easyJet plc

MAKING LOW-COST TRAVEL EASY

Annual Report and Accounts 2022

WHAT'S INSIDE

2022 HIGHLIGHTS

Financial highlights

Loss before tax
£(208)m
2021: £(1,036)m

Headline loss before tax
£(178)m
2021: £(1,136)m

Revenue
£5.8bn
2021: £1.5bn

Net debt
£670m
2021: £910m

Headline EBIT
£3m
2021: (£1,036)m

Headline EBITDAR margin
9.9%
2021: (37.8)%

Non-financial highlights

Load factor
85.5%
2021: 72.5%

Seats flown
81.5m
2021: 28.2m

OTP (On-time Performance)
72%
2021: 87%

CO_2 emissions per passenger kilometre
70.4g
2021: 81.1g

NAVIGATING THIS REPORT

Signposts to extra content that can enhance your understanding of the information provided in this report can be found throughout. Look for the following icons:

- Links to resources on the easyJet corporate website https://corporate.easyjet.com
- References to pages within the report

COMPETING THROUGH BUSINESS TRANSFORMATION

MAKING LOW-COST TRAVEL EASY

DELIVERING GREATER PROFITABILITY

- **Profitable reallocation of aircraft**
  Increased share in constrained airports with additional slots at Gatwick, Porto and Lisbon. More capacity for the Greek islands.
- **Step-changing ancillaries**
  Airline ancillary revenue increased 274% in the year, with a greater focus on the new cabin bag policy and seat pricing capability plus a change to the in-flight retail proposition.
- **easyJet holidays**
  With 1.1 million customers, the UK's fastest-growing holiday company. Delivered incremental revenue of £368 million to the Group and £38 million of operating profit.

COST FOCUS

- **Cost seasonality addressed**
  A proportion of captains are on seasonal contracts. Seasonal bases: 21 aircraft operating for eight months of the year.
- **Insourced line maintenance**
  Line maintenance insourced at London Gatwick, Berlin, Glasgow, Edinburgh and Bristol – lower cost and better quality.
- **Fuel and FX hedging**
  Strong and consistent hedging policy on both FX and fuel.

STRONG FINANCIAL POSITION

- **£0.7 billion net debt**
  Our net debt has remained at a low level throughout the current financial year. We have one of the lowest net debt positions of any major European airline.
- **£3.5 billion cash**
  Our cash balance has stayed stable at £3.5 billion even after repayment of £0.4 billion of debt. This underpins our excellent liquidity position and the strength of our balance sheet as we enter FY23.
- **Cash generation from operations**
  We generated £0.9 billion of cash from our operations over FY22. This enabled us to repay £0.4 billion of debt during the year.

BRAND EXCELLENCE

- **Driving customer confidence**
  easyJet remained number one most preferred brand in the UK this summer.
- **Customer preference**
  76% of our seats are booked by returning customers. High brand preference in our European core markets, being the number two brand in France, Switzerland and Italy.
- **Employer of choice**
  Highest rating employer in the travel and tourism industry on Glassdoor. We have received >18,000 applications for our summer 2023 recruitment drive for 2,200 roles.

SUSTAINABLE FUTURE FOR TRAVEL

- **Publication of net zero roadmap to 2050** with an interim science-based target of 35% carbon emissions intensity reduction by 2035, an integral part of our net zero roadmap.
- **Driving operational efficiencies** through our fleet renewal programme with a further 168 new Airbus NEO aircraft joining the fleet this decade, as well as numerous other initiatives, including Descent Profile Optimisation, single engine taxiing and engine washing.
- **Sustainable Aviation Fuel (SAF)**
  We will use SAF in line with our net zero roadmap, until our fleet has transitioned to zero carbon emission aircraft.

FOCUS ON SHAREHOLDER RETURNS

We will continue to be relentlessly efficient, focusing on competing where it provides the highest returns and only investing where it matters most to our customers. This will also deliver the best sustainable returns for our shareholders.

BUILDING EUROPE'S MOST LOVED AIRLINE

Stephen Hester
Chairman

Demand has been strong for easyJet's primary airport network following the removal of travel restrictions. This summer saw load factors return to above 90% for the first time since the pandemic resulted in the fleet being grounded in April 2020.

"When I joined the Board last year, I was convinced that easyJet could be a structural winner in the evolving European airline industry, serving customers well and delivering attractive shareholder value. Having met with employees across the business and our investors, and worked closely with management and my Board colleagues over the past year, I remain of that view."

The year was one of substantial accomplishment for easyJet in unusually demanding circumstances. The first half was burdened by continued Covid-19 impact on the whole sector, followed by inflationary headwinds from Russia's invasion of Ukraine. In common with many other global industries, the wider air transport ecosystem also suffered significant operational 'growing pain' from an unprecedented ramp-up of travel volumes once travel restrictions had lifted.

Caps at two of our main hubs, London Gatwick and Amsterdam Schiphol, coupled with actions easyJet implemented, led to the fourth quarter returning to more normal operational stability. Summer demand was strong for easyJet's primary airport network and saw load factors return to above 90% for the first time since the pandemic began. This period of restriction-free travel saw easyJet deliver a record headline EBITDAR performance, as ancillary revenue and easyJet holidays supplemented rising ticket revenues and demonstrated the ability to generate enhanced returns for our business.

In addition to intense operational focus during the year, easyJet prioritised emerging financially and strategically stronger from the challenges of Covid-19. The strengthening of our balance sheet from the rights issue a year ago proved its worth – both avoiding defensive pressures as Covid-19 extended its impact in winter, whilst supporting valuable slot expansion during the year in Gatwick and Lisbon, successful route mix enhancement and then the decision to continue fleet renewal with the exercise of Airbus options over the summer.

Results

The year was truly one of two halves – a first half with defensive focus on minimising cash burn in the face of pandemic travel restrictions, followed by a second half dedicated to supporting a dramatic volume ramp-up and a gratifying return to profitability. This showcased the work done during the pandemic to enhance route network and revenue sources and to protect cost-efficiency.

Revenue for the full year increased 296% to £5,769 million (2021: £1,458 million). easyJet was able to achieve a £1.1 billion improvement in EBITDAR from the prior year despite headwinds. And while the Group reported a headline loss before tax of £178 million, this was an improvement of £958 million versus the prior year. Pre-tax profit for the fourth quarter was £477 million.

Dividends

Given a reported loss, the Board will not be recommending payment of a dividend in respect of the year to 30 September 2022. The Board is mindful of the importance of capital returns to shareholders and will reassess the potential for, and structure of, future shareholder cash returns when the financial performance of the Group allows.

Balance sheet

Financial strength is an important attribute in this industry, especially in challenging times. As at 30 September 2022, easyJet had unrestricted access to £4.7 billion of liquidity, an increase of £0.3 billion during the year, despite repaying £377 million of debt and the purchase of eight aircraft. easyJet finished the year with a net debt balance of £0.7 billion.

This strength, reflected in the investment grade credit ratings we hold, positions easyJet to be able to move away from the pandemic with a continued focus on shareholder return but also the base to deal with those challenges and opportunities that the current macro-economic environment may present.

Our Board

There have been a number of changes to our Board during the year. Nick Leeder stepped down from the Board on 30 September 2022, following his relocation to Singapore. Andreas Bierwirth and Julie Southern, having served nine and four years respectively, will not seek reelection at the Company's next AGM. I am very grateful to all three for their significant contributions to the Board.

Following a thorough search led by the Nominations Committee for three new Non-Executive Directors, Ryanne van der Eijk, Harald Eisenächer and Dr Detlef Trefzger were appointed to the Board with effect from 1 September 2022. We are delighted to welcome them and anticipate their mix of experience will add positively to our work.

Further details of these changes are included in the Governance report on page 91.

Our people

I am grateful to our employees, management and my Board colleagues for their continued dedication and commitment to delivering easyJet's purpose to all stakeholders. It is not an exaggeration to note that the last few years have brought unprecedented stress and difficulty to managing an airline. Our management team, led ably by Johan Lundgren, has coped well and deserves particular thanks and appreciation.

Stakeholders

There has been a constant dialogue with our stakeholder groups throughout the year, and on behalf of the Board, I would like to take this opportunity to thank them for their partnership. At the front of our minds remain our customers and shareholders. Both have suffered in different ways from the challenges of Covid-19.

We take very seriously the task of serving customers well. We were not satisfied with how well we did in Q3 in this regard, as we and the wider industry struggled to cope with the fast ramping-up of travel volumes.

"During the year, easyJet has set out plans for the next phase of our journey towards our ultimate ambition of zero carbon emission flying."

Happily we made changes that have righted the situation. I apologise to those customers affected by flight cancellations in particular. We will remain intensely focused on providing good customer experience in all those areas under our control.

Shareholders across the whole industry have suffered during the pandemic. It is gratifying to see results bouncing back but there remains much more to do to produce the higher performance levels that easyJet is capable of as economic recovery progresses. We are determined to show that easyJet can be a leading airline for shareholders, as for customers.

Sustainability

The airline industry as a whole has a particular responsibility to respond effectively to the climate-based challenges facing the world. It was therefore both gratifying and important that easyJet could continue to play a positive role as a leader in mapping out the transition towards our ultimate ambition of zero carbon emission flying. This was set out through our net zero roadmap launch. Alongside this we have partnered with Rolls-Royce, pioneering hydrogen combustion engine technology, and Airbus, to support the development of carbon removal technology.

Read more on our approach to sustainability on pages 30 to 42.

The future

easyJet's unique network, continued focus on capital allocation and the enhanced contribution that ancillaries and easyJet holidays will provide, should put this business in a position to deliver attractive shareholder value. I am pleased that proof points supporting this are now increasingly evident, with the holidays business generating £38 million of profit before tax and the optimised network proving its worth in the fourth quarter.

I am convinced that easyJet can be a winner in the evolving European airline industry and am committed to working with the Board, management and wider employees to deliver on this for all our stakeholders.

Stephen Hester
Chairman

MAKING LOW-COST TRAVEL EASY

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

A PURPOSE-LED BUSINESS

LOW-COST

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

TRAVEL

We believe that travel is all about bringing people and places together – connecting people to what they value, whether it is for leisure or business.

EASY

Low-cost travel should be a positive and hassle-free experience. We aim to provide simple, convenient travel at a competitive price.

MADE POSSIBLE BY OUR PEOPLE

- Always with safety at our heart
- Always challenging cost
- Making a positive difference
- Always warm and welcoming
- Living the Orange Spirit

STRATEGIC PRIORITIES

BUILDING EUROPE'S BEST NETWORK

TRANSFORMING REVENUE

DELIVERING EASE AND RELIABILITY

DRIVING OUR LOW-COST MODEL

DESTINATION

EUROPE'S MOST LOVED AIRLINE – WINNING FOR CUSTOMERS, SHAREHOLDERS AND OUR PEOPLE

Our destination

Our ambition is to be Europe's most loved airline, winning for our customers, shareholders and people.

These are our key stakeholders who we want to be most loved by and to win for.

We win for our customers by providing a simple, convenient product at a competitive price. We aspire to be customers' most loved airline by meeting and exceeding their expectations.

We win for our shareholders by being the best airline to invest in, creating long-term value through sustainable profitable growth and by conducting ourselves in an ethical and responsible way.

We win for our people by being a responsible employer and a great place to work. Attracting great talent will help us to win for our customers and shareholders and enable our people to participate in our success.

DELIVERING OUR STRATEGY

We have taken the opportunity to focus our strategy to align with our purpose of **making low-cost travel easy**. Our 2022 strategy framework refines our previous priorities to deliver easyJet's destination as **Europe's most loved airline, winning for customers, shareholders and our people**.

Our strategy has four strategic priorities. These define the areas of focus which will allow us to achieve our ambition. They build on our structural advantages in the European aviation market and will enable us to be at the forefront of the recovery as travel returns after the effects of the pandemic. We believe that by focusing on these priorities we will deliver strong shareholder returns. All of this is only made possible by our people – read more about Our Promise on page 10.

Building Europe's best network

easyJet is one of Europe's largest airlines, with an unrivalled network of leading positions in some of the most attractive markets in Europe. Within those markets, we have established a strong presence in primary airports – which provide ease and a choice to customers and ultimately deliver relatively high yields. Our network is built with an emphasis on maximising returns and as a result, over the course of the pandemic easyJet has reallocated capacity from weaker markets into stronger markets to strengthen underlying profitability.

Our ambition is to build the best network in Europe. To do this, we will continue to lead in our core markets, building scale in Europe's largest and most attractive travel markets. This will offer customers choice in terms of destination and schedule and will ensure highly efficient operations. In many cases, easyJet's core markets are slot-constrained and we will continue to grow in these markets by building the slot portfolio as opportunities arise and through up-gauging as the average seats per aircraft increases in coming years.

In addition, we will continue to build out our destination bases in top leisure locations. These bases provide easyJet with the opportunity to better manage seasonality and support the growth of easyJet holidays. They also provide flexibility, allowing easyJet to easily move capacity between source markets depending upon market conditions, and allowing us to serve new source markets through focus cities which leverage the breadth of the network.

Transforming revenue

easyJet has delivered exceptional revenue performance, especially in the ancillary revenue area. Continuing to develop and build in this area is a key priority in delivering the strategy, ensuring that we are able to maximise the revenue potential of the market. To deliver on this priority easyJet will continue to invest in its strong revenue management capability, ensuring that its market-leading position is maintained by developing new industry-leading capabilities which creatively leverage new sources of data and optimise ticket and ancillary revenue together.

We also intend to transform our ability to develop ancillary revenue products and merchandise these to our customers based on their specific needs. Additionally, we will continue to invest in diversifying our sources of revenue with an ongoing focus on easyJet holidays.

Delivering ease and reliability

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

To deliver ease and reliability, we will continue to build on our areas of strength, in particular the digital booking and on-the-day experience and exceptional onboard service. This will be supported by investments in other key areas of the customer journey, in particular the airport experience, and continuing to improve On-Time Performance and reduce cancellation rates.

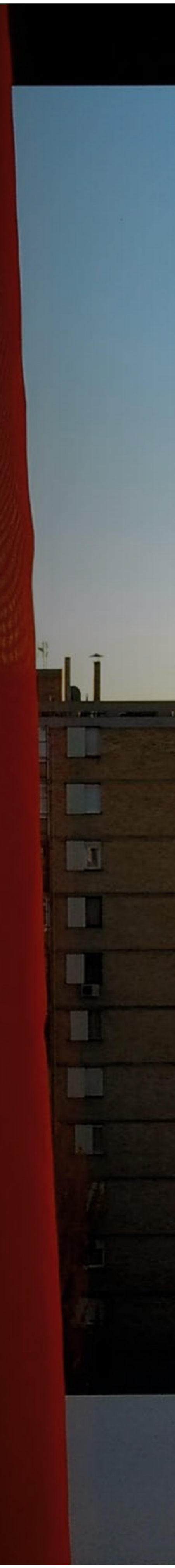
Sustainability continues to be a priority for easyJet and its customers. The net zero roadmap recently launched demonstrates our commitment to leading in an area which is likely to be a key purchase driver in the future.

Driving our low-cost model

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

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

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



OUR DESTINATION: EUROPE'S MOST LOVED AIRLINE – WINNING FOR CUSTOMERS, SHAREHOLDERS AND OUR PEOPLE

BUILDING EUROPE'S BEST NETWORK

- Lead and build scale in our core markets.
- Maintain and build leadership positions in slot-constrained airports.
- Accelerate investment in destination bases.
- Disciplined expansion into new geographies and focus cities.

TRANSFORMING REVENUE

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

DELIVERING EASE AND RELIABILITY

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

DRIVING OUR LOW-COST MODEL

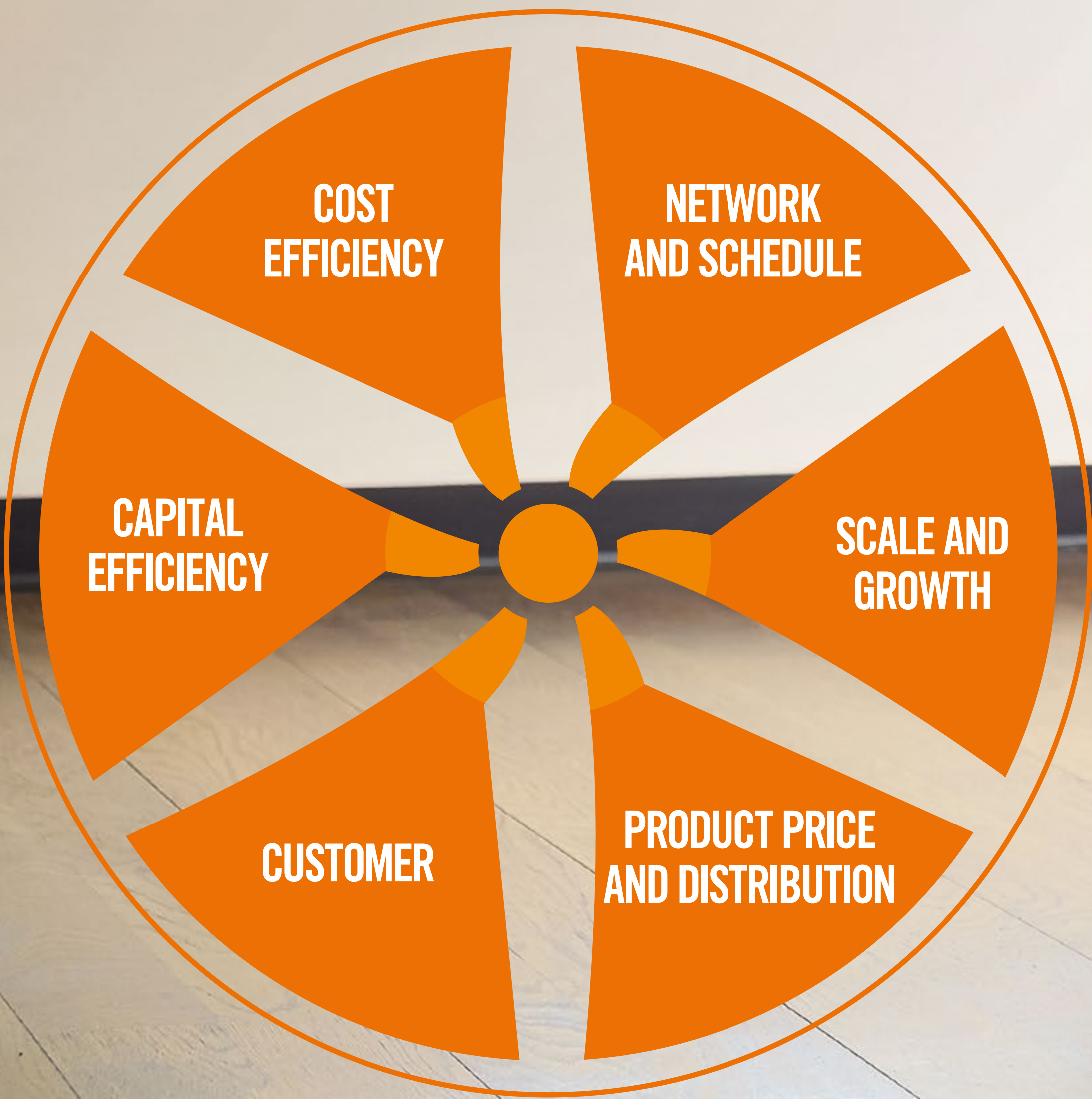
- Drive our business with sustainable efficiency.
- Invest in our fleet.
- Optimise our capital efficiency.
- Deliver strong productivity.

Read more on pages 20 and 21.

CREATING VALUE THROUGH LOW-COST OPERATIONS

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

MAKING LOW-COST TRAVEL EASY



	Standard low-cost model	easyJet differentiation
NETWORK AND SCHEDULE	• Point-to-point routes. • Frequency of schedule.	• Leadership positions in primary and slot-constrained airports in many of Europe's largest catchments with high customer demand. • These have proven to be among the highest yielding in the market and enable us to tap into both business and leisure demand. • Our network is unrivalled and difficult to replicate.
SCALE AND GROWTH	• Scale drives high brand awareness and facilitates volume pricing deals (e.g. airports, fleet). • Spreads fixed overheads over larger volume of seats.	• We have strengthened and will continue to strengthen our positions as the competitive landscape evolves, bidding for additional slots where it makes economic sense. • We have an opportunity for further growth by investing in new, larger aircraft with greater seat numbers (known as up-gauging).
PRODUCT PRICE AND DISTRIBUTION	• Low fares predicated on basic airport and cabin product. • Unbundled fares with additional charges for bags, seats and catering.	• Industry-leading revenue management capability, including dynamic pricing of ancillaries. • Continued evolution of the Group's product portfolio to build on spend per customer and deliver enhanced sustainable returns. • Limited indirect distribution to capture additional value.
CUSTOMER	• Standardised products to meet the needs of individuals.	• Leading customer app which improves the overall experience from booking to check-in to reaching the aircraft, often without the need for human interaction. • Warm welcome and personal service to get customers to their destination on time. • Disruption management self-service tool (SSDM) to make it easier for customers to make changes when disruption does occur.
CAPITAL EFFICIENCY	• Single fleet type with standard specification. • High density, single-class cabin. • Short turnarounds and high aircraft utilisation. • Young fleet.	• Opportunity to increase the average gauge of our aircraft through our fleet renewal programme, bringing in larger aircraft. • This presents us with a considerable opportunity for organic growth by increasing our overall seat capacity. • c.40% of the A319s will be replaced over the next three years.
COST EFFICIENCY	• High productivity and strong cost culture.	• Long-term strategic partnerships with key airports and ground-handling operators. • Focus on seasonal bases which increases cost flexibility, with 21 aircraft now operating for eight months of the year from these bases.

FOSTERING AN INCLUSIVE CULTURE

Creating an inclusive culture – where people can be their best and feel that they truly belong – is the key to our success. We aim to create an environment where everyone is respected, can be themselves and thrive.

OUR PROMISE: A FRAMEWORK TO INFORM OUR DAY-TO-DAY BEHAVIOURS

ALWAYS WITH SAFETY AT OUR HEART

Safety is our number one priority – it runs through everything we do and is everyone's responsibility. We always speak up, learn and take action where it's needed.

ALWAYS CHALLENGING COST

We are always challenging costs and strive to be highly efficient in how we work. We continually innovate, aim for simplicity and invest where it matters most. We always aim to deliver the best value for our customers.

MAKING A POSITIVE DIFFERENCE

We are passionate about making a meaningful difference for our planet, communities and people. Sustainability is important to us and we're creating a positive impact today and taking action to pioneer a sustainable future for travel.

ALWAYS WARM AND WELCOMING

We are the warm and welcoming low-cost airline. We strive to create a hassle-free travel experience. We build trust with our customers by being fair and transparent, and we consistently deliver the friendly service we are famous for.

LIVING THE ORANGE SPIRIT

We are bold and proud easyJetters. We can be ourselves and challenge the status quo so that we fly high. We bring passion and energy, working together to do the right thing for our customers and each other.

Read more about our people on pages 24 and 25.

CASE STUDY: LIVING OUR PROMISE

Pride month

Throughout 2022 we have continued to create an inclusive environment and culture by highlighting some of the year-round activity in the LGBTQIA+ community, as well as introducing some additional educational events and fun celebrations.

We have been supporting the annual LGBTQIA+ Pride month for several years, and did so again in 2022. Much of the activity was driven and led by our internal diversity, inclusion and wellbeing group, the Trailblazers.

We invited two fantastic LGBTQIA+ charities, AKT and Micro Rainbow, to talk about the work they do to support the community, the impact they have on people's everyday lives and what colleagues across easyJet can do to support them.

To continue our work with the local community within Luton, we created a year-long partnership with the newly formed 'Pride in Luton', which was formed to support the diverse LGBTQIA+ community across the town. Our partnership supported the creation of their first Pride event, which was attended by over 2,000 people. We also supported The Big Gay Family Picnic, which brought together the LGBTQIA+ community, their families and allies.

Many of our colleagues across the European network got involved in local activity, as well as sharing their own stories and experiences of being part of the LGBTQIA+ community or of being an LGBTQIA+ ally. We are especially proud to have been involved in both the Amsterdam and Manchester Pride celebrations this year.

We extended our activity to our customer-facing operations, with crew able to wear our specially commissioned LGBTQIA+ Pride tie and neck scarf. We even added our exclusively designed logo to our headrest covers and the external livery of selected aircraft.

Our support for the LGBTQIA+ community doesn't just happen during the month of June – we support our colleagues and customers all year round, regardless of their sexual orientation and gender identity.

PIONEERING SUSTAINABLE TRAVEL

easyJet's roadmap to net zero provides the framework with which we plan to achieve net zero carbon emissions by 2050. We aim to reduce our carbon emissions per passenger by 78% by 2050 and we are working to achieve zero emissions over the longer term.

OUR ROADMAP TO NET ZERO BY 2050

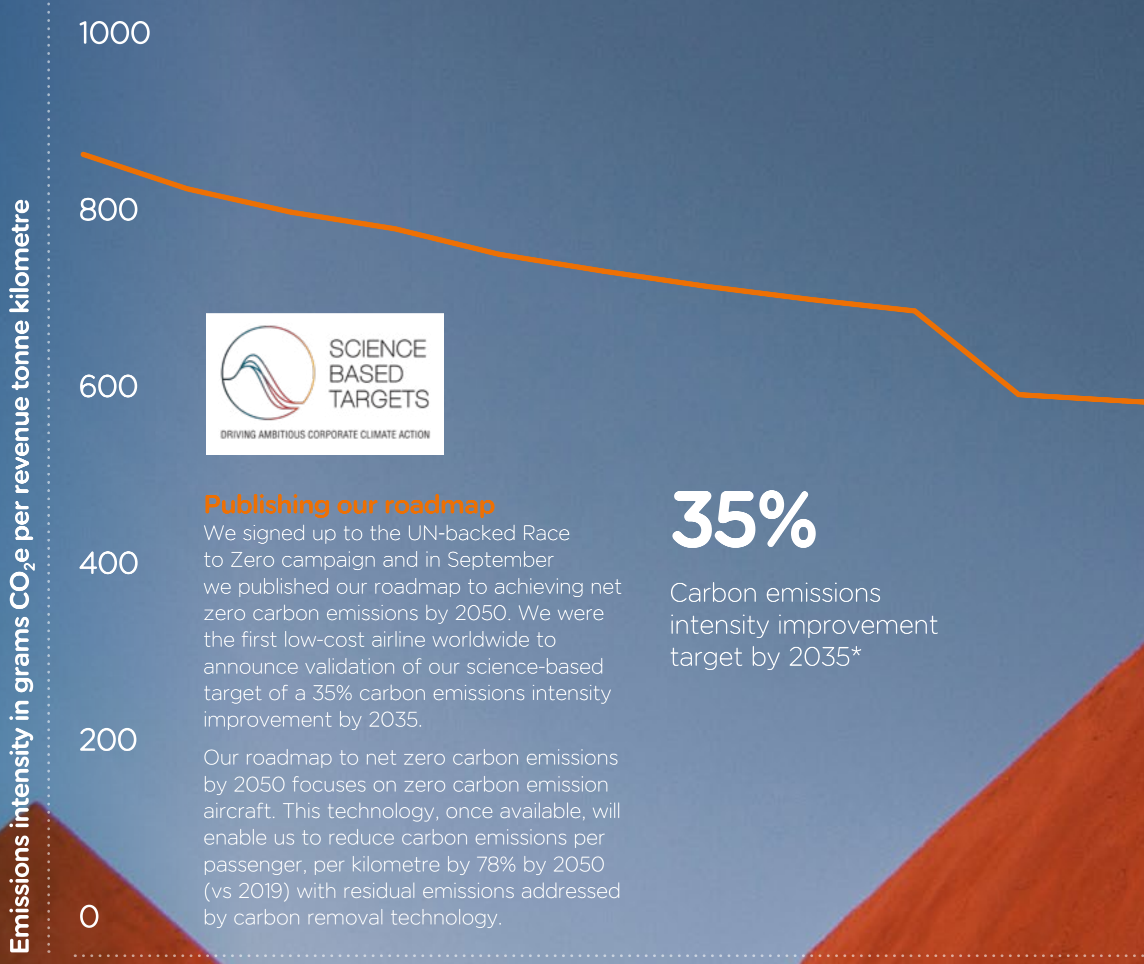
2019

Baseline set

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

Read more on our approach to Sustainability on pages 30 to 42.

2022



Publishing our roadmap

We signed up to the UN-backed Race to Zero campaign and in September we published our roadmap to achieving net zero carbon emissions by 2050. We were the first low-cost airline worldwide to announce validation of our science-based target of a 35% carbon emissions intensity improvement by 2035.

Our roadmap to net zero carbon emissions by 2050 focuses on zero carbon emission aircraft. This technology, once available, will enable us to reduce carbon emissions per passenger, per kilometre by 78% by 2050 (vs 2019) with residual emissions addressed by carbon removal technology.

35%

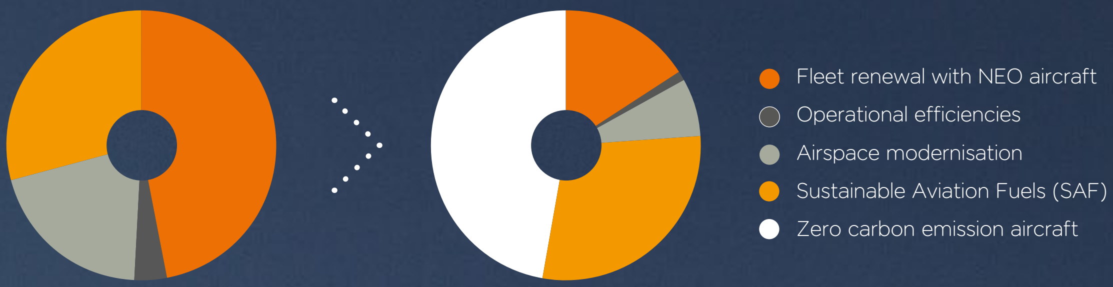
Carbon emissions intensity improvement target by 2035*

* easyJet plc commits to reduce well-to-wake GHG emissions related to jet fuel from owned and leased operations by 35% per Revenue Tonne Kilometre (RTK) by FY35 from a FY19 base year. The target boundary includes biogenic emissions and removals from bioenergy feedstocks. Non-CO_2e effects which may also contribute to aviation-induced warming are not included in this target. easyJet plc commits to report publicly on its collaboration with stakeholders to improve understanding of opportunities to mitigate the non-CO_2e impacts of aviation annually over its target timeframe.

CONTRIBUTIONS TO CARBON INTENSITY REDUCTION

35% intensity reduction by 2035

78% intensity reduction by 2050



More detail on our net zero roadmap can be found on our website at https://corporate.easyjet.com/corporate-responsibility/net-zero-pathway

2035

Achieving our target

We aim to achieve our 2035 target with a combination of:

Fleet renewal: we are replacing our A319/320ceo aircraft with A320/321neo aircraft which are at least 15% more fuel efficient and have a 50% smaller noise footprint versus A320ceo. The larger gauge of these aircraft will significantly reduce carbon emissions per seat in the short term due to higher absolute fuel efficiency and lower emissions per seat.

Operational improvements and efficiencies: we operate our aircraft as efficiently as possible, adjusting standard operating procedures to reduce fuel usage: single-engine taxiing on arrival and departure, using advanced weather information to improve navigation performance and engine washing to remove debris. New software and AI will identify further operational efficiencies.

Airspace modernisation: this has huge potential to deliver quick benefits as more direct flight paths lead to shorter flying times. We are working with stakeholders and public authorities to advocate for the modernisation of airspace, with projects such as the Single European Sky aiming to deliver 10% carbon emissions savings from European aviation.

Sustainable Aviation Fuel (SAF): we will use SAF in line with our net zero roadmap, until our fleet has transitioned to zero carbon emission aircraft. We have signed a long-term agreement with our main fuel supplier to provide us with SAF in accordance with mandates for the next five years. We were the first airline to operate flights out of Gatwick Airport that were powered by a 30% SAF blend. We are also fully implementing the French SAF mandate.

50% smaller noise footprint from A320neo family aircraft

2050

NET ZERO BY 2050

The entry of zero carbon emission aircraft into our fleet will allow us to truly decarbonise.

Hydrogen not only has no operational carbon emissions, it also has the potential to significantly reduce non-CO_2 emissions from flying.

The development of zero carbon emission technology has accelerated exponentially over the last couple of years. We have built strong partnerships with key players in the sector, including Airbus, Rolls-Royce, GKN Aerospace, Cranfield Aerospace Solutions and Wright Electric. easyJet provides the airline and customer perspective and demonstrates to aircraft manufacturers that there is significant airline demand for zero carbon emission aircraft.

Rolls-Royce is progressing the development of hydrogen combustion engine technology capable of powering easyJet size narrowbody aircraft.

Carbon removals will be critical to achieving net zero by 2050 as fleet transition will not be complete by then, based on typical fleet replacement cycles. One example is Direct Air Carbon Capture and Storage, where CO_2 is extracted from ambient air and sequestered underground.

easyJet roadmap

MAKING LOW-COST TRAVEL EASY

Johan Lundgren
Chief Executive Officer

69.7m
passengers
(2021: 20.4 million)

85.5%
load factor
(2021: 72.5%)

13,951
employees
(2021: 13,689)

We have a clear strategy to drive returns for our shareholders and have significant confidence in our plan today and that it will deliver going forward.

Overview

easyJet, alongside the whole industry, has faced multiple headwinds throughout the 2022 financial year from Omicron, the impact of Russia's invasion of Ukraine, and operational challenges as demand returned at scale following the widespread removal of travel restrictions across Europe. Despite this, easyJet has delivered a significantly improved performance with headline EBIT profit of £3 million (2021: £1,036 million loss) which includes incremental disruption costs of £78 million compared to FY19. The headline loss before tax in the year was £178 million (2021: £1,136 million loss) which includes a £64 million loss from balance sheet revaluations.

The business transformation is delivering with easyJet achieving a record headline EBITDAR of £674 million in Q4 2022 with load factors returning to 92% and seat capacity to 26 million. Ancillary products and easyJet holidays are fully embedded and delivering incremental returns to the business.

easyJet is continuing to allocate aircraft to the markets where demand is strongest enabled by slot growth at primary airports. Over the past 12 months we have seen growth at Gatwick, Porto, Lisbon and the Greek islands. Each of these airports has delivered returns above the network average in FY22.

For winter, which is typically a loss-making period, easyJet is investing in building additional resilience. This investment allows for summer 2023 preparations to start earlier in response to the tight labour market, where we have already begun our seasonal recruitment campaign. Alongside this we now have a dedicated team in place to process employment reference checks as efficiently as possible. easyJet, like all airlines, is seeing cost pressures including fuel, strengthened US dollar and wage inflation.

Peak holiday weeks this winter, such as October half term and Christmas week in the UK, are back to normal levels of volume. Through these key periods, ticket yields are showing strength on the prior year, with the Christmas period's ticket yield currently up c.18%. Visibility over bookings in the second half remains low, however Easter-booked ticket yields are strong and booked load factors for Easter are ahead of the prior year.

easyJet goes into the 2023 financial year with one of the strongest balance sheets in European aviation. This financial strength, combined with our leading low-cost proposition at primary airports, provides a key differentiator for customers, making it easy for customers to switch towards value. easyJet's historic performance in a challenging economic environment where the consumer was squeezed has been strong, as evidenced in 2008/09 during the global financial crisis when easyJet delivered increased margins[1] as well as capacity growth.

"Over the next year, we are targeting customer growth and are well placed to drive returns and margins while maintaining a rigorous focus on cost. With one of the strongest balance sheets in European aviation, we are ready to take opportunities as they present themselves."

1. Based on earnings before interest at constant currency

Revenue

Total revenue increased by 296% to £5,769 million (2021: £1,458 million) in line with capacity increasing to 81.5 million seats (2021: 28.2 million), due to the relaxation of pandemic-related travel restrictions relative to the prior year, strong growth in the easyJet holidays business and the step change in our ancillary offering.

Passenger revenue increased by 282% to £3,816 million (2021: £1,000 million) as we flew increased levels of capacity compared to the same period last year.

Passenger RPS increased by 32% to £46.80 (2021: £35.48) as demand returned, with travel restrictions easing through the year and easyJet's primary airport network driving yield growth.

Group ancillary revenue increased by 326% to £1,953 million (2021: £458 million) as capacity increased and as easyJet holidays continues its rapid growth. Airline ancillary revenue per seat also increased by 29% to £19.43 (2021: £15.06) as we continue to see incremental benefits from ancillary products which have been launched since H1 of FY21.

Costs

Group headline costs excluding fuel and FX gains increased by 106% to £4,604 million (2021: £2,233 million), driven by an increase in capacity flown as well as incremental disruption costs of £78 million compared to FY19 and one-off resilience actions taken in order to ensure a stable operation during the fourth quarter.

easyJet recorded a £64 million loss from foreign exchange on balance sheet revaluations (2021: £10 million gain), related to the impact of a weaker sterling on our net foreign currency-denominated liabilities.

Airline headline cost per seat at constant currency decreased by 25% to £68.11 (2021: £90.73). Headline Airline cost per seat excluding fuel at constant currency decreased by 32% to £52.66 (2021: £77.57).

Non-headline items

Non-headline items are those where, in management's opinion, separate reporting provides a better understanding to users of the financial statements of easyJet's underlying trading performance, and which are significant by virtue of their size and/or nature. These costs are separately disclosed and further detail can be found in the notes to the financial statements. A Group non-headline loss before tax of £30 million (2021: £100 million gain) was recognised in the financial year. The significant items consisted of a £21 million loss as a result of the sale and leaseback of 10 aircraft and a £10 million loss from returning slots in the year at Berlin Brandenburg Airport following the rightsizing of the operations from 18 to 11 aircraft.

Balance sheet

During FY22 easyJet repaid £300 million of commercial paper, clearing the final balance under the CCFF scheme. $100 million was also voluntarily repaid on the UKEF in April ahead of its maturity in FY26. As at 30 September 2022 our net debt position was £0.7 billion (30 September 2021: £0.9 billion) including cash and cash equivalents and money market deposits of £3.6 billion (30 September 2021: £3.5 billion).

Fleet

easyJet's total fleet as at 30 September 2022 comprised 320 aircraft (excluding three A319 aircraft held on a zero-rent basis) (30 September 2021: 308 aircraft excluding 12 aircraft held on a zero-rent basis). The increase was driven principally by nine aircraft ending their zero-rental period and reentering the operational fleet, delivery of eight new A320neo family aircraft, and seven lease additions while 12 aircraft left the fleet, as easyJet continues its journey of retiring older aircraft and benefiting from the A320neo family of aircraft with their superior fuel efficiency and greater number of seats.

We have an agreed order book consisting of 168 firm orders, 135 for A320neo aircraft and 33 A321neo aircraft. This includes the aircraft purchase approved earlier this year, securing 56 aircraft deliveries with the conversion of 18 A320neos into A321s for delivery between FY26 and FY29. In order to meet our long-term fleet requirements, we will continue to keep all options under review going forward.

Fleet as at 30 September 2022 (excluding aircraft on a zero-rent basis)

	Owned	Leased	**Total**	% of fleet	Changes since Sep-21	Future deliveries	Purchase options	Purchase rights
A319	35	59	**94**	29%	(3)	–	–	–
A320	105	62	**167**	52%	7	–	–	–
A320neo	37	7	**44**	14%	7	135[1]	–	3
A321neo	4	11	**15**	5%	1	33[1]	–	–
	181	**139**	**320[2]**			**168**	**–**	**3**
Percentage of total fleet	57%	43%						

1. easyJet retains the option to alter the aircraft type of future deliveries, subject to providing sufficient notification to the OEM.
2. At 30 September 2022, easyJet was storing three operating leased aircraft which have been acquired for future operations. These are held at zero rent and are excluded from the fleet numbers.

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

Number of aircraft	FY22	FY23	FY24	FY25
Current contractual maximum	**–**	336	336	346
Actual aircraft	**320**	–	–	–
Current contractual minimum	**–**	333	318	308
New aircraft deliveries	**–**	7	21	23

The average gauge of the fleet is now 179 seats per aircraft, compared to 178 seats at 30 September 2021. The average age of the fleet increased to 9.3 years (30 September 2021: 8.6 years).

Capital expenditure

Over the next three years easyJet's gross capital expenditure is expected to be as follows:

	FY23	FY24	FY25
Gross capital expenditure (£ million)	c.900	c.1,500	c.1,600

Capex is comprised of new fleet delivery payments, maintenance-related expenditure as well as lease payments and other capital expenditure such as IT development. Our capex projections assume seven deliveries in FY23, 21 deliveries in FY24 and 23 deliveries in FY25.

Sustainability

In the fourth quarter, 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.

We plan to achieve our ambitious roadmap through the combination of six drivers: fleet renewal, operational efficiencies, airspace modernisation, sustainable aviation fuel, zero carbon emission aircraft and carbon removal technology.

For further information on our roadmap, see pages 12 and 13 .

Since this announcement we have made a step forward with our partner Rolls-Royce, who have achieved a world first – successfully running a modern aircraft engine on hydrogen. This is a major step towards proving that hydrogen can be a zero carbon aviation fuel of the future – a key element of our net zero roadmap.

