to turning the fleet of vehicles in Berlin fully electric.

We carried out a successful trial last year with a fully electric small line maintenance van and we are now aiming to turn the whole Berlin fleet electric by the end of FY24. Vehicles will be changed over as they become available from the manufacturer. We are working with our supplier to start the transition to electric in the UK.

SUSTAINABILITY (CONTINUED)

PIONEERING FUTURE TRAVEL

We want to be a leader in the decarbonisation of aviation in Europe – our ultimate aim is to achieve zero carbon emission flying. We are committed to meeting our target of net zero by 2050, are supporting the development of new technologies to achieve this ambition, and are strong advocates for effective carbon regulation.

OVERVIEW

Partnerships are key to achieving our ambition to be a leader in decarbonising aviation. The past year has seen significant technology progress across our partnerships, from the successful hydrogen aero engine tests with Rolls-Royce, to Airbus pushing boundaries to address the operational requirements of hydrogen aircraft and infrastructure. With our collaborations such as Hydrogen in Aviation and Hydrogen South West we are working to identify frameworks for hydrogen policy, regulation, safety and the infrastructure ecosystem required to scale use of hydrogen in aviation. Meanwhile we are investing to scale Sustainable Aviation Fuel and Carbon Removal technology to address the emissions we can't reduce at source.

HYDROGEN – THE KEY TO SUSTAINABLE AIR TRAVEL

We recognise the impact our operations have on climate change and that's why we're investing in the development of new zero carbon emission technologies that will not only reduce this impact but also help protect the long-term future of our industry and the huge socio-economic benefits it provides to so many.

We believe hydrogen in particular is the future of short-haul aviation and a significant component that will help us reduce our carbon emissions intensity by 78% by 2050, with residual emissions addressed by carbon removal technology.

Hydrogen not only has no operational carbon emissions, it also shows huge promise in reducing non-CO_2 effects. It is only a matter of time before the demand for hydrogen spikes, particularly in hard-to-abate sectors like aviation, logistics and heavy industry. This is why we helped establish the Hydrogen in Aviation alliance – to capitalise on hydrogen's potential and ensure accessibility to this important energy source keeps pace with technological development. It's also why we continue to work with key cross-industry players including Airbus, Rolls-Royce, GKN Aerospace and Cranfield Aerospace Solutions to accelerate the transition to zero emissions aircraft.

Hydrogen aircraft partnerships

Our groundbreaking partnership with Rolls-Royce aims to pioneer the development of hydrogen combustion engine technology. Both companies have set out to prove that hydrogen can safely and efficiently deliver power for civil aero engines, including those suitable for narrowbody aircraft. easyJet has invested in Rolls-Royce's ground demonstrator programme which aims to reach a full ground test on a Pearl engine (see case study, right). easyJet is also a consortium member of two funded research projects led by Rolls-Royce – HEAVEN (funded by EU Clean Aviation) and LH2GT (funded by the UK Aerospace Technology Institute (ATI)). Our support as an operator has helped unlock funding worth tens of millions of pounds for these programmes. We have a core team of subject matter experts across the business who work collaboratively with Rolls-Royce to provide inputs from the operators' perspective to drive design specifications and develop economic models.

We have been collaborating with Airbus since 2019 on the ZEROe programme which aims to deliver a hydrogen-powered commercial airliner for entry into service in 2035. This comprehensive partnership spans the development of the design and operational requirements of the aircraft and the wider aviation hydrogen ecosystem. Airbus is currently maturing two hydrogen-based propulsion technologies in parallel. Hydrogen combustion and hydrogen fuel cell systems are being developed for flight testing on the A380 multi-modal test aircraft in the middle of this decade. The journey to hydrogen powered flight is being boosted further by the Blue Condor project, a modified glider that is being used to test hydrogen combustion at altitude with a particular focus on contrail formation.

easyJet has a collaborative partnership with GKN Aerospace. We sit on the GKN H2GEAR External Advisory Group, providing airline operational insights to the programme, and a regular working relationship with engineers to understand the progress of technology development. The GKN programme, H2GEAR, is developing a hydrogen fuel cell propulsion system for a hypothetical 19, 48 and 96+ seat aircraft. The project is backed by a £54 million collaborative UK ATI/Industry investment to accelerate aerospace decarbonisation.

CASE STUDY
HYDROGEN BREAKTHROUGH

In November 2022, Rolls-Royce and easyJet set a new aviation milestone with the world's first run of a modern aero engine on hydrogen, conducted on a converted Rolls-Royce AE2100 engine. The engine was powered by green hydrogen created by wind and tidal energy. This is a major step towards proving hydrogen's use as a zero carbon aviation fuel and is a key proof point in the decarbonisation strategies of both Rolls-Royce and easyJet.

Progress is being made on components and systems, with tests on a full annular combustor of a Rolls-Royce Pearl 15 engine running on 100% hydrogen. This world-industry first proved that hydrogen can be combusted at conditions that represent maximum take-off thrust. Learnings from the Pearl 700 tests and the AE2100 tests will be combined for the next stage – a full gas hydrogen ground test on a Pearl engine, followed by a full ground test on a Pearl engine using liquid hydrogen. easyJet and Rolls-Royce have a shared ambition to then take the technology to flight.

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SUSTAINABILITY (CONTINUED)

A key technology advancement being developed by GKN is a hyper-conducting electrical distribution and drive system which will help unlock the route to hydrogen fuel cell powered aviation through its higher efficiency and lower mass power system.

easyJet also has a collaborative working relationship with Cranfield Aerospace Solutions for Project Fresson. Cranfield Aerospace Solutions is currently developing a zero-emissions, hydrogen fuel-powered aircraft. It is one of very few aerospace SMEs globally to have both whole aircraft design capability, and to hold a range of regulatory approvals for the design and manufacture of modifications to existing aircraft. As part of the first phase of the project, the company is converting a Britten Norman Islander nine-seat aircraft to gaseous hydrogen propulsion via a fuel cell and electric motor. The solution will be emissions free and aims to be certified for passenger flight by 2026. After the nine-seat Islander, Cranfield has a multi-phase programme that includes larger aircraft up to and including 75+ seat regional aircraft.

Hydrogen in Aviation alliance

easyJet is a founding member of the Hydrogen in Aviation (HIA) alliance which brings together leading companies in the UK to help deliver zero carbon aviation. Alliance members include easyJet, Airbus, Rolls-Royce, GKN Aerospace, Bristol Airport and Ørsted.

The HIA plans to draw upon its considerable expertise to propose a clear and deliverable pathway to achieving hydrogen-powered flights in the UK by scaling up the infrastructure and the policy, regulatory and safety frameworks needed, so that large-scale hydrogen aviation can become a reality.

We hosted the launch of the HIA at a parliamentary reception in the House of Commons in September 2023, attended by the Secretary of State for Transport, crossbench MPs, academics and hydrogen experts, to promote the use of hydrogen in aviation.

Hydrogen ecosystems

We are collaborating with partners to develop hydrogen ecosystems – the infrastructure and technology required to enable commercial zero carbon emission flying at scale.

We are a founding board member of Hydrogen South West (HSW) – a business-led infrastructure ecosystem for the accelerated production, transportation and use of hydrogen.

We are collaborating with HSW partners to determine how Bristol Airport can become a hydrogen hub. This project brings together a network of hydrogen experts to assess local and global hydrogen supply chains, forecast future hydrogen powered aircraft traffic and explore how a hydrogen supply at Bristol Airport could also power other forms of transport, such as HGVs and other heavy vehicles. By bringing together the airport, easyJet, Airbus and hydrogen generator EDF Hynamics, the project creates a unique partnership to assess how hydrogen technology can be best used under 'real world' conditions.

SUSTAINABLE AVIATION FUEL

We believe zero carbon emission (likely hydrogen-powered) aircraft are the future of short-haul aviation and key to helping us achieve net zero. However, it's clear that while this technology develops and before it becomes widely available, we will require a number of different solutions to decarbonise the sector.

Sustainable Aviation Fuel (SAF) in particular will be an important interim solution until our fleet can fully transition to zero carbon emission aircraft and is achieving a material reduction in emissions compared to kerosene. easyJet is already using SAF in France in line with the French national mandate for SAF use on domestic routes.

One of the challenges the industry currently faces is the limited availability and high cost of SAF compared to conventional jet fuels. This is why we are working closely with our fuel suppliers to ensure we can fly on increasing amounts of SAF across our network over the coming years – with Q8 Aviation having agreed to supply us with SAF until 2027. This will not only help us in our path to net zero, it will ensure we meet the requirements of the SAF mandates set by the UK and EU, as well as those set by individual EU member countries such as France. Both zero emission technology and SAF are in their infancy but investment into both will be vital in securing availability and affordability in the longer term. For instance, as short-haul airlines adopt zero carbon emission technology, pressure on SAF supply chains will ease. This will boost SAF supply levels, enabling long-haul airlines to use higher blends of SAF and helping to decarbonise the whole industry in the process.

Left: CEO Johan Lundgren meets Transport Secretary Mark Harper at the launch of the Hydrogen in Aviation alliance.

SAF will therefore play a significant role across the industry for decades to come and is a complementary factor to our longer-term ambitions. It's because of this that we believe there should be strict sustainability standards set for the sourcing of alternative fuels for use in aviation. To this end, we have signed joint statements that appeal to the EU to prevent unsustainable feedstocks and food-grade agricultural land being used to produce aviation biofuels, as well as any use of palm oil that is not responsibly sourced. We are also actively pursuing new opportunities for alternative fuel sources to diversify our pricing and supply risk.

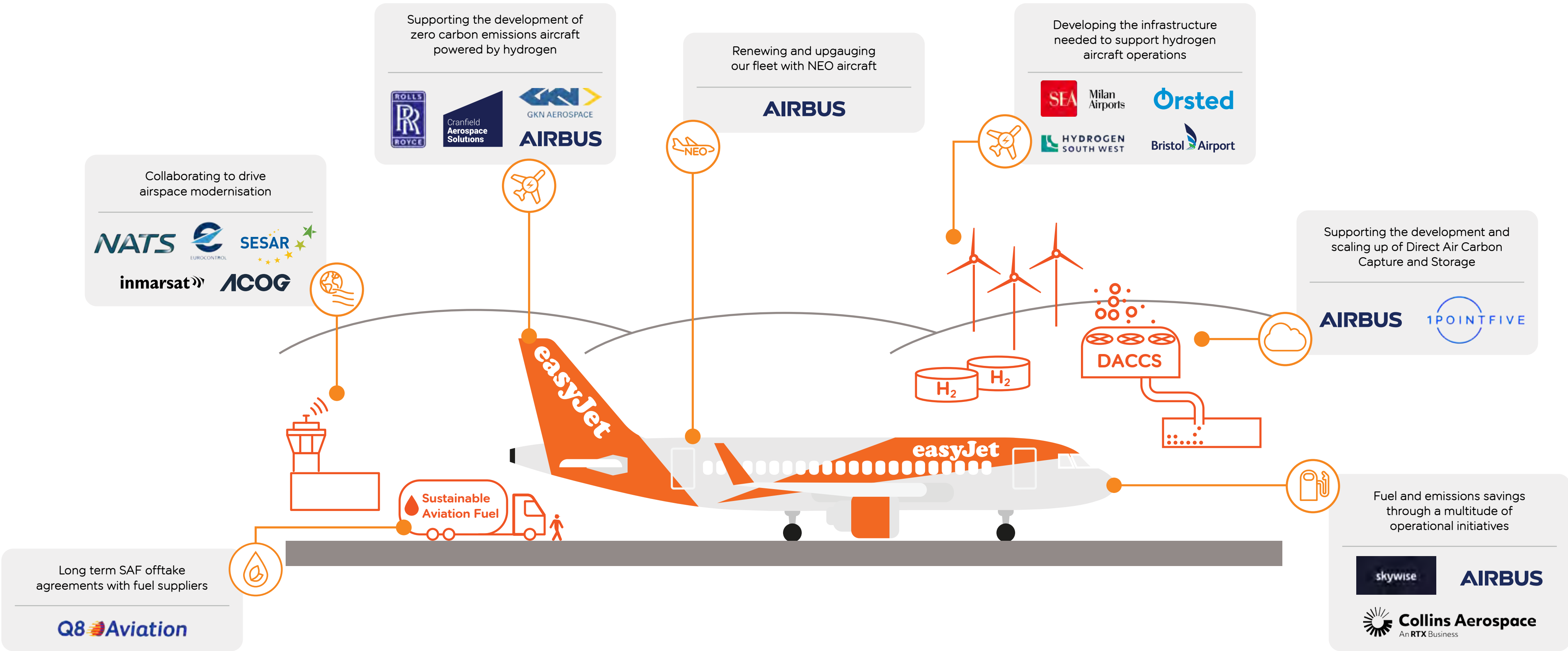
CARBON REMOVALS

Direct Air Carbon Capture and Storage (DACCS) is an essential element of our net zero roadmap, necessary for addressing the residual carbon our aircraft will emit through to 2050 and beyond. It is a high-potential, nascent technology, which aims to capture carbon dioxide directly from the atmosphere and store it securely and durably in geological formations. Carbon capture is also critical for production of power-to-liquid (PtL) SAF.

In FY23, easyJet actively championed the scaling of this emerging industrial sector by finalising a contractual agreement with Airbus to supply us with carbon removal credits from the 1PointFive DACCS plant in Texas FY26 to FY29. Meanwhile, we support the UN, UK and EU intent to include these carbon removal credits as eligible under CORSIA and ETS, once methodologies for certification and trading mechanisms have been established.

NET ZERO ECOSYSTEM

Delivering net zero requires a collaborative effort across the aviation industry and beyond. Our net zero roadmap is supported by a comprehensive range of partnerships spanning the aviation and energy value chains. Through these we are engaging in tangible actions to reduce our energy use and emissions today, and pioneering future travel with new technologies and fuels, as we guide easyJet towards net zero carbon emissions by 2050.



DRIVING POSITIVE CHANGE IN SOCIETY

10 REDUCED INEQUALITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS

We aim to have a positive impact on our people, customers and communities and to maximise the social and economic benefits of travel and tourism. We are focused on making sustainable travel more accessible, doing our best to be an employer of choice by creating an inclusive workplace, and supporting charitable causes that are important to our customers and employees.

OVERVIEW

This year easyJet holidays invested in partnerships with the United Nations World Tourism Organisation (UNWTO) and Global Sustainable Tourism Council (GSTC) to drive practical tools and training to empower young people, tourism businesses and their hotel partners to improve the social, environmental and economic impacts of tourism. Across the Group, we deepened our engagement with our customers, our people and wider stakeholders – especially policymakers – to drive sustainable change. A particular focus and growth area is our 'early careers initiatives', encouraging and supporting the next generation to embark on careers in aviation, including working with establishments close to our operations.

PIONEERING SUSTAINABLE TOURISM

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

United Nations World Tourism Organisation

easyJet holidays has joined forces with the UNWTO and the University of Oxford to help develop the first ESG framework for tourism businesses.

Based on UNWTO's UN Statistical Framework on Measuring Sustainable Tourism, the framework for tourism business project brings together businesses to co-design a tool to measure how tourism businesses impact, and depend on, people, planet and prosperity.

To support the creation of this tool, the UNWTO and the University of Oxford have carried out a comprehensive mapping of current work and interviewed pioneering businesses in the accommodation sector, along with further research and development.

Through the easyJet holidays Sustainable Tourism Programme, easyJet holidays continued work throughout 2023 to equip Oxford graduate students with the transferable skills needed to identify and deliver solutions to help develop sustainable travel.

Global Sustainable Tourism Council

easyJet holidays has partnered with the GSTC to accelerate sustainability transformation in the industry by sponsoring training in sustainable tourism for its hotel partners in some of our key markets: Spain, Greece and Turkey.

This training programme reflects easyJet holidays' commitment to supporting hotel partners to achieve GSTC-recognised certification within the next five years. Certified hotels become part of our 'eco-certified' collection, making it easier for customers to make sustainable choices.

The GSTC Sustainable Tourism course aims to support hotels on their journey to meet their sustainability targets offering an excellent opportunity to gain in-depth knowledge about the GSTC criteria and sustainable tourism practices. After completing the training, participants can take an optional official exam to receive the GSTC Professional Certificate in Sustainable Tourism, also sponsored by easyJet holidays.

ENGAGING OUR STAKEHOLDERS IN SUSTAINABILITY

Building close relationships with our people, with our customers – current and future – and with our suppliers and industry peers on sustainability issues is critical to creating a more sustainable future. In FY23, we ran net zero masterclasses across Europe to communicate the launch of our net zero roadmap and our sustainability strategy. These events, held in Italy, the Netherlands and Spain, engaged multiple stakeholders, including political figures and members of the media. Discussions centred around policies and recommendations. Future masterclasses are planned for France, the UK and Germany.

Engaging with our people

As re-confirmed in our double materiality assessment (see pages 41 and 42), our people (easyJet colleagues) are not only extremely passionate about sustainability, they play an important role in shaping our strategy, raising awareness of key issues and driving behaviour change across our business. This year we have run several internal events showcasing our work with Rolls-Royce and Airbus which have furthered learning and collaboration among colleagues. We have also created a network of 40+ champions in the cabin crew/pilot community who exchange views and ideas on sustainability. This initiative is helping to drive engagement in environmental improvements (particularly in areas such as waste minimisation and segregation).

We also have an active sustainability workplace forum on our intranet with over 700 members, where colleagues share ideas and exchange views on sustainable aviation issues and easyJet's strategy. Sustainability features on our main intranet forum 'Inside', with materials, interviews and links to events where our senior managers are speaking. Colleagues' commitment to the agenda is reflected in the 99.8% of cabin crew who completed our newly launched sustainability module, and the 79% of engineering colleagues who completed sustainability training launched in March 2023.

Engaging our customers

We regularly communicate with our airline and holiday customers about sustainability and we have a section of our website dedicated to our sustainability activities: **corporate.easyJet.com/sustainability**. This year we engaged with over 600 customers during our double materiality exercise, helping us understand the most relevant sustainability topics and the impact we have. easyJet was pleased to be one of just three airlines invited onto Google's Travel Impact Model (TIM) Advisory Committee facilitated by the International Council on Clean Transportation (ICCT). TIM is a public and freely accessible tool that conveys per passenger CO_2 emissions for upcoming flights, on Google and other metasearch platforms. It is important for us that customers are provided with accurate, transparent and credible carbon information.

SUSTAINABILITY (CONTINUED)

Engaging the next generation

As an integral part of our strategy, the work we all do towards reaching our destination of becoming Europe's most loved airline is made possible by our people living out the different parts of our promise. Our early careers initiatives centred around young people are real examples of our commitment to making a positive difference and making easyJet a warm and welcoming place to start a career.

We have three main pillars to our focus on early careers:

- **Educate** ourselves and others on the roles and skills needed now and the future.
- **Inspire** the next generation on the opportunities available to them especially within travel and aviation.
- **Grow** our talent pipeline through a lens of inclusion.

A few examples of our work:

School-age initiatives

- Local to our head office in Luton and our biggest operational hub at London Gatwick, we have partnered with local schools and councils to provide eight Enterprise Careers Advisers that work with the career leads of the school to support the development of employability skills and showcase the variety of careers available in the travel and aviation sector.
- We offer work experience placements across our business to the schools we partner with – this year we provided around 30 placements.
- Through our visits programme, so far this year, we have visited 15 schools, two colleges and four university events, engaging with approximately 1,700 young people aged 13–25.
- This summer we launched our first Summer Flight School, allowing kids to get a taste of the role of a pilot in a real Airbus A320 flight simulator. Children and their parents were able to go behind the scenes at our state-of-the-art Gatwick training centre, and experience exciting hands-on pilot and cabin crew training.

Apprenticeship and graduate opportunities

- We offer three specific pathways for graduates via our Runway Graduate Programmes – Engineering, Finance and Management – each with an annual intake.
- We have an annual Engineering Apprenticeship Programme and use apprenticeships throughout the business in both office and operational roles.

Summer Flight School

Research reveals that 37% of children believe piloting is a male-only job, 68% of girls believe both genders can be pilots, but 28% of boys see cabin crew as exclusively female. In fact, only 6% of pilots globally are women, and while easyJet has tripled the number of its female pilots since 2015, there is still a long way to go. This year we have launched a Summer Flight School to inspire children aged 7–12 and to challenge gender stereotypes in aviation careers. The initiative offers hands-on experiences, including A320 simulator control, in-flight service insights and conversations with pilots and crew, blending education and school holiday fun.

Fantasy Wings

easyJet has partnered with diversity-focused youth organisation Fantasy Wings to enhance opportunities for young people from minority backgrounds and young women interested in aviation careers. Through its career development programme, we sponsor students in 50 UK schools, providing practical skills, knowledge training, mentorship and even flight training, which enhance their prospects of getting into courses such as engineering and flying. Selected students receive a fully sponsored private pilot licence course, covering training and examination fees.

Engaging with suppliers

We rely on around 3,000 suppliers to deliver products and services, from customer facing activities such as bookings and support to back-office functions and we depend on the assurance of these suppliers that they are meeting our standards of sustainable procurement and supply chain integrity.

In February 2023, we formed a working group of managers from our Procurement, Sustainability, Risk, Human Resources and Legal teams to review improvements to existing controls and assurances.

We have a number of controls, pre-contractual and contractual, to ensure our suppliers share our commitment to human rights and sustainable procurement, including on bribery, corruption, sustainability, modern slavery and data protection.

CASE STUDY

EASIER JOURNEYS FOR CUSTOMERS WITH DISABILITIES

easyJet is committed to ensuring we deliver ease and reliability to our customers with disabilities, and the easyJet Assisted Travel Advisory Board (EATAB) has recently been re-established and reformed, post-pandemic, to oversee our performance in this important area. The board has a new structure and renewed commitment to ensuring we make low-cost travel easy and deliver ease and reliability to our customers with disabilities or that need special assistance. It will continue to be chaired by former UK Cabinet Minister Lord David Blunkett.

The board advises us on the evolving needs of passengers requiring special assistance – now more than 750,000 people each year. It directly contributes to ongoing improvements for customers, such as the introduction of easyJet's onboard cabin aisle wheelchair. The board reviews, challenges and improves our policies and procedures in the area of accessibility.

In FY24, the board is planning to work with different partners or charities and will be taking advice and guidance from organisations that have expertise of specific accessibility initiatives or challenges.

Through our Supplier Code of Conduct we hold our suppliers to the same high standards that we apply to ourselves.

In August 2023, we engaged Deloitte to identify any possible improvements in our existing controls for identified ESG risks regarding third parties and provide an implementation roadmap.

Combating modern slavery

easyJet is committed to combating modern slavery through its policies, due diligence process, risk assessment and management; key performance indicators; and employee training – as highlighted in our Modern Slavery Statement, available at **corporate.easyJet.com/sustainability**

easyJet has its own Human Rights and Modern Slavery Policy and asks suppliers that go through tenders a number of questions on modern slavery, including an agreement to comply with easyJet's Supplier Code of Conduct. This code strictly prohibits any form of slavery, exploitation, child abuse, or human trafficking in supplier operations and supply chain in relation to any person.

We have a well-established cross-functional Modern Slavery Working Group, comprised of senior leaders from relevant areas, which updates our modern slavery risk and identifies, monitors and mitigates any modern slavery breaches. easyJet also provides specific mandatory training for its cabin crew and its head office.

SUSTAINABILITY (CONTINUED)

Engaging with industry peers

We continue to engage with our industry peers across the UK and Europe on how to address carbon emissions and stimulate the technological innovation that will be needed for zero carbon emission aviation. Our CEO Johan Lundgren is a member of the UK Government's Jet Zero Council. Members of our Sustainability, Policy and Operations teams also participate in discussions within the Council and its working groups. We also participate in industry groups and forums that contribute to public policy development in sustainability. These include the Hydrogen in Aviation alliance, Aerospace Technology Institute, the Airspace Change Organisation Group, Airlines for Europe, Airlines UK, the Aviation Council, the Global Sustainable Tourism Council, Sustainable Aviation, the World Economic Forum's Target True Zero coalition, and the EU-funded aviation hydrogen projects – HEAVEN and LH2GT.

Aviation Industry Skills Board

As Aviation Industry Skills Board members, we foster cross-industry collaboration to attract, develop and retain aviation talent. We now chair the AISB and advocate for apprenticeships' role in sector-wide talent strategies at the Aviation Council. Our engagement extends to DfT-commissioned research on pilot training costs, and we chaired the trailblazer group for Level 3 Aviation Flight Operations Coordinator Apprenticeship Standard development.

Engaging with policymakers

Our public policy positions promote effective climate regulation and decarbonisation technologies for aviation.

In 2022, we continued our engagements around the EU's Fit for 55 climate package and outlined how to better uphold the 'polluter pays' principle in environmental legislation for aviation. easyJet advocated for greater coverage of the Fit for 55 proposals, by expanding climate measures to all flights departing the European Economic Area (EEA), to align all of aviation with net zero and protect the sector's licence to operate in the long run.

This year, we asked EU policymakers to expand the scope of the EU's Emissions Trading System to all EEA departing flights, in line with our previous joint statements with NGOs and other airlines. We welcomed the conclusion of EU negotiations over the EU's Sustainable Aviation Fuel (SAF) mandate, Refuel EU Aviation, and its non-discriminate application within European aviation. We continued to push for stringent sustainability standards for SAF and coherent methodologies around accounting for SAF in the ETS.

We advised the European Commission on how to use EU ETS revenues dispensed through the EU Innovation Fund to decarbonise aviation, including through incentivising the adoption of hydrogen-based propulsion. In the Netherlands, we advocated for the modulation of the national ticket tax so that it reflects emissions per passenger and includes transfer passengers and we succeeded in having this position considered in a government report, increasing the probability of modulation in future.

In both the EU and UK, we engaged with authorities to best design eco-labelling methodologies for aviation, ensuring they reflect true emissions-per-passenger in an objective and non-discriminatory way.

Our CEO is a member of the UK Government's Aviation Council which brings together industry and government. The Aviation Council, set up earlier this year, is chaired by Aviation Minister Baroness Vere of Norbiton and has a strong focus on airspace modernisation. Our Chief Operating Officer is a member of the Airspace Change Organising Group steering committee and is helping to drive the required changes. In April, we hosted the UK Aviation Minister at our Gatwick simulator centre to visually demonstrate the benefits of airspace modernisation. In September, we launched Hydrogen in Aviation see page 49.

We continue to participate in the steering committee of the EU's Alliance for Zero-Emission Aviation (AZEA) as well as its six working groups and we are co-chair of the steering committee support group. AZEA works to remove technical, legislative and policy barriers to the adoption of zero-emissions aircraft.

In the UK, we have engaged with the Department for Transport and the Department for Energy Security and Net Zero (DESNZ) over expanding the UK ETS to all UK departing flights in line with our EU positions. We supported the introduction of the UK SAF mandate and recommended the UK adopt similar incentives to support the production and use of SAF, matching equivalent systems in the EU.

Decarbonising aviation requires government support to accelerate change. easyJet advocates for public institutions to:

- Support the development of zero carbon emission technology:
  - Develop a regulatory framework which incentivises aircraft manufacturers to produce zero carbon emission aircraft and airlines to adopt the technology.
  - Create investment and financial incentives for funding the development and scaling-up of zero carbon emission technology.
  - Recognise the role of green hydrogen in aviation by incorporating the requirements of aviation in UK and EU hydrogen strategies.
  - Invest in renewable energy to support the creation of green hydrogen for aviation.
  - Incorporate hydrogen as a SAF equivalent in EU and UK SAF mandates.
  - Support the development of hydrogen supply and infrastructure at airports.
- Ensure passenger taxes reflect emissions to incentivise efficiency and the move towards zero carbon emission aircraft.
- Expand effective carbon capping and pricing, through the EU and UK ETS, to all EEA and UK departures.
- Ringfence a portion of tax and ETS revenues to decarbonise aviation.
- For the EU27 national governments to make rapid improvements in national airspace efficiency plus deliver on the Single European Sky programme for airspace modernisation.
- For the UK government to deliver on its stated ambitions for UK Airspace Modernisation.
- Recognition and incentivisation of the contribution of carbon removal technology to meet net zero targets. Carbon removal credits should be equivalent to ETS allowances.

CASE STUDY

RENEWED PARTNERSHIP WITH UNICEF

This year, easyJet and UNICEF have entered a new three-year charity partnership and launched our new joint Sky's the Limit programme to address the safety, health and welfare issues impacting children's lives and drive sustainable change across the world. We launched our partnership with UNICEF in 2012 and so far easyJet customers and crew have raised over £17 million in onboard donations, helping UNICEF to protect millions of children around the world from disease and keep them safe during emergencies. This includes a record-breaking £616,000 in a single month for the Ukraine response in October 2022, and an emergency collection launched in February 2023 in response to the devastating earthquakes in Turkey and Syria, which raised an incredible £400,000 in just three weeks for children and their families affected by the earthquakes.

©Unicef

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Our disclosures are consistent with the recommendations and recommended disclosures of the Task Force on Climate-related Financial Disclosures (TCFD), taking into consideration the TCFD all-sector guidance and the supplemental guidance for non-financial groups for the transportation group.

GOVERNANCE

(a) The Board's oversight of climate-related risks and opportunities

Climate-related issues were discussed by the plc Board through regular sustainability updates as well as specific Board discussions to approve key climate-related decisions including the proposed Airbus fleet order, which included consideration of the impact of the decision on CO_2/RPK performance, see page 99; for relevant Board expertise, see page 83; for the frequency of sustainability updates to the Board, which include monitoring of progress against target, see pages 74 to 77. The Audit Committee has reviewed the climate transition risks during the year as part of its review of principal risks, as set out in its report on page 104. Additionally, climate-related issues are regularly discussed by the Airline Management Board (AMB), the executive committee of the functional leaders across the Group. The AMB is led by the CEO, who is a member of the plc Board and is ultimately responsible for climate-related issues.

The AMB's members (which includes the CFO, who is also on the plc Board) are collectively responsible for assessing and managing climate-related risks and opportunities, and use regular updates on performance versus targets to drive the performance of the Group against strategic KPIs. These updates are conveyed to the Board through regular sustainability updates as outlined on page 80. CEO, CFO and a number of AMB members' remuneration was aligned with sustainability targets for FY23. This included embedding the net zero ambition and best practice environmental management across the business, delivering against the CO_2/RPK targets and driving higher ESG scores. This is set out in the Directors' Remuneration Report on page 113.

(b) Management's role in assessing and managing climate-related risks and opportunities

easyJet has a Sustainability Steering Committee which meets regularly. It comprises several AMB members including the CFO, the Chief Operating Officer (COO), the Chief Customer & Marketing Officer, Group General Counsel, the CEO of easyJet holidays, Group People Director and the Group Markets Director (Chair), as well as the Director of Sustainability and Director of Tax & Fuel. This committee is responsible for steering our Sustainability Strategy, driving key sustainability-related decisions, such as on technology partnerships and programmes that support our net zero pathway, delivering against strategic KPIs, and the consideration and disclosure of climate-related risks opportunities. This committee is also updated on the progress of the ISO14001-aligned Environmental Management System, including the work of the Fuel Conservation Working Group.

In FY23, we expanded our dedicated Sustainability team, which works with management and teams across the Group to develop and coordinate implementation of the Sustainability Strategy. In FY23, management accountabilities related to the delivery of the net zero roadmap were agreed and formalised in a RACI matrix.

Read more on **page 20**

STRATEGY

(a) The climate-related risks and opportunities we have identified over the short, medium and long term

Risks and opportunities are dynamically reviewed and developed as part of the corporate risk management framework, which ensures a unified and collaborative risk management approach and best practice across the Group. easyJet defines the time horizons for climate risk as follows:

Short
0–1 year – aligned with budget

Medium
1–5 years – aligned with corporate strategy and financial plan

Long
5–30 years – aligned with our commitment to reach net zero by 2050

The key risks identified by the business using the risk framework, and subsequently reviewed by the plc Board, fall into seven broad themes – one of which is the climate change transition risk, as outlined in the risk section on page 66.

Since FY20, easyJet has engaged with Risilience (formerly known as Cambridge Centre for Risk Studies), an enterprise risk management specialist, to assess our exposure to climate-related risks and opportunities under four global average-temperature-increase scenarios. Risilience created a digital twin of the Group's current portfolio and business activities, assuming no climate actions are undertaken.

TCFD categorisation was then used to define transition and physical risk definitions and scope, and each risk was modelled independently. The analysis covered physical and transition risks that easyJet could be exposed to in the short, medium and long term. The focus of the analysis was on the five-year horizon to identify which risks easyJet could be exposed to in the short and medium term, aligned with easyJet's budget and corporate strategy timeframes. These risks were extrapolated and assessed qualitatively to determine their long-term impact.

The assessment was made using workshops and interviews with key internal stakeholders regarding the potential financial risks to our business operations associated with physical and transition risks. Risilience then undertook scenario modelling of each climate risk against easyJet's current commercial and physical footprint. This included the potential financial impacts of transition risks such as changing climate and carbon-related taxes and regulatory changes on a country level as well as physical risks.

easyJet has assessed the financial impact of climate change transition risks and physical risks against the organisation's threshold for what constitutes a risk of 'major concern' i.e. substantive financial or strategic level of impact and 'above risk tolerance'. This metric is defined by the overall Group materiality principle of 1% of total assets equating to a threshold of £99 million.

This assessment has been reviewed and updated in FY23 to reflect the evolving landscape.

Transition risks
easyJet has identified six transition risk areas:

- Compliance costs: Financial impact of coordinated regulatory action to increase the costs of emitting GHGs.
- Legal: Legislation and litigation to ensure that companies take sufficient action on GHG reduction.
- Technology: Transition to low-carbon emissions technology and products drives increased total operating costs, impairment of existing assets and delivery risk.
- Consumer sentiment: Consumer preferences shift at scale to lower emissions alternatives resulting in demand suppression.
- Investor/market sentiment: Investors retreat from carbon-intensive industries, resulting in increasing challenges to attract/retain investment and/or financing opportunities.
- Reputation: Impact of greenwashing claims and climate activism towards organisations and industries that are seen as being slow to transition towards a low-carbon economy adversely impacting reputation, brand and ultimately demand.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (CONTINUED)

We have identified specific risks within these transition risk areas. These include:

Compliance costs: carbon pricing (short to medium term)
Future policy measures and regulation, to tackle the impact of aviation on climate change such as escalating costs of carbon emissions, introduction of non-CO_2 emissions taxes and the phasing out of Emissions Trading System (ETS) free allowances for the aviation sector, will add significant costs for European airlines. easyJet has exposure to three ETS schemes – UK, EU and Switzerland – which included 79% of our flying carbon emissions in FY23. While the impact of existing carbon pricing mechanisms are modelled in easyJet's financial plans, the cost is subject to market volatility. Policy change could result in a risk in the case of escalating costs, or conversely an opportunity where the actual costs are lower than expected.

Technology: Sustainable Aviation Fuel mandates (medium to long term)
Sustainable Aviation Fuel (SAF) mandates in the UK and EU will require fuel suppliers to provide kerosene with a specified blend of SAF at airports in that country or region. Airlines lifting fuel in these countries will therefore be subject to higher total fuel cost in FY22. easyJet signed a SAF supply agreement with Q8, one of our key fuel suppliers, creating a contractual obligation on Q8 to supply volumes of SAF that at least meet minimum mandate requirements until FY27 in order to secure certainty of supply.

We also have flexibility in our SAF agreement to procure up to 10% more than mandated volumes in order to manage the risk that other levers contributing to our carbon intensity reduction targets fall short.

As with carbon pricing mechanisms, the risk and opportunity lies in SAF volatility.

Technology: New technology transition (long term)
Capex and operational costs associated with the introduction of new technology such as next-generation aircraft, alternative fuels and carbon removals, and potential depreciation impacts on older assets.

Physical risks

The Risilience analysis highlighted the acute and chronic physical risks that could impact our business. These relate to extreme weather events as well as long-term environmental changes. The physical risks were assessed according to the forecast changes in environmental conditions in the different geographies in which we operate and include the following:

- Operational disruption: Due to extreme weather events in the short, medium and long term.
- Market disruption: Changing demand patterns due to climate change in the long term.

Due to the nature of our business, easyJet could be exposed to both on-the-ground impacts (such as heavy rainfall and flooding affecting airport infrastructure) and aerial impacts (such as more severe storms, extreme wind or hailstorms). The geographic spread of physical risk types varies depending on the specific location – for instance, coastal flooding was modelled as being more pronounced in low-lying areas of North Western Europe such as the Netherlands, whereas heatwave risk was higher in inland regions of Spain, Portugal and France. As an airline operator we have some flexibility to adapt network and operations to respond to changing geographic risk.

Risks summary

Risilience quantified easyJet's climate change risks using a five-year Enterprise Value at Risk (5yrEV@Risk) metric for the period FY24–28, which shows how the risks would impact discounted cash flows over five years according to different scenarios, aligned with the timeframe for easyJet's budget, corporate strategy and financial planning process. The long-term risk levels have been determined based on the quantified short to medium-term risks and the long-term impact and likelihood, as outlined in easyJet's Corporate Risk Register.

The following table provides an indication of the risk relative to present day, based on the Paris Agreement scenario in the absence of actions taken by easyJet to manage our climate change transition. This scenario was selected as the baseline as it is consistent with the SBTi aviation sectoral decarbonisation pathway, which is aligned to a well-below 2°C temperature scenario.

Risk	Short term (0–1 year)	Medium term (1–5 years)	Long term (5–30 years)
Compliance costs	Low	Medium	Medium
Legal	Low	Low	Low
Technology	Low	High	High
Consumer sentiment	Low	High	High
Investor/market sentiment	Low	Low	Low
Reputation	Low	Low	Low
Physical	Low	Low	Low

● Low: <£99 million ● Medium: £99–200 million ● High: >£200 million

Medium and long-term risks have been assessed on 5yrEV@Risk and categorised as low: <£99 million, medium £99–200 million, high >£200m due to £99 million being the Group materiality threshold. Short-term risks are categorised as low as they are accounted for in easyJet's financial plan. In FY23, Risilience have upgraded their models to carry out calculations on a more granular level and with updated macro assumptions that are based on published research and data. Technology and consumer sentiment risks have changed from medium in FY22 to high in FY23 due to the change in definition and upgrades to the model as opposed to a change in the underlying risk.

Opportunities summary

The key opportunities easyJet has identified are outlined below. The size of the bubble indicates the relative impact at each time horizon.

Opportunity	Short term (0–1 year)	Medium term (1–5 years)	Long term (5–30 years)
Fleet renewal: the use of more efficient Airbus NEO aircraft, which reduce our fuel burn, carbon emissions and related costs – easyJet has 158 A320neo family aircraft on firm order valued at $18 billion at list prices, and a proposed order for a further 157 firm orders and 100 options	●	●	●
Optimising flight operations: initiatives to minimise fuel burn, carbon emissions and related costs	•	•	•
Supporting development of zero carbon emission flight: collaborations with industry partners, including Rolls-Royce, Airbus, GKN and Cranfield Aerospace Solutions, will be a key long-term driver of industry decarbonisation	•	•	●
Shifting consumer preferences: opportunity for easyJet to build brand preference and loyalty as consumer preferences shift towards organisations that are committed to tackling climate change	•	•	●

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (CONTINUED)

(b) The impact of climate-related risks and opportunities on our businesses, strategy and financial planning

Climate-related risks and opportunities are integrated into the organisation's strategic and financial plans and have a material influence on major business decisions. These include our fleet strategy centred on fleet portfolio decisions and the purchase of next-generation aircraft, an increased focus on fuel-saving initiatives to refine our operation, entering into partnerships with entities at the vanguard of decarbonisation technologies and investigations into transitioning from fossil fuels to electric power for airport ground operations. This is further highlighted amongst the nine principal risks which fall within the seven principal risk themes, as outlined on page 66. Costs associated with carbon, i.e. costs related to SAF and to ETS, are incorporated into our five-year financial plan and inform key longer-term decisions such as fleet planning.

Transition plan – net zero roadmap

In FY22, we set an interim science-based target of 35% reduction in GHG emissions intensity by 2035 – we were the first low-cost carrier in Europe to have our target validated by the Science Based Targets initiative (SBTi). easyJet's net zero roadmap provides the framework with which to achieve these targets. The pathway defines the levers with which we intend to decarbonise our airline operations, along with how, when and to what extent we need to use them, materially affecting business decisions over the short, medium and long term. In FY23, easyJet won a number of awards for our net zero roadmap, including the Best Net Zero Strategy of the Year at the inaugural UK Green Business Awards in London.

The net zero roadmap is aligned to the SBTi aviation sectoral decarbonisation pathway, which is aligned to the Paris Agreement scenario (well below 2°C). However, in the long term, easyJet's pathway drives emissions intensity reductions that exceed the requirements of the SBTi pathway.

In the short to medium term, our focus will be on maximising efficiency and using SAF in line with mandated requirements. These initiatives will continue into the long term. This will involve the following:

- Fleet renewal with Airbus NEO aircraft, which are at least 15% more efficient than the aircraft they replace. We currently have a firm order for 158 NEO aircraft to be delivered up to FY29 and a proposed order for a further 157 firm orders and 100 options to be delivered by FY34.
- Airspace modernisation, which will lead to more direct flight routings. easyJet is actively contributing to these efforts via the IRIS programme with Inmarsat, Airbus and the European Space Agency, and on Project HERON as part of the Single European Sky programme.
- A suite of operational efficiency initiatives that minimise fuel burn, including Descent Profile Optimisation (DPO), which has been installed on 332 of our aircraft.
- Contractually committed SAF volumes with our fuel supply partners to ensure security of supply of SAF.

In the long term, zero carbon emission aircraft are the cornerstone of our pathway. Based on today's science, our focus is on hydrogen-powered aircraft as we believe it shows the most potential for a short-haul airline like easyJet. Hydrogen has no carbon emissions, provided it is green hydrogen produced with renewable electricity, and has the potential to reduce non-CO_2 emissions from flying. Please refer to page 20 for more detail on the net zero roadmap.

easyJet is driving the development of hydrogen aircraft through numerous investments and partnerships:

- easyJet and Rolls-Royce partnership to pioneer the development of hydrogen combustion engine technology has already delivered the world's first run of a modern aero engine on hydrogen, as well as two UK and EU funded research programmes.
- easyJet continues to collaborate on Airbus' ZEROe programme dedicated to developing hydrogen-powered zero emissions aircraft.
- easyJet led the formation of the Hydrogen in Aviation alliance, an alliance of major players across aviation, to accelerate the delivery of zero carbon emissions aviation.
- As a founding member of Hydrogen South West, we are developing hydrogen ecosystems to support the introduction of aircraft, in close collaboration with Bristol Airport.

Carbon removal technology will also play a critical role in our roadmap, both in supporting feedstock as a component of power-to-liquid SAF and as a mechanism to address residual emissions. In October 2023, easyJet was the first airline in the world to sign a contract for Direct Air Carbon Capture and Storage (DACCS), via the Airbus Carbon Capture Offer.

The net zero roadmap provides the framework with which to mitigate against five of the six key transition risks – compliance, legal, consumer sentiment, investor/markets sentiment and reputation. The key remaining risk is technology – delivery of the roadmap is dependent on the scaling-up of SAF production and the development of nascent technologies such as zero carbon emission aircraft, and there is a risk of a potential increase in costs associated with transition to these technologies and/or with potential adjustment to net zero roadmap delivery levers necessary.

Beyond carbon dioxide, non-CO_2 effects such as contrail cirrus and nitrous oxides (NOx) contribute to aviation's impact on global warming. easyJet has joined Project CICONIA, part of the EU Single European Sky programme, to explore operational methods to minimise the formation of warming contrails and contribute to the development of mitigation strategies.

FY23 performance

In FY23, easyJet delivered strong progress against our interim SBTi target with a 5% reduction in GHG emissions intensity versus a FY19 baseline, and are on track to meet our interim science-based target. This was driven by fleet renewal, with a further 10 NEO aircraft joining the fleet, and the strong performance of operational efficiency initiatives. Our net zero transition plan is also aligned with the SBTi Aviation Sectoral Decarbonisation Approach.

(c) The resilience of our strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

easyJet's net zero pathway is aligned to the SBTi aviation sectoral decarbonisation pathway, which is aligned to the Paris Agreement scenario (well below 2°C). The sensitivity of the pathway and the ability to meet our targets in the absence of different levers has been assessed to ensure there is no over-dependence on any single lever.

There is currently no formal aviation sectoral SBTi pathway aligned to the Paris Ambition (1.5°C), although SBTi has released an interim pathway that is yet to go through consultation. easyJet aims to reach net zero by 2050 by reducing emissions intensity by 78% and addressing residual emissions via carbon dioxide removal technology. This is a significantly better reduction than the 57% threshold defined for easyJet by the well below 2°C SBTi pathway. This gives easyJet headroom and therefore resilience in respect of our climate change risk and net zero strategy.

Overview of scenario analysis[1]

Scenario	Current policy	Stated policy	Paris Agreement[2]	Paris Ambition
Temperature alignment	3°C	2.5°C	Well below 2°C	1.5°C
Target global emissions reduction	-50% by 2100	-75% by 2100	Net zero by 2050	Net zero by 2050
Representative concentration pathway	RCP 7.0	RCP 4.5	RCP 2.6	RPC 2.6

1) easyJet works in partnership with Risilience to evaluate a range of climate change-related risks across a range of scenarios, outlined further on page 68.
2) The Paris Agreement of well below 2°C was selected as the baseline scenario as it is aligned with the SBTi aviation sectoral decarbonisation pathway. The analysis varied input assumptions across the transition risks in line with these scenarios. As an example, the Paris Agreement scenario assumes a 56% increase in consumers adopting sustainable alternative products by 2030, compared to 58% under the Paris Ambition and 42% under 'stated policy'. 5yrEV@Risk was assessed under these scenarios as described in the Risks summary on page 59. These scenarios incorporate socio-economic projections from the Shared Socioeconomic Pathways (SSPs).

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (CONTINUED)

RISK MANAGEMENT

(a) Our processes for identifying and assessing climate-related risks and opportunities

easyJet works in partnership with Risilience to evaluate a range of climate change-related risks across a range of scenarios as described on page 55. The quantified risks are then assessed against the organisation's threshold for what constitutes a risk of 'major concern', e.g. substantive financial or strategic level of impact and 'above risk tolerance'. This metric is defined by the overall Group materiality principle of 1% of total assets equating to a threshold of £99 million.

In parallel, we leverage our internal and external network to understand and critically evaluate transition risks and opportunities related to compliance, consumer sentiment, market sentiment, technology, legal and reputation that are relevant to the Group. Group Finance, Legal, Investor Relations and Marketing teams support the identification and qualitative and quantitative assessment of specific risks and opportunities, feeding into Risilience's analysis, and into strategy and financial planning for the Group.

Risilience conducted workshops in FY22 focused on climate-related risks identified to have a potentially substantial financial impact. The workshops involved colleagues from across the business and identified the key functional level risks within each corporate level risk category. For full details of the specific risks identified, see Strategy section (a) on page 54.

The impact and likelihood inputs were then calibrated in order to reach an aligned and consistent view of each risk. These risks are reviewed annually and updated if required.

(b) Our processes for managing climate-related risks and opportunities

Following the outputs of internal stakeholders, the Risilience study and external networks, risk workshops were conducted to determine the appropriate ownership and management of these risks. This process confirmed climate change transition is a principal risk, see page 66 of our Risk section for further detail. Mitigations and controls for these risks were developed by the named risk owners including those outlined on page 66 and are documented in the Climate Change Transition Risk Register, overall ownership of which sits with the CFO. Governance for these risks and mitigations are regularly reviewed through easyJet's Sustainability Steering Committee.

Ownership of risks are outlined below.

Risk	Risk owner
Compliance costs	CFO
Legal	Group General Counsel
Technology	CFO
Consumer sentiment	Chief Customer & Marketing Officer
Investor/market sentiment	CFO
Reputation	Group Markets Director

(c) How our processes for identifying, assessing and managing climate-related risks are incorporated into the business overall risk management

As described in the risk management section (b) above, climate change transition risks are incorporated into the corporate risk framework and register. For more detail on the overall risk management of the business, see the Risk section, pages 59 to 66.

Mitigation options that are identified during the above process have been incorporated into easyJet's net zero pathway, which is reviewed on an annual basis and feeds into the corporate strategy and financial planning process and principal risks and uncertainties, see pages 61 to 66.

METRICS AND TARGETS

(a) The metrics we use to assess the climate-related risks and opportunities in line with our strategy and risk management process

easyJet assesses financial impact in the form of 5yEV@Risk. These figures are then assessed against the materiality threshold, which is defined by the Company as 1% of total assets, i.e. a threshold of £99 million in FY23. Risks and mitigation options identified through these metrics have been incorporated into easyJet's climate change transition plan and continue to inform our financial and strategic planning.

(b) Our disclosure of Scope 1, Scope 2 and Scope 3 GHG and the related risks

easyJet has disclosed its full value chain emissions in this Annual Report. Read our comprehensive GHG and energy performance table, including Scope 1, 2 and 3 emissions on page 45, where you can find the breakdown by geography and the methodology used. See page 45 for a link to the detailed independent assurance statement.

(c) The targets we use to manage climate-related risks and opportunities and performance against targets

In FY22, easyJet joined the Race to Zero and in doing so we committed to setting an interim science-based target on GHG intensity for 2035 as well as to reach net zero carbon emissions by 2050, aligning with the aviation sector criteria and recommendations of the SBTi.

As our interim target, easyJet has committed to reducing well-to-wake GHG emissions related to jet fuel by 35% per Revenue Tonne Kilometre (RTK) by FY35 from a FY19 base year[1 2], which has been approved by the SBTi.

easyJet's net zero roadmap, outlined on page 20, provides the framework with which we intend to meet our targets in 2035 and beyond on our journey to net zero in 2050.

For details of the CEO and CFO sustainability-related targets, see the Remuneration Report on page 115.

1) The target boundary includes biogenic emissions and removals from bioenergy feedstocks.

2) Non-CO_2e effects which may also contribute to aviation induced warming are not included in this target. easyJet commits to report publicly on its collaboration with stakeholders to improve understanding of opportunities to mitigate the non-CO_2e impacts of aviation annually over its target timeframe.

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) INDEX

SASB Standards identify the subset of ESG issues most relevant to financial performance and enterprise value for 77 industries. Below we report on the metrics for the Airlines standard.

TABLE 1. SUSTAINABILITY DISCLOSURE TOPICS AND ACCOUNTING METRICS

Topic	Accounting metric	Category	Unit of measure	Code	Disclosure
Greenhouse gas emissions	Gross global Scope 1 emissions	Quantitative	Metric tonnes (t) CO_2e	TR-AL-110a.1	Disclosed on page 45 of Annual Report
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets		n/a	TR-AL-110a.3	Covered in the Annual Report, (primarily pages 43 to 46)
	(1) Total fuel consumed	Quantitative	Gigajoules (GJ)	TR-AL-110a.3	103,880,085
	(2) Percentage alternative		Percentage (%)		0.020%
	(3) Percentage sustainable				0.020%
Labour practices	Percentage of active workforce covered under collective bargaining agreements	Quantitative	Percentage (%)	TR-AL-310a.1	85% – disclosed in ESG fact sheet
	(1) Number of work stoppages and	Quantitative	Number, days	TR-AL-310a.2	Not disclosed
	(2) Total days idle[1]				
Competitive behaviour	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behaviour regulations[2]	Discussion and analysis	n/a	TR-AL-540a.1	The Company has not incurred any monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations
Accident and safety management	Description of implementation and outcomes of a safety management system	Discussion and analysis	n/a	TR-AL-540a.1	Disclosed in Safety, Quality & Governance ESG fact sheet. Also discussed in Annual Report risk section pages 59 to 66
	Number of aviation accidents	Quantitative	Number	TR-AL-540a.2	Zero
	Number of governmental enforcement actions of aviation safety regulations	Quantitative	Number	TR-AL-540a.3	Zero

TABLE 2. ACTIVITY METRICS

Activity metric	Category	Unit of measure	Code	Disclosure
Available Seat Kilometres (ASK)[3]	Quantitative	ASK	TR-AL-000.A	Disclosed on page 34 of Annual Report
Passenger load factor[4]	Quantitative	Rate	TR-AL-000.B	Disclosed on page 34 of Annual Report
Revenue Passenger Kilometres (RPK)[5]	Quantitative	RPK	TR-AL-000.C	Disclosed on page 34 of Annual Report
Revenue Tonne Kilometres (RTK)[6]	Quantitative	RPK	TR-AL-000.D	Disclosed on page 45 of Annual Report
Number of departures	Quantitative	Number	TR-AL-000.E	Disclosed on page 34 of Annual Report
Average age of fleet	Quantitative	Years	TR-AL-000.F	9.9 years

1) Note to TR-AL-310a.2 – Disclosure shall include a description of the reason for each work stoppage, impact on operations and any corrective actions taken.
2) Note to TR-AL-520a.1 – The entity shall briefly describe the nature, context and any corrective actions taken as a result of the monetary losses.
3) Note to TR-AL-000.A – Available Seat Kilometres (ASK) is defined as the maximum potential cumulative kilometres travelled by passengers (i.e. kilometres travelled by occupied and unoccupied seats).
4) Note to TR-AL-000.B – Load factor is a measure of capacity utilisation and is calculated as passenger kilometres travelled, divided by ASK.
5) Note to TR-AL-000.C – Revenue Passenger Kilometres (RPK) is defined as the cumulative total kilometres travelled by revenue passengers. A revenue passenger is a passenger for whose transportation an air carrier receives commercial remuneration.
6) Note to TR-AL-000.D – Revenue Tonne Kilometres (RTK) is defined as one metric tonne of revenue traffic transported one kilometre. RTK is computed by multiplying the aircraft kilometres flown on each flight stage by the number of metric tonnes of revenue traffic carried on that flight stage (e.g. passengers, baggage, freight and mail).

RISK MANAGEMENT

EFFECTIVE RISK MANAGEMENT

OUR CORPORATE RISK FRAMEWORK

The Board approves the strategy for easyJet, including strategic initiatives and objectives, and ensures suitable oversight and governance through several management methods. This includes monitoring and reporting, strategic reviews, oversight committees and deep dives into specific risk areas. The Board is ultimately responsible for determining the nature and extent of the principal risks it is willing to take to achieve its strategic objectives, setting its risk appetite, and maintaining the Group's systems of internal control and risk management. The Audit Committee and the Board are accountable for reviewing and assessing the risk management processes. The Risk & Assurance team, which reports jointly to the Chair of the Audit Committee and Chief Financial Officer (CFO), ensures that robust processes are in place for identifying and assessing the Group's emerging and principal risks.

