

**easyJet Holidays Limited**

**Annual Report and Accounts**

**For the year ended 30 September 2022**

**Registered Number 11927917**

# easyJet holidays Limited

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# easyJet holidays Limited

## Reports of the Directors for the year ended 30 September 2022

### Strategic report

The Directors present their strategic report on the affairs of the Company for the year ended 30 September 2022.

The Company is a wholly owned indirect subsidiary of easyJet plc, a company that is listed on the London Stock Exchange. The full strategic report for easyJet plc and all of its subsidiaries (together the 'easyJet Group') may be found on pages 1 to 71 of easyJet plc's Annual Report and Accounts for the year ended 30 September 2022.

### Principal activity

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

### Review of the business

easyJet holidays continued its rapid growth, becoming a major player within the sector by serving 1.1m customers and delivering a profit before tax of £38m in the year to 30 September 2022. This growth and profit has been achieved whilst also maintaining cost discipline.

Whilst the Covid-19 pandemic resulted in a significant reduction in the overall holiday market demand in the first part of the financial year, the peak summer demonstrated the attractive growth opportunity for easyJet holidays in both the medium and long term.

Providing customers with the option to book holidays for several future seasons in advance has resulted in an increase in forward bookings, further demonstrating demand and future recovery. The package holiday market was expected to recover more quickly than flight-only bookings as customers increasingly seek a holiday package that provides them with more security in an uncertain environment. At the start of the summer a small number of easyJet holidays customers were impacted by some of the challenges the industry faced with such a rapid ramp up of activity following the pandemic.

Our 'Protection Promise' has driven improved customer value, confidence and retention by offering a range of flexible booking options, including fee free changes on all holidays up to 28 days before travel, a Best Price Guarantee, a refund guarantee and flexible payment options.

The easyJet holidays business model is uniquely positioned with a low fixed cost base and a high proportion of variable direct costs. The low fixed cost base means that easyJet holidays is able to offer competitive prices to our customers, whilst maintaining strong margin. The business is able to quickly adapt to changes in the demand environment as a result of its operating model and technology platform; both of which are highly scalable.

Given the results achieved in the year to 30 September 2022, the Company sees a clear roadmap to £100m+ profit before tax in the medium term. In the coming financial year, easyJet holidays plans to invest in areas that will develop the business for continued long-term success.

### Key performance indicators

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

	2022	2021
	£000's	£000's
Revenue	494,935	41,404
Gross profit	61,456	7,849
Operating profit / (loss)	37,909	(12,179)
easyJet holidays passengers <sup>1</sup>	1,071	140

<sup>1</sup> Total holiday customers excluding affiliates was 804 thousand (FY21: 82 thousand)

# easyJet holidays Limited

## Reports of the Directors for the year ended 30 September 2022

### Strategic report (continued)

#### Section 172 statement

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

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

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

#### Stakeholder Engagement

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

A summary is provided below, and further information on who the easyJet Group's key stakeholders are, how we engage with them and related outcomes are set out on pages 26 to 29 of easyJet plc's 2022 Annual Report and Accounts, which is incorporated by reference into this statement.

#### Customers

easyJet holidays wants to win customers' loyalty and to achieve the easyJet Group's purpose of making low-cost travel easy. We will do this by providing brilliant holidays at unbeatable prices with an aim to become Europe's most loved holiday company. We believe it is important to have the right level of engagement with, and an understanding of, its customers to enable us to prioritise our efforts towards driving a positive customer experience and loyalty. The Company engages with its customers through a 24/7 customer support and resolution team to retain control and respond to customer complaints. We also engage through regular customer satisfaction surveys to gather feedback about their holiday experience.

Due to the ever changing travel restrictions and entry requirements across Europe as a result of Omicron variant in the first half of the financial year, we ensured customers were kept fully informed via the Covid-19 Travel Hub. Since the launch of the easyJet holidays' 'Protection Promise' in September 2020, customers have been able to book with confidence irrespective of market conditions, which is evident from an increase in bookings.

Through easyJet holidays, we want to shape the next generation of travel by leading the way with initiatives that will make sustainable travel affordable and accessible for our customers. In November 2021, easyJet holidays and the University of Oxford collaborated to form The Oxford Sustainable Development Goals Impact Lab to tackle some of the big sustainable tourism challenges. More information can be found on page 40 of easyJet plc's 2022 Annual Report and Accounts.

easyJet holidays is also a member of The Travel Association (known as ABTA) and adheres to their code of conduct.

#### Suppliers

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

Given the ramp up of the operation, a supplier readiness check was performed to ensure safe and responsible delivery of our holidays programme. We work closely with our hoteliers, destination management companies and easyJet airline to mitigate the challenges across the industry and improve resilience and performance. Our standard payment terms are payment within 60 days.

easyJet holidays has also joined the Global Sustainable Tourism Council (GSTC) to develop global standards for sustainability in travel and tourism. It encourages hotel partners to achieve GSTC-recognised certification, meaning the accommodation complies with high social and environmental standards. Hotels which meet the certification have joined a new 'eco certified' collection on the easyJet holidays website, which makes it easier for customers to make more sustainable choices for their holiday.

# easyJet holidays Limited

## Reports of the Directors for the year ended 30 September 2022

### Strategic report (continued)

#### Regulators

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

As a package holiday provider, the Company has an Air Travel Organiser's Licence (ATOL) to be able to provide ATOL protected holidays for customers. The Board continued to engage with the Civil Aviation Authority (CAA) during the year in the lead up to the renewal of the Company's ATOL licence in September. The CAA began an initial consultation on ATOL reform in April 2021 which easyJet holidays has responded to. The CAA launched the next stage on 24 January 2023, which the Board will respond to in due course.