Our Sustainability Strategy is underpinned by strong sustainability governance and monitoring at Board level to make sure the strategy is delivered, with remuneration also being linked to sustainability and the delivery of the key steps towards delivering our roadmap.

easyJet has received IATA IEnvA Stage 2 certification, making us the first low-cost carrier worldwide with a fully IATA IEnvA certified Environmental Management System (EMS). This follows our successful completion of the IATA IEnvA Stage 1 implementation, assessment, and certification earlier this year, as well as enhancing our ratings achieved across indices including CDP, MSCI and Sustainalytics. Read more on page 31.

Our people

David Morgan has been appointed as Chief Operating Officer on a permanent basis. David has been an integral part of the easyJet leadership team since he joined as Chief Pilot in 2016 from Wizz Air where he held the same role. David remains an active pilot.

easyJet continues to have a strong reputation as an employer of choice. Our people are a key source of differentiation and this helps to deliver excellent customer experience and loyalty.

Our Glassdoor rating of employee satisfaction is 4.0[1] (out of 5.0), which is the highest within the travel and tourism sector, illustrating our market-leading position.

"Our people are a key source of differentiation compared to our competition, and help deliver excellent customer experience and loyalty."

We have constructively worked in partnership with our employee representative bodies across Europe in order to support the operation. We recognise that the wider economic environment of rising inflation and the increased cost of living has and continues to be challenging for our people and we continue to work with our trade union partners in order to support our people whilst maintaining control of our cost base.

Read more on how we work with our people on pages 24 and 25.

In FY22 some of the key deliverables include:

- **Readiness and operational resilience**: We recruited around 1,650 cabin crew to deliver the flying programme against a difficult labour market across the network, particularly in the UK. Meanwhile, in the face of challenges related to processing employment referencing across the industry we reacted quickly by setting up an in-house team to supplement our partners. This new model will allow easyJet to manage all referencing checks end-to-end.

1. Glassdoor score as at 30 September 2022

- **Employee experience**: Working with our employee representative groups across Europe we continued to support new ways of working – including flexibility of employment contracts and the continuation of our hybrid working model for our office-based colleagues.
- **Learning and development**: We have introduced a new People Management development programme to help develop our manager and leader capabilities throughout all first line leaders, while continuing to develop our approach to early careers including the relaunch of our engineering apprenticeships. In addition, we have also utilised our apprenticeship levy to support a range of head office roles.
- **Health and wellbeing**: We have implemented a new UK occupational health provision and mobile enabled support for all employees while also delivering comprehensive mental health awareness training for all employees and managers.
- **Diversity and inclusion**: Implementation of a new Equal Opportunities and Inclusion Policy.

Outlook

Based on current trading, easyJet expects the following over the 2023 financial year:

- Q1 RPS growth expected to be up >20% year on year.
- Q1 Load factor growth c.+10 ppts year on year.
- Earlier summer 2023 ramp-up for resilience.
- H1 fuel price up >50% year on year.
- Market-wide inflationary pressure.
- H2 early bookings look positive with Easter ticket yields showing strength year on year.
- Capacity
  - H1 c.38 million seats, c.25% increase year on year.
  - H2 c.56 million seats, c.9% increase year on year.
  - Q4 capacity around pre-pandemic levels.
- easyJet holidays targeting >30% customer growth year on year.

Fuel and FX hedging:

Jet fuel	H1'23	H2'23	H1'24
Hedged position	74%	51%	25%
Average hedged rate ($/MT)	814	903	922
Current spot ($/MT) at 28.11.22			c.$1,000

US dollar	H1'23	H2'23	H1'24
Hedged position	77%	54%	27%
Average hedged rate (US$/GB£)	1.29	1.24	1.19
Current spot (US$/GB£) at 28.11.22			c.1.21

Carbon obligation 100% covered for CY22 at €17/MT and 77% covered for CY23 at €31/MT.

US dollar lease payments hedged for the next three years at $1.33.

Capex hedged for the next 12 months in euros and US dollars.

MARKET DYNAMICS

KEY MARKET DRIVER

Demand

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

Demand in the first half of the year was impacted by the changes in travel restrictions as the Omicron variant of Covid-19 emerged in December 2021, with subsequent relaxation of those restrictions a few months later, early in 2022. There was increased customer confidence to travel over the second half of the year, notwithstanding the operational challenges and associated disruption experienced across the sector in our Q3.

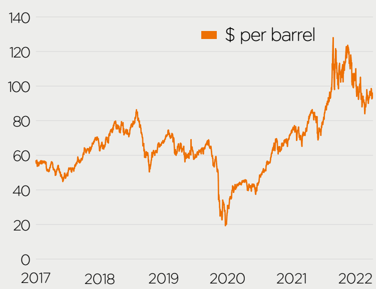
In Q4, customer numbers were back up to c. 87% of the levels seen in Q4 FY19, prior to the pandemic.

Whilst forecasts are that economic growth will be slow across the UK and the EU in 2023, as a consequence of geopolitical factors arising from the war in Ukraine, rising inflation and increased interest rates, we believe that easyJet will be protected due to the emphasis on value in such an environment, combined with there still being pent-up demand for travel and holidays as a reaction to the travel restrictions imposed during the pandemic.

Fuel

Fuel is one of the biggest costs airlines face and one of the most volatile. Fuel represented 21.5% of easyJet's headline cost base in the current financial year. The ICE Brent crude oil spot price has fluctuated between $69 and $128 per barrel over our financial year, with the Russian invasion of Ukraine in February 2022 leading to a general increase in the market price of oil. The price of jet fuel is strongly correlated with the price of crude oil.

Brent price



IMPACT ON OUR INDUSTRY

Demand

- Many European airlines have seen customer numbers strongly increase over the summer season, as customers' confidence to travel has recovered since the pandemic-induced travel restrictions were lifted.
- Leisure travel has rebounded more quickly than business travel.
- Increases in the cost of living and the associated squeeze on household and business incomes across European economies are likely to increase the emphasis on value in the short term, to the natural advantage of low-cost carriers such as easyJet.

Fuel

- Many European airlines hedge their fuel costs.

HOW WE ARE RESPONDING

Demand

- We have moved a significant % of our fleet to destination bases, which allows us to reallocate capacity from one source market to another rapidly in response to demand fluctuations.
- We focus on constrained airports, where demand is more resilient to these macro-economic pressures.
- The combination of low fares, primary airports and our city network is an attractive offering for business travellers when cost focus is paramount.
- Our strategic focus on 'Building Europe's best network' and 'Transforming revenue' addresses these market dynamics, including how we manage the associated risks (see 'Our Strategy' table, page 20).

Fuel

- easyJet has continued its fuel hedging programme throughout the year and is 74% hedged for H1 FY23.
- Our strategic focus 'Driving our low-cost model' addresses this market dynamic (see 'Our Strategy' table, page 20).
- Further details on how we manage this risk can be found under the Macro-economic and geopolitical risk on page 69.

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

Environmental and social

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

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

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

- In September 2022 we published our SBTi-aligned net zero roadmap, outlining how we can achieve net zero carbon emissions by 2050. Our full Sustainability Strategy with further detail can be found in the Sustainability section on page 30.
- Further details on how we manage this risk can be found under the Environment and sustainability risk on page 67.

On-Time Performance, airspace management and supply chain pressures

European airspace remains a challenging environment, with a lack of air traffic resources and capacity constraints impacting across the continent. While Eurocontrol continues to redesign the airspace infrastructure with the aim of creating a more efficient and sustainable network, nevertheless UK and EU airspace consists of a complex network of flight paths that have seen little development over the last 70 years. The unprecedented ramp-up of activity in 2022 across the aviation industry, coupled with a tight labour market, resulted in widespread operational challenges in our third quarter, resulting in a higher than normal level of cancellations.

- Air traffic control delays cause a number of issues from additional flying time and airport congestion to inefficient flight planning.
- Antiquated flight paths cause additional fuel burn.
- Labour shortages and other supply chain issues throughout the aviation ecosystem resulted in an abnormally high level of cancellations and delays across the sector.

- Action taken to build resilience into Q4.
- Recruitment already underway for cabin crew for summer 2023.
- Advocating for change and modernisation of airspace, alongside other airlines, by lobbying national decision makers and maintaining a collaborative relationship with Eurocontrol.
- Our strategic focus 'Delivering ease and reliability' addresses these market dynamics, including how we manage the associated risks (see 'Our Strategy' table, page 20).

Foreign exchange

easyJet is exposed to foreign exchange rate movements, mainly resulting from euro revenues and US dollar costs, translated into our functional currency of sterling.

Sterling weakened during the year against both the euro and US dollar as political turmoil and the cost of living crises in the UK reduced investors' confidence in the currency. This has an adverse impact on US denominated costs (mainly fuel, leases and maintenance) and a favourable impact on euro revenues when translated into sterling.

- Many European airlines hedge their foreign currency requirements, particularly for the US dollar.

- easyJet has continued its US dollar hedging programme throughout the year and is already 77% hedged on US dollars for H1 FY23.
- Our strategic focus 'Driving our low-cost model' addresses this market dynamic (see 'Our Strategy' table, page 20).
- Further details on how we manage this risk can be found under the Macro-economic and geopolitical risk on page 69.

OUR STRATEGY

OUR PURPOSE:
MAKING LOW-COST TRAVEL EASY

OUR DESTINATION:
EUROPE'S MOST LOVED AIRLINE – WINNING FOR CUSTOMERS, SHAREHOLDERS AND OUR PEOPLE

	Our focus	Risk theme[1]
BUILDING EUROPE'S BEST NETWORK	• Build scale by expanding in our core markets. • Maintain and build leadership positions in slot-constrained airports. • Invest in destination bases. • Disciplined expansion into new geographies and focus cities.	• Safety, security and operations. • Asset efficiency and effectiveness. • Macro-economic and geopolitical.
TRANSFORMING REVENUE	• Maximise the revenue potential of our market. • Transform our ancillary revenue capability. • Diversify our sources of revenue, continuing to focus on easyJet holidays.	• Technology and digital safety. • Macro-economic and geopolitical.
DELIVERING EASE AND RELIABILITY	• Provide an easy and reliable customer experience. • Protect and build on easyJet's strong brand. • Establish sustainability leadership. • Grow and deepen relationships with our customers.	• Safety, security and operations. • Asset efficiency and effectiveness. • People. • Environment and sustainability. • Technology and digital safety.
DRIVING OUR LOW-COST MODEL	• Drive our business with sustainable efficiency. • Invest in our fleet. • Optimise our capital efficiency. • Deliver strong productivity.	• Asset efficiency and effectiveness. • Environment and sustainability.

1. Risk themes align with the Risk section, pages 59 to 69

Progress in FY22

- Increased our market share at Gatwick Airport after reallocating aircraft to this high-yielding base, along with the addition of new slots.
- Won additional slots at Porto, which we began to utilise in 2022.
- Won 18 daily slots at Lisbon Airport, achieving growth in a highly slot-constrained airport.
- An extra five aircraft-worth of slots were added into the Greek islands. easyJet was the largest carrier there this summer.
- Overall, 2.1 million seats redeployed in summer 2022, primarily used to strengthen core markets in France, Italy and Greece.
- Announced plans to rightsize our operation in Berlin.

- Strong performance achieved in the year from the ancillary products which have been launched recently, including cabin bags and our new leisure fare (Essentials) bundle.
- Introduced new in-flight retail proposition during the year, expected to be fully embedded during FY23.
- Overall airline ancillary revenue increased 274% in the year and on a per seat basis was 29% ahead of that achieved in FY21.
- easyJet holidays performed strongly, contributing incremental revenue of £368 million to the Group and generating £38 million profit from 1.1 million passengers.

- Industry-wide operational challenges materialised in Q3. This was reflected in the flight caps announced at two of our biggest airports, London Gatwick and Amsterdam. Alongside these capacity caps, easyJet took swift action to reduce our capacity and build resilience into Q4. As a result, disruption in Q4 was much reduced and in line with historical levels.
- easyJet remained the number one most preferred airline brand in the UK this summer and is the number two brand in France, Switzerland and Italy.
- We aspire to lead the way on the sustainability agenda, and in September announced our SBTi-aligned roadmap to net zero.

- Fleet renewal continues with the delivery of eight new A320neo family aircraft in the year.
- The average gauge of the fleet is now 179 seats per aircraft, compared to 178 seats at 30 September 2021.
- In Q4, easyJet agreed to purchase an additional 56 A320neo family aircraft for delivery between FY26 and FY29, as well as converting 18 planned deliveries of A320neo aircraft to 18 A321neo aircraft with a higher gauge.
- Fuel, FX and ETS – major positions hedged in line with our long-established policy.
- Continue to reinforce our position as the lowest cost carrier on our primary network, with a proportion of captains now on seasonal contracts.

FY23 initiatives

- Start operating Lisbon slots won in 2022.
- Capacity to continue to be deployed where demand and returns are strong.

- Further growth of easyJet holidays.
- Continued evolution of product portfolio e.g. pre-order capability for in-flight retail.
- Closed loop wifi to facilitate an enhanced in-flight retail experience.

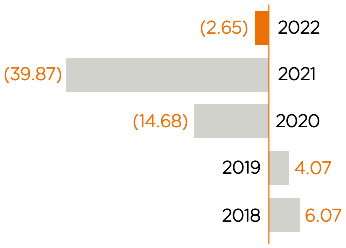
- Earlier recruitment of cabin crew and pilots for the 2023 summer season.
- In-house team to process employment reference checks more quickly.
- Supporting Rolls-Royce's research into hydrogen engine development.

- Delivery of seven NEO aircraft scheduled.
- Descent profile optimisation technology to be fitted to all our aircraft.
- Increasing automation of self-service management, which increases digitalisation of customer flows and reduces the need for contact centre support.

KEY PERFORMANCE INDICATORS

easyJet has seven Key Performance Indicators which we use to measure our overall progress.

Headline (loss)/profit before tax per seat (£)



Per seat metrics are for the Airline business only.

Why it is important

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

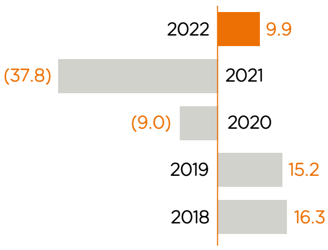
What we measure

Headline (loss)/profit before tax divided by the number of seats flown.

How we performed

Headline loss before tax per seat was £2.65 (2021: £39.87 loss). Airline revenue per seat increased by 33% at constant currency, a consequence of increased loads and higher ticket prices as demand returned and strong ancillary revenue as a result of both bag and seat initiatives. This was compounded by cost per seat falling 24% as our fixed cost base was spread across a much higher flying capacity.

Headline EBITDAR margin (%)



Why it is important

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

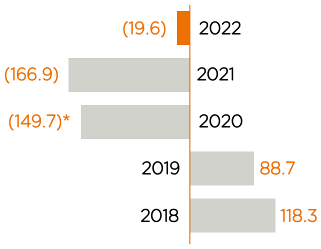
What we measure

Headline EBITDAR divided by Group revenue.

How we performed

Headline EBITDAR margin % increased from (37.8)% last year to 9.9% this year. This was a reflection of the improved performance of the Group as volumes increased and customers' confidence to travel returned.

Headline (loss)/earnings per share (p)



* 2020 previously restated due to impact of the 2021 rights issue.

Why it is important

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

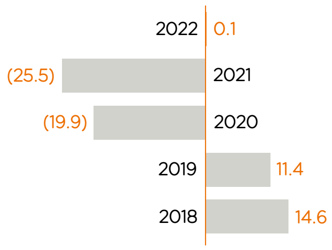
What we measure

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

How we performed

Headline loss per share was 19.6 pence (2021: 166.9 pence loss per share) as a result of the improved performance and smaller headline loss recorded this year. Total loss per share was 22.4 pence (2021: 159.0 pence per share loss).

Headline (loss)/return on capital employed (%)



2018 as restated, headline
2019 and onwards post IFRS 16.

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

What we measure
Headline operating (loss)/profit after tax, divided by average capital employed.

How we performed
Headline ROCE improved to 0.1% (2021: (25.5)%) driven by headline profit before interest and tax returning to a £3 million profit this year (2021: loss £1,036 million). Total ROCE for the year was (0.6)% (2021: (22.4)%). The total ROCE was adverse to the headline ROCE due to non-headline items generating a £30 million charge before tax in the income statement.

Customer satisfaction (%)

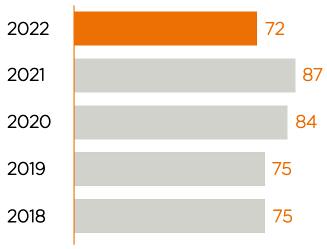
Revised calculations in 2019, and 2018 was restated as a result.

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

What we measure
Our customer satisfaction index is based on the results of a customer satisfaction survey measuring how satisfied the customer was with their most recent flight.

How we performed
Overall customer satisfaction declined by 3 ppts from 75% to 72%. Customer satisfaction was adversely impacted by the abnormal level of disruption experienced in our third quarter. The unprecedented ramp-up across the aviation industry resulted in widespread operational challenges and higher levels of cancellations.

On-Time Performance (%)

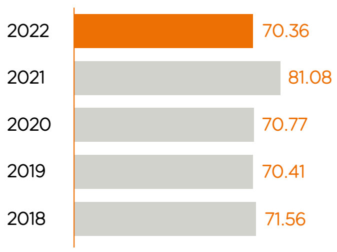


Why it is important
Reliable operational performance is a key factor in our customers' perceptions of their experience with us. Managing OTP and minimising disruption will positively impact on the likelihood of our customers choosing to fly with us on a repeat basis.

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

How we performed
Our OTP declined in the year to 72% (2021: 87%) primarily as a consequence of the abnormal level of disruption experienced in our third quarter due to the ramp-up across the aviation industry and the ensuing operational challenges which resulted.

CO_2 emissions per passenger kilometre (g)



2018 and 2019 previously restated to align to current industry methodology.

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

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

How we performed
In 2022 our carbon emissions per passenger kilometre were 70.36g, a substantial reduction from 81.08g in 2021. This is a reflection of the increased load factor in the current year which drove a decrease in emissions per passenger, combined with the increased number of more efficient NEO aircraft and a continued focus on flight efficiency measures.

PEOPLE AND CULTURE

Our people are one of our main points of difference – and are key to our success.

People and culture

Creating an inclusive culture – where people can be their best, feel that they truly belong and live the 'Orange Spirit' – is the key to our success. This past year has again presented our people with major challenges, as the industry navigates its recovery from the pandemic. Our focus has been to prioritise activity that ensures our readiness and operational resilience and also that contributes to the employee experience, so that we can retain our talented people.

For more information on how we are fostering an inclusive culture, see pages 10 and 11.

Glassdoor employee overall satisfaction rating

4.0/5

The highest rating within the travel and tourism sector.[1]

1. Glassdoor score as at 30 September 2022.

Employee engagement score in 2022

7.1/10

This puts us in the middle range for the Transportation sector in the Peakon engagement methodology.

Readiness and operational resilience

- We recruited around 1,650 cabin crew in a difficult labour market across the network, particularly in the UK.
- Faced with industry-wide delays to security-clearance processing we reacted quickly by asking head office colleagues to help with the referencing activity needed to complete ID clearance.
- In response to the much-publicised pinch points at airports over the summer, our head office colleagues provided additional assistance to customers and ground crew at airports.

Employee experience

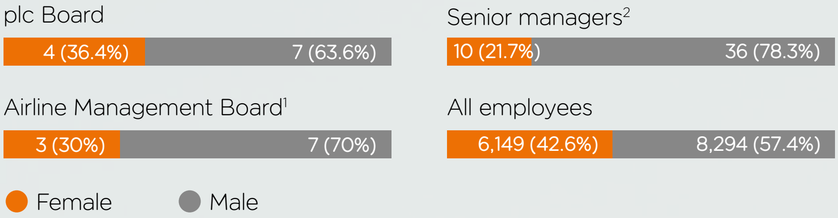
- Working with employee representative groups across Europe we continued to support new ways of working – including flexible employment contracts and hybrid working for our office-based colleagues.
- The wellbeing of our people is intrinsically linked to our number one priority, safety. A new digital app from our Employee Assistance Programme provides more support to our remote workforce.
- We invested in our online learning technology to give all our people the opportunity to develop new skills and grow into new or existing roles.

Retaining talent

- Continuing uncertainty within aviation, combined with a highly competitive external market, has created an environment in which it is harder to retain our experienced and passionate people. Attrition levels have been higher than before 2020.
- With inflation rising across Europe, we made changes to reward and recognition packages across the network to reflect the challenges facing our business and employees. Changes included one-off payments for cabin crew, the reintroduction of our bonus plan for head office colleagues and the launch of an easyJet holidays credit for all employees across the network.
- Keeping our employees connected to the business and to each other so that they feel supported has remained a focus and we have introduced new programmes for our people managers, to help to build confidence across our teams.
- Creation of the Velocity Talent development programme – a cohort of high-performing, high-potential individuals who have been identified as emerging leaders, including those who are subject matter experts in their field.

Gender

Gender makeup of easyJet employees as at 30 September 2022



1. The Airline Management Board is our 'Executive Committee' for the purposes of the FTSE Women Leaders/Hampton-Alexander Review.
2. Defined in accordance with the Companies Act 2006 which includes those with responsibility for planning, directing or controlling the activities of the Company as well as persons who were directors of our subsidiary undertakings.

Diversity, inclusion and wellbeing

Throughout this year we have continued to make progress against our Diversity, Inclusion and Wellbeing Strategy, focusing on creating a culture of inclusion where everyone can be themselves and people look after their own and each other's wellbeing.

Firm foundations

We are committed to using quality data to create best practice inclusion and wellbeing policy and processes. We are aiming to improve the quality of and increase the amount of data we collect through our regular diversity data monitoring, the Care to Share campaign. We are developing our HR information systems to capture better data. Both of these will help us improve the employee experience of our people.

We continue to measure how our employees feel about the inclusive environment that we are striving to create, through our regular employee listening activities such as our anonymous Your Voice Matters survey. For the 12 months ending September 2022, we recorded a score 0.3 above the benchmark for our peers within the transportation sector for the question 'I feel I can be myself at work' which is used as an indicator of inclusion.

Both our 2021 and 2022 UK gender pay gap submissions reflected the impact of our pilot and predominantly female UK cabin crew community being on furlough as, in line with reporting regulations, they were excluded from the data. As a result the submissions for these years do not represent a complete picture. In 2022 our gender pay gap performance was a median gap of 59% and a mean gap of 50%. The biggest single factor influencing our gender pay gap is the gender representation within our pilot community. This remains a well-known industry-wide challenge that we continue to tackle, working with our partners to inspire more young people to consider a career in aviation, including encouraging more women to become pilots.

Our GPG submissions are available on our website at https://corporate.easyjet.com/ corporate-responsibility/gender-pay-reports

We treat every applicant in our recruitment process fairly, including those requiring reasonable adjustments. However, for our two largest communities, pilots and cabin crew, we are bound by regulatory requirements for ability which all applicants and employees must comply with for operational safety reasons.

We remain committed to hiring and developing a diverse pipeline – be that crew, engineers, pilots or those that support from our head office functions.

Open and honest communication

Engaging campaigns and supporting materials, designed using feedback from our listening channels, articulate what we mean by inclusion and wellbeing at easyJet.

Our central hub for all conversations and support, known as 'You Matter', sets a structured approach for conversations on diversity, inclusion and wellbeing. In addition, we have a space on our social network 'Workplace' dedicated to inclusion, which encourages our people to share information and personal stories.

Our internal campaigns recognise, celebrate and educate on a variety of topics that promote and support inclusion and wellbeing. Over this past year campaigns have included Black History Month, Pride and Wellbeing Week.

Our employee-led community known as Trailblazers are our passionate advocates for diversity, inclusion and wellbeing. The group helps amplify the work and educate on all activity across easyJet. Our Trailblazer conference this year included educational experiences provided by external specialist partners such as Stonewall and WiHTL (a collaboration community aimed at increasing diversity and inclusion across hospitality, travel and leisure).

Increasing confidence and capability

We deliver a variety of learning interventions across the business that give our people, in particular those who manage teams, greater confidence across all things inclusion and wellbeing. We have successfully implemented agreements with new health services partners – both Occupational Health and Employee Assistance Provider (EAP) – that allow us to provide an improved, digitally-enabled experience in support of managing health and wellbeing.

We have spent time evaluating how we could better support mental health awareness among our colleagues and managers and worked with the UK mental health charity MIND to launch three bespoke programmes which were made available across the network. These included mental health awareness e-learning for all colleagues as well as two manager-specific modules around understanding, supporting and managing mental health at work.

Our inclusive behaviours e-learning and our mandatory diversity, equality and inclusion training continue to be available for all colleagues across the business.

External partnerships

Developing positive inclusive mindsets is at the forefront of delivering authentic and meaningful diversity and inclusion experiences. We work with our partners to provide key insights and advice and work with our Board and leaders to strengthen conversations and build confidence in inclusive leadership.

We partner with Business in the Community (BiTC) to help us with our commitment to the Race at Work Charter. We have encouraged our people, where legally reasonable, to disclose diversity data through our 'Care to Share' campaign. On the UK Glassdoor platform our diversity and inclusion rating has been maintained at a score of 4.2 out of 5. Additionally, our ranking in the Financial Times Diversity leaders table has improved year on year to rank #256 from the 850 included.

Read more in our Human Capital factsheet, at https://corporate.easyjet.com/corporateresponsibility/esg-supplementaryinformation

ENGAGING WITH THOSE AROUND US

OUR CUSTOMERS

A key part of our strategy is a focus on the customer, both to win our customers' loyalty and to achieve our purpose of making low-cost travel easy.

Our understanding of who our current and future customers are, how they perceive easyJet and what products they need, enables us to prioritise our efforts towards driving a positive customer experience and loyalty.

Key focus

- Safety
- Sustainability
- Product choice and value
- Ease of making and managing bookings
- Ease of travelling and minimising disruption

How we engage and information flows

- Through the easyJet Customer Community, who share experiences and help test messaging, policies, products and propositions via polls, discussions, forums, video diaries and surveys.
- Regular customer surveys to find out about customers' travel experiences.
- Crew feedback sessions via management and online forums.
- Through customer communications, including emails, our app, call centres, our self-service disruption management tool and on social media.
- Customer sentiment is regularly reported to and discussed by the Airline Management Board (AMB) and the Board. We measure our performance through our customer satisfaction KPI (see page 23).

Considerations and outcomes

- Travel restrictions and entry requirements were constantly changing across Europe throughout the year due to the Omicron

OUR PEOPLE

Our people are a critical part of our business and their famous 'Orange Spirit' a key part of our success.

We want to attract, retain and develop our people by creating an inclusive and energising environment, inspiring everyone to learn and grow and do their best – and helping our Orange Spirit to thrive. Engaging effectively with them is key to doing this successfully.

Key focus

- Health, safety and working conditions
- Wellbeing and mental health
- Training and career development
- Diversity and inclusion
- Reward and benefits

How we engage and information flows

- Regular internal communication including weekly voice notes from the AMB and stand-ups at key times.
- Extensive engagement with various employee representative groups and cabin crew unions.
- Your Voice Matters employee surveys are discussed by the AMB and Board.
- Employee Representative Directors' meetings.
- Updates to the Board from the CEO and Group People Director on people matters.
- Monitoring of themes and trends arising from the Speak Up, Speak Out mechanism.

OUR SUPPLIERS

easyJet's suppliers have an important role in delivering our ambition, and we strive to ensure that they have aligned views on corporate responsibility and compliance.

We partner with key suppliers to deliver many of our operational and commercial activities. Our partners are carefully selected, and significant emphasis is placed on managing these relationships, with the aim of encouraging incremental innovation and performance.

Key focus

- Compliance with regulations
- Health and safety
- Treatment of suppliers
- Sustainability
- Payment practices

How we engage and information flows

- Meetings between AMB members and senior executives of major suppliers on a regular basis to understand the strategy and health of their businesses.
- The Board looks to engage with key suppliers whenever appropriate.
- Discussion at Audit Committee and Board with central procurement function on supplier management.

Section 172

Our stakeholders are a fundamental part of our operations and are referenced throughout this report. We have set out on the following pages details of who our key stakeholders are, how we have engaged with them and the associated outcomes.

The Directors are required to act in a way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, taking into account the factors as listed in section 172 of the Companies Act 2006.

Details of how the Directors have had regard to their section 172 duty can be found throughout the Strategic and Governance reports.

variant. We ensured customers were kept fully informed via the Covid-19 Travel Hub on easyJet.com, which is kept updated with the latest information.

- We undertook a customer satisfaction deep dive prior to the summer ramp-up to understand any customer pain points. This resulted in initiatives around pre-travel communications and the airport experience. We also revised airport signage and launched 'Play your part', with non-customer-facing employees helping customers with extra support such as wayfinding and bag drop questions at airports. These actions helped improve CSAT rates.
- Given the unprecedented ramp-up, the aviation industry across Europe experienced significant operational issues in the second half which resulted in significant delays and cancellations for customers. We proactively consolidated flights across affected airports and revised the schedule in order to build additional resilience and reduce the number of on-the-day cancellations. We were able to rebook the majority of customers on alternative flights, with many travelling on the same day as originally booked.
- In response to customer feedback we launched a new in-flight retail offering, with greater regionalisation and a refreshed product offering. Due to challenges in the supply chain, not all items were available at launch, however availability has continued to increase and customer feedback is very positive.
- The Board has also reflected on the above initiatives and the impact of the pandemic on customers when reviewing the Group's longer-term strategy.

More information on our customer strategy and our operational performance can be found on pages 6 to 17.

Considerations and outcomes

- The Board and management understand the lasting impact of the pandemic on our people, and the unprecedented ramp-up over the summer and related disruption compounded this. By taking action to build additional resilience in the schedule, we were able to achieve greater roster stability and help our people focus on serving customers.
- During the year we relaunched our employee survey Your Voice Matters. 54% of all employees completed the surveys throughout FY22. Engagement score was 7.1 out of 10 for all employees and 7.9 out of 10 for our head office and engineering employees.
- We continue to have a number of mechanisms to support our people's wellbeing and mental health.
- The Board received regular updates from our Employee Representative Directors to ensure employee voice was reflected in the Boardroom. This included topics such as workload, pay and reward and communication of the strategy. The Board and its Committees have considered this feedback when taking decisions on remuneration, organisational design and the communicaton of the revised strategy.
- Our employees were invited to participate in the launch of our ambitious SBTi aligned net zero roadmap in September, which helped increase engagement around our sustainability plans.

Read more about our people and our approach to diversity and inclusion on pages 24 and 25.

Considerations and outcomes

- We have a number of key suppliers, including aircraft and engine suppliers, ground-handling and logistics, critical technology suppliers, fuel providers, engineering and maintenance providers, aircraft lessors and hoteliers for easyJet holidays.
- With the ramp-up of flying we performed a supplier readiness check to ensure safe and responsible delivery of our operation. While there continued to be several challenges with ATC, ground-handling and airports due to staff shortages and delays in recruitment, we worked closely with them to identify solutions, such as with our ground-handlers DHL at Gatwick Airport to improve resilience and performance. We continue to engage with our suppliers to improve resilience and performance.
- During the year the Board considered the medium-term fleet plan and secured agreement on delivery slots with our key supplier Airbus and the related engine orders with CFM.

Further details are set out on page 85.

OUR SHAREHOLDERS AND INVESTORS

Shareholders and investors are the main providers of capital with which to invest and grow the Group's business. Taking account of their views on the Company's operational and financial performance and its strategic direction is an important part of ensuring we deliver strong shareholder value.

Key focus

- Operational and financial performance
- Creation of long-term sustainable shareholder value, including addressing environmental, social and governance matters
- Share price and dividend returns

How we engage and information flows

- Active engagement programme with institutional investors, including attendance at investor conferences, results presentations, roadshows, individual investor meetings and engagement with equity research analysts.
- Engagement around voting events by Investor Relations and Company Secretariat teams.
- Feedback is regularly provided to the Board on investor sentiment. The Board also engages directly through events such as the Annual General Meeting.

OUR COMMUNITIES

We want to make a positive impact and we value our relationships with the communities where our employees live and operations are based, as they are important to the effective operation of our business.

Key focus

- Local employment
- Sustainability, including carbon and other aircraft emissions; aircraft noise; energy usage; recycling and waste
- Charitable activity

How we engage and information flows

- Country managers lead the community engagement in their markets, and base managers also engage directly with their local airport communities.
- Partnerships with individual airports and air traffic control teams to implement reduction in cabin waste and noise mitigation activities that seek to minimise the impact on local communities.
- Employee volunteering with local charities and organisations.

REGULATORS AND GOVERNMENTS

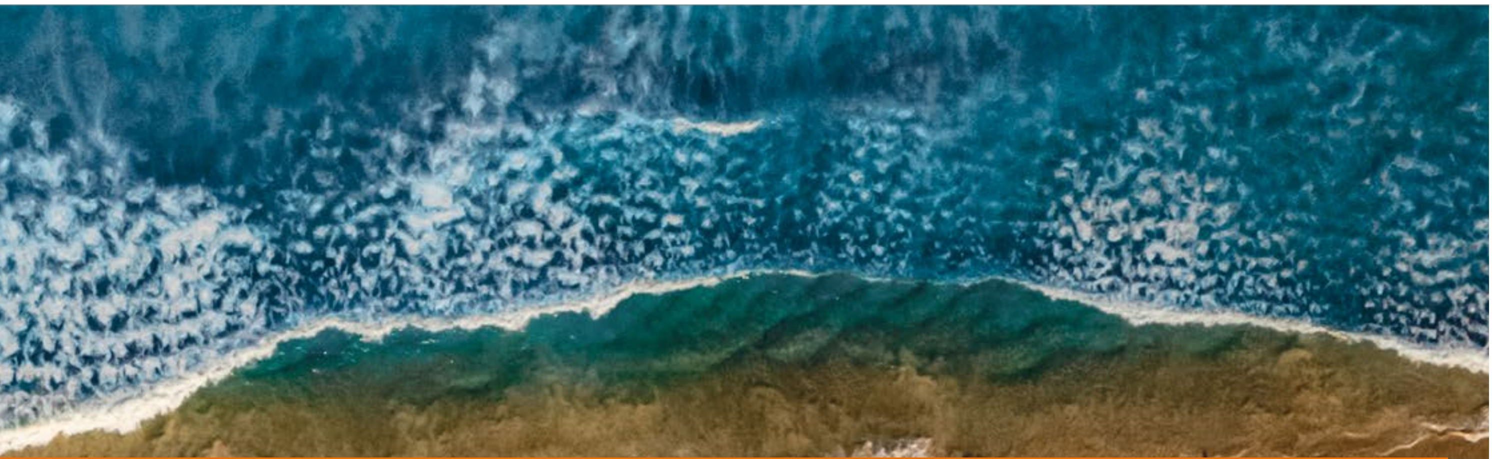
Regulators and governments take decisions which directly impact our operations. easyJet engages with them to understand their strategic drivers and the impact of any regulatory changes on the Company and customers and to ensure that policymakers understand our business and the social and economic benefits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

Key focus

- Compliance with regulations
- Consumer protection
- Treatment of suppliers
- Sustainability
- Public health
- Taxes and charges

How we engage and information flows

- AMB members and other senior management engage with members of government and regulatory bodies.
- Country managers and directors engage with governments in all markets where we have bases, at both a national and regional level.
- Discussions with operations and safety regulators such as Austro Control (Austria), the Civil Aviation Authority (UK) and the Federal Office of Civil Aviation (Switzerland) and EASA, amongst others.
- Discussions with air traffic control operators such as NATS.
- Participation in trade associations such as A4E and Airlines UK, and tourism bodies, such as ABTA and the GSTC.



Considerations and outcomes

- Engagement took place in advance of the AGM on the resolutions being proposed, including by the Chair of the Remuneration Committee on the Remuneration Policy, with amendments made to reflect the feedback received.
- Engagement also took place following the AGM relating to the resolutions that received less than 80% in favour. Further details are available on page 88.
- Major shareholders were also consulted prior to the GM held in July 2022 to approve the Airbus and CFM agreements. The transaction was approved and further details are set out on page 85.
- In September 2022 we launched our SBTi aligned net zero roadmap and engaged with investors on our plans. Further details are set out on pages 12 and 13.

Considerations and outcomes

- We extended our partnership with Bristol Airport to support the long-term ambition of achieving net zero operations at the airport. Our trial of electric ground-handling equipment achieved a total of a 96% reduction in carbon emissions.
- We offer support for employees to volunteer in their local communities, such as flexible working and time off.
- To help support children and families affected by the war in Ukraine we launched our onboard collection in support of UNICEF's Ukraine appeal. We also continue to provide support for UNICEF's global vaccination effort.

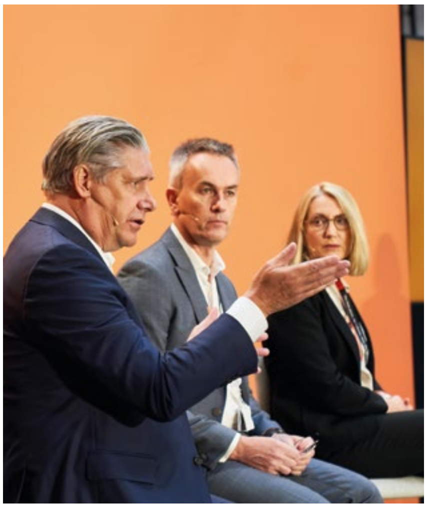
Considerations and outcomes

- Management have engaged extensively with governments across all markets on lifting travel restrictions and testing.
- Our Chief Commercial Officer participated in a BEIS Select Committee to provide insight on the challenges the industry was facing and explain easyJet's response.
- Johan Lundgren met with various governments in our network, such as Italy and the Netherlands, to confirm our commitment to their markets and discuss some of the key challenges and opportunities.
- Our approach with regulators is open and transparent, which allows for a constructive relationship. It also enables us to quickly identify and address any regulatory concerns at an early stage.
- We continue to engage with policymakers across Europe on how public policy can help airlines to address their carbon emissions and stimulate the technological innovation that will be needed for zero emission aviation.
- We also participate in industry groups that contribute to public policy development on sustainability issues, such as the Aerospace Technology Institute, Airlines UK, the Jet Zero Council (UK Government), the Science Based Targets initiative and Sustainable Aviation (UK).

OUR APPROACH TO SUSTAINABILITY

easyJet aims to be a responsible and sustainable business. We recognise the need to transition to a low-carbon economy and will continue to work towards ensuring aviation plays its part. Our focus is to pioneer positive change for our planet, communities and people, getting one step closer to net zero every day.

MESSAGE FROM JOHAN LUNDGREN



"I'm incredibly proud of the progress that we, and our partners, have made this year and believe that easyJet is an industry leader on its journey to net zero."

The benefits of aviation are fantastic – it connects people, reunites friends and families, enables people to experience different cultures and provides economic prosperity. But at the same time, we know that we have a responsibility to minimise the impact of our flights on the planet and everyone at easyJet, including myself, takes this responsibility seriously.

There is no doubt that decarbonising aviation is a cross-industry effort and no one airline can do this alone, however I'm incredibly proud of the progress that we, and our partners, have made this year and believe that easyJet is an industry leader on its journey to net zero.

Much has been achieved this year; in November 2021, we made an important commitment by joining Race to Zero, a UN-backed global campaign to achieve net zero carbon emissions by 2050. This was closely followed by setting a carbon emissions intensity reduction target of 35% by 2035 and in September 2022 we were the first low-cost airline worldwide to announce an interim target validated by the Science Based Targets initiative (SBTi).

Later in September we published our SBTi-aligned roadmap to achieving net zero carbon emissions by 2050. I firmly believe that our roadmap is the most ambitious to date due to the focus on new technology, as soon as available, with the ambition to achieve zero carbon emission flying across our entire fleet in the long-term. By 2050, we plan to have reduced our carbon emissions per passenger by 78%, with residual emissions removed through carbon capture technology.

Alongside the ultimate transition to zero carbon emission technology, the roadmap features a combination of fleet renewal, operational efficiencies, airspace modernisation, Sustainable Aviation Fuel and carbon removal technology (see pages 12 and 13).

We have taken a wide range of actions to help us make progress on the roadmap.

On new zero emission technology, we formed a new partnership with Rolls-Royce to pioneer the development of hydrogen combustion engine technology capable of powering an easyJet sized aircraft in the future with ground testing already successfully underway. We formed hydrogen technology partnerships with GKN Aerospace and Cranfield Aerospace Solutions and were the first airline to support Airbus's ZEROe programme.

A modern fleet of aircraft is instrumental in driving down emissions and so we will be making a list price investment of $21 billion over the coming years to continue to renew our fleet. All 168 new aircraft deliveries, scheduled between FY23 and FY29, will be Airbus NEO aircraft, which are at least 15% more fuel efficient and 50% quieter than the aircraft they replace. During the year we also announced several technology developments, including a multi-million-pound fleet-wide investment into the latest technology from Airbus to achieve further carbon emission reduction through Descent Profile Optimisation.

We have contracted all Sustainable Aviation Fuel (SAF) reflected in our roadmap for the next five years with supplier Q8 Aviation and also signed a letter of intent with Airbus to support the development of ground-breaking carbon removal technology.