The Board, with the assistance of the Audit Committee, has carried out a robust assessment of the principal and emerging risks facing the Group and how those risks affect the prospects of the Group.

The Risk & Assurance team is responsible for creating, implementing and delivering the corporate risk framework and reporting the principal and emerging risks to the Board. Each function across easyJet is responsible for understanding and managing its own risks and considering the impact on all stakeholders. To ensure that risks are managed within the framework, the Risk & Assurance team maintains a programme of risk monitoring with each function and promotes cross-functional management of risks. We continue to develop our corporate risk framework to ensure that risks, including emerging risks, are identified, assessed, managed and articulated. Emerging risks are captured from a variety of sources and are updated onto our central Risk Radar. This is shared in each AMB and Audit Committee meeting attended.

The Risk & Assurance team works with the functions to ensure that risk information remains relevant, control deficiencies or gaps are identified and improvement actions are implemented. During FY23, the Corporate Risk team has further developed the corporate risk framework. The principal risks and risk themes have been updated in line with the strategy, the enhanced risk appetite process was used to update risk appetite for FY24, the risk radar process is being further developed and a Risk Platform has been procured and is being rolled out. All functional risks have been scored on the same basis using the same taxonomy. The Corporate Risk, Compliance and Internal Audit teams have updated the assurance map to identify key controls to manage our principal risks and understand the assurance over these controls and have validated a number of these controls.

Following a robust review of the 2022 principal risks, a refresh of the principal risks took place during the second half of the year. We recategorised where our sub risks were positioned against the main principal risk.

RISK THEMES

Nine corporate risks fall into seven corporate risk themes, which have been updated to ensure alignment to the corporate strategy as follows:

SAFETY, SECURITY AND OPERATIONS	easyJet's number one priority is the safety and security of its customers, colleagues and contractors, demonstrated by our value of 'always with safety at our heart'. The delivery of a safe and secure operation also supports easyJet's strategy to 'deliver ease and reliability' to meet the needs and expectations of our customers. This is critical to 'building Europe's best network'.
OUR PEOPLE	Having the right people is a key part of our value to be 'always warm and welcoming' and 'living the Orange Spirit'. We aim to create an inclusive, diverse and energised environment that attracts the right people and inspires everyone to learn and grow.
MACRO-ECONOMIC AND GEOPOLITICAL	Our values include to 'always challenge costs'. The airline industry can be sensitive to macro-economic and geopolitical conditions which could affect our financial performance. Risks include supply/demand imbalance, general economic trends, as well as the impact of changes in fuel cost, foreign exchange rates and counterparty performance.
TECHNOLOGY	easyJet's strategy to 'deliver ease and reliability' includes developing new technologies to enhance experiences and operational performance. The ever-increasing sophistication of serious organised crime groups, terrorists, nation states and even lone parties means that, despite all the mitigation detailed, easyJet will inevitably retain an element of vulnerability regarding the availability, confidentiality and integrity of its data and information. Digital safety is treated as seriously as physical safety under our value 'always with safety at our heart'.
LEGISLATIVE/REGULATORY LANDSCAPE	Our value of 'making a positive difference' in a heavily regulated industry includes keeping well informed and adapting (as required) to any legislative or regulatory changes across the jurisdictions in which we operate.
ENVIRONMENTAL SUSTAINABILITY	The impacts of climate change transition risk on our business and operations, regulation and taxation, and changing consumer, colleague and shareholder expectations. easyJet's environmental sustainability commitment is to reduce our impact today, and to pioneer a sustainable future for travel.
ASSET PERFORMANCE	Supporting easyJet's strategic priorities of 'transforming our revenue capability' and 'delivering ease and reliability' we make the best use of our fleet capabilities and our capacity/slots in the right airports at the right prices, whilst working with our supply chain to enhance value and deliver our priority of 'driving our low-cost model'.

RISK MANAGEMENT (CONTINUED)

The following title changes were made to the principal risks:

- Safety, security and operations changed to Significant operational disruption
- Asset efficiency and effectiveness changed to Network and primary airport
- Legislative and regulatory landscape changed to Breach of regulatory requirements
- People changed to Talent acquisition and retention
- Environment and sustainability changed to Climate change transition risk
- Technology and digital safety changed to Significant safety or security event
- Macro-economic and geopolitical changed to Macro-economic conditions

Two new risks have been introduced:

- Non delivery of strategic initiatives
- Significant digital safety event

Two risks have been removed:

- Pandemic
- Brand licence

There are a variety of potential impacts for each risk and subrisk, which are documented in detailed risk registers. These are consolidated into an overall impact and likelihood score for each subrisk and overall risk.

CASE STUDY

ENSURING WE HAVE THE TALENT WE NEED

At easyJet, people are our greatest asset. Without them we cannot deliver and operate safe and timely flights or provide the brilliant customer service we are known for. We are speeding up our recruitment procedures to make sure we encourage the best talent to easyJet.

Our people is one of our risk themes, and talent acquisition and retention a principal risk. Following the pandemic, the airline industry suffered a reduction in staffing levels, due to a number of redundancies and staff leaving because of uncertainty in the industry. This had an impact on our ability to operate at full capacity during the final months of the pandemic.

As easyJet and the wider aviation industry began to recover from the pandemic, there was a time lag in recruiting, onboarding and training staff to meet the pent-up demand for travel.

Organisations across many different sectors were competing for talent in the market, as a period of staff reductions changed to a period of high recruitment. Onboarding processes became more difficult. Our regulators dictate the standards of background checks that we must achieve for new starters, and the pandemic coincided with the introduction of new enhanced background checks. Our new starters had more complex employment backgrounds as a result of the pandemic, often with periods of employment which we were unable to verify due to the closure of many businesses. These external factors resulted in significant processing time challenges, which meant that many of our new starters were unable to work following the completion of training. We looked to compress our onboarding times to support new starter engagement, but our third-party vetting partners struggled to keep pace with the evolving and growing intake plan, meaning that onboarding for many new starters took significantly longer than planned.

We made significant changes to enhance the planning and onboarding of new colleagues. We compressed the timeline and started the recruitment process (and hence onboarding) three months earlier to proactively access the potential pool of candidates, support engagement and deliver to plan. We brought our outsourced vetting process in-house, which delivered an improved candidate experience, a quicker turnaround time and could meet the changing needs of the business. We have also launched a pilot cadet programme, ensuring we have resilience in place for our future pilot needs through a partnership with CAE over the next five years. This new partnership will see 200 cadets join easyJet on our multi-pilot licence programme each year and will support 1,000 new pilots into the industry. This is in addition to our direct-entry pilot recruitment.

RISK MANAGEMENT (CONTINUED)

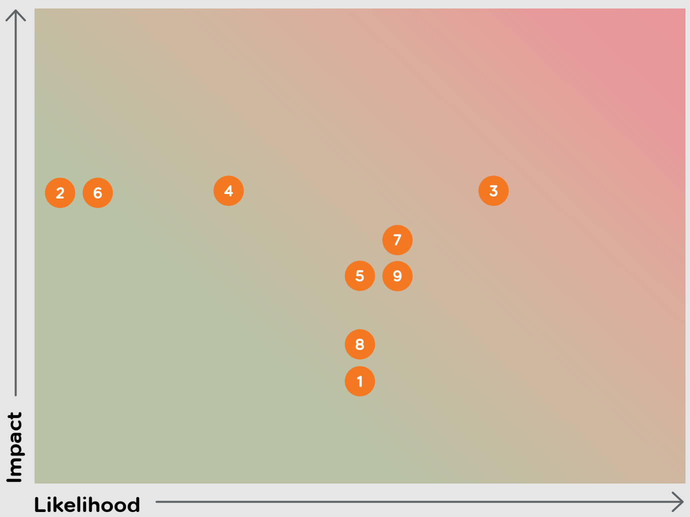
OUR PRINCIPAL RISKS AT A GLANCE

Principal risk	Risk themes: Safety, security and operations	Asset performance	Legislative/regulatory landscape	Our people	Environmental sustainability	Technology	Macro-economic and geopolitical	Risk change	Risk owner	Our strategic priorities: Building Europe's best network	Transforming our revenue capability	Delivering ease and reliability	Driving our low-cost model
1 Breach of regulatory requirements			●					⊖	Group General Counsel	●			
2 Significant safety or security event	●							⊖	Chief Operating Officer	●		●	
3 Significant digital security event						●		⊖	Chief Information Officer	●		●	
4 Macro-economic conditions							●	⊖	Chief Financial Officer		●		
5 Network and primary airport risks		●						⊖	Chief Commercial Officer	●			
6 Non-delivery of strategic initiatives						●		↑	Chief Commercial Officer	●	●	●	●
7 Significant operational disruption	●							⊖	Chief Operating Officer	●		●	
8 Talent acquisition and retention risks				●				↓	Group People Director	●			
9 Climate change transition risks					●			⊖	Chief Financial Officer	●			

Read more on pages 62 to 66

RISK HEAT MAP

This heat map shows the relative position of our principal risks at a residual risk level. We continue to monitor risks and develop action plans where necessary to keep risks in line with our risk appetite.



RISK THEMES

- Safety, security and operations
- Asset performance
- Legislative/regulatory landscape
- Our people
- Environmental sustainability
- Technology
- Macro-economic and geopolitical

OUR STRATEGIC PRIORITIES

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

RISK MANAGEMENT (CONTINUED)

1 BREACH OF REGULATORY REQUIREMENTS

SUB RISKS

Changing legal and regulatory landscape

Increasing requirement for disclosure

Cross-jurisdictional legislation

Corporate Social Responsibility Directive

RISK OWNER

Group General Counsel

CHANGE IN RISK

RISK THEME

Legislative/regulatory landscape

POTENTIAL IMPACTS

- Sustained adverse media coverage
- Fines/regulatory sanctions
- Reduction in future revenue
- Operational disruption
- Loss of operating licence
- Significant spike in costs
- Share price movement
- Loss of colleague/customer trust

MITIGATIONS

- Policies, procedures and mandatory training programmes:
  - In-house legal experts and advisers to identify and respond to changes in legislation.
  - External legal experts and advisers to identify and respond to changes in legislation.
  - Influencing relevant future and existing policy, including by working with relevant industry bodies.
  - Adapting existing processes for new legislation/regulation.
- Advice from third-party experts to ensure adherence to all disclosure requirements:
  - External auditors provide regulatory updates
  - Technical accounting team assesses any impact on easyJet's Group accounts from changes in IFRS requirements.
  - Subscription to third-party technical accounting platform (currently Viewpoint) to keep abreast of changing reporting requirements.
- easyJet holidays recruitment policy to include hire of lawyer/paralegal with expertise in each new jurisdiction, for example Swiss and any additional new markets:
  - Existing in-house team receives regular updates on cross-jurisdictional legislation.
  - Most expansion destinations are within the EU.
  - Panel law firms have multi-jurisdictional reach.

2 SIGNIFICANT SAFETY OR SECURITY EVENT

No sub risks specified for this risk

RISK OWNER

Chief Operating Officer

CHANGE IN RISK

RISK THEME

Safety, security and operations

POTENTIAL IMPACTS

- Sustained adverse media coverage
- Reduction in future revenue
- Fines/regulatory sanctions
- Operational disruption
- Significant spike in costs
- Share price movement

MITIGATIONS

- Cross-functional safety action groups identify, evaluate and control safety-related risks:
  - easyJet Safety Board reviews safety, security and compliance performance across all Air Operator Certificates (AOC). It is chaired by the CEO, attended by AOC accountable managers and periodically by AOC regulators.
  - Local safety review boards, including at AOC level, are open for the local regulator to attend.
  - Published Safety Policy promotes incident reporting process and supports safety culture.
  - easyJet Safety Management System using leading software systems to: report incidents and events; identify and mitigate hazards and threats; collect and analyse safety data (identifying potential areas of risk); capture learnings from easyJet and industry events/incidents; and embed into future risk mitigations.
  - Timely, credible and reliable information upon which to base operational decisions.
  - Emergency response process and crisis management exercises.
  - Hull (all risks) and liabilities insurance (including spares).
  - Geopolitical developments across the easyJet network, reviewed by security-cleared specialists and reported back to the Board.
  - Airport inspection regime to ensure the security elements effectively managed at all our airports.
  - Continual review and development of safety management processes.

RISK MANAGEMENT (CONTINUED)

3 SIGNIFICANT DIGITAL SECURITY EVENT

SUB RISK

Data loss or compromise

RISK OWNER

Group General Counsel

CHANGE IN RISK

⊖

RISK THEME

Safety, security and operations

POTENTIAL IMPACTS

- Sustained adverse media coverage
- Reduction in future revenue
- Fines/regulatory sanctions
- Operational disruption
- Significant spike in costs
- Share price movement

MITIGATIONS

- A data and cyber risk governance structure exists to regularly review the data and cyber risk landscape and determine required action to take place to manage risk effectively:
  - Dedicated Digital Safety team provides a level of assurance over third parties, proactively monitors threats and responds to incident.
  - Employee education and awareness programme includes a network of champions, online training and awareness campaigns.
  - External threat intelligence monitoring.
  - Security logging and monitoring.
  - Vulnerability scanning and penetration testing.
  - Credit card data is protected through PCI DSS compliance as a Level 1 Merchant.
  - Digital safety is discussed monthly at our Airline Management Board (AMB), biannually at Board and biannually at Audit Committee. Additionally, as part of our governance processes, the Digital Safety Board meets regularly to discuss matters related to our cybersecurity.
- Digital Safety Programme ensures compliance, data controls and protection. Vulnerability reduced by establishing documented workflows, training programmes and establishing employee guidelines.

4 MACRO-ECONOMIC CONDITIONS

SUB RISK

Volatility in financial markets

RISK OWNER

Chief Financial Officer

CHANGE IN RISK

⊖

RISK THEME

Macro-economic and geopolitical

POTENTIAL IMPACTS

- Share price movement
- Significant increase in costs
- Adverse impact to credit rating

MITIGATIONS

- The Finance Committee oversees the Treasury Policy and funding activities.
- The Treasury Policy contains strategies for managing market price risk, counterparty credit risk and liquidity risk management. The Board approves the Treasury Policy. Compliance with the Treasury Policy is reported on a monthly basis.
- easyJet manages a liquidity buffer to protect against unforeseen circumstances. This liquidity buffer is supported by cash and undrawn facilities.

RISK MANAGEMENT (CONTINUED)

5 NETWORK AND PRIMARY AIRPORT RISKS

SUB RISKS

Airport infrastructure capacity

Loss of slots

Failure to protect core markets

Increased competition

RISK OWNER

Chief Operating Officer

CHANGE IN RISK

RISK THEME

Asset performance

POTENTIAL IMPACTS

- Weakened customer proposition
- Customer welfare and safety incidents, particularly relating to passengers with restricted mobility
- Loss of market share
- Inefficient use of crew and aircraft
- Significant increase in costs
- Slot portfolio pressure in coordinated airports
- Loss of crew engagement
- Shortage of ground handling staff (due to shortage of available recruits in the UK) could lead to delayed performance of the schedule, leading to impact on crew hours and slot compliance
- Shortage of airport staff (people with reduced mobility and security) risks poor passenger-handling experience

MITIGATIONS

- Where easyJet is affected by industrial action or other service interruption by a key supplier, resources are deployed to manage this as effectively as possible:
  - Managing aircraft gauge to improve our ability to grow.
  - Engagement with Eurocontrol to understand expected network constraints.
  - Tactical flight planning to mitigate impact of air traffic management constraints.
- Projecting cancellations for the rest of the season so we can analyse risk and take informed decisions when required in order to reduce the risk of permanently losing slots as a result of capacity reductions:
  - Mitigating actions available, e.g. removal of seats, wet lease and how pipeline for crew is increased.
  - Continuous contact with operations department to proactively cancel flights whilst trying to minimise slot impact to future seasons with minimum number possible at highly constrained airports. Although some slot losses may occur.
  - Slot-tracker dashboard created to give teams managing the portfolio better visibility of complex requirements. Work is continuing to enhance the tool and ultimately to allow us to share timely updates with other departments so they can be aware of risks due to planned or actual changes.
- easyJet reviews its capacity allocation each across all key markets through the Network Development Forum (NDF) process and quarterly AMB network and airports updates. Focus is on any potential slot regulation changes and is linked into both EU and UK processes.
- easyJet has a clear strategy of differentiation through network design. Mitigating competitor impact is a key focus of this year's NDF process.

6 NON-DELIVERY OF STRATEGIC INITIATIVES

No sub risks specified for this risk

RISK OWNER

Chief Commercial Officer

CHANGE IN RISK

RISK THEME

Asset performance
Technology
Macro-economic and geopolitical

POTENTIAL IMPACTS

- Business benefits not realised
- Financial underperformance
- Inefficient use of resources

MITIGATIONS

- Complex, large-scale programmes have been initiated and prioritised through the Enterprise Project Management Office.
- The Enterprise Project Management Office is in place to oversee delivery of projects and programmes, ensuring dependencies are managed across the portfolio.
- A project management framework, which sets out approval processes, governance requirements and key ongoing processes and controls, is followed by all projects and programmes, and reviews are undertaken to ensure continuous improvement in this approach.
- Each strategic initiative has an executive sponsor, a Leadership 50 owner and its own steering group, which provides oversight and challenge to the project, monitors progress against programme objectives (including budget, benefit realisation and appropriate resource) and ensures that decisions are made at the appropriate level.
- Key strategic initiatives are managed by dedicated programme management resource with the right skills and behaviours, complemented by subject matter specialist resource where appropriate.
- The executive sponsor provides routine updates to the AMB and can use this as an escalation channel for any issue resolution.
- The Board also receives updates on key strategic initiatives including any risks or issues to achieving the key milestones that enable the achievement of the five-year plan.
- Onboarding of Accenture as the systems integrator to help orchestrate the largest and most complex programmes.
- Fortnightly updates on projects to the AMB with ownership residing with the Chief Customer & Marketing Officer, with a more agile approach to deliver faster.

RISK MANAGEMENT (CONTINUED)

7 SIGNIFICANT OPERATIONAL DISRUPTION

SUB RISKS

Continuity of services

Flight and cabin crew resource

Single aircraft supplier

Protests

Industrial action

Failure of critical technology

RISK OWNER

Chief Operating Officer

CHANGE IN RISK

⊖

RISK THEME

Safety, security and operations

POTENTIAL IMPACTS

- Customer dissatisfaction
- EU261 compensation and welfare payable to customers
- Inefficient use of crew/aircraft
- Negative impact on brand
- Share price movement
- Adverse media coverage
- Reduction in revenue
- Operational disruption

MITIGATIONS

- Maintaining operational resilience through
  - Appropriate resilience into the flying schedule.
  - Aircraft and crew standby.
  - Reporting on the day of operations, including customer communication.
  - Airport performance and strategic supply chain.
  - Air traffic control system lobbying and flight planning enhancements.
  - Use of data across the operation to predict and manage events and aid decision support.
  - Liquidity buffer to better manage the impact of downturns in business or temporary curtailment of activities.
  - Significant focus on risk mitigation of, and preparedness for, a destructive cyberattack.
  - Business interruption insurance which provides some cover for very significant shock events such as extreme weather, air traffic management issues and loss of access to key airports.
- The four key areas of business resilience (IT and processes, people, premises and suppliers) all form part of easyJet's functional business and airport business continuity plans:
  - Adoption of cloud and externally hosted systems, in addition to easyJet's two data centres.
  - 24/7 Incident Management Teams.
  - Time-critical staff identified through Business Impact Assessments and Business Continuity Plans (BCPs), with regular testing.
  - Procurement requires relevant third parties to have own BCPs/Disaster Recovery plans.
  - Close working relationships with key stakeholders, including but not limited to airport authorities and slot coordinators, lobbying where appropriate.
- We have established appropriate crew numbers for the schedule that has been planned to operate in addition to improving levels of crew resilience. Summer 2023 recruitment was delivered successfully and the summer 2024 recruitment campaign is underway with the first candidates joining before the end of the calendar year. The crew establishment outlook for the peak summer flying remains on track to deliver peak crew volumes in all ranks. Cancelled flights due to non-availability of crew decreased significantly in summer 2023 compared to summer 2022.
- Over 10,000 A320 family aircraft operating worldwide, with proven track record for safety and reliability:
  - A320neo has a different engine type.
  - Aircraft continuous improvement to address learnings during operation and regulatory-imposed airworthiness directives.
  - Full visibility of Airbus delivery schedule for new aircraft, with appropriate mitigation. plans e.g. short-term wet-lease arrangements.
  - Rigorous established aircraft maintenance programme. Schedules approved by relevant regulatory body.
  - Fleet exit strategy options. Second-hand market. Sale and leaseback.
  - Firm order book agreed with Airbus and CFM, guarantees inventory up to FY29.
  - Continuously replace older aircraft and avoid a prolonged service life for aircraft in easyJet's fleet fluctuations.
  - Pandemic Lessons Learned review identified best practice and opportunities for improvement.
- Business Continuity team/Integrated Control Centre Planning for disruption:
  - A Business Impact Analysis and Business Continuity Plan is in place for all functions across the business in order to manage initial disruption and post-crisis loss of premises, loss of people, loss of systems, loss of supplier and our key business critical resources.
- Union engagement with regular meetings to engage discussions before any formal escalations:
  - Clear mandate processes and industrial relations steering committee. We have a clear industrial relations plan, mandating process and governance in place to oversee all negotiations and manage escalations. This involves AMB leads and budget holders, so that decisions can be made in a timely manner.
- Continued improvements to IT environment, e.g. new data platform further leveraging cloud hosting and capabilities. Dedicated Digital Safety team and Digital Safety Programme. Documented workflows, training and establishing employee guidelines:
  - Monitoring and alerting of availability of critical technologies and their inter-dependencies.
  - Security logging and monitoring/vulnerability scanning and penetration testing.
  - Non-Damage Business Interruption insurance in place to limit financial impact of operational disruption.
  - IT Change Management process to ensure changes to critical IT systems are managed in a controlled manner.
  - Supplier Management process for critical IT suppliers.
  - Critical technologies are either cloud-hosted, hosted across two data centres or at third-party provider locations with necessary failover protocols in place.
  - IT Major Incident Management team is in place to respond rapidly to any unforeseen critical technology incidents which is aligned to the wider easyJet Incident and Crisis Management framework.
  - As an Operator of Essential Services under the Network and Information Systems regulation in the UK, we have to comply with the requirements laid out in the Cyber Assessment Framework for Aviation which focuses on critical systems availability.

RISK MANAGEMENT (CONTINUED)

8 TALENT ACQUISITION AND RETENTION RISKS

SUB RISKS

Health and wellbeing

Inclusion and diversity

RISK OWNER

Group People Director

CHANGE IN RISK

RISK THEME

Our people

POTENTIAL IMPACTS

- Sustained inability to deliver key strategic initiatives
- Loss of corporate knowledge
- Potential operational disruption and associated costs

MITIGATIONS

- Monthly reporting on attrition to highlight any areas of concern to address in a timely way:
  - Development of a strong Employee Value Proposition to enable clear articulation of the reasons to join and remain at easyJet.
  - Develop cabin crew and pilot engagement strategy and action plan.
  - Implement a refreshed recognition strategy.
  - Review of hybrid working arrangements to deliver effective ways of working and an enhanced employee experience.
  - Creating a new careers website to enable an improved experience and functionality for potential candidates to support greater attraction.
- Health and wellbeing digital transformation journey underway with improved online presence and support structures in place:
  - Health and wellbeing strategy has been developed and updated for all colleague groups.
- Develop and agree a company-wide Diversity, Equity and Inclusion strategic framework
  - Implement agreed gender targets to improve women representation across our leadership population.
  - Initial focus is on delivering a women's development programme to support the gender targets.

9 CLIMATE CHANGE AND TRANSITION RISKS

SUB RISKS

Consumer sentiment

Cost of emissions

Emissions reductions

Financial markets sentiment

RISK OWNER

Chief Finance Officer

CHANGE IN RISK

RISK THEME

Environmental sustainability

POTENTIAL IMPACTS

- Increased operational costs driven by regulation relating to the use of sustainable aviation fuel, withdrawal of free allowances under the ETS, fuel taxes, taxation of non-carbon GHG emissions and other air travel related charges
- Suppression of demand driven by changes in consumer preferences
- Increased compliance and reporting requirements
- Shareholder activism
- Adverse publicity and impact on our reputation/brand
- Climate change-related regulatory and legal challenge

MITIGATIONS

- Developed SBTi-aligned net zero roadmap which provides the framework to manage easyJet's climate change transition risks. It is also a means of communicating with all stakeholders including consumers, investors and government.
- Taking action to reduce short to medium-term impact by securing firm orders for more fuel efficient A320neo and A321neo aircraft. Reducing emissions and associated costs further through a host of operations initiatives.
- Supporting future technologies including hydrogen aircraft development with our partners such as Rolls-Royce and Airbus. Investing in Direct Air Carbon Capture and Storage (DACCS). Securing SAF supply through long-term contractual commitments.
- Proactive advocacy with UK and EU authorities to ensure that policies intended to reduce industry climate impact are appropriate and effective in collaboration with our partners and trade bodies.
- Robust governance through the Sustainability Steering Committee, AMB and plc Board as well as specific forums such as the Fuel Conservation Working Group and Environmental Policy Forum. Increased costs due to climate regulation are also included in central financial planning processes.

GOING CONCERN AND VIABILITY STATEMENT

ASSESSMENT OF PROSPECTS

The strategic report on pages 2 to 70 sets out the activities of the Group and the factors likely to impact its future development, performance and position. The Finance Review on pages 27 to 34 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 (see page 10) 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 table above right).

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 on pages 61 to 66.

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 (see pages 61 to 66) 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 next page 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 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.

GOING CONCERN AND VIABILITY STATEMENT (CONTINUED)

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 on pages 59 to 66 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 on the right. 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 on pages 61 to 66.

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.	Across the whole period: > reduction in ticket yield of 5% > reduction in Holidays contribution of 5% > additional disruption costs (based on FY22 levels). One-off: > a grounding of 25% of the fleet for the duration of the peak trading month of August.	Breach of regulatory requirements Significant safety or security event Significant digital security event Network and primary airport risks Significant operational disruption
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.	Across the whole period: > 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. One-off: > a grounding of 25% of the fleet for the duration of the peak trading month of August.	Breach of regulatory requirements Significant safety or security event Significant operational disruption Significant digital security event Network and primary airport risks Macro-economic conditions
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 and additional costs for regulatory and legal challenge.	Across the whole period: > reduction in demand – reduced yields or capacity > increased fuel costs (SAF and ETS) > increased maintenance costs > new taxes.	Climate change transition risks
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: > 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: > uncommitted funding excluded.	Macro-economic conditions

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

The table below and the information incorporated by reference comprises our Non-Financial and Sustainability Information Statement required by s414CA and 414CB of the Companies Act 2006.

Read more on our business model on **page 22**

Many of the policies listed below can be found on our corporate website: **corporate.easyJet.com**

SECTION 172 STATEMENT

Our stakeholders are a fundamental part of our operations. We have set out on pages 95 to 98 details of who our key stakeholders are, how we have engaged with them and the associated outcomes. Further details are contained in the summary of the Board's activity in the year on pages 74 to 77. Details of how the Board has had regard to the matters set out in section 172(1)(a) to (f) can be found throughout the Strategic and Governance reports.

Our approach	Our policies	Due diligence, outcome and key performance indicators	Related principal risks
1 ENVIRONMENTAL MATTERS We are passionate about making a meaningful difference for our planet, communities and people. Sustainability is important to us and we work tirelessly to minimise our environmental impact across our operations and are taking action to pioneer a sustainable future for travel. Read more in the Sustainability section on pages 39 to 53	> **Environment Policy** – our policy focuses on minimising the environmental impact across the organisation. > **Net zero roadmap** – our roadmap to net zero carbon emissions by 2050 focuses on zero carbon emission technology. > **Sustainability Strategy** – easyJet's Sustainability Strategy has evolved to reflect our ambition to pioneer positive change for our planet, communities and people. > **Environment Management System (EMS)** – allows us to manage and continually improve our environmental performance in a structured and systematic way. > **Supplier Code of Conduct** – we require our suppliers to comply with environmental standards.	> The Sustainability Steering Committee is responsible for monitoring the outcome of our Sustainability Strategy, driving key sustainability-related decisions, delivering against strategic KPIs and the consideration and disclosure of climate-related risks and opportunities. > Further details on sustainability and our roadmap to net zero can be found on pages 20 and 21, and pages 39 to 53. > Streamlined Energy and Carbon Reporting can be found on page 45. > Climate-related financial disclosures can be found on pages 54 to 57. > easyJet has received IATA IEnvA Stage 2 certification, making us the first low-cost carrier worldwide with a fully IATA IEnvA certified EMS.	> The impacts of climate change on our business and operations, regulation/taxation, and changing consumer and colleague expectations are recognised as one of our principal risks. More information can be found on page 66. > Our strategy and risk management on climate-related risks and opportunities can be found in the Task Force on Climate-related Financial Disclosures section on pages 54 to 57.
2 PEOPLE Our people are our greatest asset and we want to continue to attract, retain and develop top talent by focusing on creating an inclusive and energising environment that inspires everyone to learn and grow, enabling the Orange Spirit to thrive. Read more in the People and Culture section on pages 35 to 38	> **Equal opportunity and inclusion** – encourages our employees to make the best use of their skills and experience, and ensure we treat staff, potential staff and the public fairly. > **Inclusion and Diversity Framework** – keeps us focused on what is important for creating an inclusive and diverse culture and an authentic workforce. > **Wellbeing Strategy** – drives impact and cultural change through a programme of activities. > **Code of Business Ethics** – promotes a culture that encourages open lines of communication and free access to information. > **'Speak Up, Speak Out' whistleblowing process** – enables easyJet employees and suppliers to be able to raise concerns about any safety, ethical or legal issues.	> Engagement with colleagues across the Company to ensure everyone understands the part they play in creating an inclusive culture. > Training for our Airline Management Board (AMB) with The Centre for Inclusive Leadership to enable them to think and engage differently and create a culture where everyone can thrive. More information on page 36. > Created a behavioural framework to support our values through engagement from various groups across the business including crew and pilots. More information on page 35. > Rolled out a Wellbeing Strategy to look after the heath and wellbeing of our people which will be embedded and implemented in different communities over time. More information on page 37. > We continue to measure how our employees feel about the inclusive environment that we are striving to create, through our regular employee listening activities. More information on page 38. > Ethical and compliance policies are monitored by the Business Integrity Committee and People team. The Audit Committee reviews the Business Integrity Committee's activities quarterly. > Stakeholder engagement (employees) on page 96. > Whistleblowing on pages 79, 104 and 107.	> Talent acquisition and retention is recognised as a principal risk and we seek to control and mitigate that risk in order to reduce its impact. Further information is set out on page 66.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (CONTINUED)

Our approach	Our policies	Due diligence, outcome and key performance indicators	Related principal risks
3 SOCIAL MATTERS easyJet is committed to doing the right thing for our customers, our people, our partners, the communities in which we operate and the environment.	> easyJet has a **pan-European partnership with UNICEF** to support its work. > We have an **Inclusion and Diversity Framework** and a **Wellbeing Strategy.** > **Freedom to change** – allows our customers to change flights to a different date or route, fee-free, up to two hours before departure. > **Travel restriction protection** – allows customers impacted by a travel ban or mandatory hotel quarantine to change their flights fee-free, request a voucher or a refund.	> Our cabin crew make onboard appeals for customers to make donations in support of UNICEF's work to protect children around the world from disease and keep them safe during emergencies. More information can be found on page 53. > Created a development programme for women, with the wider goal of increasing the number of women in leadership roles. More information can be found on page 37.	> Social impact matters are not considered to be principal risks. However, these matters are considered by the plc Board as part of its stakeholder engagement programme; further information is set out on pages 95 to 99.
4 HUMAN RIGHTS We are committed to human rights, both in our business and our supply chain. This includes observance of the principles set out by the International Labour Organization Declaration on Fundamental Principles and Rights at Work.	> **Human Rights and Modern Slavery Policy** – supports recognised human rights principles. > **Supplier Code of Conduct** – easyJet's suppliers have an important role in delivering our ambition, and we strive to ensure that our suppliers have aligned views on corporate responsibility and compliance.	> Both induction training and annual refresher training at Group level ensures the workforce is continually mindful of human rights and modern slavery. > easyJet seeks to identify and prevent adverse human rights impacts directly linked to its business relationships, through obtaining appropriate contractual commitments and undertaking appropriate due diligence on suppliers (including enhanced due diligence on high risk suppliers). > Cross-functional modern slavery working group updates the Modern Slavery Risk Register, ensures legal compliance, complies and maintains up-to-date policies and procedures, identifies and mitigates modern slavery breaches. More information can be found on page 52.	> We continue to use the Global Slavery Index to support our analysis of geographic risks and assess whether the country/area has a high prevalence of modern slavery or other labour rights violations.
5 ANTI-CORRUPTION AND ANTI-BRIBERY At easyJet we conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all business dealings and relationships wherever easyJet operates. We encourage our employees and suppliers to raise concerns on ethical issues via the 'Speak Up, Speak Out' whistleblowing process.	> **Anti-Bribery and Anti-Corruption Policy** – sets out the responsibilities of easyJet, and of those working for and on behalf of easyJet, to observe and uphold easyJet's prohibition on bribery and corruption. > **Gifts and Hospitality Policy** – sets out the rules on receiving and giving gifts and hospitality. > **Code of Ethics** – ethical and compliance policies, covering topics that include bribery and corruption, gift-giving and fraud.	> All existing and new employees receive mandatory ethics training annually and upon joining the business. > Risks associated with bribery and corruption are regularly reviewed by the Audit Committee. > Ethical and compliance policies are monitored by the Business Integrity Committee and People team. The Business Integrity Committee's activities are reviewed by the Audit Committee on a quarterly basis.	> A breach of regulatory requirements is recognised as a principal risk. More details can be found on page 62.

CONTENTS

GOVERNANCE

CHAIRMAN'S STATEMENT

ENSURING EFFECTIVE GOVERNANCE

I am pleased to present our corporate governance report, setting out the Board's activities during the year along with details of our governance arrangements.

It has been a year of considerable achievement for easyJet, completing our return to attractive profitability post pandemic and setting the Company up for further success in coming years. The Board has particularly focused on ensuring progress is being made against our strategic priorities whilst maintaining an appropriate engagement in near-term operational and commercial challenges that are an enduring feature of the airline industry.

easyJet has set an aspiration of being 'Europe's most loved airline – winning for our customers, shareholders and people' (read more about our purpose and strategy on page 8). This requires continuing progress against each of the key priorities – building Europe's best network, transforming revenue, delivering ease and reliability and driving our low-cost model. I am pleased with the financial performance in 2023, meeting the existing medium-term targets and allowing the reinstatement of dividend payments. It is also positive that as part of our longer-term strategy we have been able to announce a conditional agreement with Airbus for an additional 157 aircraft order covering FY29 to FY34 and a further 100 purchase rights, which shareholders will be asked to approve by the end of 2023. This not only supports our cost efficiency goals from fuel savings and upgauging, but also enables our longer-term growth aspirations and, crucially, will play a key part in delivering our net zero roadmap.

The Board is mindful that the aviation industry is complex, demanding, and there are many factors outside of our control, as we have seen this year with air traffic control failures and European industrial relations challenges. We therefore understand the need to focus on those areas that are within our control, whilst building a robust resilience against those things we cannot control. The Board has spent considerable time engaging with the business to this end. We have also spent time engaging with our key stakeholders and taken steps to ensure the Board itself continues to be appropriately effective.

We set out some of the key highlights on the next page and I hope that the remainder of the report, which provides more detail on our activities during the year, gives you an insight into the breadth of our work and our efforts to ensure easyJet serves customers well, whilst delivering attractive shareholder value.

I remain convinced that with its commitment to high standards of corporate governance and a proven strategy, easyJet can be a winner in the evolving European airline industry and I am committed to working with the Board, management and wider employees to deliver on this for all our stakeholders.

Stephen Hester
Chairman

HIGHLIGHTS

GOVERNANCE HIGHLIGHTS

UNDERSTANDING THE BUSINESS AND CULTURE

- The Board visited our base in Milan in June 2023, meeting the management team and local airport and tourism stakeholders, and visiting our world-leading pilot and crew training facility to see the easyJet culture in action. We also held our September 2023 meetings at Gatwick, meeting the local management team along with airport and air traffic control stakeholders.
- We have undertaken strategic deep dives into specific countries (Spain, Portugal, Italy and the UK) and the easyJet holidays business.
- The Board had a chance to experience the daily operational complexity when it visited the Integrated Control Centre in May 2023, which manages all on-the-day crewing and network movements.
- Our activities also extended to understanding values and culture, with the Employee Representative Directors (ERD) regularly meeting with employees to understand their experiences and feedback, and reviewing our people strategy, whistleblowing and employee surveys to check our culture and values are aligned.

Read more on **pages 78** to **79**

STRATEGY AND PERFORMANCE

- We review our trading, operational and financial performance at each Board meeting and receive regular updates outside of meetings. As set out in the CEO's review the operational environment was particularly challenging this year. The Board therefore received weekly updates from the Chief Operating Officer during the summer and at each meeting discussed actions being taken to remedy the issues where possible, for example creating firebreaks in the middle of the Gatwick schedule to minimise the knock-on effects from ATC delays.
- The Board also remained focused on maintaining financial strength, repaying a €500 million Eurobond in February 2023 and refinancing the $1.77 billion UKEF facility in June 2023, where an additional $950 million of gross debt was repaid. The new $1.75 billion facility includes a sustainability performance metric linking this to milestones in our net zero roadmap. We have also repaid a €500 million Eurobond which matured in October 2023.
- We discussed our customer strategy and initiatives planned to improve ease and reliability and the customer experience. Many of these rely on technology to be delivered, and the Board discussed the technology roadmap twice in the year.

Read more on **page 80**

ENSURING EFFECTIVE GOVERNANCE

- The Board keeps its composition and the balance of skills, diversity and experience under regular review. We were pleased to welcome Sue Clark as Senior Independent Director (SID) in March 2023 and more details of her induction are set out on page 85. Sue succeeded Julie Southern, who along with Andreas Bierwirth, stepped down from the Board in February 2023.
- To ensure our governance framework remains relevant and effective, the Safety Committee was renamed the Safety & Operational Readiness Committee and its terms of reference updated during the year, to better reflect the scope of its activities. We also reviewed the composition of the Board's committees, the matters reserved for Board decision and our delegated authority framework.
- We undertook an internal Board Performance Review and reviewed Directors' external appointments to ensure they have sufficient time to devote to their role, as well as approving additional external appointments during the year.

Read more on **pages 81** to **94**

ENGAGING WITH STAKEHOLDERS

- As well as the ERD meetings, the Board hosted a breakfast with senior leaders in order to get to know the management layer below the Airline Management Board (AMB).
- Having set a new aviation milestone with the world's first run of a modern aero engine on hydrogen with our partner Rolls-Royce, the Board invited the Rolls-Royce team to present to them in March 2023 in order to understand their plans around hydrogen and net zero technology.
- When visiting Milan, the Board met representatives from the City of Milan tourist board and SEA Milan, the owner of Malpensa and Linate Airports.
- In addition to engagement at the AGM, the Chairman, CEO and CFO have regularly updated the Board on the opinions of investors and these are also communicated to the Board via presentations from the Director of Investor Relations and engagement with the brokers and other advisers.

Read more on **pages 95** to **99**

HIGHLIGHTS

ACTIVITIES IN THE YEAR

The Board meets regularly and held 10 meetings during the year. Each Board meeting follows a carefully tailored agenda agreed in advance by the Chairman, Chief Executive and Company Secretary.

On the following pages we set out some, but not all, of the main activities of the Board during the year, to provide an insight into the items that have been discussed and approved, along with the related stakeholder considerations. More on our engagement with stakeholders is set out on pages 95 to 99.

Q1

OCTOBER 2022

Business updates
- CEO, CFO, trading and operations
- Investor relations

Strategy
- FY24–28 strategy
- Revenue management deep dive
- Fleet requirements from 2029 onwards

Stakeholders
- Investor engagement around trading update
- Consideration of stakeholders and long-term strategic priorities in strategy and fleet discussion

NOVEMBER

Business updates
- CEO, CFO, trading and operations
- Investor relations
- Safety

Strategy
- Approval of FY23 budget
- Technology, data and change update, and status review of key programmes

Governance
- Approval of Annual Report and Accounts including principal and emerging risks
- Board Performance Review outcomes
- ERD terms of reference and engagement with Cabin Services team and Portfolio team

Stakeholders
- Investor engagement around full-year results and Annual Report and Accounts, and with regulators and governments
- Engagement by ERD with employee groups

DECEMBER

Business updates
- CEO, CFO, trading and operations

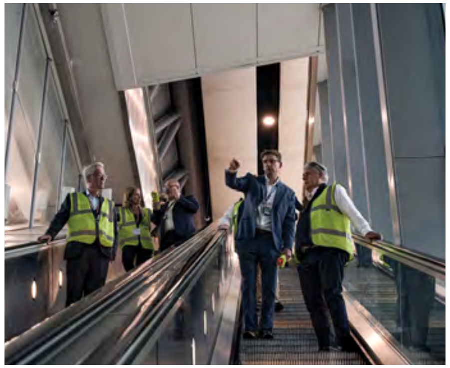
Strategy
- FY24–28: review market and competitive environment
- Sustainability update including net zero roadmap

Governance
- Review of Board Forward agenda
- Update on SID recruitment
- Appointment of Company Secretary
- Consideration of AGM matters

Stakeholders
- Assessment of resolutions to be put to the AGM in the interests of the Company and investors
- Remuneration Committee consultation with investors and voting bodies on remuneration arrangements
- Consideration of stakeholders and long-term strategic priorities in strategy discussion and sustainability update
- Board dinner with AMB

HIGHLIGHTS

JANUARY 2023



Business updates
- CEO, CFO, trading and operations
- Approval of Q1 trading update

Governance
- Appointment of Senior Independent Director

Stakeholders
- Investor engagement around first quarter trading update and AGM

FEBRUARY

Business updates
- CEO, CFO, trading and operations
- Investor relations
- Regulatory and government affairs
- Safety

Strategy
- Country deep dive: Spain and Portugal
- Sustainability

Governance
- Approval of Safety & Operational Readiness Committee terms of reference and changes to Committee composition

Stakeholders
- Investor engagement around AGM
- Consideration of regulators and government and investors stakeholder groups
- Consideration of stakeholders and long-term strategic priorities in Spain and Portugal

MARCH

Business updates
- CEO, CFO, trading and operations

Strategy
- Rolls-Royce update on hydrogen technology
- FY24–28: long-term network strategy and delivering ease and reliability

Governance
- Consideration and approval of tax strategy and Modern Slavery Statement

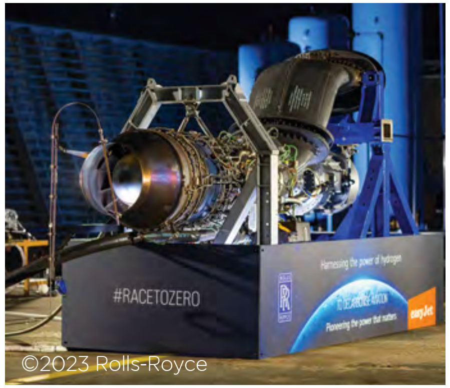
Stakeholders
- Board and senior leadership breakfast
- Board and CEO dinner
- Consideration of multiple stakeholders in reviewing tax strategy
- Consideration of employees and supply chain relating to preventing modern slavery

Q2

APRIL

Activity
- Approval of trading update for six months ending 31 March 2023

Stakeholders
- Investor engagement around trading update and post-AGM matters



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Q3

HIGHLIGHTS

MAY

Business updates
- CEO, CFO, trading and operations
- Investor relations
- Digital Safety Programme (including cybersecurity)
- Approval of half-year results

Strategy
- FY24–28: transforming revenue capability, driving our low-cost model
- Technology, data and change update and status review of key programmes
- Approval of a new undrawn five-year sustainability-linked term loan facility of $1.75 billion

Governance
- Review of principal risks at half year
- Annual review of delegated authorities and matters reserved for the Board

Stakeholders
- Investor engagement around half-year results
- Consideration of long-term strategy and purpose
- Review of financial position and debt facilities and consideration of investor and other stakeholders entering into new term loan facility with sustainability metrics attached

BASE VISIT

MILAN, ITALY

In June 2023, Board members spent two days visiting our base at Malpensa Airport in Milan, Italy, to understand the scale of the easyJet operation in the country and review our strategy in Milan and the Italian market. easyJet is the second biggest airline in Italy. Malpensa became an easyJet base in 2006 and is the largest easyJet base in continental Europe, with a dedicated terminal. Milan is also home to our world-leading pilot and crew training facility, operated in partnership with CAE for the benefit of our European crew and training around 5,000 employees a year.

The itinerary was designed to allow the Board to see as much of the operation in the allotted time and gain a deeper understanding of our European operations. The visit included:

- A deep dive with the local management team into the Italy country strategy, performance and stakeholder considerations.
- Visiting the CAE training centre and having a tour of the pilot and crew training facilities led by easyJet's Director of Training Operations.
- Participating in a session in the pilot training A320 simulators, experiencing the market-leading technology first hand.
- A tour of Malpensa and Linate Airports and meeting with the operators of both airports, Società Esercizi Aeroportuali (SEA), to understand future strategy and how we can partner to improve the customer experience.
- A presentation from Diego Babuder, an easyJet pilot based in Milan who is undertaking a PhD on Sustainable Aviation, on his PhD research into new technologies such as hydrogen and sustainable aviation fuels, and the impact of each technology on airport operations and infrastructure.

The visit enabled the Board to directly engage with our employees, seeing the easyJet culture in action, and allowed them to spend more time together as a group, in line with the Board Performance Review outcomes from the prior year.

JUNE

Business updates
- CEO, CFO, trading and operations updates

Strategy
- Country deep dive: Italy
- Update on fleet requirements
- Sustainability

Stakeholders
- Investor conference attended by CFO
- Discussions with City of Milan tourist board and SEA Milan, the owner of Malpensa and Linate Airports, around economic environment in Italy and future plans
- Consideration of stakeholders and long-term strategic priorities in Italy
- Consideration of multiple stakeholder groups when developing fleet plans

Q3

(CONTINUED)

HIGHLIGHTS

Q4

JULY

Business updates
- CEO, CFO, trading and operations
- Approval of Q3 trading update
- Safety

Strategy
- easyJet holidays deep dive
- Fleet requirements from 2029 onwards

Governance
- Approval of revised Inside Information Policy and Share Dealing Code
- ERD update

Stakeholders
- Investor engagement around trading update
- Operations and Customer Seminar with investors
- Consideration of long-term strategy for easyJet holidays
- Consideration of multiple stakeholder groups when developing fleet plans

SEPTEMBER

Business updates
- CEO, CFO, trading and operations
- Safety
- Sustainability
- Investor relations

Strategy
- Review of FY24 budget
- Country deep dive: UK
- Fleet requirements from 2029 onwards
- Customer brand and marketing update

Governance
- Board Performance Review

Stakeholders
- Investor conference in London attended by CEO
- Consideration of stakeholders and long-term strategic priorities in the UK
- Engagement with Gatwick Airport Limited on operations at London Gatwick Airport, and NATS regarding air traffic control

BASE VISIT
LONDON, GATWICK

In September 2023, the Board held two days of meetings at easyJet's largest base, London Gatwick. The Board met with local management teams and key suppliers. This included representatives from Gatwick Airport Limited (GAL), the operators of the airport and a key supplier, and NATS, the air traffic control providers, to discuss the staff shortages and poor performance over the summer, including the outage in August. The Board pressed both GAL and NATS to make major improvements in their performance as their performance during summer 2023 had negatively impacted easyJet customers.

The Board also visited the operations centre at the airport and had a tour of the North Terminal operations, which gave them an opportunity to meet easyJet and DHL ground handling staff who manage operations on the front line, and understand end-to-end procedures of an airport terminal including takeoff, landing, navigation and communication facilities.

UNDERSTANDING THE BUSINESS AND CULTURE

OUR BUSINESS AND CULTURE

An understanding of, and connection with, easyJet's business and culture is fundamental for our Non-Executive Directors to enable them to maximise their contribution to Board discussions and monitor performance.

OUR PURPOSE

easyJet's purpose is 'Making low-cost travel easy'. We are passionate about connecting people by making travel easy, enjoyable and affordable for customers, whether for leisure or business. Our purpose defines who we are and guides the Board actions and decision making. Our strategic priorities are aligned with our ambition to be Europe's most loved airline, winning for our shareholders, customers and our people. Further information on the way that easyJet uses its resources to fulfil this purpose and create sustainable value is set out in our business model on page 22.

To ensure our strategic priorities are embedded in Board discussion, the papers presented to the Board clearly draw out the purpose, connection and alignment to the strategic priority to aid the Board's decision making.

OUR CULTURE

easyJet has a unique culture, which is open, positive and collaborative, and is embodied as the 'Orange Spirit'. The Board seeks to ensure these values are integrated into its decision making and that the policies and procedures put in place maintain this culture. Where policies, practices or behaviour are not aligned with the Company's purpose, values or strategy, the Board and management seek to ensure that appropriate action is taken. Examples during the year include reviewing the outcomes of the Your Voice Matters survey to identify hotspots within the business; reviewing the people strategy and promises to ensure the right levels of engagement and behaviours were being achieved; embedding a compliance role in the Risk & Assurance team to map current policies and owners to ensure they are effective and regularly reviewed; and reviewing the 'Speak Up, Speak Out' cases and trends.

Our culture is underpinned by the values and behaviours we call 'Our Promises'.

How the Board monitored culture in 2023

As well as aiming to lead by example, the Board uses a number of methods to understand, monitor and assess the Company's culture:

Employee engagement

- Reviewing the results of the employee survey – Your Voice Matters – enables the Board to understand the employee experience and make an assessment of the Company's culture in practice. This also enables the Board to understand the working practices within the organisation and how it aligns with the purpose and strategic priorities of the Group. More detail on this year's Your Voice Matters survey can be found on page 38.
- Employees were encouraged to get involved in defining the behaviours that underpin our promises during the year, via online polls and focus groups. Insight from these discussions along with feedback from the Your Voice Matters survey helped in the development of a behavioural framework. This framework will be embedded into key stages of employee experience, including how we attract, recruit, onboard, reward and recognise our people. The Board received an update on the behavioural framework and will continue to monitor the trends in the behaviour of the workforce. Further detail on the behaviour framework can be found on page 35.
- The ERDs meet various employee groups regularly to understand their experiences, their concerns, priority issues and a view of the employee engagement across the organisation. The ERDs provide an update to the full Board following these meetings on the discussion and key themes raised during the meeting. Further detail is set out on page 82.
- The Board hosted a breakfast with members of senior management to get to know the management layer below the AMB. This provided an opportunity for the Board to engage directly and build an understanding of their roles.
- Induction meetings also provide an opportunity for the Directors to ask questions about the culture in one-to-one sessions with senior management.

UNDERSTANDING THE BUSINESS AND CULTURE (CONTINUED)

Base visits

> These visits help the Board see easyJet's culture in action. The Board also toured the Integrated Control Centre in Luton during the year, which manages all on-the-day crewing and network movements. This enabled the Board to understand the complexity of the daily operation and understand where new technology, such as AI, could play a role in future.

Read more on **pages 76** and **77**

Whistleblowing

> The 'Speak Up, Speak Out' (SUSO) whistleblowing arrangements ensure that incidents can be openly reported and areas of concern addressed, monitored and mitigated as required. The Audit Committee regularly reviews reports on the operation and efficacy of the SUSO Policy and updates the Board, which considers incidents and their outcomes, on an anonymous basis, in line with the 2018 UK Corporate Governance Code (Corporate Governance Code).

Read more on **pages 107**

Policies and procedures

> With the assistance of its Committees, the Board oversees the effectiveness of a number of Company policies in relation to Modern Slavery, Digital Safety (including cybersecurity), and Inclusion and Diversity. This enables the Board to understand the practice and behaviours across the Group and how these align with our purpose and promises and actions taken in these areas to make easyJet a better place to work.

Read more on **pages 69** and **70**

Internal audit

> The Audit Committee reviews the internal audits undertaken during the year and focuses on audits that received limited assurance. This helps them understand the processes, issues and corrective action being taken.

Read more on **page 107**

Health and safety

> easyJet has a Safety Policy that promotes a 'just culture' within the airline, to ensure that any incidents are openly reported without negative repercussions for individuals. The Board's Safety & Operational Readiness Committee regularly reviews safety strategy and performance to ensure appropriate mitigations are in place and any trends identified, which are then reported to the Board. This enables the Board to understand the effectiveness of easyJet safety strategies and behaviours.

Read more on **pages 111** and **112**

UNDERSTANDING THE BUSINESS AND CULTURE (CONTINUED)

OUR PERFORMANCE

easyJet's strategy is set out on pages 12 to 19, and part of the Board's role is overseeing management's execution of the strategy. The Board's forward agenda is designed to ensure that the Board considers a balance of business updates, strategic and governance matters, while maintaining an appropriate focus on monitoring management's delivery of the strategy and progress against longer-term objectives, which can be seen in the summary of activities in the year on pages 74 to 77.

How the Board monitored performance in 2023

The Board received updates on trading, operational and financial performance at each Board meeting and challenged management on trends, actions and progress against the strategic initiatives:

Trading

> The Board reviewed the trading performance at each meeting via an update from the Chief Commercial Officer, reviewing demand trends, pricing, load factors, the impact of marketing campaigns and other commercial initiatives. This included a deep dive on revenue management.

Operations

> The Board received updates from the Chief Operating Officer at each meeting, and during peak summer received weekly updates setting out the operational performance metrics and actions being taken where relevant to respond to the operational challenges.

Finance

> The Chief Financial Officer updated the Board at each meeting on the financial performance of the Company. This included reviewing costs, revenue, net debt and cash balances. The Board approved the repayment of £1.2 billion of debt in the year, and entering into the new sustainability-linked term loan facility.