#### Employees

Our people are a critical part of easyJet holidays business and a key part of our success. We want to create an inclusive culture – where people can be their best and feel that they truly belong.

The Directors understand the challenges imposed by the lasting impact of the pandemic, unprecedented ramp up over the summer and related disruption as the industry navigated its recovery. As a result, the Directors focus has been to make sure employees felt connected to the business and ensuring they felt supported. Our central hub for all conversations and support known as "You Matter" sets a structured approach for conversation on diversity, inclusion and wellbeing.

We continue to measure how our employees feel about the inclusive environment we are striving to create through the relaunch of our anonymous Your Voice matters survey. The overall engagement score for easyJet holidays was 8.8 out of 10, with an employee Net Promoter Score of 72

We also launched easyJet holidays employee discount for our employees and their families and friends to experience the great holidays we offer.

To increase employee engagement in our sustainability strategy, details and progress of our plans are shared with the wider team and employees across the business are actively involved in the easyJet holidays Sustainability Action Group, with many also participating in the easyJet holidays Sustainable Tourism Programme with the University of Oxford.

#### Shareholders

The Company's shareholder is easyJet holidays Holdings Limited. The parent undertaking of the shareholder is easyJet plc. The Company ensures there is ongoing communication and engagement with the plc Board and that they are actively engaged in the decision-making process through one of the Company's Directors, Garry Wilson, who is also a member of the Group's Airline Management Board (AMB). The remaining Directors attend the easyJet plc Board meetings by invitation.

#### Sustainability

easyJet holidays launched its sustainability strategy in September 2021. At that time, it became one of the most prominent UK holiday providers to become a member of the GSTC. The GSTC is a global membership organisation, formed to manage global standards for sustainable travel and tourism, the GSTC Criteria, and to foster increased knowledge and understanding of sustainable tourism practices through the adoption of universal sustainable tourism principles. easyJet holidays' sustainability strategy includes a commitment to encouraging all our hotel partners to achieve certification by an accredited certification body or certification to a GSTC recognised standard as soon as possible. Since summer 22 all GSTC certified hotels have been recognised with an eco-certified label on the website as well as inclusion on a dedicated eco certified hotels page.

During the year, easyJet holidays embarked on a unique partnership with the University of Oxford to identify sustainable development opportunities in key destinations. A cohort of 20 graduate students completed a 6-month fellowship developing their ideas to tackle tourism related impact independently identified by the Travel Foundation. Following desk-based research, the students completed a month long field lab in Mallorca or Tenerife to engage with local stakeholders to refine their solutions before presenting their final reports to easyJet holidays.

The students proposed development opportunities for easyJet holidays in a variety of areas including biodiversity, circular economy, and local heritage. From the opportunities highlighted easyJet holidays will partner with Winnow to pilot a food waste reduction scheme in a key partner hotel. Winnow develops Artificial Intelligence tools to help chefs run more profitable and sustainable kitchens by cutting food waste in half. Winnow is a registered B corporation working internationally in 67 countries. Installed in over 1,700 locations, chefs using Winnow are collectively saving \$42m annually, the equivalent of 36m meals a year from being wasted.

The students also identified the sustainability benefits of extended holidays, stepping away from traditional weekly or fortnightly breaks during high season, as shoulder season stays support the local economy and excursion providers, decrease reliance on air conditioning system and reduces a concentrated impact on natural resources. This research supported our decision to launch 'winter long stays' offering 28-night packages to destinations across Europe during the shoulder season.

Building on the success of year one the scope has been expanded into year two to support strategic projects at government and international level. Alongside the current process students will play pivotal roles in developing strategic projects with the United Nations World Tourism Organisation (UNWTO) and Spanish Tourism board.

# easyJet holidays Limited

## Reports of the Directors for the year ended 30 September 2022

### Strategic report (continued)

During the year, easyJet announced its roadmap to achieving net zero by 2050. The roadmap is aligned to the Science Based Targets initiative (SBTi), with easyJet being the first low-cost airline to announce a SBTi-validated interim target of 35% carbon intensity reduction by 2035. The long-term roadmap sees easyJet transition from carbon offsetting, which has been a valuable interim measure but is not recognised under the SBTi framework, towards investments that drive in-sector emission reductions to deliver our net zero roadmap.

#### Principal risks and uncertainties

As a member of the easyJet Group, a number of principal risks and uncertainties are consistent with those disclosed on pages 59 to 69 of the easyJet plc Annual Report and Accounts for the year ended 30 September 2022 where the mitigations and responses are outlined. Set out below are those risks and uncertainties that are considered to be different and/or specific to the operations of easyJet holidays Limited.

#### Consumer demand

In the first half of FY22, Covid-19 continued to have an adverse impact on consumer demand with the spread of the Omicron variant. This was followed by industry wide disruption during the early summer and more recently by the cost of living crisis. As the Company seeks to continue establishing itself in this marketplace during a period of uncertainty, retaining consumer trust and confidence is critical to establishing a long-term profitable future.

The Company continues to support its industry leading customer focused policies, including the timeliness of refunds where necessary and credit on account options. These provide greater flexibility and value to the customer, building confidence, trust, and retention.

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

#### Disruption in destinations

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

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

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

Protection Promise offers a further differentiator to competitors by ensuring our customers can book with confidence, underpinned by a Best Price Guarantee, refund guarantee and flexible payment options.