As we move towards delivery of our net zero roadmap, we are transitioning our current investment in carbon offsetting into supporting the technologies that will help us decarbonise.

Looking beyond carbon, we became the first low-cost carrier worldwide to have a fully-certified IATA Environmental Assessment (IEnvA) Environmental Management System, showing we are managing our environmental performance in a structured and systematic way.

We continue to support the vital work of UNICEF both through its Covid-19 Vaccines Appeal and collecting donations to help support children and families affected by the war in Ukraine.

Meanwhile, easyJet holidays continues to find ways to further optimise the benefits of travel and tourism to destination communities (see page 40).

So in summary, informed by our roadmap we are investing millions where we can make the most difference, in efficiency measures now and in the development and realisation of net zero technology in the decades to come.

By continuing our leadership in this area and implementing our roadmap step by step, we will help ensure a sustainable future of aviation for the benefit of the next generation and our planet.

SUSTAINABILITY STRATEGY

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

PILLAR ONE
Reducing our impact today for a better tomorrow

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

- Focused on reducing the carbon intensity of our flying.
- Tackling waste and plastic reduction within easyJet and our supply chain.
- Continuously addressing our noise impact.
- Environmental management system – ISO 14001 compliant.

PILLAR TWO
Pioneering future travel

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

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

PILLAR THREE
Driving positive change in society

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

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

Underpinned by strong governance and monitoring at Board level to drive delivery of this strategy

SUSTAINABILITY AND ESG GOVERNANCE

Further details on page 43 and page 82

plc Board
Approves changes in strategy

Airline Management Board
Regular updates and approval

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

ESG Reporting Group	Dedicated Sustainability Team	Net Zero Technology Innovation Team
Climate Change Transition Risk Register		Sustainability Communications Forum
Environmental Policy Group		Environmental Management System Review Board

Materiality

To determine the priority sustainability issues we need to address, we conducted a full materiality assessment in 2019 and plan to refresh this in 2023. The assessment gathered the views of key stakeholders, including employees, investors, suppliers, regulators, customers, trade unions and non-governmental organisations. The results were published in our 2019 and 2020 Annual Reports and are available at https://corporate.easyjet.com.

The assessment confirmed that the most material sustainability issue for easyJet is our carbon emissions and this is the primary focus of our sustainability efforts, addressed through risk management and through the many partnerships and activities described in this section of the Annual Report. Other critical material issues identified included health and safety, fair employment and the management of waste and plastics.

External recognition

Our sustainability activities and performance are assessed by the key sustainability ratings agencies that are important to our investors. We have achieved improved ratings year on year with leading ratings providers Sustainalytics, FTSE4Good and Transition Pathway Initiative. In December 2021, we received a B rating from CDP (Carbon Disclosure Project) and in July 2022 an AA rating from MSCI – both an improvement on 2021.

This year we won: the most effective ESG programme in the transport sector in Britain's Most Admired Company awards, Best Sustainability and Inclusion initiatives of the year in the Italian Mission awards and the Sustainability award at the Professional Clothing Industry Association Worldwide awards for our new pilot and cabin crew uniforms, produced from 100% recycled plastic bottles. And Bristol Airport won the Airports Council International Eco-Innovation Award for the partnership between easyJet and Bristol Airport.

PILLAR ONE
REDUCING OUR IMPACT TODAY FOR A BETTER TOMORROW

We publish a range of ESG factsheets on our website, to be read alongside our FY22 Annual Report, which give further data and information on ESG topics such as human capital and labour management; safety, quality and governance; digital safety; and environmental management. Go to https://corporate.easyjet.com/corporate-responsibility/sustainability

Overview

Reducing our direct organisational carbon footprint (Scope 1 and 2 emissions) has been a long-term priority. In this financial year easyJet set an interim target for a 35% reduction in emissions intensity, as measured by CO_2e/RTK (Revenue Tonne Kilometre), and we were the first European low-cost carrier to have this target validated by the Science Based Targets initiative (SBTi). We continue with our relentless focus on fuel efficiency, and are transitioning our fleet to more modern, fuel-efficient aircraft. We have taken delivery of a further eight Airbus NEO aircraft this year, which now constitute 19% of our fleet, and confirmed the order of a further 56 A320neo family aircraft. We are also constantly refining our operations and optimising passenger loads to ensure maximum efficiency.

Our environmental impact of course goes beyond carbon emissions, and we continue to address, assess and minimise issues such as waste, the use of plastics and our noise impact. This year easyJet was the first European low-cost carrier to achieve IEnvA Stage 2 certification for our Environmental Management System (EMS).

Carbon governance and data

Mapping our carbon emissions

The measurement and reporting of our carbon emissions are aligned to the European Union's Emissions Trading Scheme (EU ETS), the Greenhouse Gas (GHG) Protocol and the recommendations of the Task Force on Climate-related Financial Disclosures (see pages 43 to 46). They also meet the UK Government's Streamlined Energy and Carbon Reporting requirements, 2019.

The GHG Protocol categorises emissions in three scopes:

- Scope 1 – direct emissions from owned and leased assets (typically combustion of fossil fuels).
- Scope 2 – indirect emissions from imported energy (typically grid electricity) used in assets where easyJet has direct operational control.
- Scope 3 – all other indirect emissions resulting from upstream and downstream business activity such as supply chain, business travel and aircraft components.

This year we have again worked with Carbon Trust, a global climate change and sustainability consultancy, on our carbon mapping and reporting work.

Our carbon emissions are calculated and expressed as a suite of carbon dioxide equivalent (CO_2e) figures in metric tonnes. We use the operational control approach, in which we include emissions from activities where we control the operation and use published emission factors issued by competent authorities (such as UK government departments including DEFRA).

The carbon mapping work in the 2022 financial year estimated that 99.98% (2021: 99.87%) of easyJet's organisational (Scope 1 and 2) carbon emissions was as a result of the use of jet fuel across our fleet of aircraft.

Carbon emissions methodology

We report both grams of carbon dioxide per Revenue Passenger Kilometre and grams of carbon dioxide equivalent per Revenue Passenger Kilometre. We have also included our carbon emissions equivalent per Revenue Tonne Kilometre (gCO_2e/RTK) as this is the intensity metric specified by the SBTi for their aviation sectoral decarbonisation pathway and is used by a number of other stakeholders.

Since the 2021 financial year, we have expanded the scope of our reporting to include fugitive emissions from chillers and air-conditioning equipment which is included in Scope 1.

From the 2020 financial year, we reviewed our carbon intensity calculation methodology, so that it aligns more closely with established industry methodologies. The methodology used follows the protocols outlined in the BS EN 16258 – 2012, 'Methodology for calculation and declaration of energy consumption and GHG emissions of transport services (freight and passengers)' document. This is the methodology that airlines with

Environmental Management System (EMS)

To improve our environmental performance in a structured, systematic and documented way, we joined the IATA Environmental Assessment (IEnvA), an EMS accreditation programme specifically developed for the airline sector by airlines, IATA and leading experts in aviation environmental sustainability. IEnvA provides airlines with guidance, aligned with internationally accepted environmental management standard ISO 14001:2015, to effectively address significant environmental sustainability matters that face the aviation industry today.

Airlines are able to phase the implementation of the IEnvA programme with recognition as a Stage 1 or Stage 2 Operator. In early 2022 we achieved IATA IEnvA programme Stage 1 certification, for an ISO 14001-compliant EMS.

In August 2022 we achieved Stage 2 certification, which made us the first low-cost carrier operating in Europe with an IEnvA Stage 2 verified EMS and the first non-IATA member to participate in the IEnvA certification process.

Our environmental policy is available at https://corporate.easyjet.com/corporate-responsibility/policies

Greenhouse gas and energy performance

	FY22			FY21		
	Global emissions	**UK-only emissions****	**Global emissions (excl. UK)**	Global emissions	UK-only emissions**	Global emissions (excl. UK)
Scope 1 – tonnes of CO_2e	**6,421,434**	**2,601,877**	**3,819,557**	2,114,961	803,463	1,311,498
Scope 2 – tonnes of CO_2e*	**0**	**0**	**0**	788	760	28
Total Scope 1 & 2 – tonnes of CO_2e	**6,421,434**	**2,601,877**	**3,819,557**	2,115,749	804,223	1,311,526
Scope 3 – tonnes of CO_2e	**1,660,512**			585,443		
Total carbon footprint – S1, 2 & 3 tonnes of CO_2e	**8,081,946**			2,701,192		
Scope 1 energy use (kWh)	**25,911,221,182**	**10,498,872,319**	**15,412,348,863**	8,531,020,231	3,238,837,186	5,292,183,044
Scope 2 energy use (kWh)	**3,246,789**	**3,246,789**	**0**	3,699,537	3,576,743	122,794
Total energy use (kWh) Scope 1 & 2	**25,914,467,971**	**10,502,119,108**	**15,412,348,863**	8,534,719,768	3,242,413,929	5,292,305,838
Carbon offsets in tonnes of CO_2e	**6,497,911**			2,120,772		

* Zero Scope 2 CO_2e as 100% renewable energy is sourced for sites where we have direct operational control (market-based).
** UK-only emissions cover emissions from flights operating under our UK Air Operating Certificate.

Carbon emissions/revenue passenger km

	FY22		FY21	
Intensity metric	**easyJet plc gCO_2/RPK**	**easyJet plc gCO_2e/RPK**	easyJet plc gCO_2/RPK	easyJet plc gCO_2e/RPK
Carbon emissions/revenue passenger km	**70.36**	**71.07**	81.08	81.89

Carbon emissions/revenue tonne km

	FY22		FY21	
Intensity metric	**easyJet plc gCO_2/RTK**	**easyJet plc gCO_2e/RTK**	easyJet plc gCO_2/RTK	easyJet plc gCO_2e/RTK
Carbon emissions/revenue tonne km	**703.64**	**710.74**	810.77	818.9

operations within the EU and beyond follow to comply with the EU's Emissions Trading System requirements. The UK ETS also follows this methodology.

In 2021 we adopted the convention of using Great Circle Distance (GCD) plus a fixed correction factor of 95km for each sector, as recommended by the EU ETS reporting methodology. It is also in line with the ICAO Carbon Emissions Calculator Methodology. This approach is intended to better reflect the actual distance flown in each flight. Completed flight data, fuel in tanks, fuel density, booked (revenue) passengers and GCD are recorded for each flight. Internal checking processes are applied to data on a regular basis for the purpose of ensuring data is of a high, robust quality for internal and external reporting requirements.

We have used the UK government's DEFRA GHG Conversion Factors for Company Reporting, which were last issued in June 2022.

Further detail on our methodology can be found at https://corporate.easyjet.com/corporate-responsibility/sustainability

Total carbon emissions

Our total carbon dioxide equivalent emissions from the fuel used in our flights was 6,390,927 tonnes CO_2e in FY22, compared to 2,112,906 in FY21.

This total figure for FY22 is significantly higher than in FY21, reflecting the market recovery from the effects of the pandemic.

Carbon emissions per revenue passenger kilometre

Our per passenger kilometre intensity metrics are expressed as grams of carbon dioxide equivalent (gCO_2e) per passenger kilometre (RPK) and as grams of carbon dioxide (gCO_2) per passenger kilometre. These metrics record how many grams of CO_2e and CO_2 are emitted on average for each kilometre travelled by each passenger on an easyJet aircraft. In FY22 our carbon dioxide emissions per passenger kilometre were 70.36gCO_2/RPK, compared to 81.08g in FY21.

As in FY21, the pandemic continued to have an effect on this intensity metric. The first half of FY22 continued to be impacted by travel restrictions, imposed due to the spread of the Omicron variant, which resulted in lower load factors than in a typical year. As a result, the carbon emissions from each flight were shared between a smaller number of passengers, thus increasing our intensity metric.

However, in the second half of FY22, we were able to reduce this effect by achieving load factors of over 90% following the return to restriction-free travel, and by prioritising the use of A320/A321neo aircraft, which are typically 15% more efficient per seat kilometre flown compared to the aircraft they replace, resulting in the lowest annual carbon intensity in easyJet's history.

The impact of the Covid-19 pandemic and related travel restrictions over the past two and a half years was also the primary reason we were not able to meet our 2017 target of a 10% reduction in carbon dioxide emissions per passenger kilometre from our flights by the end of FY22, compared to our 2016 performance. We continue to work every day to reduce our carbon emissions and we have now published our roadmap to net zero carbon emissions, including an interim science-based target of a 35% carbon emissions intensity reduction by 2035, which has been validated by the Science Based Targets initiative (SBTi).

Since 2000, we have reduced our carbon emissions per passenger, per kilometre by one-third.

Third-party verification

Our intensity metrics are verified by a third-party specialist auditor, Verifavia. Verifavia used a reasonable assurance approach to review easyJet's 2022 financial year aircraft fuel burn, Revenue Passenger Kilometre, Revenue Tonne Kilometre and associated output CO_2 and CO_2e KPIs. In this financial year Verifavia has for the first time also verified easyJet's Scope 2 emissions and Scope 3, category 3 emissions (upstream emissions due to fuel usage). In FY22 the verified emissions equated to 96% of easyJet's carbon footprint.

Verifavia's detailed assurance statement is available at https://corporate.easyjet.com/corporate-responsibility/sustainability

Internal carbon price
We set an internal carbon price based on ETS costs for monitoring and evaluating compliance obligations. By using the internal carbon price, we can track the obligation costs in the current year, as well as future years. The internal carbon price is input into easyJet's master financial models that drive the five-year financial plan, 10-year funding model and budget. These financial models forecast route profitability and therefore influence both near- and long-term commercial decisions such as the routes that easyJet operates and the frequency of service. The internal carbon price also has a material influence on the fleet plan, which defines the number and type of aircraft in the easyJet fleet, and on fleet-related capex as a result. Since FY21 the internal carbon price has been split by region with different prices applied to UK departures and EU departures in line with the respective ETS schemes.

Non-carbon dioxide effects
We know that aviation also contributes to non-carbon dioxide climate effects in the atmosphere. However, scientific uncertainty remains over the quantification and methods of mitigation and so we are engaging with a range of stakeholders to address this, and also recognise the need for more information gathering and monitoring.

Any action on non-CO_2 needs to:
1) be full scope, as long-haul contrails are the major driver of non-CO_2 effects;
2) account for the non-cumulative effects of non-CO_2 effects; and
3) ensure a balanced approach aimed at minimising the total climate impact of aviation inclusive of CO_2 and non-CO_2.

What we are doing to reduce carbon impact
Efficient aircraft
easyJet is one of the largest single brand operators of A320neo family aircraft in Europe. All 168 new aircraft to be delivered up to the 2029 financial year will be NEO (New Engine Option) aircraft, at a list price of $21 billion. These will join the 59 NEO aircraft that are already in the fleet.

The NEO aircraft (easyJet has both A320 and A321 variants in our fleet), are Airbus's new generation of narrow-body aircraft, replacing the CEO-type (Current Engine Option) variants of the same model. Equipped with CFM International's LEAP-1A engines, they are at least 15% more fuel efficient than the aircraft they replace and provide a 50% noise footprint reduction, and significantly less NOx. Switching to more fuel-efficient current generation aircraft as well as up-gauging to larger aircraft has a significant impact on reducing carbon emissions in the short term due to higher absolute fuel efficiency and lower emissions per seat.

In addition to the NEO-technology aircraft, since 2013 our A320ceo aircraft have been delivered with 'Sharklet' wingtips (also standard on the NEO variants), reducing drag and fuel-burn by 2-3% per hour flown. To further increase the efficiency of our A320 fleet, 93% of it has either been delivered in, or retrofitted to, the increased density Spaceflex configuration. This space-saving layout reconfigures unused space in the rear galley, freeing up room for six additional seats. The seats of these aircraft have also been converted to the slimline lightweight Recaro design (also standard on all our NEO deliveries), further reducing the weight (and fuel burn) of the aircraft.

Number of aircraft by type

Aircraft type	Number	Percentage of fleet
A319	94	29%
A320	167	52%
A320neo	44	14%
A321neo	15	5%
Total	**320**	

Operational improvements and efficiencies
easyJet continues to operate its aircraft as efficiently as possible and is always looking for further efficiency improvements to reduce fuel burn and therefore carbon emissions. This includes adjusting standard operating procedures, for example single-engine taxiing on arrival and departure, using advanced weather information to improve navigation performance and engine washing to remove debris, which improves the air turbine performance.

The airline is also using new software and AI to identify further operational efficiencies.

This is complemented by flight efficiency partnerships with key stakeholders such as Airbus, Collins Aerospace, NATS and Eurocontrol.

For example, this year easyJet signed an agreement with Airbus to enable Descent Profile Optimisation (DPO) and Continuous Descent Approach (CDA) across our fleet. Through this software upgrade, we will be able to further reduce fuel burn and emissions as our aircraft descend towards their destinations at lower thrust settings. Once rolled out across the fleet, easyJet will have the largest DPO-enabled fleet in the world.

We are also harnessing the power of AI and big data through initiatives such as the deployment of the SkyBreathe fuel management tool. This solution automatically collects and analyses data from the easyJet fleet and combines them with data from other sources such as weather conditions and air traffic control to identify the most relevant fuel saving opportunities. This will enable the implementation of the most efficient operational procedures on the ground and in the air.

This year easyJet also received the first A320neo from Airbus equipped with the latest Satellite Landing System (SLS) which will enable pilots to perform 'straight-in' approaches into airports using satellite positioning, even in low-visibility conditions. All measures are taken only when safe and practical to do so, within the constraints of the operational environment.

The NEO family aircraft are quieter and more fuel efficient than the previous generation

Airspace modernisation

This is crucial for the entire industry as it has strong potential for significant carbon reductions in the short and medium term as more direct flight paths lead to shorter flying times and therefore reduced fuel burn and resulting emissions. Airspace modernisation has to be addressed on both a national and pan-European level, and is crucial for a more environmentally optimised and efficient air traffic management system.

easyJet is working with stakeholders and public authorities to advocate for the modernisation of airspace, including projects such as the Single European Sky, which has a stated ambition to deliver 10% carbon emissions savings from European aviation, and the UK's Airspace Change Organising Group (ACOG). easyJet's interim COO has been appointed to the ACOG steering committee and is helping to drive the required changes.

easyJet is also laying the foundations for the airline to be equipped for an optimised European airspace and has recently been announced as the first airline evaluation partner for Iris, a ground-breaking air traffic management programme, led by Inmarsat, the global leader in satellite communications, together with the European Space Agency and Airbus, paving the way for more efficient air traffic management: see case study right.

Airports

Last year we announced a partnership with Bristol Airport to trial a number of sustainability initiatives across our operations to reduce our carbon footprint, which identified several areas for improvement. During the trial we introduced a push and hold process for flight operations and also improved our single engine taxi and Continuous Descent Approach (CDA) performance. We also improved onboard recycling performance. Our trial managed to reduce carbon emissions by 96% on the aircraft turnaround, using electric ground-handling equipment including ground power units, baggage trolleys, belt loaders and steps.

Over a period of six months the trial delivered a total carbon saving of 23,632 kg which equates to the carbon savings of nine households' typical annual energy.

The initial learnings from the trial will be embedded in our future operational strategy. The trial also opened several avenues for us to pursue, particularly around the use of hydrogen, and we have extended the partnership for a further five years.

CASE STUDY: GROUND-BREAKING AIR TRAFFIC COMMUNICATIONS SYSTEM

easyJet is the first airline partner of the revolutionary Iris programme, led by Inmarsat and the European Space Agency (EASA), which will provide early access to the transformative technology which enables airspace optimisation that will ease congestion and reduce delays, fuel usage and emissions.

Powered by Inmarsat's award-winning SwiftBroadband-Safety (SB-S) connectivity platform, Iris enables new air traffic management functionalities such as trajectory-based operations that pinpoint aircraft in four dimensions (latitude, longitude, altitude and time), which will allow easyJet to avoid holding patterns, calculate the shortest available routes and optimum altitudes, and benefit from continuous climb and descent pathways. The additional datalink capacity provided by SB-S will power a host of powerful onboard digital applications, such as AI flight profile optimisers and real-time weather applications.

With the support of leading Air Navigation Service Providers (ANSPs), easyJet will evaluate Iris's transformative capabilities on up to 11 Airbus A320neos.

The Iris programme is the culmination of years of work and over €50 million investment by EASA, Inmarsat and more than 30 partners. Meanwhile we advocate for governments to also take action to accelerate airspace efficiency, i.e. for the EU27 to deliver the Single European Sky project and for the UK government to deliver its UK airspace modernisation programme.

In Italy, we have set up a partnership with SEA, the group that manages the airports of Milan Malpensa and Linate, to implement more sustainable management of operations at Milan airports.

Areas that the project will cover are the use of Sustainable Aviation Fuel (SAF), research into infrastructure requirements for hydrogen propulsion, improvements in waste management and recycling, as well as the use of zero carbon emission ground service equipment.

Noise reduction

easyJet continues to work hard on reducing the noise impact of our aircraft and flights. A large part of this is driven by the acquisition of newer, quieter Airbus A320neo and A321neo aircraft, powered by CFM LEAP-1A engines, that meet ICAO Chapter 14 regulations.

Flight crew also use specialist techniques and procedures to minimise the impact of noise. This could be adhering to noise abatement procedures or flying continuous descent approaches.

easyJet investigates any concerns raised relating to noise procedures. This helps us understand how we can improve procedure design and flight planning to reduce the impact of noise on those living near airports or under flight paths.

Carbon offsetting

easyJet was the first airline worldwide to offset carbon emissions from the fuel used on all our flights. We also offset our ground-based CO_2e, and easyJet holidays offsets the carbon from the energy used for hotel stays and for in-destination transfers. Since the launch in November 2019, we have offset 11,767,387 tonnes of carbon emissions (19 November 2019–30 September 2022), with our portfolio of projects meeting the high quality certifications of either Gold Standard or VCS (Verified Carbon Standard). Carbon credit certificates are available at https://corporate.easyjet.com/corporate-responsibility/sustainability.

Offsetting has been an extremely valuable interim measure, and as we move towards the delivery of our net zero roadmap we will transition our investment from out-of-sector carbon offsetting into supporting and facilitating the individual elements of our roadmap, to decarbonise our operations.

This is also aligned with the SBTi requirement for airlines to decarbonise within their own operation, which does not take into account the use of out-of-sector carbon offsetting or other market-based mechanisms such as the EU Emissions Trading System or CORSIA.

easyJet will continue to offset on behalf of its customers, for all flights booked by the end of this year. From January 2023, we will offer a voluntary offsetting option for our customers.

Waste management

We generate a variety of waste streams in our operations and are committed to reducing waste across all our activities. We apply the waste hierarchy (reduce, reuse and recycle) to minimise the impact of waste. A prime example of this is our new crew uniforms made from recycled plastic bottles. Forty-five bottles go into each outfit – with the potential to prevent 2.7 million plastic bottles from ending up in landfill or in oceans over a five-year period.

In our offices we segregate recyclable waste streams such as paper and cardboard, aluminium cans, plastics and food waste. In FY22 in our Luton campus, we achieved 100% landfill diversion. In our Engineering & Maintenance operations we ensure hazardous waste is handled appropriately and we are working towards improved segregation of hazardous and non-hazardous waste.

With respect to onboard waste, we continue to segregate waste with recyclables collected in a green bag, and we continue to work with stakeholders to improve recycling rates once waste is taken off the aircraft.

Waste generated in easyJet operations (excluding onboard waste)

Waste type	Weight (by tonnes)
Card	9.3
Crushed empty oil tins	39.1
Food	21.1
General commercial waste	154.0
Textiles	1.0
Waste oil and fuel	13.5
Scrap metal	1.4
Wood pallets	1.4
Hazardous waste	24.7
Mixed	3.7
Electrical and Electronic Equipment (WEEE)	3.6
Total waste	272.8

Onboard waste projection

Metric	FY22	FY21
Waste per passenger (kg/pax)*	0.07	0.08
Total onboard waste (thousand tonnes)**	4.92	1.61

*Average waste generated per passenger was calculated based on the total cabin waste generated from aircraft operations at Luton Airport and the number of arriving passengers.

** Total onboard cabin waste generated, including recycling, general waste and international catering waste, calculated using average waste per passenger and the total number of easyJet passengers carried.

Onboard waste

Airlines and passengers have a strong desire to do more in terms of reusing and recycling. We communicate regularly with our cabin crew community, emphasising the importance of waste segregation, and have created a new training module that explains segregation procedures and what happens to recyclable waste once it is taken off the aircraft. This module has been rolled out to all cabin crew and over 7,000 colleagues have completed it.

As an airline, we are not directly responsible for the disposal of onboard waste, which is typically handled by our ground-handling and cleaning contractors. Waste is taken to appropriate disposal facilities at airports, with some materials being recovered for recycling and some being sent to landfill or incinerated.

Following the UK's departure from the EU, International Catering Waste (ICW) regulations now apply for flights between both territories. The interpretation and enforcement of ICW legislation often means that all waste generated onboard is deemed ICW, meaning that materials are unnecessarily sent to incineration or deep landfill, when they could be recycled.

Over the last year we continued to discuss these issues of waste with partners at all 28 of our base airports to drive improvements in waste segregation and increase recycling rates, and we have also engaged with regulators to encourage clearer guidance.

In partnership with Schiphol Airport, PreZero and Menzies we undertook a waste composition analysis. Every day PreZero weighed a roll container (1300L) with aircraft waste. All waste bags from the container were sorted according to streams. The different waste streams were separated into different containers and weighed per stream. The analysis showed that 51% of our waste can be recycled, leaving 49% of waste that must be disposed of as ICW.

We continue to make changes to our inflight food and drinks products and service to reduce the amount of single-use plastics used in our flights. For example, in this financial year we removed 11.5 million items of single-use plastic, introduced a recycling programme for our dry stores and made packaging changes which could save two tonnes of plastic waste annually. Since 2020 we have tracked the avoided use of 48 million items of plastic across our inflight service.

Hazardous waste

Hazardous and non-hazardous waste is generated in our Engineering & Maintenance operations. We are committed to ensuring all waste is handled in a responsible manner and reused where possible. Cardboard is reused for transporting engineering parts, both in the main hub and in outstations, and cleaning clothes are made from recycled clothing materials.

In 2022 we have worked to align the waste procedures and standards across all locations and to improve segregation of hazardous waste and non-hazardous waste. We rolled out a new waste management contract covering our operations at Bristol, Edinburgh, Glasgow and Liverpool airports and we took the opportunity to review the adequacy of waste storage locations and facilities and introduced new bins and labelling. Over the next year we will be setting reduction and improvement targets.

Sustainable premises

This year we engaged Schneider Electric to monitor and manage energy and water usage across our premises, which will drive both environmental and cost efficiencies. In respect of the facilities where easyJet has direct operational control, easyJet reports no Scope 2 carbon emissions as these facilities now operate on 100% renewable energy.

At the easyJet HQ in Luton we have installed new energy-saving lighting in our airside hangar, removing existing fittings and installing LED equivalents. These new fittings provide a higher lighting output and are more energy efficient, with a 53% energy saving within the first year, equivalent to over 100 tonnes of CO_2. We have sensors and monitoring devices fitted in all our operational buildings to ensure that we minimise any unnecessary power usage and we are in the process of migrating across from LPG to electric for heating our building; this will ensure we optimise all fuel usage. We are also upgrading the ventilation system with a more sustainable electric alternative.

To help our UK colleagues reduce their personal carbon footprint we launched a new flexible electric car leasing scheme and will be adding EV charging points at our HQ car park. We extended Cycle to Work, a salary sacrifice scheme for purchasing bicycles, to allow access to additional e-bike choices.

PILLAR TWO

PIONEERING FUTURE TRAVEL

Overview

We aim to lead the decarbonisation of aviation and ultimately achieve zero carbon emission flying across Europe. We are committed to meeting the target of net zero by 2050, and in order to do so are supporting the development of zero carbon emission technologies. We have signed up to Race to Zero, and committed to a science-based target for reducing our carbon emissions. We are working with many partners across the aviation sector to achieve zero carbon emission aviation, while advocating for effective carbon regulation and new technology.

Future fuels

Sustainable Aviation Fuel

We believe SAF will be part of our decarbonisation pathway, as and when it becomes more widely available and affordable. However, we do not see SAF as the ultimate decarbonisation solution for short-haul aviation, since current pathways are not zero carbon emissions.

At present, SAF is typically several times the price of jet fuel, but forecasts predict that this differential will drop as SAF scales and is adopted.

In the long term it is best suited to long-haul flying where there may not be alternatives for decarbonisation.

We will use SAF in line with our net zero roadmap, until our fleet has transitioned to net zero carbon emission aircraft to achieve material lifecycle carbon emissions reductions in comparison to kerosene. Last year, easyJet was the first airline to operate flights out of Gatwick Airport that were powered by a 30% SAF blend. easyJet is also fully implementing the French SAF mandate, introduced in January 2022.

The airline is working with fuel suppliers to enable it to fly on increasing amounts of SAF over the coming years.

In August 2022 easyJet signed an agreement with Q8 Aviation to supply our SAF requirements for the next five years aligned with national and EU mandates.

We support efforts to ensure strict sustainability standards for alternative fuels for use in aviation and we have signed joint statements to appeal to the EU to prevent the use of unsustainable feedstocks and food-grade agricultural land for the production of aviation biofuels in aviation, and any use of palm oil that may encourage high-impact production of the crop.

Hydrogen – the key to sustainable air travel

easyJet's philosophy is that the cleanest applicable energy source must be used for a given application.

Zero carbon emission aircraft offer huge potential to drive easyJet, and all short-haul aviation, towards net zero.

Once available, zero carbon emission technology would contribute to easyJet reducing our carbon emissions intensity by 78% by 2050, with residual emissions addressed by carbon removal technology.

While we are considering all options for zero carbon emission flight, based on today's technological advances, hydrogen shows the most potential for a short-haul airline like easyJet to decarbonise. Hydrogen has no operational carbon emissions, and in the case of green hydrogen (produced through electrolysis of water with renewable electricity), has no lifecycle carbon emissions.

It also offers the potential to materially reduce non-CO_2 effects, although further research is required to better understand the effects and how to mitigate them.

Hydrogen has almost universal appeal as an energy source for hard-to-abate sectors including aviation, logistics and heavy industry. High demand for hydrogen is anticipated from these sectors and the UK and EU hydrogen strategies are increasing in ambition.

The development of zero carbon emission technology has accelerated exponentially over the past two years, and easyJet is working with key players in the sector, including Airbus, Rolls-Royce, GKN Aerospace, Cranfield Aerospace Solutions and Wright Electric, to accelerate this. It is a cross-industry effort to which easyJet provides the airline and customer perspective and demonstrates the significant airline demand for zero carbon emission aircraft.

Hydrogen infrastructure and technology

We are going further than supporting the development of the aircraft. We are collaborating with partners to develop hydrogen ecosystems – the infrastructure and technology required to enable commercial zero carbon emission flying at scale. We have partnerships with Bristol Airport, SEA Milan Airports, Airbus and Hydrogen South West (HSW). We also engage in wider studies including those being conducted by Cranfield University, Target True Zero (World Economic Forum) and the International Council for Clean Transportation.

Carbon removal

To reach net zero by 2050 easyJet, and the airline industry, will have to remove residual carbon from the atmosphere through durable carbon removals. These have been formally recognised as being critical to a net zero world by the Intergovernmental Panel on Climate Change (IPCC). Direct Air Carbon Capture and Storage (DACCS) is a nascent technology that offers huge potential. In the 2022 financial year we were one of the first airlines in the world to commit to this technology by joining a coalition initiated by Airbus, 1PointFive and Carbon Engineering, which will lead to easyJet securing future carbon removal credits from a facility based in the Permian Basin in Texas (see case study on page 38).

As part of the DACCS coalition, we and our partners will also be advocating for carbon removals to be formally recognised as equivalent to ETS allowances in order to encourage further uptake from the industry.

Our partners

Airbus

Our strategic partnership with Airbus supports their ambition to develop a zero emission, hydrogen-powered commercial aircraft by 2035.

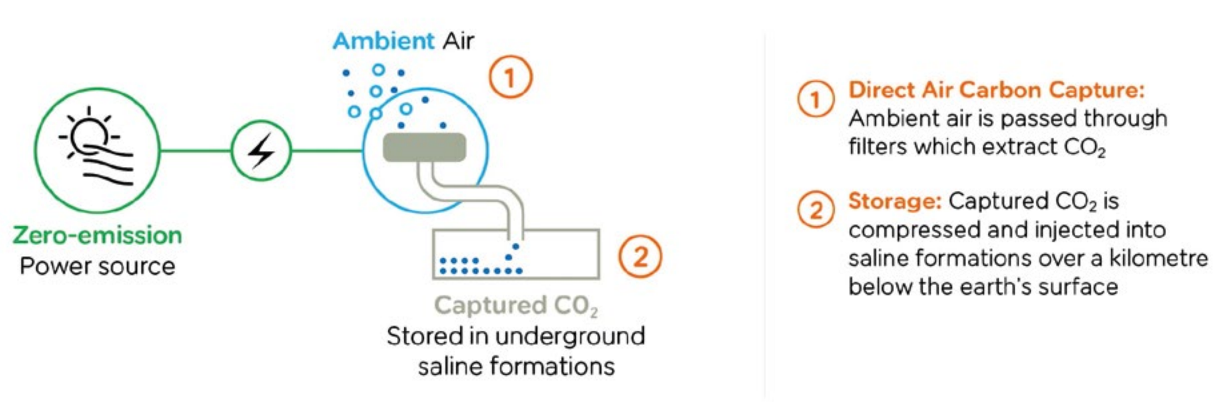
In 2019 we signed a Memorandum of Understanding with Airbus for research on electric, hybrid-electric and hydrogen aircraft, to study operational and infrastructure opportunities and challenges with new propulsion technologies.

In September 2020, Airbus unveiled three ZEROe hydrogen-powered concept planes: a turbofan, a turboprop and a blended wing body fuelled aircraft concept.

The programme is gaining momentum, and Airbus now has a ground and flight test programme planned using an A380 test aircraft, and also has the BlueCondor project, a glider that has a hydrogen combustion engine attached, which is used to measure emissions and performance in flight.

easyJet's collaboration with the programme includes supporting the development of the commercial and operational requirements of zero carbon emission aircraft as well as studies into hydrogen supply and airport infrastructure.

CASE STUDY: DIRECT AIR CARBON CAPTURE AND STORAGE



Direct Air Carbon Capture and Storage (DACCS) is a high-potential technology that captures carbon dioxide directly from the atmosphere and stores it securely underground. When scaled, it will help counteract carbon emissions and even address historic carbon. It forms an essential element of our net zero roadmap since decarbonising a hard-to-abate sector such as aviation is a huge challenge. We have signed a Letter of Intent with Airbus to support development of carbon removal technology and a supply of carbon removal credits from 2025 to 2028.

Rolls-Royce

At the Farnborough Airshow in July 2022 easyJet and Rolls-Royce announced a ground-breaking partnership pioneering the development of hydrogen combustion engine technology capable of powering a range of aircraft, including those in the narrow-body market segment.

We committed to working together on a series of engine tests on the ground and have a shared ambition to take the technology into the air. The objective of the partnership is to demonstrate that hydrogen has the potential to power a range of aircraft from the mid-2030s onwards.

While Rolls-Royce brings its expertise in engine development and combustion systems, easyJet contributes its operational knowledge and experience and will also directly invest in the test programme.

Alongside the test programme, we are also supporting Rolls-Royce's research by providing our commercial and operational expertise to inform their designs and specifications for clean sheet hydrogen engines.

GKN Aerospace

We are working with GKN Aerospace to support the development of Hydrogen Combustion (H2JET) and Hydrogen Fuel Cell (H2GEAR) technology, including exploring the options for flight demonstration. H2GEAR is a GKN Aerospace-led UK collaboration programme aiming to develop a liquid hydrogen propulsion system for sub-regional aircraft that could be scaled up to larger aircraft. It is supported by £27 million of Aerospace Technology Institute funding. H2JET is a two-year Swedish collaborative programme led by GKN Aerospace to push development of key subsystems for gas turbine-based hydrogen propulsion of medium-range civil aircraft.

Cranfield Aerospace Solutions

We are working with Cranfield Aerospace Solutions to support the development of its hydrogen fuel cell propulsion system for commercial aircraft. Cranfield Aerospace Solutions is developing the system for an existing nine-seat Britten-Norman Islander aircraft, which is being retrofitted and prepared for its first flight in 2023.

This aircraft could be one of the first hydrogen powered aircraft to fly and will be a key step towards the development of larger commercial aircraft, the infrastructure to support them and the operational and safety procedures that will be critical to the industry.

Wright Electric

We have been supporting the development of Wright Electric's zero emission aircraft since 2017. Wright Electric announced in November 2021 that they are launching the world's first zero emission aircraft for the regional jet market.

The 'Wright Spirit' aircraft is designed for the 100-passenger market for one-hour flights and will incorporate Wright's megawatt-class electric propulsion system on a BAe 146 regional jet platform. In 2022, Wright tested its electric jet engine designed for the Wright Spirit at a laboratory managed by the Federal Aviation Administration, and in 2023-24 Wright will begin testing at high altitude.

Project ACORN – H2-powered airside equipment

This collaboration with Bristol Airport and ground-handling suppliers aims to introduce hydrogen-powered ground service equipment, which will start the process of using hydrogen airside by developing operational procedures and safety standards and helping shape the regulatory environment.

Hydrogen South West (HSW)

Regional hydrogen ecosystems are a critical first step to pave the way for hydrogen-powered zero carbon emission aircraft during the next decade.

CASE STUDY: ROLLS-ROYCE ENGINE TESTS

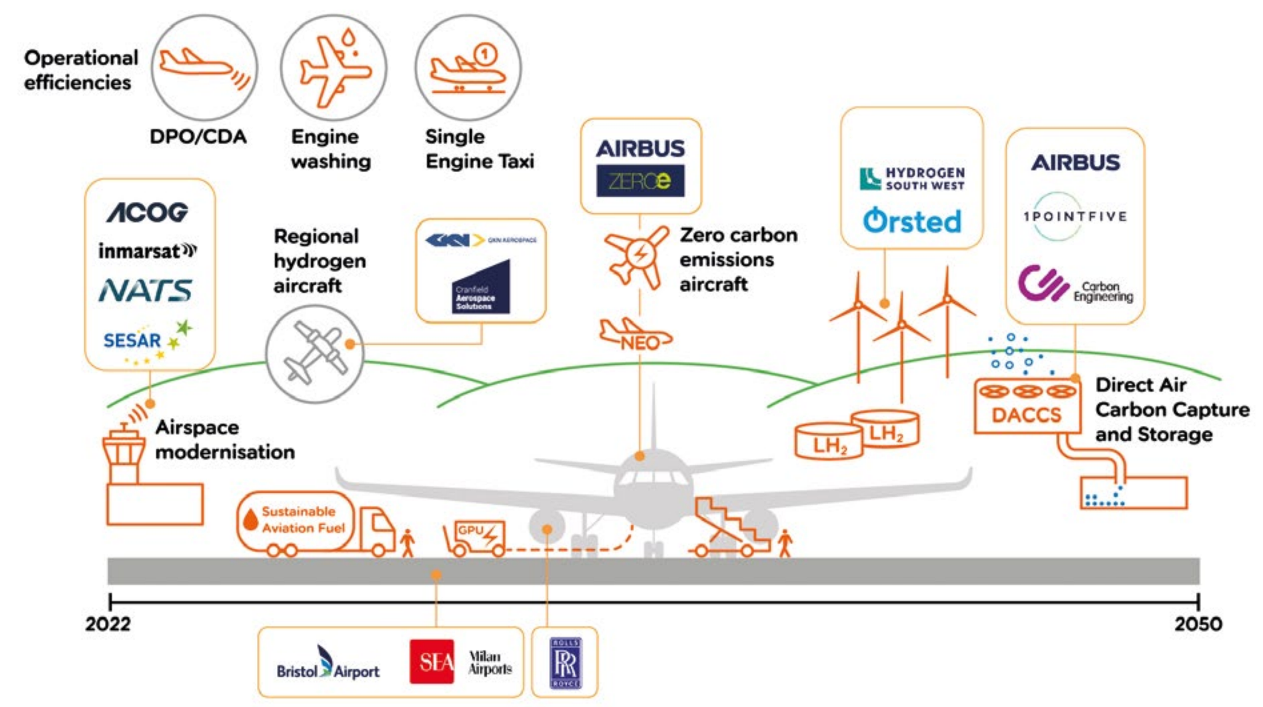
During Farnborough Airshow 2022, Rolls-Royce and easyJet announced plans to work together on a hydrogen engine technology development programme with the ultimate ambition to take the technology to flight test. Just a few months later, the partnership has already reached its first milestone, with Rolls-Royce successfully conducting a series of hydrogen combustion ground tests on an AE2100 engine at Boscombe Down.

We are supporting the development of a regional hydrogen economy in the South West of England in a project called Hydrogen South West (HSW), which aims to develop the production, transport, storage and use of hydrogen in the region across a number of sectors.