Budget

> The Board reviewed the previous year's performance versus budget and competitor performance; monitored FY23 financial performance against budget throughout the year; and reviewed the draft budget for FY24.

Strategy

> The Board regularly reviewed easyJet's operational and financial performance against the Company's strategy and KPIs; reviewed country and business area deep dives; and received regular strategic updates in a number of key areas, including those listed below.

Customer

> The Board received presentations from the Chief Customer and Marketing Director on customer satisfaction, the customer strategy and initiatives planned to improve ease and reliability and the customer experience.

Technology

> The Chief Data & Information Officer updated the Board on the Technology, Data and Change Programme and status of the various workstreams, and the Board challenged the team to accelerate progress wherever possible.

Sustainability

> There were several updates during the year on progress towards easyJet's net zero roadmap and delivery of the sustainability strategy. The Board also received a presentation from Rolls-Royce on their plans for net zero technology, and reviewed easyJet's performance in ESG ratings and upcoming disclosure requirements.

People

> The CEO updates the Board on people matters regularly, including updates on the outcome of the Your Voice Matters survey.

How the Committees monitored performance in 2023

> The Nominations Committee monitored the Company's progress against diversity targets and succession plans, and reviewed the Board's performance through the annual Board Performance Review.

> The Audit Committee monitored progress on the continual programme of improvement to easyJet's financial control framework and the corporate risk plan through regular updates at meetings and feedback from the external auditors.

> The Finance Committee monitored the performance of easyJet's fuel and capex hedging policies, liquidity management and balance sheet policies.

> The Remuneration Committee reviewed progress on the gender pay gap, how effective the Remuneration Policy was in incentivising management to deliver the Company's strategic objectives, and how performance and outcomes benchmarked against others.

> The Safety & Operational Readiness Committee monitored safety and operational performance metrics through incident and risk trackers, deep dive sessions on key risks and operational areas, and regular reports from the Director of Safety, Security & Compliance and the Chief Operating Officer.

More information on the role of the Committees and their work through the year can be found on pages 100 to 130.

ENSURING EFFECTIVE GOVERNANCE

GOVERNANCE FRAMEWORK

SHAREHOLDERS

CHAIRMAN

The Chairman leads the Board and is responsible for ensuring it operates effectively through productive debate and challenge.

THE BOARD

The Board is responsible for providing leadership to the Group. It does this by setting strategic priorities and overseeing their delivery in a way that is aligned with easyJet's culture. It enables sustainable long-term growth while maintaining a balanced approach to risk within a framework of effective controls and taking into account the interests of a diverse range of stakeholders. The Board is also responsible for our sustainability strategy and environmental (climate change), social and governance matters, as well as cybersecurity (digital safety).

A full schedule of matters reserved for its decision can be found on our website at: **corporate.easyJet.com**.

Biographies

Read more on **pages 89** to **91**

Strategic priorities

Read more on **pages 12** to **19**

Stakeholder engagement

Read more on **pages 95** to **99**

Board activity in the year

Read more on **pages 74** to **77**

BOARD COMMITTEES

The terms of reference of each Committee are documented and agreed by the Board. The Committees' terms of reference are available on our website at: **corporate.easyJet.com**.
The key responsibilities of each Committee are set out below.

Nominations Committee

To evaluate the balance of skills, knowledge, experience and diversity on the Board, and keep the composition, structure and size of the Board and its Committees under regular review.

To provide succession planning for senior executives and the Board, leading the process for all Board appointments.

To oversee the Board elements of the Inclusion and Diversity Policy and monitor Group-wide initiatives.

Read more on **pages 100** to **102**

Audit Committee

To monitor the integrity of the Group's financial and narrative reporting, and the adequacy and effectiveness of the systems for risk management and internal control.

To monitor the effectiveness and independence of the internal and external auditors.

Read more on **pages 103** to **108**

Finance Committee

To review and monitor the Group's treasury policies, treasury operations and funding activities, along with the associated risks and provide approvals in relation to fuel, currency and interest rate hedging, letters of credit and guarantees.

Read more on **pages 109** and **110**

Safety & Operational Readiness Committee

To oversee easyJet's safety strategy to address existing and emerging safety risks, identify and monitor any new, emerging or changing safety risks, ensure an appropriate governance framework is in place and receive reports on operational performance indicators.

Read more on **pages 111** and **112**

Remuneration Committee

To set remuneration for all Executive Directors, the Chairman and the Airline Management Board (AMB), including pension rights and any compensation payments.

To oversee remuneration and workforce policies and practices and take these into account when setting the policy for Directors' remuneration.

Read more on **pages 113** to **130**

CHIEF EXECUTIVE

Responsible for the day-to-day running of the Group's business and performance, and the development and implementation of strategy.

AIRLINE MANAGEMENT BOARD

Led by the Chief Executive, the AMB members are collectively responsible for driving the performance of the Group against strategic KPIs and managing the allocation of central funds and capital.

ENSURING EFFECTIVE GOVERNANCE (CONTINUED)

THE BOARD

EXECUTIVE DIRECTORS

Chief Executive

- Responsible for recommending the Group's strategy to the Board and for delivering the strategy once approved.
- Together with the Chief Financial Officer, monitors the Group's operating and financial results and directs the day-to-day business of the Group.
- Responsible for recruitment, leadership and development of the Group's executive management team below Board level.
- Keeps the Chairman and the Board appraised of important and strategic issues facing the Group.

Chief Financial Officer

- Supports the Chief Executive in developing and implementing strategy.
- Provides financial leadership to the Group and alignment between the Group's business and financial strategy, including developing the Group's annual budget prior to the formal agreement of the Board.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chairman

- Responsible for leadership of the Board and ensuring effectiveness in all aspects of its role.
- Responsible for setting the Board's agenda and ensuring adequate time is available for discussion of all agenda items, including strategic issues.
- Responsible for encouraging and facilitating active engagement by and between all Directors, ensuring a culture of openness is maintained and drawing on each of their extensive skills, knowledge and experience.
- Ensures effective engagement between the Board, its shareholders and key stakeholders.

Senior Independent Director

- Acts as a sounding board for the Chairman and as an intermediary for the other Directors when necessary.
- Responsible for addressing shareholders' concerns that have not been resolved through the normal channels of communication with the Chairman, Chief Executive or Chief Financial Officer.
- Responsible for evaluating the performance of the Chairman in consultation with the other Non-Executive Directors.

Non-Executive Directors

- Provide an external perspective, sound judgement and objectivity to the Board's deliberations and decision making.
- Use their diverse range of skills and expertise to support and constructively challenge the Executive Directors and monitor and scrutinise the Group's performance against agreed goals and objectives.
- Responsible for determining appropriate levels of executive remuneration, appointing and removing Executive Directors, and succession planning through their membership of the Remuneration and Nominations Committees.
- Review the integrity of financial reporting and that financial controls and systems of risk management are robust.

Employee Representative Directors

- Provide the mechanism for the Board to engage with the workforce in line with the Corporate Governance Code.
- Responsible for meeting the Company's European Works Council (EWC) and Management & Administration Consultative Group (MACG) at least once a year, and other works councils on a periodic basis, along with other informal engagement.
- Provide regular updates to the Board to ensure employee voice is clearly reflected in the boardroom.

COMPANY SECRETARY

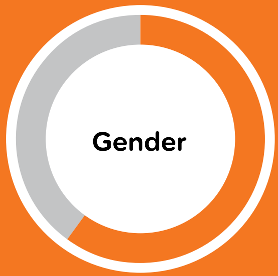
- Supports and works closely with the Chairman, the Chief Executive and the Chairs of the Board Committees in setting agendas for meetings of the Board and its Committees.
- Supports the provision of accurate, timely and clear information flows to and from the Board and the Board Committees, and between directors and senior management in order to ensure that the Board has the information and resources it needs in order to function effectively.
- Supports the Chairman in designing and delivering Directors' induction programmes and the Board and Committee performance evaluations.
- Provides advice and support to the Board and individual Directors on corporate governance matters and Board procedures and is responsible for administering the Share Dealing Code and the Annual General Meeting.

ENSURING EFFECTIVE GOVERNANCE (CONTINUED)

BOARD AT A GLANCE

The Board continues to meet best practice guidelines for independence and ethnic diversity and keeps the balance of skills, knowledge and experience on the Board under regular review. Biographies are set out on pages 89 to 91.

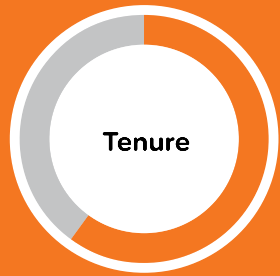
Board composition as at 30 September 2023



Male	6
Female	4

White	9
Asian	1

Dutch	1
German	2
Swedish	1
UK/French	1
UK	5



0–3 years	6
3–6 years	4

Chairman	1
Executive Directors	2
Non-Executive Directors	7

Skills and experience

	Airline/Travel	Finance	Strategy	Safety/ Sustainability	Commercial/ Consumer	Digital/ Marketing	Ex CEO/CFO
Stephen Hester	●	●	●	●	●	●	●
Johan Lundgren	●	●	●	●	●	●	
Kenton Jarvis	●	●	●		●		
Sue Clark[1,4]		●	●	●	●	●	
Catherine Bradley CBE		●		●	●		
Ryanne van der Eijk	●		●	●	●	●	
Harald Eisenächer	●		●		●	●	
Moni Mannings			●		●		
David Robbie[3]	●	●	●	●	●		●
Dr Detlef Trefzger[3,4]	●	●	●	●	●		●
Dr Andreas Bierwirth[2]							
Julie Southern[2]							

Meeting attendance

	Board	Audit	Finance	Nominations	Remuneration	Safety & Operational Readiness
Stephen Hester	10/10	–	–	3/3	–	–
Johan Lundgren	10/10	–	–	–	–	–
Kenton Jarvis	10/10	–	–	–	–	–
Sue Clark[1,4]	5/5	1/2	–	2/2	–	1/2
Catherine Bradley CBE	10/10	4/4	4/4	3/3	–	–
Ryanne van der Eijk	10/10	–	–	–	–	4/4
Harald Eisenächer	10/10	–	4/4	–	4/4	–
Moni Mannings	10/10	–	–	3/3	4/4	–
David Robbie[3]	10/10	4/4	4/4	2/2	4/4	–
Dr Detlef Trefzger[3,4]	10/10	3/4	–	2/2	–	4/4
Dr Andreas Bierwirth[2]	5/5	–	1/1	–	–	1/1
Julie Southern[2]	5/5	2/2	–	1/1	2/2	1/1

1) Sue Clark was appointed to the Board on 1 March 2023.
2) Dr Andreas Bierwirth and Julie Southern stepped down from the Board on 9 February 2023.
3) David Robbie and Dr Detlef Trefzger joined the Nominations Committee on 9 February 2023.
4) Absences were due to unavoidable prior commitments. Directors who are unable to attend meetings continue to receive the papers in advance of the meeting and have the opportunity to discuss with the relevant Chair or the Company Secretary. Feedback is provided on the decisions taken at the meeting.

ENSURING EFFECTIVE GOVERNANCE (CONTINUED)

ROLE OF THE BOARD

Our governance framework is set out on page 81. The Board provides effective leadership by setting the strategic priorities of the Group and overseeing management's execution of the strategy in a way that enables sustainable long-term growth, while maintaining a balanced approach to risk within a framework of prudent and effective controls. Our robust governance framework is also instrumental in ensuring our strategy is delivered successfully.

The Board is collectively responsible for promoting the long-term sustainable success of the Group, generating value for shareholders as a whole and contributing to wider society by fulfilling its purpose. In exercising this responsibility, the Board considers all relevant stakeholders including customers, employees, suppliers, shareholders, the communities we operate in, regulators and governments, and the effect of the activities of the Group on the environment. Further information on how we have engaged with our stakeholders and the outcomes of that engagement, can be found on pages 95 to 99.

The activities of the Board during the year can be found on pages 74 to 77.

Each Board meeting follows a carefully tailored agenda agreed in advance by the Chairman, Chief Executive Officer and Company Secretary. The Company Secretary provides support to the Chairman in planning the Board's forward agenda to ensure appropriate matters are brought to the Board's attention throughout the year. The agenda items correspond to the strategic priorities and take into consideration the impact of stakeholders.

The Board has a formal schedule of matters reserved for its decision and is assisted in its work by its Committees. Each Committee Chair reports to the Board on matters discussed at Committee meetings and highlights any significant issue that requires Board attention.

The matters reserved for the Board and the terms of reference of the Board Committees are available on our corporate website at **corporate.easyJet.com**.

INDIVIDUAL ROLES

Further information on each of the Board members' roles and that of the Company Secretary is set out on page 82. Biographies are set out on pages 89 to 91. The roles of Chairman and Chief Executive are set out in writing, clearly defined and approved by the Board. These are also available on easyJet's corporate website at **corporate.easyJet.com**.

APPOINTMENTS TO THE BOARD

The Nominations Committee leads the process for appointments to the Board and ensures plans are in place for the orderly succession to both Board and senior management. The activities of the Nominations Committee are set out in its report on pages 100 to 102.

The Board ensures that appointments are made on merit against objective criteria to ensure Non-Executive Directors can apply their wider business skills, knowledge and experience to the oversight of the Group, and provide input and challenge in the boardroom to assist in the development and execution of the Board's strategy. Similarly, Executive Director appointments are made to ensure the effective implementation of the Group's strategy.

The Nominations Committee, on behalf of the Board, reviews the composition of the Board at least annually, identifying any areas of skills, experience and knowledge that can be strengthened further. Due consideration is given to all aspects of diversity, including gender, ethnicity, age, sexual orientation, disability and education, professional and socio-economic backgrounds and personal strengths.

A number of changes to Board occurred during the year:

- Sue Clark was appointed as Senior Independent Director with effect from 1 March 2023.
- Dr Andreas Bierwirth stepped down from the Board on 9 February 2023 after serving nearly nine years on the Board, as per corporate governance best practice.
- Julie Southern also stepped down from the Board on 9 February 2023, following her appointment as Chair Designate of RWS Holdings plc.

Maaike de Bie stepped down as Group General Counsel and Company Secretary during the year and the Board approved the appointment of Ben Matthews as Group Company Secretary with effect from 1 January 2023.

Following the above changes, and to ensure the Committees continue to have an appropriate combination of skills, experience and knowledge, the Board approved changes to the Committee memberships on the recommendation of the Nominations Committee:

- David Robbie succeeded Julie Southern as Chair of the Audit Committee.
- Dr Detlef Trefzger succeeded Dr Andreas Bierwirth as Chair of the Safety & Operational Readiness Committee.
- David Robbie and Dr Detlef Trefzger became members of the Nominations Committee.
- Sue Clark became a member of the Audit, Nominations and Safety & Operational Readiness Committees.

ENSURING EFFECTIVE GOVERNANCE (CONTINUED)

INDUCTION

Following appointment, all Directors receive a tailored induction programme designed through discussion with the Chairman and Company Secretary. Further detail is set out under Director Inductions.

INDEPENDENCE

The Board consists of 10 Directors – the Chairman, two Executive Directors and seven independent Non-Executive Directors. Over half our Board (excluding the Chairman) are independent Non-Executive Directors and the composition of all Board Committees complies with the Corporate Governance Code. Additionally, the Chairman was considered independent on appointment.

The independence of the Non-Executive Directors is considered by the Board and reviewed on an annual basis. The Board considers factors such as length of tenure and relationships or circumstances that are likely to affect, or appear to affect, the Directors' judgement, in determining whether they remain independent. Non-Executive Directors do not participate in any of the Group's share option or bonus schemes.

As part of the Board Performance Review, the Board concluded that all of the Non-Executive Directors continue to remain independent in character and judgement, and are free from any business or other relationships that could materially affect the exercise of their judgement.

DIRECTOR INDUCTIONS

Ryanne van der Eijk, Harald Eisenächer and Dr Detlef Trefzger, who joined the Board last year, continued to follow their induction programme into this year, as set out in the 2022 Annual Report.

Sue Clark joined the Board as Senior Independent Director on 1 March 2023. Her induction programme covered a range of key areas of the business, and included meetings with key colleagues across the business, examples of which are listed to the right. Sue was also given a detailed Board induction pack containing Company and Board information to assist with building an understanding of the business, how it runs and operates, the key markets and teams, and to provide an understanding of the Group's main relationships and risks. The pack also included information on the Board's composition and governance framework, and the responsibilities of a Director.

Topics	Session with
Purpose, business model, strategic priorities, insights into various functions of the business, five-year plan and fleet overview	Chief Executive Officer Members of the AMB Strategy Director
Sustainability strategy and net zero roadmap	Director of Sustainability
Financial performance	Chief Financial Officer
Treasury policies, liquidity management, revenue management, trading performance, budget, cost efficiency programme and financial controls	Director of Treasury Finance Director: FP&A Chair of the Finance Committee
Procurement and supply chain management	Director of Procurement
Risk and assurance including risk management framework and audit briefing	Director of Risk & Assurance External auditors (PWC) Chair of the Audit Committee
Operational performance including summer 2023 readiness	Chief Operations Officer
Health and safety including briefing on AOC structures, safety management and regulatory framework	Director of Safety, Security & Compliance
Engineering and maintenance overview	Director of Engineering & Maintenance
Cabin services overview	Director of Cabin Services
Corporate governance and Market Abuse Regulations	Company Secretary
Shareholder relationships, analyst views	Director of Investor Relations Company's Brokers
Government relationships and lobbying positions	Director of Government Affairs
Our people, wellness and inclusion strategy, industrial relations, succession planning, reward and remuneration	Group People Director Head of Reward

ENSURING EFFECTIVE GOVERNANCE (CONTINUED)

ATTENDANCE

Details of the Directors' attendance at the Board and Committee meetings held during the year can be found on page 83.

The core activities of the Board and its Committees are covered in scheduled meetings held during the year. Additional ad hoc meetings may be held to consider and decide matters outside of the scheduled meetings when required. Non-Executive Directors are encouraged to communicate directly with each other and senior management between Board meetings. In addition to the regular Board meetings, and to provide opportunities for the Board to engage with senior management to discuss key elements of the business, a number of Board dinners and lunches were held, as well as a breakfast with management detailed further on page 73.

Directors are encouraged and invited to attend all Board and Committee meetings, but in certain circumstances meetings are called at short notice or, due to prior business commitments and time differences, Directors may not always be able to attend. During the year, Sue Clark and Dr Detlef Trefzger both had to miss Committee meetings due to unavoidable clashes with commitments from prior to their appointment.

Even if a Director is unable to attend a meeting, they continue to receive the papers and have the opportunity to discuss with the relevant Chair or the Company Secretary any matters on the agenda which they wish to raise. Feedback is provided to the Directors not able to attend on the decisions taken at the meeting.

The Chairman holds regular meetings with the Non-Executive Directors without the Executive Directors present. There is a standing agenda item at the end of each Board meeting for the Non-Executive Directors to meet without the Executive Directors.

For further information regarding when Board members joined or stepped down from committees during the financial year, please refer to page 101.

TIME COMMITMENT AND EXTERNAL APPOINTMENTS

The expected time commitment of the Chairman and Non-Executive Directors is agreed and set out in writing in the Letter of Appointment, available on our corporate website at **corporate.easyJet.com**. For the Chairman, this is a minimum of one day per week, and for Non-Executive Directors a minimum of three days per month.

The Directors often spend time in excess of this minimum requirement, for example the Chairman meets with the Chief Executive Officer and other members of the AMB regularly and undertakes regular base visits across Europe.

As part of the Board Performance Review, the Board has considered the individual Directors' attendance, their contribution, and their external appointments, and is satisfied that each of the Directors is able to allocate sufficient time to the Group to discharge his or her responsibilities effectively. As evidenced by the attendance table on page 83, the attendance remained high and demonstrates the Directors' ability to devote sufficient time to their role.

Executive Directors and the AMB are permitted to take up non-executive positions on the board of one other listed company as long as this is not deemed to interfere with the business of the Group.

In line with the Corporate Governance Code, Directors are required to seek Board approval prior to taking on any additional external appointments and the following were approved during the year in line with this requirement:

- Ryanne van der Eijk's appointment as a member of the Supervisory Board of Krasnapolsky Hotels & Restaurants NV, a private company.
- Dr Detlef Trefzger's appointment as a Non-Executive Director of SATS Ltd (a company listed in Singapore) and PSA International, a private company.

Prior to these appointments, the Board considered the time required, including whether the role would impact the Director's ability to devote sufficient time to their current role, and concluded that the appointments would not interfere with their roles with the Company.

The Board is mindful of differing policies and guidelines amongst individual shareholders and proxy advisers on the number of appointments the Directors should hold. However when reviewing the contribution of individual Directors, the Board reviews their attendance, their availability to attend ad hoc meetings and their contribution outside of meetings. Following this review, the Board is comfortable that all Directors continue to devote sufficient time to discharge their duties.

ELECTION AND RE-ELECTION

All Board appointments are subject to continued satisfactory performance following the Board's annual performance review. The Company's Articles of Association require the Directors to submit themselves for election or re-election by shareholders at every AGM. All Executive and Non-Executive Directors will stand for election or re-election at the Company's next AGM.

TRAINING AND DEVELOPMENT

Directors' training and development needs are of key importance in order to discharge their duties effectively. Directors are encouraged to highlight specific areas where they feel their skills or knowledge would benefit from further development as part of the annual Board evaluation process. Training opportunities are provided through internal meetings, workshops, presentations and briefings by internal advisers and business heads, as well as external advisers.

On joining the Board, all newly appointed Directors receive a full, formal and tailored induction, further details of which can be found on page 85.

CONFLICTS OF INTEREST

Directors have a statutory duty to avoid situations in which they have, or may have, interests that conflict with those of easyJet, unless that conflict is first authorised by the Board. The Company has in place procedures for managing conflicts of interest. The Company's Articles of Association also contain provisions to allow the Directors to authorise potential conflicts of interest so that a Director is not in breach of his or her duty under company law.

Should a Director become aware that he or she has an interest, directly or indirectly, in an existing or proposed transaction with easyJet, they should notify the Board in line with the Company's Articles of Association. If a conflict does arise, the Director is excluded from discussions. Directors have a continuing duty to update any changes to their conflicts of interest.

INFORMATION AND SUPPORT

All members of the Board are supplied with appropriate, clear and accurate information in a timely manner covering matters which are to be considered at forthcoming Board or Committee meetings. The papers for each meeting are made available via an electronic Board portal along with supporting and reference material at least one week in advance of the meeting to allow for sufficient time for detailed review and consideration prior to the meetings.

The Company Secretary acts as the Secretary of the Board and its Committees and attends all meetings. The Company Secretary is responsible for advising the Board on all governance matters and ensuring that Board procedures are complied with. Where Directors deem it necessary to seek independent legal advice about the performance of their duties with the Group, they are entitled to do so at the Group's expense.

The Company Secretary meets with the Non-Executive Directors individually to discuss any additional support they may require in order to perform their duties.

ENSURING EFFECTIVE GOVERNANCE (CONTINUED)

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

easyJet follows the principles of the 2018 UK Corporate Governance Code (Corporate Governance Code) which sets out the standards of good practice in relation to how a company should be directed and governed. The full text of the Corporate Governance Code is available at **frc.org.uk.**

The Board is pleased to confirm that the Company has applied the Principles of the Corporate Governance Code and complied with all the Provisions throughout the year. Our compliance with key areas of the Corporate Governance Code is summarised in this section together with cross references, where applicable, to the relevant sections of this report where more information can be found (together with the Directors' Remuneration Report on pages 113 to 130 and the Other Disclosures' section on pages 131 to 134).

As required by the Corporate Governance Code, the Board confirm that they consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for the shareholders to assess the Company's position and performance, business model, and strategy. Further detail on how this conclusion was reached can be found in the Audit Committee Report on page 106.

BOARD PERFORMANCE REVIEW

In line with the Corporate Governance Code, the Board undertakes a rigorous annual review of the performance of the Board, its Committees, the Chair and individual Directors. The review aims to identify the Board's strengths and any opportunities for improvement, as well as highlighting any training and development needs.

The Board follows a formal three-year cycle for an externally facilitated annual review. The 2021 Board evaluation was externally facilitated by Manchester Square Partners, and therefore the 2022 and 2023 performance reviews were planned to be facilitated internally by the Nominations Committee and, in relation to the Chairman's performance, the Senior Independent Director.

2022 BOARD PERFORMANCE REVIEW

The 2022 performance review was facilitated internally by the Nominations Committee and, in relation to the Chairman's performance, the Senior Independent Director. The process and outcomes of this review were set out fully in last year's Annual Report, with an update provided below:

AREA	ACTION AND OUTCOME
Continued focus on succession planning throughout the business.	The Nominations Committee and Board continued to review the talent pipeline and succession planning for AMB as well as Board composition. During the year, the Nominations Committee led the process for the appointment of the Senior Independent Director and reviewed plans for succession planning more generally.
Refinement of the Board forward agenda, with deep dives on customer experience, people and culture.	The Board forward agenda was refreshed during the year to improve the cadence of Board meetings as well as to ensure items related to strategic priorities have sufficient time on the agenda. The Board forward agenda also emphasised ensuring items related to stakeholders were included on the agenda to reflect the upcoming priorities. For example, customer updates, regulatory and government affairs updates, Employee Representative Director updates and investor relations updates.
Reviewing the remit and membership of the Board's Committees.	Following the changes in composition of the Board, the Committee membership was refreshed to ensure each of the Committees had a relevant skill and expertise. The remit of the Safety Committee was also amended to better reflect its scope of activities. Further details are set out in the Safety & Operational Readiness Committee Report on page 111.
Allowing sufficient time together, formally and informally, to continue to build relationships with newer members of the Board and management.	The Board has had the opportunity to meet in person both formally and informally at Board meetings as well during visits held in Milan and Gatwick. The Chair periodically meets with the Non-Executive Directors (NEDs) individually and after each Board meeting NED only sessions are held for the Board to discuss matters without the executives being present. Four Board dinners were held during the year.

ENSURING EFFECTIVE GOVERNANCE (CONTINUED)

2023 BOARD PERFORMANCE REVIEW

The 2023 performance review was conducted internally. The review extended to all aspects of Board and Committee performance and the process undertaken is explained below.

The evaluation of the Chairman was led by the Senior Independent Director, who gathered performance feedback through separate meetings with each of the Non-Executive Directors, with supplementary views from the Executive Directors.

PREPARATION

Questionnaires for the Board and its Committees were developed by the Company Secretary in consultation with the Chairman and Senior Independent Director.

The questionnaires covered the following thematic areas:

Board composition, skills and diversity	**Board effectiveness**	**Link between the Board and business**	**Strategic oversight**
Culture oversight	**Information flow**	**Individual performance**	**Committee strengths and weaknesses**

COMPLETION OF ONLINE QUESTIONNAIRES

Online questionnaires were distributed to each of the individual Board members for completion. The questionnaires sought feedback on the areas set out above, covering both the Board and its Committees.

COLLATION OF RESPONSES AND INDIVIDUAL DISCUSSIONS

Individual responses to the questionnaires were collated by the Company Secretary, who prepared anonymised summaries. These anonymised summaries were discussed with the Chairman and Senior Independent Director. The Company Secretary then summarised the main areas of feedback, before preparing a summary of suggested actions that could be implemented over the forthcoming year.

BOARD DISCUSSION

The findings of the performance review and proposed actions were discussed at the September Board meeting. The feedback on the Chairman was discussed by the Non-Executive Directors without the Chairman being present.

The Board agreed a number of actions in response to the review that would be implemented and monitored over the forthcoming year.

FINDINGS AND ACTIONS

The performance review concluded that the Board continued to operate effectively, with the Board's deliberations, number and length of meetings, information presented by management, and the composition of the Board all rated positively. The changes made to the board forward agenda had been received positively, and the informal and formal time spent with getting to know the business was also viewed as an improvement.

The findings of the Chairman evaluation confirmed that Stephen Hester continued to be a successful Chairman, with his chairmanship of Board meetings being effective, and he continued to devote sufficient time to the role.

The key focus areas identified from the review are set out below.

AREA	OUTCOME AND ACTIONS
Continue to evolve the governance structure to meet the evolving requirements of ESG metrics and disclosures.	A schedule of sustainability updates was agreed as part of the Board forward agenda. The Company Secretary was reviewing the role and responsibilities for the Committees and this review would cover where ESG issues were considered.
Talent reviews and succession planning for senior management to continue to be subject to regular review.	The Board agreed that this would continue to be a regular item of discussion and incorporated into the forward agenda. Further updates and discussions took place at the November 2023 Nominations Committee meeting, with papers available to the full Board, and further updates have been scheduled.
Focus areas for the Board in the coming year to include people and culture, customers, investors.	Sufficient time for discussion on each stakeholder group would be built into the forward agenda, with updates from relevant AMB member and further stakeholder engagement opportunities identified where appropriate.
Continue the interaction with management and all employees to continue to build understanding of the business and culture.	The Board agreed that a set of meetings should be held at an easyJet holidays destination, and other meetings should be held elsewhere in the easyJet network to provide opportunities to build relationships amongst board members and continue enhancing their knowledge and understanding of the business.

ENSURING EFFECTIVE GOVERNANCE (CONTINUED)

BOARD OF DIRECTORS' BIOGRAPHIES

STEPHEN HESTER (N)
Chairman

Nationality: British

Appointed: September 2021 (Chairman from December 2021)

Contribution to the Board
- Stephen is a strategic and successful leader with more than 35 years of wide-ranging business experience, including significant experience leading major international businesses in regulated industries.
- He brings a strong track record of value creation and listed company experience to the Board.
- As well as ensuring the Board operates effectively, chairing Board meetings and meetings of the Nominations Committee, he regularly engages with management, employees and investors to ensure their views are represented in the Board's deliberations.

Career and experience
Stephen served as a Chief Executive of RSA Insurance Group plc from February 2014 to May 2021, and prior to this as Chief Executive of Royal Bank of Scotland Group, Chief Executive of British Land plc and Chief Operating Officer of Abbey National plc, as well as holding a number of senior executive roles at Credit Suisse First Boston in London and New York. He has also held senior non-executive positions as Deputy Chairman of Northern Rock and Senior Independent Director of Centrica plc. Stephen holds a BA (Hons) in Politics, Philosophy and Economics from Oxford University.

Current external appointments
Lead Independent Director of Kyndryl Holdings, Inc. and Chairman of Nordea Bank Abp.

JOHAN LUNDGREN
Chief Executive

Nationality: Swedish

Appointed: December 2017

Contribution to the Board
- Experienced leader who is strategic yet operationally focused, having designed and implemented a number of easyJet's key strategic initiatives since his appointment, including the relaunch of easyJet holidays, our Sustainability Strategy and our pathway to net zero emissions, which demonstrates his desire to lead the decarbonisation of aviation.
- Proven experience in European travel with more than 30 years' experience in the travel industry.

Career and experience
Prior to joining easyJet, Johan was the Group Deputy Chief Executive Officer and Chief Executive Officer of Mainstream Tourism at TUI AG. He was the Managing Director for the Northern Region at TUI Travel plc from 2007 until 2011. From 2003 until 2007, he was the Managing Director and Chief Executive Officer of TUI Nordic. Johan led MyTravel's businesses out of Canada and Sweden between 1999 and 2003, prior to which he was Managing Director of Always Tour Operations from 1996.

Current external appointments
Senior Advisor, Blackstone (private equity group).

KENTON JARVIS
Chief Financial Officer

Nationality: British

Appointed: February 2021

Contribution to the Board
- Brings extensive experience of the travel and aviation sector to the Board having held senior group and divisional finance roles at TUI and Airtours Holidays.

Career and experience
Kenton was previously CEO of Aviation and Business Improvement Director – Markets, at TUI Group, having held a number of senior group and divisional finance roles at TUI since 2003. Kenton holds a BSc (Hons) in Biochemistry from the University of Manchester. Before joining TUI, Kenton was the Finance Director of Airtours Holidays and held a number of commercial finance roles at Adidas, prior to which he qualified as a chartered accountant with PwC.

Current external appointments
None

Board Committees key
- Committee Chair
- (A) Audit Committee
- (F) Finance Committee
- (N) Nominations Committee
- (R) Remuneration Committee
- (S) Safety & Operational Readiness Committee

ENSURING EFFECTIVE GOVERNANCE (CONTINUED)

BOARD OF DIRECTORS' BIOGRAPHIES (CONTINUED)

SUE CLARK

Ⓐ Ⓝ Ⓢ

Senior Independent Director

Nationality: British

Appointed: March 2023

Contribution to the Board

> Significant strategic and commercial experience having served various executive and non-executive roles which is valuable to easyJet in driving long-term shareholder value.

> Liaises with Non-Executive Directors outside of Board meetings and leads the performance review of the Chairman.

Career and experience

Sue served as a member of the Executive Management team at SABMiller plc from 2003, serving as Director of Corporate Affairs until 2012 and then Managing Director, Europe until the business was acquired in 2016. Prior to SABMiller, she served as Director of Corporate Affairs for Railtrack plc and Scottish Power plc.

Current external appointments

Senior Independent Director of Imperial Brands PLC and an independent Non-Executive Director of Mondi plc and Britvic plc.

CATHERINE BRADLEY CBE

Ⓕ Ⓐ Ⓝ

Non-Executive Director

Nationality: French and British

Appointed: January 2020

Contribution to the Board

> Extensive financial expertise gained across senior finance roles in investment banking and M&A over 33 years, along with an in-depth understanding of corporate governance and regulatory matters.

> Her experience in financial and capital markets makes her ideally suited as Finance Committee Chair.

> Experienced in stakeholder engagement as evidenced in her role as the Employee Representative Director.

Career and experience

Catherine began her career with Merrill Lynch in the US and finished the executive phase of her career as Head of Advisory Global Markets with Societe Generale in Asia. Catherine then served as a Non-Executive Director of the UK Financial Conduct Authority and Chair of its Audit Committee from 2014 to July 2020, and of WS Atkins plc from 2015 until its delisting in 2017. Catherine was also a member of the Supervisory Board and Chair of the Finance and Audit Committee of Peugeot S.A. from 2016 to 2021. Catherine graduated from HEC Paris with a major in Finance and International Economics.

Current external appointments

Non-Executive Director of Johnson Electric Holdings Limited and Chair of their Nomination and Governance Committee, a Non-Executive Director of abrdn plc and Chair of their Audit Committee, and Senior Independent Director of Kingfisher plc.

RYANNE VAN DER EIJK

Ⓢ

Non-Executive Director

Nationality: Dutch

Appointed: September 2022

Contribution to the Board

> In-depth airline and customer services experience, along with a valuable European perspective to Board deliberations.

> Experienced in stakeholder engagement as evidenced in her role as the Employee Representative Director.

Career and experience

Ryanne has extensive airline operations and customer service experience, having more than 20 years' experience with KLM, her last role being the Chief Experience Officer. Her previous senior executive appointments also include Chief Operating Officer for Dubai Airports and Chief Experience Officer for Ras Al Khaimah Economic Zone in the UAE. She also served as Chief Operating Officer of Mentaal Beter, an organisation focused on mental healthcare in the Netherlands.

Current external appointments

Chair of Advisory Board, Child Protection Research Centre, UAE, and Member of the Supervisory Board of Krasnapolsky Hotel and Restaurants N.V.

HARALD EISENÄCHER

Ⓕ Ⓡ

Non-Executive Director

Nationality: German

Appointed: September 2022

Contribution to the Board

> Brings extensive travel and aviation sector commercial experience as well as a deep knowledge of digital and data driven businesses, combined with a European outlook.

Career and experience

Harald brings significant experience of the travel and aviation industry, having held senior executive positions with Lufthansa and Sabre Travel Network. He most recently served as Chief Commercial Officer for Infare A/S, the leading provider of competitor air travel data based in Denmark, and later served as a member of the Supervisory Board (2021 to 2023). He has previously held senior positions with Deutsche Telekom, eBay and Hoechst and served as a Non-Executive Director of Groz-Beckert SE (2007 to 2021) and Ifolor AG (2013 to 2019).

Current external appointments

Member of the Advisory Board of Solytic GmbH.

ENSURING EFFECTIVE GOVERNANCE (CONTINUED)
BOARD OF DIRECTORS' BIOGRAPHIES (CONTINUED)

MONI MANNINGS
R N
Non-Executive Director

Nationality: British

Appointed: August 2020

Contribution to the Board
- Experienced non-executive who brings extensive legal and corporate finance experience to the Board.
- Deep knowledge of executive remuneration as an experienced Remuneration Committee Chair means she is well placed as Chair of the Remuneration Committee.
- Experienced in stakeholder engagement as evidenced in her role as the Employee Representative Director.

Career and experience
From 2000 until 2016, Moni was a Partner and Head of the International Banking and Finance Division of Olswang LLP, before which she held senior positions with Dewey & LeBoeuf LLP, Simmons & Simmons and Clifford Chance LLP. Until 2017, Moni was Chief Operating Officer of Aistemos Limited. Moni has also held a number of non-executive positions, including as a Board member of the Solicitors Regulation Authority (chairing its Equality, Diversity and Inclusion Committee) and at Cranfield University. Moni has also served as a Non-Executive Director of Polypipe Group plc (2014 to 2019), Dairy Crest Group plc (2017 until their acquisition and delisting in 2019), Breedon Group plc (2019 to 2021) and Investec Bank plc (2016 to 2023), and Deputy Chair of the charity Barnardo's (2017 to 2022).

Current external appointments
Independent Non-Executive Director of Hargreaves Lansdown plc, Non-Executive Director and Chair of the Remuneration Committee of Cazoo Group Ltd, and Member of the Takeover Panel.

DAVID ROBBIE
A F N R
Non-Executive Director

Nationality: British

Appointed: November 2020

Contribution to the Board
- Brings strong financial, risk management and corporate finance experience to the Board and Audit Committee as Chair.
- His international and strategic outlook, combined with over 20 years serving as a Director on FTSE Boards, provides a valuable perspective in Board and Committee discussions.

Career and experience
David was Finance Director of Rexam plc from 2005 until 2016. Prior to his role at Rexam, David served in senior finance roles at Invensys plc before becoming Group Finance Director at CMG plc in 2000 and then Chief Financial Officer at Royal P&O Nedlloyd N.V. in 2004. He served as interim Chairman, Senior Independent Director and Chair of the Audit Committee of FirstGroup plc from 2018 to 2021, and Non-Executive Director and Chair of the Audit Committee for the BBC between 2006 and 2010. David qualified as a chartered accountant at KPMG and holds an MA in English Literature from St. Andrew's University.

Current external appointments
Senior Independent Director and Chair of the Audit Committee at DS Smith plc.

DR DETLEF TREFZGER
S A N
Non-Executive Director

Nationality: German

Appointed: September 2022

Contribution to the Board
- Brings recent and in-depth experience of global logistics and commercial strategy, along with a European outlook.
- Broad experience of technology enabled and data supported business transformation.

Career and experience
Detlef brings more than 30 years' experience leading global transport and logistics companies. Detlef served as Chief Executive of Kuehne + Nagel International AG, from 2013 to 2022. During his tenure, he led the company through an important period of growth, transformation and consolidation, doubling revenue and quadrupling profit to become the largest third-party transport and logistics provider in the world. Prior to Kuehne + Nagel, he spent 15 years with DB Schenker in various senior executive positions, including EVP of Global Contract Logistics & Supply Chain Management, having started his career at Siemens AG and Roland Berger.

Current external appointments
Non-Executive Director of Accelleron Industries AG, SATS Ltd and PSA International.

BEN MATTHEWS
Company Secretary

Career and experience
Ben joined easyJet in July 2019 as Deputy Company Secretary and became Group Company Secretary on 1 January 2023. He is a Fellow of the Chartered Governance Institute and has over 20 years' experience working for leading UK listed brands including ITV, Burberry and Sky.

Changes to the Board during the year and up to 28 November 2023
- Julie Southern and Dr Andreas Bierwirth stepped down on 9 February 2023.
- Sue Clark was appointed with effect from 1 March 2023.

ENSURING EFFECTIVE GOVERNANCE (CONTINUED)

AIRLINE MANAGEMENT BOARD BIOGRAPHIES

JOHAN LUNDGREN
Chief Executive

See Board of Directors profile.

Read more on **page 89**

KENTON JARVIS
Chief Financial Officer

See Board of Directors profile.

Read more on **page 89**

ROBERT BIRGE
Chief Customer & Marketing Officer

Nationality: American

Areas of expertise: Customer and marketing

Career and experience
Robert joined the AMB in August 2022. Robert is a highly experienced consumer marketing and general management leader with a track record of driving growth, building brands and leading winning teams across ecommerce, travel, online apparel, wireless and consumer goods for both large companies and start-ups. Before joining easyJet, Robert was Chief Growth Officer at ASOS in a role that encompassed marketing, end-to-end customer experience, data insight and media publishing, increasing revenue growth from 13% in 2019 to 21% in 2021. Previously Robert spent six years as CMO at KAYAK, establishing it as a leader in the travel industry, leading to public listing. He was also part of the original start-up team that created US online travel agency Orbitz.

ENSURING EFFECTIVE GOVERNANCE (CONTINUED)
AIRLINE MANAGEMENT BOARD BIOGRAPHIES (CONTINUED)

STUART BIRRELL
Chief Data & Information Officer

Nationality: British

Areas of expertise: Data and information technology

Career and experience
Stuart joined the AMB in November 2020. Before joining easyJet, Stuart spent five years as Director and Chief Information Officer at Heathrow Airport Ltd. He previously held the role of CIO at Formula 1's McLaren Technology Group where he worked in the high-performance environment, building a team of in-house experts and specialist suppliers. Prior to that, he spent three years at Gatwick Airport where he successfully separated the airport systems from BAA and brought improvements to complex IT foundations and transformation processes. Stuart brings with him significant experience and expertise in IT security, cloud-based solutions, big data sets and technology to support business expansion.

SOPHIE DEKKERS
Chief Commercial Officer

Nationality: British

Areas of expertise: Aviation and strategy

Career and experience
Sophie joined the AMB in December 2020. She had previously been easyJet's Customer Director. Prior to this, she was Director of Scheduling for the airline, implementing systems and process improvements. She has also led easyJet in the UK as Country Director for five years, responsible for driving the airline's commercial success and strategic direction in the UK as well as representing aviation at both House of Lords and House of Commons select committees. Previous roles in the airline include Head of Change Management and Customer Insight, and she has a background in customer insight, working with a range of brands from Jaguar Land Rover to Mars, Unilever and Vodafone. Sophie was also Non-Executive Director for Airport Coordination Limited from 2017 to 2021 and sat on their Remuneration and Nomination Committees. Sophie is easyJet's AMB lead on diversity, equity and inclusion, a qualified MindGym coach, business mentor, and was a founding member of easyJet's Women's Network.

THOMAS HAAGENSEN
Group Markets Director

Nationality: Danish

Areas of expertise: Commercial and operations management

Career and experience
Thomas became a member of the AMB in May 2018. Thomas has over 20 years' experience in operations management built in a variety of roles across Europe. Danish born and educated in Switzerland, Thomas began his career with Tetra Pak, working his way up to Regional Manager of the East Med where he developed and succeeded in implementing ambitious growth and profitability improvement plans. Since joining easyJet in 2008 Thomas has significantly grown the Swiss market, developed easyJet's market entry strategy for Germany and developed the business traveller segment in Northern Europe. Most recently he was appointed Managing Director of easyJet Europe, establishing the Company's Austrian AOC, a key part of its Brexit migration plan, and managed the transition of 100 aircraft to easyJet Europe.

REBECCA MILLS
Group General Counsel

Nationality: British

Areas of expertise: Legal

Career and experience
Rebecca joined the AMB in January 2023 on her appointment as Group General Counsel. Rebecca has over 20 years' experience as a lawyer, having started her career at Herbert Smith Freehills, where she specialised in IP, technology and media law and disputes. She joined easyJet in 2010 as a senior commercial lawyer and has progressed her career through a variety of roles, before taking on responsibility for the management of the legal and claims teams in 2018. From 2019 to 2023, she led these teams in the role of Deputy General Counsel and was at the heart of easyJet's response to, and emergence from, the pandemic. Rebecca has also been the Legal Director of easyJet holidays since it was established in 2019. Rebecca's sharp commercial skills, combined with her deep understanding of the airline and holidays businesses, give her a unique and powerful perspective.

ENSURING EFFECTIVE GOVERNANCE (CONTINUED)
AIRLINE MANAGEMENT BOARD BIOGRAPHIES (CONTINUED)

DAVID MORGAN
Chief Operating Officer

Nationality: British

Areas of expertise: Flight operations

Career and experience
David joined the AMB in July 2022, having joined easyJet in September 2016 as the airline's Chief Pilot, and in December 2017 took up the position of Director of Flight Operations, taking responsibility for the safe and efficient operation of the airline's flights across Europe. David previously served as interim COO in 2019, when he oversaw operations across the airline and delivered significant improvements in operational performance. David and his operations team focus on safe, efficient and sustainable operations in an increasingly complex and challenging environment. Prior to joining the airline, David was Chief Flight Operations Officer at Wizz Air. His long career in aviation has taken him around the world including Australia and the Middle East.

JANE STORM
Group People Director

Nationality: British

Areas of expertise: People and culture

Career and experience
Jane joined the AMB in March 2023. Jane is a highly experienced strategic HR Director with a track record of driving positive and inclusive cultural change, alongside accelerating leadership and operational capability. She has specialist HR, operational and change leadership experience across travel, digital, media, retail, logistics and financial services. Before joining easyJet, Jane was the Chief People Officer at Saga Plc. She was previously a Senior HR Director at Tesco plc, with 19 years' experience driving people strategies across UK, European and Asian markets, as well as strategically leading organisation design, talent and learning at a Group level.

GARRY WILSON
CEO, easyJet holidays

Nationality: British

Areas of expertise: Travel, business transformation and global markets

Career and experience
Garry joined the AMB in 2018 and has over 25 years experience in the travel sector. He has successfully developed significant business growth strategies across several international markets and has built and led large global teams throughout his career. Garry has worked extensively with overseas governments and emerging economies to create sustainable tourism policies, whilst promoting major economic growth and positive social change. He is an AMB sponsor for diversity, equity and inclusion, and health and well-being. He has held Board positions in the Travel Foundation and Travelife and was appointed to the board of ABTA in 2021.

Changes to the Airline Management Board during the year and up to 28 November 2023

- Rebecca Mills was appointed Group General Counsel on 1 January 2023, replacing Maaike de Bie.
- Jane Storm was appointed Group People Director on 1 March 2023, replacing Ella Bennett.

ENGAGING WITH STAKEHOLDERS

UNDERSTANDING STAKEHOLDER PERSPECTIVES

As set out in the Corporate Governance Code, the Board recognises the importance of identifying its key stakeholders and understanding their perspectives. They are a fundamental part of our operations and are referenced throughout this report. We have set out on the following pages details of who our key stakeholders are, how we have engaged with them and the associated outcomes, and included some examples of stakeholders being considered in strategic decisions. Further details are contained in the summary of the Board's activity in the year on pages 74 to 77.

As set out on pages 51 to 53, there was extensive engagement around our sustainability activities in the year with our people, customers, policymakers, suppliers and industry peers. We have not repeated these below but incorporate by reference.

OUR CUSTOMERS

A key part of our strategy is a focus on the customer, both to win our customers' loyalty and to achieve our purpose of making low-cost travel easy.

Customers have increased choice, and their expectations are rising. Ensuring we meet their evolving needs will position us as the brand of choice when flying within Europe.

Our understanding of who our current and potential customers are, how they perceive easyJet and what products they need, enables us to prioritise our efforts towards delivering a positive customer experience and loyalty.

Read more on page 9

KEY FOCUS

- Safety
- Product choice and value
- Ease of making and managing bookings
- Ease of travelling and minimising disruption
- Sustainability

HOW WE ENGAGE AND INFORMATION FLOWS

- Customer communications, including emails, our app, call centres, our self-service disruption management tool, our corporate website, our dedicated sustainability website and on social media.
- easyJet Customer Community, who share experiences and help test messaging, policies, products and propositions via polls, discussions, forums, video diaries and surveys.
- Regular customer surveys to find out about customers' travel experiences.
- Crew feedback sessions via management and online forums.
- Customer sentiment and satisfaction (CSAT) is regularly discussed by the Airline Management Board (AMB) and the Board.
- We measure our performance through our customer satisfaction KPI (see page 17) which is reported to the Board monthly.

CONSIDERATIONS AND OUTCOMES

The Board reviewed easyJet's customer strategy and priority to deliver ease and reliability during the year. From discussing feedback received from customers, the Board requested that further work be undertaken on customer communications during times of disruption.

The Board visit to the Integrated Control Centre helped members to understand on-the-day factors and how this impacts the customer experience, including identifying opportunities to deploy AI and other technologies to improve operational efficiencies.

The Board received operational updates from David Morgan, Chief Operating Officer at each Board meeting on winter 2022 and summer 2023 operational readiness, challenges around disruption and initiatives undertaken to minimise disruption. In addition, they also received regular weekly updates on trends and metrics on operational performance, customer satisfaction, flying schedule, and crew training. This allowed the Board to have an oversight of easyJet's operational performance.

Customer satisfaction was regularly discussed by the Board including through updates received as part of CEO reports.

ENGAGING WITH STAKEHOLDERS (CONTINUED)

OUR PEOPLE

Our people are a critical part of our business and we want to create an inclusive culture where people can be their best, feel that they truly belong and live the 'Orange Spirit'. Engaging effectively with them is key to doing this successfully. More information our people and our approach to Inclusion and Diversity can be found on page 36.

Read more on **page 11**

KEY FOCUS

- Health, safety and working conditions
- Wellbeing and mental health
- Training and career development
- Inclusion and Diversity
- Reward and benefits

HOW WE ENGAGE AND INFORMATION FLOWS

- Employee Representative Directors' meetings.
- Base visits and informal interaction with crew.
- Updates from the CEO and Group People Director on people strategy and other matters.
- Hosting events such as breakfasts with senior leaders in order to get to know the management layer below the AMB.
- Your Voice Matters employee surveys are discussed by the AMB and Board.
- Engagement with employee representative groups, pilot and cabin crew unions.
- Regular internal communications.
- Participation in the Group's performance through employee share schemes.
- Monitoring of themes and trends arising from the 'Speak Up, Speak Out' (SUSO) mechanism.

CONSIDERATIONS AND OUTCOMES

The Board received regular updates from our Employee Representative Directors to ensure employee voice was reflected when taking strategic decisions, including during the fleet discussions during the year. This included feedback from meetings with the Portfolio Change team, the Operations Leadership team, pilot representatives and Cabin Services team.

The Board and its Committees have considered this feedback during its deliberations in the year, including when reviewing SUSO whistleblowing cases, wellbeing and matters such as the gender pay gap during the year.

The Your Voice Matters survey was discussed by the Board to understand employee behaviours and expectations.

OUR SUPPLIERS

easyJet's suppliers have an important role in delivering our ambition, and we strive to ensure that they have aligned views on corporate responsibility and compliance.

We partner with key suppliers to deliver many of our operational and commercial activities. Our partners are carefully selected, and significant emphasis is placed on managing these relationships, with the aim of encouraging incremental innovation and performance.

KEY FOCUS

- Compliance with regulations
- Health and safety
- Treatment of suppliers
- Sustainability
- Payment practices

HOW WE ENGAGE AND INFORMATION FLOWS

- Meetings between AMB members and senior executives of major suppliers on a regular basis to understand the strategy and health of their businesses.
- The Board looks to engage with key suppliers whenever appropriate.
- Discussion at Audit Committee and Board with central procurement function on supplier management.

CONSIDERATIONS AND OUTCOMES

We have a number of key suppliers, including aircraft and engine suppliers, ground handling and logistics, critical technology suppliers, fuel providers, engineering and maintenance providers, aircraft lessors and hoteliers for easyJet holidays.

The Board has engaged with the organisations operating key airports during the year, such as Milan and Gatwick (see pages 76 and 77).

We continue to engage with our suppliers to improve resilience and performance.

During the year the Board considered the longer-term fleet plan and following a robust procurement process, entered into an agreement with Airbus for the purchase of new aircraft. Further details are set out on page 99.

ENGAGING WITH STAKEHOLDERS (CONTINUED)

OUR SHAREHOLDERS AND INVESTORS

Shareholders and investors are the main providers of capital with which to invest and grow the Group's business. Understanding the views of our shareholders, and acting fairly between them, remains a key priority.

Taking account of their views on the Company's operational and financial performance and its strategic direction is also an important part of ensuring we deliver strong shareholder value.

KEY FOCUS

- Operational and financial performance
- Creation of long-term sustainable shareholder value, including addressing environmental, social and governance matters
- Share price and dividend returns

HOW WE ENGAGE AND INFORMATION FLOWS

- The Board actively seeks engagement with investors and major institutional shareholders and shareholder representative bodies.
- The CEO and CFO, together with members of the AMB, engage with shareholders on financial and business performance and strategic priorities regularly, particularly around results announcements, and the Chairman and Company Secretary engage with shareholders as required to understand their views on corporate governance and strategy.
- The Chairman, CEO and CFO update the Board regularly and the views of shareholders.
- The Committee Chairs also make themselves available for engagement with major shareholders.
- There is also engagement with the brokers and other advisers.

CONSIDERATIONS AND OUTCOMES

Engagement took place in advance of the AGM on the resolutions being proposed, including by the Chair of the Remuneration Committee.

Engagement also took place following the AGM, to understand where investor policies differed from the Company's approach and where any steps could be taken to address these gaps, for example around share capital authorities. These views will be considered when finalising the business for the next AGM.

ENGAGEMENT DURING THE YEAR

The Investor Relations team and Company Secretary proactively engage with investors throughout the year through an annual programme of activity summarised below, alongside communication with market analysts and the Company's brokers, and attending regular investor conferences with the CEO or CFO.

Q1
- Trading update for the year ended 30 September 2022
- Full-year results
- Road shows with UK, European and US investors with management

Q2
- easyJet holidays seminar
- First quarter trading update and discussion with investors and advisory bodies ahead of AGM
- Annual General Meeting

Q3
- Trading update for six months ended 31 March 2023
- Half-year results
- Road shows with UK, European and US investors with management

Q4
- Operations and customer seminar
- Third quarter trading update

Annual General Meeting

Shareholders are encouraged to participate in the AGM either in person or remotely and communicate directly with the Board. Shareholders are given the opportunity to raise issues formally at the AGM or informally with Directors after the meeting. All Directors attend the AGM where possible and the Chairs of the Committees are available to answer questions. The Company's 2023 AGM was held on 9 February 2023, and shareholders had the opportunity to ask questions in advance of the meeting or during the meeting, in person and electronically.