#### Competition in the Package Travel space

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

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

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

#### Supplier interruption

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

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

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

# easyJet holidays Limited

## Reports of the Directors for the year ended 30 September 2022

### Strategic report (continued)

#### Safety and security

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

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

#### Legal and regulatory compliance

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

#### Technology

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

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

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

#### Cyber Threats

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

#### Data breach

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

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

#### Financial risks:

As a member of the easyJet Group, a number of principal financial risks are consistent with those disclosed in note 26 of the easyJet plc Annual Report and Accounts for the year ending 30 September 2022. Set out below are those financial risks that are considered to be different and/or specific to the operations of easyJet holidays Limited.

# easyJet holidays Limited

## Reports of the Directors for the year ended 30 September 2022

### Strategic report (continued)

#### Liquidity

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

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

Changes in regulatory requirements such as the on-going ATOL consultation could alter the seasonal profile of working capital. easyJet holidays has continued to engage with the CAA on this consultation and has submitted a formal response to the initial consultation issued in April 2021.

Should the Company experience any short-term cashflow challenges it has the ability to seek support from easyJet Group's wider funding arrangements.

In the year to 30 September 2021 the Company held ring fenced cash which was subject to regulatory restrictions and was therefore not available for general use by the Company or other entities within the easyJet Group. No such restrictions were in place for the year ending 30 September 2022 .

#### Credit risk

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

#### Exchange rate volatility

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

#### Results and dividends

The Company's profit after tax for the year was £37.6 million (2021: £8.0 million loss), which has been transferred to reserves. Net assets at 30 September 2022 were £32.5 million (2021: £7.0 million net liabilities). The Company did not propose a dividend in the year (2021: £Nil).

On behalf of the board



**Garry Wilson**

Director

31 March 2023

Hangar 89  
London Luton Airport  
Luton  
Bedfordshire  
LU2 9PF

Registered Number 11927917



# easyJet holidays Limited

## Reports of the Directors for the year ended 30 September 2022

### Directors' report

The Directors present the Strategic report from page 1 to 6, the Directors' report from page 7 to 8, the Statement of Directors' responsibilities on page 9 and the audited financial statements (also referred to as 'accounts') for the year ended 30 September 2022. Further details of the Company can be found in note 1 to the accounts.

### Results and dividends

The Company's profit after tax for the year was £37.6 million (2021: £8.0 million loss) which has been transferred to reserves. The Company did not propose a dividend in the year (2021: £Nil).

### Future developments

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

### Directors

The Directors who held office during the year and up to the date of this report are as follows:

Garry Wilson

Michelle Heywood

Rebecca Mills

Matthew Callaghan

### Employees

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

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

It is understood that good communication within the business is vital. The Company ensures that key issues and matters are discussed with employees and employee representatives so that it can react quickly and ensure that everyone remains engaged.

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

Further details are contained in the published Annual Report and Accounts of easyJet plc for the year ended 30 September 2022.

### Political donations and expenditure

There were no political donations made or political expenditure incurred during the year (2021: £Nil).

### Principal subsidiaries

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

### Directors' indemnities

Directors' and Officers' insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on behalf of the Company. The deed executed by easyJet plc in November 2007 indemnifies each of the Directors of the Company and/or its subsidiaries as a supplement to the Directors' and Officers' insurance cover. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the year to 30 September 2022 and remain in force for all Directors of the Company.

### Financial risk management

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

The Company is exposed to similar financial risks as the easyJet Group and follows easyJet Group financial risk and capital management objectives and policies, which are disclosed in note 26 to the easyJet plc Annual Report and Accounts for the year ended 30 September 2022. The Company is also exposed to financial risks disclosed in the Strategic Report on page 5.

# easyJet holidays Limited

## Reports of the Directors for the year ended 30 September 2022

### Directors' report (continued)

#### Going concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis for preparing these financial statements, the Directors have considered the Company's business activities, together with factors likely to affect its future development and performance, as well as the Company's principal risks and uncertainties through to June 2024. The Company's Directors have considered the easyJet Group's ability and commitment to provide ongoing support for the Company due to the amounts owed to group undertakings and the overall reliance on group-wide funding facilities.

As at 31 December 2022, easyJet Group has a net debt position of £1.1 billion including cash and cash equivalents and money market deposits of £3.0 billion, with unrestricted access to £4.0 billion of liquidity and has retained ownership of 56% of the total fleet with 41% being unencumbered.

The easyJet Group Directors have reviewed the easyJet Group's financial forecasts and funding requirements with consideration given to the potential impact of severe but plausible downside risks, and easyJet has modelled a base case representing management's best estimation of how the business plans to perform over the period to June 2024. 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 permits, the phasing out of the free ETS permits 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. As at 20 January 2023 easyJet was c.78% hedged for fuel in H1 of FY23 at c.US\$819 per metric tonne and c.59% hedged for H2 FY23 at c.US\$900.

In modelling the impact of severe but plausible downside risks on the easyJet Group's future performance, the Directors have considered demand suppression leading to a reduction in ticket yield of 5% and reduced capacity of 5% as well as sensitivities on fuel price (increase of \$100 per metric tonne), operational costs (additional inflation assumed on all costs), reoccurrence of additional disruption costs (at year ended 30 September 2022 levels) and delays in the delivery of strategic revenue initiatives. 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 one month in 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.

After reviewing the easyJet Group's 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 easyJet Group has sufficient resources to continue in operation for the foreseeable future. In turn this will enable easyJet Group to provide ongoing support to the Company as required. For these reasons the Directors continue to adopt the going concern basis of accounting in preparing the Company's financial statements.