SEA Milan airports

In 2022 we launched a partnership with SEA, the operator of Milan Malpensa and Linate Airports, on implementation of more sustainable operations at scale including the use of Sustainable Aviation Fuel (SAF), research into hydrogen infrastructure requirements, improvements in waste management and recycling, and the use of zero emissions ground service equipment.

PARTNERING FOR NET ZERO

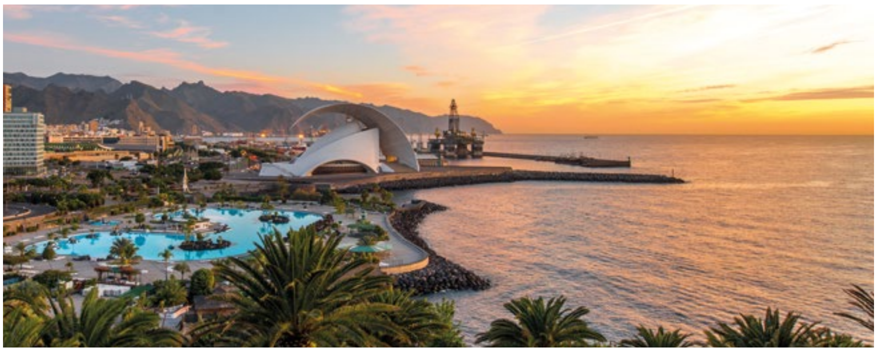


This graphic provides an overview of the elements of easyJet's path to net zero and our partnerships that drive it. At the heart of it are our technology partnerships on engine and aircraft development. These are complemented by our collaborations across the value chain including airports and the hydrogen ecosystem. Also included are a number of efficiency measures and cooperations with airspace modernisation projects that will drive down emissions in the short to medium term, and our DACCS coalition that aims to accelerate the development of carbon removal technologies.

PILLAR THREE
DRIVING POSITIVE CHANGE IN SOCIETY

Overview

Beyond our efforts to reduce our environmental impact we want to make a positive contribution to the lives of our people, our customers and the communities where we operate. We aim to spread the social and economic benefits of travel and tourism by widening access to travel that is more sustainable, becoming an employer of choice and creating local jobs. We engage with our customers, our people and wider stakeholders to drive sustainable change.



Pioneering sustainable tourism

The negative environmental impacts of aviation are very real, but these must be balanced against the social and economic benefits that aviation creates – connecting people, reuniting friends and family, providing new social, cultural and educational experiences and, critically, providing economic prosperity. The European Union's recently published Clean Sky report estimates that aviation accounted for 4.5% of European GDP, around €725 billion, and 11 million jobs in 2019. It is expected to support up to 18.5 million jobs by 2050.

We are shaping the next generation of travel by leading the way with initiatives that will make tourism more sustainable, affordable and accessible. Since its launch in 2019, easyJet holidays has committed to leading the industry in sustainability and in May 2021 it became the first major UK tour operator to offset all carbon emissions directly associated with its package holidays, including fuel for flights, transfers and energy from hotel stays.

easyJet holidays is developing new ways of making travel more sustainable through its innovative partnerships with a range of influential organisations. Its work with international sustainable tourism organisation, the Travel Foundation, brings together stakeholders from destination communities and the industry to develop practical solutions to minimise negative impacts of tourism.

In November 2021 easyJet holidays and the University of Oxford collaborated to form The Oxford SDG Impact Lab to tackle some of the big sustainable tourism challenges.

CASE STUDY: THE OXFORD SDG IMPACT LAB

Findings and recommendations from our Sustainable Tourism Programme

Food waste

The Oxford SDG Impact Lab team conducted their field lab in Tenerife, investigating food waste on the island, and found that 18% of food wasted is generated by the hospitality industry. Additionally, hotel partners have limited to no measures in place to prevent and reduce food waste, nor the ability to accurately quantify the food waste they generate. Following on from these findings, easyJet holidays is partnering with Winnow to pilot a food waste reduction scheme in a key partner's 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. easyJet holidays plans to work with further hotel partners to replicate the results based on a successful trial from this initiative.

Long stays

As part of their preliminary research, members of The Oxford SDG Impact Lab identified the sustainability benefits of extended holidays, stepping away from traditional weekly or fortnightly breaks during high season. Not only does taking one extended trip instead of multiple per year reduce the carbon impact from flights, but holidaying in seasonal resorts during the shoulder seasons also helps to spread the positive impacts of tourism over the course of the year. Shoulder season stays support the local economy and excursion providers, decrease reliance on air conditioning systems and reduce the concentrated impact on natural resources. This research supports easyJet holidays' decision to launch its 'winter-long stays', offering 28-night packages to destinations across Europe during the shoulder season.

The programme saw 20 graduate students conduct field research to improve key areas of social and environmental development in communities where easyJet holidays operates, in a way that ensures progress against the UN's Sustainable Development Goals (SDGs). Following the success of the programme and its recommendations, opposite, easyJet holidays will continue to partner the Lab for a second year.

easyJet holidays joined the Global Sustainable Tourism Council (GSTC) in 2021. The GSTC was created jointly by UN agencies and international conservation NGOs to develop global standards for sustainability in travel and tourism. It supports 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.

Engaging our stakeholders in sustainability

Building close relationships with our customers, our people and our external stakeholders is important to ensuring we meet our sustainability objectives, including building a diverse workforce, meeting our emissions and waste targets and influencing the wider aviation industry to be more sustainable.

Read more about our relationships with our stakeholders on pages 26 to 29.

Engaging our customers

We regularly communicate with our airline and holiday customers about sustainability, including during the booking process and on board. This year we focused on our work to reduce the carbon impact of our operations, our carbon offsetting for the fuel used on all our flights and the development of new technology to decarbonise aviation. We also have a dedicated, customer-facing website area about our sustainability activities: easyjet.com/sustainability

Engaging our colleagues

Our colleagues are key to our ability to deliver a more sustainable airline. We rely on our pilots to put into action fuel efficiency procedures and our cabin crew to sort onboard waste. We have regular sustainability training for both pilots and cabin crew. Colleagues including line-maintenance engineers and internal auditors have regular formal environmental management training and it is incorporated into induction training for new colleagues.

We communicate frequently with our colleagues about sustainability, our activities and the role they can play. We have an active sustainability workplace forum on our intranet with over 700 members, where colleagues can share feedback and ideas and exchange views on sustainable aviation issues and easyJet's strategy. Sustainability features on our main intranet forum 'Inside', with materials, interviews and links to events where our senior managers are speaking.

We involve colleagues wherever possible, such as at the launch of our net zero roadmap in September 2022, where around 100 colleagues participated in person in the event, which showcased many of the innovations that will enable sustainable aviation and which was live-streamed across the organisation.

For further information on our engagement with our people see pages 24 to 27.

Engaging the next generation

We are working towards an inclusive workplace and as part of our drive to increase diversity we have a number of initiatives aimed at encouraging young people to consider a career in aviation.

With around only 6% of pilots worldwide being women, we are tackling this industry-wide gender imbalance head-on, through our programme of school visits where our pilots, including many of our female pilots, give young people across our European network the opportunity to find out what being a pilot is really like, and show that it can be a job for everyone.

This year, for the first time since the start the pandemic, we relaunched our Generation easyJet Pilot Training Programme, to train and recruit 1,000 cadet pilots over the next five years. The recruitment drive has been supported by Europe-wide recruitment campaigns to attract more diverse candidates and challenge stereotypes about becoming an airline pilot. Our 'Pilots Wanted' media campaign featured real-life easyJet pilots from all walks of life and showcased a range of important skills that can be applied to flying. In the summer, our 'Mavericks Wanted' campaign parodied all-male blockbuster movie 'Top Gun' by putting girls in the lead roles, with the aim of tackling gendered stereotypes of jobs in aviation and inspiring more young people to consider a career in the industry.

We also engaged younger generations in a competition that challenged bright young minds to design a zero emission passenger plane, to inspire them to become part of the future of air travel as aircraft designers and engineers.

Engaging with industry peers to drive change

We continue to engage with policymakers across the UK and Europe on how to address carbon emissions and stimulate the technological innovation that will be needed for zero carbon emission aviation. We participate in industry groups and forums that contribute to public policy development in sustainability. These include the Aerospace Technology Institute, the Airspace Change Organisation Group, Airlines for Europe, Airlines UK, the Global Sustainable Tourism Council, Sustainable Aviation, the World Economic Forum's Target True Zero coalition, the pan-European Alliance for Zero Emission Aviation and the New Aviation, Propulsion, Knowledge and Innovation Network (NAPKIN).

Jet Zero Council

Our Chief Executive Officer, Johan Lundgren, is a member of the UK Government's Jet Zero Council. Members of our Sustainability, Policy and Operations teams also participate in discussions within the Council and its working groups. The Jet Zero Council brings together the UK government and industry to accelerate the development of a UK Sustainable Aviation Fuel industry and to commercialise zero emission flight.

CASE STUDY: CORPORATE CUSTOMER CARBON CERTIFICATES

Companies are increasingly looking to fly with airlines which help them to reduce their carbon footprint. To help companies account for their emissions, we have launched carbon emissions reporting for corporate customers to help them track their Scope 3 emissions from business travel. The certificates are based on real flown data and enable our customers to set objectives for future travel.

The provision of this carbon data has facilitated deep engagement with suppliers on sustainability issues and led to us being acknowledged as pioneers, reflected in this enthusiastic feedback from one of our corporate customers, a major construction company: "We have been able to use the data provided by easyJet to enhance our Scope 3 GHG emissions reporting. It has provided us with a better understanding of the significance of this GHG emissions source in relation to our operations and what steps must be taken to achieve our net zero targets."

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

Our Sustainability Governance framework seeks to ensure that all engagement on policy is consistent with our Sustainability Strategy. The Sustainability team works closely with easyJet's Regulatory Affairs and Public Affairs teams who provide policymakers with information about easyJet's work on sustainability and how airlines can work with governments to address the impact of aviation on climate change.

In 2021 easyJet welcomed the ambition of the EU's Fit for 55 package and outlined how effective aviation tax reform, based on the 'polluter pays' principle, would enable a low-carbon transition for the aviation sector. easyJet continuously advocates for greater coverage of the Fit for 55 proposals, by expanding climate measures to all flights departing the European Economic Area (EEA).

This year, we issued joint statements with NGOs and other airlines asking the EU to apply the Sustainable Aviation Fuel mandate to all EEA departing flights and ensure strict sustainability standards for biofuels in aviation. We joined a statement with NGO Transport & Environment to ask the EU to apply the EU's Emissions Trading System (ETS) to all EEA departing flights. We co-commissioned an independent study demonstrating that this would increase the efficiency of EU climate law and protect European tourism. We publicly opposed the exclusion of feeder flights from the EU ETS. Our positive engagement on effective climate policy has been acknowledged by Influence Map's 2021 and 2022 rating, where we were ranked first among European airlines in terms of climate advocacy.

easyJet engages with third parties to support projects such as the Single European Sky (SES) and the UK's airspace modernisation programme. Airspace modernisation is crucial for reducing aviation's emissions, particularly over the short term. The SES has stated an ambition to deliver 10% carbon emissions savings from European aviation. However the SES, and other modernisation projects, require support from third-party stakeholders to succeed. easyJet is also one of the founding members of the Single European Sky ATM Research (SESAR) 3 Joint Undertaking and recently became the first airline evaluation partner for Iris, a ground-breaking air traffic management programme. easyJet has also made a multi-million-pound fleet-wide investment into the latest aircraft software to optimise aircraft descents.

In the UK we have been engaging with the Department for Transport and the Department for Business, Energy and Industrial Strategy over the UK's SAF mandate and revision of the UK ETS. We have advocated for greater coverage of climate laws, so that all UK departing flights are covered by the measures. Applying measures to all departures, as opposed to only intra-EEA flights, increases the emissions from departing flights covered by the laws from roughly 25%-40%, depending on the jurisdiction, to 100%.

Full decarbonisation cannot happen without governments' support to accelerate change. easyJet advocates for public institutions to:

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

CASE STUDY: UNICEF

Our pan-European charity partnership, Change for Good, with UNICEF, the world's leading children's organisation, aims to protect children around the world from disease and keep them safe during emergencies. Our cabin crew have been making onboard appeals to help raise funds, through taking donations by card payment, advertising on seatbacks and through previous prompts on the easyJet mobile app.

In 2022, we continued to support UNICEF's Covid-19 Vaccines Appeal, and since March we have been collecting donations for UNICEF's humanitarian response in Ukraine, supporting children and families affected by the war, raising £834,151 in the year.

easyJet and UNICEF's partnership will celebrate its 10th anniversary this year, during which time easyJet customers have raised over £16 million, helping to protect millions of children around the world.


Image copyright: UNICEF

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We are committed to complying with the recommendations and recommended disclosures of the Task Force on Climate-related Financial Disclosures (TCFD), taking into account the TCFD All Sector Guidance, and we consider the disclosures set out on the following pages to be consistent with these guidelines.

Governance

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

Climate-related issues are discussed by the Board through regular sustainability updates as well as specific Board discussions to approve key climate-related decisions such as the net zero roadmap and associated capital expenditure, as evidenced on pages 86 and 87; for relevant Board expertise, see page 78. The Audit Committee has reviewed the climate transition risks during the year as part of its review of principal risks, as set out in its report on page 101. Additionally, climate-related issues are regularly discussed by the Airline Management Board (AMB), which is an executive committee of the functional leaders across the Group. The AMB is led by the Chief Executive Officer (CEO), who is a member of the plc Board and is ultimately responsible for climate-related issues.

The AMB's members (which include the CFO and CEO, who are plc Board members) are collectively responsible for assessing and managing climate-related risks and opportunities, as well as driving the performance of the Group against strategic KPIs, including carbon emission targets, and managing the allocation of central funds and capital. CEO and CFO remuneration is aligned with sustainability targets for FY22. This includes delivery of the net zero roadmap, Stage 1 and Stage 2 IEnvA certification for the Environmental Management System (EMS), developing the Climate Change Risk Register and improving ESG reporting and performance. This is also set out in the Directors' Remuneration Report on page 113.

See page 31 for an overview of the sustainability governance structure.

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

easyJet has a Sustainability Steering Committee, which meets regularly and comprises several AMB members including the CFO, Chief Operating Officer (COO), Group General Counsel & Company Secretary, CEO easyJet holidays and Group Markets Director (Chair) as well as the Director of Sustainability, Director of Tax and Fuel and the HR and People Development Director. The Sustainability Steering Committee is responsible for our Sustainability Strategy, driving key sustainability-related decisions, such as on technology partnerships and programmes that support our net zero pathway, delivering against strategic KPIs and the consideration and disclosure of climate-related risks and opportunities. In FY22 we expanded our dedicated Sustainability team, which develops and coordinates implementation of the Sustainability Strategy, working with management and teams across the Group.

Strategy

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

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

- Short – 0-1 year – aligned with budget
- Medium – 1-5 years – aligned with corporate strategy and financial plan
- Long – 5-30 years – aligned with commitment to reach net zero by 2050

The key risks identified by the business using the risk framework, and subsequently reviewed by the plc Board, fall into seven broad themes – one of which is the climate change transition risk, as outlined in the risk section on page 67.

In FY20 easyJet appointed Risilience (formerly known as Cambridge Centre for Risk Studies), an enterprise risk management specialist, to assess our exposure to climate-related risks and opportunities under four global average-temperature-increase scenarios. The Group's current portfolio and business activities were modelled assuming no climate actions are undertaken. TCFD categorisation was used to define transition and physical risk definitions and scope, and each risk was modelled independently. The work commenced in early FY21 and focused on physical and transition risks that could occur by 2040. This long-term 20-year period was broken down into five-year phases to identify which risks easyJet could be exposed to in the short and medium term, aligned with easyJet's budget and corporate strategy timeframes.

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

easyJet has assessed the financial impact of climate change transition risks against the organisation's threshold for what constitutes a risk of 'major concern' i.e. substantive financial or strategic level of impact and 'above risk tolerance'. This metric is defined by the overall Group materiality principle of 1% of total assets equating to a threshold of £104 million which is defined in this report.

This assessment has been reviewed and updated in FY22 to reflect the evolving landscape.

Transition risks

easyJet has identified six transition risk areas:

- **Compliance costs**: Financial impact of coordinated regulatory action to increase the costs of emitting GHGs.
- **Legal**: Legislation and litigation to disrupt companies that do not take sufficient action on GHG reduction.
- **Technology**: Transition to low-carbon emissions technology and products drives increased total operating costs, impairment on existing assets and delivery risk.
- **Consumer sentiment**: Consumer preferences shift to lower emissions alternatives on a market level resulting in demand suppression.
- **Investor/market sentiment**: Preferences shift away from carbon-intensive businesses, resulting in increasing challenges to attract investment and/or financing.
- **Reputation**: Climate activism towards organisations and industries that are seen as being slow to transition towards a low-carbon economy.

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

Carbon pricing mechanisms (short to medium-term)

Future policy measures and regulation, to tackle the impact of aviation on climate change such as escalating costs of carbon emissions, introduction of non-CO_2 emissions taxes and the proposed withdrawal of Emissions Trading System (ETS) free allowances for the aviation sector, could translate into significant costs for all airlines. This could potentially affect easyJet carbon emissions that are within the scope of three ETS schemes – UK, EU and Switzerland – which included 80% of our flying carbon emissions in FY22.

Sustainable Aviation Fuel (SAF) mandates (medium to long term)

Emerging SAF mandates in the UK and EU will require fuel suppliers to provide kerosene with a specified blend of SAF at airports in that country or region. Airlines lifting fuel in these countries will therefore be subject to the additional costs associated with the supply of SAF. easyJet has signed a SAF supply agreement with Q8, one of our key fuel suppliers, creating a contractual obligation on Q8 to supply volumes of SAF that at least meet minimum mandate requirements over the next five years, in order to secure certainty of supply.

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

Technology transition costs (long term)

Capex and operational costs associated with the introduction of new technology such as next-generation aircraft, alternative fuels and carbon removals, and potential depreciation impacts on older assets.

Physical risks

The Risilience analysis highlighted the acute and chronic physical risks that could impact our business. These relate to extreme weather events as well as long-term environmental changes. The physical risks were evaluated on a geographical level (with the world divided into 1°x1° grid cells and potential physical risk assessed according to the physical geography of such units) and include the following:

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

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

Risks summary

Risilience quantified easyJet's climate change risks using a five-year Enterprise Value at Risk (5yrEV@Risk) metric for the period FY23-27, which shows how the risks would impact discounted cash flows over five years according to different scenarios, aligned with the timeframe for easyJet's budget, corporate strategy and financial planning process. The long-term risk levels have been determined based on the quantified short-to-medium term risks and the long-term impact and likelihood as outlined in easyJet's Corporate Risk Register.

The table below provides an indication of the directional change in risk relative to the present day, based on a well-below 2°C climate-related scenario and in the absence of actions taken by easyJet to manage our climate change transition. The risks identified as green are valued in the FY23-27 period as being below the Group materiality threshold of £104 million, and risks identified as amber or red are above that materiality threshold.

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

● Low ● Medium ● High

Opportunities summary

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

Opportunity	Short term (0-1 year)	Medium term (1-5 years)	Long term (5-30 years)
Fleet renewal: the use of more efficient Airbus NEO aircraft, which reduce our fuel burn, carbon emissions and related costs – easyJet has 168 A320neo family aircraft on order valued at $21 billion at list prices	⬤	⬤	⬤
Optimising flight operations: initiatives to minimise fuel burn, carbon emissions and related costs	●	●	●
Supporting development of zero carbon emission flight: collaborations with industry partners including Rolls-Royce, Airbus, GKN, and Cranfield Aerospace Solutions, which will be a key long-term driver to decarbonise the industry	●	●	⬤
Shifting consumer preferences: opportunity for easyJet to build brand preference and loyalty as consumer preferences shift towards organisations that are committed to tackling climate change	●	●	⬤

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

Climate-related risks and opportunities are integrated into the organisation's strategic plan and financial plan and have a material influence on major business decisions. These include our fleet strategy centred on fleet portfolio decisions and the purchase of next-generation aircraft, an increased focus on fuel-saving initiatives to refine our operation, entering into partnerships with entities at the vanguard of decarbonisation technologies and investigations into transitioning from fossil fuels to electric power for airport ground operations. Costs associated with carbon, i.e. costs related to SAF and to ETS, are incorporated into our five-year financial plan and inform key longer-term decisions such as fleet planning. In addition to climate-specific actions, sustainability is being embedded into the daily management of the Group and for our efforts, easyJet has been awarded full IATA IEnvA certification for our Environmental Management System, the first low-cost airline to achieve this accreditation.

Transition plan – net zero roadmap

In November 2021 easyJet joined the UN-backed Race to Zero, through which we committed to set an interim science-based target for 2035 and reach net zero carbon emissions by 2050. In 2022 we set the interim target of 35% reduction in GHG emissions intensity by 2035, and we were the first low-cost carrier in Europe to have our target validated by the Science Based Target initiative (SBTi). easyJet's net zero roadmap provides the framework with which to achieve these targets. The pathway defines the levers with which we intend to decarbonise airline operations, along with how, when and to what extent we need to use them, materially affecting business decisions over the short, medium and long term.

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

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

- Fleet renewal with Airbus NEO aircraft, which are at least 15% more efficient than the aircraft they replace.
- Airspace modernisation, which will lead to more direct flight routings.
- A suite of operational efficiency initiatives that minimise fuel burn at various stages of flight.

In the long term, zero carbon emission aircraft are the cornerstone of our pathway. Based on today's science, our focus is on hydrogen-powered aircraft as we believe it shows the most potential for a short-haul airline like easyJet. Hydrogen has no carbon emissions, provided it is green hydrogen produced with renewable electricity, and has the potential to reduce non-CO_2 emissions from flying. Please refer to page 12 for more detail on the net zero roadmap.

The pathway is supported by numerous investments and partnerships to drive emissions reduction in the short to medium term and support the development of technology that is required in the long term:

- We currently have 168 NEO aircraft on order, at a list price of $21 billion, including the confirmation of an order for 56 additional aircraft made in 2022.
- easyJet and Rolls-Royce partnership that will pioneer the development of hydrogen combustion engine technology capable of powering a range of aircraft including those in the narrowbody segment.
- easyJet was the first airline partner on Airbus's ZEROe programme dedicated to developing hydrogen-powered zero emissions aircraft.
- Development of hydrogen ecosystems to support the introduction of aircraft, as a founding member of Hydrogen South West, in close collaboration with Bristol Airport.
- easyJet is part of a consortium led by Airbus that is investing in Direct Air Carbon Capture and Sequestration (DACCS), a form of technical carbon removal.
- Long-term agreements with our fuel supply partners to ensure security of supply of SAF.
- Multiple operational efficiency initiatives are already underway, including Descent Profile Optimisation, SkyBreathe, Single Engine Taxi.
- Low-emissions ground operations through electric ground-handling equipment at Gatwick Airport.

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

More detail on our net zero roadmap can be found pages on pages 12 and 13, and on climate-related risk mitigations on page 67.

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

Overview of scenario analysis

Scenario	Current policy	Stated policy	Paris Agreement[1]	Paris Ambition
Temperature alignment	3°C	2.5°C	Well below 2°C	1.5°C
Target global emissions reduction	-50% by 2100	-75% by 2100	Net zero by 2050	Net zero by 2050
Representative Concentration Pathway	RCP 7.0	RCP 4.5	RCP 2.6	RPC 2.6

1. The Paris Agreement of well below 2°C was selected as the baseline scenario as it is aligned with the SBTi aviation sectoral decarbonisation pathway. The analysis varied input assumptions across the transition risks in line with these scenarios. As an example, the Paris Agreement scenario assumes a 55% increase in consumers adopting sustainable alternative products by 2030, compared to 59% under the Paris Ambition and 32% under 'stated policy'. 5yrEV@Risk was assessed under these scenarios as described in the Risks summary on Page 44. These scenarios incorporate socioeconomic projections from the Shared Socioeconomic Pathways (SSPs).

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

While there is currently no aviation sectoral SBTi pathway aligned to the Paris Ambition (1.5°C), easyJet's net zero pathway aims to achieve a reduction in carbon dioxide intensity of 78% by 2050, with residual emissions addressed via carbon dioxide removal technology. This is a significantly better reduction than the 57% threshold defined for easyJet by the SBTi pathway. This gives easyJet headroom and therefore resilience in respect of our climate-change risk and net zero strategy.

Risk management

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

easyJet works in partnership with Risilience to evaluate a range of climate change-related risks across a range of scenarios. All risks, including those related to climate change, are quantified by a five-year Enterprise Value at Risk (5yrEV@Risk) metric for the period FY23-27, which shows how risks could impact discounted cash flows over five years. The quantified risks are then assessed against the organisation's threshold for what constitutes a risk of 'major concern' i.e. substantive financial or strategic level of impact and 'above risk tolerance'. This metric is defined by the overall Group materiality principle of 1% of total assets equating to a threshold of £104 million which is defined in this report.

In parallel, we leverage our internal and external network to understand and critically evaluate UK and EU regulatory requirements and policy and distil this into risk and opportunities for the Group. Group Finance, Legal, Investor Relations and Marketing support the identification and qualitative and quantitative assessment of specific risks and opportunities, feeding into Risilience's analysis and into strategy and financial planning for the Group.

Risilience conducted workshops focused on climate-related risks identified to have a potentially substantial financial impact. The workshops involved colleagues from across the business and identified the key functional level risks within each corporate level risk category. For full details of the specific risks identified, see Strategy section (a) on page 43.

The impact and likelihood inputs were then calibrated in order to reach an aligned and consistent view of each risk.

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

Following the outputs of internal stakeholders, the Risilience study and external networks, risk workshops were conducted to determine the appropriate ownership and management of these risks. This process confirmed climate change transition is a principal risk, see page 67 of our Risk section for further detail. Mitigations and controls for these risks were developed by the named risk owners and are documented in the Climate Change Transition Risk Register, overall ownership of which sits with the CFO. Governance for these risks and mitigations will be regularly reviewed through easyJet's Sustainability Steering Committee.

Ownership of risks is outlined below.

Risk	Risk owner
Compliance costs	CFO
Legal	Group General Counsel & Company Secretary
Technology	CFO
Consumer sentiment	Group Markets Director
Investor sentiment	CFO
Reputation	Group Markets Director

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

As described in the risk management section (b) above, climate change transition risks are incorporated into the corporate risk framework and register. For more detail on the overall risk management of the business, see the Risk section, pages 59 to 69.

Mitigation options that are identified during the above process have been incorporated into easyJet's net zero pathway, which will be reviewed on an annual basis and feeds into the corporate strategy and financial planning process and principal risks and uncertainties, see pages 59 to 69.

Metrics and targets

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

easyJet assesses financial impact in the form of 5yEV@Risk. These figures are then assessed against the materiality threshold, which is defined by the Company as 1% of total assets, i.e. a threshold of £104 million in FY22.

Risks and mitigation options identified through these metrics have been incorporated into easyJet's climate change transition plan and continue to inform our financial and strategic planning.

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

easyJet has disclosed its full value chain emissions in this Annual Report. Read our comprehensive GHG and energy performance table, including Scope 1, 2 and 3 emissions on page 33, where you can find the breakdown by geography and the methodology used. See page 33 for a link to the detailed independent assurance statement.

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

In this financial year easyJet joined Race to Zero, a global UN-backed campaign to achieve net zero carbon emissions by 2050 at the latest. By joining Race to Zero we committed to setting an interim science-based target on carbon intensity for 2035 as well as to reach net zero carbon emissions by 2050, aligning with the criteria and recommendations of the Science Based Targets initiative (SBTi).

As our interim target, easyJet plc has committed to reducing well-to-wake GHG emissions related to jet fuel by 35% per Revenue Tonne Kilometre (RTK) by FY35 from a 2019 base year* **, which has been approved by the SBTi.

easyJet's net zero roadmap, outlined on page 12, provides the framework with which we intend to meet our targets in 2035 and beyond on our journey to net zero in 2050.

easyJet has previously targeted a 10% reduction in carbon dioxide emissions intensity in grams of carbon dioxide per Revenue Passenger Kilometre on our flights by 2022, compared to a 2016 baseline figure. This target has not been met due to the impact of the Covid-19 pandemic, which led to the deferral of previously planned NEO aircraft deliveries and reduced load factors.

For details of the CEO and CFO sustainability-related targets, the Remuneration Report on page 113.

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

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

SASB INDEX

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

Table 1. Sustainability disclosure topics and accounting metrics

Topic	Accounting metric	Category	Unit of measure	Code	Disclosure
Greenhouse gas emissions	Gross global Scope 1 emissions	Quantitative	Metric tonnes (t) CO-e	TR-AL-110a.1	Annual Report (page 33)
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets		n/a	TR-AL-110a.3	Covered in the Annual Report, (primarily pages 32 and 33)
	(1) Total fuel consumed (2) percentage alternative (3) percentage sustainable	Quantitative	Gigajoules (GJ), Percentage (%)	TR-AL-110a.3	(1) 86,363,466
Labour practices	Percentage of active workforce covered under collective bargaining agreements	Quantitative	Percentage (%)	TR-AL-310a.1	86% - disclosed in ESG factsheet
	(1) Number of work stoppages and (2) total days idle[1]	Quantitative	Number, days idle	TR-AL-310a.2	Not disclosed
Competitive behaviour	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behaviour regulations[2]	Discussion and analysis	n/a	TR-AL-540a.1	The Company has not incurred any monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations
Accident and safety management	Description of implementation and outcomes of a safety management system	Discussion and analysis	n/a	TR-AL-540a.1	Disclosed in ESG factsheet. Also discussed in Annual Report Risk section pages 59-69
	Number of aviation accidents	Quantitative	Number	TR-AL-540a.2	Zero
	Number of governmental enforcement actions of aviation safety regulations	Quantitative	Number	TR-AL-540a.3	Zero

Table 2. Activity metrics

Activity metric	Category	Unit of measure	Code	Disclosure
Available Seat Kilometres (ASK)[3]	Quantitative	ASK	TR-AL-000.A	Disclosed on page 58 of Annual Report
Passenger load factor[4]	Quantitative	Rate	TR-AL-000.B	Disclosed on page 58 of Annual Report
Revenue Passenger Kilometres (RPK)[5]	Quantitative	RPK	TR-AL-000.C	Disclosed on page 58 of Annual Report
Revenue Tonne Kilometres (RTK)[6]	Quantitative	RPK	TR-AL-000.D	Disclosed on page 33 of Annual Report
Number of departures	Quantitative	Number	TR-AL-000.E	Disclosed on page 58 of Annual Report
Average age of fleet	Quantitative	Years	TR-AL-000.F	9.33 years

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

NON-FINANCIAL INFORMATION STATEMENT

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

Policies mentioned below are available to view on our corporate website at https://corporate.easyjet.com

Our approach	Our policies	Due diligence, outcome and Key Performance Indicators	Related principal risks
1. Environmental matters easyJet seeks to lead and challenge global aviation towards net zero emissions, recognising the need to transition to a low-carbon economy and the need for aviation to play its part.	• Environment Policy – sets out our approach to managing and minimising our environmental impact. • Net zero roadmap – our roadmap to net zero carbon emissions by 2050 focuses on zero carbon emission technology. • Sustainability Strategy – easyJet's Sustainability Strategy has evolved to reflect our ambition to pioneer positive change for our planet, communities and people while getting one step closer to net zero every day. • Supplier Code of Conduct – we require our suppliers to comply with environmental standards.	• The Sustainability Steering Committee is responsible for monitoring the outcome of our Sustainability Strategy, driving key sustainability-related decisions, delivering against strategic KPIs and the consideration and disclosure of climate-related risks and opportunities. • Further details on sustainability and our roadmap to net zero can be found on pages 12 and 13 and pages 30 to 42. • Streamlined Energy and Carbon Reporting on page 33. • All our supplier contracts include a clause requiring them to comply with the Supplier Code of Conduct.	• The impacts of climate change on our business and operations, regulation/taxation and changing consumer and colleague expectations are recognised as one of our principal risks. More information can be found on page 67. • Our strategy and risk management on climate-related risks and opportunities can be found in the Task Force on Climate-related Financial Disclosures section on pages 43 to 46.
2. People Our people are our greatest asset and we want to continue to attract, retain and develop top talent by focusing on creating an inclusive and energising environment that inspires everyone to learn and grow, enabling the Orange Spirit to thrive.	• Code of Business Ethics – promotes a culture that encourages open lines of communication and free access to information. • Equal opportunity and inclusion – encourages our employees to make the best use of their skills and experience and ensure we treat staff, potential staff and the public fairly. • Diversity, Inclusion and Wellbeing Strategy – creates an inclusive and energising environment that attracts the right people and inspires everyone to learn and grow. • 'Speak Up, Speak Out' whistleblowing process – enables easyJet employees and suppliers to be able to raise concerns about any safety, ethical or legal issues.	• We continued to make progress against our Diversity, Inclusion and Wellbeing Strategy, focusing on creating a culture of inclusion where everyone can be themselves and people look after their own and each other's wellbeing. More information can be found on pages 24 to 25. • Our focus has been on our people and creation of an inclusive culture. where differences are respected and valued and people have the opportunity to be the true version of themselves. More information on pages 24 to 25. • We continue to measure how our employees feel about the inclusive environment that we are striving to create, through our regular employee listening activities such as our anonymous Your Voice Matters survey. • Stakeholder engagement (employees) on pages 26 and 27. • Whistleblowing on page 88 and 102.	• Industrial action and talent acquisition and retention are recognised as principal risks and we seek to control and mitigate those risks in order to reduce their impact. Further information is set out on page 66.

Details of our business model can be found on pages 8 and 9.

Our approach	Our policies	Due diligence, outcome and Key Performance Indicators	Related principal risks
3. Social matters easyJet is committed to doing the right thing for our customers, our people, our partners, the communities in which we operate and the environment.	• easyJet has a pan-European partnership with UNICEF to support its work. • Environment Management System (EMS) – allows us to manage and continually improve our environmental performance in a structured and systematic way. • Freedom to change – allowed all our customers to change flights to a different date or route, fee-free, up to two hours before departure during Covid-19. • Travel restriction protection – allows customers impacted by a travel ban or mandatory hotel quarantine to change their flights fee-free, request a voucher or a refund. • We have a Diversity and Inclusion Strategy and Equal Opportunity and Inclusion Policy.	• Our cabin crew make onboard appeals for customers to make donations in support of UNICEF's work to protect children around the world from disease and keep them safe during emergencies. More information can be found on page 42. • We achieved Stage 2 certification under the IATA IEnvA accreditation programme, making us the first low-cost carrier worldwide with a fully certified EMS. Further details on page 32 and our environmental performance on pages 33. • We provided customers with the flexibility they required during uncertain times, giving them confidence to book their trip, knowing that if plans changed so could their flight. • We recognise Pride to support our LGBTQIA+ communities around the world. More information can be found on page 11.	• Social impact matters are not considered to be principal risks. However, these matters are considered by the plc Board as part of its stakeholder engagement programme; further information is set out on pages 26 to 29.
4. Human rights We are committed to human rights, both in our business and our supply chain. This includes observance of the principles set out by the International Labour Organization Declaration on Fundamental Principles and Rights at Work.	• Human Rights and Modern Slavery Policy – supports recognised human rights principles. • Supplier Code of Conduct – easyJet's suppliers have an important role in delivering our ambition, and we strive to ensure that our suppliers have aligned views on corporate responsibility and compliance.	• Both induction training and annual refresher training at Group level ensures the workforce is continually mindful of human rights and modern slavery. • easyJet seeks to identify and prevent adverse human rights impacts directly linked to its business relationships, through obtaining appropriate contractual commitments and undertaking appropriate due diligence on suppliers (including enhanced due diligence on high risk suppliers). • Modern Slavery working group meets quarterly and informs activities we are undertaking to prevent slavery and human trafficking in our business operations and supply chain.	• We continue to use the Global Slavery Index to support our analysis of geographic risks and assess whether the country/area has a high prevalence of modern slavery or other labour rights violations.
5. Anti-corruption and anti-bribery At easyJet we conduct all of our business in an honest and ethical manner. easyJet takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings and relationships wherever easyJet operates. easyJet encourages its employees and suppliers to raise concerns on ethical issues via the Speak Up, Speak Out whistleblowing process.	• Anti-bribery and Anti-corruption Policy – sets out the responsibilities of easyJet, and of those working for and on behalf of easyJet, to observe and uphold easyJet's prohibition on bribery and corruption. • Gifts and Hospitality Policy – sets out the rules on receiving and giving gifts and hospitality. • Code of Ethics – ethical and compliance policies, covering topics that include bribery and corruption, gift giving and fraud.	• All existing and new employees receive mandatory ethics training annually and upon joining the business. • Risks associated with bribery and corruption are regularly reviewed by the Audit Committee. • Ethical and compliance policies are monitored by the Business Integrity Committee and People team. The Business Integrity Committee's activities are reviewed by the Audit Committee on a quarterly basis.	• Compliance and regulatory risks are recognised as a principal risk. More details can be found on page 65.

OUR FINANCIAL RESULTS

"easyJet recorded its highest ever quarterly headline EBITDAR performance in Q4 with strong yields and load factors of 92% achieved during the quarter."

Kenton Jarvis
Chief Financial Officer

Headline loss before tax of £178 million for the year ended 30 September 2022 was a significant reduction on the loss of £1,136 million for the year ended 30 September 2021. This improvement was driven by increased capacity and yields as customer confidence to travel returned once Covid-19 related restrictions were lifted across Europe, along with enhanced contribution from our ancillary product offering and easyJet holidays. easyJet flew 69.7 million passengers in the year ended 30 September 2022 (2021: 20.4 million), up 242% on the prior year, reflecting that return of confidence. Load factor for the year was 85.5% (2021: 72.5%). Capacity for the year was 78% of the level of the pre-pandemic year, FY19, and the load factor of 85.5% was 6 ppt lower.

Trading in the first half of the financial year was impacted by the emergence of the Omicron variant of Covid-19. Trading had been relatively strong in October and early November but then travel restrictions were re-imposed at different times across Europe from mid-November and remained in place until starting to be relaxed in February-April 2022, the timing and precise degree of relaxation varying from country to country. The total number of passengers carried in H1 increased by 471% to 23.4 million (H1 2021: 4.1 million) with a 13.6 percentage point increase in load factor to 77.3% (H1 2021: 63.7%). Capacity for H1 was 66% of FY19 and the load factor of 77.3% was 12.8 ppt lower.

The other major event which occurred during H1 was the Russian invasion of Ukraine in February 2022. Whilst this did not impact easyJet's network directly as we do not fly to or over Ukraine, it has had an indirect effect through the increase in oil prices and therefore jet fuel prices which has occurred since then.

Trading in our third quarter started to pick-up as the Omicron-related travel restrictions fell away across Europe and consumer confidence to travel returned. In Q3 easyJet flew 22 million passengers, more than seven times higher than the same period in the previous financial year, representing 87% of FY19 capacity. Load factors continued to build over the quarter, reaching highs of 92% in June. The unprecedented ramp-up across the aviation industry, coupled with a tight labour market, resulted in widespread operational challenges culminating in higher levels of cancellations in Q3 than normal and consequently higher disruption expenses were incurred. The industry's challenges were reflected in the flight caps announced at two significant airports, London Gatwick and Amsterdam. Alongside these capacity caps, easyJet took swift action to reduce our capacity and build resilience into Q4. As a result, disruption in Q4 was much reduced and in line with historical levels.

After the operational issues experienced across the industry in Q3, the fourth quarter was characterised by more stable operations with load factors of 92% being achieved. Headline EBITDAR in Q4 was the strongest quarterly headline EBITDAR in the history of the Group, helping take the full year headline EBIT result to breakeven. Headline EBITDAR achieved for the year of £569 million was £1,120 million better than the result in the prior year when easyJet recorded an EBITDAR loss of £551 million. Similarly, total loss after tax for the year ended 30 September 2022 of £169 million was an improvement from the loss of £858 million in the year ended 30 September 2021.

Amounts presented at constant currency throughout this section are an alternative performance measure and are not determined in accordance with International Financial Reporting Standards but provide relevant and comparative reporting for readers of these financial statements.

Financial overview

£ million (Reported) – Group	2022	2021
Group revenue	**5,769**	1,458
Headline costs excluding fuel, balance sheet FX and ownership costs[1]	**(3,921)**	(1,638)
Fuel	**(1,279)**	(371)
Headline EBITDAR	**569**	(551)
Depreciation, amortisation and dry leasing costs	**(566)**	(485)
Headline EBIT	**3**	(1,036)
Net finance charges	**(117)**	(110)
Balance sheet foreign exchange (loss)/gain	**(64)**	10
Group headline loss before tax	**(178)**	(1,136)
Being:		
Airline headline loss before tax	**(216)**	(1,124)
Holidays headline profit/(loss) before tax	**38**	(12)
Headline tax credit	**31**	236
Group headline loss after tax	**(147)**	(900)
Non-headline items	**(30)**	100
Non-headline tax credit/(charge)	**8**	(58)
Group total loss after tax	**(169)**	(858)

£ per seat – Airline only[2]	2022	2021
Airline revenue	**66.23**	50.54
Headline costs excluding fuel, balance sheet FX and ownership costs	**(44.09)**	(56.62)
Fuel	**(15.68)**	(13.16)
Headline EBITDAR	**6.46**	(19.24)
Depreciation, amortisation and dry leasing costs	**(6.89)**	(17.12)
Headline EBIT	**(0.43)**	(36.36)
Net finance charges	**(1.45)**	(3.83)
Balance sheet foreign exchange (loss)/gain	**(0.77)**	0.32
Airline headline loss before tax	**(2.65)**	(39.87)
Headline tax credit	**0.38**	8.39
Airline headline loss after tax	**(2.27)**	(31.48)
Non-headline items	**(0.36)**	3.53
Non-headline tax credit/(charge)	**0.10**	(2.07)
Airline total loss after tax	**(2.53)**	(30.02)

1. Ownership costs defined as depreciation, amortisation and dry leasing costs plus net finance charges.
2. All per seat metrics are for the Airline business only, as the inclusion of hotel-related revenue and costs from the holidays business will distort the RPS and CPS metrics as these are not directly correlated to the seats flown by the Airline. Our easyJet holidays business forms a separate operating segment to the Airline, and easyJet holidays' key metrics are included under key statistics.