Notice of the Company's next AGM, comprising a letter from the Chairman, Notice of Meeting and explanatory notes on the resolutions proposed, will be issued separately at the appropriate time and will also be published on easyJet's corporate website at **corporate.easyJet.com**.

ENGAGING WITH STAKEHOLDERS (CONTINUED)

OUR COMMUNITIES

We want to make a positive impact and we value our relationships with the communities where our employees and customers live and operations are based, as they are important to the effective operation of our business.

KEY FOCUS

- Local employment and social mobility
- Sustainability, including carbon and other aircraft emissions; aircraft noise; energy usage; recycling and waste
- Charitable activity

HOW WE ENGAGE AND INFORMATION FLOWS

- Country managers lead the community engagement in their markets, and base managers also engage directly with their local airport communities.
- Partnerships with individual airports and air traffic control teams to implement reduction in cabin waste and noise mitigation activities that seek to minimise the impact on local communities.
- Employee volunteering with local charities and organisations.
- This year we undertook a double materiality assessment, where we gathered 841 stakeholder perspectives through surveys, interviews and focus groups.

CONSIDERATIONS AND OUTCOMES

We offer support for employees to volunteer in their local communities, such as flexible working and time off.

This summer, to help support the emergency response following the natural disasters in Morocco and Libya, we launched an emergency collection on board to support UNICEF's Children's Emergency Fund.

As set out in the stakeholder example on page 99, the Proposed Aircraft Purchase will allow easyJet to bring newer, more fuel efficient and quieter aircraft into its fleet, benefiting communities.

REGULATORS AND GOVERNMENTS

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

KEY FOCUS

- Compliance with regulations
- Health and safety
- Treatment of suppliers
- Sustainability
- Payment practices

HOW WE ENGAGE AND INFORMATION FLOWS

- AMB members and other senior management engage with members of government and regulatory bodies.
- Country managers and directors engage with governments in all markets where we have bases, at both a national and regional level.
- Discussions with operations and safety regulators such as Austro Control (Austria), the Civil Aviation Authority (UK), the Federal Office of Civil Aviation (Switzerland) and EASA, among others.
- Discussions with air traffic control operators such as NATS.
- Participation in trade associations such as A4E and Airlines UK, and tourism bodies, such as ABTA and the GSTC.
- We also participate in industry groups that contribute to public policy development on sustainability issues, such as the Aerospace Technology Institute, the Aviation Council, Airlines UK, the Jet Zero Council (UK Government), the Science Based Targets initiative and Sustainable Aviation (UK).

CONSIDERATIONS AND OUTCOMES

Meetings with various governments resulted in confirmation of our commitment to various markets in our network and discussed some of the key challenges and opportunities.

Discussed the EU's 'Fit for 55' climate legislation package and how to stimulate the technological innovation that will be needed for zero emission aviation, including through the EU's Alliance for Zero-Emission Aviation.

Shared our net zero roadmap with minsters in the UK and Europe, and how governments can support decarbonisation of the sector.

Our COO attended the Transport Select Committee on travel disruption and the NATS IT issue to provide an overview of the issues faced by the industry as well as provided recommendations aligned with our regulatory priorities.

Submitted a response to the UK Budget highlighting the need for greater support on hydrogen, air passenger duty reforms.

ENGAGING WITH STAKEHOLDERS (CONTINUED)

STAKEHOLDERS IN DECISION MAKING

SUSTAINABILITY-LINKED TERM LOAN

Decision
Refinancing the existing term loan facility and linking to sustainability metrics.

Background
In January 2021, the Company entered into a five-year $1.87 billion loan facility with 10 banks and supported by 80% guarantee from UK Export Finance (the UKEF Facility). Management determined that the Company should look to refinance this facility in order to reduce gross debt and interest rate costs. Given easyJet was the first low-cost carrier in Europe to have CO_2 intensity targets validated by the SBTi, management decided to consider the inclusion of sustainability metrics into the term of the new facility into the new UKEF Facility.

Stakeholders
Community, Investors, Suppliers

Strategic priorities
- Driving our low-cost model
- Delivering ease and reliability

Links to strategy and purpose
Sustainability is a key element of easyJet strategy. We are focused on reducing the carbon intensity of our flying and as a result in September 2022, we launched our SBTi-aligned net zero roadmap.

Stakeholder and s172 considerations
The Board considered that the term loan facility was likely to promote the success of the Company in the long term, as by repaying the amount outstanding on the previous facility and reducing the interest rates on the new facility, this would reduce financing costs. This would be beneficial to shareholders by increasing financial efficiency.

easyJet worked with 11 key banking relationships on this financing and took account of the Company's impact on communities and the environment by incentivising easyJet to deliver on its net zero roadmap through the inclusion of the sustainability metrics.

Outcome
The Company signed a new undrawn five-year sustainability-linked term loan of $1.75 billion underwritten by a syndicate of banks and supported by a partial guarantee from UKEF under their Export Development Guarantee scheme. The terms of the loan are linked to a reduction in carbon emission intensity in line with the Company's SBTi-validated target, with a margin adjustment mechanism (upward or downward) conditional to the achievement of specific milestones.

PROPOSED AIRCRAFT PURCHASE

Decision
Aircraft purchase and conversion – purchase of 157 Airbus aircraft (56 A320neo and 101 A321neo) between FY29 and FY34, purchase rights for a further 100, and conversion of 35 A320neo aircraft currently on order to A321neo aircraft, for delivery between FY26 and FY28 (the Proposed Aircraft Purchase).

Background
easyJet already had 69 A320neo aircraft within its fleet and an existing order book with Airbus to FY29 for a further 158. The Proposed Aircraft Purchase provides easyJet with the ability to address its fleet requirements beyond FY28, including the completion of the fleet replacement programme of A319 aircraft and replace approximately half of the A320ceo aircraft, alongside providing the foundation for disciplined growth.

Stakeholders
Community, Customers, Investors

Strategic priority:
- Building Europe's best network

Links to strategy and purpose
The Proposed Aircraft Purchase would allow easyJet to invest in its network and deliver the growth ambitions set out in the strategic priorities, and provide a cost-competitive fleet, which is a key component of easyJet's low-cost business model. It was also aligned with easyJet's sustainability strategy as the adoption of new and more efficient aircraft is a core component of the path to net zero emissions.

Stakeholder and s172 considerations
The Board considered that the Proposed Aircraft Purchase was likely to promote the success of the Company in the long term, as it would provide security in the Company's aircraft supply and therefore help easyJet sustain its route network, maintain desirable airport slots and continue to grow. The Proposed Aircraft Purchase would also improve the Company's impact on communities and the environment, as the new aircraft would continue the modernisation of the easyJet fleet, delivering fuel efficiencies, and carbon emissions and noise footprint reductions. Not only would the fuel efficiencies and carbon emission reductions benefit the environment, it would also provide economic advantages, which would benefit easyJet's customers and investors.

Outcome
As the Proposed Aircraft Purchase would constitute a Class 1 transaction it will require shareholder approval at a general meeting to be held by the end of 2023. Ahead of the general meeting, the Company will consult major shareholders to discuss the transaction, and all shareholders will be able to submit questions in advance of, and during, the general meeting.

COMMITTEE REPORTS

NOMINATIONS COMMITTEE REPORT

The Committee consists of the Chair of the Board and the Independent Non-Executive Directors listed above right. All members of the Committee are Independent Non-Executive Directors. Member biographies can be found on pages 89 to 91.

The Chair of the Board acts as Chair of the Committee with members of the executive management invited to attend meetings. The Company Secretary acts as Secretary to the Committee.

The Committee met three times in the year and meeting attendance can be found on page 83.

Members

Stephen Hester (Chair)

Catherine Bradley CBE

Sue Clark
from 1 March 2023

Moni Mannings

David Robbie
from 9 February 2023

Julie Southern
until 9 February 2023

Dr Detlef Trefzger
from 9 February 2023

The Committee's terms of reference can be found on the Company's website at **corporate.easyJet.com**

I am pleased to present an overview of the Nominations Committee's activities during the year. The main purpose of the Committee is to ensure plans are in place for orderly succession of Board and senior management positions while maintaining an appropriate balance of skills, experience, independence and diversity. The Committee regularly reviews the structure, size and composition of the Board and makes recommendation to the Board with regard to any changes.

During the year, the Committee led the process to identify a new Senior Independent Director and reviewed the Company's talent and succession plans for the Board and senior management, along with our talent development and retention strategies.

Inclusion and Diversity continue to be a key priority for the Board. The Committee was updated on the developments made in this area, including updates to the Company's structure and framework on Inclusion and Diversity, as well as measurable goals on gender representation across the organisation.

The Committee undertook a performance review of the Board and its Committees as part of the 2023 Board Performance Review, details of which are set out on in the governance report on page 88.

Further details of the Committee's activities during the year are set out in this report.

Stephen Hester
Chair of the Nominations Committee

KEY ACTIVITIES DURING THE YEAR

Senior Independent Director appointment

The Committee is responsible for the orderly succession of both the Board and senior management positions and oversees the development of a diverse pipeline for succession. It is also responsible for maintaining a formal, rigorous and transparent procedure for Board appointments based on merit and objective criteria. As part of this responsibility, the Committee identifies and nominates candidates for approval by the Board. The Committee also considers the succession plans for the Board as well as senior management below Board level.

Following the announcement in August 2022 that Julie Southern would not be seeking re-election at the AGM in February 2023 due to her appointment as Chair Designate of RWS Holdings plc, the Committee led the process to identify Julie's successor as Senior Independent Director. The Committee reviewed the current composition of the Board and the skills and experience it sought in the new Senior Independent Director. The Committee engaged search consultants Russell Reynolds Associates (RR) to help define the role profile and identify suitable candidates. RR are signatories to the Enhanced Code of Conduct for Executive Search Firms. They do not have any other connection with the Company nor individual Directors, except where they may have liaised with them as prospective candidates for other Board positions.

A range of candidates were considered for the role, keeping in mind the skill and experience required on the Board, as well as the need to maintain gender diversity on the Board. Three candidates were shortlisted for the role and following an interview process involving the Chair, Nominations Committee members, the Company Secretary and Group People Director, Sue Clark was identified as the recommended candidate for Board approval.

The recruitment process is set out on the following page, and Sue Clark's biography can be found on page 90. Details of her induction programme can be found on page 85.

COMMITTEE REPORTS (CONTINUED)
NOMINATIONS COMMITTEE REPORT (CONTINUED)

SENIOR INDEPENDENT DIRECTOR APPOINTMENT PROCESS

- Independent search consultants RR engaged to develop a role profile and identify suitable candidates for a longlist.
- RR compiled a longlist of candidates for review.
- The Committee discussed the longlist and considered the balance of skills, knowledge, independence, diversity and experience of the Board, together with an assessment of the time commitment expected, and created a shortlist.
- Interviews were held between three shortlisted candidates and the Committee Chair, Committee members, the Company Secretary and Group People Director.
- Following completion of the interviews, the Committee discussed the shortlisted candidates and recommended that Sue Clark be appointed as Senior Independent Director given her experience in executive and non-executive roles in large international organisations.
- The appointment was recommended to, and approved by, the Board.

There was a short period without a Senior Independent Director between 9 February 2023 and 1 March 2023. During this period, there were no Board meetings or any matters requiring the attention or input of the Senior Independent Director.

Committee membership

Following the changes to the Board during the year, the Committee reviewed the membership of the Committees to ensure they continued to have an appropriate combination of skills, experience and knowledge. As a result, the Committee recommended a number of changes to the membership of Board Committees to the Board, which were approved:

- David Robbie succeeded Julie Southern as Chair of the Audit Committee in February 2023.
- Dr Detlef Trefzger succeeded Dr Andreas Bierwirth as Chair of the Safety & Operational Readiness Committee in February 2023.
- David Robbie and Dr Detlef Trefzger became members of the Nominations Committee in February 2023.
- Sue Clark became a member of the Audit, Nominations and Safety & Operational Readiness Committees on joining the Board in March 2023.

Talent and succession planning

The Board continues to review plans for the orderly succession of appointments to the Board so that the right balance of appropriate skills and experience is represented, building on the work previously undertaken. During the year, the Committee reviewed the balance of skills, experience, diversity and independence of Board members to ensure appropriate succession plans were in place.

The Committee also recognises that building a broader talent pipeline for executive succession, the AMB and the Executive Leadership Team (ELT) is a key priority to lead the growth of easyJet's business. During the year, the Committee reviewed the Group's senior management talent pipeline, their development and succession plans, as well as progress against the talent and development framework.

As part of the succession planning process, the Committee has visibility of written succession plans, including details of emergency successors and those identified as short and medium-term successors, and reviews the development programme for these individuals to understand their strengths and skill gaps.

During the year, the Board engaged with AMB and ELT members through formal presentations at Board meetings, informal breakfasts and dinners. This provided the Board and Committee an opportunity to get to know individuals identified in the succession plans.

Election and re-election of Directors

In line with the provisions of the Code and the Company's Articles, each Director is required to seek election or re-election annually at the Company's AGM. The individual contribution, effectiveness and time commitment of each of the Non-Executive Directors is reviewed annually as part of the Board Performance Review.

The Committee is mindful of differing policies and guidelines amongst shareholders and proxy advisers on the number of appointments the Directors should hold. However when reviewing the contribution of individual Directors, the Board reviews their attendance, their availability to attend ad hoc meetings and their contribution outside of meetings. Following this review, the Committee has satisfied itself as to the individual skills, relevant experience, contributions and time commitment of all the Non-Executive Directors, taking into account their other external appointments and interests held, remains appropriate.

The Board is therefore recommending the election or re-election of all Directors at this year's AGM. Details of the service agreements for the Executive Directors and letters of appointment for the Non-Executive Directors, and their availability for inspection, are set out in the Directors' Remuneration Report on page 127.

Inclusion and diversity

The Committee and Board are committed to ensuring that together the Directors possess the requisite diversity of skills, experience, knowledge and perspectives to support the long-term success of the Company. In this regard, the role of diversity in promoting balanced and considered decision making which aligns with the Group's purpose, values and strategy is fully recognised. All Board appointments are made on an objective and shared understanding of merit, in line with required competencies relevant to the Company as identified by the Committee, and consistent with the Inclusion and Diversity Policy.

INCLUSION AND DIVERSITY

Our people are critical to our success, and as set out on pages 35 to 38 we want to create an inclusive culture where our people can feel they belong and be at their best. This extends to the Board and its Committees and is managed through the Board Diversity Policy.

Policy principles	Implementation and progress	Outcome
Appropriately review all aspects of diversity in relation to Board and Committee composition.	See page 84	The Board and Committee meet FCA diversity targets, with 40% female, one member from an ethnic minority, and the role of Senior Independent Director held by a woman.
Review diversity of the Board on an annual basis as part of the Board Performance Review.	See page 88	This has been reviewed during the year, including as part of the Senior Independent Director appointment process and Board Performance Review.
New appointments to the Board will be made on merit, in the context of the requirements of the Board at that time.	See page 84	All appointments to the Board are made on merit reviewing the balance of skills and experience needed on the Board. The Committee considered these aspects before recommending the appointment of Sue Clark as the Senior Independent Director during the year.
The Committee will identify suitable candidates based on merit against objective criteria and with due regard for the benefits of diversity on the Board including social and ethnic background, cognitive and personal strengths as well as diversity of gender.	See pages 85 and 101	The Committee emphasises identification of suitable candidates based on the role profile required on the Board following discussion with the Board members as well as considering diversity, social and ethnic background. These requirements are briefed to the external consultants for them to be able to develop a role profile that suits our purposes. During the year, RR developed a role profile for appointment of Senior Independent Director based on which suitable candidates were identified by the Committee.

During the year, the Committee reviewed the Company's wider strategic approach on inclusion and diversity as well as measurable goals on gender representation across the Company.

The Company has met the FTSE Women Leaders target of having 40% women on Boards (2023: 40%) and is targeting having 40% women in the Airline Management Board (Executive Committee) and their direct reports by 2025 (2023: 30%).

As at 30 September 2023, the Company has also met the following FCA Diversity Targets (as required by Listing Rule 9.8.6):

- at least 40% of the Board being women (2023: 40%)
- at least one of the senior Board positions being held by a woman (2023: Senior Independent Director)
- at least one member of the Board being from an ethnic minority background (2023: one).

The Company will set a target for ethnic minority representation in senior management (AMB and their direct reports) as required by the Parker Review and disclose this in the next Annual Report.

The data required by Listing Rule 9.8.6 for the Board of Directors and executive management as at 30 September 2023, is set out on page 132.

The Nominations Committee also oversees the development of a diverse pipeline for future succession to Board and senior management appointments, including reviewing the gender balance of senior management and its direct reports. Where there is a known desire to improve diversity at a certain level or in a certain function in the organisation, the recruiting team will ask to see a higher proportion of candidates fitting the diversity criteria. However, the final selection will always be on merit.

Board Performance Review

During the year, the Committee undertook an internal performance review of the Board, its Committees, the Chairman and individual Directors. Further details can be found on page 88.

COMMITTEE REPORTS (CONTINUED)

AUDIT COMMITTEE REPORT

Members

David Robbie (Chair)

Catherine Bradley CBE

Sue Clark
from 1 March 2023

Julie Southern
until 9 February 2023

Dr Detlef Trefzger

The Committee consists of the Independent Non-Executive Directors listed above right. All members of the Committee are Independent Non-Executive Directors as required by the Code. Member biographies can be found on pages 89 to 91.

The Board has confirmed that David Robbie has recent and relevant financial experience and is satisfied that all Committee members have a depth of financial and commercial experience including the travel sector in which the Company operates.

The Committee met four times during the year, with members of senior management required to attend as and when appropriate. The Committee also met with the external auditors separately when appropriate. Meeting attendance can be found on page 83.

In addition, the Committee Chair holds regular private sessions with the Chief Financial Officer (CFO), senior members of the Finance team, the Director of Risk & Assurance and the External Audit team, to ensure that open and informal lines of communication exist should they wish to raise any concerns outside formal meetings.

The Committee's terms of reference can be found on the Company's website at **corporate.easyJet.com**

As the new Chair of the Audit Committee, I am pleased to present the Committee report for the year ended 30 September 2023.

The Committee continued to play a key role in assisting the Board in its oversight responsibility and monitoring the integrity of the financial information for the benefit of our shareholders. This has included challenging management on the significant accounting judgements made in our financial reporting, as well as reviewing the analysis behind our going concern and viability statements, and considering the processes that underpin the production of the Annual Report and Accounts.

The Committee continued to oversee the programme of financial control improvements, receiving regular updates on the progress of key initiatives such as a more automated maintenance model for leased aircraft, a new treasury management system and the planned implementation of a new revenue accounting system. As part of the control improvement initiatives, the finance team reviewed the translation of foreign currency balances throughout the financial statements. This identified two errors with the existing methodologies which have now been corrected in these financial statements and processes amended accordingly to prevent the issue recurring in the future.

The Committee also focused on the further development of the corporate risk management framework to ensure principal and emerging risks were appropriately assessed, and mitigations identified and appropriately reported. The Committee assisted the Board in undertaking a robust assessment of the Group's principal and emerging risks.

The Committee received regular updates at each meeting from the Risk & Assurance team, covering the risk management framework and risk management process, internal audit, whistleblowing, business integrity and fraud matters.

This year, we also received an update on easyJet's supplier relationship management and the work by the Procurement team to enhance our activities in this area.

Before each meeting, I met with the CFO, the Director of Reporting and Financial Control, the Director of Risk & Assurance and the External Audit team, to ensure the key issues were being addressed at each meeting. After each Committee meeting, I provided an update to the Board on the key topics discussed during our meetings. The Committee meets with the external auditors after Committee meetings without management present when appropriate.

Looking forward, we will be conducting an audit tender process in the coming year as set out later in this report. The Committee will also continue to review the financial reporting of the Group and its accounting policies, with any major accounting issues of a subjective nature discussed by the Committee. We will continue to develop our work on the effectiveness of the risk management process and are also mindful of the changing regulatory landscape. This includes the proposals around the government's audit and governance reforms and the role of the Committee in reviewing narrative reporting, and we will ensure compliance with any new requirements.

David Robbie
Chair of the Audit Committee

COMMITTEE REPORTS (CONTINUED)
AUDIT COMMITTEE REPORT (CONTINUED)

KEY ACTIVITIES DURING THE YEAR

The roles and responsibilities of the Committee are set out in full in its terms of reference. The main areas of Committee activity during the financial year are set out below with further detail on the following pages.

Financial and narrative reporting

> Reviewing the integrity of the 2022 full-year and 2023 half-year financial statements and formal announcements relating to the financial performance and governance of the Group.
> Reviewing and challenging the material areas in which significant judgements were applied, based on reports from both the Group's management and the external auditors in the preparation of the 2022 full-year and 2023 half-year financial statements. Further information is provided in the significant judgements section on page 105.
> Reviewing the information, underlying assumptions and stress-test analysis presented in support of the viability statement and going concern status.
> Undertaking a fair, balanced and understandable assessment of the Annual Report and Accounts for the 2022 financial year and the 2023 half-year statement.
> Reviewing the consistency and appropriateness of the financial control and reporting environment.
> Reviewed the plans and process for the preparation of the Annual Report and Accounts for 2023, including timelines and reviewing the approach to ESEF tagging.

Internal control and risk management

> Considering the progress made on the financial control framework given a number of system implementations were underway to strengthen the control framework.
> Confirming the adequacy and effectiveness of the Group's risk management systems and internal control processes, through evaluating: risk and assurance plans; Internal Audit reports; risk assessments; and control themes.
> Overseeing the Group's risk framework, including the corporate risk framework and a robust review of the Company's principal and emerging risks and uncertainties, including climate change risk.
> Reviewing the development of the assurance map against all the principal risks to provide greater transparency to the Board and Committee on the strength of assurance across different areas of the organisation as well as process for the development of corporate risk strategy for FY23 and FY24.
> Receiving an update on the results of the control self-assessment undertaken on the implementation of financial controls and understanding of the policies and processes underpinning them.
> Reviewing the translation of foreign currency balances, correcting the financial statements following the identification of two errors with the existing methodology, and updating the processes to ensure the errors do not recur in the future.
> Reviewing the Group's Delegated Authority Policy.
> Reviewing principal and emerging digital safety risks and receiving regular updates on the progress of the Group's Digital Safety Programme.
> Reviewing the activities of the Procurement function and efforts relating to supplier relationship management.
> Reviewing the Group's insurance programme.

Compliance, whistleblowing and fraud

> Reviewing the Business Integrity measures including the 'Speak Up, Speak Out' whistleblowing process and investigations.
> Receiving updates on work undertaken by management on the anti-bribery and anti-corruption framework to assess controls in place including development of targeted training.
> Receiving updates on fraud investigations to understand the process undertaken to identify fraud risks and improvement actions as well as reviewing the FY23 action plan on fraud reporting requirements.
> Monitoring the process undertaken by the Business Integrity team around compliance activity undertaken within the business and creation of a policy framework to standardise policies across the business.

Internal Audit effectiveness and review of activities

> Receiving an update on the work undertaken by Internal Audit, including audit resources, progress with the FY23 Internal Audit Plan, significant findings and audit actions.
> Assessing the effectiveness and independence of the Internal Audit function including consideration of key Internal Audit reports, implementation of Internal Audit recommendations and Internal Audit's compliance with prevailing professional standards.
> Approving the Internal Audit Charter, Annual Plan, Budget and Annual Report of Internal Audit and Business Integrity activities.

Relationship with the external auditors

> Reviewing the external audit approach undertaken by PricewaterhouseCoopers LLP (PwC) as the external auditors, significant risks, areas of audit focus, scope and materiality for FY23.
> Reviewing the effectiveness and quality of the external audit process.
> Assessing the performance and continued objectivity and independence of the external auditors.
> Agreeing the external audit engagement and audit fee.

FINANCIAL AND NARRATIVE REPORTING

Significant judgements

The Committee focuses on maintaining the integrity and quality of our financial reporting, considering the significant accounting judgements made by management and the findings of the external auditors. The Committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements through reviewing and challenging accounting papers prepared by management. The Committee also reviewed the reports by the external auditors on the half-year and full-year results, which highlighted any issues arising from the work undertaken on the audit.

The significant issues considered in relation to the financial statements are detailed on the following page.

COMMITTEE REPORTS (CONTINUED)
AUDIT COMMITTEE REPORT (CONTINUED)

SIGNIFICANT JUDGEMENTS AND ESTIMATES

In general, the Committee assesses key judgements by receiving a report on the topic prepared by management which details the decision-making process which management has been through in making that judgement and any assumptions used. The Committee is then able to challenge management on critical aspects of the judgement and discuss the matter with the external auditors in arriving at their own assessment of the position.

Going concern

The Committee reviewed and challenged management's assessment of base case and downside forecast cash flows, including sensitivity to macro-economic uncertainties such as a sustained downturn in demand and higher interest rates and fuel prices, combined with significant operational disruption. Having considered and challenged these downside scenarios and reviewed the associated going concern disclosures in the financial statements, the Committee was comfortable with recommending to the Board that it adopt the going-concern basis of preparation for these financial statements.

Carrying value of assets

The Committee considered whether the carrying value of goodwill, landing rights and aircraft assets held by easyJet should be impaired or otherwise adjusted. There is judgement in the assumptions underlying the calculation of the value in use of the business being tested for impairment – primarily whether the forecasted cash flows are achievable, the potential impact of climate change on those cash flows, the calculated WACC rate and the overall macro-economic assumptions. The Committee addressed these matters by challenging management on the stress testing performed on the calculation of the value in use and other relevant information used to support the carrying value of assets. The forecasted cash flows used in the calculation were presented to the Board. In relation to the disposal of landing rights at Berlin Airport, the Committee reviewed management's paper to ensure consistency with the calculations and disclosure made in the 2022 Annual Report and Accounts.

Translation of foreign currency

Management conducted a detailed assessment this year of the existing process for the translation of foreign currency balances throughout the financial statements. The initial focus was on the translation of the local currency balance sheets of the Group's non-UK subsidiaries into sterling for the purposes of producing the Group's consolidated statement of financial position. Its conclusion was that there was a flaw in the existing methodology which dated back to the introduction of the existing general ledger system in 2007; foreign exchange gains and losses which should have been posted to the translation reserve on consolidation were instead being posted directly to the Group income statement. Analysis showed that the impact was not material in recent years, however the effect over time was such that there needed to be an adjustment of £78 million between retained earnings and the translation reserve. The Committee reviewed management's paper and calculations and along with the Group's auditors considered the proposal to reflect the adjustment as a current-year transfer between reserves. The nature of the error was considered to not constitute a material error on a qualitative basis and therefore the Committee concluded that this was the correct course of action with appropriate disclosure.

A detailed review also highlighted a second issue, this time regarding the translation into sterling of US dollar denominated leased aircraft right of use assets and the associated depreciation, which arose in certain circumstances when lease modifications occurred in 2021. The Committee considered management's proposal to disclose the required £19 million adjustment under non-headline items and were comfortable that this was an appropriate remedy, with suitable disclosure.

Aircraft maintenance provisions

Throughout the year, the Committee received updates on progress with implementing a new, more automated, model for calculating the maintenance provision for easyJet's leased aircraft. This model will be more robust and easier to update than the suite of spreadsheets it replaces and represents a significant improvement in the control environment around this material balance. Management performed a parallel calculation over an extended period during the year to prove that the new model was calculating the provision correctly, and the Committee was happy to approve using the model for the year-end provision calculation.

The Committee then reviewed the maintenance provision at the year end as a number of judgements are used in the calculation of the provision, primarily pricing, utilisation of aircraft and the timing of maintenance checks. The Committee addressed these matters using reports received from management which detailed the basis of assumptions used and challenged those assumptions to test their validity. The Committee concluded that the year-end maintenance provision was appropriately calculated and disclosed.

Other key judgemental accruals, provisions and contingent liabilities

The Committee reviewed and challenged the level and calculations of key accruals and provisions which are judgemental in nature and the appropriate disclosures, including customer claims in respect of flight delays and cancellations, legal liabilities and restructuring provisions. The Committee also considered the appropriateness of the recognition of contingent liabilities as at the year end.

Deferred tax asset

The Committee has considered the recoverability of the deferred tax asset based on the expected future taxable income of the Group and is comfortable with the position taken.

Reporting controls

Management is responsible for maintaining adequate internal control over the financial reporting of the Group. A summary of the Group's financial results and commentary on performance measures is provided to the Board each month. Controls are in place over the preparation of financial data including: balance sheet reconciliations, review meetings on key balances and commentary on variances to forecast and prior periods. On a monthly basis, senior management, including the Director of Reporting and Financial Control, and the CFO, review the management reporting packs.

The Annual Report and Accounts are produced by the Group Financial Control team based on submissions from individual teams across the business including Investor Relations, Finance, HR, Company Secretariat and Risk & Assurance. The report contributors are required to maintain supporting evidence for their submissions and ensure they are reviewed. The figures are then independently validated by the Group Financial Control team.

Senior members of the Finance team including the CFO, the Director of Reporting and Financial Control, and the Group Chief Accountant meet with the Committee to present key events and discuss areas of judgement or in-depth presentations on significant areas.

The Finance team has regular proactive conversations with the external auditors on topics which are of audit relevance. The external auditors perform audit procedures and challenge of the Annual Report and Accounts and present their findings to the Committee.

The Committee reviewed the Group's Going Concern and Viability Statements and considered the thorough assessment reports prepared by management in support of these statements. The Viability Statement section on page 68 provides details of the base case and downside scenarios applied in assessing the appropriateness of this statement and the Committee provided robust challenge of the assumptions applied by management as part of this assessment.

The Committee continues to conclude that the time period of three years used to assess the Viability Statement remains appropriate. Based on these assessments, the Committee confirmed that the application of the going concern basis for the preparation of the financial statements continued to be appropriate and recommended the approval of the Viability Statement.

The Committee also reviewed the approach and controls around the enhanced ESEF requirements for the Annual Report and Accounts for 2023.

Fair, balanced and understandable

The Committee conducted an assessment and recommended to the Board that, taken as a whole, the 2023 Annual Report and Accounts (which the Board subsequently approved) is fair, balanced and understandable, and provides the necessary information for shareholders to assess the Group and Company's position and performance, business model and strategy. In reaching this conclusion, the Committee critically considered the overall review and confirmation process around the Annual Report and Accounts, including:

- The input of subject matter experts, the AMB and other senior management and, where applicable, the Board and its Committees.
- The processes and controls which underpin the overall review and confirmation process, including the preparation, control process, verification of content and consistency of information being carried out by internal financial controls specialists.
- Ensuring key messages are clearly summarised and reflect the Group's performance as a whole, as well as provide stakeholders with clear, concise and transparent disclosures.
- Review of the Annual Report and Accounts held by senior management and other subject matter experts to focus solely on the reporting being fair, balanced and understandable.

The Committee was provided with the opportunity to review and comment on iterations of the draft copy of the Annual Report and Accounts.

In carrying out the above assessment, key considerations included ensuring that there was consistency between the financial statements and the narrative provided in the front half of the Annual Report, and that there was an appropriate balance between the reporting of weaknesses, difficulties and challenges, as well as successes, in an open and balanced manner, including linkage between key messages throughout the document.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board as a whole, including the Committee members, considers the nature and extent of easyJet's risk appetite that is acceptable in order to achieve the Group's strategic objectives and for ensuring that an appropriate culture has been embedded throughout the organisation. The Committee has reviewed the work undertaken by management on the assessment of the Group's emerging and principal risks, including their impact on the prospects of the Group.

During the year, the Committee reviewed the development of the corporate risk management framework and risk appetite, including the process for identifying, evaluating and managing the Company's principal risks. The programme, led by the Risk & Assurance function, focused on understanding current and emerging risks and how these are managed in line with the risk appetite, developing a risk and assurance map, and implementing a consistent risk scoring mechanism and risk taxonomy to cover all risks.

In order to assess the robustness of easyJet's risk appetite, the Risk & Assurance function conducted a workshop to validate future risk appetite. The Board received the output of the risk appetite exercise for consideration and agreement.

easyJet's system of internal controls, along with its design and operating effectiveness, which includes the Group's financial reporting process, is subject to review by the Committee, through reports received from management, along with those from both internal and external auditors. Any control deficiencies identified are followed up, with action plans tracked by the AMB and the Committee. There were no significant financial control deficiencies identified by the Committee during the year.

COMMITTEE REPORTS (CONTINUED)
AUDIT COMMITTEE REPORT (CONTINUED)

To ensure the robustness of our financial controls, a financial control improvement programme was launched in the previous financial year. Management has completed the documentation of key financial processes and is now working to implement control improvements which were identified through this exercise. Management has also worked with BDO to implement a system which will facilitate the ongoing monitoring of the operation of key financial controls, through a combination of self-certification (or attestation) by control operators and independent testing of the operation of controls by appropriate compliance teams. The system was implemented just before the year end with the intention that all control operators will be self-certifying on the system by early 2024. The Committee will undertake regular reviews of the effective operation of these key financial controls in the forthcoming financial year. In the meantime, the updates provided to the Committee during the year confirmed that no significant control gaps had been identified and there were no known breakdowns of critical controls in the current financial year.

As a result of this annual review of the effectiveness of the risk management and internal control systems, which the Committee undertakes on behalf of the Board, it is considered that the Board has fulfilled its obligations under the Code. Further details on the Group's principal risks and uncertainties and their impact on the prospects of the Group are set out on pages 61 to 66.

Compliance, whistleblowing and fraud

To strengthen the Compliance and Assurance function in FY23, management had embedded a compliance and assurance framework. This included the development of a Group-wide policy management framework for management and assurance of policies across the organisation. It also covered the development of a supplier relationship management framework to identify how our suppliers comply with our policies initially and on an ongoing basis. The Committee received regular updates on the progress made against the compliance and assurance framework.

The Group is committed to the highest standards of quality, honesty, openness and accountability. The Code includes a provision that there should be a means for the workforce to raise concerns and that the Board should routinely review this mechanism and the reports arising from its operation. The Group and all operating companies have whistleblowing policies in place and the Board and Committee receive regular reports on this subject, which is communicated internally as the 'Speak Up, Speak Out' (SUSO) mechanism. The Committee assists the Board in ensuring that adequate arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action, with trends being regularly reported to the Board.

Employees are encouraged to raise concerns under the policy and any concerns raised are investigated carefully and thoroughly to assess what action, if any, should be taken. All employees are able to report concerns in their local language. The Business Integrity Committee is a management forum on whistleblowing. It receives summaries of all reported concerns; it monitors any ongoing concerns and ensures that the proposed outcomes of investigations are fair, transparent and robust, with root causes identified and remedial actions agreed. Any matters of significance are reported to the Committee and the Board, along with a comprehensive full-year report.

As a result, the positive increase in SUSO cases continued in FY23, with a total of 233 cases received, compared to 105 cases in FY22. All reports were followed up, triaged to relevant areas of the business and investigated where appropriate. The Committee was pleased to see both the increased use of the whistleblowing channels and appropriate action taken for underlying themes.

To ensure mitigation against fraud risks, management has conducted deep dives into the Group's Anti-Bribery and Corruption Framework and has plans to launch a wider fraud investigation framework across the Company in early FY24.

The Committee received updates on the progress made on the framework as well as issues identified as a result of deep dives followed by mitigating actions. In addition, the Committee agreed that anti-fraud procedures would be reviewed in FY24 to make enhancements where possible to minimise the risk of fraud offences to ensure compliance with forthcoming enhancement to anti-fraud legislation.

Internal Audit

The Committee is responsible for overseeing the work of the Internal Audit function, which provides independent and objective assurance to management, the Committee and the Board on the effectiveness of the Group's risk management and internal controls. The purpose, scope and authority of Internal Audit is defined within its charter which is approved annually by the Committee. To safeguard independence, the Director of Risk & Assurance has a dual reporting line into the Chair of the Audit Committee and CFO, and can meet privately with the Committee without management. External providers can be engaged where specific skills are required. The Internal Audit function will undergo an independent External Quality Assessment in early FY24.

The Committee reviews and approves the scope of the Internal Audit annual plan and resourcing levels. Increased focus on financial processes and controls was included in FY23 and future audit plans. The Committee reviews continuous improvement in audit methodology. Members have access to detailed Internal Audit reports. It assesses the quality of Internal Audit reports and considers management's actions to address findings.

At each Committee meeting, an update is received on progress against the Internal Audit annual plan and the status of the closure of recommended actions.

The Committee received detailed updates on audits with limited assurance and recommended action plans and management responses. The Committee also considers stakeholder feedback on the quality of Internal Audit's work.

External audit

PwC, as the external auditors, is engaged to conduct a statutory audit and express an opinion on the Group's financial statements.

During the year, PwC presented the strategy and scope of the audit undertaken as well the areas of focus providing an opportunity for the Committee to monitor progress and raise questions. PwC shared insights and feedback with management and refined the planned audit approach for the financial year ended 30 September 2023.

Following the retirement of Owen Mackney, he was succeeded as external audit partner by Matthew Mullins, Senior Statutory Auditor with the responsibility for signing the audit opinion on behalf of PwC. The external audit plan and the £1.87 million fee proposal for the financial year (2022: £1.1 million) was prepared by PwC and presented to the Committee for consideration and approval.

External auditors effectiveness

The Audit Committee is focused on ensuring the external auditors deliver a high-quality audit and plays an essential role in overseeing the Group's relationship with the external auditors to ensure their independence, the quality of the external audit process and provide challenge where necessary. The Committee has regular engagement with the external auditors, including meetings without any member of management being present, as well as ahead of each Committee meeting. It also assesses the effectiveness, independence, objectivity and quality of the external auditors by reviewing, among other things:

- The audit approach, key areas of focus, scope and level of fees for the audit.
- All key external auditors plans and reports; in particular those summarising audit work performed to address significant risks and critical judgements identified, and detailed audit testing thereon.
- Quality, knowledge and expertise of the Audit Engagement team, the nature of their interaction with management and Audit Committee members, and the culture they display.

COMMITTEE REPORTS (CONTINUED)
AUDIT COMMITTEE REPORT (CONTINUED)

- Key accounting and audit judgements and how the external auditors have challenged management in reaching a conclusion.
- Reviewing the findings from the audit (or management letter) and other communications with the Committee, to assess whether it is based on a good understanding of the Company's business.
- Reviewing and discussing FRC audit quality inspection reports.

The Committee was satisfied that the agreed audit plan had been met and that the external audit process had provided appropriate focus to those areas identified as the key risk areas to be considered by the Committee and that the auditors had challenged management as part of the process. It had also continued to address the areas of significant accounting estimates. On this basis, and considering the views of senior management, including the CFO and Director of Risk & Assurance, the Committee concurred that the external audit had been effective and was of a high standard.

External auditors' independence and objectivity

The Committee also assesses the independence and objectivity of the external auditor through the assurances provided by the external auditors on the independence, challenges to management on significant accounting judgements and professional scepticism. In addition, oversight of the non-audit services policy and level of fees paid, as well as employment of former PwC employees, are also considered in determining the independence of the external auditors.

To preserve objectivity and independence, the external auditors do not provide consulting services unless this is in compliance with the Group's Non-Audit Services Policy which reflects the applicable audit regulations and the FRC's Revised Ethical Standard on permitted services. The policy also covers the approach around hiring former external audit employees in order to avoid any conflict of interest and to protect external auditor independence. This policy is available to view on the Company's website at **corporate.easyJet.com**.

The policy sets out the categories of non-audit services and related approvals required, and those non-audit services which the auditors are prohibited from undertaking. Certain audit-related non-audit services are deemed pre-approved by the Committee but only up to a value of £100,000, such as reporting on regulatory returns. Other non-audit services require Audit Committee approval as set out in the policy.

An additional protection is provided by way of a non-audit services fee cap. The Audit Committee (or the Company) may not approve an engagement of the external auditors if annual non-audit services fees would exceed 70% of the average audit fees (not including fees for audit-related services or for services required by regulation) charged in the previous three financial years.

During the year, PwC undertook non-audit services for the Company with a total value of £0.5 million, as set out in note 3 to the financial statements. These fees were within the limit of the non-audit services fee cap mentioned above and included audit-related non-audit service fees of £0.2 million and other assurance related non-audit services fees of £0.3 million, primarily related to a working capital review to support the Class 1 transaction arising from the agreement with Airbus.

The external auditors set out their audit process in their Independent Auditors' Report, which can be found on pages 136 to 141.

Audit Committees and the External Audit: Minimum Standard

In May 2023, the FRC published the Audit Committees and the External Audit: Minimum Standard, which took effect immediately for FTSE 350 companies on a comply or explain basis.

This Audit Committee Report describes how the Audit Committee has complied with each of the provisions of the Minimum Standard during the year (in particular the 'External Audit' section of this report).

An explanation of Group's accounting policies is provided on pages 147 to 157.

External audit tendering

PwC was first appointed to audit the Annual Report and Accounts for the year ended 30 September 2006 and has therefore served a 17-year term, now on the 18th year. Under applicable audit legislation, companies are required to have a mandatory tender of auditors after 10 years, or 20 years if there is a competitive retender at 10 years.

During the 2015 financial year, the Committee led a tender process for external audit services, following which the Committee agreed to recommend that the Board reappoint PwC as, on balance, it performed best against the Committee's pre-agreed selection and assessment criteria. PwC cannot continue as Group auditors, therefore, beyond the financial year ending 30 September 2025.

The Committee's intention is to run an audit tendering process in 2024 to enable new auditors to be selected, with at least one mid-tier challenger audit firm included in the tender. This timing will also enable an appropriate 'cooling-in' period to occur or for existing services to be tendered to a new supplier if necessary, in good time before the new Group auditors start to shadow PwC in 2025 ahead of taking over as Group auditors from 1 October 2025.

The Company confirms that it has complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 relating to tendering and non-audit services.

EXTERNAL AUDIT TENDERING TIMELINE

2006 PwC appointed

2015 Fully competitive tender; PwC reappointed for the financial year ending 30 September 2016

2020 Mandatory appointment of new external audit lead partner after five years

2024 Competitive tender to take place

2025 PwC cannot continue beyond financial year end 30 September 2025

COMMITTEE REPORTS (CONTINUED)

FINANCE COMMITTEE REPORT

The Committee consists of the Independent Non-Executive Directors listed above right. All members of the Committee are Independent Non-Executive Directors. Member biographies setting out their skills and experience can be found on pages 89 to 91.

The Company Secretary acts as Secretary to the Committee and members of the executive management are invited to attend meetings.

The Committee met four times during the year and meeting attendance can be found on page 83.

Members

Catherine Bradley CBE (Chair)

David Robbie

Harald Eisenächer

Dr Andreas Bierwirth
until 9 February 2023

The Committee's terms of reference can be found on the Company's website at **corporate.easyJet.com**

I am pleased to present the Finance Committee Report for the year ended 30 September 2023. This report provides an outline of the key activities of the Committee during the year in overseeing the Group's treasury operations and funding activities.

The Committee provides oversight by reviewing and monitoring the Group's liquidity and hedging approach, treasury activities and associated risks in this area. The Committee is also responsible for reviewing and recommending to the Board any financing arrangements that may be appropriate for the Company to enter into, including aircraft financing. In doing so, it assists the Board in the effective discharge of its duties in relation to balance sheet considerations, financing options and treasury arrangements.

During the year, the Committee focused on ensuring the Company's approach to hedging and treasury strategies remained appropriate. This included a review of our balance sheet principles. The Committee also reviewed the liquidity management strategy and the counterparts that easyJet invests with.

The Committee also oversaw the refinancing of the UK Export Finance Facility. The Company took the opportunity to repay the drawn element of $950 million on the old facility, significantly reducing the Company's ongoing interest charge. The new $1.75 billion facility remains undrawn, providing the Company with significant levels of liquidity and extends the maturity of the facility to 2028. It was also decided to link this facility to sustainability targets. This is the first time the Company has linked debt to sustainability targets, showing its commitment to the net zero pathway.

After each Committee meeting, I presented an update to the Board on the key issues discussed during our meetings.

Catherine Bradley CBE
Chair of the Finance Committee

COMMITTEE REPORTS (CONTINUED)
FINANCE COMMITTEE REPORT (CONTINUED)

KEY ACTIVITIES DURING THE YEAR

Liquidity

The Committee continued to monitor the Company's liquidity during the year, including where cash balances were held. easyJet has a clear liquidity policy of holding liquidity of at least Unearned Revenue plus £500 million that protects customers' money and creates a buffer for shock events. The Committee received regular updates on liquidity to ensure that the Company had liquidity in excess of its liquidity policy and was able to protect itself against uncertainty.

Hedging

easyJet provides cash flow and P&L certainty by hedging its largest financial exposures. The Committee monitored the hedging activity on an ongoing basis through review of Jet fuel, USD and Euro policies and ensured the hedging policies were benchmarked appropriately.

To ensure reduced volatility in hedging policies, the Committee reviewed the current Capex Hedging Policy against competitors and approved amendments to the policy. The Committee stayed close to changes in ETS schemes over the course of the year, recommending changes to the Carbon Hedging Policy where appropriate. In addition, the Committee also reviewed the procedures on easyJet holidays hedging to ensure the hedging levels remained appropriate as the business grows.

Debt

The Committee reviewed and recommended to the Board a new undrawn five-year sustainability-linked term loan facility of $1.75 billion underwritten by a syndicate of banks and supported by a partial guarantee from UK Export Finance under their Export Development Guarantee scheme. The new five-year sustainability-linked facility is currently undrawn and extends easyJet's debt maturity profile. The facility also reduces the Group net financing costs. A sustainability key performance indicator linked to a reduction in carbon emission intensity in line with easyJet's SBTi-validated target is embedded within the facility, with a margin adjustment mechanism (upward or downward) conditional to the achievement of specific milestones.

easyJet capitalised on its strong liquidity to fully repay the existing UKEF drawn balance of $950 million, which had incurred interest at a floating rate. The original facility was then cancelled, resulting in no aircraft being encumbered within the Group.

In addition to the repayment of the drawn UKEF balance, the Company repaid one of its €500 million Eurobonds in February 2023. Both of these activities reduced the gross debt position in the year. An additional bond repayment of €500 million took place in October 2023 after the year end.

Aircraft finance

The Committee received analysis on the different ways easyJet can source additional aircraft into the fleet. The analysis showed the best financial outcome from a P&L and cash perspective in the short term and over the lifetime of the aircraft, based on current market dynamics. This enabled the Committee to provide further insight into the various options available to the Company when purchasing and leasing aircraft.

In September 2023, the Committee reviewed, for instance, the process surrounding the sale and leaseback of 11 A319 aircraft, recommending to the Board that easyJet proceed with management's proposal of exiting those assets through this method.

Other matters

In addition, the Committee also received analysis on easyJet's balance sheet, including what key principles and policies the Company adopts. The analysis also explained how these are operated in practice and their importance to easyJet. This allowed the Committee to review those principles and provide feedback on the application of the principles.

COMMITTEE REPORTS (CONTINUED)

SAFETY & OPERATIONAL READINESS COMMITTEE REPORT

All members of the Committee are Independent Non-Executive Directors, as listed above right. Member biographies can be found on pages 89 to 91.

The Company Secretary acts as the Secretary of the Committee and attends all the meetings.

The Committee met four times during the year and meeting attendance can be found on page 83.

The Director of Safety, Security & Compliance and Chief Operating Officer have attended all meetings during the year. Other members of the executive management team are invited to attend all or part of the meeting as appropriate or necessary including Chief Executive Officer, Head of Safety, Director of Flight Operations and Director of Engineering and Maintenance.

The Committee's terms of reference can be found on the Company's website at **corporate.easyJet.com**

Members

Dr Detlef Trefzger (Chair)

Sue Clark
from 1 March 2023

Ryanne van der Eijk

Dr Andreas Bierwirth
until 9 February 2023

Julie Southern
until 9 February 2023

As the new Chair of the Safety & Operational Readiness Committee, I am pleased to present the Committee report for the year ended 30 September 2023.

The ability to deliver a safe and secure operation is easyJet's top priority. With this in mind, I oversaw a review of the Committee's terms of reference during the year to better reflect the scope of its activities. Following this review, the Committee's terms of reference were updated and the role of the Committee confirmed as:

- **Strategy:** to approve the annual safety plan which sets out the Group's strategy to address existing and emerging safety risks, and to monitor the Group's progress on implementing the safety plan.
- **Performance:** to identify and monitor both existing and any new, emerging or changing safety risks, and related mitigations, receive updates on the performance of the Group on safety issues, to identify existing and emerging safety risks and discuss related mitigations.
- **Governance:** to ensure that an appropriate governance framework and safety resources are in place.
- **Operational readiness:** to receive regular reports from the Chief Operating Officer on the main operational performance indicators; and discuss any new or emerging risks relating to the safe and effective delivery of operations.

As a result, the Committee name was changed to Safety & Operational Readiness Committee to reflect this refreshed purpose.

During the year, the Committee focused on the Group's performance on safety issues through safety dashboards and trends, and reviews of existing and emerging risks to understand how the risk landscape was changing going forward. The Committee also received updates on winter 2022 and summer 2023 operational readiness across all areas of the operations (internal and external), key issues and action plans.

Execution and operations is with the easyJet Safety Board, which reports to the AMB, to ensure safety risks and issues are identified and prioritised and action plans are executed to mitigate existing and emerging risks.

After each meeting, the Board is updated on the key issues discussed during the Committee meetings and with the Committee's assessment of the status of safety and operational readiness management within the airline.

Dr Detlef Trefzger
Chair of the Safety & Operational Readiness Committee

COMMITTEE REPORTS (CONTINUED)
SAFETY & OPERATIONAL READINESS COMMITTEE REPORT (CONTINUED)

KEY ACTIVITIES DURING THE YEAR

Whilst monitoring the areas described above, a number of deep dives were undertaken across a wide range of topics and these included the following:

Summer 2022 performance

SP SS

The Committee received an update on the safety performance and issues observed from the summer 2022 operations. The update covered the operational disruption experienced by the aviation industry as a whole, and the increased regulator oversight in a number of areas as a result. It also covered the safety performance issues experienced during this period, and the initiatives undertaken to manage or mitigate the effects, including a summer safety campaign by the Ground Operations team and a security audit programme by the Security team with a focus on the areas of the network that present a higher security risk.

Category C airports

SP SG

Category C airports are airports that require additional considerations, experience and/or qualifications from the flight crew due to the elevated risks and hazards presented there. The Committee did a deep dive into this category of airports, the considerations for operating out of these airports, and what controls were in place to mitigate or eliminate the potential hazards faced. The Committee also did a deep dive into the summer 2022 operational performance at Calvi Airport in Corsica, which is a category C airport.

Winter readiness 2022

OR SS

The Committee reviewed the seasonal readiness for winter 2022 to ensure tasks across all departments were on schedule, and that cross-departmental communications were in place to improve on issues faced in previous years, including ICC access to Ground Operations snow plans and Flight and Cabin Operations collaborating on winter communications for crew.

Fatigue Risk Management (FRM)

SP SG

The Committee continued to review FRM processes and techniques and roster stability challenges following the summer disruption and strikes.

Services to Passengers with Reduced Mobility (PRM)

SP SG

The Committee received an update on the processes and procedures in plan for PRM services, the responsibility for which sits across multiple departments at different levels. The Committee reviewed the current performance levels, challenges and mitigations in place.

Cabin air quality

SP SG

Cabin air quality is the term used to cover the issues of managing cabin and cockpit air. The Committee received a technical update on the main causes and the management processes in place to support the crew in the event of a smell event on board an aircraft.

LOOKING FORWARD

The Committee will monitor compliance with regulations and standards, and improvement of easyJet's safety, security and environmental performance as well as provide support to management on embedding the strong safety culture which will ensure high standards of safety continue to be delivered across the Group and all its operating entities.

SS **Safety strategy**

Our Safety, Security and Compliance Plan supports our promise of 'safety at our heart' for our people, our customers, suppliers and those affected by our activities, in terms of operational safety, health and safety, occupational health, compliance and environmental protection. The Committee monitored the progress made against the FY22–FY27 Plan and reviewed the safety performance against the plan as well as keeping track of the longer-term deliverables.

SP **Safety performance**

The Committee oversaw the safety issues and performance against the risk framework through safety dashboards and trends. This allows the Committee to understand easyJet's safety performance in each area of the business as well as highlight current and emerging threats and risks at easyJet and the aviation industry as a whole and actions taken to mitigate them.

SG **Safety governance**

To ensure that easyJet's Safety, Security and Compliance team was adequately resourced and had the appropriate information to perform its functions effectively and in accordance with the relevant professional standards, the Committee received regular reports from the Director of Safety, Security & Compliance. These reports provided assurance to the Committee on the Safety, Security and Compliance programme.

The Director of Safety, Security & Compliance reports regularly to the AMB, the Committee and the Board. He has the right of direct access to the Committee Chair and to the Chair of the Board, which reinforces the independence of safety oversight.

OR **Operational readiness**

Operational readiness is key to delivering a safe, efficient and reliable operation for easyJet's winter and summer schedule. The governance review of the Committee's role highlighted the importance of the Committee receiving updates on operational readiness on a regular basis to ensure resources, infrastructure and processes were in place to deliver an efficient operation.

As a result, the Committee received detailed reports from the Chief Operating Officer on seasonal planning, recruitment and training, fleet, ground handling, engineering and maintenance as well as specific base and air traffic control issues and mitigations given limited air space following the war in Ukraine and ATC strikes.

DIRECTORS' REMUNERATION REPORT

REMUNERATION COMMITTEE REPORT

Member
Moni Mannings (Chair)
Julie Southern (until 9 February 2023)
David Robbie
Harald Eisenächer

ANNUAL STATEMENT BY THE CHAIR OF THE REMUNERATION COMMITTEE

There was one change to the membership of the Committee during the year as set out above. The Company Secretary acts as Secretary of the Committee. Other key invitees include the Chief Executive, the Group People Director, the Reward Director, the Chief Financial Officer and external advisers as relevant.

Member biographies setting out their skills and experience can be found on pages 89 to 91. The Committee met four times during the year. Meeting attendance can be found on page 83.