#### Statement of disclosure of information to auditors

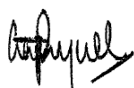
In accordance with the provisions of Section 418 of the Companies Act 2006, each of the persons who are Directors of the Company at the date of approval of this report confirms that:

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

#### Independent Auditors

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

On behalf of the Board



**Garry Wilson**  
Director  
31 March 2023

Hangar 89  
London Luton Airport  
Luton, Bedfordshire  
LU2 9PF

Registered Number 11927917

# easyJet holidays Limited

## Reports of the Directors for the year ended 30 September 2022

### Statement of Directors' responsibilities in respect of the financial statements

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

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

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

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

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

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



**Garry Wilson**  
Director  
31 March 2023

## Report on the audit of the financial statements

### Opinion

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

- give a true and fair view of the state of the company's affairs as at 30 September 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Statement of financial position as at 30 September 2022; the Income statement, Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

### Independence

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

### Conclusions relating to going concern

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

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

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

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

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

### Reporting on other information

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

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

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

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

### Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 September 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

### Responsibilities for the financial statements and the audit

#### Responsibilities of the directors for the financial statements

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

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

#### Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

### Use of this report

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

## Other required reporting

### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Ruaridh Macphee (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Watford  
31 March 2023

# easyJet holidays Limited

## Income statement

For the year ended 30 September 2022

### Continuing operations

	Note	Year ended 30 September 2022 £000's	Year ended 30 September 2021 £000's
<b>Total Revenue</b>	2	<b>494,935</b>	41,404
Cost of sales		<b>(433,479)</b>	(33,555)
<b>Gross Profit</b>		<b>61,456</b>	7,849
Administrative Costs		<b>(23,547)</b>	(20,028)
<b>Operating profit/(loss)</b>		<b>37,909</b>	(12,179)
Interest receivable and other financing income		<b>811</b>	-
Interest payable and other financing charges		<b>(1,168)</b>	(454)
Net finance expense	3	<b>(357)</b>	(454)
<b>Profit/(loss) before tax</b>	4	<b>37,552</b>	(12,633)
Tax credit	6	<b>32</b>	4,612
<b>Profit/(loss) for the year</b>		<b>37,584</b>	(8,021)

# easyJet holidays Limited

## Statement of comprehensive income

For the year ended 30 September 2022

	Note	Year ended 30 September 2022 £000's	Year ended 30 September 2021 £000's
<b>Profit/(loss) for the year</b>		<b>37,584</b>	<b>(8,021)</b>
<b>Other comprehensive income/(expense)</b>			
<i>Items that may be reclassified to the income statement:</i>			
Cash flow hedges			
Fair value gain/(loss) in the year		2,536	(2,777)
(Gains)/losses transferred to income statement		(587)	20
Hedge discontinuation gains transferred to income statement		-	(82)
Related tax (charge)/credit	6	(438)	541
<b>Total other comprehensive income/(loss)</b>		<b>1,511</b>	<b>(2,298)</b>
<b>Total comprehensive profit/(loss) for the year</b>		<b>39,095</b>	<b>(10,319)</b>

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

	2022 £000's	2021 £000's
Cost of sales	(548)	27
Administrative expenses	(39)	(7)
	<b>(587)</b>	<b>20</b>



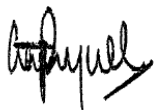
# easyJet holidays Limited

## Statement of financial position

As at 30 September 2022

	Note	2022 £000's	2021 £000's
<b>Non-current assets</b>			
Intangible assets	8	6,842	7,053
Investments in subsidiaries	9	-	-
Deferred tax assets	6	8,722	9,128
		<b>15,564</b>	16,181
<b>Current assets</b>			
Trade and other receivables	10	108,892	78,307
Amounts owed by group undertakings	10	153,377	-
Derivative financial instruments with group undertakings	16	2,382	33
Restricted cash	11	-	8,800
Cash and cash equivalents	11	37,937	33,528
		<b>302,588</b>	120,668
<b>Current liabilities</b>			
Trade and other payables	12	(87,060)	(33,450)
Unearned revenue	12	(108,774)	(49,640)
Derivative financial instruments with group undertakings	16	-	(92)
Amounts due to fellow group companies	19	(88,180)	(58,805)
Provisions for liabilities and charges	13	(201)	-
		<b>(284,215)</b>	(141,987)
<b>Net current assets/(liabilities)</b>		<b>18,373</b>	(21,319)
<b>Non-current liabilities</b>			
Unearned revenue	12	(1,412)	(1,853)
		<b>(1,412)</b>	(1,853)
<b>Net assets/(liabilities)</b>		<b>32,525</b>	(6,991)
<b>Shareholders' equity</b>			
Share capital	14	-	-
Capital Contribution		20,000	20,000
Hedging reserve		1,491	(21)
(Accumulated losses)/Retained earnings		11,034	(26,970)
<b>Total equity</b>		<b>32,525</b>	(6,991)

The accounts on pages 13 to 31 were approved by the Board of Directors and authorised for issue on 31 March 2023 and signed on behalf of the Board.