The total number of passengers carried increased by 242% to 69.7 million (2021: 20.4 million), which was driven by a 189% increase in seats flown to 81.5 million seats (2021: 28.2 million seats) and a 13.0 percentage point increase in load factor to 85.5% (2021: 72.5%). This reflects the increased capacity following the reduction in travel restrictions across Europe over the year, and the associated strengthening in customer demand as the recovery from Covid-19 continues. Note that capacity for the year was 78% of the level of the pre-pandemic year, FY19, and the load factor of 85.5% was 6 ppt lower.

Total revenue increased by 296% to £5,769 million (2021: £1,458 million) and by 302% at constant currency. Airline revenue per seat increased by 31% to £66.23 (2021: £50.54) and increased by 33% at constant currency. The increase in Airline revenue per seat is a consequence of increased loads, reflecting the growth in demand through the year as travel restrictions eased across Europe, and strong performance from both bag and seat initiatives which contributed to an Airline ancillary revenue per seat increase at constant currency of 31%. Note that airline ancillary revenue is now 15% higher than it was in FY19 despite passenger numbers being 27% lower.

Total headline costs excluding fuel, balance sheet exchange movements and ownership costs increased by 139% to £3,921 million (2021: £1,638 million) mainly as a result of the volume of flying and general cost pressures. Costs were also impacted by the disruption seen throughout the year; wet lease costs of £23 million (2021: £nil) were incurred to support operational resilience and £205 million EU261 compensation and welfare costs were also incurred (2021: £7m credit arising from the release of a Covid specific welfare provision). In addition, wet leases were required to provide coverage for new slots at Gatwick and Porto at a cost of £30 million (2021: £nil million). This year also saw a significant reduction in furlough schemes as government support wound down across Europe with £8 million support received in 2022 compared to £134 million support in the prior year. The cost impact was partly mitigated by continued operational cost focus including maintaining a proportion of captains on seasonal contracts and a release of airport charge accruals of £18 million (2021: £4 million) as the return of activity has reduced some of the uncertainty and risks which were previously accrued for. On an Airline cost per seat basis total headline costs excluding fuel, balance sheet foreign exchange movements and ownership costs decreased by 22% to £44.09 (2021: £56.62) and 22% at constant currency. This was mainly a result of increased flying, as fixed operating costs were being spread across more flying capacity, combined with easyJet's continued focus on cost, as noted above, which has also contributed to the favourable movement.

Over the year the translation of revenue and costs, including fuel, from foreign currency has had a net adverse impact of £88 million (2021: £22 million credit) on the Group income statement, with a further income statement charge of £64 million (2021: £10 million credit) from the translation of foreign currency denominated monetary assets and liabilities on the statement of financial position. Conversely, ownership costs benefited from the movement in US dollar interest rates with a credit of £71 million (2021: £20 million credit) from the discounted maintenance reserves provision which uses long-term US dollar interest rates to set the discount rate.

Additionally, within ownership costs is the first full year impact of the change in estimation for the useful economic lives (UEL) of the owned CEO fleet from 23 to 18 years and the amended approach to residual value estimation. This increased the depreciation charge in the year by £50 million (2021: £13 million, three months' impact).

Airline fuel cost per seat increased by 19% to £15.68 (2021: £13.16) and by 17% at constant currency. This is a result of both the significant increase in the post hedge fuel price due to the war in Ukraine and an increased average sector length compared to the prior year, arising from the destination mix shifting towards beach in the current financial year. The impact of higher fuel prices was partly offset by the carry forward of the allocated free ETS (Emission Trading Systems) certificates from the prior year which were not utilised due to the reduced flying volumes in prior year, and in-year allocation of free credits.

easyJet holidays performed strongly, with this summer being its first season of trading relatively unaffected by Covid-19 under its revised operating model. Overall, it contributed incremental revenue of £368 million (2021: £34 million) to the Group from 1.1 million customers (including affiliates), delivering £38 million of headline profit before tax (2021: £12 million loss).

A non-headline charge of £30 million (2021: £100 million gain) was recognised in the year, consisting of a £21 million loss on the sale and leaseback of 10 aircraft (2021: £65 million gain from 35 aircraft and two engines), a £10 million loss on disposal of landing rights surrendered as a consequence of the reduction in our operations at Berlin and a £1 million net fair value adjustment credit for hedge discontinuation (2021: £26 million charge). Restructuring charges were net £nil million (2021: £61 million credit) as the £10 million provision arising from the announcement of the downsizing of our operations at the Berlin base has been offset by releases following the finalisation of restructuring programmes initiated in the prior year. Full details can be found in note 5 to the financial statements.

Corporate tax has been recognised at an effective rate of 18.7% (2021: 17.2%), resulting in an overall tax credit of £39 million (2021: £178 million credit). This splits into a tax credit of £31 million on the headline losses and a tax credit of £8 million on the non-headline items. Whilst the non-headline loss is £30 million, after the necessary tax adjustments the tax adjusted non-headline items amount to a loss of £22 million, which results in the non-headline tax credit of £8 million for the year.

Loss per share

	2022	2021	Change in pence per share
	Pence per share	Pence per share	
Basic headline loss per share	**(19.6)**	(166.9)	147.3
Basic total loss per share	**(22.4)**	(159.0)	136.6

Basic headline loss per share decreased by 147.3 pence and basic total loss per share decreased by 136.6 pence as a consequence of the lower loss generated during the year.

Return on capital employed (ROCE)

Reported £m	2022	2021
Headline profit/(loss) before interest and tax	3	(1,036)
UK corporation tax rate	19%	19%
Normalised headline operating profit/(loss) after tax (NOPAT)	2	(839)
Average shareholders' equity	2,586	1,741
Average net debt	790	1,570
Average adjusted capital employed	3,376	3,311
Headline return on capital employed	0.1%	(25.5%)
Total return on capital employed	**(0.6%)**	(22.4%)

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

Headline ROCE for the year was 0.1%, an improvement of 25.6 percentage points on the prior year, largely driven by the change from a headline loss before interest and tax to a headline profit before interest and tax for the year. Total ROCE for the year was (0.6)%, an improvement of 21.8 percentage points on the prior year. The total ROCE was adverse to the headline ROCE due to non-headline items generating a £30 million charge before tax in the income statement, as noted earlier.

Summary net debt reconciliation

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

	2022	2021*	Change
	£ million	£ million	£ million
Operating loss	(27)	(910)	883
Depreciation and amortisation	564	480	84
Increase in unearned revenue	197	232	(35)
Net working capital movement	101	(538)	639
Net tax (paid)/received	(4)	1	(5)
Net capital expenditure	(530)	(149)	(381)
Net proceeds from sale and leaseback of aircraft	87	836	(749)
Purchase of own shares for employee share schemes	(9)	(6)	(3)
Net decrease in restricted cash	7	5	2
Repayment of capital element of leases	(206)	(261)	55
Increase in lease liability	(53)	(693)	640
Net funding activities	53	1,144	(1,091)
Other (including the effect of exchange rate movements)	60	74	(14)
Decrease/(increase) in net debt	**240**	215	25
Net debt at the beginning of the year	**(910)**	(1,125)	215
Net debt at end of year	**(670)**	(910)	240

* There has been recategorisation of items in FY21 to better reflect line item classification.

Net debt as at 30 September 2022 was £670 million (30 September 2021: £910 million) and comprised cash and cash equivalents and money market deposits of £3,640 million (30 September 2021: £3,536 million), borrowings of £3,197 million (30 September 2021: £3,367 million) and lease liabilities of £1,113 million (30 September 2021: £1,079 million).

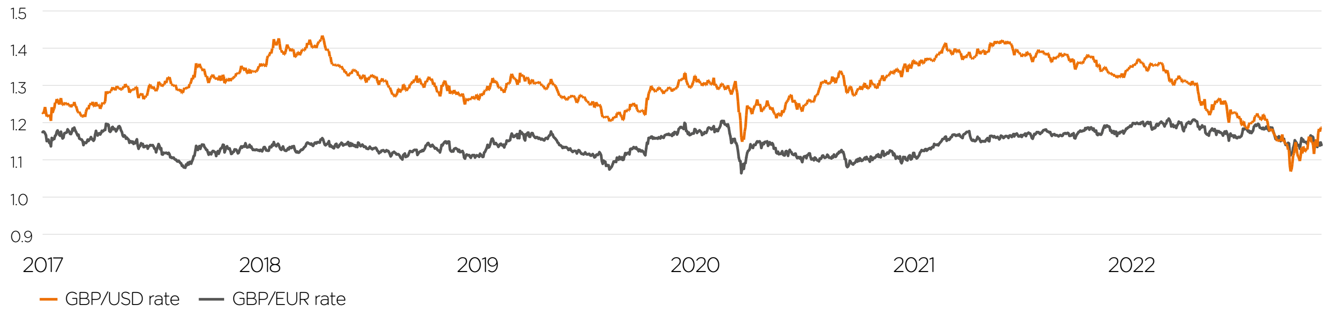
The unearned revenue inflow of £197 million (2021: £232 million) has stabilised as customer bookings start to normalise in response to the removal of Covid-19 travel restrictions and as flying schedules return to near pre-pandemic levels. Net working capital movement has increased by £639 million to a £101 million inflow compared to the prior year outflow of £538 million. This increase was predominantly due to increased flying volumes which have led to activity-related increases in trade payables. Furthermore, the prior year saw an unusually large level of supplier payments as a catch-up effect from the initial lockdown period, when many supplier accounts were put onto phased payment plans as part of our cash protection measures. The trade payables movement was partially offset by increases in trade receivables including marketing income, again arising from the increased volume of activity. Additionally, working capital includes provision movements and the prior year had a significant reduction in provisions with the release of restructuring provisions and other movements.

Net capital expenditure in the year of £530 million (2021: £149 million) is predominantly the final delivery payments for the acquisition of eight aircraft in the year (2021: nil aircraft), but also includes significant advance payments for long life parts. The sale and leaseback of 10 aircraft in 2022 (2021: 35 aircraft and two engines) resulted in a net cash inflow of £87 million compared to the more significant sale and leaseback programme in 2021 which generated proceeds of £836 million. Repayment of the capital element of leases of £206 million (2021: £261 million) has decreased by £55 million as a result of the prior year having additional deferred payments from H2 2020 included, and the increase in lease liability of £53 million (2021: £693 million) has reduced compared to prior year with the reduced volume of sale and leasebacks.

In the prior year the net funding activities of £1,144 million predominantly related to the rights issue, with final funding received this financial year.

Exchange rates

GBP/USD and GBP/EUR



The proportion of revenue and headline costs denominated in currencies other than sterling is outlined below:

	Revenue		Costs	
	2022	2021	**2022**	2021
Sterling	**51%**	34%	**32%**	45%
Euro	**38%**	52%	**37%**	29%
US dollar	**1%***	0%	**25%**	21%
Other (principally Swiss franc)	**10%**	14%	**6%**	5%

Average headline exchange rates**	**2022**	2021
Euro – revenue	**€1.18**	€1.14
Euro – costs	**€1.18**	€1.15
US dollar	**$1.32**	$1.36
Swiss franc	**CHF 1.25**	CHF 1.20

Closing exchange rates**	**2022**	2021
Euro	**€1.14**	€1.16
US dollar	**$1.11**	$1.35
Swiss franc	**CHF 1.09**	CHF 1.26

* Our customers have the option of paying for flights in US dollars
** Exchange rates quoted are post-hedging and for revenue and headline costs

The Group's foreign currency risk management policy aims to reduce the impact of fluctuations in exchange rates on future cash flows.

This year has seen considerable volatility in exchange rates and the weakening of sterling against both the euro and US dollar. Over the year the translation of revenue and costs, including fuel, from foreign currency has had a net adverse impact of £88 million on the Group income statement. The income statement includes a further charge of £64 million from the translation impact of foreign currency denominated monetary assets and liabilities on the statement of financial position.

Headline exchange rate impact

Favourable/(adverse)	Euro £ million	Swiss franc £ million	US dollar £ million	Other £ million	Total £ million
Total revenue	(97)	6	3	(2)	(90)
Fuel	–	–	(20)	–	(20)
Headline costs excluding fuel	46	(14)	(11)	1	22
Headline total before tax	**(51)**	**(8)**	**(28)**	**(1)**	**(88)**

easyJet recognises a significant element of revenue across its network in euros, and therefore a stronger sterling vs euro at average rates has reduced revenue through the year, only partly offset by the converse impact on costs. easyJet's cost base also includes US dollar denominated costs, particularly fuel and lease payments, and therefore post-hedge US dollar strengthening has increased the sterling value of those headline costs.

Financial performance
Revenue

£m Group	2022 £ million	2021 £ million
Passenger revenue	**3,816**	1,000
Ancillary revenue (excluding package holiday revenue)	**1,585**	424
easyJet holidays revenue*	**368**	34
Total revenue	**5,769**	1,458

* easyJet holidays revenue includes the elimination of intercompany airline transactions

Total revenue increased by 296% to £5,769 million (2021: £1,458 million) and 302% at constant currency. This was a combined result of increased customer volumes and a focus on yield optimisation resulting in improved ticket yield, with ancillary yield performing strongly. The total number of passengers carried increased by 242% to 69.7 million (2021: 20.4 million), which was driven by a 189% increase in seats flown to 81.5 million seats (2021: 28.2 million seats) and a 13.0 percentage point increase in load factor to 85.5% (2021: 72.5%). This reflects the increased capacity following the reduction in travel restrictions across Europe over the year, and the associated strengthening in customer demand as the recovery from Covid-19 continues. Additionally, within revenue there was a £22 million credit (2021: £10 million) arising from the release of aged contract liabilities within other payables, split £19 million against passenger revenue and £3 million against ancillary revenue.

Total Airline revenue per seat of £66.23 was 33% ahead of 2021 at constant currency and load factors of 85.5% were 13.0 percentage points ahead. Likewise, total yield of £77.48 was 13% favourable when compared against 2021 at constant currency, with passenger yields 14% favourable and ancillary yields 11% favourable.

Ancillary revenue of £1,585 million was 274% ahead of 2021, and 279% at constant currency. This was principally due to a good performance on initiatives with strong attachment across both bags and seats, favourable yield and the increase in passenger numbers compared to 2021. Note that airline ancillary revenue is now 15% higher than it was in FY19 despite passenger numbers being 27% lower.

easyJet holidays revenue increased by 1,082% to £368 million (2021: £34 million) with strong yields and growth in customer numbers to 1.1 million (2021: 0.1 million) as the holidays offer resonated with customers in its first full summer season of trading under its new operating model.

Headline costs excluding fuel

	2022		2021	
	Group £ million	Airline £ per seat	Group £ million	Airline £ per seat
Operating costs and income				
Airports, ground-handling, holidays accommodation, and other operating costs	**1,716**	**17.70**	446	15.01
Crew	**767**	**9.40**	495	17.56
Navigation	**339**	**4.16**	102	3.62
Maintenance	**301**	**3.69**	222	7.90
Selling and marketing	**173**	**1.88**	60	1.94
Other costs	**635**	**7.38**	319	10.80
Other income	**(10)**	**(0.12)**	(6)	(0.21)
	3,921	**44.09**	1,638	56.62
Ownership costs				
Aircraft dry leasing	**2**	**0.04**	5	0.20
Depreciation	**539**	**6.60**	456	16.19
Amortisation	**25**	**0.25**	24	0.74
Net finance charges	**117**	**1.45**	110	3.83
	683	**8.34**	595	20.95
Foreign exchange loss/(gain)	**64**	**0.77**	(10)	(0.32)
	747	**9.11**	585	20.63
Headline costs excluding fuel	**4,668**	**53.20**	2,223	77.25

Headline cost per seat excluding fuel for the Airline decreased by 31% to £53.20 (2021: £77.25), and also decreased by 32% at constant currency.

Included within the Group headline costs excluding fuel of £4,668 million is £330 million (2021: £46 million) related to the holidays business, the cost increase primarily being activity related due to the growth of the business compared to last year.

Operating costs and income

Airports, ground-handling and other operating costs increased by 285% to £1,716 million (2021: £446 million), and Airline cost per seat increased by 18% to £17.70 (2021: £15.01), and by 19% at constant currency. Within the result for the year is a release of airport charge accruals of £18 million (2021: £4 million) as the return of flying activity has reduced some of the contract uncertainty and risks which were previously being accrued for. Together with increased marketing activity the release helped offset an overall increase in airport rates and operating costs associated with improved load factors, and an increase in passenger and security charges that drove a cost increase on a per seat basis.

Crew costs increased by 55% to £767 million (2021: £495 million), but Airline cost per seat decreased by 46% to £9.40, and Airline cost per seat also decreased by 46% at constant currency. This cost per seat decrease was primarily due to fixed payroll costs being spread over higher flying capacity, partially offset by the reduction in furlough schemes in the year (£8 million support 2022 vs £134 million support 2021) and additional one-off crew payments, including retention bonuses. To help mitigate some of the cost pressures, a proportion of captains remained on seasonal contracts.

Navigation costs increased by 232% to £339 million (2021: £102 million), and Airline cost per seat increased by 15% to £4.16 (2021: £3.62) and by 17% at constant currency, as a result of an increase in the sector length of our commercial flying compared to the comparative year and an increase in Eurocontrol rates effective from January 2022.

Maintenance costs increased by 36% to £301 million (2021: £222 million), and Airline cost per seat decreased by 53% to £3.69 (2021: £7.90) and decreased by 53% at constant currency. This cost per seat decrease was driven by the fixed element of our maintenance costs which have been spread over increased capacity in the year, whilst also having a reduction in repair costs and cleaning costs.

Selling and marketing costs increased by 188% to £173 million (2021: £60 million). This was due to a combination of factors: £37 million of the increase was from increased marketing spend and the focus on easyJet holidays as a result of the revival of travel post-pandemic; whilst £76 million of the increase was on sale and distribution costs, predominantly the result of credit card bookings and associated fees increasing as activity returned.

Other costs increased by 99% to £635 million (2021: £319 million), and Airline cost per seat decreased by 32% to £7.38 (2021: £10.80), and by 31% at constant currency. Other costs include the impact of the significant disruption experienced in the year, with EU261 compensation and welfare costs of £205 million (2021: £7m net credit arising from the release of a Covid specific welfare provision). These compensation payments per customer were over double the level experienced pre-pandemic. In addition, wet lease costs of £23 million (2021: £nil) were incurred to maintain capacity. Wet lease arrangements were also used to support the new slots secured in Gatwick and Porto, increasing our route offer, at a cost of £30 million (2021: £nil million). The significant driver in the decrease in the cost per seat is that fixed costs are being spread over higher flown capacity.

Ownership costs

Depreciation costs increased by 18% to £539 million (2021: £456 million), and Airline cost per seat decreased by 59% to £6.60 (2021: £16.19). This increase was driven by higher maintenance-related depreciation as a result of increased flying hours, combined with an increase in the number of leased aircraft, and the change in UEL estimation for CEO aircraft in the prior year, the first full year impact being to increase the depreciation charge by £50 million in the year (2021: £13 million, three months' impact). The overall increase in depreciation costs was partially offset by the regular discounting of the maintenance provision which resulted in a credit to the income statement of £71 million (2021: credit £20 million), principally due to the increase in US dollar interest rates over the year.

Net finance charges increased marginally by 6% to £117 million (2021: £110 million), and Airline cost per seat decreased by 62% to £1.45 (2021: £3.83). The decrease per seat is a consequence of the higher capacity, partially offset by increased interest costs.

Foreign exchange loss/(gain) moved to a loss of £64 million (2021: £10 million credit) with the increased impact of the retranslation of foreign currency denominated monetary assets and liabilities arising from the currency movements in the year, with sterling being weaker against both the US dollar and euro on 30 September 2022 compared to 30 September 2021.

Fuel

	2022		2021	
	Group £ million	**Airline £ per seat**	Group £ million	Airline £ per seat
Fuel	1,279	15.68	371	13.16

Fuel costs for 2022 were £1,279 million, compared to £371 million in 2021. The higher costs were driven both by the 189% rise in flying volumes as well as the significant increase arising from the unhedged portion of fuel purchases as a consequence of the upward pressure on fuel prices over the year. Fuel cost per seat of £15.68 was a 19% increase on the prior year, and a 17% increase at constant currency.

During the year the average market price payable for jet fuel increased by 92% from $554 per tonne in 2021 to $1,063 per tonne in 2022. This was substantially mitigated by the hedging undertaken by the Group, with the overall post hedge fuel price for 2022 of $705 per tonne being only 12% higher than the post hedge fuel price of $631 per tonne achieved in 2021. The fuel cost includes an offset of allocated free ETS certificates, with a significant proportion of carbon costs in the year met by carried forward and in-year allocations.

The Group uses jet fuel derivatives to hedge against significant increases in jet fuel prices to mitigate cash and income statement volatility in the short term. In order to manage the risk exposure, jet fuel derivative contracts are used in line with the Board approved policy to hedge up to 18 months of estimated exposures in advance, with approximately 60% hedged on average in the first 12 months.

Summary consolidated statement of financial position

	2022	2021	Change
	£ million	£ million	£ million
Goodwill and other non-current intangible assets	**582**	582	–
Property, plant and equipment (excluding RoU assets)	**3,676**	3,639	37
Right of use (RoU) assets	**953**	1,096	(143)
Derivative financial instruments	**442**	203	239
Equity investment	**31**	30	1
Other assets (excluding cash and money market deposits)	**1,022**	619	403
Unearned revenue	**(1,043)**	(846)	(197)
Trade and other payables	**(1,685)**	(1,128)	(557)
Other liabilities (excluding debt)	**(775)**	(646)	(129)
Capital employed	**3,203**	3,549	(346)
Cash and money market deposits*	**3,640**	3,536	104
Debt (excluding lease liabilities)	**(3,197)**	(3,367)	170
Lease liabilities	**(1,113)**	(1,079)	(34)
Net debt	**(670)**	(910)	240
Net assets	**2,533**	2,639	(106)

* Excludes restricted cash

Since 30 September 2021 net assets have decreased by £106 million.

The net book value of property, plant and equipment, excluding right of use assets, has increased by £37 million, the impact of the sale and leaseback of 10 aircraft being offset by the eight new owned aircraft brought into the fleet in the year and the depreciation charge for the year.

At 30 September 2022, right of use (RoU) assets amounted to £953 million (2021: £1,096 million) and lease liabilities amounted to £1,113 million (2021: £1,079 million) which reflects additions during the year as a result of aircraft sale and leasebacks, as well as the impact of lease payments, extensions and depreciation on RoU assets.

There has been a £239 million increase in the net asset value of derivative financial instruments, with a closing net asset balance of £442 million (2021: £203 million asset). The movement is largely due to mark-to-market gains on US dollar hedges and cross currency interest rate swaps as a result of the weakened pound against the US dollar and euro in comparison to the rates at 30 September 2021. This gain was partially offset by a reduction in the asset value of jet fuel hedges compared to 30 September 2021.

Other assets have increased by £403 million, mainly driven by increased current intangible assets reflecting the ETS credits held as a result of increased flying and therefore carbon emissions (and pending surrender in 2023), and increased trade and other receivables.

Unearned revenue increased by £197 million, reflecting improved customer confidence and strong future bookings compared to the prior year.

Trade and other payables have increased by £557 million predominantly as a result of higher activity and volumes, and an increase in ETS payables due to higher credit prices, partially offset by a reduction in voucher liabilities with customers having greater opportunities to utilise these vouchers during 2022.

Other liabilities have increased by £129 million, mainly as a result of increased provisions, in particular for maintenance with the increase in flying over the year, and also the provision for customer claims reflecting the higher volume of disruption events in the year.

Debt has decreased by £170 million mainly as a result of the repayment of the final £300 million of the Covid Corporate Financing Facility (CCFF) in the year, plus the $100 million partial repayment of the UKEF facility, offset by weaker sterling at 30 September 2022 increasing the translated value of the debt.

As at 30 September 2022, the Group is unable to assess the likely outcome or quantum of the claims of the investigation by the ICO, group action and other claims following the cyber-attack in May 2020 and no provision has been recognised. (See note 1 under critical accounting judgements – contingency liability recognition.)

Key statistics

	2022	2021	Increase/ (decrease)
Operating measures			
Seats flown (millions)	**81.5**	28.2	189.0%
Passengers (millions)	**69.7**	20.4	241.7%
Load factor	**85.5%**	72.5%	13.0ppt
Available Seat Kilometres (ASK) (millions)	**97,287**	33,348	191.7%
Revenue Passenger Kilometres (RPK) (millions)	**84,874**	23,594	259.7%
Average sector length (kilometres)	**1,193**	1,184	0.8%
Sectors ('000)	**456**	156	192.3%
Block hours ('000)	**938**	311	201.6%
easyJet holidays passengers (thousands)[1]	**805**	58	1,287.9%
Number of aircraft owned/leased at end of year	**320**	308	3.9%
Average number of aircraft owned/leased during year	**321**	331	(3.0%)
Number of aircraft operated at end of year	**310**	239	29.7%
Average number of aircraft operated during year	**255**	198	28.8%
Number of routes operated at end of year	**988**	927	6.6%
Number of airports served at end of year	**153**	153	0.0%

Financial measures	2022	2021	Favourable/ (adverse)
Total return on capital employed	**(0.6%)**	(22.4%)	21.8ppt
Headline return on capital employed	**0.1%**	(25.5%)	25.6ppt
Airline total loss before tax per seat (£)	**(3.01)**	(36.33)	(91.7%)
Airline headline loss before tax per seat (£)	**(2.65)**	(39.87)	(93.4%)
Airline total loss before tax per ASK (pence)	**(0.25)**	(3.11)	(92.0%)
Airline headline loss before tax per ASK (pence)	**(0.22)**	(3.41)	(93.5%)
Revenue			
Airline revenue per seat (£)	**66.23**	50.54	31.0%
Airline revenue per seat at constant currency (£)[3]	**67.33**	50.54	33.2%
Airline revenue per ASK (pence)	**5.55**	4.37	27.0%
Airline revenue per ASK at constant currency (pence)[3]	**5.64**	4.37	29.1%
Airline revenue per passenger (£)[2]	**77.48**	69.72	11.1%
Airline revenue per passenger at constant currency (£)[2, 3]	**78.77**	69.72	13.0%
Costs			
Per seat measures			
Airline headline cost per seat (£)	**68.88**	90.41	(23.8%)
Airline total cost per seat (£)	**69.24**	86.87	(20.3%)
Airline headline cost per seat excluding fuel (£)	**53.20**	77.25	(31.1%)
Airline headline cost per seat excluding fuel at constant currency (£)[3]	**52.66**	77.57	(32.1%)
Airline total cost per seat excluding fuel (£)	**53.56**	73.72	(27.3%)
Airline total cost per seat excluding fuel at constant currency (£)[3]	**53.02**	74.04	(28.4%)
Per ASK measures			
Airline headline cost per ASK (pence)	**5.77**	7.64	(24.5%)
Airline total cost per ASK (pence)	**5.80**	7.34	(21.0%)
Airline headline cost per ASK excluding fuel (pence)	**4.46**	6.53	(31.7%)
Airline headline cost per ASK excluding fuel at constant currency (pence)[3]	**4.41**	6.55	(32.7%)
Airline total cost per ASK excluding fuel (pence)	**4.49**	6.23	(27.9%)
Airline total cost per ASK excluding fuel at constant currency (pence)[3]	**4.45**	6.26	(28.9%)

1. Total holiday customers including affiliates is 1.1 million (FY21: 0.1 million).
2. Prior year comparative restated to show correct figure.
3. Constant currency metrics restate FY22 using FY21 rates, and exclude the impact of foreign exchange revaluations from both current year and prior year results.

RISK MANAGEMENT

Our corporate risk management framework

The Board approves the strategy for easyJet, including strategic initiatives and objectives, and ensures suitable oversight and governance through several management methods, including monitoring and reporting, strategic reviews, oversight committees and deep dives into specific risk areas, especially in the airline sector.

The Board is ultimately responsible for determining the nature and extent of the principal risks it is willing to take to achieve its strategic objectives, its risk appetite, and maintaining the Group's systems of internal control and risk management.

The Audit Committee, on behalf of the Board, is accountable for reviewing and assessing the risk management processes. The Risk and Assurance team, which reports jointly to the Chair of the Audit Committee and CFO, ensures that robust processes are in place for identifying and assessing the Group's emerging and principal risks. The Board has carried out a robust assessment of the principal and emerging risks facing the Group and how those risks affect the prospects of the Group, with the assistance of the Audit Committee.

The Risk and Assurance team is responsible for creating, implementing and delivering the corporate risk framework and reporting the principal and emerging risks to the Board. Each function across easyJet is responsible for understanding and managing its risks and considering the impact on all stakeholders. The Risk and Assurance team then maintains a programme of risk monitoring with each function to ensure that risks are managed within the framework and to promote cross-functional management of risks.

We continue to develop our corporate risk framework to ensure that risks, including emerging risks, are identified, assessed, managed and articulated. The Risk and Assurance team identifies topics and relevant lessons learned from across industry, both within the aviation sector and beyond. These lessons are used to identify emerging risks and further enhance the easyJet corporate risk framework and are fed into the functional risk plans through continual dialogue with functional risk contacts. The Risk and Assurance team works with the functions to ensure that risk information remains relevant and control deficiencies or gaps are identified, and development actions are implemented.

During FY22, the Corporate Risk team has further developed the corporate risk framework. All functional and operational risks have been scored on the same basis using the same taxonomy. Some facilitated functional risk reviews have taken place to dive deeper into key risk areas. The Internal Audit team, along with Corporate Risk, has developed an assurance map to identify key controls for our principal risks and the assurance over these controls.

PRINCIPAL RISKS AND UNCERTAINTIES

easyJet faces a range of risks that could impact delivery of our corporate and strategic initiatives. Our risk themes remain unchanged and are as follows:

Safety, security and operations: Our number one priority is the safety and security of our customers, colleagues and contractors. The delivery of a safe and secure operation which meets the needs and expectations of our customers is critical to our business.

Asset efficiency and effectiveness: We maintain our competitive cost advantage by making the best use of capacity/slots and fleet mix in the right airports at the right prices and driving value through our supply chain.

Legislative and regulatory landscape: The airline industry is heavily regulated and there is a continual need to keep well-informed and adapt (as required) to any legislative or regulatory changes across the jurisdictions in which we operate.

People: Having the right people is a key part of our corporate strategy. In today's environment we need to create an inclusive and energising environment that attracts the right people and inspires everyone to learn and grow.

Environment and sustainability: The impacts of climate change transition risk on our business and operations, regulation/taxation and changing consumer, colleague and shareholder expectations. easyJet's promise is to take action to reduce our environmental impact today and to pioneer a sustainable future for travel.

Technology and digital safety: The nature of these risks, our reliance on technology (particularly online devices) and the ever-increasing sophistication of serious organised crime groups, terrorists, nation states and even lone parties means that, despite all the mitigation detailed, an element of vulnerability regarding the availability, confidentiality and integrity of our information and data will inevitably remain.

Macro-economic and geopolitical: The airline industry is sensitive to macro-economic and geopolitical conditions. These risk events can affect our financial performance. These include supply/demand imbalance and general economic trends, as well as the impact of fuel cost, foreign exchange rates, interest rates and counterparty performance.

As with all businesses, our principal risks and uncertainties are continually evolving. Last year we reported on the risk arising from climate change with regards to both physical and transition risks, and this year climate change transition features as a principal risk, covering both the carbon trading schemes and increased taxation risks which were reported previously. Within the legislative and regulatory landscape, the brand licence and major shareholder risk has been split into a brand licence risk and a wider shareholder activism risk. In the macro-economic and geopolitical field, supply/demand imbalance has been replaced by a newly-articulated risk of competitive environment. When assessing risks, we consider the risks to our business and our stakeholders.

Emerging risks – an example

The war in Ukraine was an emerging risk arising during the year. While we were not affected from an operational point of view (as we do not fly near, over or to Ukraine or Russia), we have continued to monitor the situation and ensure that our crisis management procedures are up to date and that these procedures can be used should the situation change and start to have an impact on the airspace easyJet uses. However, we did have to assess the impact of sanctions, and easyJet implemented a three-stage plan in response to the categorisation of the rising risks. Firstly, we looked at the IT supply chain implications, considering how this would impact our cyber risk exposures. Secondly, we considered our non-IT supply chain and whether the changes to the geopolitical landscape would cause supply chain risk events that would impact our ability to operate. Finally, the fleet team considered the impact that new sanctions would have on our leased fleet. We worked with our legal team to ensure that we had up-to-date information on the sanctions regime relevant to our operations and assets. In a matter of weeks, we removed the suppliers from our supply chain that were impacted by sanctions or located in impacted jurisdictions. These actions were implemented swiftly with the Board's support and approval. In addition, we terminated lease agreements of six aircraft that were ultimately owned by the Russian state.

CASE STUDY: OPERATIONAL DISRUPTION

When operational disruption hits the airline industry it affects a wide range of industry participants in its highly connected ecosystem. During the Covid-19 pandemic, non-essential travel was restricted by governments to reduce the rate of infection. This demand shock reduced passenger volumes, leading to all airlines dramatically scaling back operations, which had knock-on effects throughout the airline ecosystem.

As the industry ramped back operations in spring 2022, due to a number of risk factors, widespread disruption was experienced, resulting in flight cancellations and the reissuing of flying schedules. easyJet experienced several disruption incidents above expected levels. However, the teams involved identified the issues and impacts on stakeholders, established alternative plans to navigate the business through a difficult period for the industry and learned lessons from the experience that will strengthen the operation through FY23 and beyond.

During the ramp-up of operations, we experienced an emerging labour shortage risk arising from the after-effects of the Covid-19 pandemic and caused by the new legislative landscape after Brexit. Ensuring sufficient cabin-crew volumes in the UK, and especially at our Gatwick base, proved a challenge due to a reduced talent pool; before the pandemic a significant percentage of our people at our London Gatwick Airport base were from mainland Europe, and are no longer able to work for us.

Delays in processing airside security checks for new recruits had a further impact on the available team. easyJet reacted quickly to address the issue by removing flying volumes and redistributing the remaining flying schedule to avoid high concentrations of activity. This allowed us to optimise resilience and ensure that the resource available was more able to handle the volume of flying. To attract and retain cabin crew into the business, employee packages were reviewed and improved, with enhanced terms and conditions, increased salaries, joining and retention bonuses and better benefits. With rising living costs affecting all of easyJet's markets, a review of employment packages has been conducted in other areas of the business.

Targeted improvements have been made to recognise the efforts made during the last two years, to ease the effects of the cost-of-living crisis and ensure that easyJet remains an employer of choice for new talent. Further improvements following these disruption events include extending recruitment lead times, for example, starting from September 2022, to uplift for increased summer trade and considering the possibility of looking outside Europe for talent.

In addition to internal resourcing issues impacting operational performance, risks arising in the supply chain contributed to the disruption experienced during the beginning of summer 2022. Air traffic control, airports (including security, person of restrictive movement and handlers), ground-handlers and coaching providers were all impacted by resourcing issues. A key factor was the aggregation effect of all members of the airline industry ecosystem approaching the same talent pool, along with other industries such as domestic leisure, entertainment and food and drink businesses. To mitigate these effects on easyJet's operations, the teams have worked with our suppliers to benchmark and improve their terms and conditions to reduce attrition, such as offering full-time employment contracts rather than seasonal contracts, and to also ensure that our key suppliers have robust plans in place to improve resilience.

We have emerged from this disruption stronger and during Q4 FY22 we experienced a reduction in operational disruption. We have reviewed our processes and procedures, continuing to strengthen these in preparation for the FY23 flying programme.

Key:
- **Increasing compared to 2021**
- **Decreasing compared to 2021**
- **Stable**

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

Safety, security and operations

Significant safety or security event

Risk owner:
Chief Operating Officer

Change in risk

Primary link to strategy

Potential impacts

- Significant injury and/or loss of life
- Sustained adverse media coverage
- Reduction in future revenue
- Fines/regulatory sanctions
- Operational disruption
- Significant spike in costs
- Share price movement

Mitigations

- Functional Safety Action Groups from across the Airline and easyJet holidays are chaired by the appropriate senior manager and are responsible for the identification, evaluation and control of safety-related risks.
- The easyJet Safety Board meets monthly to review safety, security and compliance performance across all Air Operator Certificates (AOC) chaired by the CEO, attended by the three AOC accountable managers and periodically by AOC regulators.
- Safety Review Boards are held locally, including at AOC level, and are open for the local regulator to attend.
- A Safety Policy is published that promotes the incident reporting process and supports the safety culture.
- easyJet operates a Safety Management System using leading software systems to:
  - report incidents and identify events;
  - identify hazards and threats and take appropriate risk-mitigating actions;
  - collect and analyse safety data (enabling potential areas of risk to be projected); and
  - enable learning from easyJet and industry events/incidents to be captured and embedded into future risk mitigations.
- Timely, credible and reliable information upon which to base operational decisions.
- easyJet has an emergency response process and performs crisis management exercises.
- A hull, spares and liabilities insurance policy is held.
- Security cleared specialists continually review geopolitical developments across the easyJet network, in particular those countries deemed to be higher risk, and report back to the Board any areas of concern.
- easyJet maintains an inspection regime of all our airports to ensure the security elements are being effectively managed.
- easyJet continually reviews and develops its safety management processes.

Key:
- **Increasing compared to 2021**
- **Decreasing compared to 2021**
- **Stable**
- Building Europe's best network
- Delivering ease and reliability
- Transforming revenue
- Driving our low-cost model

Safety, security and operations (continued)

Significant operational disruption

Risk owner:
Chief Operating Officer

Change in risk

Decreasing compared to 2021

Primary link to strategy

Delivering ease and reliability

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

Mitigations
- Maintaining operational resilience through:
  - building appropriate schedule resilience into the flying schedule;
  - maintaining aircraft and crew standby;
  - reporting on the day of operations, including customer communication;
  - monitoring airport performance and strategic supply chain;
  - air traffic control system lobbying and flight planning enhancements; and
  - the use of data across the operation to predict and manage events and aid decision support.
- Mitigating UK cabin crew recruitment, attrition and impact of Brexit through improved T&Cs., early opening of recruitment for summer 2023 and aligning the schedule to crew supply.
- Mitigating pilot recruitment by early opening of recruitment for summer 2023. Training commences pre-Christmas 2022.
- Liquidity buffer to better manage the impact of downturns in business or temporary curtailment of activities.
- Business interruption insurance which provides some cover for very significant shock events such as extreme weather, air traffic management issues and loss of access to key airports. The policy could allow us to claim in the event of a very substantial number of cancellations.
- Significant focus on risk mitigation of and preparedness for a destructive cyber-attack, including running a cyber crisis exercise for the senior Crisis team and the Airline Management Board (AMB).

Pandemic

Risk owner:
Chief Financial Officer

Change in risk

Stable

Primary link to strategy

Delivering ease and reliability

Potential impacts
- Suppressed customer demand
- Sustained adverse media coverage
- Reduction in future revenue
- Increased regulatory requirements and scrutiny
- Operational disruption
- Significant spike in costs
- Share price movement

Mitigations
- A Biosecurity Standards Group is in place and includes safety and security experts including our Company doctor and representatives from across the Airline and easyJet holidays. The Group is responsible for developing and maintaining our single set of easyJet biosecurity standards, which set out the requirements to ensure a safe and healthy environment for our people, customers and contractors. Standards are translated into our Standard Operating Procedures (SOPs) and Communications.
- Pandemic Playbook, which acts in partnership with our Incident & Crisis Management Playbook and the Business Continuity Playbook, to manage and coordinate the response to future pandemics, which includes the following Planning Principles: Precaution, Proportionality and Flexibility.
- A Communicable Disease Policy that promotes the incident-reporting process, provides processes for immediate response actions for dealing with any communicable disease event and supports a safe and healthy environment.
- Governance structure including a Steering Committee (SteerCo) involving the Chief Financial Officer, Chief Operating Officer, Chief Commercial Officer and Director of Strategy, to manage pandemic and epidemic events. The SteerCo is responsible for strategic oversight and communication with the Board. It maintains focus on long-term recovery.
- Maintaining balance sheet strength.
- Dynamic planning and capacity management process to manage supply and demand fluctuations.
- Pandemic Lessons Learned review identified best practices and opportunities for improvement.