The Committee's terms of reference can be found on the Company's website at **corporate.easyJet.com**

THE FY23 FINANCIAL YEAR

It has been a very successful year for easyJet, achieving record performance during summer 2023, despite the challenges arising from the external operational environment and high fuel costs. This led to a pre-tax headline profit of £455 million for the 2023 financial year, an improvement of £633 million versus the 2022 financial year:

- load factor of 89.3%
- 92.6 million seats flown
- easyJet holidays delivered a profit of £122 million
- announcement of a new base at Birmingham Airport with three new aircraft and 100 new jobs for pilots and cabin crew
- headline ROCE of 12.6%.

WORKFORCE PAY AND ENGAGEMENT

In my role as one of the Board's Employee Representative Directors, I met with employees during the year, which provides an opportunity for me to understand the employee voice and bring that back to Committee deliberations.

Whilst the Committee closely reviews the approach for executive reward, the Committee also considers the wider remuneration arrangements within easyJet to ensure that these are aligned with the approach for executive rewards and the broader reward philosophy. This year, the Committee undertook a thorough deep dive into the reward arrangements across all our colleague groups, including pilots, cabin crew, M&A and engineering. This has given the Committee a wider perspective to inform decisions around pay for Executive Directors and Airline Management Board (AMB) members when compared to our lower-paid colleagues. The Committee also takes a close interest in the position on gender pay at easyJet and how any issues are being addressed, through regular reporting.

We continue to undertake regular dialogue with colleague consultative groups to gather their feedback on remuneration and benefits at easyJet, including the remuneration approaches for executives and other colleague groups. As in previous years, regular meetings are held with the Reward Director and the Group People Director to discuss developments in reward over the year, whilst structured meetings have also been held with members of the AMB.

We are also aware of the continuing challenges for individuals with cost-of-living pressures and easyJet has provided financial wellbeing advice and guidance to support colleagues, together with access to benefits providing discounts on goods and services.

ENGAGEMENT WITH SHAREHOLDERS

As Chair of the Committee, I remain committed to regular engagement with our shareholders to answer any questions and respond to feedback. We were pleased that the Remuneration Report passed at the 2023 AGM with a vote of 81% in favour, however we are also mindful that some shareholders voted against the resolution. The Committee is aware that some shareholders were either uncomfortable with the level of incentive payout in the year, or do not support the use of an Restricted Share Plan over an LTIP.

The Committee believes that the performance achieved in the FY22 year against the financial measures was strong in a highly unpredictable environment, whilst the downwards discretion applied to the bonus outcome reflected the overall experience of our shareholders during the year in the context of macroeconomic impacts on our share price. Furthermore, the Committee is satisfied that the current model of an annual bonus and the Restricted Share Plan (RSP) continues to support the business and long-term strategic decision making. We will continue to engage with shareholders on decisions made in the year but are not proposing any further changes at this time.

INCENTIVE OUTCOMES IN THE YEAR

Annual bonus

The FY23 annual bonus was based 30% on EBITDAR performance, 50% on a balanced scorecard of key performance targets including Group free cash flow, cost programme performance, on-time performance and customer satisfaction (CSAT), and 20% on individual performance including measures linked to sustainability, strategy, operational resilience, diversity and employee engagement. These measures were selected to align with our key priorities for the year. As was the case last year, the Committee chose to use a balanced scorecard approach to assess performance for 50% of the

DIRECTORS' REMUNERATION REPORT (CONTINUED)

bonus to ensure that the bonus provided a balanced incentive to drive performance across a range of key strategic areas and to provide flexibility to determine that payouts were fair, taking into account the underlying performance and stakeholder experience.

Our financial performance was strong despite the pressures of inflation, fuel costs and external operational challenges. This resulted in an outcome of 65% out of a maximum score of 80% across the EBITDAR and scorecard measures whilst delivery of personal objectives and an assessment of individual performance in the year resulted in a payout at 100% of maximum.

The Committee felt the performance of the Executive Directors had been particularly strong in the year with excellent progress made towards a number of key financial and strategic objectives; revenue per seat (RPS) remained strong compared to our peers; we achieved listing for the first time on the FTSE4Good Series index; and we improved our employee engagement metrics whilst achieving targets against a number of operational factors such as cost, on time performance and cash flow (further detail on page 122).

Overall, FY23 was a very successful year for easyJet with record performance during summer 2023 and a large increase in profit compared to the previous year, despite the challenges arising from the external operational environment and high fuel costs. Additionally, given the financial performance in FY23 alongside easyJet's strong liquidity position, the Board intends to pay a dividend of 10% of FY23's headline profit after tax, payable in early 2024.

Taking this all into account, it was felt the overall outcome was appropriate in the context of performance in the year and no discretion was applied.

Therefore, the final bonuses agreed were £1,326,000 for Johan Lundgren (85% of maximum), and £818,125 for Kenton Jarvis (85% of maximum), of which one-third will be awarded in deferred shares. The Committee was also pleased that this strong performance also enabled the majority of colleagues to receive payment of a bonus for FY23.

Long Term Incentive Plan

Awards granted in 2020 were due to vest based on performance over the three financial years to 30 September 2023. The award was based 100% on Total Shareholder Return (TSR) performance compared to FTSE 51–150 companies. TSR performance over the period was below median and therefore below the threshold target so this award will lapse.

Restricted Share Plan

In FY23, we made awards under the Restricted Share Plan (RSP) that was approved by shareholders at the 2022 AGM. The face value of the award granted to Johan Lundgren was 125% of salary and for Kenton Jarvis 100% of salary. The awards are subject to the same underpins as in previous years, being that easyJet does not fall below its minimum liquidity target, there being satisfactory governance performance, including no ESG issues that gave rise to reputational damage and a broader provision to allow the Committee to reduce the award quantum appropriately for material underperformance (full detail on page 119).

Subject to the underpins being met, the awards will vest in December 2025.

Implementation of remuneration for FY24

The Committee is satisfied that the current approach to Directors' remuneration continues to support the business and long-term strategic decision making. Therefore, we are not proposing any changes for the year ahead and the operation of the annual bonus and RSP will continue broadly unchanged from last year with the maximum opportunities remaining the same.

During the year, the Committee also undertook a broader review of performance measures in the annual bonus. With easyJet returning to full-year profitability, and the focus for the business to move towards +£1 billion in sustainable profit before tax (PBT) delivery, it was felt to be an appropriate time to reassess the bonus scheme to ensure the framework is fit for purpose.

Following this review, it is proposed that the profit metric will revert back to PBT from EBITDAR in FY24. Using PBT allows for optimum alignment between shareholders and employee remuneration whilst also aligning with mid-term targets and underpinning our long-term strategy. The move to PBT will also be rolled out to other employee groups ensuring consistency across the business.

We are also proposing to replace Cash Flow with ROCE as part of the balanced scorecard. This will allow for increased alignment with our medium term targets.

Further details of the performance measures can be found on page 118.

Salaries for our Executive Directors have been considered against the pay awards made for our employees in 2023 and into 2024 and it is proposed that an increase of 4% will apply for both Executive Directors from 1 January 2024. These increases are below the average increase for the wider workforce in this year, which is more than 5.2%, and the Committee felt it to be appropriate in the context of the ongoing strong performance of our Executive Directors and the financial outcomes in the year.

On behalf of the Committee I would like to thank shareholders for their continued support during 2023 and ahead of the next AGM.

Moni Mannings
Chair of the Remuneration Committee

REMUNERATION AT A GLANCE

REWARD PRINCIPLES	APPLICATION IN REMUNERATION FRAMEWORK
SIMPLE AND COST-EFFECTIVE	To establish a simple and cost-effective reward package in line with our low-cost and efficient business model.
ALIGNED WITH BUSINESS STRATEGY	To support the achievement of our business strategy of long-term sustainable growth and returns. The combination of our annual bonus plan based on a mix of financial, operational and strategic targets and our long-term Restricted Share Plan ensures that value is delivered to shareholders and that Executive Directors are rewarded for the successful and sustained delivery of the key strategic objectives of the Group.
SUSTAINABLE LONG-TERM SUCCESS	Total remuneration is weighted towards elements which align with sustainable long-term shareholder value creation. This ensures that there is a clear link between the value created for shareholders and the amount paid to our Executive Directors.
MINDFUL OF THE WIDER STAKEHOLDER EXPERIENCE	Notwithstanding the financial performance of the business, overall remuneration outcomes will be mindful of the wider stakeholder experience to ensure Executive Director remuneration remains fair, responsible and sustainable.

FIXED PAY

Salary
CEO £780k
CFO £550k

Benefits
- Life assurance
- Other insurances
- Travel expenses

Pension
Amount of salary 6.15%

Implementation for FY24: 4% salary increase for FY24, which is below the average increase of more than 5.2% for the wider workforce in the year, but no changes to remainder of their package.

ANNUAL BONUS

	Maximum opportunity	Paid in cash	Awarded in shares held for three years
JOHAN LUNDGREN CEO	200%	2/3	1/3
KENTON JARVIS CFO	175%		

FY23 outcomes — 85% of maximum

Measure	Threshold (10%)	Target (50%)	Max (100%)	Actual	% of max
EBITDAR (30%)	£890 million	£989 million	£1,088 million	£1,099 million	100%
Balanced scorecard (50%)					
Cost programme	£100 million	£110 million	£120 million	£131 million	Balanced scorecard outcome: 70%
Free cash flow	£419 million	£480 million	£541 million	£569 million	
Customer satisfaction	72.9%	74.9%	76.9%	73.1%	
On-time performance	-1	Industry av.	1	0.3	
Individual performance (20%)	n/a	On target	Max	Fully achieved	100%

Implementation for FY24: Weightings for FY24 will remain the same but EBITDAR will be replaced with PBT and Free Cash flow with ROCE in the balanced scorecard.

LONG TERM INCENTIVES

2020 LTIP award
100% relative TSR
(v FTSE 51–150)

0% vesting

December 2022 RSP award
CEO:
125% of salary

CFO:
100% of salary

Three-year performance period to September 2025

Two-year holding period to December 2027

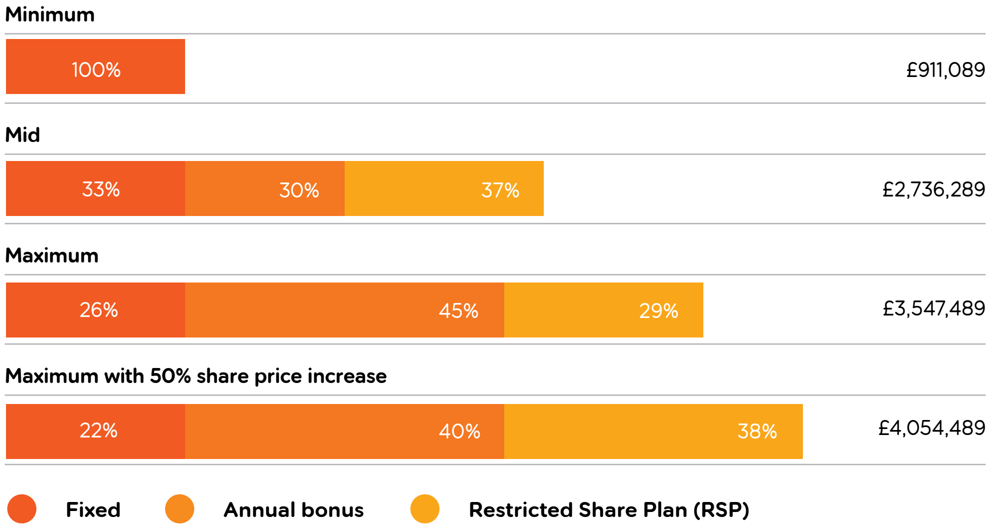
Liquidity and governance underpin

Implementation for FY24: No changes to the operation of the RSP.

REMUNERATION AT A GLANCE (CONTINUED)

2024 TOTAL SINGLE FIGURE (£'000)

JOHAN LUNDGREN (CHIEF EXECUTIVE)



KENTON JARVIS (CHIEF FINANCIAL OFFICER)

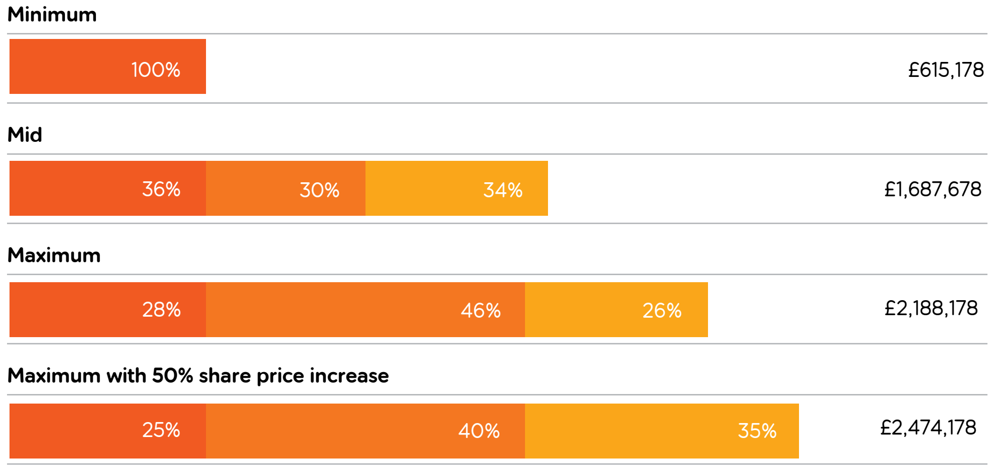
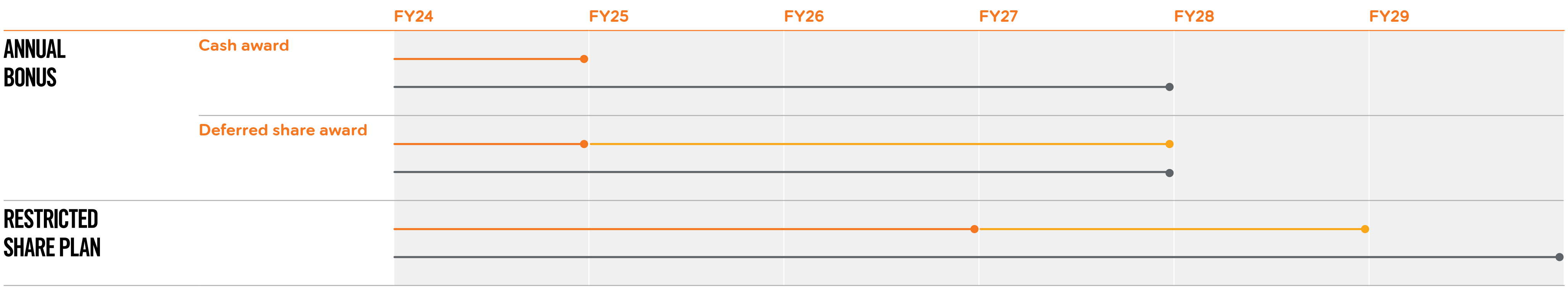


ILLUSTRATION OF REMUNERATION POLICY TIMELINES



Performance period
Holding/deferral period
Subject to malus and/or clawback

The diagram sets out detail on the period of time that Executive Directors are required to retain shares form the annual bonus and RSP. It also shows for how long malus and/or clawback could be applied to incentives.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

ROLE OF THE REMUNERATION COMMITTEE

The key role of the Committee is to make recommendations to the Board on executive remuneration packages and to ensure that the Remuneration Policy and practices of the Company reward fairly and responsibly, with a clear link to corporate and individual performance.

KEY ACTIVITIES DURING THE YEAR

- Assessed the level of performance in respect of the bonus for the 2023 financial year, and LTIP awards set in December 2020 and vesting in December 2023, to determine appropriate payouts.
- Undertook a review of the reward frameworks in easyJet across M&A, pilots, cabin crew and engineering.
- Reviewed and approved the remuneration packages for the new AMB members.
- Reviewed the total packages and service contracts of the AMB and senior management.
- Reviewed the outcome of the AGM and agreed appropriate actions following engagement with shareholders.
- Considered the results and implications of the UK gender pay gap report and reviewed and commented on recommendations to address the gap and challenges faced by the aviation sector.
- Reviewed and approved the award of the all-colleague Performance Share Award in respect of the 2023 financial year.
- Provided oversight on the broader remuneration framework for the wider workforce across easyJet and in particular the response to retaining key colleagues and the cost of living crisis.

On balance, having taken into account a number of internal and external measures as well as the pay ratio analysis, the Committee believes the proposed remuneration decisions in this report appropriately reflect the needs of the business and long-term interests of shareholders. The Committee also believes the Remuneration Policy operated as intended in terms of reflecting Company performance and the overall level of quantum delivered was considered appropriate given the business context.

REMUNERATION COMMITTEE KEY RESPONSIBILITIES

- To set the Remuneration Policy for all Executive Directors and the Company's Chair.
- To set the remuneration packages for the AMB and monitor the principles and structure of remuneration for other senior management.
- To oversee remuneration and workforce policies and practices and take these into account when setting the policy for Director and AMB remuneration to ensure that they remain reasonable and appropriate in comparison with the wider workforce and external market.
- To approve the design of, and determine targets for, all colleague share schemes operated by the Group.
- To oversee any major changes in colleague benefit structures throughout the Company or Group.
- To review and monitor the Group's compliance with relevant gender pay reporting requirements.
- To assess that all incentives implemented are consistent with Company culture and purpose.

UK CORPORATE GOVERNANCE CODE – PROVISION 40 DISCLOSURES

When developing the proposed Remuneration Policy and considering its implementation, the Committee was mindful of the UK Corporate Governance Code and considers that the executive remuneration framework appropriately addresses the following factors:

Clarity – the Committee is committed to providing open and transparent disclosures regarding our executive remuneration arrangements.

Simplicity – remuneration arrangements for our executives and our wider workforce are simple in nature and well understood by both participants and shareholders. The introduction of the RSP has further simplified incentive arrangements.

Risk – the Committee considers that the incentive arrangements do not encourage inappropriate risk-taking. Malus and clawback provisions apply to annual bonus and RSP awards, and the Committee has overarching discretion to adjust formulaic outcomes to ensure that they are appropriate.

Predictability and proportionality – the RSP increases the predictability of outcomes in line with our growth strategy and minimises the potential of unintended outcomes. Our policy illustrates opportunity levels for Executive Directors under various scenarios for each component of pay.

Alignment to culture – any financial and strategic targets set by the Committee are designed to drive the right behaviours across the business. The RSP encourages our executives to focus on making the right decisions for the execution of our strategy and the creation of long-term shareholder value.

DIRECTORS' REMUNERATION POLICY

During 2021, the Committee undertook a detailed review of our Directors' Remuneration Policy to ensure that the remuneration arrangements in place best support the long-term strategy of the business and continue to motivate the Executive Directors, the AMB and the broader management population. It was concluded that replacing the LTIP with a Restricted Share Plan was the best approach going forward. The Board believes that the Remuneration Policy will not only support long-term strategic decision-making and help retain and motivate management to drive the performance of the business but will also support the longer term performance of the business including delivering sustainable shareholder value.

The revised policy was approved by shareholders at the AGM on 10 February 2022.

The table below summarises the approved Remuneration Policy, which can be found in full in the 2021 Annual Report on the Company website: **corporate.easyJet.com/investors/reports-and-presentations**

	Summary of policy	Implementation for FY24
Salary	Increases normally up to the average workforce level (though may be increased at higher rates in certain circumstances). The Committee considers individual salaries at the appropriate Committee meeting each year after having due regard to the factors noted in operating the salary policy. No recovery provisions apply to base salary.	The Committee has reviewed the salary for the Executive Directors with effect from 1 January 2024 and agreed to increase the CEO salary to £811,200 (4% increase) and the CFO salary to £572,000 (4% increase). These increases are below the average increase for the wider workforce during 2023 and into 2024, which is more than 5.2%.
Benefits	Executive Directors are entitled to a combination of modest benefits aligned to the market, such as life assurance and other insurance arrangements, as well as a range of voluntary benefits including the purchase of additional holiday. Executive Directors are also eligible to participate in any all-employee share plans operated by the Company, in line with HMRC guidelines currently prevailing (where relevant), on the same basis as for other eligible employees.	No change.
Pension	Pension allowance of 6.15% of salary (being the cash alternative to a 7% employer contribution less the equivalent value of UK employers' national insurance contributions). This is in line with pension contributions provided for the wider workforce.	No change.
Annual bonus	Maximum opportunity is 200% of base salary (Chief Executive) and 175% of base salary (Chief Financial Officer). One-third of bonus is deferred into shares for three years, pursuant to the deferred share bonus plan. Malus and clawback provisions apply. The Committee may, at its discretion, adjust the level of bonus payout if it considers that the formulaic outcome was not aligned with performance in the year. As in previous years a safety underpin applies such that the Committee may scale back the bonus earned (including to zero) in the event that there is a safety event which it considers warrants the use of such discretion.	Maximum will remain at 200% of base salary for the Chief Executive and at 175% of base salary for the Chief Financial Officer. The bonus for the 2024 financial year will be based 30% on PBT performance, 50% on a balanced score card of Group performance targets including from ROCE, cost control programme, customer feedback and operational performance and 20% on individual performance including measures linked to sustainability, strategy, balance sheet strength and employee engagement. The actual performance targets set for FY24 remain commercially sensitive and will be disclosed as appropriate in next year's Directors Remuneration Report.

DIRECTORS' REMUNERATION POLICY (CONTINUED)

	Summary of policy	Implementation for FY24
Restricted Share Plan	Normal maximum awards of 125% of salary (Chief Executive) and 100% of salary (Chief Financial Officer). Up to 150% of salary in exceptional circumstances. Three-year performance period plus two-year post-vesting holding period. Awards will be subject to performance underpins measured over the performance period. Malus and clawback provisions apply. The Committee may, at its discretion, adjust the vesting level of an award if it considers that the vesting level would not reflect the underlying performance of the executive.	The normal maximum award will be 125% of salary for the Chief Executive and 100% of salary for the Chief Financial Officer. The underpins for 2024 awards are unchanged and will be: > That easyJet does not fall below its minimum liquidity target through the performance period. > Satisfactory governance performance including no Environmental, Social and Governance (ESG) issues that result in material reputational damage to the Company (as determined by the Board). If the Company does not meet one or more of the underpins the Committee will consider whether it is appropriate to scale back the level of payout under the award to reflect this. The Committee will operate a further underpin such that if the Company's performance, taken as a whole, materially underperforms what might reasonably have been expected for the sector for reasons attributable to management action or inaction, the Committee will at its discretion reduce the award quantum appropriately.
Share ownership guidelines	250% of salary (Chief Executive) and 200% of salary (Chief Financial Officer). Required to retain 50% of post-tax shares vesting under the RSP and 100% of post-tax deferred bonus shares until guideline is met.	No change.
Post-cessation share ownership guidelines	Chief Executive and Chief Financial Officer required to hold up to 100% of their shareholding requirement for two years after leaving office. Executive Directors will be expected to maintain a minimum shareholding equal to the guideline (or their actual shareholding if lower) for two years following stepping down as an Executive Director.	No change.
Non-Executive fees	The Chairman is paid an all-inclusive fee for all Board responsibilities. The other Non-Executive Directors receive a basic Board fee, with supplementary fees payable for additional responsibilities including Board or Committee responsibilities. Fee levels are reviewed on a regular basis, and may be increased, taking into account factors such as the time commitment of the role and market levels in companies of comparable size and complexity.	The fees for the Chairman and Non-Executive Directors from 1 January 2024 will be increased by 4% (with the exception of the SID fee which remains at its current level). Fees from 1 January 2024 are summarised below:

	January 2024	January 2023
Chairman	**£343,508**	£330,296
Basic fee for other Non-Executive Directors	**£68,702**	£66,060
Fees for SID role	**£25,000**	£25,000
Chair of the Audit, Safety & Operational Readiness and Remuneration Committees	**£16,380**	£15,750
Chair of the Finance Committee	**£10,920**	£10,500

DIRECTORS' REMUNERATION POLICY (CONTINUED)

ILLUSTRATION OF HOW MUCH THE EXECUTIVE DIRECTORS COULD EARN UNDER THE REMUNERATION POLICY

The charts below show how much the Chief Executive and Chief Financial Officer could earn through easyJet's Remuneration Policy under different performance scenarios in the 2024 financial year. The following assumptions have been made:

Minimum (performance below threshold) – fixed pay only, with no vesting under any of easyJet's incentive plans.

Mid (performance in line with expectations) – fixed pay plus a bonus at the mid-point of the range (giving 50% of the maximum opportunity), plus 100% vesting of the RSP.

Maximum (performance meets or exceeds maximum) – fixed pay plus maximum bonus, plus 100% vesting of the RSP.

Maximum plus 50% increase in share price (performance meets or exceeds maximum) – fixed pay plus maximum bonus, 100% vesting of the RSP and easyJet's share price increases by 50%.

Fixed pay comprises:

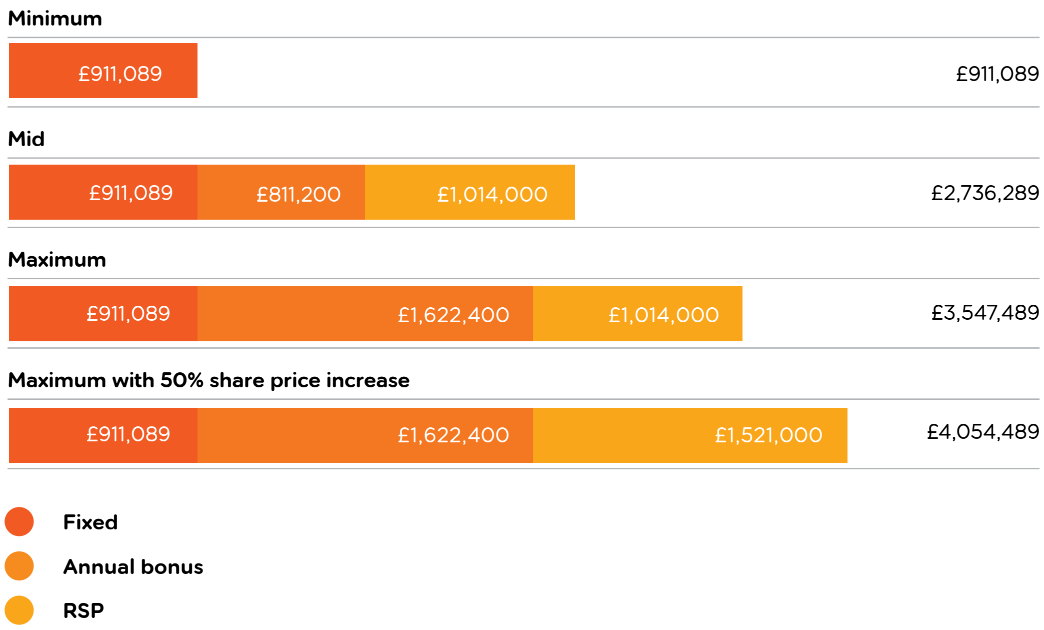
Salaries – salary effective as at 1 January 2024.

Benefits – amount received in the 2023 financial year.

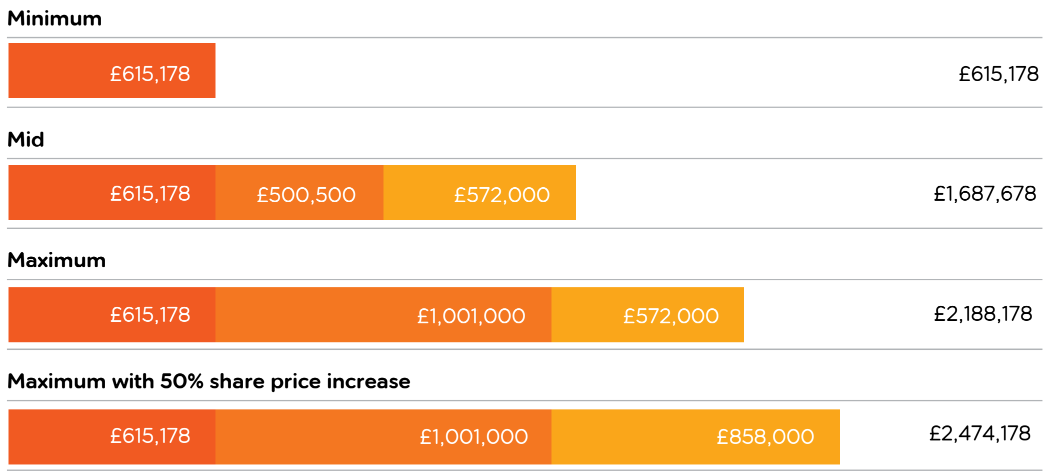
Pension – employer contributions or cash-equivalent payments receivable in the 2024 financial year.

Other – Matching Shares under the all-employee Share Incentive Plan (SIP), if applicable.

Chief Executive (Johan Lundgren)



Chief Financial Officer (Kenton Jarvis)



The scenarios shown above do not include any dividend assumptions. It should be noted that since the analysis above shows what could be earned by the Executive Directors based on the Remuneration Policy described above, these numbers will differ to values included in the table on page 121 detailing the actual earnings by Executive Directors.

DIRECTORS' REMUNERATION REPORT

SINGLE TOTAL FIGURE OF REMUNERATION FOR THE YEAR ENDED 30 SEPTEMBER 2023

The table below sets out the amounts earned by the Directors (audited).

	Fees and salary		Benefits[1]		Bonus[2]		LTIP[7]		Pension[3]		Other[6]	Total		Total fixed		Total variable	
£'000	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	2022	**2023**	2022	**2023**	2022	**2023**	2022
Executive Directors:																	
Johan Lundgren	**770**	740	**50**	47	**1,326**	1,201	**0**	0	**48**	46	–	**2,194**	2,034	**868**	833	**1,326**	1,201
Kenton Jarvis	**542**	520	**8**	8	**818**	738	**0**	0	**34**	32	300	**1,402**	1,598	**584**	860	**818**	738
Non-Executive Directors:																	
Stephen Hester	**326**	273	**–**	–	**–**	–	**–**	–	**–**	–	–	**326**	273	**326**	273	**–**	–
Dr Andreas Bierwirth[5]	**28**	78	**–**	–	**–**	–	**–**	–	**–**	–	–	**28**	78	**28**	78	**–**	–
Catherine Bradley CBE	**76**	73	**–**	–	**–**	–	**–**	–	**–**	–	–	**76**	73	**76**	73	**–**	–
Sue Clark[4]	**53**	–	**–**	–	**–**	–	**–**	–	**–**	–	–	**53**	–	**53**	–	**–**	–
Ryanne van der Eijk	**65**	5	**–**	–	**–**	–	**–**	–	**–**	–	–	**65**	5	**65**	5	**–**	–
Harald Eisenächer	**65**	5	**–**	–	**–**	–	**–**	–	**–**	–	–	**65**	5	**65**	5	**–**	–
Moni Mannings	**81**	78	**–**	–	**–**	–	**–**	–	**–**	–	–	**81**	78	**81**	78	**–**	–
David Robbie	**75**	63	**–**	–	**–**	–	**–**	–	**–**	–	–	**75**	63	**75**	63	**–**	–
Julie Southern[5]	**38**	103	**–**	–	**–**	–	**–**	–	**–**	–	–	**38**	103	**38**	103	**–**	–
Dr Detlef Trefzger	**75**	5	**–**	–	**–**	–	**–**	–	**–**	–	–	**75**	5	**75**	5	**–**	–

1) Benefits relate to the cost to the Company of life assurance and other insurance of £27,641, together with reimbursements for business-related travel expenses in respect of domestic car travel to the value of £22,713 made to the Chief Executive and the cost to the Company of life assurance and other insurance of £7,616 for the Chief Financial Officer.
2) One-third of the annual bonus is deferred in shares for a period of three years. There are no performance conditions attached to the deferred elements. The award is subject to continued employment.
3) Johan Lundgren and Kenton Jarvis received a cash alternative to pension contributions equivalent to 6.15% of base salary. No Director who served during the year accrued any other pension benefits.
4) Sue Clark joined the Board on 1 March 2023.
5) Dr Andreas Bierwirth and Julie Southern stepped down from the Board on 9 February 2023.
6) Payment of £300,000 for cash buy-out awards, disclosed in the FY21 Annual Report, paid to Kenton Jarvis in December 2021.
7) Represents the value of the 2019 and 2020 LTIP awards that both lapsed in 2022 and 2023 (as disclosed in the FY22 Remuneration Report and later in this report). Last year the table included the value of RSP awards granted in the year, which for Johan Lundgren was £925,000 and for Kenton Jarvis £520,000. In line with regulations and typical market practice this has been updated so that the RSP awards will only be included in the single total figure when the performance underpins have been assessed.

PAYMENTS FOR LOSS OF OFFICE AND PAYMENTS TO PAST DIRECTORS (AUDITED)

There were no payments for loss of office or payments to past directors.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

ANNUAL BONUS OUTTURN FOR PERFORMANCE IN THE 2023 FINANCIAL YEAR (AUDITED)

The measures selected for the FY23 annual bonus aligned with our key priorities for the year and were: 30% on EBITDAR performance; 50% on a balanced score card of Group performance targets including free cash flow, cost control, customer feedback and operational performance; and 20% on individual performance including measures linked to sustainability, strategy and employee engagement.

The Committee has chosen to use a balanced scorecard approach to assessing performance for 50% of the bonus this year to ensure that we are providing a balanced incentive to drive performance across a range of areas. At least 40% of the scorecard was linked to financial measures ensuring that at least 50% of the overall bonus is linked to financial measures.

The Committee reviewed performance against these measures including the balanced scorecard and it was determined that the bonus would pay out at 85% of maximum. The Committee also had the discretion to determine the appropriate level of award at the end of the financial year based on performance achieved. The Committee felt the performance of the Executive Directors had been particularly strong in the year with excellent progress made towards a number of key financial and strategic objectives.

		FY23 Targets				
Measure	Weighting CEO and CFO	Threshold (10% minimum award)	On target (50% award)	Maximum (100% award)	Outcome	Payout
EBITDAR (at constant currency) £ million	30%	890	989	1,088	1,099	100%
Balanced scorecard	50%					
Cost programme performance £ million		100	110	120	131	70%
Free cash flow £ million[1]		419	480	541	569	
Customer satisfaction		72.9%	74.9%	76.9%	73.1%	
On time performance		-1	Industry average	+1	0.3	
Individual	20%	n/a	50%	100%	Fully achieved	100%
Total	100%					85%

1) Free cash flow targets were adjusted to reflect aircraft purchases during the year which were not included in the original target to ensure performance is assessed on a comparable basis.

Overall, FY23 was a very successful year for easyJet with record performance during summer 2023 and a large increase in profit compared to the previous year, despite the challenges arising from the external operational environment and high fuel costs.

It was in this context that it was felt the overall outcome was appropriate in the context of performance in the year and no discretion was applied.

The Committee considered the individual performance of the Executive Directors against their the individual objectives as well as their broader contribution to the business during the year and determine that is portion of the bonus should payout in full (see below).

As a result of this assessment and the Group performance achieved, the final bonuses agreed were £1,326,000 for Johan Lundgren (85% of maximum), and £818,125 for Kenton Jarvis (85% of maximum) of which one-third will be awarded in shares deferred for three years.

PERSONAL OBJECTIVES (20% WEIGHTING) (AUDITED)

This component focuses on personal performance against the priorities set by the Board for the Executive Directors in 2023. The Remuneration Committee considers their performance holistically in relation to the development and driving of strategy, financial performance, sustainability, customer and people initiatives (both what was delivered and how). The assessment for each Executive Director was as shown in the following tables:

Johan Lundgren (CEO)

The Committee assessed performance against the objective focus areas set out below and determined that the personal objectives element had been met in full. Details of performance against these objective focus areas is provided below.

Focus Area	Outcomes and Evidence
Strategy – Setting, communicating, and leading the company strategy to deliver long-term value.	> Successful rollout of refreshed strategy across business. > Strong Revenue Per Seat outcomes with highest ever summer performance . > Customer communications strategy agreed and progressing in implementation. > Clear progress in key IT strategic programmes.
ESG – Taking an industry lead on sustainability through delivering on our net zero ambition whilst developing capability, inclusion, diversity, and talent to underpin the strategy delivery.	> Improved ESG performance evidenced through ratings scores and external assessment. > Continued successful delivery against net zero roadmap. > Championed successful rollout of Centre of Inclusive Leadership programmes to AMB, L50 and L350 with strategy for future DEI activity agreed with the Board. > Leading a focus on gender diversity to achieve and improve upon targets set.
Operational resilience – To ensure that the operation is well planned, properly resourced, robust and resilient to meet customer expectations.	> Pilot and cabin crew establishment targets all achieved for S23 operations. > Third party ground handling establishment targets achieved. > All training completed according to plan, with no training delays. > Additional resilience added with crew slipping, firebreaks, standby crew optimization .
People and employee engagement – To lead a continued improvement in employee engagement scores through the anticipation and implementation of agreed actions and initiatives.	> Consistent outcomes achieved in Your Voice Matters employee engagement survey and improved participation. > Strong M&A engagement score in upper quartile of benchmark. > Strategic engagement plans in place for pilots and cabin crew with cross divisional working group established. > Promises and behaviours launched with management teams.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Kenton Jarvis (CFO)

The Committee assessed performance against the objective focus areas set out below and determined that the personal objectives element had been met in full. Details of performance against these objective focus areas is provided below.

Focus Area	Outcomes and Evidence
ESG – Taking an industry lead on sustainability through delivering on our net zero ambition whilst developing capability, inclusion, diversity, and talent to underpin the strategy delivery.	> Improved ESG performance evidenced through ratings scores and external assessment. > Continued successful delivery against net zero roadmap. > DPO accelerated, no wet leases, accelerated NEO deliveries led to FY23 CO_2 RPK better than net zero roadmap.
Governance – Continue to deliver on control improvement plan in Group Financial Control (GFC).	> Strong improvements in control environment achieved. > COSO framework advanced. > Implemented software to allow monitoring of reconciliations .
Strategy – Leading the company strategy to deliver long-term value.	> Cost savings program delivered above budget. > Fleet plan prepared with shortfalls managed. > Enhanced profitability analysis used for all country deep dives.
Funding/balance sheet – Generate and maintain strong liquidity above policy thresholds for lowest P&L cost.	> Year-end liquidity in place exceeding internal policy. > New UKEF facility renegotiated delivering in excess of target savings, whilst protecting liquidity. > Repayment of Feb-16 €500 million Eurobond in the year, as well as the repayment of the Oct-16 €500 million Eurobond after the year end. > Balance sheet principles paper presented at Finance Committee, culminating in capital allocation framework presented at year-end trading statement. > Credit card acquirer agreements renegotiated improving commercial terms and conditions.
People and employee engagement – To lead a continued improvement in employee engagement scores through the anticipation and implementation of agreed actions and initiatives.	> Improved engagement scores achieved in Finance through delivery of engagement initiatives. > Retention improved to target level.
Gender diversity – To support the delivery of the gender diversity targets.	> Support provided to achieved corporate gender targets. > Actions taken to support a stronger recruitment pipeline of female candidates.

LONG TERM INCENTIVE PLAN (AUDITED)

Given the continued external uncertainty when awards were made in 2020, it was decided that the previous approach for the LTIP of setting a mix of three-year financial targets would not be fair and could result in either unduly difficult or easy targets driven by external events rather than management action. The Committee's view was that in the circumstances, shareholder alignment is a key measure of success where management will benefit if shareholders do and vice versa.

It was therefore decided when the 2020 LTIP award was granted that it would be based 100% on TSR performance compared to FTSE 51–150 companies measured over the three financial years prior to vesting (with a minimum positive TSR underpin).

The percentage which could be earned was determined using the following vesting schedule:

	Below threshold (0% vesting)	Threshold (25% vesting)	On target (50% vesting)	Maximum (100% vesting)	Actual	Vesting (% of element)
TSR awards (100% of total)	< Median	Median	n/a	Upper quartile	Below median	0%

TSR performance was below threshold over the performance period. The Committee considered this outcome and determined that no payment was an appropriate outcome, so no discretion was applied.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

EXECUTIVE DIRECTORS' SHARE AWARDS OUTSTANDING AT THE FINANCIAL YEAR END (AUDITED)

Details of share options and share awards outstanding at the financial year end are shown in the following tables:

Johan Lundgren

Scheme	No. of shares/options at 1 October 2022[1]	Shares/options granted in year	Shares/options lapsed in year	Shares/options exercised in year	**No. of shares/options at 30 September 2023[1]**	Date of grant	Exercise price (£)	Market price on exercise date (£)	Date from which exercisable	Expiry date
A	153,770	–	(153,770)	–	**–**	19 Dec 2019[2]	–	–	19 Dec 2022	19 Dec 2029
A	254,621	–	–	–	**254,621**	29 Dec 2020[3]	–	–	29 Dec 2023	29 Dec 2030
B	129,334	–	–	–	**129,334**	16 Feb 2022[5]	–	–	19 Dec 2024	16 Feb 2032
B	–	241,136	–	–	**241,136**	12 Dec 2022[6]	–	–	12 Dec 2025	12 Dec 2032
C	36,775	–	–	–	**36,775**	19 Dec 2018	–	–	19 Dec 2021	19 Dec 2028
C	6,273	–	–	–	**6,273**	19 Dec 2019[7]	–	–	19 Dec 2022	19 Dec 2029
C	–	104,331	–	–	**104,331**	12 Dec 2022[8]	–	–	12 Dec 2025	12 Dec 2032
D	1,865	–	1,865	–	–	14 Jun 2019[9]	6.75	–	1 Aug 2022	1 Feb 2023

Kenton Jarvis

Scheme	No. of shares/options at 1 October 2022[1]	Shares/options granted in year	Shares/options lapsed in year	Shares/options exercised in year	**No. of shares/options at 30 September 2023[1]**	Date of grant	Exercise price (£)	Market price on exercise date (£)	Date from which exercisable	Expiry date
A	159,803	–	–	–	**159,803**	20 May 2021[4]	–	–	29 Dec 2023	20 May 2031
B	72,706	–	–	–	**72,706**	16 Feb 2022[5]	–	–	19 Dec 2024	16 Feb 2032
B	–	135,557	–	–	**135,557**	12 Dec 2022[6]	–	–	12 Dec 2025	12 Dec 2032
C	–	64,149	–	–	**64,149**	12 Dec 2022[8]	–	–	12 Dec 2025	12 Dec 2032
D	1,963	–	–	–	**1,963**	20 Jul 2021[9]	6.42	–	1 Sep 2024	1 Mar 2025
D	1.353	–	–	–	**1,353**	19 Jul 2022[9]	3.99	–	1 Sep 2025	1 Mar 2026

Key:

A LTIP
B RSP
C Deferred Share Bonus Plan (DSBP)
D Save As You Earn Awards (SAYE)

DIRECTORS' REMUNERATION REPORT (CONTINUED)

The closing share price of the Company's ordinary shares at 30 September 2023 was £4.27 and the closing price range during the year ended 30 September 2023 was £2.85 to £5.28.

Note 1: Number of share awards granted
The number of shares is calculated according to the scheme rules of individual plans based on the middle-market closing share price on the day prior to grant.

Note 2: Long Term Incentive Plan awards made in December 2019
The targets were not met at the end of the three-year performance period and as a result the award did not vest.

Note 3: Long Term Incentive Plan awards made in December 2020
The targets were not met at the end of the three-year performance period and as a result the award will not vest.

Note 4: Long Term Incentive Plan award made in May 2021
The targets were not met at the end of the three-year performance period and as a result the award will not vest.

Note 5: Restricted Share Plan awards made in February 2022
The RSP awards made in February 2022 relate to the performance period from 1 October 2021 to 30 September 2024 and, subject to the underpins being met, the awards will vest on 19 December 2024. Awards were made in line with the approval of the new Directors Remuneration Policy and Restricted Share Plan rules at the AGM in February 2022 and are treated as having been granted on the normal grant date of 19 December 2021 for the purposes of Provision 36 of the Corporate Governance Code. The face value of the award granted to Johan Lundgren was £925,000 (125% of salary) and for Kenton Jarvis £520,000 (100% of salary). This was based on the middle-market closing share price on the day prior to grant, being £7.15. The award were granted as nil cost options and are subject to the following underpins: that easyJet does not fall below its minimum liquidity target through the three-year performance period; and that there is satisfactory governance performance including no ESG issues that result in material reputational damage to the Company (as determined by the Board). The Committee will operate a further underpin such that if the Company's performance, taken as a whole, materially underperforms what might reasonably have been expected for the sector for reasons attributable to management action or inaction, the Committee will at its discretion reduce the award quantum appropriately.

Note 6: Restricted Share Plan awards made in December 2022
The face value of the award granted to Johan Lundgren was £925,000 (125% of salary) and for Kenton Jarvis £520,000 (100% of salary). This was based on the middle-market closing share price on the day prior to grant, being £3.84. The awards were granted as nil cost options and are subject to the following underpins: that easyJet does not fall below its minimum liquidity target through the three-year performance period; and that there is satisfactory governance performance including no ESG issues that result in material reputational damage to the Company (as determined by the Board).

The Committee will operate a further underpin such that if the Company's performance, taken as a whole, materially underperforms what might reasonably have been expected for the sector for reasons attributable to management action or inaction, the Committee will at its discretion reduce the award quantum appropriately.

Subject to the underpins being met, the awards will vest on 12 December 2025.

Note 7: Deferred Share Bonus Plan award made in December 2019
The face value of the award granted to Johan Lundgren was £75,481 and relates to the deferral into shares of one-third of the bonus paid in 2019. This was based on the middle-market closing share price on the day prior to grant, being £14.29. The award was granted as nil-cost options and is not subject to performance conditions, but is subject to continued employment.

Note 8: Deferred Share Bonus Plan awards made in December 2022
The face value of the award granted to Johan Lundgren was £400,217 and for Kenton Jarvis £246,079 and relates to the deferral into shares of one-third of the bonus paid in 2022.This was based on the middle-market closing share price on the day prior to grant, being £3.84. They were granted as nil-cost options and are not subject to performance conditions, but are subject to continued employment.

Note 9: Save As You Earn awards
Executive Directors are eligible to participate in the SAYE on the same terms as all other UK-based colleagues of the Company. Options are granted under the SAYE, which, in the UK, is an HMRC tax-advantaged plan. Participants contract to save up to the equivalent of £350 per month over a period of three years. Under the applicable plan rules the maximum permitted monthly saving, across all SAYE plans is £500.

As is usual market practice, the option price for SAYE awards is determined by the Committee in advance of the award by reference to the share price following announcement of the half-year results the day immediately preceding the date the invitations are sent.

In common with most plans of this type, there are no performance conditions applicable to options granted under the SAYE.

Johan Lundgren's 2019 SAYE option lapsed during the year without being exercised.

SHAREHOLDING GUIDELINES IN THE 2023 FINANCIAL YEAR (AUDITED)

The Chief Executive and Chief Financial Officer are expected to build up a shareholding of 250% and 200% of salary respectively over the first five years from appointment to the Board. The Committee noted the level of shareholding for Johan Lundgren in the context of his time as CEO and that he is currently below his shareholding requirement. Given the level of vesting outcomes over a challenging period since his appointment, the Committee is satisfied that Johan is continuing to build his shareholding to an appropriate level in the circumstances. The Committee also notes that the Executive Directors are required to retain a minimum of 50% of net vested shares from the LTIP and RSP and 100% of net vested deferred bonus shares until the guidelines are met. This will be kept under review on an ongoing basis.

The Non-Executive Directors, including the Chair of the Board, are required to build up a shareholding of 100% of annual fees over a period of five years from appointment. Details of their holdings are set out below.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

DIRECTORS' CURRENT SHAREHOLDINGS (AUDITED)

The following table provides details on current Directors' interests in shares at 30 September 2023 (unless otherwise noted).

								Interests in share schemes
	Unconditionally owned shares[1]	Shareholding guidelines achieved[2]	Deferred bonus[3]	LTIP[4]	RSP[4]	SAYE[5]	SIP[6]	Total in share schemes
Stephen Hester	120,000	100%	–	–	–	–	–	–
Johan Lundgren	66,713	37%	147,379[8]	254,621	370,470	–	–	773,015
Kenton Jarvis	15,819	21%	64.149	159,803	208,263	3,316	–	435,531
Catherine Bradley CBE	6,000	38%	–	–	–	–	–	–
Sue Clark[7]	17,281	84%	–	–	–	–	–	–
Ryanne van der Eijk	15,670	100%	–	–	–	–	–	–
Harald Eisenächer	14,500	90%	–	–	–	–	–	–
Moni Mannings	6,990	48%	–	–	–	–	–	–
David Robbie	16,596	100%	–	–	–	–	–	–
Dr Detlef Trefzger	20,000	100%	–	–	–	–	–	–

1) Includes SIP Partnership Shares, vested SIP Performance (Free) Shares, vested SIP Matching Shares, and any shares owned by connected persons.
2) Based on the shareholding guidelines and including unconditionally owned shares and for the Executive Directors, the post tax value of vested but unexercised share interests under the DSBP. The extent to which the guidelines have been achieved is calculated based on the price at purchase or vesting; therefore, the values will be different for each director base on their purchase history.
3) DSBP shares are granted in the form of nil cost options and are not subject to performance conditions.
4) LTIP/RSP shares are granted in the form of nil cost options subject to performance. As per the disclosure on p. 126, outstanding LTIP awards are due to lapse.
5) SAYE are granted as options.
6) Consists of unvested SIP Performance (Free) Shares and unvested SIP Matching Shares. Last award made in 2019.
7) Joined Board on 1 March 2023.
8) The number of shares for Johan Lundgren includes 36,755 vested but not exercised options, awarded under the DSBP in December 2018 and 6,273 vested but not exercised options, awarded under the DSBP in December 2019.

Between the 30 September 2023 and the date of this report, the only change to the above holdings is the purchase of 73 partnership shares under the Buy As You Earn (SIP) scheme for Kenton Jarvis. There have been no other changes.

Executive Directors are deemed to be interested in the unvested shares held by the easyJet Share Incentive Plan Trust and the easyJet plc Employee Benefit Trust.

At 30 September 2023, the unvested ordinary shares held in the Trusts were as follows:

	Number of ordinary shares
easyJet Share Incentive Plan Trust	0
easyJet plc Employee Benefit Trust	4,915,387
Total	4,915,387

Changes since the year end: as at 28 November 2023, there was no change to the easyJet Share Incentive Plan Trust balance and the easyJet plc Employee Benefit Trust held 4,914,159 shares.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

DILUTION LIMITS

easyJet complies with the Investment Association's Principles of Remuneration with regard to dilution limits.

EMPLOYEE SHARE PLAN PARTICIPATION

A key component of easyJet's reward philosophy is to provide share ownership opportunities throughout the Group by making annual awards of performance-related shares to all eligible employees, when necessary financial targets are achieved. In addition, easyJet operates a voluntary discounted share purchase arrangement for all employees via a Save As You Earn scheme and a Buy As You Earn arrangement with matching shares in the UK under the tax-approved SIP. A 20% discount was offered on Save As You Earn 2023; however, Matching Shares remain suspended.

DETAILS OF DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Details of the service contracts and letters of appointment in place as at 30 September 2023 for Directors are as follows:

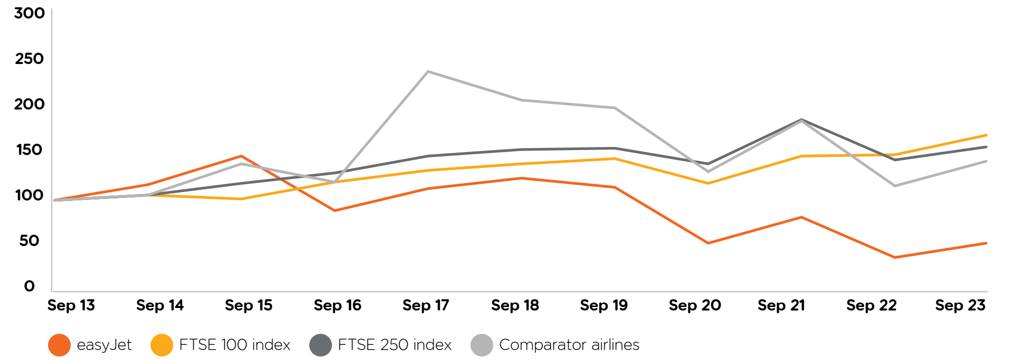
	Date of appointment	Date of current service contract	Unexpired term at 30 September 2023
Stephen Hester	1 September 2021	20 August 2021	Executive Directors are subject to a 12-month notice period. Letters of appointment for the Non-Executive Directors do not contain fixed-term periods; however, they are appointed in the expectation that they will serve for a maximum of nine years, subject to satisfactory performance and re-election at AGMs.
Johan Lundgren	1 December 2017	10 November 2017	
Kenton Jarvis	3 February 2021	15 September 2020	
Catherine Bradley CBE	1 January 2020	9 December 2019	
Sue Clark	1 March 2023	4 January 2023	
Ryanne van der Eijk	1 September 2022	22 August 2022	
Harald Eisenächer	1 September 2022	22 August 2022	
Moni Mannings	6 August 2020	5 August 2020	
David Robbie	17 November 2020	16 November 2020	
Dr Detlef Trefzger	1 September 2022	22 August 2022	

REVIEW OF PAST PERFORMANCE

The chart sets out the TSR performance of the Company relative to the FTSE 250, FTSE 100, and a group of European airlines[1] since 30 September 2013. The FTSE 100 and FTSE 250 were chosen as easyJet has been a member of both indices during the period.

This graph shows the value, by 30 September 2023, of £100 invested in easyJet on 30 September 2013, compared with the value of £100 invested in the FTSE 100 and FTSE 250 Indices or a comparator group of airlines on the same date.

The other points plotted are the values at intervening financial year ends. Overseas companies have been tracked in their local currency, i.e. ignoring exchange rate movements since 30 September 2013.



1) Lufthansa, Ryanair, Air France-KLM and Wizz Air have all been included in the comparative European airlines group. Wizz Air has been tracked from listing.

CHIEF EXECUTIVE TOTAL REMUNERATION TABLE

The table below shows the total remuneration figure earned for the Chief Executive over the same 10-year period. The total remuneration figure includes the annual bonus and LTIP awards which vested based on performance in those years.

The annual bonus and LTIP vesting percentages show the payout for each year as a percentage of the maximum.