**Garry Wilson**  
Director



**Michelle Heywood**  
Director

# easyJet holidays Limited

## Statement of changes in equity

For the year ended 30 September 2022

	Share capital £000's	Capital contribution £000's	Hedging reserve £000's	Retained earnings/ (Accumulated Losses) £000's	Total equity £000's
<b>At 1 October 2021</b>	-	20,000	(21)	(26,970)	(6,991)
Profit for the year	-	-	-	37,584	37,584
Total other comprehensive income	-	-	1,512	-	1,512
<b>Total comprehensive income</b>	-	-	1,512	37,584	39,096
Share incentive schemes					
Value of employee services	-	-	-	420	420
<b>At 30 September 2022</b>	-	20,000	1,491	11,034	32,525
	Share capital £000's	Capital contribution £000's	Hedging reserve £000's	(Accumulated losses) £000's	Total equity £000's
At 1 October 2020	-	20,000	2,277	(19,203)	3,074
Loss for the period	-	-	-	(8,021)	(8,021)
Total other comprehensive loss	-	-	(2,298)	-	(2,298)
<b>Total comprehensive loss</b>	-	-	(2,298)	(8,021)	(10,319)
Share incentive schemes					
Value of employee services	-	-	-	254	254
At 30 September 2021	-	20,000	(21)	(26,970)	(6,991)

# easyJet Holidays Limited

## Notes to the accounts

### 1 Accounting policies, judgements and estimates

#### Statement of compliance

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

The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council.

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

The Company transitioned from preparing the financial statements under international accounting standard to FRS 101 as at 1 October 2021. There is no material impact to the financial statements and all the disclosure exemptions adopted have been applied for all periods presented. In transitioning from IFRS, there are no significant changes to previous policies because, in accordance with FRS 100, IFRS 1 has not been re-applied.

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

#### Basis of preparation

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

The accounts of the Company are presented in Sterling, rounded to the nearest thousand (£000's) unless otherwise stated, which is the Company's functional currency. The Company's functional currency has been determined by reference to the primary economic environment in which it operates.

The Company's business activities, together with factors likely to affect its future development and performance, are described on pages 1 to 6.

The financial statements have been prepared on a going concern basis. In adopting the going concern basis for preparing these financial statements, the Directors have considered the Company's business activities, together with factors likely to affect its future development and performance, as well as the Company's principal risks and uncertainties through to June 2024. The Company's Directors have considered the Group's ability and commitment to provide ongoing support for the Company due to the amounts owed to group undertakings, the net liability position of the Company, and the overall reliance on group-wide funding facilities.

As at 31 December 2022, easyJet Group has a net debt position of £1.1 billion including cash and cash equivalents and money market deposits of £3.0 billion, with unrestricted access to £4.0 billion of liquidity and has retained ownership of 56% of the total fleet with 41% being unencumbered.

The Group Directors have reviewed the Group's financial forecasts and funding requirements with consideration given to the potential impact of severe but plausible downside risks, and the Group has modelled a base case representing management's best estimation of how the business plans to perform over the period to June 2024. 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) permits, the phasing out of the free ETS permits 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. As at 20 January 2023 easyJet was c.78% hedged for fuel in H1 of FY23 at c.US\$819 per metric tonne and c.58% hedged for H2 FY23 at c.US\$900.

In modelling the impact of severe but plausible downside risks on the Group's future performance, the Group's Directors have considered demand suppression leading to a reduction in ticket yield of 5% and reduced capacity of 5% as well as sensitivities on fuel price (increase of \$100 per metric tonne), operational costs (additional inflation assumed on all costs), reoccurrence of additional disruption costs (at year ended 30 September 2022 levels) and delays in the delivery of strategic revenue initiatives. 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 one month in 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.

After reviewing the Group's 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. In turn this will enable the Group to provide ongoing support to the Company as required. For these reasons the Directors continue to adopt the going concern basis of accounting in preparing the Company's financial statements.

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

# easyJet Holidays Limited

## Notes to the accounts

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

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38B-D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134-136 (capital management disclosures).
- The requirement in paragraph 38 of IAS 1 to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraphs 91 to 99 of IFRS 13, Fair value measurement (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- IFRS 7, Financial instruments: Disclosures.
- IFRS 2, 'Share based payments' paragraphs 45(b), and 46-52.
- The following parts of IFRS 15, 'Revenue from contracts with customers' relating to the disclosure of contract liabilities:
  - the disclosure requirements set out in the second sentence of paragraph 110; and
  - paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129
- Paragraph 17 of IAS 24, Related party disclosures (key management compensation).
- The requirements in IAS 24, Related party disclosures, to disclose related party transactions entered into between two or more members of a group.

### Climate change

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the climate change risks identified in the Sustainability section of the Strategic Report of the Group's Annual Report and Accounts for year ended 30 September 2022 and the Group's stated target of net zero carbon emissions by 2050 and our commitment to reducing our carbon emissions 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 results. This is consistent with the conclusion that climate change is not expected to have a significant impact on the Group's or Company's short-term cash flows including those considered in the going concern and viability assessment. It is expected that in the short-term there will not be any impact on demand or significant regulatory changes impacting cost as a result of climate change. It is noted that it is expected that free ETS permits will be phased out by 2027, progressively reducing year on year from 2024, and this increase in cost has been factored into the future cash flows in the short and longer term. In preparing the financial statements, the Directors have considered the medium and longer term cash flow impacts of climate change on easyJet's airline including the future estimated price of ETS permits, the phasing out of the free ETS permits from 2024, the expected price and quantity required of Sustainable Aviation Fuel usage and fleet renewals on a number of key estimates within the financial statements, including:

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

# easyJet Holidays Limited

## Notes to the accounts

### 1a) Significant accounting policies

The significant accounting policies applied are summarised below. The explanations of these policies focus on areas where judgement is applied or which are particularly significant in the accounts.