Asset efficiency and effectiveness

Single aircraft type operations

Risk owner:
Chief Financial Officer

Change in risk

Primary link to strategy

Potential impacts

- Schedule reductions/cancellations
- Grounding of all/part of the fleet
- Reduced customer confidence in aircraft type
- Financial impact related to (i) residual value of the asset, (ii) costs of modifications/corrections to address any issues or perceived issues with the type, and (iii) costs of either reducing enterprise size or providing alternative fleet capacity to maintain enterprise activities

Mitigations

- There are c.8,200 A320 family (A319, A320, A321) aircraft operating, with a proven track record for safety and reliability.
- Introduction of the A320neo in part mitigates this single fleet supplier risk as the aircraft is equipped with a different engine type.
- The continued maturity of the aircraft types since their initial entry into service in part mitigates this single fleet supplier risk, as the aircraft are subject to continuous improvement to address learnings during operation and regulatory-imposed airworthiness directives.
- easyJet continues to work closely with Airbus to ensure full visibility of the delivery schedule for new aircraft. If there are material delays, appropriate mitigation is put in place; for example, short-term wet lease arrangements are used to minimise any operational impact.
- easyJet operates a rigorous established aircraft maintenance programme. Maintenance schedules are approved by the relevant regulatory body.
- easyJet regularly reviews the second-hand market and has several different options when looking at fleet exit strategies. Sale and leaseback facilitate the exit of aircraft from the fleet by transferring residual value risk and provide flexibility in managing the fleet size.
- easyJet has a firm orderbook agreed with Airbus and CFM, which guarantees continued access to new fleet inventory up to FY29. This allows the airline to continuously replace older aircraft and avoids a prolonged service life for aircraft in easyJet's fleet.

Non-delivery of strategic initiatives

Risk owner:
Chief Data and Information Officer

Change in risk

Primary link to strategy

Potential impacts

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

Mitigations

- Complex, large-scale programmes have been initiated and prioritised through the Portfolio Planning process and are aligned to the corporate strategy.
- The Enterprise Project Management Office is in place to oversee delivery of projects and programmes, ensuring dependencies are managed across the portfolio.
- A project management framework, which sets out approval processes, governance requirements and key ongoing processes and controls, is followed by all projects and programmes, and reviews are undertaken to ensure continuous improvement in this approach.
- Each strategic initiative has an executive sponsor and a Leadership 50 lead assigned, as well as its own steering group which provides oversight and challenge to the project, monitors progress against programme objectives (including budget, benefit realisation and appropriate resource) and ensures that decisions are made at the appropriate level.
- Key strategic initiatives are managed by dedicated programme management resource with the right skills and behaviours, complemented by subject matter specialist resource where appropriate.
- The executive sponsor provides routine updates to the AMB and can use this as an escalation channel for any issue resolution.
- The Board also receives updates on key strategic initiatives including any risks or issues that threaten achieving the key milestones that enable the achievement of the five-year plan.
- The Internal Audit function provides independent programme assurance over our most significant initiatives, drawing on independent subject matter expertise where appropriate.
- The Enterprise Architect Review Board (EARB) provides independent programme assurance over key technology and strategy decisions, drawing upon independent subject matter expertise where appropriate.

Key:
- Increasing compared to 2021
- Decreasing compared to 2021
- Stable
- Building Europe's best network
- Delivering ease and reliability
- Transforming revenue
- Driving our low-cost model

Asset efficiency and effectiveness (continued)

Airport infrastructure

Risk owner:
Chief Operating Officer

Change in risk

Increasing

Primary link to strategy

Building Europe's best network

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

Mitigations
- Where easyJet is affected by industrial action or other service interruption by a key supplier, resources are deployed to manage this as effectively as possible.
- Sophisticated processes and systems to ensure slot transactions are made in an efficient and effective manner.
- Effective cross-functional governance to ensure optimal business decisions are made.
- easyJet closely monitors airport capacity through a dedicated airport development team. The team works with airports to ensure the development of appropriate capacity for easyJet in a cost efficient and timely manner.
- easyJet's Schedule Strategy team monitors slot portfolios at airports and assesses potential growth opportunities that may arise.
- Managing aircraft gauge to improve our ability to grow.
- Recruitment of new staff has continued throughout summer and into winter to deliver required headcount for summer.
- Multiskilling of existing staff to provide greater flexibility of existing ground staff.

Continuity of services

Risk owner:
Chief Operating Officer

Change in risk

Stable

Primary link to strategy

Delivering ease and reliability

Potential impacts
- System unavailability for customers and/or staff
- Inability to access key buildings/facilities
- Adverse media coverage
- Unavailability of critical staff
- Reliance on inadequate supplier recovery plans
- Brand/reputation impact
- Operational disruption

Mitigations
- The four key areas of business resilience (IT and processes, people, premises and suppliers) all form part of easyJet's functional business and airport Business Continuity Plans.
- Critical IT systems are identified with ongoing efforts to match the business needs with recovery capabilities. The risk of system unavailability is now mitigated further, thanks to the adoption of the cloud and the select use of externally hosted systems, in addition to easyJet's two datacentres.
- Crisis Management Framework in place, ensuring all functions and departments understand their roles and responsibilities in the event of an incident.
- Incident Management Teams are in place 24/7 to manage low level IT incidents. If there is a major incident or an escalation of an incident that has a wider impact on other parts of the business and stakeholders, then it can be escalated into the Crisis Management Framework via the Network Duty Manager.
- Time-critical staff have been identified via Business Impact Assessments and Business Continuity Plans, with regularly tested recovery desks allocated at alternate locations, should the usual place of work be unavailable. An increased provision of laptops and tablets also enables greater mobility and remote ways of working.
- Procurement processes include risk assessments aligned with business objectives. These require relevant third parties to have their own Business Continuity/Disaster Recovery plans and we are implementing a process to review a sample of these each year.
- Maintain close working relationships with key stakeholders including, but not limited to, airport authorities and slot coordinators, lobbying where appropriate.

Legislative and regulatory landscape

Shareholder activism

Risk owner:
Chief Financial Officer

Change in risk

Primary link to strategy

Potential impacts

- Sustained adverse media coverage
- Share price movement
- Loss of colleague/customer trust
- Unable to execute strategy
- Inadequate votes to approve decisions recommended by the management team

Mitigations

- Active shareholder engagement programme.
- Regular engagement with easyGroup Holdings Limited alongside other major shareholders. easyJet has two major shareholders (easyGroup Holdings Limited and Polys Holdings Limited) which, as a concert party, control approximately 15.27% of its ordinary shares.
- Representatives from the Board and senior management take collective responsibility for addressing issues arising from any activist approach adopted by the major shareholder. The objective is to address issues when they arise and anticipate and plan for potential future activism.
- Quarterly meeting and roadshows of senior representatives from easyJet and our major shareholders, attended by the Chief Financial Officer.
- Programme to monitor and understand our shareholder base.

Changing legal and regulatory landscape

Risk owner:
Group General Counsel & Company Secretary

Change in risk

Primary link to strategy

Potential impacts

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

Mitigations

- Policies, procedures and mandatory training programmes.
- easyJet has an in-house team of legal and regulatory experts to advise on legal issues and developments, and to assist the business in interpreting any formal regulatory requirements. Where appropriate, this expertise is supplemented with specialist external support relevant to a specific discipline or jurisdiction.
- Panel of external legal advisers, both in the UK and across all easyJet markets, are briefed to proactively keep easyJet informed of any changes or new legislation and to assist easyJet in developing appropriate responses to such legislation.
- easyJet influences future and existing policy and regulations which affect the airline industry through several different channels, including working with relevant industry bodies.
- easyJet adapts to new legislation and regulation, where possible adapting existing processes (for example, mandatory training programmes and clear policies and associated guidance).

Brand licence

Risk owner:
Group General Counsel & Company Secretary

Change in risk

Primary link to strategy

Potential impacts

- Eventual loss of the brand licence
- easyJet does not own its company name or branding, which is licensed from easyGroup Ltd. The licence includes certain minimum service levels that easyJet must meet to retain the right to use the name and brand
- Cost of rebrand
- Reputational issues

Mitigations

- Training for new joiners and regular refresh with key teams (brand, marketing, legal, commercial and operations).
- Quarterly meeting of senior representatives from easyJet and our brand licence holder, attended by the Chief Financial Officer and the Group General Counsel & Company Secretary, to actively manage brand-related issues as they arise.
- Monitoring and reporting against brand licence KPIs.
- easyJet makes contributions to the joint brand protection fund.

Key:
- **Increasing compared to 2021**
- **Decreasing compared to 2021**
- **Stable**

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

People

Talent acquisition and retention

Risk owner:
Group People Director

Change in risk

Primary link to strategy

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

Mitigations
- Creation of retention programme co-sponsored by HR Director, M&A and People Development and Reward Director.
- Projects making up the programme include:
  - Leadership and Management Capability Development
  - Talent Development Programme
  - Inclusion and Diversity
  - Employee Value Proposition
  - Wellbeing Framework
  - Recognition Principles
  - Reward approach, including:
    - guaranteed bonus for the Management and Administration (M&A) community in FY22 of at least 5% of basic salary paid in two instalments
    - M&A salary adjustment effective 1 July 2022 in response to cost-of-living pressures and market adjustments given salary freeze within M&A over the past two years
    - summer retention incentive for UK cabin crew
    - launch of easyJet holidays employee benefit credit across the network.
- Hybrid working across our office-based communities that support new ways of working with the right policies, processes and technology to improve the employee experience.
- Engagement survey across communities to gain insight on employee sentiment.

Industrial action

Risk owner:
Group People Director

Change in risk

Primary link to strategy

Potential impacts
- Sustained adverse media coverage
- Operational disruption
- Significant spike in costs
- Reduction in future revenue
- Share price movement
- Loss of colleague/customer trust

Mitigations
- easyJet seeks to maintain positive working relationships with all trade unions and other representative bodies and has a framework in place for consulting and engaging with trade unions and consultative bodies.
- In the event of industrial action or expected disruption, easyJet has processes to mitigate the impact to our operations. The Operations department also has specific procedures to deal with such events.

Environment and sustainability

Climate change transition

Risk owner:
Chief Financial Officer

Change in risk

Primary link to strategy

Potential impacts

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

Mitigations

- The inclusion in financial modelling and projections of the increased operational costs arising from climate regulation.
- The pathway to net zero provides the framework for easyJet to mitigate the climate change transition risk with the objective of achieving net zero carbon emissions by 2050.
- Contractually committed volumes of Sustainable Aviation Fuel to manage security of supply and competitive pricing.
- Lobbying efforts with competent authorities in the EU and UK to ensure that policies intended to catalyse decarbonisation of the industry do not disproportionately disadvantage short-haul and/or low-cost carriers.
- Securing next generation Airbus A320neo and A321neo aircraft which are at least 15% more fuel efficient than the previous generation CEO aircraft.
- Optimise fuel usage through operational and technological initiatives to reduce emissions and hence the potential financial impact of carbon and/or GHG emissions, for example ensuring optimised route planning and climb, descent and landing techniques to improve fuel efficiency.
- Collaborating with airlines and trade bodies to develop a lobbying strategy for the modernisation of airspace across the easyJet network.
- Supporting and influencing, via partnerships with key industry players, research and development of new zero carbon emission propulsion technologies.
- Exploring and supporting the scaling-up of nascent technologies, through partnering with appropriate stakeholders, to maximise the likelihood of all decarbonisation levers being available at scale, for example investing in Direct Air Carbon Capture and Storage (DACCS) to support development and formal recognition of carbon removal through a partnership with Airbus.
- Ensuring easyJet has credible partnerships with relevant stakeholders that aim to develop technologies and policies to support aviation's path to net zero. For example, proactively supporting and investing in relevant hydrogen aircraft development programmes such as with Rolls-Royce, Airbus and others.
- Appropriate governance and cross-functional working to ensure the management of risks. For instance, the Sustainability Communications forum and Environmental Policy Group meet regularly to discuss and assess risk and mitigating actions.

Key: **Increasing compared to 2021** · **Decreasing compared to 2021** · **Stable**

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

Technology and digital safety

Failure of critical technology

Risk owner:
Chief Data and Information Officer

Change in risk

Stable

Primary link to strategy

Delivering ease and reliability

Potential impacts

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

Mitigations

- Monitoring and alerting of availability of critical technologies and their inter-dependencies.
- Security logging and monitoring.
- Vulnerability scanning and penetration testing.
- IT Change Management Process embedded to assess risk of all changes to technology including changes made by third-party providers.
- Critical technologies are either cloud-hosted, hosted across two data centres or at third-party provider locations with necessary failover protocols and security perimeters in place.
- IT Major Incident Management team is in place to respond rapidly to any unforeseen critical technology incidents with defined escalation and communication with the easyJet Crisis Management Framework as required.
- IT Supplier Relationship Management process to ensure that critical third-party services and associated risks are regularly reviewed and assessed.
- IT and Digital Safety Policies and Standards that set out the technical and organisational measures for keeping our data and systems safe, available and performing.
- As an Operator of Essential Services under the Network and Information Systems regulation in the UK, we have to comply with the requirements laid out in the Cyber Assessment Framework for Aviation which focuses on critical systems availability.

Significant digital safety event

Risk owner:
Group General Counsel & Company Secretary

Change in risk

Stable

Primary link to strategy

Delivering ease and reliability

Potential impacts

- Sustained adverse media coverage
- Fines/regulatory sanctions
- Third-party liability/class actions
- Reduction in future revenue
- Operational disruption
- Significant spike in costs
- Share price movement
- Loss of colleague/customer trust

Mitigations

- A data and cyber risk governance structure exists to regularly review the data and cyber risk landscape and determine required action to take place to manage risk effectively.
- Dedicated Digital Safety team provides a level of assurance over third parties, proactively monitors threats and responds to incidents.
- Employee education and awareness programme including a network of champions, online training and awareness campaigns.
- External threat intelligence monitoring.
- Security logging and monitoring.
- Vulnerability scanning and penetration testing.
- Digital safety programme to enhance compliance and ensure data control and protection.
- Credit card data is protected through PCI DSS compliance as a Level 1 Merchant. This is revalidated annually by an external body, to which we (and they) attest.
- Digital safety is discussed monthly at our AMB and quarterly at our plc Board. Additionally, as part of our governance processes, the Digital Safety Board meets regularly to discuss matters related to our cybersecurity.

Macro-economic and geopolitical

Competitive environment

Risk owner:
Chief Commercial Officer

Change in risk

Primary link to strategy

Potential impacts

- Permanent and/or temporary reduction in earnings due to loss of competitive advantage across multiple and/or singular network points
- This is underpinned by:
  - Loss of scale leadership
  - Loss of constraint network position
  - Loss of cost advantage

Mitigations

- Established competitor capacity monitoring systems and processes (short and long term).
- Visibility of airport infrastructure development plans.
- Monitor slot availability.
- Monitor and review competitor commercial pricing behaviour.
- Use data and ongoing surveys to monitor key drivers of customer and market behaviour.
- Monitor state aid conditions to ensure fairness in market.
- Reactive plans ready for key scenarios including explicit trigger points.
- Retain fleet flexibility.
- Cohesive lobbying strategy.
- Focus on unit cost to enable low fares.
- Product differentiation.

Volatility in financial markets

Risk owner:
Chief Financial Officer

Change in risk

Primary link to strategy

Potential impacts

- Insufficient cash to meet financial obligations as they fall due and/or the inability to fund the business when needed, leading to insolvency.
- Significant increase in costs.

Mitigations

- The Finance Committee (a committee of the plc Board) oversees the Group's treasury and funding policies and activities.
- Treasury Policy sets out plc Board-approved strategies for market price risk management, counter-party credit risk management and liquidity risk management. Monthly reporting on all treasury activity including reporting on compliance.
- Maintaining a liquidity buffer supported by cash and undrawn facilities.
- Ability to access diverse sources of funding to support liquidity requirements.
- Rolling hedging programmes on jet fuel and foreign exchange market price exposure.

DISCLOSURE FOR GOING CONCERN AND VIABILITY STATEMENT

Assessment of prospects

The Strategic Report on pages 1 to 49 sets out the activities of the Group and the factors likely to impact its future development, performance and position. The Financial Review on pages 50 to 58 sets out the financial position of the Group, cash flows, liquidity position and borrowing activity. The notes to the accounts include the objectives, policies and procedures for managing capital, financial risk management objectives, details of financial instruments and hedging activities, and exposure to credit risk and liquidity risk.

In accordance with the requirements of the 2018 UK Corporate Governance Code, the Directors have assessed the long-term prospects of the Group, taking into account its current position and a range of internal and external factors, including the principal risks. The Directors have determined that a three-year period is an appropriate timeframe for this viability assessment. In concluding on a three-year period, the Directors considered the reliability of forecast information, the duration and impact of Covid-19 and longer-term management incentives.

As at September 2022	Maturity date	Available funds (drawn and undrawn)
Eurobonds	February 2023	€500m
	October 2023	€500m
	June 2025	€500m
	March 2028	€1,200m
Revolving credit facility	September 2025*	$400m
UKEF backed facility	January 2026	$1,770m

* Option to extend to September 2027 at lender's consent

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

- The strategic plan – which takes into consideration market conditions, future commitments, cash flow, expected impact of key risks, funding requirements and maturity of existing financing facilities.
- The fleet plan – the plan retains some flexibility to adjust the size of the fleet in response to opportunities or risks.
- Strength of the balance sheet and unencumbered assets – this sustainable strength gives us access to capital markets.
- Risk assessment – see detailed risk assessment on pages 59 to 69.

Stress testing

The corporate risk management framework facilitates the identification, analysis, and response to plausible risk, including emerging risks as our business evolves, in an increasingly volatile environment. Through our corporate risk management process, a robust assessment of the principal risks facing the organisation has been performed (see pages 59 to 69) and the controls and mitigations identified.

Both individually and combined, these potential risks are unlikely to require significant additional management actions to support the business to remain viable, however, there could be actions that management would deem necessary to reduce the impact of the risks. The stress testing scenarios identified show that there is sufficient liquidity assuming the refinancing of the existing bonds.

Going concern statement

In adopting the going concern basis for preparing these financial statements, the Directors have considered easyJet's business activities, together with factors likely to affect its future development and performance, as well as easyJet's principal risks and uncertainties through to June 2024.

As at 30 September 2022, easyJet has a net debt position of £0.7 billion including cash and cash equivalents and money market deposits of £3.6 billion, with unrestricted access to £4.7 billion of liquidity and has retained ownership of 57% of the total fleet with 41% being unencumbered.

The Directors have reviewed the financial forecasts and funding requirements with consideration given to the potential impact of severe but plausible downside risks. easyJet has modelled a base case representing management's best estimation of how the business plans to perform over the period. The future impact of climate change on the business has been incorporated into strategic plans, including the estimated financial impact within the base case cash flow projections of the future estimated price of ETS 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.

The business is exposed to fluctuations in fuel prices and foreign exchange rates. easyJet is currently c.74% hedged for fuel in H1 of FY23 at c.US$814 per metric tonne, c.51% hedged for H2 FY23 at c.US$903 and c.25% hedged for H1 FY24 at c.US$922.

In modelling the impact of severe but plausible downside risks, the Directors have considered demand suppression leading to a reduction in ticket yield of 5% and 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 current liquidity position, committed funding facilities, the base case and severe but plausible downside financial forecasts incorporating the uncertainties described above, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operation for the foreseeable future. For these reasons the Directors continue to adopt the going concern basis of accounting in preparing the Group's financial statements.

Viability Statement

Based on the assessment performed, the Directors have a reasonable expectation that the Company and the Group will be able to continue in operation and meet all liabilities as they fall due up to September 2025. In making this statement, the Directors have made the following key assumptions:

1. easyJet has access to a variety of funding options including capital markets, aircraft financing and bank or government debt. The stress testing demonstrates that the current funding, with refinancing of the existing bonds, would be sufficient to retain liquidity in both the base and downside cases.
2. In assessing viability, it is assumed that the detailed risk management process as outlined on pages 59 to 69. captures all plausible risks, and that in the event that multiple risks occur, all available actions to mitigate the impact to the Group would be taken on a timely basis and have the intended impact.
3. There is no prolonged grounding of a substantial portion of the fleet greater than included in the downside risk scenario. This 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.

The key risks that are most likely to have a significant impact on easyJet's viability are shown below along with how the risk has been considered in the stress testing and what actions are in place to mitigate against the identified risk. The principal risks have continued to be assessed for any changes in the risk environment.

Risk theme	Impact on viability	Risks considered	Management action and Board considerations
Safety, security, and operations	1. Significant safety or security incident 2. Pandemic 3. Significant operational disruption	• Operational disruption and increase of costs. (1, 2) • Significant media coverage and/or partial grounding of fleet leading to a reduction in future revenue of up to 10%. (1,2) • Fines/regulatory sanctions. (1) • Increased EU261 compensation. (3)	• easyJet Safety Board meets monthly. Functional Safety Action Groups in place across the business. (1,2) • Hull and liability insurance in place. (1,2,3) • A safety policy is published. (1,2) • Biosecurity Standards Group in place. (2) • Operational resilience actions. (3)
Asset efficiency and effectiveness	4. Single aircraft type operation 5. Non-delivery of strategic initiatives 6. Airport infrastructure 7. Continuity of services	• Scheduled reductions/cancellations or partial grounding of fleet leading to a reduction in revenue of up to 10%. (4,7) • Inefficient use of resources leading to financial underperformance. (5) • Loss of market share due to increased competitor capacity. (6,7) • Significant increase in costs. (6) • Operational disruption, modelled by a downside risk scenario. (4,6,7)	• Enterprise Project Management Office in place to oversee delivery of projects. (5) • Monitoring of airport capacity. (6) • Introduction of A320neo aircraft. (4) • Work closely with Airbus to retain some flexibility in fleet planning. (4) • Airport business continuity plans in place. (7)
Legislative and regulatory landscape	8. Brand licence 9. Changing landscape 10. Shareholder activism	• Loss of brand licence. (8) • Sustained adverse media coverage leading to reduction in revenue of up to 10%. (8,10) • Significant spike in operational costs. (9) • Fines/regulatory sanctions. (9)	• Regular engagement with easyGroup holdings and proactive management of brand-related issues. (8) • Compliance framework in place including mandatory training. (9) • Use of in-house and external legal advisers. (9) • Active shareholder engagement programme. (10)
People	11. Industrial action 12. Talent acquisition and retention within the Group	• Operational disruption leading to increased costs and loss of revenue of up to 10%. (11) • Sustained inability to deliver strategic initiatives by up to 50%. (12)	• Positive and ongoing relationship with trade unions and employee workforce. (11) • Regular employee surveys and action groups to focus on wellbeing, talent and retention. (12) • Creation of retention programme. (12) • Hybrid working. (12)
Environment and sustainability	13. Climate change transition a. future environmental legislation and technology b. changes to carbon trading scheme c. changing consumer demand d. increased taxation	• Increased costs including ETS, SAF, additional legal and technology costs and increased cost of maintenance and replacement of aircraft. (13 a,b,d) • Reduction in revenue of up to 10% due to customer demand. (13 c)	• Framework in place – the roadmap to net zero. (13 a-d) • Contracting for SAF volumes. (13 a) • More fuel efficient A320 and A321neo aircraft. (13 a) • Investing in hydrogen aviation initiatives. (13 a)
Technology and digital safety	14. Failure of critical technologies 15. Significant digital safety event	• Loss of the website leading to reduction in revenue of up to 10%. (14) • Significant spike in costs relating to legal and settlement costs. (15)	• Ongoing monitoring of critical technologies and interdependencies. (14) • IT major incident management team in place. (15) • Data and cyber risk governance structure exists to regularly review data and risk. (15) • Dedicated Information Security team. (15)
Macro-economic and geopolitical	16. Competitive environment 17. Volatility in financial markets	• Reduction in earnings and cash and/or increase in costs due to loss of competitive advantage. (16) • Modelling excluding uncommitted funding. (16, 17) • Fuel sensitivities to +$100 MT/tonne on forecast levels, adverse foreign exchange rate movement by 10% and fluctuating carbon prices. Cost inflation estimates increased up to 10%. (17)	• Strategic planning to ensure flying schedules are responsive to demand. (16) • Competitor monitoring systems and processes in place. (16) • Consideration of various sensitivities and stress testing to the forecast presented to the Board on an ongoing basis. (16,17) • Finance Committee oversees the Group treasury and funding policies. (17) • Liquidity buffer maintained. (16,17) • Rolling hedging programme in place. (17)

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

An intense year has seen the Board focus on navigating industry-wide challenges from Covid recovery, while charting a strong longer-term strategy, positioning easyJet to be an industry winner in the years ahead."

Stephen Hester
Chairman

Contents of the Corporate Governance Report

Introduction

I am pleased to introduce this report which describes the activities of your Board during the year, along with our governance arrangements.

This has been an important year for easyJet and its Board. The first half saw Covid-19 in full effect across Europe, with many travel restrictions and associated lack of flying. Resilience and financial strength were the overriding priorities. Quicker than many forecast, economies opened up in the spring and, across the industry in Europe, flying has returned very fast. The industry- and economy-wide challenges of managing the bounceback have been well publicised. The Board has been intensely focused on working with management to navigate this as well as possible for customers, employees and shareholders. At the same time, a two-year global 'hiatus' for Covid-19, with its associated existential challenge for aviation, required a careful re-engagement this year with questions of easyJet's strategic positioning going forward. The Board spent considerable time on this, reviewing our purpose and strategic aspiration, the roadmap and tools to achieve it and confirming our belief that easyJet is well-positioned to be an industry winner in the years ahead. All of these considerations have been underpinned by our commitment to the highest standards of corporate governance and a range of other vital initiatives, not least relating to sustainability on which major steps forward were also accomplished.

Activities in the year

Strategy and purpose

The Board allocated a significant amount of time to reviewing the strategic priorities in the year, undertaking an iterative approach in order to explore the risks and opportunities in detail and ensure that our purpose and ambition were aligned. This included in-depth discussions over the course of several meetings on topics such as growth, cost, revenue and customers.

As a result of this process, the Board articulated the refreshed purpose statement, 'Making low-cost travel easy', and the targeted destination of being 'Europe's most loved airline – winning for our customers, shareholders and people". Further information is set out on pages 4 to 7. The Board continues to keep the strategy under review and will monitor how the purpose and destination are delivered.

Fleet

At the same time as these strategic discussions were taking place, the Board reviewed the longer-term fleet requirements. In June, we announced that we had reached agreement with Airbus to supply 56 A320neo aircraft for delivery between FY26 and FY29 and to convert 18 A320neo aircraft for delivery between FY24 and FY27 into the larger A321neo aircraft. The transaction firmed up the order book with Airbus and secured a number of other benefits, continuing the fleet refresh as older aircraft leave the business. Although the transaction was already envisaged when shareholders approved the 2013 Airbus Agreement, in view of its size, it was conditional on shareholder approval. The Board believes the aircraft purchase will support positive returns for the business and the delivery of our strategic objectives, and we were pleased with the strong support shown by shareholders in approving the transaction. The Board continues to keep the fleet plan under regular review.

Operational performance

Delivering a safe and reliable operation for our customers is easyJet's highest priority. While there was positive news in January with the decision by the UK government to remove pre-departure testing, which saw a step change in bookings, the increased travel restrictions introduced across Europe at the end of the first quarter in response to the Omicron variant paused this momentum. In spite of this, we reduced our losses over the first half, and the pent-up demand provided for a strong and sustained recovery in trading from April onwards.

Given the unprecedented ramp-up, the aviation industry across Europe experienced operational issues in the second half, including staff shortages in ground-handling and at airports, supply chain issues and air traffic control delays. The very tight labour market for the whole ecosystem including crew, compounded by increased ID check times, reduced planned resilience further. This resulted in delays and cancellations and two of our largest airports, London Gatwick and Amsterdam Schiphol, introduced flight caps. We took decisive action in response, proactively consolidating a number of flights across affected airports and revising the schedule to build additional resilience. The Board has been mindful of the impact that this disruption has had on all of our stakeholders, including customers and our own people. We were pleased that as a result of the actions we took the operation stabilised, with a majority of customers able to rebook on alternative flights and CSAT increasing among those travelling during the summer. However, we also recognise that all parties, including easyJet, must aspire to do better in the coming year.

Sustainability and climate change

Sustainability, including the impact of climate change, has featured heavily on the Board agenda during the year. In 2019, easyJet led the aviation industry in launching its Sustainability Strategy and in November 2021, we joined the Race to Zero campaign through which we committed to set an interim science-based target to reach 35% carbon reduction by 2035, as well as reach net zero emissions by 2050.

The Board reviewed sustainability matters, including the pathway to net zero which is explained in detail on pages 12 and 13, on multiple occasions during the year prior to its launch in September 2022.

People and culture

The Board is always keen to understand and respond to the views, concerns and challenges of our people. Last year the Board took the opportunity to review the approach to bringing the employee voice into the boardroom, and our four Employee Representative Directors regularly updated the Board on their discussions. You can read more about this on page 27.

Further details on the Board's activity during the year can be found on pages 86 to 87.

Board composition

The Nominations Committee keeps the balance of skills, knowledge and experience on the Board under regular review and is mindful of the best practice requirements under the UK Corporate Governance Code 2018 (the 'Code' or '2018 Code'). During the year, the Nominations Committee conducted a thorough search for three new Non-Executive Directors, following which Ryanne van der Eijk, Harald Eisenächer and Dr Detlef Trefzger were appointed to the Board with effect from 1 September 2022. They bring extensive airline and travel industry experience to the Board's deliberations, with a focus on operations and logistics, customer experience, digital and data, combined with a European outlook, as we are mindful that 50% of our activities are in continental Europe.

Nick Leeder stepped down from the Board on 30 September 2022, following his relocation to Singapore. Andreas Bierwirth and Julie Southern have decided not to seek re-election at the Company's next Annual General Meeting; Andreas, in line with corporate governance best practice, having served for nearly nine years, and Julie having been appointed Chair designate at RWS Holdings plc. Further details can be found on pages 94 to 96. As noted in my introduction to the Annual Report, we are grateful to Nick, Andreas and Julie for their significant contributions.

The Board is in the process of recruiting a new Senior Independent Director, and expects to meet the increased best practice guidelines for gender diversity when this appointment is finalised. The Board continues to meet best practice guidelines for ethnic diversity.

All new Board members participate in a comprehensive induction programme. Information on the induction programme can be found on page 91.

Board performance

The Board undertakes a formal evaluation of its own performance, and that of its Committees and individual Directors, every year. The evaluation is externally facilitated every three years in accordance with the Code. As the 2021 Board evaluation was undertaken externally, an internal evaluation was undertaken during 2022. I am pleased that the Board was found to operate effectively. Details of the process followed, the outcomes and the proposed actions can be found on pages 92 to 93.

Stakeholders

The Board takes account of the impact of its decisions on all our stakeholders, be they customers, employees, suppliers, shareholders, the communities we operate in or regulators, while taking steps to secure the Group's longer-term success.

Details of how we have engaged with all our stakeholders to understand their views can be found on pages 26 to 29. A statement on how the Directors have had regard to the matters set out in section 172 of the Companies Act 2006 can be found on page 27.

The following pages set out details of the composition of our Board, its corporate governance arrangements, processes and activities during the year, as well as reports from each of the Board's Committees, and I hope it provides a useful insight.

Stephen Hester
Chairman

AN EXPERIENCED BOARD

Stephen Hester
Chairman

Nationality: British

Appointed: September 2021

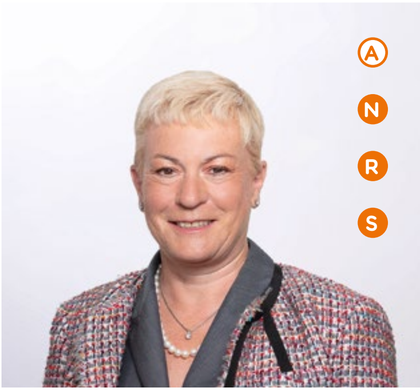
Contribution to the Board:
- Strategic and successful leader with more than 35 years of wide-ranging business experience, including significant experience leading major international businesses in regulated industries.
- Brings strong track record of value creation and listed company experience to the Board.

Experience

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

Current external appointments

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



Julie Southern
Senior Independent Non-Executive Director

Nationality: British

Appointed: August 2018

Contribution to the Board:
- In-depth commercial and financial expertise from a varied executive and non-executive career, including in aviation.
- Extensive experience in finance-oriented roles, making her ideally suited for her role as Chair of the Audit Committee.

Experience

Julie served as Chief Commercial Officer of Virgin Atlantic Limited from 2010 to 2013, and prior to this was Chief Financial Officer of Virgin Atlantic Limited for 10 years. Julie was previously Group Finance Director at Porsche Cars Great Britain and Finance and Operations Director at WH Smith – HJ Chapman & Co. Ltd. She was previously a Non-Executive Director of Stagecoach Group plc, Gategroup AG, Cineworld plc and DFS Furniture plc. Julie holds a BA (Hons) in Economics from the University of Cambridge and is a qualified chartered accountant.

Current external appointments

Non-Executive Director and Chair Designate of RWS Holdings plc, Non-Executive Director and Chair of the Audit Committees of Rentokil Initial plc, NXP Semi-Conductors N.V., and Ocado Group plc.

Johan Lundgren
Chief Executive Officer

Nationality: Swedish

Appointed: December 2017

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

Experience

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

Current external appointments

Senior Adviser, Blackstone (private equity group).

Board Committees key

○ Committee Chair	N Nominations Committee
A Audit Committee	R Remuneration Committee
F Finance Committee	S Safety Committee

Kenton Jarvis
Chief Financial Officer

Nationality: British
Appointed: February 2021

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

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

Current external appointments
None.

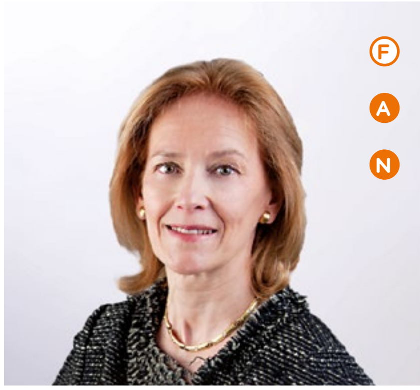
Dr Andreas Bierwirth
Independent Non-Executive Director

Nationality: German
Appointed: July 2014

Contribution to the Board:
- Brings a valuable European perspective to Board deliberations.
- Active commercial pilot which, combined with his experience as an executive at Germanwings, means he brings considerable airline experience to the Board and to his role as Chair of the Safety Committee.
- Andreas is also one of the Board's nominated Employee Representative Directors.

Experience
Andreas previously served as Chief Executive Officer of Magenta Telekom (formerly T-Mobile Austria), and as a Director and Chief Commercial Officer at Austrian Airlines AG. Andreas also served as Vice President of Marketing at Deutsche Lufthansa AG (Frankfurt) and Chairman of the Supervisory Board at T-Mobile Polska SA. Prior to this, Andreas was Deputy Managing Director and later Managing Director at Germanwings.

Current external appointments
Chief Retail Officer of Erste Group Bank AG and Chairman of the Supervisory Board of Do&Co AG.



Catherine Bradley CBE
Independent Non-Executive Director

Nationality: French and British
Appointed: January 2020

Contribution to the Board:
- Extensive financial expertise gained across senior finance roles in investment banking and M&A over 33 years, along with an in-depth understanding of corporate governance and regulatory matters.
- Her experience in financial and capital markets makes her ideally suited as Finance Committee Chair.
- Catherine is also one of the Board's nominated Employee Representative Directors.

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

Current external appointments
Senior Independent Director of Kingfisher plc. Non-Executive Director of Johnson Electric Holdings Limited and a Non-Executive Director of abrdn plc and Chair of their Audit Committee.

Board Committees key

- Committee Chair
- A Audit Committee
- F Finance Committee
- N Nominations Committee
- R Remuneration Committee
- S Safety Committee

Ryanne van der Eijk
Independent Non-Executive Director

Nationality: Dutch
Appointed: September 2022

Contribution to the Board:
- Brings in-depth airline and customer services experience, along with a valuable European perspective to Board deliberations.
- Ryanne is one of the Board's nominated Employee Representative Directors.

Experience
Ryanne has extensive airline operations and customer service experience, having had a 20-year career with KLM, her last role being as Chief Experience Officer. Her previous senior executive appointments also include Chief Operating Officer for Dubai Airports and Chief Experience Officer for Ras Al Khaimah Economic Zone in the UAE.

Current external appointments
Chief Operating Officer of Mentaal Beter and Chair of Advisory Board, Child Protection Research Centre, UAE.

Harald Eisenächer
Independent Non-Executive Director

Nationality: German
Appointed: September 2022

Contribution to the Board:
- Brings extensive travel and aviation sector experience as well as a deep knowledge of digital and data driven businesses, combined with a European outlook.

Experience
Harald brings significant experience of the travel and aviation industry, having held senior executive positions with Lufthansa and Sabre Travel Network. He most recently served as Chief Commercial Officer for Infare, the leading provider of competitor air travel data based in Denmark. He has previously held senior positions with Deutsche Telekom, eBay and Hoechst and served as a non-executive director of Groz-Beckert SE (2007 to 2021) and Ifolor AG (2013 to 2019).

Current external appointments
Member of the Supervisory Board of Infare A/S and Advisory Board of Solytic GmbH.

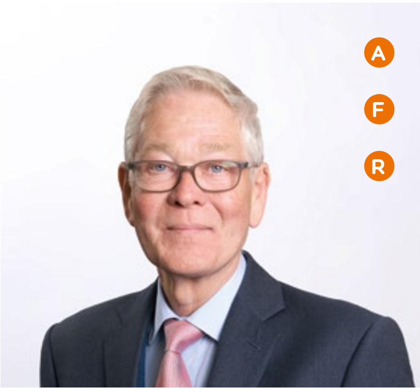
Moni Mannings
Independent Non-Executive Director

Nationality: British
Appointed: August 2020

Contribution to the Board:
- Experienced non-executive who brings extensive legal and corporate finance experience to the Board.
- Deep knowledge of executive remuneration as an experienced Remuneration Committee Chair means she is well placed as Chair of the Remuneration Committee.
- Moni is also one of the Board's nominated Employee Representative Directors.

Experience
From 2000 until 2016, Moni was a Partner and Head of the International Banking and Finance Division of Olswang LLP, before which she held senior positions with Dewey & LeBoeuf LLP, Simmons & Simmons and Clifford Chance LLP. Until 2017, Moni was Chief Operating Officer of Aistemos Limited. Moni has also held a number of non-executive positions, including as a Board member of the Solicitors Regulation Authority (chairing its Equality, Diversity and Inclusion Committee) and at Cranfield University. Moni has also served as a Non-Executive Director of Polypipe Group plc (2014 to 2019), Dairy Crest Group plc (2017 until their acquisition and delisting in 2019) and Breedon Group plc (2019 to 2021).

Current external appointments
Non-Executive Director of Hargreaves Lansdown plc and Investec Bank plc, Non-Executive Director and Chair of the Remuneration Committee of Cazoo Group Ltd.



David Robbie
Independent Non-Executive Director

Nationality: British

Appointed: November 2020

Contribution to the Board:
- Brings strong financial, risk management and corporate finance experience to the Board.
- His international and strategic outlook, combined with over 20 years serving as a director on FTSE boards, provides a valuable perspective in Board and Committee discussions.

Experience
David was Finance Director of Rexam plc from 2005 until 2016. Prior to his role at Rexam, David served in senior finance roles at Invensys plc before becoming Group Finance Director at CMG plc in 2000 and then Chief Financial Officer at Royal P&O Nedlloyd N.V. in 2004. He served as interim Chairman, Senior Independent Director and Chair of the Audit Committee of FirstGroup plc from 2018 to 2021, and Non-Executive Director and Chair of the Audit Committee for the BBC between 2006 and 2010. David qualified as a chartered accountant at KPMG and holds an MA in English Literature from St. Andrew's University.

Current external appointments
Senior Independent Director and Chair of the Audit Committee at DS Smith plc.

Dr Detlef Trefzger
Independent Non-Executive Director

Nationality: German

Appointed: September 2022

Contribution to the Board:
- Brings recent and in-depth experience of global logistics and commercial strategy, along with a European outlook.
- Broad experience of technology enabled and data supported business transformation.

Experience
Detlef brings significant transportation and logistics experience, having served as Chief Executive Officer of Kuehne + Nagel International AG, the global transport and logistics company based in Switzerland, from March 2013 to July 2022. Prior to this he held senior positions with DB Schenker and Roland Berger.

Current external appointments
Non-Executive Director of Accelleron Industries AG, Founder and Chair of Larix Equity AG.

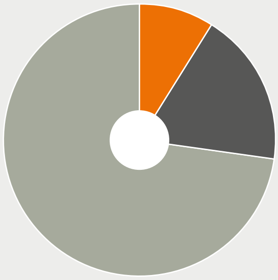
Changes to the Board during the year and up to 29 November 2022

- Ryanne van der Eijk, Harald Eisenächer and Dr Detlef Trefzger were appointed with effect from 1 September 2022.
- Nick Leeder stepped down on 30 September 2022.