		2014	2015	2016	2017	2018[2]	2019	2020	2021	2022	**2023**
Single total figure of remuneration (£'000)	Johan Lundgren	–	–	–	–	1,500	1,006	755[1]	794	2,034[6]	**2,194**
	Carolyn McCall	9,209[5]	6,241[4]	1,453[3]	757	125	–	–	–	–	**–**
Annual bonus (%)	Johan Lundgren	–	–	–	–	73%	16%	0%	0%	81%	**85%**
	Carolyn McCall	76%	66%	13%	0%	–	–	–	–	–	**–**
LTIP vesting (%)	Johan Lundgren	–	–	–	–	–	–	0%	0%	0%[6]	**0%**
	Carolyn McCall	100%	100%	32%	0%	–	–	–	–	–	**–**

1) This amount is after the voluntary 20% reduction in base salary during April, May and June 2020.
2) Johan Lundgren was appointed to the Board on 1 December 2017 and Carolyn McCall stepped down from the Board on 30 November 2017.
3) Includes 48,509 LTIP shares (inclusive of dividend equivalents) at the vesting date share price of £10.43, a decrease of 30% on the share price at grant of £14.99.
4) Includes 266,899 LTIP shares vesting for the period; share price is £17.15 (the actual share price at vesting), an increase of 133% on the share price at grant of £7.37.
5) Includes 445,575 LTIP shares vesting for the period; share price was £16.71 (the actual share price at vesting), an increase of 325% on the share price at grant of £3.93.
6) Last year the LTIP value for FY22 included the value of RSP awards granted in the year, which for Johan Lundgren was £925,000. In line with regulations and typical market practice this has been updated so that the RSP awards will only be included in the single total figure when the performance underpins have been assessed.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

CHANGE IN DIRECTORS' PAY FOR THE YEAR

The table below shows the year-on-year percentage change in pay for the Directors, compared to the average earnings of all other easyJet UK colleagues.

	2023			2022			2021			2020		
%	**Salary**	**Benefits[9]**	**Annual bonus**	Salary	Benefits	Annual bonus	Salary	Benefits	Annual bonus	Salary	Benefits	Annual bonus
Executive Directors												
Johan Lundgren	**4.1%**	**6.4%**	**10.4%**	0%	487.5%	n/a	6.0%	-43%	n/a	-2.6%	0%	-100%
Kenton Jarvis[1]	**4.2%**	**0%**	**10.8%**	52.0%	n/a	n/a	n/a	n/a	n/a	–	–	–
Non-executive Directors												
Stephen Hester[2]	**19.4%**	**–**	**–**	n/a	–	–	n/a	–	–	–	–	–
Catherine Bradley[3]	**4.1%**	**–**	**–**	–	–	–	62.2%	–	–	n/a	–	–
Sue Clark[4]	**n/a**	**–**	**–**	n/a	–	–	–	–	–	–	–	–
Ryanne van der Eijk[5]	**1200%**	**–**	**–**	n/a	–	–	–	–	–	–	–	–
Harald Eisenächer[5]	**1200%**	**–**	**–**	n/a	–	–	–	–	–	–	–	–
Moni Mannings[6]	**3.8%**	**–**	**–**	–	–	–	680%	–	–	n/a	–	–
David Robbie[7]	**19.0%**	**–**	**–**	21.2%	–	–	n/a	–	–	–	–	–
Dr Detlef Trefzger[5]	**1400%**	**–**	**–**	n/a	–	–	–	–	–	–	–	–
Colleagues												
Average pay based on easyJet's UK colleagues[8]	**7.0%**	**0%**	**0%**	1.9%	0%	n/a	0%	0%	n/a	2.0%	0%	-100%

n/a refers to a nil value in the previous year, meaning that the year-on-year change cannot be calculated.

1) Appointed Executive Director on 3 February 2021.
2) Appointed to the Board on 1 September 2021 and Chair from 1 December 2021.
3) Appointed to the Board on 1 January 2020.
4) Appointed to the Board on 1 March 2023.
5) Appointed to the Board on 1 September 2022.
6) Appointed to the Board on 6 August 2020.
7) Appointed to the Board on 17 November 2020.
8) There are no colleagues in easyJet plc; therefore, the Committee decided to use the average for all UK colleagues as the appropriate comparator group given they comprise over 50% of total colleagues and therefore this is considered to be the most representative for comparison. There was an average change in pay of 7% in FY23 for UK colleagues.
9) Benefits relate to the cost to the Company of life assurance and other insurance, as well as reimbursements made to the Chief Executive for business-related travel expenses in respect of domestic car travel.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below Illustrates the relative importance of the spend on pay showing the total pay for all easyJet's colleagues compared to the distributions to shareholders in the year and the percentage change in the year ended 30 September 2023. No dividends were paid in the past financial year and other reported key financial indicators are included for further points of reference including information on the number of colleagues in the year, the reported total revenue and the reported profit. For further information the majority of easyJet's colleagues (around 90%) perform flight and ground operations, with the rest performing administrative and managerial roles.

	Year ended 30 September 2023	Year ended 30 September 2022	Change %
Colleague costs (£ million)	**1,130**	948	19%
Ordinary dividend (£ million)	**0**	0	–
Average monthly number of colleagues	**15,937**	13,951	14%
Revenue (£ billion)	**8.2**	5.8	41%
Headline (loss)/profit before tax (£ million)	**455**	(178)	356%

CHIEF EXECUTIVE PAY RATIO

The table below sets out the Chief Executive pay ratio as at 30 September 2023. The report will build up over time to show a rolling 10-year period. The ratios compare the single total figure of remuneration of the Chief Executive with the equivalent figures for the lower quartile (P25), median (P50) and upper quartile (P75) colleagues.

We have used the 'Option A' methodology which uses actual earnings for the Chief Executive and UK colleagues over the financial year to provide the most accurate comparison. The total FTE remuneration paid during the year for each colleague in each of the groups was then calculated, on the same basis as the information set out in the single figure table for the Chief Executive on page 121.

In calculating the figures, the following considerations were made:

> The single total figure of remuneration of our UK colleagues was calculated as at 30 September 2023.
> Annual bonus will be paid in relation to the year ended 30 September 2023.
> For participating employees in the LTIP/RSP, the value of awards that vest in relation to the year ended 30 September 2023 have been included.
> Earnings for those who are part-time or joined during the year have been annualised on an FTE basis.

This data then identified those employees at the 25th, 50th (median) and 75th percentile points.

Year	**Method**	**25th percentile pay ratio**	**Median pay ratio**	**75th percentile pay ratio**
2020	Option A	30:1	23:1	12:1
2021	Option A	27:1	21:1	10:1
2022[1]	Option A	75:1	56:1	24:1
2023	Option A	74:1	57:1	27:1
2023	Total pay and benefits	£29,640	£38,340	£82,719
2023	Salary	£16,235	£20,958	£65,707

1) In line with regulations and typical market practice the total figure for the CEO shows the value of the LTIP on vesting (which lapsed this year and last). Last year the calculation included the value of the RSP awards granted in the year, however, the value of the RSP will be shown within the CEO's total single figure after the peformance underpins have been assessed The FY22 calcuation has been updated accordingly and therefore changed the overall ratios.

Unlike the total remuneration for the majority of colleagues, total remuneration for the Chief Executive is mostly dependent on business performance and share price movements over time. As a result, the ratios may fluctuate significantly from year to year. For example, no bonus was paid in 2020 or 2021 but was paid in 2022 and will be paid in 2023. This is a significant portion of the Chief Executive's total remuneration in 2022 and 2023 and this is reflected in the pay ratio. The Committee has agreed that the ratio reflects easyJet's wider policies on pay and reward in line with market, experience and skills.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

STATEMENT OF SHAREHOLDERS' VOTING AT AGM

The table below provides details of shareholder voting in respect of the Directors' Remuneration Policy (approved in February 2022), and the Annual report on remuneration (in February 2023).

	Policy (February 2022 AGM)		Annual report on remuneration (February 2023 AGM)	
Votes cast in favour	186,561,503	73.38%	197,315,595	80.59%
Votes cast against	67,687,412	26.62%	47,513,517	19.41%
Total votes cast in favour or against	254,248,915	100%	244,829,112	100%
Votes withheld	19,999,292	–	12,053,532	–

We were pleased that the Remuneration Report passed at the 2023 AGM with a vote of 81% in favour; however, we are also mindful that some shareholders voted against the resolution. The Committee is aware that some shareholders were either uncomfortable with the level of incentive payout in the year, or do not support the use of an RSP over an LTIP.

The Committee believes that the performance achieved in FY22 against the financial measures was strong in a highly unpredictable environment, and that the downwards discretion applied to the bonus outcome at the time resulted in a fair outcome taking into account the experience of customers and our shareholders. The Committee remains satisfied that the current bonus and RSP structure supports the business and long-term strategic decision making.

We also note that some shareholders voted against the resolution for the Remuneration Policy in 2022 with not all supportive of the proposed RSP structure. The Remuneration Committee undertook a thorough review of remuneration arrangements prior to the AGM, including consulting with major shareholders and employee representatives, and concluded that replacing the LTIP with a Restricted Share Plan was the best approach going forward. The Board believes that the updated Remuneration Policy will not only support long term strategic decision-making and help retain and motivate management to drive the performance of the business but will also support the longer term performance of the business including delivering sustainable shareholder value.

ADVISERS TO THE REMUNERATION COMMITTEE

The Remuneration Committee is advised by Deloitte which was appointed by the Committee in 2021 following an independent review process. Deloitte advises the Committee on developments in executive pay and on the operation of easyJet's incentive plans. Other than to the Committee, advice is also provided to easyJet in relation to, for example, senior management pay practices and the fees of the Non-Executive Directors. Total fees (excluding VAT) paid to Deloitte in respect of services to the Committee during the 2023 financial year were £70,500, based on time and materials. Deloitte is a founding member of the Remuneration Consultants Group and a signatory to its Code of Conduct. Any advice received is governed by that code. Deloitte LLP also provided strategic and technology consulting and wider risk advisory and assurance services to the Company during the year.

The Committee is satisfied that the Deloitte engagement team, which provides remuneration advice to the Committee, does not have connections with easyJet plc or its Directors that may impair its independence. The Committee has reviewed the operating processes in place at Deloitte and is satisfied that the advice it receives is independent and objective.

OTHER DISCLOSURES

The Directors present their Annual Report and Accounts together with the audited consolidated financial statements for the year ended 30 September 2023. This Directors' Report and the strategic report, which includes the trends and factors likely to affect the future development, performance and position of the business and a description of the principal risks and uncertainties of the Group (which can be found on pages 61 to 66 and are incorporated by reference), collectively comprise the management report as required under the Disclosure Guidance and Transparency Rules (DTRs).

RESULTS AND DIVIDEND

The profit for the financial year after taxation amounts to £324 million (last year: loss of £169 million).

The Board are recommending a dividend of 4.5 pence per ordinary share, amounting to £34 million and representing approximately 10% of headline profit after tax.

The dividend is subject to shareholder approval at the Company's Annual General Meeting (AGM) to be held on 8 February 2024 and will be payable on 22 March 2024 to those shareholders on the register at the close of business on 23 February 2024.

The Board is committed to maintaining regular returns to shareholders, with the level of future returns to be assessed over the coming years, taking into account market conditions, capex requirements and progress towards the Group's new medium-term targets.

BOARD

Directors and their interests

Details of the Directors who held office at the end of the year and their biographical details are set out on pages 89 to 91. Changes to the Board during the year and up to the date of this report are set out on page 84. The Directors' interest in the ordinary shares and options of the Company are disclosed within the Directors' Remuneration Report on pages 113 to 130.

Directors' appointment and retirement

The Directors may from time to time appoint one or more Directors. Any such Director shall hold office only until the next AGM and shall then be subject to appointment by the Company's shareholders.

It is the current intention that at the Company's next AGM all Executive and Non-Executive Directors will retire and offer themselves for election or re-election. Further information is set out in the Governance section on page 86.

Directors' conflicts of interest

Directors have a statutory duty to avoid situations in which they have, or may have, interests that conflict with those of easyJet, unless that conflict is first authorised by the Board. The Company has in place procedures for managing conflicts of interest. The Company's Articles of Association also contain provisions to allow the Directors to authorise potential conflicts of interest so that a Director is not in breach of his or her duty under company law. Should a Director become aware that he or she has an interest, directly or indirectly, in an existing or proposed transaction with easyJet, he or she should notify the Board in line with the Company's Articles of Association. Directors have a continuing duty to update any changes to their conflicts of interest.

Directors' indemnities

Directors' and officers' insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on behalf of the Company. A deed was executed in 2007 indemnifying each of the Directors of the Company and/or its subsidiaries as a supplement to the Directors' and officers' insurance cover.

The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the 2023 financial year and remain in force for all current and past Directors of the Company.

DIVERSITY

The Board values diversity and recognises that having an appropriate mix of skills and experience is critical to ensure the future success of our business.

The Company has met the FTSE Women Leaders target of having 40% women on Boards (2023: 40%), and is targeting having 40% women in the Airline Management Board (Executive Committee) and their direct reports by 2025 (2023: 30%).

The Company has also met the following FCA Diversity Targets (as required by Listing Rule 9.8.6):

- at least 40% of the Board being women (2023: 40%)
- at least one of the senior Board positions being a woman (2023: Senior Independent Director)
- at least one member of the Board being from an ethnic minority background (2023: one).

Further information on the Board and Committee Diversity Policy and developing a diverse pipeline is set out in the Nominations Committee Report on pages 100 to 102, and on the wider Company's approach to Inclusion and Diversity can be found on pages 36 and 37.

The data required by Listing Rule 9.8.6 for the Board of Directors and executive management as at 30 September 2023 is set out on the following page. The data is based on the existing information held by the Company's HR team and individual confirmations made as part of the Company's year-end sign off processes.

OTHER DISCLOSURES (CONTINUED)

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management*	Percentage in executive management*
Men	6	60%	3	8	73%
Women	4	40%	1	3	27%
Not specified/prefer not to say	–	–	–	–	–

Ethnicity	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management*	Percentage in executive management*
White British or other White (including minority-white groups)	9	90%	4	11	100%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	1	10%	–	–	–
Black/African/Caribbean/ Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

* For the purposes of the FCA disclosures, 'executive management' is required to refer to the AMB (the most senior executive body below the Board) and the Company Secretary, as set out under Listing Rule 9.8.6R(10). However, the Company Secretary is not a member of the AMB, therefore as set out earlier in this report, the AMB (Executive Committee) (and their direct reports) currently comprises 30% female and 70% male colleagues. Further details of our female and male representation are set out on page 38.

EMPLOYEES

Employees with a disability

As part of our commitment to inclusion and diversity, we treat every applicant in our recruitment process fairly, including those requiring workplace adjustments. We also continue to support employees who require workplace adjustments to achieve their full potential, including through training and development needs. However, for our two largest communities, pilots and cabin crew, we are bound by regulatory requirements for ability with which all applicants and employees must comply, for operational safety reasons.

Communication and engagement

Details on how the Board and management have communicated and engaged with employees and the wider workforce while taking into account their interests in decision making during the year can be found in the Stakeholder engagement section on pages 95 to 99.

Participation in share schemes

A key component of easyJet's reward philosophy is to provide share ownership opportunities throughout the Group by making annual awards of performance-related shares to all eligible employees when certain criteria are met. In addition, easyJet operates a voluntary discounted share purchase arrangement for all employees via a Save As You Earn scheme, and a Buy As You Earn arrangement in the UK under the tax-approved Share Incentive Plan. Further details of the Company's share schemes are disclosed within the Directors' Remuneration Report on pages 113 to 130.

STAKEHOLDERS

Details on the methods the Board has used to engage and build strong business relationships with the Group's suppliers, customers and other key stakeholders are given on pages 95 to 99. Further information on how the Board considered stakeholders in its decision making can be found in the Corporate Governance Report on page 72 to 99. The section 172 statement is available on page 69.

SHARES

Share capital and rights attaching to shares

The Company's issued share capital as at 30 September 2023 comprised a single class of ordinary shares. Further details of the Company's share capital during the year are disclosed in note 21 to the consolidated financial statements.

All of the issued ordinary shares are fully paid and rank equally in all respects. The rights and obligations attaching to the Company's ordinary shares are set out in its Articles of Association. Holders of ordinary shares are entitled, subject to any applicable law and the Company's Articles of Association, to:

- have shareholder documents made available to them, including notice of any general meeting;
- attend, speak and exercise voting rights at general meetings, either in person or by proxy, unless they are subject to disenfranchisement; and
- participate in any distribution of income or capital.

Directors' powers in relation to issuing or buying back shares

Subject to applicable law and the Company's Articles of Association the Directors may exercise all powers of the Company, including the power to authorise the issue and/or market purchase of the Company's shares (subject to an appropriate authority being given to the Directors by shareholders in a general meeting and any conditions attaching to such authority).

At the AGM held on 9 February 2023, the Directors were given the following authority:

- to allot shares up to a nominal amount of £68,253,388 representing approximately one-third of the Company's then-issued share capital;
- to allot shares comprising equity securities up to a further aggregate nominal amount of £68,253,388 in connection with an offer by way of a rights issue, representing approximately one-third of the Company's then issued share capital;

OTHER DISCLOSURES (CONTINUED)

- to allot shares, without first offering them to existing shareholders in proportion to their holdings, up to a maximum nominal value of £20,682,844, representing approximately 10% of the Company's then issued share capital;
- to allot shares, without first offering them to existing shareholders in proportion to their holdings, up to a maximum nominal value of £20,682,844, representing approximately 10% of the Company's then issued share capital only in connection with the financing (or refinancing, if the authority is to be used within 12 months after the original transaction) of an acquisition or specified capital investment; and
- to purchase in the market a maximum of 75,801,002 shares representing approximately 10% of the Company's then share capital.

No shares were allotted or bought back under the above authorities during the year and up to the date of this report.

Voting rights and restrictions on transfer of shares

None of the ordinary shares carry any special rights with regard to control of the Company. There are no restrictions on transfers of shares other than:

- certain restrictions which may from time to time be imposed by laws or regulations such as those relating to insider dealing;
- pursuant to the Company's Share Dealing Code, whereby the Directors and designated employees require approval to deal in the Company's shares;
- where a person with an interest in the Company's shares has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares;
- where a proposed transferee of the Company's shares has failed to provide to the Directors a declaration of nationality (together with such evidence as the Directors may require) as required by the Company's Articles of Association; and
- the powers given to the Directors by the Company's Articles of Association to implement disenfranchisement and to limit the ownership of the Company's shares by non-UK nationals or, following a decision of the Directors, by non-EU nationals, and powers to enforce this limitation, including the right to force a sale of any affected shares.

There are no restrictions on exercising voting rights save in situations where the Company is legally entitled to impose such a restriction (for example under the Articles of Association where an Affected Share Notice has been served, amounts remain unpaid in the shares after request, or the holder is otherwise in default of an obligation to the Company).

Those shareholders who own shares whose voting rights will be suspended at the AGM will receive an Affected Share Notice by post from Equiniti, our registrars in January 2024 notifying them of the suspension of voting rights in respect of their Affected Shares. Shareholders in receipt of an Affected Share Notice will not be entitled to attend, speak or vote at the AGM, in respect of those shares subject to an Affected Share Notice. The Company is not aware of any other arrangements between shareholders that may result in restrictions on the transfer of securities or voting rights.

Variation of rights

Subject to the Companies Act 2006, rights attached to any class of shares may be varied with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of such class.

Employee share schemes – rights of control

The trustees of the easyJet UK Share Incentive Plan, which is used to acquire and hold shares in the Company for participants in the UK Share Incentive Plan, does not seek to exercise voting rights on shares held other than on direction of the underlying beneficiaries. The trustees take no action in respect of ordinary shares for which they have received no direction to vote, or in respect of ordinary shares which are unallocated.

The trustee of the easyJet plc Employee Benefit Trust (the Trust), which is used to acquire and hold shares in the Company for the benefit of employees, including in connection with the easyJet Long Term Incentive Plan, the International Share Incentive Plan and Save As You Earn plans, has the power to vote or not vote, at its absolute discretion, in respect of any shares in the Company held unallocated in the Trust. However, in accordance with good practice, the trustee adopts a policy of not voting in respect of such shares. Both the trustees of the easyJet UK Share Incentive Plan and the easyJet plc Employee Benefit Trust have a dividend waiver in place in respect of shares which are the beneficial property of each of the trusts.

ADDITIONAL INFORMATION

Substantial interests

As at 30 September 2023, the Company had been notified of the following disclosable interests in its issued ordinary shares in accordance with DTR 5:

	Number of shares as notified to the Company	% of issued share capital as at 30 September 2023
The Haji-Ioannou family concert party shareholding, consisting of easyGroup Holdings Limited (holding vehicle for Sir Stelios Haji-Ioannou and Clelia Haji-Ioannou) and Polys Haji-Ioannou (through his holding vehicle Polys Holdings Limited)	115,737,821	15.27%
Societe Generale	33,384,779	4.40%

The Company was not notified of any changes between 30 September 2023 and 28 November 2023.

Annual General Meeting

The Board currently intends to hold the AGM on 8 February 2024. The arrangements for the Company's 2024 AGM and details of the resolutions to be proposed, together with explanatory notes, will be set out in the Notice of AGM to be published on the Company's website.

Articles of Association

The Company's Articles of Association may only be amended by a special resolution at a general meeting of the shareholders, and were last amended at the AGM on 23 December 2020. A copy of the Articles is available on the Company's website: **corporate.easyJet.com**.

Branches

The Group, through various subsidiaries, has established branches in France, Germany, Italy, the Netherlands, Portugal and Spain, in which the business operates.

Financial instruments

Details of the Group's use of financial instruments, together with information on our financial risk management objectives and policies, hedging policies and our exposure to financial risks, can be found in notes 25 and 26 of the consolidated financial statements.

Going concern and viability statement

The Company's going concern and viability statements are detailed on pages 67 and 68 of the strategic report.

OTHER DISCLOSURES (CONTINUED)

Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the Group will be put to shareholders at the forthcoming AGM.

Political donations and expenditure

easyJet works constructively with all levels of government across its network, regardless of political affiliation. easyJet believes in the rights of individuals to engage in the democratic process; however, it is easyJet's policy not to make political donations. There were no political donations made or political expenditure incurred during the 2023 financial year.

Greenhouse gas emissions and energy consumption

Details of the Company's greenhouse gas emissions (GHG), energy consumption, energy efficiency action and Streamlined Energy and Carbon Reporting (SECR) disclosures can be found on page 45 of the strategic report.

SIGNIFICANT AGREEMENTS – CHANGE OF CONTROL

The Company licenses the easyJet brand from easyGroup Limited. Further details are set out in note 29 to the financial statements.

The following significant agreements, which were in force at 28 November 2023, take effect, alter or terminate on a change of control of the Company.

EMTN Programme and Eurobond Issue

On 7 January 2016, the Group established a Euro Medium Term Note Programme (the EMTN Programme) which provides the Group with a standardised documentation platform to allow for senior unsecured debt issuance in the Eurobond markets. The maximum potential issuance under the EMTN Programme is £4 billion.

Under the EMTN Programme, the following notes (the Notes) have been issued by the Company and easyJet Finco B.V.:

- February 2016: Eurobonds consisting of €500 million guaranteed Notes paying 1.75% coupon. This was repaid on its maturity date in February 2023;
- October 2016: Eurobonds consisting of €500 million guaranteed Notes paying 1.125% coupon. This was repaid on its maturity date in October 2023;
- June 2019: Eurobonds consisting of €500 million guaranteed Notes paying 0.875% coupon and maturing in June 2025; and
- March 2021: Eurobonds consisting of €1.2 billion guaranteed Notes paying 1.875% interest and maturing in March 2028.

Pursuant to the final terms attaching to the Notes, the Company will be required to make an offer to redeem or purchase the Notes at their principal amount plus interest up to the date of redemption or repurchase if there is a change of control of the Company which results in a downgrade of the credit rating of the Notes to a non-investment grade rating or withdrawal of the rating by both Moody's and Standard & Poor's.

Revolving Credit Facility

On 9 September 2021, easyJet entered into a revolving credit facility (the RCF). The RCF amounts to a $400 million commitment, supported by a syndicate of banks, and has a termination date of September 2025 (unless extended). If there is a change of control of the Company, the lenders are not required to lend easyJet any money under the RCF. Lenders may also request that any amounts that have been borrowed (together with accrued interest and all other amounts accrued or outstanding under the RCF) become immediately due and payable.

UK Export Finance Facilities Agreement

On 16 June 2023, easyJet entered into a five-year sustainability-linked term loan facility of $1.75 billion underwritten by a syndicate of banks and supported by a partial guarantee from UK Export Finance under their Export Development Guarantee scheme (the EDG Facility). If there is a change of control of the Company, the lenders are not required to lend easyJet any money under the EDG Facility. Lenders may also request that any amounts that have been borrowed (together with accrued interest and all other amounts accrued or outstanding under the EDG Facility) become immediately due and payable. The EDG Facility is undrawn and replaced easyJet's previous export development guarantee facility of $1.87 billion entered into in January 2021.

Other agreements

The Company does not have agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a change of control on takeover, except that provisions of the Company's share schemes and plans may cause options and awards granted to employees under such schemes and plans to vest on a takeover.

The Annual Report and Accounts have been drawn up and presented in accordance with UK company law and the liabilities of the Directors in connection with the report shall be subject to the limitations and restrictions provided by such law.

easyJet plc is incorporated as a public limited company and is registered in England under number 3959649. easyJet plc's registered office is Hangar 89, London Luton Airport, Luton, Bedfordshire LU2 9PF.

The strategic report (comprising pages 2 to 70) and Directors' Report (comprising pages 72 to 112 and 131 to 134) were approved by the Board and signed on its behalf by the Company Secretary.

By order of the Board

Ben Matthews
Company Secretary
Luton
28 November 2023

Disclosures required under Listing Rule 9.8.4

The information to be included in the 2023 Annual Report and Accounts under LR 9.8.4, where applicable, can be located as set out below.

Information	Page
Shareholder waiver of future dividends	134

Other information that is relevant to this report, and which is incorporated by reference, can be located as follows:

Information	Page
Directors' service contracts	127
Environmental, Social and Governance (ESG) matters	20–21 and 39–58
Corporate governance report	71–130
Activities in relation to research and development	18-19, 43–53
Events after statement of financial position date	188

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and Accounts 2023 and the financial statements in accordance with applicable law and regulation.

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

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

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

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

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

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

DIRECTORS' CONFIRMATIONS

Each of the Directors, whose names and functions are listed on pages 89 to 91, confirm that, to the best of their knowledge:

> the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
> the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
> the Strategic Report, included in the Annual Report, includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

> so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
> they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

This responsibility statement was approved by the Board of Directors on 28 November 2023 and signed on its behalf by:

Johan Lundgren
Chief Executive

Kenton Jarvis
Chief Financial Officer

Independent auditors' report to the members of easyJet Plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion:

- easyJet Plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 30 September 2023 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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

Our opinion is consistent with our reporting to the Audit Committee.

BASIS FOR OPINION

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 3 to the financial statements and the Audit Committee Report, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

OUR AUDIT APPROACH

Context

There were no significant changes to the Group's operations during the year. Following the easing of the previous travel restrictions, more normalised levels of trading and passenger volumes have returned in the current year. easyJet holidays also grew significantly during the year, with its second full summer of largely unrestricted trading, and contributed over 25% of the total Group profit in the current year. There are a number of changes to our key audit matters this year as explained later in the report.

Overview

Audit scope

- We performed full scope audit procedures over the Company and two individually significant components in the Group. Procedures over material financial statement lines were performed in relation to four further components.
- Separate audit procedures were performed in relation to consolidation adjustments and balances which arise or eliminate on consolidation of the Group financial statements, including goodwill and postemployment benefit obligations.
- This provided coverage of over 95% of both external consolidated revenue and consolidated profit before tax.

Key audit matters

- Assessment of impairment of easyJet plc's investment in, and recoverability of intercompany receivables due from, easyJet Airline Company Limited (parent)
- Valuation of the leased aircraft maintenance provision (group)

Materiality

- Overall group materiality: £30,000,000 (2022: £21,500,000) based on an average of 5% of headline profit/loss before tax over the last 5 years on an absolute basis.
- Overall company materiality: £46,000,000 (2022: £19,350,000) based on 1% of total assets, capped at 90% of Group materiality for the purposes of the Group audit.
- Performance materiality: £22,500,000 (2022: £16,125,000) (group) and £34,500,000 (2022: £14,500,000) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Assessment of impairment of goodwill and other intangible assets (group) and Recoverability of deferred tax assets (group), which were key audit matters last year, are no longer included because of the improvements in current and forecast trading performance which have led to increased levels of headroom being observed in the goodwill and other intangibles impairment assessment, and a reduction to the risk that deferred tax assets may not be recoverable. Otherwise, the key audit matters below are consistent with last year.

Independent auditors' report to the members of easyJet Plc (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment of easyJet plc's investment in, and recoverability of intercompany receivables due from, easyJet Airline Company Limited (parent)	

At 30 September 2023, easyJet plc holds an investment of £1.0bn (2022: £1.0bn) and intercompany receivables of £3.6bn (2022: £3.4bn), with easyJet Airline Company Limited (EACL), resulting in a total investment (total investment) balance of £4.6bn (2022: £4.4nbn). The directors have considered the cash flow projections for the Airline cash-generating unit ("CGU"), which are considered to be the relevant cash flows for the purposes of assessing impairment of the total investment in EACL.
 	
We focused on the risk of impairment as the impairment test involves estimates to be made by management, many of which are forward-looking. These estimates include key assumptions underpinning the strategic plan, fuel prices including exchange rates (including the ability of cost increases to be passed through to the customer), contracted increases in fleet size, revenue per seat short and long-term economic growth rates and the impacts of climate change on future cash flows. In addition we noted a potentially heightened risk in the current year due to the market capitalisation falling below the current aggregate carrying value of these assets.
 	
Refer to the Accounting policies, judgements and estimates note (note 1), Note 10 to the consolidated financial statements and Notes a), c) and f) to the Company financial statements, for management's disclosures of the relevant judgements and estimates involved in assessing the total investment balance for impairment.
	We obtained management's annual impairment assessment and ensured the calculations were mathematically accurate and that the methodology used was in line with the requirements of IAS 36 'Impairment of Assets'.
	
	> We concluded that using the Airline CGU cash flows is appropriate for the purposes of performing the assessment of impairment of the total investment held in EACL.
	> We evaluated the future cash flow forecasts of the CGU, and the process by which the forecasts were drawn up. In doing this, we confirmed that the forecasts used for the impairment assessment were appropriately consistent with the latest available Board plans (excluding the impact of easyJet holidays which is a separate CGU).
	> We evaluated the inputs in the Value In Use (VIU) calculation and challenged the key assumptions including assessment of short and medium-term flying assumptions by comparing them to industry forecasts;
	  > using our internal valuation experts to calculate an independent WACC rate range, with reference to comparable businesses, to assess the appropriateness of the WACC rate used in management's assessment;
	  > assessment of the fuel price assumptions, to ensure the rates used at 30 September 2023 were appropriate and that sufficient disclosure of the underlying assumptions for dealing with future potential fuel and Emissions Trading Scheme credit price volatility via pass through to customers have been adequately disclosed in the financial statements; and
	  > we evaluated the extent to which the considerations of climate change, such as costs associated with emissions trading schemes and the expected increased use of sustainable aviation fuels, had been reflected in the underlying cash flows and management's sensitivities. This included an assessment of the consistency of the assumptions used with the latest impact assessments that have been carried out by easyJet's sustainability team, including the continuing fleet transition.
	> We assessed the implied enterprise value based on current market capitalisation and compared this to the underlying asset carrying values. We have also understood management's explanation for the difference between the current implied enterprise value and the cash flows derived on a VIU basis.
	> We reviewed the adequacy of disclosures made in the financial statements and assessed compliance with disclosure requirements, including challenging management to be transparent about the underlying risk scenarios which have been assessed and embedded into its future cash flow assumptions.
	
	Based on our work summarised above, we have concluded that the investment in and amounts due from, easyJet Airline Company Limited are not impaired at 30 September 2023 and that appropriate assumption and sensitivity disclosures have been made in the financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of the leased aircraft maintenance provision (group)	
The Group operates aircraft which are held under lease arrangements and for which it incurs liabilities for maintenance costs during the term of the lease. These arise from legal and contractual obligations relating to the condition of the aircraft when they are returned to the lessor. Significantly material maintenance provisions for aircraft maintenance costs in respect of leased aircraft were recorded in the financial statements at 30 September 2023. At each statement of financial position date, the calculation of the maintenance provision includes a number of variable factors and assumptions including primarily the expected cost of the heavy maintenance check and the time it is expected to occur. We focused on this area because of the inherent level of management estimation required in calculating the amount of provision needed as a result of the subjective estimation of uncontracted variable costs and related inflationary increases which may arise as part of the overall cost estimate. Refer to the Accounting policies, judgements and estimates note (note 1) and Note 19, for management's disclosures of the relevant judgements and estimates involved in assessing this provision valuation.	> We evaluated the maintenance provision model and tested the calculations therein. > We evaluated the judgements made by management to calculate certain elements of the provision based on the expectation of incurring penalties rather than performing maintenance restoration work before the lease end date. We also performed testing to agree these penalty rates back to the contractual agreements. > We assessed the process by which the variable elements within the provision are estimated, evaluating the reasonableness of the assumptions, testing the input data and re-performing calculations. Our testing has focussed on those elements of the cost assumptions which are most exposed to estimation uncertainty, being the non-fixed elements of the current estimate of event costs and the future inflation/escalation of these costs to the date at which the event is expected to arise. > We challenged the key assumptions using both the Group's internal data, such as maintenance contract terms and pricing, historical experience, business plans and forecasts as well as external data points such as external contracts, and price indices. We also performed sensitivity analysis in respect of the key cost and inflationary assumptions identified above, which are the elements most exposed to estimation uncertainty. We found no material exceptions from these assessments and comparisons. > We have assessed the methodology by which the gross provision has been discounted back to present value and considered it to be appropriate. > Having ascertained the magnitude of movements in those key assumptions that would be required for the provision to be misstated, we considered the likelihood of such movements arising and any impact on the overall level of aircraft maintenance provisions recorded in the financial statements. Our assessment as to likelihood and magnitude of misstatement did not identify any material exceptions. > We reviewed the adequacy of disclosures made in the financial statements and challenged management to be clear on what the critical sources of estimation uncertainty are with respect to this balance and to ensure that the sensitivity disclosures provided are relevant to those specific areas. Based on the work performed, as summarised above, we have concluded the Group's valuation of maintenance provisions on leased aircraft and disclosure of the related critical estimates is materially appropriate.

Independent auditors' report to the members of easyJet Plc (CONTINUED)

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group operates through the Company and its fourteen subsidiary undertakings of which eight were actively trading through the year. The remaining subsidiaries are either holding companies or currently dormant. The accounting for these subsidiaries, each of which is considered to be a separate component in the way we scope our audit, is primarily centralised in the UK.

We determined the most effective approach to scoping was to perform full scope audit procedures over the Company and two individually significant components in the Group which are registered in the UK. Procedures over material financial statements lines were performed in respect of four further components. In some cases, financial statement line items are tested in aggregate to the Group materiality where they arise on consolidation. All Group audit work has been performed by the UK Group engagement team.

Additional audit procedures were performed in relation to consolidation adjustments by the UK Group engagement team. The testing approach ensured that appropriate audit evidence was obtained over all financial statement line items in order to support our opinion on the Group financial statements as a whole.

The impact of climate risk on our audit

Climate change risk is expected to have a significant impact on the aviation industry. As explained in the Sustainability Report, the Group is clearly mindful of their impact on the environment and in September 2022 set out their roadmap to net zero carbon emissions by 2050, including an interim target to have reduced well-to wake GHG emissions by 35% by 2035, aligned with the Science-Based Targets initiative and how they aim to deliver on these targets.

In planning and executing our audit we have considered the Group's risk assessment process and the steps the business expects to take to deliver on its GHG emissions target. This, together with discussions with management and our own sustainability specialists and reading the Group's most recent sustainability reporting, including their latest Carbon Disclosure Project submission, provided us with a good understanding of the potential impact of climate change on the financial statements.

We assessed that the key financial statement line items and estimates which are more likely to be materially impacted by climate risks are those associated with future cash flows, given the more notable impacts of climate change on the business are expected to arise in the medium to long term. These include the key audit matter in respect of the assessment of impairment of easyJet plc's investment in, and recoverability of intercompany receivables due from, easyJet Airline Company Limited, as well as the assessment of impairment of goodwill and other intangible assets and the recoverability of the Group's deferred tax assets. We have considered the estimated costs used by management in relation to carbon credits required to be purchased under Emission trading schemes and the minimum levels of SAF usage required under currently implemented mandates. We have also specifically considered how easyJet's net zero targets impact on likely aircraft ownership periods, residual value changes for less fuel-efficient aircraft, and the related impact on ongoing depreciation charges in respect of aircraft assets held at 30 September 2023. In addition we also considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures (TCFD) section) within the Annual Report and Accounts with the financial statements and our knowledge obtained from our audit.

Whilst the Group has started to quantify some of the impacts that may arise on its pathway towards its net zero targets, the future financial impacts are clearly uncertain given the medium to long term time horizon and the technological advancements that will be necessary, including further updates to sustainable aviation fuel mandates and the development of zero emissions aircraft. We have discussed with management and the Audit Committee that the estimated financial impacts of climate change, which are expected to be significant, will need to be frequently reassessed and our expectation that climate change disclosures will continue to evolve as greater understanding of the actual and potential impacts on the Group's future operations is obtained.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	**Financial statements – company**
Overall materiality	£30,000,000 (2022: £21,500,000).	£46,000,000 (2022: £19,350,000).
How we determined it	Based on an average of 5% of headline profit/loss before tax over the last 5 years on an absolute basis	Based on 1% of total assets, capped at 90% of Group materiality for the purposes of the Group audit
Rationale for benchmark applied	We consider that the income statement remains the principal measure used by the shareholders in assessing the underlying performance of the Group and therefore an approach to materiality based on 5% of the headline profit/loss before tax has been applied. However, given the continued recovery in the current year and volatility in trading caused by the impact of Covid, we have used an average of the headline profit/loss before tax over the last 5 years on an absolute basis.	We believe that a total asset benchmark is appropriate given that the Company does not generate revenues of its own.

Independent auditors' report to the members of easyJet Plc (CONTINUED)

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £5,214,442 and £27,000,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £22,500,000 (2022: £16,125,000) for the group financial statements and £34,500,000 (2022: £14,500,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1,500,000 (group audit) (2022: £1,075,000) and £1,500,000 (company audit) (2022: £1,075,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

CONCLUSIONS RELATING TO GOING CONCERN

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

> Review of management's base case and severe but plausible downside scenario, ensuring the directors have considered appropriate factors. This included consideration of the cash flows against current industry forecasts, the liquidity position of the Group, available financing facilities, the timing of contractual debt repayments and committed capital expenditure and the relevant liquidity requirements that exist as part of the contractual arrangements with current card acquirers.

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

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

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

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

REPORTING ON OTHER INFORMATION

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

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

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

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

Strategic report and Directors' Report

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

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

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Governance and Strategic Report sections of the Annual Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

> The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
> The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
> The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
> The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
> The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent auditors' report to the members of easyJet Plc (CONTINUED)

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory compliance to ensure Air Operator's Certificates (held in the UK, Switzerland and Austria) and travel provider licences remain valid and fully operational, the majority of voting rights being held by EU persons, Task Force on Climate-Related Financial Disclosures, Streamlined Energy and Carbon Reporting (SECR) requirements, consumer protection legislation, adherence to data protection requirements in the jurisdictions in which easyJet operates and holds data, regulatory compliance requirements to and non-compliance with employment regulations in the UK and other jurisdictions in which the Group operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the requirements of emissions trading schemes and customer claims regulation, The Listing Rules, UK and overseas tax legislation, The UK Corporate Governance Code 2018 and Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries in the underlying books and records and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, internal audit and the Group's legal team, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud
- Challenging assumptions and judgements made by management in it's significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We focused on the valuation of the maintenance provision, and for the Company the assessment of impairment of the investment in and intercompany receivables due from easyJet Airline Company Limited (see related key audit matters above). We also specifically assessed the provisions held in respect of actual and potential litigation matters, provisions held for customer compensation, breakage on contract liabilities held with customers, the assessment of impairment of intangible assets, and the recoverability of deferred tax assets
- Consideration of recent correspondence with the Group's legal advisors to ensure that it aligned with the conclusions drawn on obligations recognised and contingent liabilities disclosed in respect of uncertain legal matters
- Identifying and testing journal entries, in particular certain journal entries posted with unusual account combinations
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Independent auditors' report to the members of easyJet Plc (CONTINUED)

Use of this report

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

OTHER REQUIRED REPORTING

COMPANIES ACT 2006 EXCEPTION REPORTING

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

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

We have no exceptions to report arising from this responsibility.

APPOINTMENT

Following the recommendation of the Audit Committee, we were appointed by the members on 22 February 2006 to audit the financial statements for the year ended 30 September 2006 and subsequent financial periods. The period of total uninterrupted engagement is 18 years, covering the years ended 30 September 2006 to 30 September 2023.

OTHER MATTER

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Matthew Mullins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
28 November 2023

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 30 September 2023 Headline £ million	2023 Non-headline (note 5) £ million	2023 Total £ million	2022 Headline £ million	2022 Non-headline (note 5) £ million	2022 Total £ million
Passenger revenue		**5,221**	**–**	**5,221**	3,816	–	3,816
Ancillary revenue[1]							
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	8	**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	11	**(625)**	**(19)**	**(644)**	(539)	–	(539)
Amortisation of intangible assets	10	**(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	2	**(21)**	**–**	**(21)**	(181)	–	(181)
Profit/(loss) before tax	3	**455**	**(23)**	**432**	(178)	(30)	(208)
Tax (charge)/credit	6	**(114)**	**6**	**(108)**	31	8	39
Profit/(loss) for the year		**341**	**(17)**	**324**	(147)	(22)	(169)
Earnings/(loss) per share, pence							
Basic	7			**43.1**			(22.4)
Diluted	7			**42.7**			(22.4)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**Year ended 30 September 2023 £ million**	Year ended 30 September 2022 £ million
Profit/(loss) for the year		**324**	(169)
Other comprehensive (loss)/income			
Items that may be reclassified to the income statement:			
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)	6	**12**	(11)
Cost of hedging		**(9)**	8
Related deferred tax credit/(charge)	6	**2**	(2)
Items that will not be reclassified to the income statement:			
Remeasurement (loss)/gain of post-employment benefit obligations	20	**(8)**	41
Related deferred tax charge	6	**(1)**	(10)
Fair value gains on equity investment		**–**	1
		(73)	66
Total comprehensive income/(loss) for the year		**251**	(103)

Fair valuation losses in the year are primarily due to movements in the foreign exchange rates partially offset by gains on fuel hedges.

(Gains)/losses on cash flow hedges reclassified from other comprehensive income to the income statement by income statement caption are as follows:

	2023 £ million	2022 £ million
Revenue	**6**	(9)
Fuel	**(86)**	(663)
Maintenance	**(5)**	(7)
Eurobonds (within foreign exchange gain/(loss))	**21**	(30)
Other financing income	**13**	(21)
	(51)	(730)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 September 2023 £ million**	As at 30 September 2022 re-presented £ million
Non-current assets			
Goodwill	10	**365**	365
Other intangible assets	10	**276**	217
Property, plant and equipment	11	**4,864**	4,629
Derivative financial instruments	25	**35**	127
Equity investment	25	**31**	31
Restricted cash	14	**2**	3
Other non-current assets	12	**138**	91
Deferred tax assets	6	**–**	62
		5,711	5,525
Current assets			
Trade and other receivables	13	**343**	367
Intangible assets	10	**676**	495
Derivative financial instruments	25	**186**	423
Restricted cash	14	**–**	4
Money market deposits	14	**–**	126
Cash and cash equivalents	14	**2,925**	3,514
		4,130	4,929
Current liabilities			
Trade and other payables[1]	15	**(1,764)**	(1,759)
Unearned revenue	16	**(1,498)**	(1,042)
Borrowings	17	**(433)**	(437)
Lease liabilities	18	**(217)**	(247)
Derivative financial instruments	25	**(54)**	(86)
Current tax payable	6	**(3)**	(5)
Provisions for liabilities and charges[1]	19	**(175)**	(102)
		(4,144)	(3,678)
Net current (liabilities)/assets		**(14)**	1,251

	Notes	**As at 30 September 2023 £ million**	As at 30 September 2022 re-presented £ million
Non-current liabilities			
Borrowings	17	**(1,462)**	(2,760)
Unearned revenue	16	**(3)**	(1)
Lease liabilities	18	**(772)**	(866)
Derivative financial instruments	25	**(14)**	(22)
Non-current deferred income		**(4)**	(4)
Post-employment benefit obligation	20	**(7)**	(1)
Provisions for liabilities and charges	19	**(626)**	(589)
Deferred tax liabilities	6	**(22)**	–
		(2,910)	(4,243)
Net assets		**2,787**	2,533
Shareholders' equity			
Share capital	21	**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 1a for further detail.

The financial statements on pages 142 to 188 were approved by the Board of Directors and authorised for issue on 28 November 2023 and signed on behalf of the Board.

Johan Lundgren
Director

Kenton Jarvis
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £ million	**Share premium £ million**	**Hedging reserve £ million**	**Cost of hedging reserve £ million**	**Translation reserve £ million**	**Retained earnings/ (accumulated losses) £ million**	**Total equity £ 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**
Share incentive schemes							
Employee share schemes – value of employee services (note 22)	**–**	**–**	**–**	**–**	**–**	**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 £ million	Share premium £ million	Hedging reserve £ million	Cost of hedging reserve £ million	Translation reserve £ million	Retained earnings/ (accumulated losses) £ million	Total equity £ 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 and equipment	–	–	(14)	–	–	–	(14)
Share incentive schemes							
Employee share schemes – value of employee services (note 22)	–	–	–	–	–	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

	Notes	**Year ended 30 September 2023 £ million**	Year ended 30 September 2022 £ million
Cash flows from operating activities			
Cash generated from operations	23	**1,509**	892
Interest and other financing charges paid	2	**(162)**	(130)
Interest and other financing income received	2	**125**	11
Settlement of derivatives		**91**	7
Net tax paid	6	**(12)**	(4)
Net cash generated from operating activities		**1,551**	776
Cash flows from investing activities			
Purchase of property, plant and equipment	11	**(677)**	(501)
Purchase of non-current other intangible assets	10	**(77)**	(29)
Net decrease/(increase) in money market deposits	24	**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	24	**(1,192)**	(377)
Repayment of capital element of leases	24	**(218)**	(206)
Decrease in restricted cash	14	**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	14	**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

The financial statements are prepared based on the historical cost convention except for certain financial assets and liabilities, including derivative financial instruments, financial guarantees, equity investments, and certain contingent liabilities and commitments, which are measured at fair value.

easyJet's business activities, together with factors likely to affect its future development and performance, are described in the strategic report on pages 2 to 70. Principal risks and uncertainties are described on pages 61 to 66. Note 26 to the financial statements sets out the Group's objectives, policies and procedures for managing its capital and gives details of the risks related to financial instruments held by the Group.

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 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 use of critical accounting estimates and management judgement is required in applying relevant accounting policies to the Group's consolidated financial statements. Areas involving a higher degree of judgement, or where assumptions and estimates are significant to the financial statements and carry estimation risk, are highlighted on pages 156 and 157.

Climate change

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

> the estimates of future cash flows used in impairment assessments of the carrying value of non-current assets;
> the estimates of future profitability used in our assessment of the recoverability of deferred tax assets in the UK; and
> the useful economic lives (UELs) and related residual values for our less fuel-efficient aircraft.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1A. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of consolidation

The consolidated financial statements incorporate those of easyJet plc and its subsidiaries for the years ended 30 September 2022 and 2023. A full list of subsidiaries can be found in the Notes to the Company financial statements on page 191.

A subsidiary is an entity controlled by easyJet plc. Control is achieved when easyJet is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power, directly or indirectly, over the investee.

Intragroup balances, transactions, and any unrealised gains and losses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

Foreign currencies

The primary economic environment in which a subsidiary operates determines its functional currency. The consolidated financial statements of easyJet are presented in sterling, rounded to the nearest £ million, which is the Company's functional currency and the Group's presentation currency.

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

Certain subsidiaries have operations that are primarily influenced by a currency other than sterling. Exchange differences arising on the translation of these foreign operations are taken to the translation reserve within shareholders' equity until all or part of the interest is disposed of, when the relevant portion of the accumulated exchange gains or losses is recognised in the income statement. Profits and losses of foreign operations are translated into sterling at average monthly rates of exchange during the year, as this approximates the rates on the dates of the transactions.

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 £ million	Non-headline (note 5) £ million	Total £ million	Headline £ million	Non-headline (note 5) £ million	Total £ 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)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, the impact on accompanying notes is described in those notes. Specifically, for note 19, 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 £ million	Re-presented £ 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.

Impairment of non-financial assets

easyJet has identified two separate cash-generating units (CGUs) which are two separate groups of assets generating largely independent cash flows, these being easyJet's airline route network and its Holidays business.

All goodwill, landing rights, current intangible assets, associated working capital balances, aircraft and aircraft spares belong to the Airline CGU which is tested annually for impairment or when there is an indication of impairment. A single value in use (VIU) calculation is performed in order to assess the recoverability of the assets.

The Holidays CGU includes other intangible assets, which are subject to amortisation and working capital associated to the Holidays segment. The CGU is tested for impairment annually or when there is an indication of impairment.

A further description of the calculation of the VIU and current year outcome and sensitivities for the Airline CGU is given in note 10.

Goodwill and other intangible assets

Goodwill arising on acquisition has been recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over easyJet's interest in the net fair value of the identifiable assets acquired and the liabilities assumed. Goodwill is stated at cost less any accumulated impairment losses. It has an indefinite expected useful life and is tested for impairment as part of the Airline CGU on an annual basis or when there is an indication of impairment.

Landing rights are stated at cost less any accumulated impairment losses. They are considered to have an indefinite useful life as they remain available for use for the foreseeable future provided minimum utilisation requirements are observed. Landing rights form part of the Airline CGU and are therefore tested for impairment at least annually or when there is an indication of impairment. Landing rights with a carrying value that have no further VIU and have been surrendered for nil value are de-recognised and a loss on disposal recognised in the income statement at the point of surrender.

When assessing for impairment or reassessing UELs, easyJet considers potential significant future changes including in relation to market, technological, economic and legal developments. The potential future impacts of climate change have been incorporated by including the estimated financial impact within cash flow projections of the future estimated price of ETS allowances, and the expected price and quantity required of SAF usage. Additional risks associated with climate change have also been stress tested, including sensitivities of SAF usage and ETS costs, additional legal and technology costs, reduced demand and increased cost of maintenance and replacement aircraft.

Computer software is stated at cost and is amortised from the point at which the asset is ready for use on a straight-line basis over the asset's UEL. UELs are reviewed annually.

	Expected useful life
Computer software	3–7 years

Annual licence agreements to use Cloud software are expensed and treated as a service agreement. Perpetual licences to use Cloud software are capitalised if easyJet has both a contractual right to the software and the ability to run the software independently of the host vendor, but are otherwise expensed. Customisation and configuration costs related to the implementation of Cloud-based applications are expensed unless the activity creates an asset that is separate and identifiable from the software.

EU ETS, CH ETS and UK ETS carbon allowances

easyJet participates in the EU ETS, CH (Swiss) ETS and UK ETS schemes. Participants are required to purchase and surrender ETS carbon allowances to cover their annual carbon emissions from flying. The surrender process takes place ahead of the compliance deadline of 30 April each year in respect of the preceding calendar year. A proportion of allowances are issued for free and are recognised at fair value, being the market value on the date they are received, with a corresponding liability recognised simultaneously. Purchased allowances are recognised at the purchase price. Both free and purchased carbon allowances are held as current intangible assets and are not subsequently revalued as they are held for own use.

As part of the annual surrender process free allowances will be surrendered first with purchased allowances then surrendered on a first in, first out (FIFO) basis. The income statement expense (included in fuel costs), recognised throughout the year as the liability is incurred through flying, is based on a weighted average cost of the free and purchased allowances estimated to be surrendered (on the FIFO basis described above) as part of the annual surrender process. A corresponding liability of the same value is also recognised. As such, for any financial year, three months of the related expense will be known having already been surrendered, with nine months of the expense subject to a degree of estimation. Where insufficient allowances are held in easyJet's registry at the financial year end, when compared with the expected calendar year surrender, the remainder of the income statement expense is estimated using the market price of allowances as at the financial year end date. Both the related asset and liability are extinguished only at the point when the allowances are surrendered.

These current intangible assets form part of the Airline CGU and are reviewed for impairment annually or when there is an indication of impairment within the Airline CGU.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Carbon offsetting and Verified Emission Reductions

Up until 31 December 2022, easyJet operated a voluntary policy to offset every tonne of carbon and carbon equivalents emitted from fuel used for all its flights. This was done through purchasing Verified Emission Reduction (VERs) certificates arising from Gold Standard or Verified Carbon Standard (VCS) accredited projects. The Voluntary Offsetting Policy was retired in September 2022 but VER assets remain on the consolidated statement of financial position to offset the estimated emissions from flights booked up to and including 31 December 2022 and with a departure date after 30 September 2023. The value of these assets is immaterial, and they will be retired in financial year 2024. No contractual commitments remain for the purchase of VERs.

easyJet continues to hold on the consolidated statement of financial position a number of VERs that were purchased under contractual obligations and are surplus to the certificates required to meet the remaining obligation for flights booked up to 31 December 2022. These certificates are being actively marketed for sale, but are held on the consolidated statement of financial position at purchase price. The value is not material. When sold, any excess of sale value over the purchase price value held on the consolidated statement of financial position will be recognised in other income.

Additionally, easyJet has an obligation under French law to offset CO_2 emissions incurred for French domestic flights. No carbon certificates have yet been purchased for the obligation; the liability for the certificates required to be purchased is not material and is recognised on the consolidated statement of financial position under trade and other payables.