#### Revenue

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

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

Package holiday revenue is recognised over the duration of the holiday. Package holiday revenue is measured as the price paid by the customer for the service booked.

In the event that the holiday is cancelled by the customer, the applicable cancellation charge is recognised on the date of cancellation. Amounts paid by 'no-show' customers are recognised as package revenue on the return flight date, as such customers are not generally entitled to change flights or seek refunds once the outbound flight has departed.

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

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

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

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

#### Costs

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

#### Intangible assets

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

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

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

#### Expected useful life

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Computer software	3 years
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#### Impairment of non-financial assets

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

# easyJet Holidays Limited

## Notes to the accounts

### 1a) Significant accounting policies (continued)

#### Subsidiaries

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

#### Investment in subsidiaries

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

#### Cash and cash equivalents

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

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.

#### Amounts owed by group undertakings

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

#### Financial instruments

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

#### Financial assets measured at amortised cost

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

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

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

#### Impairment of financial assets measured at amortised cost

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

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

#### General approach – impairment assessment

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

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

#### Simplified approach – impairment assessment

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

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

#### Financial liabilities measured at amortised cost

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

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

#### Derivative financial instruments with group undertakings

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

# easyJet Holidays Limited

## Notes to the accounts

### 1a) Significant accounting policies (continued)

#### Cash flow hedges

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

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

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

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

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

#### Hedge relationship

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

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

#### Share capital and dividend distribution

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

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

#### Capital contributions received

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

#### Hedging reserve

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

#### Share-based payments

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

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

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

#### Tax

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

# easyJet Holidays Limited

## Notes to the accounts

### 1a) Significant accounting policies (continued)

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

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

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

#### Provisions

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

#### Employee benefits

The Company contributes to defined contribution pension schemes for the benefit of employees. The Company has no further payment obligations once the contributions have been paid. The assets of the schemes are held separately from those of the Company in independently administered funds. The Company's contributions are charged to the income statement in the year in which they are incurred.

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

#### Foreign currencies

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

#### Government grants

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



# easyJet Holidays Limited

## Notes to the accounts

### 1b) Critical accounting judgements and estimates

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

#### Critical accounting judgements

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

#### Credits issued to customers - £5,558,000 (2021: £14,292,000)

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

#### Critical accounting estimates

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

#### Amortisation of intangible assets - £4,429,000 (2021: £3,327,000) (note 8)

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

#### Recoverability of deferred tax assets - £8,722,000 (2021: £9,128,000) (note 6)

The deferred tax asset balances include £8,722,000 (2021: £9,128,000) arising on full recognition of the UK trading tax losses accumulated at the statement of financial position date. The Company has concluded that these deferred tax assets will be fully recoverable against the unwind of taxable temporary differences and future taxable income based on the long term strategic plans of the Company. The financial projections used in assessing future taxable income are consistent with that used for the assessment of the carrying value of easyJet Group's goodwill, and, they include the expected impact of future climate change to the extent this can be reliably forecast.

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

The loss utilisation has been stress tested by assessing probable future taxable income for the next five years and assuming profits remain stable from the end of the five year forecast period. Such reductions in UK taxable income would extend the tax loss utilisation period by two years.

### 1c) New and revised standards and interpretations

A number of amended standards became applicable during the current reporting period. The Company 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 2021, and did not have a material impact were:

- IFRS 3 Reference to the conceptual framework
- IAS 37 Onerous contracts - Cost of fulfilling a contract
- IAS 16 PPE Proceeds before intended use amendments
- IFRS 1, IFRS 9 and IFRS 16 Annual improvements to IFRS standards
- IFRS 9, IAS 39, IFRS 7, IFRS 4, IAS 16 Interest rate benchmark reform - Phase 2

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

# easyJet Holidays Limited

## Notes to the accounts

### 2 Revenue

	2022 £000s	2021 £000s
Revenue as principal	490,289	39,687
Revenue as agent	4,646	1,717
	<b>494,935</b>	<b>41,404</b>

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

### 3 Net finance expense

	2022 £000's	2021 £000's
<b>Interest receivable and other financing income</b>		
External interest income	(12)	-
Interest receivable from fellow group undertakings	(799)	-
	<b>(811)</b>	<b>-</b>
<b>Interest payable and other financing charges</b>		
External interest expense	-	1
Net exchange losses on monetary assets and liabilities <sup>(1)</sup>	1,168	355
Interest payable to fellow group undertakings	-	98
	<b>1,168</b>	<b>454</b>
<b>Net finance losses</b>	<b>357</b>	<b>454</b>

<sup>(1)</sup> Included within net exchange losses on monetary assets and liabilities is a £Nil (2021: £155,000 loss) relating to the fair value movement on the discontinued euro foreign exchange derivatives.

### 4 Profit/(loss) before tax

The following have been included in arriving at profit/(loss) before tax:

	2022 £000's	2021 £000's
Amortisation of intangible assets	4,429	3,327
Net foreign exchange losses	1,168	202
Impairment of trade receivables	498	4
Share based payment charge	420	254

### Auditors' remuneration

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

	2022 £000's	2021 £000's
Auditors' remuneration	89	82
	<b>89</b>	<b>82</b>

The audit fee for the holidays sub group is paid centrally and recharged to the Company. Including the Company audit fee noted above the total expenses borne by the Company for the audit of the holidays sub group totalled to £113,000 (2021: £105,500). During the year £22,600 (2021: £23,600) of non-statutory audit services had been provided to the Company.