BOARD COMPOSITION

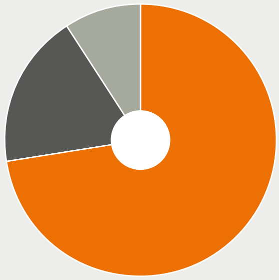
The Board continues to meet best practice guidelines for independence and ethnic diversity and keeps the balance of skill, knowledge and experience on the Board under regular review.

Independence



- Chairman: 1
- Executive: 2
- Non-Executive Directors: 8

Tenure



- 0-3 years: 8
- 3-6 years: 2
- 6-9 years: 1

Ethnicity

- White: 10
- Asian: 1

Gender

- Male: 7
- Female: 4

SKILLS AND EXPERIENCE

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

A FOCUSED MANAGEMENT TEAM

Ella Bennett
Group People Director

Nationality: British

Appointed: May 2018

Key areas of expertise:
- People, reward and digital transformation.

Experience

Ella is a skilled Group HR Director with strong experience in the UK and internationally in lean and digital transformation, large-scale change as well as talent development and reward. Ella joined easyJet from Sainsbury's Argos, where she led the integration of their non-food business to create a multi-product, multi-channel business with fast delivery networks. Ella was also Group HR Director at Home Retail Group, leading the people aspects of Argos' digital transformation. Prior to this she was a member of the executive management team at Fujitsu. She holds a BA (Hons) degree in English Literature from the University of Bristol and Master's degree from the University of London.

Robert Birge
Chief Customer & Marketing Officer

Nationality: American

Appointed: August 2022

Key areas of expertise:
- Customer, marketing.

Experience

Robert is a highly experienced consumer marketing and general management leader with a track record of driving growth, building brands and leading winning teams across ecommerce, travel, online apparel, wireless and consumer goods for both large companies and start-ups. Before joining easyJet, Robert was Chief Growth Officer at ASOS in a role that encompassed marketing, end-to-end customer experience, data insight and media publishing, increasing revenue growth from 13% in 2019 to 21% in 2021. Previously Robert spent six years as CMO at KAYAK, establishing it as a leader in the travel industry, leading to public listing. He was also part of the original start-up team that created US online travel agency Orbitz.

Stuart Birrell
Chief Data & Information Officer

Nationality: British

Appointed: November 2020

Key areas of expertise:
- Data and information technology.

Experience

Stuart spent five years as Director and Chief Information Officer at Heathrow Airport Ltd before joining easyJet. He previously held the role of CIO at Formula 1's McLaren Technology Group where he worked in the high-performance environment building a team of in-house experts and specialist suppliers. Prior to that he spent three years at Gatwick Airport where he successfully separated the airport systems from BAA and brought improvements to complex IT foundations and transformation processes. Stuart brings with him significant experience and expertise in IT security, cloud-based solutions, big data sets and technology to support business expansion.

Maaike de Bie
Group General Counsel & Company Secretary

Nationality: Dutch and British

Appointed: June 2019

Key areas of expertise:
- Legal, compliance and regulatory.

Experience
Maaike is an experienced international lawyer with over 25 years' practical experience in a variety of sectors. Maaike joined easyJet in June 2019 from Royal Mail plc where she was Group General Counsel, accountable for all legal, compliance, claims management, security and information governance matters. Prior to Royal Mail, Maaike was a Legal Director and part of the governance body of EY LLP. Maaike also spent six years with General Electric, five years as General Counsel for one of its Capital companies in EMEA and then promoted into the HQ office of GE Capital in Europe to lead the improvement of enterprise risk management and corporate governance across EMEA. She has also held senior international legal positions at the European Bank for Reconstruction and Development LLP in London and White & Case LLP in New York. She obtained her legal degrees in the Netherlands (in Amsterdam) and Canada (McGill in Montreal) and is qualified to practise as a solicitor in both New York and the UK. Maaike is also a trustee for Blueprint for Better Business which is an independent charity that helps business be inspired and guided by a purpose that respects people and contributes to a better society.

Sophie Dekkers
Chief Commercial Officer

Nationality: British

Appointed: December 2020

Key areas of expertise:
- Aviation and strategy.

Experience
Before joining the Airline Management Board, Sophie held the role of Customer Director for easyJet. Prior to this she was Director of Scheduling for the airline, implementing systems and process improvements. She has also led easyJet in the UK as Country Director for five years, where she was responsible for driving the airline's commercial success and strategic direction in the UK as well as representing aviation at both House of Lords and House of Commons Select Committees. Previous roles in the airline include Head of Change Management and Customer Insight, with a background in customer insight, working with a range of brands from Jaguar Land Rover to Mars, Unilever and Vodafone. Sophie was also Non-Executive Director for Airport Co-ordination Limited from 2017 to 2021 and sat on their Remuneration and Nomination Committees. Sophie is easyJet's business lead on diversity and inclusion, a qualified MindGym coach, business mentor, and a founding member of easyJet's Women's Network.

Thomas Haagensen
Group Markets Director

Nationality: Danish

Appointed: May 2018

Key areas of expertise:
- Commercial and operations management.

Experience
Thomas has over 20 years' experience in operations management built in a variety of roles across Europe. Danish, born and educated in Switzerland, Thomas began his career with Tetra Pak, working his way up to Regional Manager of the East Med where he developed and succeeded in implementing ambitious growth and profitability improvement plans. Since joining easyJet in 2008 Thomas has significantly grown the Swiss market, developed easyJet's market entry strategy for Germany and developed the business traveller segment in Northern Europe. Most recently he was appointed Managing Director of easyJet Europe, establishing the Company's Austrian AOC, a key part of its Brexit migration plan, and managed the transition of 100 aircraft to easyJet Europe. Thomas holds a degree in Business Administration with a focus on management and marketing from University of Lausanne.

David Morgan
Chief Operating Officer

Nationality: British
Appointed: July 2022

Key areas of expertise:
- Flight operations.

Experience
David joined easyJet in September 2016 as the airline's Chief Pilot, and in December 2017 took up the position of Director of Flight Operations, taking responsibility for the safe and efficient operation of the airline's flights across Europe. David previously served as interim COO in 2019, when he oversaw operations across the airline and delivered significant improvements in operational performance. David and his operations team focus on safe, efficient and sustainable operations in an increasingly complex and challenging environment. Prior to joining the airline David was Chief Flight Operations Officer at Wizz Air. His long career in aviation has taken him around the world including Australia and the Middle East. He is a graduate of the Royal Military Academy, Sandhurst.

Garry Wilson
Chief Executive Officer, easyJet holidays

Nationality: British
Appointed: November 2018

Key areas of expertise:
- Travel, business transformation and global markets.

Experience
Garry is a highly experienced commercial leader with over 25 years' experience in the travel sector. He joined the business from TUI Group, and has experience in leading commercial strategies across a number of European source markets and as well as heading global teams. Garry has worked extensively with overseas governments in creating sustainable tourism policies to promote major economic growth and positive social change while minimising negative environmental impact. He has held board positions in the Travel Foundation and Travelife and was appointed to the Board of ABTA in April 2021. He holds a BCom (Hons) degree in Business Management and Languages from the University of Edinburgh.

Johan Lundgren
Chief Executive Officer

See Board of Directors' profiles on page 74.

Kenton Jarvis
Chief Financial Officer

See Board of Directors' profiles on page 75

Changes to the Airline Management Board during the year and up to 29 November 2022:

- David Morgan was appointed interim Chief Operating Officer on 1 July 2022, replacing Peter Bellew, and was subsequently made permanent COO.
- Robert Birge was appointed Chief Customer & Marketing Officer on 15 August 2022.

GOVERNANCE FRAMEWORK

SHAREHOLDERS

CHAIRMAN

The Chairman is responsible for the leadership of the plc Board and for ensuring that it operates effectively through productive debate and challenge.

THE BOARD

The Board is responsible for providing leadership to the Group. It does this by setting strategic priorities and overseeing their delivery in a way that is aligned with easyJet's culture and enables sustainable long-term growth, while maintaining a balanced approach to risk within a framework of effective controls and taking into account the interests of a diverse range of stakeholders. The Board is also responsible for environmental, social and governance matters. There are certain matters which are reserved for the Board's decision.

Biographies on pages 74 | Strategic priorities on pages 6 | Engagement with stakeholders on pages 26 | Activity in the year on pages 86

BOARD COMMITTEES

The terms of reference of each Committee are documented and agreed by the Board. The committees' terms of reference are reviewed annually and are available in the Governance section of easyJet's corporate website at https://corporate.easyjet.com.
The key responsibilities of each Committee are set out below.

NOMINATIONS COMMITTEE

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

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

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

Committee report on pages 94 to 96

FINANCE COMMITTEE

To review and monitor the Group's treasury policies, treasury operations and funding activities, along with the associated risks.

To provide approvals in relation to fuel and currency hedging, swaps, letters of credit and guarantees.

Committee report on page 97

AUDIT COMMITTEE

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

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

Committee report on pages 98 to 103

SAFETY COMMITTEE

To examine specific safety issues as requested by the Board or any member of the Committee.

To receive, examine and monitor reports on actions taken by departments.

To review and monitor the implementation of easyJet's annual safety plan.

Committee report on pages 104 to 105

REMUNERATION COMMITTEE

To set remuneration for all Executive Directors, the Chairman and the AMB, including pension rights and any compensation payments.

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

Committee report on pages 106 to 121

CHIEF EXECUTIVE

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

AIRLINE MANAGEMENT BOARD (AMB)

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

THE BOARD

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

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

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

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

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

Employee Representative Directors – Andreas Bierwirth, Catherine Bradley, Moni Mannings, Ryanne van der Eijk
- Provide the mechanism for the Board to engage with the workforce in line with the Code.
- Responsible for meeting the Company's European Works Council (EWC) and Management & Administration Consultative Group ('MACG') at least once a year, and other works councils on a periodic basis, along with other informal engagement.
- Provide regular updates to the Board to ensure employee voice is clearly reflected in the boardroom.

Company Secretary – Maaike de Bie
- Supports and works closely with the Chairman, the Chief Executive Officer and the chairs of the Board committees in setting agendas for meetings of the Board and its committees.
- Supports the provision of accurate, timely and clear information flows to and from the Board and the Board committees, and between Directors and senior management in order to ensure that the Board has the information and resources it needs in order to function effectively.
- Supports the Chairman in designing and delivering Directors' induction programmes and the Board and Committee performance evaluations.
- Advises the Board on corporate governance matters and Board procedures and is responsible for administering the Share Dealing Code and the AGM.

OUR GOVERNANCE

Principles of the UK Corporate Governance Code

easyJet follows the principles of the 2018 Code which sets out the standards of good practice in relation to how a company should be directed and governed. The full text of the Code is available at www.frc.org.uk. The Board is pleased to confirm that the Company has applied the Principles of the Code and complied with all the Provisions of the Code throughout the year. Our compliance with key areas of the Code is summarised in this section, together with cross references, where applicable, to the relevant sections of this report where more information can be found (together with the Directors' Remuneration Report on pages 106 to 121 and the Directors' Report on pages 122 to 125).

1 Board leadership and company purpose

Role of the Board

The Board is collectively responsible for promoting the long-term sustainable success of the Group, generating value for shareholders as a whole and contributing to wider society by fulfilling its purpose. In exercising this responsibility, the Board takes into account all relevant stakeholders including customers, employees, suppliers, shareholders, the communities we operate in, regulators and governments, and the effect of the activities of the Group on the environment. The Board provides effective leadership by setting the strategic priorities of the Group and overseeing management's execution of the strategy in a way that enables sustainable long-term growth, while maintaining a balanced approach to risk within a framework of prudent and effective controls. Our robust governance framework is also instrumental in ensuring our strategy is delivered successfully. Our governance framework is summarised on page 82.

Our purpose

During the year the Board allocated a significant amount of time to review the strategic priorities in the year along with easyJet's purpose and aspiration. As a result of this process, the Board articulated the refreshed purpose statement, "Making low-cost travel easy". Our refreshed purpose explains why we exist and guides our decision making. We want to make low-cost travel a positive and hassle-free experience and aim to provide simple, convenient travel at a competitive price.

We seek to deliver this purpose through our strategy, by leveraging the low-cost airline business model and combining this with network and service differentiation, as well as introducing strategic objectives that help us achieve our destination, which is to be 'Europe's most loved airline – winning for our customers, shareholders and people'. Further information is set out on pages 20 to 21.

Further information on the way that easyJet uses its resources to fulfil this purpose and create sustainable value is set out in our business model on page 8.

Our stakeholders

As set out in the Code, the Board recognises the importance of identifying its key stakeholders and understanding their perspectives. Through regular dialogue and communication, the Board is mindful of all stakeholders when planning or making decisions of strategic significance.

The Board has continued to utilise the employee voice mechanism which was reviewed in the previous financial year and set out in the 2021 Annual Report. The four Employee Representative Directors have met individually with the Company's European Works Council ('EWC') and Management & Administration Consultative Group ('MACG') and other works councils on a periodic basis, as well as informal engagement where possible.

Details of engagement with our stakeholders are set out on pages 26 to 29 and in the summary of the Board's activity in the year on pages 86 to 87.

An example of how the Board considered stakeholders in its decision making is described on page 85.

CASE STUDY: STAKEHOLDERS IN DECISION MAKING

Decision:

Aircraft Purchase: 56 Airbus A320neo family aircraft and conversion of 18 A320neo family aircraft to 18 A321neo aircraft with related CFM engine arrangements.

Stakeholders:

Investors, suppliers, customers, community.

Rationale:

The transaction sought to firm up easyJet's order book with Airbus through to 2028, continuing the Company's fleet refresh as the 156-seat A319s and older A320s (180 and 186-seat) were leaving the business to be replaced with new A320 (186-seat) and A321neo (235-seat) aircraft ('Aircraft Purchase'). The Board believed the Aircraft Purchase would support the delivery of easyJet's strategic objectives and help build strong shareholder returns with the following rationale:

- **Secured certainty of aircraft supply:** Airbus delivery slots are increasingly scarce, with no slots being available until 2027. By securing delivery slots with the transaction, easyJet would secure deliveries between FY26 and FY29 to replace aircraft leaving the fleet.
- **Maintains operational scale:** The new aircraft will be used to replace older aircraft as they reach the end of their useful life. These aircraft will become economically unviable for our high-intensity low-cost operation and will need replacement if easyJet was to maintain the current scale of its business.
- **Agreement:** The new aircraft will be purchased under the 2013 Agreement, meaning the Company will continue to benefit from the highly competitive pricing and flexibility rights in this agreement. The aircraft are priced very substantially below the Airbus list price, and benefit from attractive price escalation protection. In addition, the Aircraft Purchase continues to offer flexibility with respect to delivery dates and the ability to convert A320neo aircraft to A321neo aircraft.
- **New generation technology:** The new aircraft will deliver between a 15% and 25% unit cost fuel-efficiency improvement (depending on which aircraft they replace). This will significantly reduce easyJet's fuel costs and therefore improve its overall cost base. It will also reduce the costs of compliance with various environmental regulations. The costs of carbon emissions will increase significantly over the next few years, and increased fuel efficiency will lead to a proportional reduction in carbon emissions.
- **Increased aircraft gauge:** The new aircraft will also facilitate further up-gauging of the fleet, increasing the average seat count per aircraft. This will result in further improvements in cost efficiency, with the cost of each flight spread across a greater number of passengers. The A321neo is a highly cost-efficient aircraft, well suited to higher demand or longer sector length parts of the Company's network.
- **Sustainability:** The new aircraft are aligned with easyJet's Sustainability Strategy, with the adoption of the more efficient new technology aircraft being a core component of easyJet's path to net zero emissions. Alongside this, the new aircraft are significantly quieter, with half the noise footprint of the older aircraft they are replacing.

Consideration of stakeholders and the factors under s.172:

- **The Board considered that the Aircraft Purchase was likely to promote the success of the Company in the long term:** The Company's ability to maintain desirable slots and sustain its route network depends on the timely delivery of aircraft.

  Given constraints on Airbus delivery slots, if the Aircraft Purchase had not been completed, easyJet would not have a secure supply of aircraft between FY26 and FY29 and would therefore need to either decrease its fleet size or source alternative new generation aircraft with higher ownership costs. If easyJet had to source aircraft from the secondary market, it would require easyJet to use older technology, increasing exposure to fluctuating fuel prices and carbon-related taxes and easyJet would be competitively disadvantaged relative to the more modern fleets operated by its competitors. easyJet would also be delayed in achieving its sustainability and net zero emissions objectives. Additionally, the Board considered the longer-term funding requirements, noting that the Aircraft Purchase would be financed over a number of years through a combination of easyJet's internal resources, cash flow, sale and leaseback transactions and debt.
- **The transaction also helped to foster the Company's business relationships with suppliers, customers and others, and takes account of the Company's impact on communities and the environment:** The Board noted that customers would benefit from the Company investing in new technology in order to maintain a reliable and efficient fleet, helping to protect the cost base due to the new aircraft delivering unit cost fuel efficiency improvements. The reduction in fuel costs and costs of compliance with various environmental regulations would therefore help mitigate any increase to the cost base.

  Additionally, the Board was mindful that the new aircraft are aligned with its Sustainability Strategy, which customers and investors are increasingly engaged with, and the adoption of more efficient new technology aircraft was a core component of the path to net zero emissions. Alongside this, the new aircraft are significantly quieter than the aircraft they replace.

  The Board also considered that Airbus and CFM, as suppliers, would have certainty from the transaction by having clarity over the commitments under the remainder of the contract with easyJet committing to aircraft and engine delivery slots. They would therefore be able to undertake their own strategic and long-term planning as a result.
- **The transaction was conducted with an appropriate governance framework, maintaining the Company's reputation for high standards of business conduct:** A cross functional working group was established to ensure the transaction was undertaken with appropriate governance and regulatory oversight and engaged its sponsor and legal advisers to ensure they were appropriately advised.
- **Shareholders were able to vote on the transaction:** The Aircraft Purchase constituted a Class 1 transaction under the Listing Rules, and was therefore conditional on shareholder approval at a general meeting. In advance of the general meeting, the Company's major shareholders were consulted to ensure they had the opportunity to discuss the transaction with management. All shareholders were also able to submit questions on the transaction in advance of, and during, the general meeting.

Outcome

The Board approved the transaction and put it to shareholders for approval at a General Meeting held on 20 July 2022. The transaction was subsequently approved with 99.95% of votes received in favour.

Our activity in the year

The Board meets regularly and held 11 scheduled meetings and two ad hoc meetings during the year. Each Board meeting follows a carefully tailored agenda agreed in advance by the Chairman, Chief Executive Officer and Company Secretary. A typical meeting will comprise: an Operations & Trading update, which includes reports from the CEO and CFO, updates on current trading and operations, a safety update, and periodic investor relations updates; a Strategic Matters update which allows for 'deep dives' into areas of particular strategic importance; and a Governance update for matters requiring review and approval. The Board also receives regular reports from the Chairs of the Safety, Nominations, Audit, Finance and Remuneration Committees. Some, but not all, of the main activities of the Board during the year are highlighted below.

The Board actively seeks engagement with investors and major institutional shareholders and shareholder representative bodies. Understanding the views of our shareholders, and acting fairly between them, has been a priority for the Board during the year. The Chairman, CEO and CFO have updated the Board on the opinions of investors regularly and the views of shareholders and market perceptions are also communicated to the Board via presentations from the Director of Investor Relations at least every quarter, and engagement with the brokers and other advisers.

Q1

	Board activity	Stakeholder engagement and section 172 considerations
November	• Discussion of Board evaluation outcomes • Budget • Sustainability and net zero • Full-year results • Annual Report and Accounts, including principal and emerging risks, risk appetite, going concern and viability • Inflight retail relaunch update and approval of related contracts • Investor relations update • Safety update: Summer 22 ramp-up	• Investor engagement around full-year results and Annual Report and Accounts, and with regulators and governments • Development of new inflight retail offering for customers using different suppliers and operating model for crew, with improved regionalisation for customers • Discussions with safety regulators and governments around post-pandemic ramp-up
December	• Review of the Board forward agenda to ensure appropriate time allocated to Strategy, Customer, Brand, ESG, People and Risk • Strategy: deep dive on historical position • Approval of Annual General Meeting matters including new Restricted Share Plan proposal, Director re-elections, Notice of Meeting • Employee Representative Director (ERD) update	• Consideration of stakeholders and long-term strategic priorities • Assessment of resolutions to be put to the AGM in the interests of the Company and investors • Remuneration Committee consultation with investors and voting bodies on remuneration arrangements and proposed Restricted Share Plan • Engagement by ERD with Employee Works Council in France

Q2

	Board activity	Stakeholder engagement and section 172 considerations
January	• Impact of Omicron • Budget review • Q1 Trading Statement	• Investor engagement around first quarter trading update and pre-AGM • Consideration of the impact of Omicron on customers, employees and investors, and related actions
February	• Annual General Meeting • Investor relations update • Strategy: deep dives on growth and cost • EMTN increase and refresh • ERD update	• Investor engagement around AGM • Consideration of stakeholders and long-term strategic priorities • Engagement by ERD with Portuguese Works Council
March	• Current affairs update: Ukraine • Sustainability and net zero • Fleet plans • Strategy: deep dives on revenue, customers and purpose/ambition • Approval of Tax Strategy • Approval of Modern Slavery statement • ERD update	• Consideration of impact of Ukraine situation relative to the Company • Discussion of longer-term strategy relating to customers and purpose • Consideration of multiple stakeholders in reviewing tax strategy • Consideration of employees and supply chain relating to preventing Modern Slavery • Engagement by ERDs with the UK's M&A Consultative Group (MACG) and Flight Operations Leadership team

Q3

	Board activity	Stakeholder engagement and section 172 considerations
April	• Review of trading update for six months ending 31 March 2022	• Investor engagement around trading update and post-AGM matters
May	• Investor relations update • People and industrial relations update • Operations and disruption remedial actions: Summer 22 • Review of principal risks at half year • Half-year results • Fleet plans • Strategy: summary, purpose articulation and forward look • IT project updates • Annual review of delegated authorities • Post-AGM engagement with investors	• Investor engagement around half-year results and AGM matters in relation to significant votes against received (described further on page 88) • Customer, investor, supplier and regulator/government considerations around operational disruption • Consideration of long-term strategy and purpose
June	• Fleet plans and approval of Airbus transaction including related General Meeting. • Operations and disruption remedial actions: Summer 22 • People and industrial relations update	• Consideration of stakeholders in approving the Aircraft Purchase (described further on page 85). • Customer, investor, supplier and regulator/government considerations around operational disruption

Q4

	Board activity	Stakeholder engagement and section 172 considerations
July	• Investor relations update • Review of easyJet holidays performance and strategy • Strategy: alternative scenarios • Sustainability and net zero	• General Meeting to approve Aircraft Purchase and related investor engagement • Consideration of long-term strategy in different economic scenarios • Discussion of stakeholders in context of net zero plans
August	• Strategy: alternative scenarios • Sustainability and net zero • Operations and disruption: Summer 22 • Board composition and balance of skills and experience, including the appointment of new Non-Executive Directors and related Committee changes • ERD update	• Consideration of long-term strategy in different economic scenarios • Consideration of longer-term net zero plans and stakeholder impact • Customer, investor, supplier and regulator/government considerations around operational disruption • Engagement by ERD with Engineering & Maintenance employees
September	• Board evaluation • Sustainability and net zero • FY23 Budget	• Investor engagement around third quarter trading update • Launch of net zero pathway and feedback from stakeholders

Our culture and values

easyJet has a unique culture, which is open, positive and collaborative, and is embodied as the 'Orange Spirit'. The Board seeks to ensure these values are integrated into its decision making and that the policies and procedures put in place maintain this culture. Where policies, practices or behaviour are not aligned with the Company's purpose, values or strategy, the Board and management seek to ensure that appropriate action is taken.

Our culture is underpinned by the values and behaviours we call 'Our Promise':

- **Safety at our heart:** Safety is our number one priority. It runs through everything we do and is everyone's responsibility.
- **Always challenging cost:** We're always challenging costs and strive to be highly efficient in how we work. We continually innovate, aim for simplicity and invest where it matters the most. We may not always be the lowest cost but we always deliver the best value for our customers.
- **Making a positive difference:** We're passionate about making a meaningful difference for our planet, communities and people. Sustainability is important to us and we're creating a positive impact today and taking action to pioneer a sustainable future for travel.
- **Always warm and welcoming:** We are the warm and welcoming low-cost airline. We strive to create a hassle-free travel experience. We build trust with our customers by being fair and transparent and we consistently deliver the friendly service we are known for.
- **Living the Orange Spirit:** We're proud easyJetters. We can be ourselves and challenge the status quo so that we fly high. We bring passion and energy, working together to do the right thing for our customers and each other.

How the Board monitors culture

The Board believes culture should be a subject of continuous focus and not just in the time of crisis. As well as aiming to lead by example, it used a number of methods to understand and monitor the Company's culture during the year:

- **Employee engagement:** The four Employee Representative Directors update the Board regularly on their discussions and the key themes raised in their meetings with employees. Employee surveys carried out throughout the year also help identify key areas where employees feel that the reality diverges from the stated culture.
- **External benchmarks:** Such as Glassdoor ratings.
- **Compliance with policies and procedures:** With the assistance of its Committees, the Board oversees the effectiveness of a number of Company policies in relation to Modern Slavery, Digital Safety (including data protection and cyber security), and Inclusion and Diversity.
- **Whistleblowing:** The 'Speak Up, Speak Out' (SUSO) whistleblowing arrangements ensure that incidents can be openly reported and areas of concern addressed, monitored and mitigated as required. The Audit Committee regularly reviews reports on the operation and efficacy of the SUSO policy and updates the Board, which considers incidents and their outcome, on an anonymous basis, in line with the Code. In the year whistleblowing featured regularly on the Board's agenda through Audit Committee updates reporting on significant matters, which allowed the Board to regularly review the adequacy of the whistleblowing policy in line with its requirement to do so under the Code.
- **Health and safety:** easyJet has a safety policy that promotes a 'just culture' within the airline, to ensure that any incidents are openly reported without negative repercussions for individuals. The Board's Safety Committee regularly reviews internal and external safety incidents (including near misses) and risks to ensure appropriate mitigations are in place and any trends identified, which are then reported to the Board.

2022 Annual General Meeting

The Annual General Meeting (AGM) allows shareholders the opportunity to communicate directly with the Board. Shareholders are given the opportunity to raise issues formally at the AGM or informally with Directors after the meeting. All Directors attend the AGM where possible and the Chairs of the Committees are available to answer questions. The Company's 2022 AGM was held on 10 February 2022, and shareholders had the opportunity to ask questions in advance of the meeting or during the meeting, in person and electronically.

All resolutions put to the meeting were passed, however the Board noted that Resolution 2 (Remuneration Policy), Resolution 15 (Political Donations), Resolution 16 (Authority to Allot Shares) and Resolution 17 (Restricted Share Plan) received less than 80% in favour. In accordance with the Code, the Board continued its engagement with shareholders to discuss their concerns on the resolutions. Engagement with shareholders throughout the year was carried out by the Chair and Committee chairs where appropriate, as well as the executive directors.

Resolutions 2 and 17

In advance of the AGM, the Remuneration Committee undertook a thorough review of remuneration arrangements, including extensively consulting with major shareholders and employee representatives. As a result of that consultation the Committee noted that the majority of shareholders were supportive of the revised Remuneration Policy, but also reflected on the views of those shareholders who had different expectations on award levels, vesting periods and underpins. Certain amendments were made to the proposals to reflect feedback. The Committee concluded that on balance, replacing the Long Term Incentive Plan with a Restricted Share Plan and the structure proposed was the best approach for the Company going forward. While the Committee understood the rationale for certain shareholders voting against the resolutions, it contacted them again following the AGM and offered further engagement on the Company's approach to remuneration. The Board continues to believe that the updated Remuneration Policy not only supports long-term strategic decision making and helps retain and motivate management to drive the performance of the business as we continue to recover from the pandemic, but also supports the longer-term performance of the business including delivering sustainable shareholder value.

Resolutions 15 and 16

Resolution 15 sought authority for the Company to make political donations and incur political expenditure. The definitions of political donations and political expenditure used in the Companies Act 2006 are very wide. In line with UK market practice, the authority under Resolution 15 is therefore sought only as a precautionary measure to ensure that easyJet and its subsidiaries do not inadvertently breach the relevant provisions of the legislation. The Company does not make and does not intend to make political donations or to incur political expenditure. Resolution 16 sought a routine authority to allot shares in accordance with the Investment Association share capital management guidelines. The Directors do not have any present intention to exercise this authority, however they consider it appropriate to maintain the flexibility that this authority provides.

Since the AGM we have engaged with shareholders and provided the opportunity for them to raise any issues concerning the above resolutions. We are aware that some institutional investors, including those outside the UK, have policies that mean they do not support allotment authorities at the level sought at the AGM. We also note that certain shareholders did not feel they could support further allotment authorities following the Company's rights issue. However we note that the level of allotment authority continues to be supported by the majority of our shareholders and is in line with the Investment Association's share capital management guidelines applicable to UK listed companies.

A circular for the Company's next AGM, comprising a letter from the Chairman, Notice of Meeting and explanatory notes on the resolutions proposed, will be issued separately at the appropriate time and will also be published on easyJet's corporate website at https://corporate.easyjet.com/investors.

2 Division of responsibilities

Independence

The Board consists of 11 Directors – the Chairman, two Executive Directors and eight independent Non-Executive Directors. Over half of our Board (excluding the Chairman) are Independent Non-Executive Directors and the composition of all Board Committees complies with the Code. Additionally, the Chairman was considered independent on appointment. More information about the Board members is available on pages 74 to 77.

The independence of the Non-Executive Directors is considered by the Board and reviewed on an annual basis. The Board considers factors such as length of tenure and relationships or circumstances that are likely to affect, or appear to affect, the Directors' judgement, in determining whether they remain independent. Non-Executive Directors do not participate in any of the Group's share option or bonus schemes. The Non-Executive Directors together with the Chairman meet regularly without any Executive Directors being present.

Following this year's Board effectiveness review, the Board concluded that all of the Non-Executive Directors continue to remain independent in character and judgement and are free from any business or other relationships that could materially affect the exercise of their judgement. The Board and Nominations Committee also review Committee membership annually to ensure that undue reliance is not placed on any individual.

Roles

The Board has a formal schedule of matters reserved for its decision. Certain governance responsibilities have been delegated by the Board to Board Committees, to ensure that there is independent oversight of internal control and risk management and to assist the Board with carrying out its responsibilities. The Board Committees comprise Independent Non-Executive Directors and, in some cases, the Chairman. Each individual Committee Chair reports to the Board on matters discussed at Committee meetings and highlights any significant issue that requires Board attention. For a summary of the roles of each Committee see the governance framework on page 82. The matters reserved for the Board and the terms of reference of the Board Committees are available in the Governance section of easyJet's corporate website at https://corporate.easyjet.com.

The roles of Chairman and Chief Executive are set out in writing, clearly defined and approved by the Board. These are also available on easyJet's corporate website at https://corporate.easyjet.com.

Further information on each of the Board members' roles is set out on page 83.

Board attendance

A summary of the Board's key activities during the year is set out on pages 86 to 87. The Directors' attendance at the Board and Committee meetings held during the year can be found on page 90. In addition to the regular Board meetings, and to provide opportunities for the Board to engage with senior management to discuss key elements of the business, a number of Board dinners and lunches were held.

The core activities of the Board and its Committees are covered in scheduled meetings held during the year. Additional ad hoc meetings are also held to consider and decide matters outside of the scheduled meetings. Non-Executive Directors are encouraged to communicate directly with each other and senior management between Board meetings.

Directors are encouraged and invited to attend all Board and Committee meetings, but in certain circumstances meetings are called at short notice and, due to prior business commitments and time differences, Directors may not always be able to attend.

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

In addition, and in line with the Code, the Chairman holds meetings with the Non-Executive Directors without the Executive Directors present. There is a standing agenda item at the end of each Board meeting for the Non-Executive Directors to meet without the Executive Directors.

For further information regarding when Board members joined or stepped down from Committees during the financial year, please refer to the 'Committee changes' sections in the relevant Committee reports (pages 94 to 121).

Meeting attendance

	Board (scheduled)	Board (ad hoc)	Audit	Finance	Nominations	Remuneration	Safety
Number of meetings	11	2	5	5	6	6	4
Executive Directors							
Johan Lundgren	11/11	2/2	–	–	–	–	–
Kenton Jarvis	11/11	2/2	–	–	–	–	–
Non-Executive Directors							
John Barton[1]	1/1	–	–	–	1/1	–	–
Stephen Hester	11/11	2/2	–	–	6/6	–	–
Catherine Bradley CBE	11/11	2/2	5/5	5/5	6/6	–	–
Dr Andreas Bierwirth[4]	11/11	0/2	–	4/5	–	–	4/4
Ryanne van der Eijk[2]	1/1	–	–	–	–	–	–
Harald Eisenächer[2]	1/1	–	–	1/1	–	–	–
Nick Leeder[3,4]	11/11	1/2	–	–	5/6	–	4/4
Moni Mannings[5]	11/11	2/2	–	–	1/1	6/6	–
David Robbie	11/11	2/2	5/5	5/5	–	6/6	–
Julie Southern	11/11	2/2	5/5	–	6/6	6/6	4/4
Dr Detlef Trefzger[2]	1/1	–	1/1	–	–	–	–

Notes:

1. John Barton stepped down from the Board on 1 December 2021.
2. Ryanne van der Eijk, Harald Eisenächer and Dr Detlef Trefzger were appointed to the Board on 1 September 2022.
3. Nick Leeder stepped down from the Board on 30 September 2022.
4. Absences were due to meetings being arranged at short notice or unavoidable prior commitments. Directors who are unable to attend meetings continue to receive the papers in advance of the meeting and have the opportunity to discuss with the relevant Chair or the Company Secretary. Feedback is provided on the decisions taken at the meeting.
5. Moni Mannings joined the Nominations Committee on 1 September 2022.

Time commitment and external appointments

The expected time commitment of the Chairman and Non-Executive Directors is agreed and set out in writing in the Letter of Appointment, standard terms and conditions of which are available in the Governance section of easyJet's corporate website at https://corporate.easyjet.com. The Board has considered the individual Directors' attendance, their contribution, and their external appointments, and is satisfied that each of the Directors is able to allocate sufficient time to the Group to discharge his or her responsibilities effectively. As evidenced by the attendance table above, the attendance remained high and demonstrates the Directors' ability to devote sufficient time to their role.

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

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

- Catherine Bradley's appointment as a Non-Executive Director of abrdn plc.
- Stephen Hester's appointment to Nordea Bank Abp and Kyndryl Holdings Inc.
- Julie Southern's appointment as Chair Designate of RWS Holdings plc.

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

The Board is comfortable that all Directors continue to devote sufficient time to discharge their duties, as can be seen in the high attendance rates set out in the table above.

Information and support

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

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

The Chairman and Chief Executive Officer meet regularly to discuss the current environment and its impact on the business of the Company. The Chairman regularly visits different bases across Europe and the Board as a whole aims to visit the Group operations at least annually to meet and engage with the local team and to ensure better understanding of the business.

3 Composition, succession and evaluation

The Nominations Committee leads the process for appointments to the Board and ensures plans are in place for the orderly succession to both Board and senior management.

Appointments to the Board

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

The Nominations Committee, on behalf of the Board, reviews the skills of Board members at least annually, identifying any areas of skills, experience and knowledge that can be strengthened further. Due consideration is given to all aspects of diversity, including gender, social and ethnic backgrounds and personal strengths. All Director appointments are made by the Board and are subject to a formal, rigorous and transparent process.

A number of changes to the composition of the Board and its Committees were made during the year. In making these changes, the Nominations Committee and Board took into account various considerations including Board diversity, independence and the combination of skills, knowledge and experience of the Directors:

- Harald Eisenächer was appointed to the Board and as a member of the Remuneration Committee with effect from 1 September 2022.
- Ryanne van der Eijk was appointed to the Board and as a member of Safety Committee with effect from 1 September 2022.
- Dr Detlef Trefzger was appointed to the Board and as a member of the Audit Committee and Safety Committee with effect from 1 September 2022.
- Moni Mannings became a member of the Nominations Committee with effect from 1 September 2022.
- Nick Leeder stepped down from the Board on 30 September 2022 due to his relocation to Singapore.

In addition to the above changes, Andreas Bierwirth will not be seeking re-election at the Company's next AGM in 2023 after nearly nine years on the Board and in line with corporate governance best practice.

Julie Southern has also indicated she will not be seeking re-election at the Company's next AGM following her appointment as Chair Designate of RWS Holdings plc. The Board has therefore commenced the recruitment process for a new Senior Independent Director.

The activities of the Nominations Committee, Board appointments and induction, succession planning and a description of the Board's policy on diversity, inclusion and wellbeing are set out in the Nominations Committee report on pages 94 to 96.

INDUCTION PROGRAMME 2022

Ryanne van der Eijk, Harald Eisenächer and Dr Detlef Trefzger, who were appointed during the year, are following a tailored induction programme covering a range of key areas of the business, a sample of which is given below. They were given a Board induction pack containing Company and Board information to assist with building an understanding of the nature of the Group, its business, markets and people, and to provide an understanding of the Group's main relationships. The pack included information to help facilitate a thorough understanding of the role of a Director and the framework within which the Board operates. In addition, they are meeting with key colleagues across the business to better understand the areas of the business.

Safety and operations

- Attended a session hosted by the Director of Safety, Security & Compliance which included briefings on the regulatory framework, safety management system, AOC structures, safety governance, compliance monitoring and current risks and priorities.
- Met with the Interim Chief Operating Officer to discuss the Summer 22 readiness programme framework.

Governance, legal and remuneration

- Attended a briefing session with the Group People Director and Director of Reward to discuss easyJet's approach to reward and our remuneration policy.
- Attended a briefing session with the Group People Director to discuss easyJet's five-year People Strategy, our inclusion and wellness strategy and industrial relations landscape.
- Meeting with the Chair of the Remuneration Committee to understand the remuneration framework and received a brief introduction to the work of the Remuneration Committee.
- Meeting with the Group General Counsel & Company Secretary to discuss and understand the Board and Committee procedures, compliance with the Market Abuse Regulations, legal risk, and EU261 amongst other matters.
- Meeting with the Chief Information Security Officer to discuss cyber risk and the digital safety programme.

Finance and audit

- Attended briefing sessions on easyJet's trading performance, budget, cash burn, liquidity forecast, cost efficiency programme and financial controls with the Director of Financial Planning & Analysis.
- Attended a briefing session with the Director of Risk & Assurance to understand easyJet's risk management framework and internal audit structure.
- Met with the Chair of the Audit Committee to understand the role of the Committee.

Board and senior management

- Met separately with the Chairman and Senior Independent Director to understand the role of the Board and the individual contribution required.
- Met separately with the Chief Executive Officer and other key members of the Airline Management Board, including the Chief Financial Officer, Chief Commercial Officer, Group Markets Director and Chief Data & Information Officer.

Business and functions

- Met with the Director of Sustainability to understand the Sustainability Strategy and the net zero roadmap.
- Met with the Director of Treasury to understand easyJet's capital structure and funding obligations.
- Met with the Strategy Director to gain a deeper understanding of easyJet's five-year plan and fleet overview.
- Met with the Director of Investor Relations to understand relationships with major shareholders and the market environment.
- Met with the Company's brokers to understand easyJet from a market and brokers' perspective.
- Met with the Director of Government Affairs to understand policy positions and lobbying activity.

Election and re-election

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

Training and development

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

Our Directors also receive training on their duties (including under section 172(1) of the Companies Act) as part of their induction and annually to ensure they are aware of their duties to promote the long-term success of the Company for the benefit of its key stakeholders.

In addition, they also receive training on the UK Market Abuse Regulation and the rules around identifying, managing and disclosure of inside information and Directors' shareholdings.

On joining the Board, all newly appointed Directors receive a full, formal and tailored induction, which is organised by the Company Secretary. The induction programme covers a range of key areas of the business including, amongst other things, the business and functions of the Group, their legal and regulatory responsibilities as Directors, briefings and presentations from relevant executives, and opportunities to visit and experience easyJet's business operations. Further details are set out on page 91.

Conflicts of interests

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

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

Board evaluation

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

2021 Board evaluation

The Board follows a formal three-year cycle for an externally facilitated annual evaluation. The 2021 evaluation was externally facilitated by Manchester Square Partners following the process set out in last year's Annual Report. The evaluation identified a number of focus areas which the Board addressed during 2022 which are set out below.