Property, plant and equipment

Property, plant and equipment (PPE) is stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost, less estimated residual value, of assets on a straight-line basis over their UELs. UELs and residual values are reviewed annually.

	Expected useful life
Aircraft[1]	18–23 years[2, 3]
Aircraft spares	18 years
Aircraft – prepaid maintenance	7–10 years
Leasehold improvements	5–10 years or the length of lease if shorter
Freehold land	Not depreciated
Fixtures, fittings and equipment[4]	3 years or length of lease of property where equipment is used if shorter
Computer hardware[4]	3–5 years

1) Aircraft held as right of use assets are depreciated over the lease term; see leases section. Contractual capital maintenance associated with leased aircraft is charged as depreciation to the income statement as the usage that defines the maintenance event occurs.
2) easyJet operate a fleet of Airbus ceo and neo aircraft. The newer neo aircraft have a UEL of 23 years. Aligning to the longer-term plan for ceo aircraft, and the ambition to replace these over time with the more fuel efficient neo aircraft as part of easyJet's net zero commitment, ceo aircraft have a shorter UEL of 18 years.
3) Aircraft are depreciated once in the location and condition necessary to be capable of operating in the manner intended by management.
4) Other assets within note 11.

Residual values are reviewed annually, at the end of the reporting period, against prevailing market rates for assets of an equivalent age, and the depreciation applied is adjusted accordingly on a prospective basis. The carrying value of PPE assets is part of the Airline CGU and is therefore reviewed for impairment at least annually or when there is any indication of impairment within the CGU. For aircraft, easyJet is dependent on Airbus as its sole supplier. This gives rise to an increased valuation risk, which crystallises when aircraft exit the fleet, where easyJet is reliant on the future demand for second-hand aircraft and specifically Airbus aircraft. Future developments, such as the impact of climate change on the market, technological, economic or legal environment, are considered when assessing residual values and UELs.

An element of the cost of a new aircraft is attributed on acquisition to prepaid maintenance, reflecting the 'full-life' maintenance status of key components of the aircraft at the point of transition of ownership. This cost is depreciated over a period of between seven to ten years from the date of manufacture, in accordance with the maintenance schedule for the aircraft. Subsequent costs incurred which lend enhancement to future periods, such as long-term scheduled maintenance and major overhaul of aircraft and engines, are capitalised at the time of the event and depreciated over the length of the period benefiting from these enhancements. All other maintenance costs for owned aircraft are charged to the income statement as incurred.

Pre-delivery payments made in respect of aircraft are recorded in PPE at cost. These amounts are not depreciated. A proportion of easyJet's financing costs have been attributed to pre-delivery payments, made in respect of aircraft and other qualifying assets under construction. These are capitalised and added to the cost of the asset concerned. Pre-delivery payments are depreciated from the point at which the aircraft to which they relate is received and ready for commercial use.

Gains and losses on disposals (other than aircraft-related sale and leaseback transactions) are determined by comparing the net proceeds with the carrying amount of the asset and are recognised in the income statement.

Freehold land is recorded at cost and not depreciated as it is considered to have an indefinite useful life.

Leases

When a contractual arrangement contains a lease, easyJet recognises a lease liability and a corresponding right of use asset at the commencement of the lease.

At the commencement date the lease liability is measured at the present value of the future lease payments, discounted using the Group's incremental borrowing rate where the interest rate in the lease is not readily determined. Lease payments include fixed payments and variable payments which are dependent on an index or rate. Where an index or rate is used this is initially measured using the index or rate at commencement. Subsequently, the lease liability is adjusted by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

The lease term is determined from the commencement date of the lease and the duration of the non-cancellable term. If easyJet has an extension option, which it considers it is reasonably certain to exercise, then the lease term will be considered to extend beyond that non-cancellable period to the end of the extension period available. Where easyJet has previously assessed that there is no intention to exercise an extension option but subsequently opts to exercise the option, then a modification would be carried out. If easyJet has a termination option, which it considers it is reasonably certain to exercise, then the lease term will be accounted for until the point when the termination option will take effect.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At the commencement date the right of use asset is measured at an amount equal to the lease liability plus any lease payments made before the commencement date and any initial direct costs, less any lease incentive payments. An estimate of costs to be incurred in restoring an asset before return to the lessor, in accordance with the terms of the lease, is also included in the right of use asset at initial recognition. Subsequently, for leased aircraft, the right of use asset attracts maintenance work in accordance with the contractual obligations of the lease, and a provision for the maintenance work is built up as the aircraft is flown, with the offset being against the right of use asset. The maintenance asset created is immediately fully depreciated as the liability is incurred as the aircraft is flown. Adjustment is also made to the right of use asset to reflect any remeasurement of the corresponding lease liability. The right of use assets form part of the Airline CGU and are therefore subject to review for impairment annually or when there is an indication of impairment within the Airline CGU.

Short-term leases less than 12 months in length and low-value leases are not recognised as lease liabilities and right of use assets but are recognised as an expense on a straight-line basis over the lease term.

In the consolidated statement of cash flows, payments for the interest element of recognised lease liabilities are included in interest and other financing charges paid within cash flows from operating activities. Payments for the principal element of recognised lease liabilities are presented within cash flows from financing activities.

easyJet periodically enters into sale and leaseback transactions whereby it sells either new or mid-life aircraft or engines to a third-party and immediately leases them back. Where the transaction is judged to reflect the aircraft's fair value, any gain or loss arising on disposal is recognised in the income statement, to the extent that it relates to the rights that have been transferred. Gains and losses that relate to the rights that have been retained are included in the carrying amount of the right of use asset recognised at commencement of the lease. If sale proceeds received were determined to not be at the aircraft's fair value, any below market terms would be recognised as a prepayment of lease payments, and above market terms recognised as additional financing provided by the lessor. Gains on sale and leaseback transactions are recognised in other income, with losses on sale and leaseback transactions recognised in other costs. Proceeds received for the sale of the fair value of the asset are recognised in the statement of cash flows within investing activities as it relates to property, plant and equipment.

Other non-current assets

Other non-current assets include both general lease deposits, as stipulated in lease agreements, as well as mid-life aircraft delivery assets for maintenance obligations incurred on mid-life aircraft before easyJet acquired the aircraft. The payments and receivables are recorded within current and non-current assets as applicable, pending reimbursement or receipt in accordance with contract specific terms. Management assess the recoverability of these assets on an annual basis through consideration of the credit position of the debtors and other relevant inputs. Under the general approach to assess impairment of financial assets, easyJet recognises a loss allowance equal to the 12 month expected credit losses.

Financial guarantees

Financial guarantees are initially measured at fair value and subsequently at the higher of the initial fair value or the amount of the loss allowance determined by an expected credit loss calculation.

A loss allowance is calculated where easyJet is jointly and severally liable for financial guarantee contracts. This is calculated based on the probability-weighted estimate of cash shortfalls to reimburse the holder for a credit loss that it incurs and based on the agreements which may exist between any co-guarantors.

Tax

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

Deferred tax is provided in full on temporary differences relating to the carrying amount of assets and liabilities, where it is probable that the recovery or settlement will result in an obligation to pay more, or a right to pay less, tax in the future, with the following exceptions:

- where the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable income nor accounting profit; and
- deferred tax arising on investments in subsidiaries is not recognised where easyJet is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Deferred tax liabilities represent the amount of income taxes payable in future periods in respect of taxable temporary differences.

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

Provisions

Provisions are recognised when a present legal or constructive obligation arises as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Amounts provided for represent the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account all related risks and uncertainties.

Restructuring

Provisions for restructuring arise principally in relation to network optimisation and head office reviews. Provisions for restructuring programmes are made when easyJet has a demonstrable commitment to a restructuring programme, for example through an announcement made to the impacted employees.

Restructuring provisions are measured based on the expected outcome of consultations with impacted employees. Where specific individuals at risk have not been identified, estimations are based on information available such as average payroll data, employee age and length of service.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Maintenance

easyJet incurs liabilities for maintenance and restoration costs in respect of leased aircraft during the term of the lease. These arise from legal and constructive contractual obligations relating to the condition of the aircraft when it is returned to the lessor or when heavy maintenance events are expected to occur during the period of the lease. Contractual maintenance obligations arising from the ongoing use of the aircraft are provided for over the term of the lease based on the estimated future costs of the maintenance events, or forecast penalty charges, discounted to present value. The provision is built as the aircraft are flown, and recognised against the right of use asset, where it is immediately fully depreciated as the flying hours that determine the provision have taken place. The restoration cost obligation is described in the lease section.

Other

Other provisions include amounts in respect of onerous contracts, compensation for quality issues and personal injury and illness for Holidays' customers, the provision for refunds of air passenger duty and similar charges, and potential liabilities for employee related matters and litigation which arise in the normal course of business. Onerous contracts are recognised at the first indication that a loss is anticipated, and the provision based on the expected economic outflow arising from the contracts.

Employee benefits

easyJet contributes to defined contribution pension schemes for the benefit of employees. The assets of the schemes are held separately from those of easyJet in independently administered funds. easyJet's contributions are charged to the income statement in the year in which they are incurred. easyJet has no further payment obligations once the contributions have been paid for defined contribution schemes. See below for the treatment of the defined benefit Swiss pension scheme.

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

Switzerland pension scheme

easyJet contributes to an independently administered post-employment fund for employees in Switzerland. The benefit is contribution-based with certain minimum guarantees required by Swiss law to the mandatory part of the benefit. Due to these minimum guarantees, the Swiss pension plan meets IAS 19 Employee Benefits requirements to be treated as a defined benefit plan for the purposes of these consolidated financial statements.

The easyJet portion of the current service cost and the net interest cost are charged to the consolidated income statement in the year in which they relate. Actuarial gains and losses are recognised in the consolidated statement of comprehensive income and the consolidated statement of financial position reflects the net surplus or deficit at the reporting date.

The actuarial assumptions used to calculate the defined benefit obligation are based on the requirements set out in IAS 19. They are set by management, based on advice from an independent actuary. The defined benefit obligation is calculated using the projected unit credit method. The costs of managing the plan assets are deducted as incurred in determining the return on plan assets and the present value of projected future general administration expenses that are a direct consequence of past service are included as part of the retirement benefit obligation.

Share capital and dividend distribution

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

Where any Group company or employee benefit trust purchases the Company's equity shares, the consideration paid, and any directly attributable incremental costs are deducted from retained earnings until the shares are cancelled or reissued. Proceeds from re-issue are shown as a credit to retained earnings.

easyJet settles share awards under the Long Term Incentive Plan, the Save As You Earn scheme, Restricted Share Plan, Share Incentive Plans and Deferred Annual Bonus by purchasing its own shares on the market through employee benefit trusts. The cost of such purchases are deducted from retained earnings in the period that the transaction occurs.

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

Share-based payments

easyJet has a number of equity-settled share incentive schemes. The fair value of share options granted under the Save As You Earn scheme is measured at the date of grant using the Binomial Lattice option pricing model. The fair value of grants under the Long Term Incentive Plan is measured at the date of grant using the Black–Scholes model for awards based on Return on Capital Employed (ROCE) performance targets, and the Stochastic model (also known as the Monte Carlo model) for awards based on Total Shareholder Return (TSR) performance targets. The fair value of all other awards is the share price at the date of grant.

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

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

Financial instruments

Financial instruments are recognised when easyJet becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party to such provisions. Financial assets are also derecognised (written-off) when the Group has no reasonable expectation of recovering the financial asset.

With the exception of trade receivables that do not contain a significant financing component, financial instruments are initially measured at fair value plus or minus (in the case of a financial asset or financial liability not at fair value through the income statement) directly attributable transaction costs. Trade receivables that do not contain a significant financing component are initially measured at the transaction price.

Where market values are not available, the fair value of financial instruments is calculated by discounting expected cash flows at prevailing interest rates and by applying period end exchange rates.

1A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The equity investment in The Airline Group Limited is measured at fair value. Movements in fair value are assessed at each reporting period and recorded in other comprehensive income. The fair value is measured using a dividend income model in accordance with IFRS 13 requirements. See note 25 for further details.

Non-derivative financial assets

Non-derivative financial assets are classified and measured according to easyJet's business model for managing a specified group of financial assets, and the nature of the contractual cash flows arising from that group of financial assets.

Financial assets measured at amortised cost

Subsequent to initial recognition, this classification of financial asset is measured at amortised cost using the effective interest rate method.

Financial assets are measured at amortised cost when both of the following criteria are met:

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

Financial assets measured at amortised cost include refundable lease deposits and other refundable lease contributions, restricted cash, trade and other receivables, money market deposits, and cash and cash equivalents (excluding money market funds).

Restricted cash comprises cash deposits which have restrictions governing their use and is classified as a current or non-current asset based on the estimated remaining length of the restriction. Movements in restricted cash are shown within financing activities in the consolidated statement of cash flows as the movements arise from cash held relating to guarantees.

Cash and cash equivalents comprise cash held in bank accounts with no access restrictions and bank term deposits and tri-party repos repayable on demand or maturing within three months of inception.

Money market deposits comprise bank term deposits and tri-party repos maturing greater than three months from inception.

Financial assets measured at fair value through other comprehensive income

On initial recognition, equity investments, excluding interests in associates, are irrevocably designated as measured at fair value through other comprehensive income. Subsequently they are measured at fair value with changes recognised in other comprehensive income with no recycling of these gains and losses.

Financial assets measured at fair value through the income statement

Financial assets are measured at fair value through the income statement when they do not meet the criteria to be measured at amortised cost or at fair value through other comprehensive income.

Subsequent to initial recognition, this classification of financial assets is measured at fair value through the income statement.

Financial assets measured at fair value through the income statement compromised of money market funds as at 30 September 2022; no such assets were held on 30 September 2023.

Impairment of financial assets

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

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

General approach – impairment assessment

The general approach is applied to the impairment assessment of refundable lease deposits and other refundable lease contributions, restricted cash, money market deposits and cash and cash equivalents.

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

Simplified approach – impairment assessment

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

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

Non-derivative financial liabilities

Non-derivative financial liabilities are initially recorded at fair value less directly attributable transaction costs, and subsequently at amortised cost, and include trade and other payables and borrowings. Interest expense on borrowings is recognised using the effective interest method.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting period date.

Financial liabilities measured at amortised cost

Subsequent to initial recognition at cost, this classification of financial liability is measured at amortised cost.

Financial liabilities measured at amortised cost include trade and other payables, lease liabilities and borrowings.

Derivative financial instruments and hedging activities

Derivative financial instruments are measured at fair value through the income statement with the exception of derivative financial instruments that are designated as a hedging instrument in a cash flow hedge relationship.

easyJet uses foreign currency forward exchange contracts to hedge foreign currency risks on transactions denominated in US dollars, euros and Swiss francs. These transactions primarily affect revenue, fuel, lease costs, holiday accommodation costs, pre-delivery payments, and the initial carrying value of owned aircraft. easyJet also uses cross-currency interest rate swaps to hedge currency and interest rate risk on certain borrowings, and jet fuel forward swap and option contracts to hedge fuel price risks. easyJet has a small number of euro-denominated lease contracts which result in a committed schedule of euro lease rental payments; these are matched against forecasted euro revenue cash flows to provide a cash flow hedge against the sterling/euro exchange rate. Hedge accounting is applied to those financial instruments that are designated as cash flow hedges or fair value hedges.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value hedges

Changes in the fair values of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair values of the hedged assets or liabilities that are attributable to the hedged risk. Any difference between the hedge item and hedge instrument fair valuation is recorded as hedge ineffectiveness within the income statement.

Fair value changes in the derivative instrument attributable to the currency basis are not designated as part of the hedged instrument. Such fair value changes are recognised through other comprehensive income as cost of hedging and are recycled to the income statement on maturity or in the event of hedge discontinuation, according to the nature of the underlying hedged item.

easyJet's fair value hedges matured in February 2023 and there were therefore no fair value hedges accounted for at year end.

Cash flow hedges

Gains and losses arising from changes in the fair value of foreign exchange forwards, jet fuel forward swaps, jet fuel options and cross-currency interest rate swap contracts designated as cash flow hedges are recognised in other comprehensive income and deferred in the hedging reserve to the extent that the hedges are determined to be effective.

All foreign exchange contracts in a cash flow hedge relationship are designated on a forward basis with the full fair value as the hedge instrument. Jet fuel option contracts in a cash flow hedge relationship are designated using the intrinsic value of the derivative as the hedge instrument only. The time value element of the full fair value for these derivatives is recognised through other comprehensive income as a cost of hedging and recycled to the income statement at the same time as the hedge item also impacts the income statement.

Fair value changes in a foreign currency derivative instrument attributable to the currency basis are not designated as part of the hedged instrument. Such fair value changes are recognised through other comprehensive income as a cost of hedging, and are recycled to the income statement on maturity or in the event of hedge discontinuation, according to the nature of the underlying hedged item.

When the hedged forecast transaction relates to an item of property, plant and equipment, the relevant accumulated gains and losses are transferred from the hedging reserve and included in the initial carrying amount of that purchased asset. Otherwise they are recognised in the income statement in the same period in which the hedged transaction affects the income statement and against the same line item.

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

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

Hedge relationship

The Group determines that the criteria for each hedge accounting relationship are met where:

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

Revenue recognition

easyJet categorises total revenue earned on the face of the income statement between passenger and ancillary revenue, with ancillary revenue further categorised into airline ancillary revenue and holidays incremental revenue.

Passenger revenue

Passenger revenue arises from the sale of flight seats and is recognised when the performance obligation has been completed, which is when the flight takes place. Revenue recognised is the price paid by the customer for the flight excluding air passenger tax; this includes amounts paid by 'no-show' customers, as such customers are not generally entitled to change flights or seek refunds once a flight has departed.

Compensation payments made to customers (in respect of flight delays and cancellations) are offset against revenues recognised up to the amount of the flight, with the excess compensation being recorded within expenses. The liability for compensation payments not yet paid is measured based on known eligible events, passengers impacted, and the best estimate of claim rates which is in part informed by historical claim rates.

Airline flights are paid for at the point of booking. Unearned revenue from flights not yet flown is held in the statement of financial position until it is realised in the income statement when the flight takes place.

If easyJet cancels a flight, unless a customer immediately rebooks on an alternative flight, at the point of the cancellation the amount paid for the flight is derecognised from unearned revenue and a contract liability is recognised within trade and other payables to refund the customer or provide a voucher or flight transfer if requested. Vouchers issued by easyJet in lieu of refunds are held on the statement of financial position in other payables as a contract liability (see note 16) until they are redeemed against a new booking, at which point they are recognised as unearned revenue. Once vouchers expire or are deemed to have a remote probability of being redeemed for a future booking they will be recognised as revenue. 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.

Where customers do not request either a voucher, refund or flight transfer the liability continues to be recognised in other payables, and breakage is applied when the likelihood of the customer exercising their remaining rights to be repaid these amounts is considered remote.

Airline ancillary revenue

Sale of checked baggage, allocated seating, change fees and other

Revenue is measured as the price paid by the customer for the service booked and is recognised at a point in time, which is when the flight takes place. Unearned revenue includes the amount paid for these services and is treated in line with unearned revenue for the sale of flight seats.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Partner revenue and in-flight sales

Revenue is measured at the value of the commission earned as easyJet is deemed to be the agent and does not control the related services or goods. The key consideration to reach this conclusion is that the partner is deemed to be responsible for inventory risk and fulfilment of the goods and services. The revenue is recognised at a point in time which is when the service takes place. The exception is commission earned from travel insurance, where revenue is recognised at the time of booking as easyJet acts solely as the appointed representative of the insurance company.

Cancellation fees

Revenue is measured at the amount paid for the cancellation and is recognised evenly at a point in time, when the cancellation requested by the customer is processed.

easyJet plus

Revenue is measured at the amount paid for the annual membership and is recognised evenly over the membership period.

Holidays incremental revenue

Package holidays revenue (excluding flights which are recognised as passenger revenue) is measured as the price paid by the customer for the service booked. It is referred to as Holidays incremental revenue in the income statement. The performance obligation is satisfied over time with the revenue recognised evenly across the length of the holiday. This includes amounts paid by 'no-show' customers.

Package holiday deposits are paid for at the point of booking. Unearned revenue from the non-flight elements of package holidays for which the customer has paid but the service has not yet taken place, is held in the statement of financial position until it is realised in the income statement when the performance obligation is complete. Package holiday balances due from customers are offset against unearned revenue until paid in full, due 28 days before departure.

If easyJet cancels a holiday, and the customer does not elect to rebook or receive a voucher, the price of the holiday (including flights) is refunded to the customer. If the customer elects to receive a voucher, the voucher is held on the statement of financial position in other payables as a contract liability (see note 16) until they are redeemed against a new booking, at which point they are recognised as unearned revenue. Vouchers that expire or are deemed to have a remote probability of being redeemed for a future booking will be recognised as revenue.

Operational costs and income

Costs and income are presented in the income statement based on the nature of the cost/income as this is most relevant to enable users of the financial statements to understand easyJet's financial performance. Costs are expensed as incurred either at the point the goods or service is transferred, or over time to reflect when the benefits are received (for example holidays accommodation costs recognised over the period the holiday is taken). Separate financial statement line items are shown for material income and expenses; the other costs and other income lines include items not reported in the separate material line items. Other income includes insurance receipts, supplier compensation payments, rental income and gains on sale of intangible assets. Other costs are expensed as incurred and include disruption costs, IT costs, cost of third-party providers, employee costs for sales, marketing and administration teams, wet lease costs and insurance. Gains/losses on sale and leaseback transactions are recognised as non-headline in other income/other costs as applicable.

Finance charge/income

Interest payable/receivable and other financing charges/income includes interest expense/income on bank and borrowings which is recognised using the effective interest method, interest on lease liabilities which is recognised using the interest rate implicit in the lease, and fair value movements of derivative financial instruments that are not designated hedging instruments in a cash flow hedge arrangement.

Net exchange gains/losses on statement of financial position monetary assets and liabilities are presented as a separate financial statement line item.

Within the statement of cash flows, interest paid on bank borrowings and leases is included within net cash generated from/used in operating activities as allowable by IAS 7, and this includes the settlement of the derivatives used to hedge borrowings. In addition, the settlement of derivatives relating to cash flows for ineffective and fair value derivatives through the income statement are also shown within operating activities as they relate to transactions that primarily affect revenue, fuel and lease costs. The amount recognised in settlement of derivatives includes cash flows arising from the maturity of cross-currency interest rate swaps in the period. The settlement of operational hedged derivatives that have already been recycled through the income statement are included in the operating result.

SEGMENTAL REPORTING

easyJet has two operating segments, being its Airline business, which operates easyJet's route network, and the Holidays business, which sells holiday packages. The Chief Operating Decision Maker (CODM) has been assessed as being the easyJet plc Board, which receives regular reporting on the Airline and Holidays' results in order to make resource allocation decisions. Presentation of separate segmental reporting is included in note 8.

Geographic revenue is allocated on the following basis:

> revenue earned from customers is allocated according to the location of the first departure airport on each booking; and
> commission revenue earned from partners is allocated according to the domicile of each partner.

Revenue by country of origin has been provided where revenues from external customers attributed to an individual foreign country are material.

Passenger revenue recognised within the Airline segment includes intra-segment sales of flights to the Holidays segment. Sales of seats are made between Airline and Holidays on a commercial basis whereas the pricing of hold bags is based on historical average pricing to direct airline customers. Passenger revenue is recognised in the Airline segment when the flight takes place.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received. Loans provided and/or guaranteed by governments that represent market rates of interest are recorded at the amount of the proceeds received and recognised within borrowings. All existing loans are considered to be at market value. Grants that compensate the Group for expenses incurred are recognised in the income statement in the relevant financial statement line on a systematic basis in the periods in which the expenses are recognised to present the net expense to the Group.

Alternative performance measures (APMs)

A number of APMs are disclosed within the financial statements on pages 142 to 188. In the Directors' opinion, these APMs provide additional understanding to users of the financial statements in their assessment of underlying performance. Refer to the glossary for a list of APMs disclosed in the financial statements, including definitions and reconciliations to IFRS measures.

Included in the income statement is the sub-total EBITDAR which is a measure of earnings before interest, taxes, depreciation, amortisation and aircraft rental.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and revised standards and interpretations

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

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

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.

1B. 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.

1B. (I) 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 items (note 5)

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.

1B. (II) 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 11)

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. Further details of the impairment testing applied are included in note 10.

Aircraft maintenance provisions – £753 million (2022: £636 million) (note 19)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1B. (II) CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

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) (note 10)

It is management's judgment 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, see note 10 for details.

Recoverability of deferred tax assets – £442 million (2022: £443 million) (note 6)

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) (note 20)

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. A sensitivity analysis is included in note 20.

Liability for compensation payments – £62 million (2022: £74 million) (note 15)

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) (note 16)

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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. NET FINANCE CHARGES

	2023 £ million	2022 £ million
Interest receivable and other financing income		
Interest income	**(132)**	(21)
Hedge discontinuation and ineffectiveness[1]	**–**	(5)
	(132)	(26)
Interest payable and other financing charges		
Hedge discontinuation and ineffectiveness[1]	**1**	–
Interest payable on bank and other borrowings	**132**	98
Interest payable on lease liabilities	**46**	43
Other interest payable	**1**	2
	180	143
Net exchange (gain)/loss on monetary assets and liabilities[2]	**(27)**	64
Net finance charges	**21**	181

1) See note 26 for details.
2) Included within net exchange (gain)/loss on monetary assets and liabilities is an £84 million loss (2022: £127 million gain) relating to the fair value gain on US dollar foreign exchange derivatives designated as fair value through profit or loss.

3. PROFIT/(LOSS) BEFORE TAX

The following have been included in arriving at profit/(loss) before tax:

	2023 £ million	2022 £ million
Depreciation of property, plant and equipment		
Owned assets	**271**	264
Right of use assets	**373**	275
Loss on disposal of intangible assets	**3**	10
Loss on disposal of property, plant and equipment	**10**	7
(Reversal of impairment)/impairment of trade receivables	**(3)**	7
Sale and leaseback loss	**–**	21

Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor:

	2023 £ million	2022 £ million
Company audit fee	**0.1**	0.1
Fees for audit of the Company's subsidiaries and their associates (including foreign partners)	**1.4**	1.0
	1.5	1.1

In addition, easyJet incurred audit-related non-audit services fees of £0.2 million (2022: £0.4 million) from its auditor. This includes the fee of £0.1 million (2022: £0.1 million) in respect of the half-year review performed.

During the year, other assurance related non-audit services fees totalling £0.3 million (2022: £0.3 million) were also incurred, primarily in relation to our Airbus Proposed Purchase (2022: primarily in relation to working capital procedures associated with a Class 1 transaction).

The final fees for the audit of the Company's subsidiaries and their associates (including foreign partners) for financial year ended 30 September 2022 were £1.1 million.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. EMPLOYEES

The average monthly number of people employed by easyJet was:

	2023 Number	2022 Number
Flight and ground operations	**14,598**	12,906
Sales, marketing and administration	**1,339**	1,045
	15,937	13,951

Employee costs for easyJet were:

	2023 £ million	2022 £ million
Wages and salaries	**888**	745
Social security costs	**129**	100
Pension costs	**97**	77
Share-based payments	**18**	26
	1,132	948

Included in the pension costs is £6 million (2022: £7 million) related to pension schemes treated as a defined benefit scheme under IAS 19.

Included in employee costs is a net debit of £2 million (2022: £nil million) from redundancy and restructuring costs. The costs are the result of small-scale employee redundancy programmes in the year in addition to further non-headline costs arising from the previously announced restructuring programmes in Germany (see note 5 for further detail).

The amounts received under government furlough schemes are offset against employee costs in the income statement. Refer to note 28 for further details.

Key management compensation was as follows:

	2023 £ million	2022 Restated[1] £ million
Short-term employee benefits	**14**	11
Share-based payments	**2**	3
	16	14

1) Key management compensation has been restated to include bonus payments, the short-term employee benefits previously disclosed was £7 million.

The Directors of easyJet plc and the other members of the Airline Management Board are easyJet's key management as they have collective authority and responsibility for planning, directing and controlling the business.

Emoluments paid or payable to the Directors of easyJet plc were:

	2023 £ million	2022 £ million
Remuneration	**5**	3
	5	3

Details of Directors' remuneration are disclosed in the Directors' remuneration report on pages 113 to 130.

5. NON-HEADLINE ITEMS

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

	Year ended 30 September 2023 £ million	Year ended 30 September 2022 £ 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. NON-HEADLINE ITEMS (CONTINUED)

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 orginating 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.

6. 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 £ million	2022 £ million
Credit/(charge) 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)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. TAX (CHARGE)/CREDIT (CONTINUED)

Deferred tax

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

	Accelerated capital allowances £ million	Short-term timing differences £ million	Fair value (gains)/losses £ million	Share-based payments £ million	Post-employment benefit obligation £ million	Trading loss £ million	Total £ 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 months	**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 £ million	Short-term timing differences £ million	Fair value (gains)/losses £ million	Share-based payments £ million	Post-employment benefit obligation £ million	Trading loss £ million	Total £ 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)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	2023 million	2022 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

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

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

8. 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**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. SEGMENTAL AND GEOGRAPHICAL REVENUE REPORTING (CONTINUED)

	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 £ million	2022 (re-presented) £ 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. 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.

10. GOODWILL AND OTHER INTANGIBLE ASSETS

		Other intangible assets		
	Goodwill £ million	**Landing rights £ million**	**Computer software £ million**	**Total £ million**
Cost				
At 1 October 2022	**365**	**158**	**135**	**293**
Additions	**–**	**–**	**91**	**91**
Disposals	**–**	**(3)**	**(11)**	**(14)**
At 30 September 2023	**365**	**155**	**215**	**370**
Accumulated amortisation				
At 1 October 2022	**–**	**–**	**76**	**76**
Charge for the year	**–**	**–**	**29**	**29**
Disposals	**–**	**–**	**(11)**	**(11)**
At 30 September 2023	**–**	**–**	**94**	**94**
Net book value				
At 30 September 2023	**365**	**155**	**121**	**276**
At 1 October 2022	365	158	59	217

		Other intangible assets		
	Goodwill £ million	Landing rights £ million	Computer software £ million	Total £ million
Cost				
At 1 October 2021	365	168	100	268
Additions	–	–	35	35
Disposals	–	(10)	–	(10)
At 30 September 2022	365	158	135	293
Accumulated amortisation				
At 1 October 2021	–	–	51	51
Charge for the year	–	–	25	25
At 30 September 2022	–	–	76	76
Net book value				
At 30 September 2022	365	158	59	217
At 1 October 2021	365	168	49	217

Included within computer software, are internally generated intangible assets of £49 million (2022: £39 million, restated from £25 million due to a change in categorisation), and work in progress of £62 million (2022: £25 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

Value in use calculation

The recoverable amount of goodwill and other assets with indefinite expected useful lives has been determined based on value in use calculations for the airline route network CGU, which holds these assets.

Pre-tax cash flow projections have been derived from the strategic plan approved by the plc Board for the period up to 2028, using the following key assumptions:

	2023	2022
Pre-tax discount rate (derived from weighted average cost of capital, WACC)	**11.4%**	12.2%
Fuel price (US dollars per metric tonne, MT)	**751**	1,010
Long-term economic growth rate	**2.0%**	2.0%
Exchange rates:		
US dollar	**1.27**	1.11
Euro	**1.16**	1.14

The annual impairment review has previously been carried out as at 30 September. In the current year, the review was performed based on 30 June 2023 inputs in order to align with internal planning timelines; 30 June will continue to be the date used going forward, in accordance with IAS 36.

The discount rate has been calculated based on the capital asset pricing model using external inputs where relevant and the current cost of debt to the Group. The methodology is unchanged from the prior year. The decrease in the discount rate has been driven primarily by a decrease in the cost of debt since the prior year end. Both fuel price and exchange rates are volatile in nature. The fuel price has decreased significantly from $1,010 /MT at 30 September 2022 to $751/MT as at 30 June 2023, reflecting the change in the underlying fuel prices. Exchange rates and fuel price are based on spot rates as at 30 June 2023.

Cash flow projections for the period up to 2028 incorporate the long-term prospects of the Group, taking into account growth expected by way of creating value through the business model. Cash flow projections beyond the forecast period have been extrapolated using an estimated average of long-term economic growth rates for the principal countries in which easyJet operates. 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 SAF usage, and fleet renewals.

The headroom of the value in use calculation over the carrying value of the relevant assets has increased compared to 30 September 2022. This is primarily due to the strengthening of sterling against the US dollar and the associated impact on costs including fuel, as well as the decrease in the discount rate.

Stress testing has been performed on key inputs to the value in use calculation, including the assumptions listed above and the strategic plan used as the base for the calculation. The impairment model is sensitive to a sustained and significant adverse movement in foreign currency exchange rates (other than movements that are included in the fuel pass-through assumption) and forecast operating profits to the extent that no other compensating action is taken. It has been assumed that any significant future fuel price increase would be recovered through revenue pass through. Individual scenarios that have been deemed reasonably probable, in particular in relation to the current macro-economic environment, do not give rise to an impairment. These scenarios include +/-10% on euro and US dollar rates, +100 bps increase in WACC, reduced capacity of 5%, increased operating costs (excluding fuel) of 3%, a fuel price increase of $100 per metric tonne and a flat growth rate.

Additional risks associated with climate change have also been stress tested, including sensitivities of SAF usage and ETS costs, additional legal and technology costs, reduced demand and increased cost of maintenance and replacement aircraft. These scenarios, both individually and in reasonably probable combinations, do not give rise to an impairment.

Current intangible assets

	2023 £ million	2022 £ million
Carbon offsetting VER	**7**	14
EU ETS, CH ETS and UK ETS carbon allowances	**669**	481
	676	495

ETS allowances are required to offset the carbon emitted by flights. The scheme is settled on an annual basis. The allowances required for annual settlement are held as current intangible assets, with the associated liability included within accruals in trade and other payables (note 15).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. PROPERTY, PLANT AND EQUIPMENT

	Owned assets			Right of use assets		
	Aircraft and spares £ million	Land and buildings £ million	Other £ million	Aircraft and spares £ million	Other £ million	Total £ 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Owned assets			Right of use assets		
	Aircraft and spares £ million	Land and buildings £ million	Other £ million	Aircraft and spares £ million	Other £ million	Total £ 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 320 family aircraft, with a total estimated list price[3] 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. OTHER NON-CURRENT ASSETS

	2023 £ million	2022 £ million
Mid-life aircraft delivery assets	**115**	64
Deposits held by aircraft lessors	**23**	27
	138	91

Mid-life aircraft delivery assets arise from maintenance obligations incurred on mid-life leased aircraft before easyJet acquired the aircraft. They occur where a lessor has agreed to make a contribution to easyJet's maintenance costs to reflect the cycles already flown by the aircraft at the point it is delivered to easyJet, plus or minus any maintenance utilised by easyJet that will not be paid for via a maintenance shop visit. Depending on the contract terms, payment will be made either at the maintenance event date or at the lease return date, the timing of which determines the current and non-current split of the asset. The recoverability of this asset has been assessed by management, and the asset is considered to be fully recoverable.

13. TRADE AND OTHER RECEIVABLES

	2023 £ million	2022 (re-presented) £ million
Trade receivables	**115**	85
Less provision for loss allowance	**(5)**	(8)
	110	77
Prepayments[1]	**44**	64
Accrued income[1]	**110**	79
Other receivables	**79**	147
	343	367

1) In the current year certain items have been reclassified from prepayments to accrued income to better represent the nature of these assets. Prior year comparatives have been re-presented on the same basis. Prepayments and accrued income were previously reported as £124 million and £19 million respectively.

Within the provision for loss allowance, £3 million has been credited to the income statement (2022: £7 million charged), with £nil million (2022: £nil million) being utilised in the year ended 30 September 2023.

Information about the impairment of trade receivables and the Group's exposure to credit risk can be found in note 26.

Other receivables comprises current mid-life aircraft delivery assets, prepaid maintenance costs, VAT and trade deposits.

14. CASH AND MONEY MARKET DEPOSITS

	2023 £ million	2022 £ million
Cash and cash equivalents (original maturity less than three months)	**2,925**	3,514
Money market deposits (original maturity more than three months)	**–**	126
Current restricted cash	**–**	4
Non-current restricted cash	**2**	3
	2,927	3,647

Interest rates on money market deposits and restricted cash are repriced based on the prevailing market rates of interest.

Restricted cash comprises:

	2023 £ million	2022 £ million
Amount held in escrow accounts for legal cases	**–**	4
Cash held as bank guarantee collateral	**2**	3
	2	7

15. TRADE AND OTHER PAYABLES

	2023 £ million	2022 (re-presented) £ million
Trade payables	**402**	431
Accruals	**1,096**	983
Taxes and social security	**52**	38
Other payables[1]	**214**	307
	1,764	1,759

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 1a for further detail.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. LIABILITIES RELATING TO CONTRACTS WITH CUSTOMERS

	2023		2022 (re-presented)[1]	
	Unearned revenue £ million	**Other £ million**	Unearned revenue £ million	Other £ million
Opening contract liabilities	**1,043**	**158**	846	277
Revenue deferred during the year	**9,233**	**–**	6,476	–
Revenue recognised during the year	**(8,775)**	**(47)**	(6,279)	(25)
Additional contract liability during the year	**–**	**147**	–	161
Reduction in contract liability during the year	**–**	**(177)**	–	(258)
FX impact during the year	**–**	**(2)**	–	3
Closing contract liabilities	**1,501**	**79**	1,043	158

1) The prior year movements within unearned revenue have been re-presented in order to show the information on a consistent basis. The change represents elimination on consolidation of intergroup revenue transactions of £137 million between Airline and Holidays for the flight element of holiday packages.

Revenue deferred and recognised during the year is inclusive of airline passenger duty (APD) and other charges, but net of intercompany eliminations.

	2023		2022	
	Unearned revenue £ million	**Other £ million**	Unearned revenue £ million	Other £ million
Revenue recognised that was included in the contract liability balance at the beginning of the year	**1,006**	**47**	773	25

Other customer contract liabilities consist of amounts transferred from unearned revenue to other payables due to the cancellation of flights and is made up of customer vouchers outstanding and amounts where customers have not yet requested a refund, voucher or flight transfer. The movements in 'additional contract liability' and 'reduction in contract liability' arise as flights are cancelled, as vouchers are awarded or exercised, and as customers advise on the exercise of their options following flight cancellations. The breakage applied to the contract liability in the year is included in revenue recognised during the year.

17. BORROWINGS

	Current £ million	**Non-current £ million**	**Total £ million**
At 30 September 2023			
Eurobonds	**433**	**1,462**	**1,895**
	433	**1,462**	**1,895**

	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. See note 26 for further information on borrowings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. LEASES

easyJet holds aircraft under leasing arrangements that are recognised as right of use assets and lease liabilities, with remaining lease terms ranging up to seven years. easyJet is contractually obliged to carry out maintenance on these aircraft, and the cost of this is provided based on the number of flying hours, days and cycles operated and the estimated cost of the maintenance events. Further details are given in note 1.

Information in respect of right of use assets, including the carrying amount, additions and depreciation, is set out in note 11. Information in respect of the carrying value and interest arising on lease liabilities is set out in note 25 and note 2 respectively. A maturity analysis of lease liabilities is set out below.

Amounts recognised in the statement of cash flows	Year ending 30 September 2023 £ million	Year ending 30 September 2022 £ million
Capital payments	**(218)**	(206)
Interest payments	**(46)**	(43)

Lease liabilities	30 September 2023 £ million	30 September 2022 £ million
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**(254)**	(297)
One to five years	**(690)**	(723)
More than five years	**(139)**	(258)
	(1,083)	(1,278)

Lease liabilities included in the statement of financial position	30 September 2023 £ million	30 September 2022 £ million
Current	**(217)**	(247)
Non-current	**(772)**	(866)
Total	**(989)**	(1,113)

easyJet also enters into short-term leases and low-value leases which are not recognised as right of use assets and lease liabilities. The expense recognised in the year in relation to these leases is disclosed below.

Amounts recognised in income statement	Year ending 30 September 2023 £ million	Year ending 30 September 2022 £ million
Interest on lease liabilities	**46**	43
Expenses relating to low-value leases	**8**	4
Expenses relating to short-term wet leases	**15**	53
	69	100

19. 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**

Year ended 30 September 2022 (re-presented)[1]	Maintenance provisions £ million	Restructuring £ million	Other provisions £ million	Total provisions £ million
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 30 September 2022	636	15	40	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 1a for further detail.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

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 1a 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.

20. PENSIONS

Total pension costs of £97 million (2022: £77 million) recognised in employee costs (note 4), comprise £91 million (2022: £70 million) related to defined contribution plans and £6 million (2022: £7 million) related to defined benefit plans in Switzerland, including administration expenses of £nil million (2022: £nil million).

The contributions payable to the relevant plans by the Group are at the rates specified in the rules of the plans. The assets of the plans are held separately from those of the Group in funds under the control of the trustees. Where there are employees who leave the plans before vesting fully in the contributions, the ancillary contributions payable may be reduced by the amount of forfeited contributions.

Due to the minimum guarantees in place under Swiss law, the Swiss pension plan meets IAS 19 requirements to be treated as a defined benefit plan under IAS 19 despite the scheme having many attributes akin to a defined contribution scheme. The Swiss Federal Council requires that a guaranteed minimum interest rate must be achieved (currently 1%), plus a guaranteed minimum conversion rate to be applied to accumulated pension on retirement (currently 6.8%) to the mandatory part of the benefits. Swiss plans do not meet the definition of a Defined Contribution (DC) under IFRS as the obligation of the employer does not stop at paying the pre-defined regular contributions due to these guarantees. Further contributions might be required by the employer and the employee if the plan becomes underfunded under local Swiss GAAP. This means Swiss plans are accounted for as Defined Benefit plans. The scheme remains open to new employees.

The easyJet portion of the current service costs and the net interest cost are charged to the consolidated income statement in the year to which they relate. Net interest is determined by multiplying the net defined benefit liability by the discount rate at the start of the annual reporting period, adjusted for any contributions and benefit payments in the period. Actuarial gains and losses are recognised in the consolidated statement of comprehensive income and the consolidated balance reflects the net surplus or deficit at the statement of financial position date.

The defined benefit obligation is calculated using the projected unit credit method. This reflects service rendered by employees to the dates of valuation and incorporates actuarial assumptions including discount rates used in determining the present value of benefits, projected rates of remuneration growth and mortality rates. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using yields of high-quality corporate bonds. Management base the discount rate on the bond yield in the Swiss bond market over 10 to 20 years, reflecting the currency in which the benefits will be paid, and maturity terms approximating to the terms of the related pension obligation.

The key financial assumptions used to calculate the Swiss scheme liabilities under IAS 19 as at 30 September were:

	2023	2022
Discount rate	**1.90%**	2.25%
Interest rate in savings	**1.90%**	2.25%
Salary increase	**1.50%**	1.00%
Mortality assumptions	**70% BVG 2020 GT**	70% BVG 2020 GT

Demographic assumptions

The demographic assumptions, including mortality assumptions used for the liability calculation, are based on the most recent BVG 2020 tables (2022: BVG 2020 tables). These tables are based on the experience during the period 2015 to 2019 of 14 of the largest autonomous Swiss pension plans, and management consider these to be the best estimate available.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. PENSIONS (CONTINUED)

Sensitivities

The scheme asset values are sensitive to market conditions. The scheme liabilities are sensitive to actuarial assumptions used to determine the scheme obligations. Significant changes in these assumptions could potentially have a material impact on the consolidated statement of financial position. The main assumptions are the discount rate, the rate of salary increase and the life expectancy rate. The following table provides an estimate of the potential impact on the pension scheme of changing these assumptions. The sensitivity analysis was performed by recalculating the defined benefit obligation with the following parameters (all other parameters were not modified):

		Increase/(decrease) in defined benefit obligation	
		2023	2022
Discount rate	+0.5%	**(5.6%)**	(5.4%)
	-0.5%	**6.3%**	6.1%
Salary increase	+0.5%	**0.9%**	1.0%
	-0.5%	**(0.9%)**	(0.9%)
Life expectancy	+1 year	**0.6%**	0.5%
	-1 year	**(0.6%)**	(0.5%)

easyJet has an affiliation contract with Swiss Life Collective BVG Foundation. The assets of all affiliated companies are pooled which diversifies the associated risk, and the scheme assets represent the share in this Foundation. The Collective controls the asset management, is exposed to the risk, and guarantees the savings capitals under the contract in place which is valid until 31 December 2027. The Board of Trustees with the elected employees and employer's representatives decide the investment strategy. The current agreement is known as 'fully insured' by Swiss Life, which means that all underfunding, investment and longevity risks are transferred from easyJet to Swiss Life over the term of the policy. After the expiry date the benefits are no longer insured and all payments are the liability of the pension scheme, unless the provider renegotiates the terms of the contract.

The amounts recognised in the consolidated income statement are as follows:

	2023 £ million	2022 £ million
Current service costs defined benefit	**6**	8
Interest cost on net defined benefit obligation	**3**	1
Interest income on defined benefit asset	**(3)**	(1)
Past service costs (plan amendment)	**–**	(1)
Net defined benefit cost recognised in the income statement	**6**	7

Amounts recognised in other comprehensive (loss)/income:

	2023 £ million	2022 £ million
Loss/(gain) from change in financial assumptions	**5**	(24)
Experience loss/(gain)	**3**	(16)
Return on plan assets	**–**	(1)
Recognised in the statement of other comprehensive (loss)/income	**8**	(41)

Movement in net deficit in the year:

	2023 £ million	2022 £ million
Net deficit of the plan at 1 October	**1**	37
Net defined benefit cost recognised in the income statement	**6**	7
Net defined benefit loss/(gain) recognised in other comprehensive income	**8**	(41)
Company contributions	**(8)**	(8)
Foreign exchange	**–**	6
Statement of financial position net deficit as at 30 September	**7**	1

A £3 million (2022: £3 million) prepayment representing cash paid over to Swiss Life in advance and not yet utilised in the pension scheme is offset against the net deficit.

Expected employer cash contribution from the Group in the 2024 financial year is expected to be CHF 9 million (2023: CHF 9 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. PENSIONS (CONTINUED)

Changes in the present value of the defined benefit obligation are as follows:

	2023 £ million	2022 £ million
Present value of obligation at 1 October	**140**	152
Current service cost	**6**	8
Contributions paid by employees	**5**	5
Interest costs on defined benefit obligation	**3**	1
Contributions paid by plan participants	**2**	3
Benefit payments from scheme assets	**(9)**	(6)
Past service cost	**–**	(1)
Actuarial loss/(gain) arising from changes in financial assumptions	**5**	(24)
Actuarial loss/(gain) arising from experience adjustments	**3**	(16)
Foreign exchange (gain)/loss	**(3)**	18
Present value of obligation at 30 September	**152**	140

Changes in the fair value of the scheme assets are as follows:

	2023 £ million	2022 £ million
Fair value of the scheme asset as at 1 October	**139**	115
Interest income on the defined benefit plan assets	**3**	1
Contributions paid by Company	**8**	8
Contributions paid by employees	**5**	5
Contributions paid by plan participants	**2**	3
Benefit payments from scheme assets	**(9)**	(6)
Return on plan assets	**–**	1
Foreign exchange (loss)/gain	**(3)**	12
Fair value of the pension assets as at 30 September	**145**	139

	2023	2022
Number of active participants	**1,031**	1,004
Average age of active insured members in years	**41**	40
Average time remaining before active employees reach final age in years	**9**	9
Average active life expectancy in years	**52**	52
Average years of service in years	**10**	10

The assets held do not have a quoted market price as they are within the affiliation contract with Swiss Life Collective BVG Foundation. All assets are within the one class which takes the form of an insurance contract.

The weighted average duration of the defined benefit obligation of the Swiss pension scheme is 13 years (2022: 12 years).

Maturity profile of defined benefit obligation

Expected benefit payments during fiscal year ending 30 September:

	2023 £ million	2022 £ million
1 year	**10**	10
2 years	**13**	12
3 years	**16**	12
4 years	**15**	15
5 years	**13**	15
6 up to 10 years	**70**	65

21. SHARE CAPITAL

	Number		Nominal value	
	2023 million	2022 million	2023 £ million	2022 £ million
Allotted, called up and fully paid				
At 30 September				
Ordinary shares of par 27 $^{2}/_{7}$ pence each	**758**	758	**207**	207

easyJet's employee benefit trusts hold the following shares. The cost of these shares has been deducted from retained earnings:

	2023	2022
Number of shares (million)	**5**	3
Cost (£ million)	**21**	24
Market value at year end (£ million)	**21**	9

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. SHARE INCENTIVE SCHEMES

easyJet operates the following share incentive schemes, all of which are equity settled. The change in the number of awards outstanding, weighted average exercise prices during the year, and the number exercisable at each year end were as follows:

Grant date	1 October 2022 million	Granted million	Forfeited/ cancellations million	Exercised million	30 September 2023 million
Long Term Incentive Plan	**1.1**	**–**	**(0.8)**	**–**	**0.3**
Restricted Stock Unit	**2.7**	**2.7**	**(0.3)**	**(0.1)**	**5.0**
Restricted Share Plan	**0.5**	**0.4**	**(0.1)**	**–**	**0.8**
Save As You Earn scheme	**16.3**	**6.3**	**(3.5)**	**–**	**19.1**
Share Incentive Plans	**3.3**	**–**	**(0.1)**	**(0.2)**	**3.0**
Deferred Annual Bonus Plan	**–**	**0.3**	**–**	**–**	**0.3**
	23.9	**9.7**	**(4.8)**	**(0.3)**	**28.5**

Grant date	1 October 2021 million	Granted million	Forfeited/ cancellations million	Exercised million	30 September 2022 million
Long Term Incentive Plan	2.0	–	(0.9)	–	1.1
Restricted Stock Unit	1.4	1.3	–	–	2.7
Restricted Share Plan	–	0.6	(0.1)	–	0.5
Save As You Earn scheme	10.9	12.3	(6.9)	–	16.3
Share Incentive Plans	4.3	–	(0.1)	(0.9)	3.3
	18.6	14.2	(8.0)	(0.9)	23.9

Long Term Incentive Plan

The plan was open, by invitation, to Executive Directors and senior management, and provides for annual awards of Performance Shares worth up to 250% of salary each year. The vesting of these shares is dependent on TSR targets compared to FTSE-ranked companies at the start of the performance period. All awards have a three-year vesting period. Awards made in December 2020 are assessed on performance conditions measured over the three financial years ended 30 September 2023.

Restricted Stock Unit

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

Save As You Earn scheme

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

Restricted Share Plan

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

Deferred Annual Bonus Plan

This plan represents the compulsory deferral of one-third of the annual bonus in shares for the Executive Directors and one-fifth of the annual bonus for the Airline Management Board. All awards have a three-year vesting period of which the vesting conditions are continued employment.

Weighted average exercise prices are as follows:

	1 October 2022 £	Granted £	Forfeited £	Exercised £	30 September 2023 £
Save As You Earn scheme[1]	4.54	4.07	5.45	–	**4.22**

1) The exercise prices used to calculate the weighted average price are post rights issue, so will differ to those stated in fair values tables as fair values will not change.

The exercise price of all awards except those disclosed in the above table is £nil.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. SHARE INCENTIVE SCHEMES (CONTINUED)

The number of awards exercisable at each year end and their weighted average exercise price is as follows:

	Price £		Number million	
	2023	2022	**2023**	2022
Long Term Incentive Plan	**–**	–	**–**	0.1
Restricted Stock Unit	**–**	–	**0.2**	–
Restricted Share Plan	**–**	–	**–**	–
Save As You Earn scheme	**5.62**	6.76	**1.3**	1.1
Deferred Annual Bonus Plan	**–**	–	**–**	–
			1.5	1.2

The weighted average remaining contractual life for each class of share award at 30 September 2023 is as follows:

	Years	
	2023	2022
Long Term Incentive Plan	**7.3**	7.4
Restricted Stock Unit	**8.5**	8.7
Restricted Share Plan	**8.9**	9.4
Save As You Earn scheme	**2.5**	2.9
Deferred Annual Bonus Plan	**9.2**	–

Share Incentive Plan

The plan is open to all employees on the UK payroll. Participants may invest up to £1,800 of their pre-tax salary each year to purchase Partnership Shares in easyJet. Employees must remain with easyJet for three years from the date of purchase of each Partnership Share in order to qualify for the Matching Share, and for five years for the shares to be transferred to them tax free. The employee is entitled to dividends on shares purchased, and to vote at shareholder meetings. With effect from 1 April 2020, easyJet paused contributing a Matching Share to the scheme as a result of the financial constraints of the business.

Subject to Company performance, easyJet also issues free shares to UK employees under an approved share incentive plan of up to £3,000 per annum in value. There is a similar unapproved free shares scheme for international employees.

22. SHARE INCENTIVE SCHEMES (CONTINUED)

The fair value of grants under the Save As You Earn scheme are calculated by applying the Binomial Lattice option pricing model. The fair value of grants under the TSR based Long Term Incentive Plan is estimated under the Stochastic model (also known as the Monte Carlo model). The fair value of grants under all other schemes is the share price on the date of grant. The following assumptions are used:

Grant date	Share price £	Exercise price £	Expected volatility %	Option life years	Risk-free interest rate %	Dividend yield assumption %	Fair value £
Restricted Stock Unit							
12 December 2022	3.84	–	0%	–	0%	–	3.84
Restricted Share Plan							
12 December 2022	3.84	–	0%	–	0%	–	3.84
21 June 2023	5.04	–	0%	–	0%	–	5.04
Save As You Earn scheme							
19 July 2023	5.09	4.07	61%	3.50	5%	2.5%	2.47
Deferred Annual Bonus Plan							
12 December 2022	3.25	–	0%	–	0%	–	3.25

Share price for LTIPs is the closing share price from the last working day prior to the date of grant.

Expected volatility is based on historical volatility over a period comparable to the expected life of each type of option.

The total share-based payment expense recognised for the year was £18 million (2022: £26 million). The share-based payment liability, representing the national insurance payments due, as at 30 September 2023, was £2 million (2022: £nil million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO CASH GENERATED FROM OPERATIONS

	2023 £ million	2022 (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 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 1a for further detail.

24. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH/(DEBT)

	1 October 2022 £ million	Foreign exchange £ million	New debt raised in the year £ million	Other[1] £ million	Net cash flow £ million	30 September 2023 £ 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS

The fair values of financial assets and liabilities, together with the carrying value at each reporting date, are as follows:

	Amortised cost		Held at fair value					
At 30 September 2023	Financial assets £ million	Financial liabilities £ million	Fair value hedge £ million	Cash flow hedge £ million	Other financial instruments £ million	Other[1] £ million	Carrying value £ million	Fair value £ million
Other non-current assets	138	–	–	–	–	–	138	138
Trade and other receivables	237	–	–	–	–	106	343	343
Trade and other payables[2]	–	(1,102)	–	–	–	(662)	(1,764)	(1,764)
Derivative financial instruments	–	–	–	142	11	–	153	153
Restricted cash	2	–	–	–	–	–	2	2
Money market deposits	–	–	–	–	–	–	–	–
Cash and cash equivalents	1,968	–	–	–	957	–	2,925	2,925
Eurobonds[3]	–	(1,895)	–	–	–	–	(1,895)	(1,756)
Other borrowings[3]	–	–	–	–	–	–	–	–
Lease liabilities	–	(989)	–	–	–	–	(989)	n/a[5]
Equity investment[4]	–	–	–	–	31	–	31	31

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

	Amortised cost		Held at fair value			(Re-presented)[6]		
At 30 September 2022	Financial assets £ million	Financial liabilities £ million	Fair value hedge £ million	Cash flow hedge £ million	Other financial instruments £ million	Other[1] £ million	Carrying value £ million	Fair value £ million
Other non-current assets	91	–	–	–	–	–	91	91
Trade and other receivables	230	–	–	–	–	137	367	367
Trade and other payables[2, 6]	–	(1,077)	–	–	–	(682)	(1,759)	(1,759)
Derivative financial instruments	–	–	58	264	120	–	442	442
Restricted cash	7	–	–	–	–	–	7	7
Money market deposits	126	–	–	–	–	–	126	126
Cash and cash equivalents	2,528	–	–	–	986	–	3,514	3,514
Eurobonds[3]	–	(2,356)	–	–	–	–	(2,356)	(2,081)
Other borrowings[3]	–	(841)	–	–	–	–	(841)	(841)
Lease liabilities	–	(1,113)	–	–	–	–	(1,113)	n/a[5]
Equity investment[4]	–	–	–	–	31	–	31	31

1) Amounts disclosed in the 'Other' column are items that do not meet the definition of a financial instrument. They are disclosed to facilitate reconciliation of the carrying values of financial instruments to line items presented in the statement of financial position.
2) During the year ended 30 September 2022, £322 million of obligations under the ETS scheme were presented as a financial liability within Trade and other payables. During the year ended 30 September 2023, management concluded these obligations are a non-financial liability and have presented the current year obligations of £426 million within the 'Other' column. The prior year has been re-presented on a consistent basis, resulting in reclassification of £322 million from the Financial liabilities column to Other within Trade and other payables.
3) For further information see Capital, financing and interest risk management section below in note 26.
4) The equity investment of £31 million (2022: £31 million) represents a 13.2% shareholding in a non-listed entity, The Airline Group Limited. Valuation movements are designated as being fair valued through other comprehensive income due to the nature of the investment being held for strategic purposes. No dividend was received during the year (2022: £nil).
5) n/a – lease liabilities are valued in accordance with IFRS 16 and a fair value determination is not applicable.
6) 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 1a for further detail.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value calculation methodology

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

The fair values of the remaining three Eurobonds are classified as level 1 of the IFRS 13 'Fair Value Measurement' fair value hierarchy (valuations taken as the closing market trade price for each respective Eurobond as of 30 September 2023). Apart from the equity investment, the remaining financial instruments for which fair value is disclosed in the table above, and derivative financial instruments, are classified as level 2.

The fair values of derivatives are calculated using observable market forward curves (e.g. forward foreign exchange rates, forward interest rates or forward jet fuel prices) and discounted to present value using risk free rates. The impacts of counterparty credit, cross-currency basis and market volatility are also included where appropriate as part of the fair valuation.

The equity investment is classified as level 3 due to the use of forecast dividends which are discounted to present value. Though there are other level 2 inputs to the valuation, the discounted cash flow is a significant input which is not based on observable market data. The fair value is assessed at each reporting date based on the discounted cash flows and two other valuations calculated using a market approach and level 2 inputs. The fair value is being held at £31 million (2022: £31 million) based on a valuation report using this method by an external valuation firm which had no material increase in valuation during the year. If the level 3 forecast cash flows were 10% higher or lower the fair value would not increase/decrease by a material amount.

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

- Level 1, fair value of financial instruments based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2, fair value of financial instruments in an active market (for example, over the counter derivatives) which are determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates.
- Level 3, fair value of financial instruments that are not based on observable market data (i.e. unobservable inputs).

Fair value of derivative financial instruments

At 30 September 2023	**Quantity million**	**Non-current assets £ million**	**Current assets £ million**	**Current liabilities £ million**	**Non-current liabilities £ million**	**Total £ million**
Designated as cash flow hedges						
US dollar	**1,820**	**5**	**22**	**(11)**	**–**	**16**
Euro	**1,446**	**–**	**11**	**(3)**	**(2)**	**6**
Swiss franc	**241**	**–**	**2**	**(1)**	**–**	**1**
Jet fuel	**2**	**7**	**123**	**(1)**	**–**	**129**
Cross-currency interest rate swaps	**1,406**	**10**	**–**	**(12)**	**(8)**	**(10)**
Designated as fair value through profit or loss						
US dollar	**1,195**	**13**	**28**	**(14)**	**(4)**	**23**
Euro	**619**	**–**	**–**	**(12)**	**–**	**(12)**
		35	**186**	**(54)**	**(14)**	**153**

At 30 September 2022	Quantity million	Non-current assets £ million	Current assets £ million	Current liabilities £ million	Non-current liabilities £ million	Total £ million
Designated as cash flow hedges						
US dollar	1,721	18	170	–	–	188
Euro	675	–	2	(12)	(3)	(13)
Swiss franc	185	–	–	(9)	(2)	(11)
Jet fuel	1	–	139	(65)	(17)	57
Cross-currency interest rate swaps	1,230	42	–	–	–	42
Designated as fair value hedges						
Cross-currency interest rate swaps	379	–	58	–	–	58
Designated as fair value through profit or loss						
US dollar	755	67	45	–	–	112
Euro	285	–	9	–	–	9
		127	423	(86)	(22)	442

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

For foreign currency forward exchange contracts, quantity represents the absolute gross nominal value of currency contracts held, disclosed in the contract foreign currency. The cross-currency interest rate swap contracts are presented at the sterling notional amount. For jet fuel derivative contracts, the quantity represents absolute contracted metric tonnes.

The majority of foreign exchange and jet fuel transactions designated as a cash flow hedge are expected to occur within the next 18 months. Accumulated gains and losses resulting from these transactions are deferred in the hedging reserve. The gains and losses will be recognised in the income statement in the periods when the hedged transactions impact the income statement. Where the gain or loss is included in the initial amount recognised following the purchase of an aircraft, recognition in the income statement is over a period of up to 23 years in the form of depreciation of the purchased asset.

Amounts related to US dollar and euro foreign exchange derivatives held at fair value through profit or loss (e.g. not held in a hedge accounting relationship) form part of the Group's statement of financial position retranslation risk management strategy. Fair value movements on these derivatives are recognised in the income statement and offset foreign exchange movements on the corresponding notional amount of the statement of financial position monetary liabilities held in US dollar and euro. These trades are all expected to occur within the next 36 months.

The Group maintains cross-currency interest rate swap contracts on a proportion of fixed rate debt issuance as part of the approach to currency and interest rate risk management. The remaining cross-currency interest rate swap contracts are designated and qualify as cash flow hedges to minimise volatility in the income statement. The cross-currency interest rate swap contracts designated as fair value have been settled in the period.

The following derivative financial instruments are subject to offsetting, enforceable master netting arrangements.

At 30 September 2023	**Gross amount £ million**	**Amount not set off £ million**	**Net amount £ million**
Derivative financial instruments			
Assets	**221**	**(66)**	**155**
Liabilities	**(68)**	**66**	**(2)**
	153	**–**	**153**

At 30 September 2022	Gross amount £ million	Amount not set off £ million	Net amount £ million
Derivative financial instruments			
Assets	550	(108)	442
Liabilities	(108)	108	–
	442	–	442

All financial assets and liabilities are presented gross on the face of the statement of financial position as the conditions for netting specified in IAS 32 'Financial Instruments Presentation' are not met.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK AND CAPITAL MANAGEMENT

easyJet is exposed to financial risks including fluctuations in exchange rates, jet fuel prices and interest rates. Financial risk management aims to limit these market risks with selected derivative hedging instruments being used for this purpose. easyJet's policy is not to speculatively trade derivatives but use the instruments to hedge anticipated exposure and gain cash flow certainty. easyJet reduces its exposure to market risk by using derivatives as any gains and losses arising are offset by the outcome of the underlying exposure being hedged.

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

Capital employed comprises shareholders' equity (excluding hedging and cost of hedging reserves), borrowings (including amounts related to IFRS 16 lease liability), cash and money market deposits (excluding restricted cash).

In addition, easyJet also maintains committed access to capital through its undrawn credit facilities. This amounted to £1.8 billion at 30 September 2023 (2022 £1.1 billion) and contributed to easyJet's total liquidity.

Consequently, the capital employed at the end of the current and prior year and the return earned during those years were as follows:

	2023			2022 (restated)[1]		
	Headline £ million	**Non-headline £ million**	**Total £ million**	Headline £ million	Non-headline £ million	Total £ million
Opening capital employed						
Shareholders' equity (excluding hedging and cost of hedging reserves)	**2,358**	**–**	**2,358**	2,484	–	2,484
Borrowings	**3,197**	**–**	**3,197**	3,367	–	3,367
Lease liabilities	**1,113**	**–**	**1,113**	1,079	–	1,079
Cash and money market deposits (excluding restricted cash)	**(3,640)**	**–**	**(3,640)**	(3,536)	–	(3,536)
Reported capital employed	**3,028**	**–**	**3,028**	3,394	–	3,394
Closing capital employed						
Shareholders' equity (excluding hedging and cost of hedging reserves)	**2,676**	**–**	**2,676**	2,358	–	2,358
Borrowings	**1,895**	**–**	**1,895**	3,197	–	3,197
Lease liabilities	**989**	**–**	**989**	1,113	–	1,113
Cash and money market deposits (excluding restricted cash)	**(2,925)**	**–**	**(2,925)**	(3,640)	–	(3,640)
Reported capital employed	**2,635**	**–**	**2,635**	3,028	–	3,028
Average capital employed	**2,832**	**–**	**2,832**	3,211	–	3,211
Reported operating profit/(loss)	**476**	**(23)**	**453**	3	(30)	(27)
UK corporation tax rate			**25%**			19%
Normalised operating profit/(loss) after tax	**357**	**(17)**	**340**	2	(24)	(22)
Return on capital employed	**12.6%**		**12.0%**	0.1%		(0.7)%

1) Return on capital employed has been restated to exclude the hedging and cost of hedging reserves. Return on capital employed is calculated by dividing the normalised operating profit/(loss) after tax by the average of the opening and closing capital employed.

Return on capital employed is calculated by dividing the adjusted operating profit/(loss) after tax by the average of the opening and closing capital employed.

Normalised operating profit is reported operating profit, less tax at the prevailing UK corporation tax rate at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

Liquidity risk management

The objective of easyJet's liquidity risk management is to ensure sufficient cash is available to meet future liabilities as they fall due and ensure access to cost effective funding in various markets.

Liquidity raised in the year was primarily from sale and leaseback transactions, which were conducted on eight aircraft generating gross cash proceeds of £77 million. Repayments in the year included the €500 million repayment of the Feb-16 Eurobond in February 2023 and a $950 million repayment of the drawn element of the UKEF facility in June 2023, where the $1,770 million facility was terminated and replaced with a new five-year sustainability linked undrawn UKEF facility of $1,750 million. There were no plans to draw this facility as at 30 September 2023.

Further to the above repayments, the Oct-16 €500 million Eurobond was repaid in October 2023 and is therefore still present in the financial statements as at the year end.

easyJet's policy has consistently been to hold significant liquidity to mitigate the impact of potential business disruption events. Throughout the year, easyJet's target minimum liquidity requirement was to cover unearned revenue plus £500 million. In assessing this liquidity metric any undrawn credit facilities need to be taken into consideration. Total cash (excluding restricted cash) and money market deposits at 30 September 2023 was £2,925 million (30 September 2022: £3,640 million) with total liquidity at £4,686 million. Surplus funds are invested in high quality short-term liquid instruments, mainly money market funds, bank deposits and tri-party repos.

The maturity profile of financial liabilities and derivatives based on undiscounted cash flows and contractual maturities is as follows:

At 30 September 2023	Within one year £ million	One–two years £ million	Two–five years £ million	Over five years £ million
Borrowings principal and interest	**458**	**457**	**1,087**	**–**
Trade and other payables	**1,764**	**–**	**–**	**–**
Lease liabilities	**254**	**412**	**278**	**139**
FX and jet derivative contracts – receipts	**(4,543)**	**(961)**	**(223)**	**–**
FX and jet derivative contracts – payments	**4,334**	**938**	**222**	**–**
Cross-currency swap contracts – receipts	**(452)**	**(447)**	**(544)**	**–**
Cross-currency swap contracts – payments	**476**	**469**	**556**	**–**

At 30 September 2022 (re-presented)[1]	Within one year £ million	One–two years £ million	Two–five years £ million	Over five years £ million
Borrowings principal and interest	523	566	1,368	1,075
Trade and other payables[1]	1,759	–	–	–
Lease liabilities	297	443	280	258
FX and jet derivative contracts – receipts	(2,723)	(582)	(186)	–
FX and jet derivative contracts – payments	2,271	503	162	–
Cross-currency swap contracts – receipts	(463)	(455)	(463)	(358)
Cross-currency swap contracts – payments	420	471	484	346

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 1a for further detail.

The maturity profile has been calculated based on spot rates for the US dollar, euro, Swiss franc and jet fuel at close of business on 30 September each year.

Credit risk management

easyJet is exposed to credit risk arising from cash and money market deposits, derivative financial instruments and trade and other receivables. Credit risk management aims to reduce the risk of default by setting limits on credit exposure to counterparties based on their respective credit ratings. Credit ratings also determine the maximum period of investment when placing funds on deposit. The maximum exposure to credit risk at the reporting date is equal to the carrying value of its financial assets, excluding tri-party repos, which are securitised by high-quality, investment-grade financial assets.

Counterparties for cash investments and derivatives contracts are required to have a long-term credit rating of A- or better at contract inception from either Moody's, Standard & Poor's or Fitch (except where there is a specific regulatory, contractual requirement or a bank guarantee from an A- rated entity). Exposures to these counterparties are regularly reviewed and, if the long-term credit rating falls below A-, management will make a decision on remedial action to be taken.

The credit ratings of counterparties that easyJet holds financial assets with are as follows:

At 30 September 2023	A- and above £ million	Below A- £ million	Unrated/other £ million	£ million
Financial assets				
Trade receivables	**–**	**–**	**343**	**343**
Other non-current assets	**–**	**–**	**138**	**138**
Derivative financial instruments	**153**	**–**	**–**	**153**
Restricted cash	**2**	**–**	**–**	**2**
Cash and cash equivalents	**2,922**	**3**	**–**	**2,925**
Total	**3,077**	**3**	**481**	**3,561**

At 30 September 2022	A- and above £ million	Below A- £ million	Unrated/other £ million	£ million
Financial assets				
Trade receivables	–	–	367	367
Other non-current assets	–	–	91	91
Derivative financial instruments	442	–	–	442
Restricted cash	7	–	–	7
Money market deposits	126	–	–	126
Cash and cash equivalents	3,511	3	–	3,514
Total	4,086	3	458	4,547

At the end of each reporting date easyJet recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. In establishing the appropriate amount of loss allowance to be recognised, easyJet applies either the general approach or the simplified approach, depending on the nature of the underlying group of financial assets. See note 1a for further detail.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

The general approach is applied to the impairment assessment of refundable lease deposits and other refundable lease contributions, restricted cash, money market deposits and cash and cash equivalents (excluding money market funds held at fair value through profit or loss). At 30 September 2023, the expected credit loss was considered immaterial. This is due to easyJet's strict policy of investing only with counterparties who hold a high, investment grade credit standing (except in specific circumstances) as detailed in the tables above.

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

At 30 September 2023, trade receivables had a total loss allowance of £5 million (2022: £8 million). The exposure to individual customer's credit risk is reduced as no individual customer accounts for a substantial amount of the total revenue and most payments for flight tickets are collected in advance of the service being provided.

Foreign currency risk management

The majority of easyJet's exposure to currency arises from fluctuations in the US dollar, euro and Swiss franc exchange rates which can significantly impact easyJet's financial results and cash flows. The aim of easyJet's foreign currency risk management is to reduce the impact of these exchange rate fluctuations.

easyJet has maintained hedging in line with policy throughout the year, with the exception of revenue hedging (Swiss franc and euro income) where exposures were hedged in line with policy from January 2023 onwards after hedging was paused during the pandemic.

Significant currency exposures in the income statement are managed through the use of currency forward contracts entered into cash flow hedge relationships in line with the Board approved policy. Throughout the year easyJet hedged operational US dollar, euro, and Swiss franc exposures to an 18 month hedging policy (Swiss franc and euro exposures from January 2023, as above) with the aim of maintaining average cover of c.60% over a rolling 12-month period.

Of note, the Group separately manages foreign exchange risk related to forecast cash outflows associated with package holiday costs. Significant currency exposures relating to the acquisition cost of aircraft are managed through the use of FX forward contracts where up to 36 months of forecasted cash flows may be hedged.

easyJet has monetary liabilities denominated in US dollars and euros, which are largely offset by holding US dollar and euro cash, and money market deposits. FX forward contracts are also used to manage foreign exchange translation risk. These are classified as fair value through profit or loss (e.g. not designated in a hedge relationship). During the year, easyJet used euro lease liabilities to hedge a proportion of its euro revenue receipts in a cash flow hedge relationship. Revaluations of these euro liabilities are held in reserves and released on a straight-line basis over the term of the lease agreement through profit or loss.

Management may take action to hedge other currency exposures as deemed appropriate.

The gross notional of transactions in a hedge relationship that occurred during the financial year to manage the foreign currency risk and the resulting gains and losses were as follows:

	FY23	
	Notional £m	Gain/(loss) £m
USD	**1,634**	**14**
EUR	**1,091**	**(8)**
CHF	**192**	**(2)**

Notional value reflects the sterling contractual leg amount.

Capital financing and interest rate risk management

The objective of capital management is to ensure that easyJet is able to continue as a going concern whilst delivering shareholder expectations of a strong capital base as well as returning benefits for other stakeholders.

On 30 September 2023, easyJet held long-term corporate credit ratings from both Standard & Poor's (BBB) and Moody's (Baa3).

easyJet plc established a £3,000 million Euro Medium Term Note (EMTN) Programme on 7 January 2016. Subsequently easyJet plc has issued three bonds under this programme, one of which has been repaid, and easyJet FinCo B.V. has issued one bond. The three remaining bonds under this scheme are guaranteed by easyJet Airline Company Limited, easyJet plc and easyJet FinCo B.V.

On 11 February 2022, the EMTN Programme increased in size to £4,000 million.

In February 2016, easyJet plc issued a €500 million bond under the £3,000 million EMTN Programme guaranteed by easyJet Airline Company Limited. The Eurobond had a seven-year term and paid an annual fixed coupon of 1.750%. At the same time the Group entered into three cross-currency interest rate swaps to convert the entire €500 million fixed rate Eurobond to a sterling floating rate exposure. In February 2023, this bond reached maturity and was settled, with a corresponding gain realised on settlement of the cross-currency swap.

In October 2016, easyJet plc issued a €500 million bond under the £3,000 million EMTN Programme guaranteed by easyJet Airline Company Limited. The Eurobond has a seven-year term and pays an annual fixed coupon of 1.125%. Shortly after the issuance of the €500 million bond the Group entered into three cross-currency interest rate swaps to convert the entire €500 million fixed rate Eurobond to a sterling fixed rate exposure. The cross-currency interest rate swaps were executed in November 2016 with settlement and notional exchange occurring in the same month. All three swaps pay fixed interest semi-annually, receive fixed interest annually, and have maturities matching the Eurobond. The Group designated all three cross-currency interest rate swaps as a cash flow hedge of the currency risk on the €500 million Eurobond. The cross-currency interest rate swaps are measured at fair value with the effective portion taken through the statement of comprehensive income. The element of the fair value generated by the change in the spot rate is recycled to the income statement from the statement of comprehensive income to offset the revaluation of the Eurobond. The carrying value of the fixed rate Eurobond net of the cross-currency interest rate swap at 30 September 2023 was £445 million. This value does not include capitalised set-up costs incurred in the issuing of the bond. This bond was repaid in October 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

In June 2019, easyJet plc issued a €500 million bond under the £3,000 million EMTN Programme guaranteed by easyJet Airline Company Limited. The Eurobond is for a six-year term and pays an annual fixed coupon of 0.875%. At the same time the Group entered into three cross-currency interest rate swaps to convert the entire €500 million fixed rate Eurobond to a sterling fixed rate exposure. All three swaps pay fixed interest semi-annually, receive fixed interest annually, and have maturities matching the Eurobond. The Group designated all three cross-currency interest rate swaps as a cash flow hedge of the currency risk on the €500 million Eurobond. The cross-currency interest rate swaps are measured at fair value with the effective portion taken through the statement of comprehensive income. The element of the fair value generated by the change in the spot rate is recycled to the income statement from the statement of comprehensive income to offset the revaluation of the Eurobond. The carrying value of the fixed rate Eurobond net of the cross-currency interest rate swap at 30 September 2023 was £441 million. This value does not include capitalised set-up costs incurred in the issuing of the bond.

In March 2021, easyJet FinCo B.V. issued a €1,200 million bond under the £3,000 million EMTN Programme guaranteed by easyJet Airline Company Limited and easyJet plc. The Eurobond has a seven-year term and pays an annual fixed coupon of 1.875%. easyJet subsequently entered into four cross-currency interest rate swaps to convert €600 million of the fixed rate Eurobond to a sterling fixed rate exposure. All four swaps pay fixed interest semi-annually, receive fixed interest annually, and have maturities matching the Eurobond. The Group designated these cross-currency interest rate swaps as a cash flow hedge of the currency risk on the €1,200 million Eurobond. The cross-currency interest rate swaps are measured at fair value with the effective portion taken through the statement of comprehensive income. The element of the fair value generated by the change in the spot rate is recycled to the income statement from the statement of comprehensive income to offset the revaluation of the Eurobond. The carrying value of the hedged element of the fixed rate Eurobond net of the cross-currency interest rate swap at 30 September 2023 was £1,031 million. This value does not include capitalised set-up costs incurred in the issuing of the bond.

The weighted average sterling interest rate hedged for the three bonds was 2.59% with a weighted average GBP/EUR foreign exchange hedge rate of 1.14.

Interest rate cash flow risk arises on floating rate borrowings and cash investments.

Interest Rate Risk Management Policy aims to provide certainty in a proportion of financing while retaining the opportunity to benefit from interest rate reductions. Borrowings are issued at either fixed or floating interest rates, repricing every three to six months. A significant proportion of the US dollar debt liabilities are matched with US dollar cash assets by value. Operating leases are a mix of fixed and floating rates. Of the 153 aircraft operating leases in place at 30 September 2023 (2022: 142), 95% were based on fixed interest rates and 5% were based on floating interest rates (2022: 95% fixed, 5% floating).

In addition, easyJet has access to facilities which are fully undrawn at 30 September 2023; a $400 million Revolving Credit Facility due to mature in September 2025 (with potential extension to September 2026), and a $1,750 million UKEF backed facility maturing in June 2028.

Commodity price risk management

The Group is exposed to commodity risk in the form of jet fuel requirements and Carbon Emissions Trading schemes (EU ETS, CH ETS and UK ETS) price risk. easyJet has maintained risk management activities throughout the year in line with policy.

The objective of the fuel price risk management policy is to provide protection against sudden and significant increases in jet fuel prices, thus mitigating volatility in the income statement in the short term. In the year, easyJet hedged in line with its 18-month hedging policy with the aim of maintaining average cover of c.60% over a rolling 12-month period. Jet fuel derivatives are entered into a cash flow hedge relationship against the future forecasted jet fuel usage. Treasury strategies and actions will be driven by the need to meet treasury, financial and corporate objectives.

The volume of effective hedge transactions that occurred during the financial year to manage the jet commodity price risk was 1.9 million metric tonnes. This resulted in a £68 million gain (2022: £581 million gain) in the fuel line within the income statement.

The Group has a requirement to comply with EU ETS, CH ETS and UK ETS regulations and report on an annual basis to the relevant environmental agencies. In addition to being in receipt of free allowances, easyJet is required to purchase carbon allowances on the open market to fulfil this requirement and is exposed to price movements that can introduce cash flow volatility. To mitigate this exposure easyJet purchases its requirements on a spot or forward basis up to 24 months in advance. easyJet holds allowances for 100% of all estimated ETS obligations for calendar year 2023.

ETS allowance spot and forward contracts maturing in the year were not classified as financial instruments as they fell within the own use provision under IFRS 9.

Market risk sensitivity analysis

Financial assets and liabilities affected by market risk include borrowings, deposits, trade and other receivables, trade and other payables, and derivative financial instruments. The following analysis illustrates the sensitivity of changes in relevant foreign exchange rates, interest rates and fuel prices. It should be noted that the analysis reflects the impact on profit or loss after tax for the year and other comprehensive income on financial instruments in a cash flow hedge relationship held at the reporting date. The sensitivities are calculated based on all other variables remaining constant. The analysis is considered representative of easyJet's exposure over the next 12-month period.

The sensitivity analysis is based on easyJet's financial assets and liabilities and financial instruments held as at 30 September 2023.

The currency exchange rate analysis assumes a +/-10% change in both US dollar and euro exchange rates.

The interest rate analysis assumes a 1% increase in interest rates over the next 12 months.

The fuel price analysis assumes a 10% increase in the fuel price forward curve over the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

	Currency rates					
At 30 September 2023	**US dollar +10%[1] £ million**	**US dollar -10%[2] £ million**	**Euro +10%[1] £ million**	**Euro -10%[2] £ million**	**Interest rates 1% increase £ million**	**Fuel price 10% increase £ million**
Income statement impact: gain/(loss)	**(6)**	**5**	**7**	**(6)**	**21**	**–**
Impact on other comprehensive income: increase/(decrease)	**135**	**(110)**	**3**	**(2)**	**–**	**93**

	Currency rates					
At 30 September 2022	US dollar +10%[1] £ million	US dollar -10%[2] £ million	Euro +10%[1] £ million	Euro -10%[2] £ million	Interest rates 1% increase £ million	Fuel price 10% increase £ million
Income statement impact: gain/(loss)	(18)	14	33	(27)	19	–
Impact on other comprehensive income: increase/(decrease)	145	(119)	(39)	32	–	113

1) GBP weakened.
2) GBP strengthened.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

The market risk sensitivity analysis has been calculated on spot rates for the US dollar, euro and jet fuel at close of business on 30 September each year.

Impact on the financial statements during the year ended 30 September 2023

Details of major hedging arrangements at the reporting date are set out below, broken down by the cash maturity of hedge instruments, notional and average rates.

Hedge instrument (notional in millions)	Within one year	Greater than one year
Jet fuel hedged notional	1	–
Average hedge rate	844	824
USD foreign exchange hedged notional	1,246	177
Average hedge rate	1.23	1.25
EUR foreign exchange hedged notional	568	57
Average hedge rate	1.13	1.13
CHF foreign exchange hedged notional	199	22
Average hedge rate	1.09	1.07

Notional expressed in the sterling contractual leg for currencies and metric tonnes for jet fuel.

Hedge discontinuation and ineffectiveness

Hedge effectiveness testing on all relationships is performed at each reporting date. Whilst the critical terms matching of the Group's hedge relationships means that any ineffectiveness should be minimal, it can be driven by factors such as material changes in credit risk, price fixing basis (in the case of jet fuel) or changes in the timings of the hedged cash flows.

In the year ended 30 September 2023, there were no occasions where easyJet's hedges exceeded forecasted exposures and therefore no hedge discontinuation took place.

All hedge relationships where the underlying exposure is still anticipated to occur continue to exhibit a strong economic hedge relationship as the changes in fair value of hypothetical hedged items is materially offset by the changes in the fair value of hedging instruments.

Additionally, fair value adjustments of £1 million loss (2022: £1 million gain) were recorded during the period related to hedge ineffectiveness on hedges of foreign currency denominated borrowings that continue to be effective hedge relationships.

27. 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 CO_2 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

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.

28. 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.

29. 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 £ million	2022 £ 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.

30. 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.

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2023 £ million	As at 30 September 2022 £ million
Non-current assets			
Investments in subsidiary undertakings	c	**1,042**	1,025
Amounts due from subsidiary undertakings	f	**3,138**	2,976
Derivative financial instruments with subsidiary undertakings		**–**	14
		4,180	4,015
Current assets			
Amounts due from subsidiary undertakings	f	**438**	448
Derivative financial instruments with subsidiary undertakings		**–**	58
		438	506
Current liabilities			
Borrowings	d	**(433)**	(437)
Other payables		**(6)**	(11)
Derivative financial instruments with subsidiary undertakings		**(12)**	–
		(451)	(448)
Net current (liabilities)/assets		**(13)**	58
Non-current liabilities			
Borrowings	d	**(431)**	(874)
Deferred tax liabilities		**–**	(5)
Derivative financial instruments with subsidiary undertakings		**(8)**	–
		(439)	(879)
Net assets		**3,728**	3,194

	Notes	As at 30 September 2023 £ million	As at 30 September 2022 £ million
Shareholders' equity			
Share capital		**207**	207
Share premium		**2,166**	2,166
Hedging reserve		**1**	13
Cost of hedging reserve		**–**	3
Retained earnings		**1,354**	805
Total equity		**3,728**	3,194

The financial statements on pages 189 to 193 were approved by the Board of Directors and authorised for issue on 28 November 2023 and signed on behalf of the Board.

In accordance with Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement and statement of comprehensive income. The Company's profit for the year was £532 million (2022: £72 million). Included in this amount are dividends received of £436 million (2022: £35 million), which are recognised when the right to receive payment is established.

Johan Lundgren
Director

Kenton Jarvis
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Cost of hedging reserve £ million	Retained earnings £ million	Total equity £ million
At 1 October 2022	**207**	**2,166**	**13**	**3**	**805**	**3,194**
Profit for the year	**–**	**–**	**–**	**–**	**532**	**532**
Other comprehensive loss	**–**	**–**	**(12)**	**(3)**	**–**	**(15)**
Total comprehensive income	**–**	**–**	**(12)**	**(3)**	**532**	**517**
Share incentive schemes						
Movement in reserves for employee share schemes	**–**	**–**	**–**	**–**	**17**	**17**
At 30 September 2023	**207**	**2,166**	**1**	**–**	**1,354**	**3,728**

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Cost of hedging reserve £ million	Retained earnings £ million	Total equity £ million
At 1 October 2021	207	2,166	(9)	4	707	3,075
Profit for the year	–	–	–	–	72	72
Other comprehensive income/(loss)	–	–	22	(1)	–	21
Total comprehensive income	–	–	22	(1)	72	93
Share incentive schemes						
Movement in reserves for employee share schemes	–	–	–	–	26	26
At 30 September 2022	207	2,166	13	3	805	3,194

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

The disclosures required in respect of share capital are shown in note 21 to the consolidated financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

A) SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements of easyJet plc (the 'Company') have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the applicable legal requirements of the Companies Act 2006 as applicable to companies using FRS 101. The financial statements are prepared based on the historical cost convention except for certain financial assets and liabilities, including derivative financial instruments, financial guarantees and certain contingent liabilities and commitments, which are measured at fair value.

easyJet plc is a holding company for a group of companies engaged in providing low-cost flights and package holidays, 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.

Statement of preparation

The financial statements have been prepared on a going concern basis; details of the going concern assessment are provided on pages 67 and 68.

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

- IFRS 7, Financial instruments: Disclosures.
- The requirements of paragraphs 45(b) and 46–52 of IFRS 2, Share-based payment.
- The requirement in paragraph 38 of IAS 1 presentation of Financial Statements to present comparative information in respect of: paragraph 79(a)(iv) of IAS 1.
- The requirements of paragraphs 10(f), 40A, 40B, 40C, 40D, of IAS 1 Presentation of Financial Statements.
- The following paragraphs of IAS 1, Presentation of financial statements:
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including statement of cash flows);
  - 38B–D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134–136 (capital management disclosures).
- IAS 7, Statement of cash flows and related notes.
- Paragraphs 91 to 99 of IFRS 13, Fair value measurement (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraphs 30 and 31 of IAS 8, Accounting policies, changes in accounting estimates and errors (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, Related party disclosures (key management compensation).
- The requirements in IAS 24, Related party disclosures, to disclose related party transactions entered into between two or more members of a group.

The significant accounting policies applied in the preparation of these Company financial statements are the same as those set out in note 1 to the consolidated financial statements with the addition of the following.

Investments

Investments in subsidiaries are stated at cost, less any provision for impairment. Where subsidiary undertakings incur charges for share-based payments in respect of share options and awards granted by the Company (see note 22 of the consolidated financial statements), a capital contribution for the same amount is recognised as an investment in subsidiary undertakings with a corresponding credit to shareholders' equity.

The recoverable amount of the investment balance and associated amounts due from the subsidiaries have been assessed for impairment. This assessment represents a critical accounting estimate for the Company. The cash flow projections, assumptions and stress testing are based on those disclosed in note 10 to the consolidated financial statements. Individual risks in reasonably probable combinations, including those associated with climate change and the current macro-economic environment, do not give rise to an impairment. A further review as at 30 September using up to date key inputs (Fuel price and exchange rates) and latest cash flow projections also did not give rise to an impairment.

Amounts due from/to subsidiary undertakings

Amounts due from/to subsidiary undertakings are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method.

At each reporting date the Company recognises a loss allowance for expected credit losses on amounts due from subsidiaries using the simplified approach. Under the simplified approach the Company recognises a loss allowance at an amount equal to the lifetime expected credit losses.

Dividend income

Dividends received from investments in subsidiaries are recognised in the income statement when the right to receive payment is established.

Derivative financial instruments with subsidiary undertakings

For the year ended 30 September 2023, this related to the Feb-16, Oct-16 and Jun-19 bonds as detailed in the consolidated financial statements.

B) INCOME STATEMENT AND STATEMENT OF TOTAL COMPREHENSIVE INCOME

In accordance with Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement and statement of comprehensive income. The Company's profit for the year was £532 million (2022: £72 million). Included in this amount are dividends received of £436 million (2022: £35 million), which are recognised when the right to receive payment is established.

The nine Non-Executive Directors of easyJet plc (2022: nine) are paid for their services by easyJet Airline Company Limited. The Executive Directors of easyJet plc are employed and paid by easyJet Airline Company Limited. Details of Directors' remuneration are disclosed in note 4 to the consolidated financial statements and in the Directors' Remuneration Report on pages 113 to 130.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

C) INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Investments in subsidiary undertakings were as follows:

	2023 £ million	2022 £ million
At 1 October	**1,025**	999
Capital contributions to subsidiaries	**17**	26
At 30 September	**1,042**	1,025

During the year, £17 million (2022: £26 million) capital contributions of share awards (as explained in note a) above) were provided to Group companies. No other contributions were made during the year (2022: £nil million).

The recoverable amount of the investment balance and associated amounts due from the subsidiaries have been assessed for impairment. The cash flow projections, assumptions and stress testing used in this exercise are based on those disclosed in note 10 to the consolidated financial statements. Individual risks, and risks in reasonably probable combinations, including those associated with climate change and the current macro-economic environment, do not give rise to an impairment.

A full list of Group companies is detailed below.

	Country of incorporation	Principal activity	Percentage of ordinary shares held
easyJet Airline Company Limited[1]	England and Wales	Airline operator	100
easyJet Switzerland S.A.[2]	Switzerland	Airline operator	49*
easyJet Sterling Limited[3, 4, 9]	Cayman Islands	Aircraft trading and leasing	100
easyJet Leasing Limited[3, 4, 9]	Cayman Islands	Aircraft trading and leasing	100
easyJet UK Limited[1]	England and Wales	Airline operator	100
easyJet Europe Airline GmbH[5]	Austria	Airline operator	100
easyJet FinCo B.V.[6]	Netherlands	Financing company	100
easyJet MT Limited[7]	Malta	Insurance	100
easyJet HQ Holdings Limited[1, 8]	England and Wales	Holding company	100
easyJet HQ Limited[1, 8]	England and Wales	Development of building projects	100
easyJet HQ Development Limited[1, 8]	England and Wales	Development of building projects	100
easyJet Holidays Holdings Limited[1]	England and Wales	Holding company	100
easyJet Holidays Limited[1]	England and Wales	Tour operator	100
easyJet Holidays Transport Limited[1]	England and Wales	Air transport	100

1) Hangar 89, London Luton Airport, Luton, Bedfordshire, LU2 9PF, England.
2) 5 Route de l'Aeroport, Meyrin, CH-1215 Geneve 15, Switzerland.
3) Although these companies are Cayman Islands incorporated they have always been, and continue to be, UK tax resident.
4) Governor's Square, West Bay Road, Lime Tree Bay Road, UNIT # 2-105 , PO Box 1982, Grand Cayman KY1–1104, Cayman Islands.
5) Wagramer Stasse 19, 11.Stock IZD Tower, 1220 Wien, Austria.
6) Westerdoksdijk 423, 1013BX Amsterdam, Netherlands.
7) 188, 21st September Avenue, Naxxar, NXR 1012, Malta.
8) The following UK entities, all of which are 100% owned by the Group, are exempt from the requirement to prepare individual financial statements by virtue of s394A of the Companies Act 2006 relating to the individual financial statements of dormant subsidiaries: easyJet HQ Limited, (12367394), easyJet HQ Development Limited (12367361) and easyJet HQ Holdings Limited (12366723).
9) Dissolved on 9 November 2023.

* The Company has a 49% interest in easyJet Switzerland S.A. with an option to acquire the remaining 51%. The option is automatically extended for a further year on a rolling basis, unless the option is terminated by written agreement prior to the automatic renewal date. easyJet Switzerland S.A. is 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 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. The Company has 100% of voting rights for all other subsidiaries.

There have been no changes to the percentage of ordinary shares held during the year.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

D) BORROWINGS

	Current £ million	Non-current £ million	Total £ million
At 30 September 2023			
Eurobond	**433**	**431**	**864**
	433	**431**	**864**

	Current £ million	Non-current £ million	Total £ million
At 30 September 2022			
Eurobond	437	874	1,311
	437	874	1,311

easyJet plc uses cross-currency interest rate swaps with subsidiary undertakings to hedge currency and interest rate risk on borrowings and these are held at a fair value, resulting in a £20 million liability as at 30 September 2023 (2022: £72 million asset). The fair value of these is determined as described in note 25 to the consolidated financial statements.

For full details on the borrowings and financial instruments see note 17 and 25 respectively of the consolidated financial statements.

E) GUARANTEES AND CONTINGENT LIABILITIES

The Company has given formal undertakings to the Civil Aviation Authority to guarantee the payment and discharge of all liabilities of easyJet Airline Company Limited, a subsidiary of the Company. The guarantees are required for that company to maintain its operating licence under Regulation 3 of the Licensing of Air Carriers Regulations 1992, and to maintain its ATOL licence under The Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012.

The Company has issued a guarantee in favour of easyJet Airline Company Limited, a subsidiary undertaking, in relation to the processing of credit card transactions, and also in respect of hedging transactions carried out in accordance with treasury policy.

The Company has guaranteed the contractual obligations of easyJet Airline Company Limited to Airbus SAS in respect of the supply of Airbus 320 family aircraft. Details of aircraft orders are disclosed in notes 11 and 27 to the consolidated financial statements.

The Company has guaranteed jointly and severally the contractual obligations with easyJet Airline Company Limited, a subsidiary undertaking, in respect of a $400 million Revolving Credit Facility. The Revolving Credit Facility was agreed on 9 September 2021, for a minimum of four and a maximum of six years. In FY23 easyJet did not to exercise the first extension option, therefore this facility now has a minimum of four and maximum of five years.

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.

The Company jointly and severally with easyJet Airline Company Limited has guaranteed the repayment of borrowings that financed the acquisition of aircraft by subsidiary undertakings. This includes the contractual obligations of the €1.2 billion bond that was issued on 3 March 2021 by easyJet FinCo B.V. under the Euro Medium Term Note (EMTN) Programme. The bond has a coupon of 1.875% and matures in March 2028. The Company has also guaranteed the payment obligations for the lease of aircraft by subsidiary undertakings.

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

The Company has guaranteed certain letters of credit issued on behalf of subsidiary undertakings.

No amount is recognised on the Company statement of financial position with respect to any of these guarantees as the fair value is deemed to be £nil per measurement under IFRS 9. The calculated loss allowance on these financial guarantee contracts is immaterial.

F) RELATED PARTY TRANSACTIONS

Transactions with subsidiary undertakings principally relate to the provision of funding within the Group. Apart from those relating to loans associated with the issuance of the Eurobonds, the outstanding balances are placed on intercompany accounts with no specified credit period, are unsecured, and bear market rates of interest. It is expected that balances will be settled when the associated funding is repaid or via distribution of a dividend. The portion of the 'Amounts due from subsidiary undertakings' balance that is expected to be settled within 12 months is classified as current.

The intercompany loan agreements associated with the issuance of the Eurobonds in October 2016 and June 2019 are on the same terms as the bonds themselves (see note 26 in the consolidated financial statements).

For full details of the Company's relationships with easyGroup Holdings Limited, see note 29 of the consolidated financial statements.

G) EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The October 2016 Eurobond of €500 million was repaid in October 2023.

FIVE-YEAR SUMMARY (UNAUDITED)

	2023 £ million	2022 (as reported) £ million	2021 (as reported) £ million	2020 (as reported) £ million	2019 (as reported) £ million
Income statement					
Revenue	**8,171**	5,769	1,458	3,009	6,385
Total EBITDAR	**1,126**	539	(425)	(358)	970
Headline EBITDAR	**1,130**	569	(551)	(273)	970
Total operating profit/(loss)	**453**	(27)	(910)	(899)	466
Headline operating profit/(loss)	**476**	3	(1,036)	(777)	466
Total profit/(loss) before tax	**432**	(208)	(1,036)	(1,273)	430
Headline profit/(loss) before tax	**455**	(178)	(1,136)	(835)	427
Total profit/(loss) after tax	**324**	(169)	(858)	(1,079)	349
Headline profit/(loss) after tax	**341**	(147)	(900)	(725)	349
Basic total earnings/(loss) per share – pence	**43.1**	(22.4)	(159.0)	(222.9)	88.6
Basic headline earnings/(loss) per share – pence	**45.4**	(19.6)	(166.9)	(149.7)	88.7
Diluted total earnings/(loss) per share – pence	**42.7**	(22.4)	(159.0)	(222.9)	87.8
Diluted headline earnings/(loss) per share – pence	**45.0**	(19.6)	(166.9)	(149.7)	87.8
Ordinary dividend per share – pence	**4.5**	–	–	–	43.9
Statement of financial position					
Non-current assets	**5,711**	5,525	5,608	5,910	6,044
Current assets	**4,130**	4,929	4,165	2,563	2,119
Current liabilities	**(4,144)**	(3,678)	(2,677)	(3,826)	(2,668)
Non-current liabilities	**(2,910)**	(4,243)	(4,457)	(2,748)	(2,510)
Net assets	**2,787**	2,533	2,639	1,899	2,985

	2023 £ million	2022 (as reported) £ million	2021 (as reported) £ million	2020 (as reported) £ million	2019 (as reported) £ million
Other performance indicators					
Headline return on capital employed[1]	**12.6%**	0.1%	(25.2)%	(19.2)%	11.9%
Net cash/(debt) (£m)	**41**	(670)	(910)	(1,125)	(326)
Group total profit/(loss) before tax per seat (£)	**4.67**	(2.55)	(36.75)	(23.09)	4.10
Group headline profit/(loss) before tax per seat (£)	**4.91**	(2.19)	(40.29)	(15.16)	4.07
Airline total profit/(loss) before tax per seat (£)	**3.35**	(3.01)	(36.33)	(22.66)	4.10
Airline headline profit/(loss) before tax per seat (£)	**3.59**	(2.65)	(39.87)	(14.68)	4.07
Airline revenue per seat (£)	**79.84**	66.23	50.54	54.35	60.81
Airline headline cost per seat (£)	**(76.25)**	(68.88)	(90.41)	(69.03)	(56.74)
Airline headline cost per seat excluding fuel (£)	**(54.30)**	(53.20)	(77.25)	(55.94)	(43.26)
Seats flown (millions)	**92.6**	81.5	28.2	55.1	105.0

1) Return on capital employed has been restated to exclude the hedging and cost of hedging reserves.

GLOSSARY – ALTERNATIVE PERFORMANCE MEASURES (APMS) (UNAUDITED)

Non-headline items 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/nature (see note 5).

Headline profit/(loss) before tax A measure of underlying performance which is not impacted by non-headline items.

	Year ended 30 September 2023 £ million	Year ended 30 September 2022 £ million
Statutory profit/(loss) before tax	**432**	(208)
Total non-headline charge before tax (see note 5)	**23**	30
Headline profit/(loss) before tax	**455**	(178)

EBITDAR Earnings before interest, taxes, depreciation, amortisation and aircraft rental.

Headline EBITDAR Earnings before non-headline items, interest, taxes, depreciation, amortisation, and aircraft rental.

	Year ended 30 September 2023 £ million	Year ended 30 September 2022 £ million
Statutory operating profit/(loss)	**453**	(27)
Add back:		
Aircraft dry leasing	**–**	2
Depreciation	**644**	539
Amortisation of intangible assets	**29**	25
EBITDAR	**1,126**	539
Non-headline charge within EBITDAR (see note 5)	**4**	30
Headline EBITDAR	**1,130**	569

Net cash/(debt) Total cash less borrowings and lease liabilities; cash includes money market deposits but excludes restricted cash.

	Year ended 30 September 2023 £ million	Year ended 30 September 2022 £ million
Borrowings	**(1,895)**	(3,197)
Lease liabilities	**(989)**	(1,113)
Cash and money market deposits (excluding restricted cash)	**2,925**	3,640
Net cash/(debt)	**41**	(670)

Return on capital employed (ROCE) Profit/loss before interest and tax, applying tax at the prevailing UK corporation tax rate at the end of the financial year, and dividing by the average capital employed. Capital employed is shareholders equity, excluding the hedging and cost of hedging reserves, plus net debt.

Headline return on capital employed (ROCE) Headline profit/loss before interest and tax, applying tax at the prevailing UK corporation tax rate at the end of the financial year, and dividing by the average capital employed. Capital employed is shareholders equity, excluding the hedging and cost of hedging reserves, plus net debt.

	Year ended 30 September 2023 £ million	Year ended 30 September 2022 Restated[1] £ million
Average shareholders' equity excluding hedging and cost of hedging reserves	**2,517**	2,421
Average net debt	**315**	790
Average capital employed	**2,832**	3,211
Reported operating profit/(loss)	**453**	(27)
Tax rate	**25%**	19%
Adjusted operating profit/(loss) after tax	**340**	(22)
Return on capital employed	**12.0%**	(0.7%)
Reported operating profit/(loss)	**453**	(27)
Non-headline charge within operating profit (see note 5)	**23**	30
Headline reported operating profit	**476**	3
Tax rate	**25%**	19%
Adjusted headline operating profit after tax	**357**	2
Headline return on capital employed	**12.6%**	0.1%

1) Average capital employed has been restated to exclude the hedging and cost of hedging reserves.

GLOSSARY – ALTERNATIVE PERFORMANCE MEASURES (APMS) (CONTINUED)

Basic headline (loss)/ earnings per share – pence	Total headline loss for the year divided by the weighted average number of shares in issue during the year after adjusting for shares held in employee benefit trusts.
Diluted headline (loss)/ earnings per share – pence	Total headline loss for the year divided by the weighted average number of ordinary shares in issue adjusted to assume conversion of all dilutive potential shares.

	Year ended 30 September 2023 £ million	Year ended 30 September 2022 £ million
Total profit/(loss) after tax for the year	**324**	(169)
Total non-headline charge before tax (see note 5)	**23**	30
Tax impact of non-headline items	**(6)**	(8)
Headline profit/(loss) after tax	**341**	(147)
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
Headline earnings/(loss) per share		
Basic	**45.4**	(19.6)
Diluted	**45.0**	(19.6)

Constant currency measures	These performance measures are calculated by translating the year ended 30 September 2023 income statement at the average exchange rate for year ended 30 September 2022, excluding any income statement impact in either financial year from foreign currency exchange gains and losses arising from the revaluation of the statement of financial position. The purpose of this APM is to provide a like for like comparison of underlying operating performance by excluding the impact of exchange rate movements.

GLOSSARY – OTHER (UNAUDITED)

Aircraft dry/wet leasing	Dry leasing arrangements relate solely to the provision of an aircraft. Wet leasing arrangements relate to the provision of aircraft, crew, maintenance and insurance.
Aircraft owned/leased at end of year	Number of aircraft owned or on lease arrangements of over one month's duration at the end of the period. This excludes operating leased aircraft which have been acquired for future operations. These are held at zero rent and are excluded from the fleet numbers.
Available seat kilometres (ASK)	Seats flown multiplied by the number of kilometres flown.
Block hours	Hours of service for aircraft, measured from the time that the aircraft leaves the terminal at the departure airport to the time that it arrives at the terminal at the destination airport.
Capital employed	Shareholders' equity excluding the hedging and cost of hedging reserves, plus net debt.
Cash collateralisation	The process of pledging cash to serve as a lender's protection against a borrower's default.
Airline cost per ASK (CASK)	Airline revenue less profit before tax, divided by available seat kilometres.
Airline cost per seat	Airline revenue less profit before tax, divided by seats flown.
Airline cost per seat, excluding fuel	Airline revenue, less profit before tax, adding back fuel costs, divided by seats flown.
Airline CSAT (customer satisfaction score)	A weighted average of responses of surveys sent to customers who experienced either an on-time, delayed, severely delayed or cancelled flight.
Load factor	Number of passengers as a percentage of number of seats flown. The load factor is not weighted for the effect of varying sector lengths.
Normalised operating profit after tax	Reported operating profit, less tax at the prevailing UK corporation tax rate at the end of the financial year.
Operating costs excluding fuel	Includes costs relating to airports and ground handling, crew, navigation, maintenance, selling and marketing, and other costs/income.
Other costs	Administrative and operational costs not reported elsewhere, including disruption costs, IT costs, costs of third-party providers, some employee costs, wet lease costs and insurance. Additionally, some non-headline costs, such as loss on sale and leaseback transactions, and restructuring costs, are included in other costs.
Other income	Includes insurance receipts, supplier compensation payments, rental income, gains on sale of intangible assets, and gains on sale and leaseback transactions.
Passengers	Number of earned seats flown. Earned seats comprises seats sold to passengers (including no-shows), seats provided for promotional purposes and seats provided to staff for business travel.
Profit before tax per seat	Profit before tax divided by seats flown.
Revenue	The sum of passenger revenue and ancillary revenue, including package holiday revenue.
Revenue passenger kilometres (RPK)	Number of passengers multiplied by the number of kilometres those passengers were flown.
Revenue per ASK (RASK)	Revenue divided by available seat kilometres.
Revenue per seat	Revenue divided by seats flown.
Seats flown	Seats available for passengers.
Sector	A one-way revenue flight.

SHAREHOLDER INFORMATION

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We want our shareholders to receive communications quickly and easily, while also reducing the impact on the environment. Shareholders can help us do this by signing up to receive electronic communications through Shareview at **shareview.co.uk**.

Registering for Shareview is free and provides the following benefits:

- Update your details online including your email address and postal address.
- Add bank details so that you receive dividend payments directly, rather than waiting for a cheque.
- submit your voting instructions for shareholder meetings.
- Add a range of shareholding and investments you have (including those with other registrars) to monitor their value all in one place.
- Buy and sell shares easily.

MANAGING YOUR SHARES

If you have further queries relating to your shareholding, you should contact Equiniti, the Company's registrars, using one of the methods listed below:

- Online: **help.shareview.co.uk**.
- By telephone: + 44 (0)371 384 2577. Please use the country code if calling from outside the UK. Lines are open Monday to Friday 8.30am to 5.30pm, excluding public holidays in England and Wales.
- By post: Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

ANNUAL GENERAL MEETING

The Board currently intends to hold the AGM on 8 February 2024. The arrangements for the Company's 2024 AGM and details of the resolutions to be proposed, together with explanatory notes, will be set out in the Notice of AGM to be published on the Company's website.

DIVIDENDS

Dividends can be paid quickly and securely directly into your bank account instead of being dispatched to you by cheque. You can arrange for this through Shareview at **shareview.co.uk**.

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP
40 Clarendon Road
Watford, Hertfordshire
WD17 1JJ

REGISTERED OFFICE

Hangar 89
London Luton Airport
Luton
Bedfordshire
LU2 9PF

Telephone: 01582 525019

Registered in England & Wales under number 03959649

SHARE PRICE INFORMATION

Details of our share price data and other share price tools are available at **corporate.easyJet.com**.

SHAREGIFT

Shareholders who only have a small number of shares whose valuation makes it uneconomic to sell them may wish to consider donating them to charity through ShareGift, the independent charity share donation scheme (registered charity no. 1052686). Further information may be obtained from ShareGift on 020 7930 3737 or at **sharegift.org**.

SHAREHOLDER FRAUD

Fraud is on the increase and many shareholders are targeted every year. If you have any reason to believe that you may have been the target of a fraud, or attempted fraud in relation to your shareholding, please contact Equiniti immediately.

WEBSITE

You can access the corporate website at **corporate.easyJet.com.** The corporate website provides useful information including annual reports, results announcements and share price data, as well as background information about the Company and current issues. Shareholders are encouraged to sign up to receive email notifications of results and press announcements as they are released by registering on the website.

THANK YOU

We'd like to thank everyone who has helped to produce this report:

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easyJet plc

Hangar 89
London Luton Airport
Luton
Bedfordshire
LU2 9PF

easyJet.com