# easyJet Holidays Limited

## Notes to the accounts

### 5 Employees

Average monthly number of persons employed	2022	2021
	Number	Number
Sales, marketing and administration	142	85
	<b>142</b>	<b>85</b>
<b>Employee costs</b>	<b>2022</b>	<b>2021</b>
	<b>£000's</b>	<b>£000's</b>
Wages and salaries	9,800	4,775
Social security costs	1,035	599
Other pension costs	699	514
Share-based payments	420	254
	<b>11,954</b>	<b>6,142</b>

The amounts received in 2021 under the Coronavirus Job Retention Scheme offset the employee costs in the Income statement. Refer to note 18 for further details.

Directors' emoluments	2022	2021
	£000's	£000's
Remuneration	1,978	803
Pension costs	59	48
	<b>2,189</b>	<b>851</b>

The Company had four (2021: four) Directors in the year.

Three (2021: three) Directors receive a taxable payment in lieu of employer pension contributions. The other Director who served during the year accrues retirement benefits under the easyJet Group defined contribution pension scheme.

Nil (2021: Nil) Directors exercised shares in the parent company during the year. Four (2021: four) Directors received shares relating to the Long Term Incentive Plan.

The highest paid Director received remuneration totalling £1,151,000 (2021: £407,000) and pension contributions of £22,000 (2021: £22,000). This included a performance related bonus.

### 6 Tax credit

Tax on profit/(loss) from ordinary activities:

	2022	2021
	£000's	£000's
<b>Current tax</b>		
United Kingdom corporation tax	7,135	-
Group relief	(7,135)	-
<b>Deferred tax</b>		
Other temporary differences	-	(31)
Loss carried forward	-	(4,581)
Adjustments in respect of prior years	(64)	-
Share-based payments	32	-
Total deferred tax credit	<b>(32)</b>	<b>(4,612)</b>
<b>Total tax credit</b>	<b>(32)</b>	<b>(4,612)</b>

# easyJet Holidays Limited

## Notes to the accounts

### Reconciliation of the total tax credit

The tax credit for the year is higher than (2021: higher than) than the standard rate of corporation tax in the UK as set out below:

	2022 £000's	2021 £000's
Profit/(loss) before tax	37,552	(12,633)
Tax charge/(credit) at 19.0% (2021: 19.0%)	7,135	(2,400)
Group relief	(7,135)	-
Share-based payments	32	(32)
Adjustments in respect of prior years- deferred tax	(64)	-
Difference in applicable rates for current and deferred tax	-	(758)
Change in substantively enacted tax rate		(1,422)
<b>Total tax credit</b>	<b>(32)</b>	<b>(4,612)</b>

The Finance Act 2021 confirmed an increase of UK corporation tax rate from 19% to 25% with effect from 1 April 2023 and this was substantively enacted by the statement of financial position date and therefore included in these accounts. Temporary differences have been remeasured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised. This change was recognised in the prior financial year.

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

	2022 £000's	2021 £000's
<b>Charge/(credit) to other comprehensive income</b>		
Deferred tax on change in fair value of cash flow hedges	438	(541)

### Deferred tax

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

	Fair value (gains)/ losses £000's	Share-based payments £000's	Trading loss £000's	Total £000's
As at 1 October 2021	8	34	9,086	9,128
Credited / (charged) to income statement	-	(32)	64	32
Charged to other comprehensive income	(438)		-	(438)
<b>As at 30 September 2022</b>	<b>(430)</b>	<b>2</b>	<b>9,150</b>	<b>8,722</b>

	Fair value gains £000's	Share-based payments £000's	Trading loss £000's	Total £000's
As at 1 October 2020	(534)	3	4,505	3,974
Credited to income statement	-	31	4,581	4,612
Credited to other comprehensive income	542	-	-	542
<b>At 30 September 2021</b>	<b>8</b>	<b>34</b>	<b>9,086</b>	<b>9,128</b>

Based on current projections, it is estimated that deferred tax assets of approximately £6,000,000 will reverse during the next financial year. Deferred tax assets are expected to reverse against future trading profits.

# easyJet Holidays Limited

## Notes to the accounts

### 7 Dividends

The Company did not propose or pay a dividend in the year (2021: £Nil).

### 8 Intangible assets

	Computer software £000's	Total £000's
<b>Cost</b>		
At 1 October 2021	12,155	12,155
Additions	4,218	4,218
<b>At 30 September 2022</b>	<b>16,373</b>	<b>16,373</b>
<b>Accumulated amortisation</b>		
At 1 October 2021	5,102	5,102
Charge for the year	4,429	4,429
<b>At 30 September 2022</b>	<b>9,531</b>	<b>9,531</b>
<b>Net book value</b>		
<b>At 30 September 2022</b>	<b>6,842</b>	<b>6,842</b>
<b>At 1 October 2021</b>	<b>7,053</b>	<b>7,053</b>

### 9 Investments in subsidiaries

	2022 £	2021 £
Investment in subsidiary	2	2

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

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

<sup>(1)</sup> Hangar 89, London Luton Airport, Luton, Bedfordshire, LU2 9PF.

### 10 Trade and other receivables

	2022 £000's	2021 £000's
Trade receivables	7,875	3,940
Less provision for loss allowance	(520)	(22)
	7,355	3,918
Amounts owed by group undertakings	153,347	-
Prepayments	96,237	70,747
Accrued income	1,722	327
Other receivables	3,578	3,315
	262,239	78,307

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

Amounts owed by Group undertakings relates to surplus cash that is loaned to the Group treasury function for investment and has therefore been classified as a trade receivable. Funds are repayable on demand.

# easyJet Holidays Limited

## Notes to the accounts

Prepayments principally relate to future seat capacity purchased from the Company's subsidiary. At 30 September 2022, £92,771,000 (2020: £68,445,000) of the seat capacity purchased from fellow group companies related to flights which had not yet taken place, therefore no revenue or cost was recognised in the income statement in respect of these flights.

### 11 Cash and cash equivalents and restricted cash

	2022	2021
	£000's	£000's
Cash and cash equivalents (original maturity less than three months)	37,937	33,528
Current restricted cash	-	8,800
	<b>37,937</b>	<b>42,328</b>

Restricted cash is subject to regulatory restrictions and therefore not available for general use by the other entities within the easyJet group.

### 12 Trade and other payables

	2022	2021
	£000's	£000's
Trade payables	20,060	3,704
Accruals	54,455	13,760
Deferred revenue	5,503	1,244
Taxes and social security	55	37
Other payables	6,987	14,705
	<b>87,060</b>	<b>33,450</b>

	2022		2021	
	Unearned	Other	Unearned	Other
<b>Contract liabilities balances</b>	£000's	£000's	£000's	£000's
Balance at 1 October	51,494	14,486	21,491	10,193
Balance at 30 September	110,186	6,726	51,494	14,486

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

	2022		2021	
	Unearned	Other	Unearned	Other
	£000's	£000's	£000's	£000's
Revenue recognised that was included in the contract liability balance at the beginning of the year	44,548	2,421	1,591	634

### 13 Provisions for liabilities and charges

	Onerous Contracts	Total
	£000's	£000's
At 1 October 2021	-	-
Charged to income statement	201	201
<b>At 30 September 2022</b>	<b>201</b>	<b>201</b>

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

# easyJet Holidays Limited

## Notes to the accounts

### 14 Share capital

	Number of shares	
	2022	2021
<b>Authorised</b>		
Two ordinary shares of £1 each	2	2
<b>Allotted, called up and fully paid</b>		
Two ordinary shares of £1 each	2	2
<b>At 30 September</b>	<b>2</b>	<b>2</b>

### 15 Share incentive schemes

The Company participates in the following Group share incentive schemes, all of which are settled in the equity of its ultimate parent, easyJet plc. Further details are given in pages 165 to 167 of easyJet plc's published Annual Report and Accounts for the year ended 30 September 2022.

The exercise price of all awards is £Nil. None of the awards were exercisable at 30 September 2022 (2021: None).

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

	2022 Years	2021 Years
Long Term Incentive Plan	7.6	8.5
Restricted Stock Unit	8.4	9.0
Restricted Share Plan	9.3	-

#### Long Term Incentive Plan

The plan is open, by invitation, to Executive Directors and Senior Management, and provides for annual awards of Performance Shares each year. The vesting of these shares is dependent on return on capital employed (ROCE), earnings per share (EPS) and/or total shareholder return (TSR) targets compared to FTSE-ranked companies at the start of the performance period. All awards have a three-year vesting period. 2020 awards are assessed on performance conditions measured over the three financial years ending 30 September 2023.

#### Restricted Stock Unit

The plan is given to Executive Directors, and both senior and middle management, which provides for annual awards of Performance Shares worth up to 75% of salary each year. All awards have a two or three year vesting period of which the vesting conditions are continued employment.

#### Restricted Share Plan

The plan is open, by invitation, to Executive Directors, the Airline Management Board and senior and 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 vesting of these shares is dependent on continued employment and assessment against performance underpins as outlined in the Directors Remuneration Report of easyJet plc measured over the vesting period.

# easyJet Holidays Limited

## Notes to the accounts

### 16 Financial instruments

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

	2022 £000's	2021 £000's
<b>Derivative financial instruments measured at fair value through profit or loss</b>		
- Cash flow hedges with group undertakings	2,382	(59)
	<b>2,382</b>	<b>(59)</b>

#### Fair value of derivative financial instruments

Accumulated gains and losses resulting from the transactions relating to derivatives designated as cashflow hedges are deferred in the hedging reserve. They will be recognised in the income statement in the periods that the hedged transactions impact the income statement.

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

#### Fair value calculation methodology

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

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

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

- Level 1, fair value of financial instruments based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2, fair value of financial instruments in an active market (for example, over the counter derivatives) which are determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates.
- Level 3, fair value of financial instruments that are not based on observable market data (i.e. unobservable inputs).

### 17 Guarantees and contingent liabilities

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

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

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

### 18 Government grants and assistance

During the year to 30 September 2021, the Company utilised the Coronavirus Job Retention Scheme implemented by the United Kingdom government, where those employees designated as being 'furloughed workers' were eligible to have 80 per cent of their wage costs paid by the government up to a maximum amount of £2,500 per month until 30 June 2021. Thereafter, the Company also contributed up to 20% of their wage costs, with the government contributing the remainder until 30 September 2021. The total amount of such relief received by the Company in the year to 30 September 2022 amounted to £Nil (2021: £46,000) and is offset within employee costs in the Income statement. As at 30 September 2022, £Nil (2021: £Nil) was included in the statement of financial position as a receivable in respect of this.



# easyJet Holidays Limited

## Notes to the accounts

### 19 Related party transactions

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

Amounts included in the income statement for the year ended 30 September 2022 due under the Brand Licence and other agreement with easyGroup Limited and others, detailed within note 29 of the Annual Report and Accounts for easyJet plc, amounted to £920,000 (2021 £77,000), relating to royalty payments. At 30 September 2022 this amount was included in trade and other payables.

### 20 Ultimate Parent Company

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

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

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