2021 findings and actions

Areas	Actions
Exploring opportunities to allow more open-ended discussions and collaboration on strategic matters.	The Board forward agendas were reviewed to ensure that regular, structured and iterative strategy discussions took place throughout the year, including more days dedicated to discussing strategic matters.
Increasing time spent together, formally and informally, to continue to build relationships with newer members of the Board and management, and review the evolution of the Board over time.	With the lifting of many of the pandemic restrictions, the Board has been able to hold a number of in-person meetings. Regular NED-only sessions continue to be held, including dinners, to help build relationships amongst Board members. The Directors also met management for lunches and dinners to facilitate informal time together. Key members of the management such as the Chief Operating Officer and Chief Commercial Officer regularly attend Board meetings to discuss operations and trading matters. Other members of the AMB also present to the Board on their specific areas at periodic intervals.
Rebalancing the Board forward agenda, with a return to a more normal forward-looking and strategic agenda incorporating forward-looking matters, including strategy; stakeholders; sustainability; brand and marketing; talent, succession, culture, diversity and inclusion. Enhancing discussions around risk and risk appetite as the Board looks to the post-pandemic recovery phase.	The Board forward agendas were reviewed to ensure all appropriate areas were covered at the right time in the year, with input sought from all Board members. The forward agenda is kept regularly updated and the Board's activities in the year, including around risk, can be found on pages 86 to 87.
Reviewing the remit and membership of the Board's Committees to ensure the Board is focused on value add.	The membership of the Committees has evolved in line with the changes made to the composition of the Board. Further work is underway to review the remit of the Committees.
Continued focus on Board composition and succession, with a view to enhancing European and aviation experience on the Board.	The Nominations Committee continues to keep the composition, skills and experience of the Board under review, and execute against succession plans, as can be seen in the appointment of Ryanne van der Eijk, Harald Eisenächer and Dr Detlef Trefzger.

2022 Board evaluation

The 2022 performance evaluation was undertaken by the Nominations Committee and, in relation to the Chair's performance, the Senior Independent Director. The review extended to all aspects of Board and Committee performance, including: composition and dynamics, the Chair's leadership, agenda and focus, time management, strategic oversight, overview of risk, succession planning and priorities for change. The evaluation process undertaken is explained below.

PREPARATION

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

COMPLETION OF QUESTIONNAIRES

- Questionnaires were completed by the Board with answers provided on the following themes:
  - Board effectiveness
  - Link between the Board and business
  - Strategic oversight
  - Stakeholders
  - Information flow
  - Individual performance
  - Committee strengths and weaknesses

COLLATION OF RESPONSES & INDIVIDUAL DISCUSSIONS

- The Senior Independent Director spoke to each Director individually to discuss their feedback on the Chair and more generally.
- Responses to the questionnaires were collated by the Company Secretary who prepared anonymised summaries.

BOARD DISCUSSION

- The findings were discussed at the Board and actions agreed for implementation and monitoring.

2022 findings and actions

The evaluation concluded that the Board continued to operate effectively, with the Board's deliberations, number and length of meetings, information presented by management, and the composition of the Board all rated positively. The iterative deep dives on the strategy had been well received, and the transition to a new Chair had been well managed. The relationships between Board members were also viewed positively. The key focus areas identified are set out below.

Areas	Actions to be taken
Continued focus on succession planning throughout the business.	The Nominations Committee and Board will continue to review succession planning and talent pipelines for the AMB and their functions, along with keeping the composition of the Board under review. A deep dive will be added to the Board agenda.
Refinement of the Board forward agenda, with deep dives on customer experience, people and culture.	The Board forward agenda will be designed to ensure all areas identified are covered at the right time in the Board calendar, with input sought from management and all Board members on any additional topics.
Reviewing the remit and membership of the Board's Committees.	Work is underway to review the work of the Committees, their terms of reference, and composition following the changes to the composition of the Board.
Allowing sufficient time together, formally and informally, to continue to build relationships with newer members of the Board and management.	The Board has been able to meet regularly in person and will continue to do so in the coming year. Meetings are planned to be held around the easyJet network, including in Milan, and opportunities provided to experience other parts of the business. Regular NED-only sessions will be held, including dinners, to help build relationships amongst Board members, which is particularly important given the new members. Members of the AMB attend Board meetings for specific updates, and opportunities will be identified for the Board to meet a wider group of senior management and key talent during the year.

Review of the Chairman's performance

The evaluation of the Chair was led by the Senior Independent Director, who gathered performance feedback through separate meetings with each of the Non-Executive Directors, with supplementary views from the Executive Directors. The findings confirmed that Stephen Hester had been successful in his first year as Chair and the focus on the iterative strategy process had been well received. He also encouraged collegiate discussion, his chairmanship of Board meetings was effective, and he continues to devote sufficient time to the role.

BOARD COMMITTEES
NOMINATIONS COMMITTEE REPORT

The Committee facilitated effective succession planning and the development of a diverse and effective Board in the year."

Stephen Hester
Chair of the Nominations Committee

Membership, meetings and attendance

- Stephen Hester (Chair) (from 1 December 2021)
- John Barton (Chair) (until 1 December 2021)
- Julie Southern
- Catherine Bradley CBE
- Nick Leeder (until 30 September 2022)
- Moni Mannings (from 1 September 2022)

The Committee consists of the Chair of the Board and the Independent Non-Executive Directors listed above. All members of the Committee are Independent Non-Executive Directors. Member biographies can be found on pages 74 to 77.

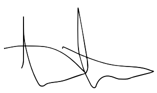
The Chairman of the Board acts as Chair of the Committee with members of the executive management invited to attend meetings. The Company Secretary acts as Secretary to the Committee.

The Committee met six times in the year. Meeting attendance can be found in the table on page 90.

The Committee's terms of reference can be found on the Company's website at https://corporate.easyjet.com

I am pleased to present an overview of the Nominations Committee's activities during the year. The main purpose of the Committee is to ensure plans are in place for orderly succession of Board and senior management positions while maintaining an appropriate balance of skills, experience, independence and diversity. The Committee regularly reviews the structure, size and composition of the Board and makes recommendation to the Board with regard to any changes.

During the year the Committee led the process to identify three new Non-Executive Directors for appointment to the Board and undertook an internal evaluation of the Board's performance following the external review carried out in the prior year. The Committee also reviewed the Company's talent and succession plans for the executive management and FY22 talent development and retention strategies. Further details are set out in this report.



Stephen Hester
Chair of the Nominations Committee

Key activities during the year

Non-Executive Director appointments

The Committee is responsible for the orderly succession of both the Board and senior management positions and oversees the development of a diverse pipeline for succession. It is also responsible for maintaining a formal, rigorous and transparent procedure for Board appointments based on merit and objective criteria. As part of this responsibility, the Committee identifies and nominates candidates for approval by the Board. The Committee also considers the succession plans for the Board as well as senior management below the Board level.

As the longer-serving members of the Board have stepped down in recent years, and the composition of the Board has evolved, the Committee has been executing its succession plans and identifying suitable candidates for appointment to the Board to maintain an appropriate balance of skills and experience.

During the year, and in anticipation of Dr Andreas Bierwirth reaching nine years of service in 2023, the Committee reviewed the current composition of the Board and identified the skills and experience it would like to enhance on the Board, specifically candidates with a European outlook and airline experience. The Committee engaged search consultants Egon Zehnder (EZ) to help define the role profile and identify suitable candidates and the appointment process is described in more detail below. EZ are signatories to the Code of Conduct for Executive Search Firms. EZ do not have any other connection with the Company nor individual Directors, except where they may have liaised with them as prospective candidates for other board positions. The strength of the shortlist identified allowed the Committee to recommend three of the candidates for appointment by the Board, being Ryanne van der Eijk, Harald Eisenächer and Dr Detlef Trefzger.

With Nick Leeder stepping down at the end of September 2022 and Andreas Bierwirth and Julie Southern indicating that they would not seek re-election at the next AGM, the Committee felt that the appointment of three new Non-Executive Directors suitably rebalanced the Board.

Non-Executive Director appointment process

- Independent search consultants EZ engaged to develop the role profile and identify suitable candidates for a longlist.

- EZ canvassed the view of the Board to refine the desired skills and experience in the new Non-Executive Directors.

- EZ compiled a longlist of candidates for review by the Committee.

- The Committee discussed the longlist and considered the balance of skills, knowledge, independence, diversity and experience of the Board, together with an assessment of the time commitment expected, and created a shortlist.

- Interviews were held between candidates and Board members, the Group People Director and Group General Counsel & Company Secretary.

- The Committee discussed the shortlist and Ryanne van der Eijk, Harald Eisenächer and Dr Detlef Trefzger were identified as leading candidates who would strengthen the Board with diverse mix of skills and experience.

- The appointments were recommended to and approved by the Board.

Biographical details of the new Non-Executive Directors are set out on pages 76 to 77 and details of their induction programme are set out on page 91.

Board Committee membership

Following the changes to the Board during the year and to ensure that the Board Committees retain the correct balance of skills and experience, the Committee reviewed the overall composition and membership of each of the Board committees. As a result, a number of changes to the membership of Board committees were recommended to and approved by the Board with effect from 1 September 2022:

- Harald Eisenächer joined the Remuneration Committee and Finance Committee.
- Dr Detlef Trefzger joined the Audit Committee and Safety Committee.
- Ryanne van der Eijk joined the Safety Committee and became one of the Board's Employee Representative Directors (ERD). Ryanne was felt to be an appropriate candidate for being an ERD due to her previous experience within an airline and her European location.
- Moni Mannings joined the Nominations Committee.

The Committee is reviewing the changes that need to be made to the Committees when Julie Southern and Andreas Bierwirth stand down in 2023.

Talent and succession planning

The Board continues to review plans for the orderly succession for appointments to the Board so that the right balance of appropriate skills and experience is represented, building on the work previously undertaken. During the year, the Committee reviewed the balance of skills, experience, diversity and independence of Board members to ensure appropriate succession plans were in place.

The Committee also recognises that building a broader talent pipeline for executive succession, the AMB and the Executive Leadership Team (ELT) is a key priority to lead the growth of easyJet's business. During the year, the Committee reviewed the Group's senior management talent pipeline and succession plans, as well as the Talent and Development framework. With higher attrition rates, a challenging recruitment market, and a number of internal promotions, it was noted that further work was required to address succession planning for senior management and would be a priority.

In the succession planning process, each leadership team role, along with other critical roles, is evaluated against whether there are successors ready now, in the short term or medium term, as well as whether emergency successors for those roles have been identified. For those identified as successors, we carry out a targeted development assessment and planning process where we identify strengths and skills gaps. We use the information from this to help create effective development plans.

Election and re-election of Directors

In line with the provisions of the Code and the Company's Articles, each Director is required to seek election or re-election annually at the Company's AGM. The effectiveness and commitment of each of the Non-Executive Directors is reviewed annually as part of the Board evaluation. The Committee has satisfied itself as to the individual skills, relevant experience, contributions and time commitment of all the Non-Executive Directors, taking into account their other external appointments and interests held.

The Board is therefore recommending the election or re-election of all continuing Directors at this year's AGM. Details of the service agreements for the Executive Directors and letters of appointment for the Non-Executive Directors, and their availability for inspection, are set out in the Directors' Remuneration Report on page 119.

Inclusion and diversity

The Committee and Board are committed to ensuring that together the Directors possess the requisite diversity of skills, experience, knowledge and perspectives to support the long-term success of the Company. In this regard, the role of diversity in promoting balanced and considered decision making which aligns with the Group's purpose, values and strategy is fully recognised. All Board appointments are made on an objective and shared understanding of merit, in line with required competencies relevant to the Company as identified by the Committee, and consistent with the Company's Diversity and Inclusion Policy.
The Committee reviewed the Policy in the year and no changes were recommended.

Diversity and Inclusion Policy

The Policy covers diversity and inclusion across the Company, but in relation to the Board it specifically notes that: 'easyJet recognises the importance of a diverse Board, bringing together an appropriate mix of skills and experience to ensure the future success of our business. We understand the richness a diverse Board brings in providing the range of perspectives, insight and challenge needed to support good decision making and create a positive culture in the organisation.'

When considering the optimum make-up of the Board, all aspects of diversity will be appropriately reviewed and balanced where possible.

The diversity of the Board will typically be reviewed on an annual basis as part of the annual performance evaluation.

New appointments to the Board will be made on merit, in the context of the requirements of the Board at that time.

The Nominations Committee will identify suitable candidates based on merit against objective criteria and with due regard for the benefits of diversity on the Board including social and ethnic background, cognitive and personal strengths as well as diversity of gender. Where there is a known requirement to improve the diversity of the Board, the Nominations Committee will ask to see a higher proportion of candidates fitting the diversity criteria. However, the final selection will, as stated, always be on merit.

The new appointments to the Board were made with consideration given to the policy. When making these appointments, the Committee also considered the recommendations set out in the FTSE Women Leaders Review (which recommends that at least 40% of board and executive committee members of FTSE 350 companies should be female), and the Parker Review (which recommends at least one director from an ethnic minority background for Boards of FTSE 100 companies).

At the year end, female representation on the Board was 37% (four out of 11). The Committee is mindful of both the FTSE Women Leaders Review and the FCA's diversity targets at Board level (which will apply for the next financial year) that at least 40% of the Board should be female, and one of the Chair, CEO, CFO and SID should be female. It is anticipated that the proportion of female representation on the Board will meet this requirement when the appointment of a new Senior Independent Director is finalised, and both Julie and Andreas Bierwirth step down from the Board at the AGM. We also continue to have one Director from an ethnic minority background in line with the Parker Review recommendations.

The Nominations Committee also oversees the development of a diverse pipeline for future succession to Board and senior management appointments, including reviewing the gender balance of senior management and its direct reports. Where there is a known desire to improve diversity at a certain level or in a certain function in the organisation, the recruiting team will ask to see a higher proportion of candidates fitting the diversity criteria. However, the final selection will always be on merit.

As at 30 September 2022, the AMB (which represents the first layer of management below Board level and includes the Company Secretary) has 30% female representation, and among their direct reports, female representation is 22%.

Further detail on the approach being taken to diversity and inclusion, and the implementation of the policy across the Group, is set out on pages 24 to 25.

Board evaluation

During the year the Committee undertook an internally facilitated evaluation of the Board, its Committees, the Chairman and individual directors. Further details can be found on pages 92 to 93.

BOARD COMMITTEES
FINANCE COMMITTEE REPORT

> "The Committee monitored treasury policies and hedging strategies to ensure easyJet responded appropriately to challenging financial market conditions."

Catherine Bradley CBE
Chair of the Finance Committee

Membership, meetings and attendance

- Catherine Bradley CBE (Chair)
- Dr Andreas Bierwirth
- David Robbie
- Harald Eisenächer (from 1 September 2022)

The Committee consists of the Independent Non-Executive Directors listed above. All members of the Committee are Independent Non-Executive Directors. Member biographies setting out their skills and experience can be found on pages 74 to 77. The Company Secretary acts as Secretary to the Committee and members of the executive management are invited to attend meetings.

The Committee met five times during the year. Meeting attendance can be found in the table on page 90.

The Committee's terms of reference can be found on the Company's website at https://corporate.easyjet.com

I am pleased to present the Finance Committee report for the year ended 30 September 2022.

The Committee's key role continued to be the review and monitoring of the Group's treasury policies, treasury operations and funding activities along with associated risks. The Committee is also responsible for providing approvals in relation to International Swaps and Derivatives Association (ISDA) arrangements, and guarantees.

During the year, the Committee's focus continued to be monitoring liquidity, debt, fuel and currency hedging along with oversight of hedging strategies to ensure easyJet responded appropriately to challenging financial market conditions. The Committee also oversaw the proactive transition of hedging strategies providing the Company with improved cashflow certainty as it emerged from the pandemic.

After each Committee meeting, I presented an update to the Board on the key issues discussed during our meetings.

Catherine Bradley CBE
Chair of the Finance Committee

Key activities during the year

Liquidity and debt

The Committee continued to monitor the Company's liquidity during the year, including how cash balances were held. easyJet had liquidity in excess of its liquidity policy throughout the year to ensure it was able to manage volatile financial markets and to protect the Company against macro-economic and geopolitical shocks.

The Committee also approved the refresh of the Group's Euro Medium Term Programme (EMTN), along with an increase in size to £4 billion, to provide flexibility around debt refinancing. The Committee also set a new interest rate policy during the year.

Hedging

The Committee monitored hedging activity and reviewed easyJet's jet fuel and USD hedging policies in order to set the level of cash flow protection the hedging programme provided, and to ensure hedging policies were benchmarked appropriately. Counterparty credit risk exposures were monitored throughout the year with no significant issues or losses occurring. Counterparty credit limits were also assessed and amended during the year.

The Committee approved the execution of cross currency interest rate swaps in order to mitigate the impact of FX retranslations and approved the restart of the EUR and CHF hedging programmes as revenues increased during the year.

The Committee also approved restarting the easyJet holidays hedging programme and continued to monitor its effectiveness. easyJet holidays is exposed to a predominantly EUR currency cost base, whereas the majority of its revenue are in GBP.

Treasury risk

During the year the Committee reviewed the Treasury Risk Management Strategy, which sets out the key principles of easyJet's treasury activities, business context, risks and responsibilities and overall approach to treasury management. The treasury risks and controls were reviewed twice in the year.

BOARD COMMITTEES
AUDIT COMMITTEE REPORT

“The Committee continues to play a key role in helping the Board fulfil its oversight responsibility.”

Julie Southern
Chair of the Audit Committee

Membership, meetings and attendance

- Julie Southern (Chair)
- Catherine Bradley CBE
- David Robbie
- Dr Detlef Trefzger (from 1 September 2022)

The Committee consists of the Independent Non-Executive Directors listed above. All members of the Committee are Independent Non-Executive Directors as required by the Code. Member biographies can be found on pages 74 to 77.

The Board has confirmed that it is satisfied that Committee members have recent and relevant financial experience and offer a depth of financial and commercial experience including the travel sector in which the Company operates. The Board also confirmed that Julie Southern and David Robbie have recent and relevant financial experience.

The Committee met five times during the year, with members of senior management required to attend as and when appropriate. Meeting attendance can be found on page 90. The Committee also met with the external auditors and Director of Risk and Assurance separately after each meeting. In addition, the Committee Chair holds regular private sessions with the Chief Financial Officer, the senior finance team, the Director of Risk and Assurance and the external audit team, to ensure that open and informal lines of communication exist should they wish to raise any concerns outside formal meetings.

The Committee’s terms of reference can be found on the Company’s website at https://corporate.easyjet.com

I am pleased to present the Audit Committee report for the year ended 30 September 2022.

The Committee continued to play a key role in assisting the Board in its oversight responsibility and monitoring the integrity of the financial information for the benefit of our shareholders. This has included challenging management on the significant accounting judgements made in our financial reporting, as well as reviewing the analysis behind our going concern and viability statements and considering the processes that underpin the production of the Annual Report and Accounts.

The Committee continued to oversee the programme of financial control improvements that had begun in the previous financial year, receiving regular updates on the progress of key initiatives such as improving the documentation of the basis for judgemental decision making.

We have also spent time this year reviewing the development of the corporate risk management framework, ensuring that current and emerging risks are appropriately identified, assessed and have effective mitigations in place, and that the Board is able to undertake a robust assessment of principal risks. This has included evaluating climate change risk.

We continue to receive regular updates at each meeting from the Risk and Assurance function, covering internal audit, whistleblowing, business integrity and fraud matters. In addition to improving processes, we have also continued our focus on people. To strengthen our compliance and assurance function in FY23, the Committee supported the decision to create a central role which will coordinate the activities of existing compliance work. We also continue to strengthen the wider finance team, albeit against a challenging recruitment market given wider macro-economic pressures.

After each Committee meeting, I provided an update to the Board on the key issues discussed during our meetings. I have also met separately with the external audit partner and key management on a number of occasions during the year, and the Committee met with the external auditors after each Committee meeting without management present.

Looking forward, the Committee will continue to review the financial reporting of the Group and its accounting policies, with any major accounting issues of a subjective nature discussed by the Committee. We will continue to develop our work on the effectiveness of the risk management process, and are also mindful of the changing regulatory landscape. This includes the proposals around government audit and governance reforms, and we will ensure compliance with any new requirements.

Julie Southern
Chair of the Audit Committee

Role of the Committee

The principal roles and responsibilities of the Committee are set out in its terms of reference, and include, but are not limited to:

Financial and narrative reporting	• monitoring the integrity of the financial statements of the Company and the Group, preliminary results and announcements • reviewing the appropriateness and consistency of significant accounting policies • reviewing and reporting to the Board on significant financial issues and judgements • reviewing the processes underpinning the production of the Annual Report and Accounts and whether it is fair, balanced and understandable
Internal control and risk management	• reviewing the effectiveness of the Group's internal financial controls systems and risk management framework, and reviewing the assurance reports from management on the internal control and risk management systems • carrying out a robust assessment of the Group's emerging and principal risks on an annual basis on behalf of the Board
Compliance, whistleblowing and fraud	• reviewing the adequacy and security of the Group's arrangements for employees to raise concerns about possible wrongdoing in financial reporting or other matters on behalf of the Board • reviewing the procedures for detecting fraud
Internal and external audit	• reviewing and approving the role and mandate of Internal Audit, monitoring and reviewing the effectiveness of its work and carrying out a periodic assessment of the effectiveness of the Internal Audit function • considering and making recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting (AGM), in relation to the appointment, reappointment and removal of the Company's external auditor • overseeing the relationship with the external auditor

Key activities during the year

The main areas of Committee activity during the 2022 financial year included the following areas:

Financial and narrative reporting

- The integrity of the 2021 full-year and 2022 half-year financial statements and formal announcements relating to the financial performance and governance of the Group.
- The material areas in which significant judgements were applied, based on reports from both the Group's management and the external auditor. Further information is provided in the significant judgements section on page 100.
- The information, underlying assumptions and stress-test analysis presented in support of the viability statement and going concern status.
- Reviewed and approved management's updated criteria for the assessment of when to classify an item as a non-headline item, with a more detailed framework for the decision making in place.
- The consistency and appropriateness of the financial control and reporting environment.
- The fair, balanced and understandable assessment of the Annual Report and Accounts for the 2021 financial year and the 2022 half-year statement.
- Reviewing the plans and process for the preparation of the Annual Report and Accounts for the 2022 financial year, including timelines and reviewing the approach to ESEF tagging.

Internal control and risk management

- The adequacy and effectiveness of the Group's risk management systems and internal control processes, through evaluating: risk and assurance plans; Internal Audit reports; risk assessments; and control themes.
- The financial control improvements as part of the financial control framework.
- The Group's risk framework, including the corporate risk framework and a robust review of the Company's principal and emerging risks and uncertainties, including climate change risk.
- Reviewing the Group's Delegated Authority Policy.
- Reviewing principal and emerging digital safety risks and receiving regular updates on the progress of the Group's Digital Safety Programme.
- Reviewing the activities of the Procurement function and efforts relating to supplier relationship management.
- Reviewing the Group's insurance programme.

Compliance, whistleblowing and fraud

- Business integrity measures including the 'Speak Up, Speak Out' process, overseeing and investigations into whistleblowing concerns.
- Reviewing reports on anti-bribery and anti-corruption procedures, fraud and loss prevention procedures and reports on credit card fraud, together with monitoring and investigations.
- Reviewing the FY22-FY23 action plan on fraud reporting requirements.

Internal Audit effectiveness and review of activities

- An assessment of the effectiveness and independence of the Internal Audit function, including consideration of:
  - key Internal Audit reports
  - stakeholder feedback on the quality of Internal Audit activity
  - Internal Audit's compliance with prevailing professional standards
  - the implementation of Internal Audit recommendations
- Approval of the Internal Audit Charter, Annual Plan, Budget and Annual Report of Internal Audit and Business Integrity activities.

Relationship with the external auditor

- Reviewed the scope of, and findings from, the external audit undertaken by PricewaterhouseCoopers LLP ('PwC') as the external auditor.
- The effectiveness of the external audit process.
- Assessment of the performance, continued objectivity and independence of PwC.
- The level of fees paid to PwC for permitted non-audit services.
- The reappointment of PwC as external auditor.
- Reviewed the non-audit services policy and processes.

Financial and narrative reporting

Significant judgements

Through its activities, the Committee focuses on maintaining the integrity and quality of our financial reporting, considering the significant accounting judgements made by management and the findings of the external auditors. The Committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. The Committee reviewed accounting papers prepared by management which provided details of significant financial reporting judgements. The Committee also reviewed the reports by the external auditors on the half-year and full-year results, which highlighted any issues arising from the work undertaken on the audit.

The Committee's process included the comprehensive review of financial issues through the challenge of management, consideration of the findings of the external auditors and comparison with other organisations. The significant issues considered in relation to the financial statements are detailed on this page.

Reporting controls

Management is responsible for maintaining adequate internal control over the financial reporting of the Group. A summary of the Group's financial results and commentary on performance measures is provided to the Board each month. Controls are in place over the preparation of financial data including: balance sheet reconciliations, review meetings on key balances and commentary on variances to forecast and prior periods. On a monthly basis, senior management, including the Director of Reporting and Financial Control and the Chief Financial Officer, review the management reporting packs.

The Annual Report and Accounts are produced by the Group Financial Control team based on submissions from individual teams across the business including Investor Relations, Finance, HR, Company Secretariat and Risk and Assurance. The report contributors are required to maintain supporting evidence for their submissions and ensure they are reviewed. The figures are then independently validated by the Group Financial Control team.

The Annual Report and Accounts are reviewed by the AMB, Board of Directors and the Committee for accuracy and to ensure a fair, balanced and understandable view is presented. Senior members of the Finance team including the Chief Financial Officer, Director of Reporting and Financial Control and the Chief Accountant meet with the Committee to present key events and discuss areas of judgement or estimates as outlined above. In-depth presentations on significant areas are provided throughout the year as appropriate.

The Finance team have regular proactive conversations with the external auditors on topics which are of audit relevance. The external auditor performs audit procedures and challenge of the Annual Report and Accounts and presents their findings to the Committee.

At its meeting in November 2022, the Committee reviewed the Group's Going Concern and Viability Statements (as set out on pages 70 to 71) and considered the thorough assessment reports prepared by management in support of these Statements. Details of the going concern assessment are included under significant judgements. The Viability Statement section of this Annual Report provides details of the base case and downside scenarios applied in assessing the appropriateness of this statement and the Committee provided robust challenge of the assumptions applied by management as part of this assessment.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

In general, the Committee assesses key judgements by receiving a report on the topic prepared by management which details the decision-making process which management have been through in making that judgement and any assumptions used. The Committee is then able to challenge management on critical aspects of the judgement and discuss the matter with the external auditors in arriving at their own assessment of the position.

Going concern

The Committee reviewed and challenged management's assessment of base case and downside forecast cash flows, including sensitivity to macro-economic uncertainties such as a sustained downturn in demand and higher interest rates and fuel prices, combined with significant operational disruption. Having considered and challenged these severe but plausible downside scenarios and reviewed the associated going concern disclosures in the Financial Statements, the Committee was comfortable with recommending to the Board that it adopt the going-concern basis of preparation for these Financial Statements.

Carrying value of assets

The Committee considered whether the carrying value of goodwill, landing rights and aircraft assets held by easyJet should be impaired or otherwise adjusted. There is judgement in the assumptions underlying the calculation of the value in use of the business being tested for impairment – primarily whether the forecasted cash flows are achievable, the potential impact of climate change on those cash flows, and the overall macro-economic assumptions. The Committee addressed these matters by challenging management on the stress testing performed on the calculation of the value in use and other relevant information used to support the carrying value of assets. The forecasted cash flows used in the calculation were presented to the Board. In relation to the disposal of landing rights at Berlin airport, the Committee reviewed management's paper and challenged the assumptions used in determining the value of the slots disposed.

Aircraft maintenance provisions

The Committee reviewed the maintenance provision at the year end as it is such a material item. A number of judgements are used in the calculation of the provision, primarily pricing, utilisation of aircraft and timing of maintenance checks. The Committee addressed these matters using reports received from management which detailed the basis of assumptions used and challenged those assumptions to test their validity.

Other key judgemental accruals, provisions and contingent liabilities

The Committee reviewed and challenged the level and calculations of key accruals and provisions which are judgemental in nature, including customer claims in respect of flight delays and cancellations, legal liabilities and restructuring provisions. The Committee also considered the appropriateness of the recognition of contingent liabilities as at the year end.

Deferred tax asset

The Committee has considered the recoverability of the deferred tax asset based on the expected future taxable income of the Group and is comfortable with the position taken.

Fleet accounting

The Committee has considered the appropriateness of the estimates used for the useful economic life and residual value of aircraft. The Committee considered these matters using reports received from management and external experts which underpin the estimations.

The Committee also gave careful consideration to the period of assessment used for the Viability Statement and concluded that the time period of three years remained appropriate. Based on these assessments, the Committee confirmed that the application of the going concern basis for the preparation of the financial statements continued to be appropriate and recommended the approval of the Viability Statement.

The Committee reviewed the approach to meeting the ESEF requirements that will apply to the Annual Report and Accounts for 2022. This includes making the report available in XHTML format and for key elements to be 'tagged' using Extensible Business Reporting Language (iXBRL). The Committee agreed the approach and the related controls and verification processes proposed.

Fair, balanced and understandable

At its meeting in November 2022, the Committee conducted an assessment and recommended to the Board that, taken as a whole, the 2022 Annual Report and Accounts (which the Board subsequently approved) is fair, balanced and understandable and provides the necessary information for shareholders to assess the Group and Company's position and performance, business model and strategy. In reaching this conclusion, the Committee considered the overall review and confirmation process around the Annual Report and Accounts, including:

- the input of subject matter experts, the AMB and other senior management and, where applicable, the Board and its Committees.
- the processes and controls which underpin the overall review and confirmation process, including the preparation, control process, verification of content and consistency of information being carried out by internal financial controls specialists.
- review of the Annual Report and Accounts held by senior management and other subject matter experts to focus solely on the reporting being fair, balanced and understandable.

The Committee was provided with the opportunity to review and comment on iterations of the draft copy of the Annual Report and Accounts.

In carrying out the above assessment, key considerations included ensuring that there was consistency between the financial statements and the narrative provided in the front half of the Annual Report, and that there was an appropriate balance between the reporting of weaknesses, difficulties and challenges, as well as successes, in an open and balanced manner, including linkage between key messages throughout the document.

Financial Reporting Council engagement

In common with other companies, the FRC's Corporate Reporting Review Team carried out a review of the Company's 2021 Annual Report and Accounts during the year and the Committee was pleased that they raised no questions or queries based on that review. The FRC noted some areas that could be reviewed in future reporting and these have been addressed in the 2022 Annual Report and Accounts where appropriate.

The FRC requests that in disclosing this engagement we note the limitations of their review, namely that it was based solely on their reading of the Annual Report and Accounts and did not benefit from a detailed knowledge of our business or an understanding of the underlying transactions entered into. They also noted that their review provided no assurance that the report and accounts are correct in all material respects and that the FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

Risk management and internal control

The Board as a whole, including the Committee members, considers the nature and extent of easyJet's risk management framework and the risk profile that is acceptable in order to achieve the Group's strategic objectives. The Committee has reviewed the work undertaken by management, the Committee itself and the Board on the assessment of the Group's emerging and principal risks, including their impact on the prospects of the Group.

During the year the Committee reviewed the corporate risk management framework, including the process for identifying, evaluating and managing the Company's principal risks. The programme, led by the Risk and Assurance function, was focused on understanding current and emerging risks and how these are managed in line with the risk appetite, developing a risk and assurance map, and implementing a consistent risk scoring mechanism and risk taxonomy to cover all risks. The principal risks were reviewed and amended with previous climate change risks changed to climate change transition risks and the brand licence risk amended to a wider shareholder activism risk. Further work is planned for FY23 to review risk appetite and to determine the nature and extent of the principal risks the Board is willing to take to achieve its strategic objectives.

easyJet's system of internal controls, along with its design and operating effectiveness, which includes the Group's financial reporting process, is subject to review by the Committee, through reports received from management, along with those from both internal and external auditors. Any control deficiencies identified are followed up, with action plans tracked by the AMB and the Committee. There were no significant financial control deficiencies identified by the Committee during the year.

To ensure that the Group is ready to meet the potential future requirements as part of the UK government's audit and governance reform package, the Group has initiated a Financial Control Improvement programme. Working with their selected advisers BDO LLP on this initiative, management has begun the process of documenting key financial processes and identifying control improvements or gaps. It is expected that the documentation and control remediation phase will be substantially completed during the forthcoming financial year ending 30 September 2023. An explicit financial control monitoring regime will also start to be put in place during the forthcoming financial year, based on a mixture of self-certification by control operators and independent control testing led by the Group Financial Control team.

The Committee received several updates during the year on progress and was pleased to see that no significant control gaps had been identified to date. The Committee will continue to receive updates over the next year as the overall control framework is enhanced and the monitoring regime begins to be established.

As a result of this annual review of the effectiveness of the risk management and internal control systems, which the Committee undertakes on behalf of the Board, it is considered that the Board has fulfilled its obligations under the Code. Further details on the Group's principal risks and uncertainties and their impact on the prospects of the Group are set out on pages 59 to 69.

Compliance, whistleblowing and fraud

To strengthen the compliance and assurance function in FY23, the Committee has supported the decision to create a central role which will coordinate the existing compliance activity performed within functions. This will give increased visibility going forwards of compliance with policies and procedures across the business and will better enable us to identify any assurance gaps.

The Group is committed to the highest standards of quality, honesty, openness and accountability. The Code includes a provision that there should be a means for the workforce to raise concerns and that the Board should routinely review this mechanism and the reports arising from its operation. The Group and all operating companies have whistleblowing policies in place. The Board and Committee receive regular reports on this subject, which is communicated internally as the 'Speak Up, Speak Out' mechanism, and the Committee assists the Board in ensuring that adequate arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action, with the findings being regularly reported to the Board.

Employees are encouraged to raise concerns under the policy and any concerns raised are investigated carefully and thoroughly to assess what action, if any, should be taken. All employees are able to report concerns in their local language. The Business Integrity Committee is a management forum on whistleblowing. It receives summaries of all reported concerns; it monitors any ongoing concerns and ensures that the proposed outcomes of investigations are fair, transparent and robust, with root causes identified and remedial actions agreed. Any matters of significance are reported to the Committee and the Board, along with a comprehensive full-year report.

In FY22, we undertook a significant internal communications campaign across the network, with the support of several works councils and trade unions, on the 'Speak Up, Speak Out' mechanism. That, combined with the ramp-up in operations to pre-pandemic levels, resulted in a significant increase in reports under the mechanism, as intended. A total of 105 reports were received, compared with 15 in FY21. All reports were followed up and investigated where appropriate. The Committee was pleased to see both the increased use of the whistleblowing channels and that nothing material had been reported.

The Board supports the objectives of the Bribery Act 2010 and the Company has procedures in place to minimise the risk of any breaches occurring. Any breach of the Bribery Act will be regarded as serious misconduct, potentially justifying immediate dismissal.

The Committee reviewed the fraud risks during the year, including activity to prevent and detect all types of fraud. The Internal Audit plan covers fraud risks with audits on Fraud Controls over Bonus Arrangements & Incentive Schemes and Fraud Controls over Financial Reporting having been conducted.

Internal Audit

The Committee is responsible for overseeing the work of the Internal Audit function. It reviews and approves the scope of the Internal Audit annual plan, the resourcing levels and assesses the quality of Internal Audit reports, along with management's actions relating to findings and the closure of recommended actions.

During 2022, a carefully targeted internal audit plan was agreed and undertaken across easyJet's operations, systems and support functions. The Committee agreed an FY22 Internal Audit plan with a heightened focus on Finance including audits covering Liquidity, Delegated Authority, Customer Credit Card Payments, Airport Charges, and the Record to Report process in easyJet holidays. There was also an emphasis on reviewing third-party management, including audits on the overall Supplier Relationship Management processes, as well as IT Supplier Management in particular. Subsequent reports, including management responses, recommended action plans and follow-up reviews have been considered by the Committee during its meetings.

In order to safeguard the independence of the Internal Audit function, the Director of Risk and Assurance (who heads up the Internal Audit function) is given the opportunity to meet privately with the Committee without any other members of management being present.

The Committee also considers stakeholder feedback on the quality of Internal Audit's work. The Internal Audit function is subject to an independent External Quality Assessment (EQA) every five years, in line with the Institute of Internal Auditors Standards. The last external EQA was conducted in 2017, with the next external review becoming due in 2022. However, it was agreed that an independent internal review would be carried out during the year instead, with the intention that a full external EQA be carried out when activity was less affected by the disruption from the Covid-19 pandemic, expected to be within the next 24 months. This approach was supported by the external third parties consulted, who all suggested that an external EQA at this time would not add significant value.

The independent internal review took place in late 2021 and the findings were reported to and discussed by the Committee. There were no significant concerns raised, and a number of actions were identified including changes required to the Internal Audit charter; ensuring the Committee formally approve the charter, budget and Internal Audit annual report; and some amendments to processes.

External audit

PwC, as the external auditor, is engaged to conduct a statutory audit and express an opinion on the financial statements. PwC was reappointed as auditor of the Group at the AGM held on 10 February 2022. The last tender process was undertaken in 2015 for the financial year ended 30 September 2016.

The current external audit engagement partner is Owen Mackney, Senior Statutory Auditor. The external audit plan and the £1.1 million fee proposal for the financial year under review (2021: £1.1 million) was prepared by PwC and presented to the Committee for consideration and approval.

External auditor effectiveness and independence

Senior management monitors the external auditor's performance, behaviour and effectiveness during the exercise of its duties, which informs the Committee's decision on whether to recommend reappointment on an annual basis.

The Committee also assesses the effectiveness, independence and objectivity of the external auditor by, among other things:

- considering all key external auditor plans and reports; in particular those summarising audit work performed on significant risks and critical judgements identified, and detailed audit testing thereon.
- having regular engagement with the external auditor during Committee meetings and ad hoc meetings (when required), including meetings without any member of management being present.

- the Committee Chair having discussions with the Senior Statutory Auditor ahead of each Committee meeting.
- understanding the extent to which the auditor challenges management's analysis.
- considering FRC audit quality inspection reports.
- following the end of the financial year, each Committee member completing an auditor effectiveness review questionnaire.

The Committee was satisfied that the external audit had provided appropriate focus to those areas identified as the key risk areas to be considered by the Committee and that the auditors had challenged management as part of the process. It had also continued to address the areas of significant accounting estimates. On this basis, and considering the views of senior management, the Committee concurred that the external audit had been effective, and that PwC remained independent.

External auditor objectivity

To preserve objectivity and independence, the external auditor does not provide consulting services unless this is in compliance with the Group's Non-audit Services Policy which reflects the applicable audit regulations and the FRC's Revised Ethical Standard on permitted services. The Policy also covers the approach around hiring former external audit employees in order to avoid any conflict of interest and to protect external auditor independence.

The Committee reviewed and made minor updates to the policy during the year and the updated policy is available on the Company's website at https://corporate.easyjet.com

The policy sets out the categories of non-audit services and related approvals required, and those non-audit services which the auditor is prohibited from undertaking. Certain audit-related non-audit services are deemed pre-approved by the Committee but only up to a value of £100,000, such as reporting on regulatory returns. Other non-audit services require Audit Committee approval as set out in the policy.

An additional protection is provided by way of a non-audit services fee cap. The Audit Committee (or the Company) may not approve an engagement of the external auditor if annual non-audit services fees would exceed 70% of the average audit fees (not including fees for audit-related services or for services required by regulation) charged in the previous three financial years.

In the 2022 financial year, PwC undertook non-audit services for the Company with a total value of £0.7 million, as set out in note 3 to the financial statements. These fees were within the limit of the non-audit services fee cap mentioned above and included audit-related non-audit service fees of £0.4 million and other assurance related non-audit services fees of £0.3 million, primarily related to a working capital review to support the Class 1 transaction arising from the agreement with Airbus and CFM.

External audit tendering

PwC was first appointed to audit the Annual Report and Accounts for the year ended 30 September 2006 and has therefore served a 16-year term. Under applicable audit legislation, companies are required to have a mandatory tender of auditors after 10 years, or 20 years if there is a competitive retender at 10 years. During the 2015 financial year, the Committee led a tender process for external audit services, following which the Committee agreed to recommend that the Board reappoint PwC as, on balance, it performed best against the Committee's pre-agreed selection and assessment criteria. Due to the tender undertaken in 2015, and the rotation of the audit partner in 2020, the Committee believes that a tender being undertaken in the 2024/25 financial year remains appropriate and is in the best interests of shareholders. The Company confirms that it has complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 relating to tendering and non-audit services.

EXTERNAL AUDIT TENDERING TIMELINE

2006
PwC appointed

2015
Full competitive tender; PwC reappointed for financial year ending 30 September 2016

2020
Mandatory appointment of new external audit lead partner after five years

2024/2025
Competitive tender to take place unless carried out earlier

2026
PwC cannot continue beyond financial year end 30 September 2025

BOARD COMMITTEES
SAFETY COMMITTEE REPORT

"The Committee monitored systems and processes to ensure the safety of our customers and people remained the highest priority."

Dr Andreas Bierwirth
Chair of the Safety Committee

Membership, meetings and attendance

- Dr Andreas Bierwirth (Chair)
- Ryanne van der Eijk (from 1 September 2022)
- Nick Leeder (until 30 September 2022)
- Julie Southern
- Dr Detlef Trefzger (from 1 September 2022)

The Committee consists of the Independent Non-Executive Directors listed above. All members of the Committee are Independent Non-Executive Directors. Member biographies can be found on pages 74 to 77. The Company Secretary acts as the Secretary of the Committee and attends all the meetings.

The Committee met four times during the year. Meeting attendance can be found in the table on page 90.

The Director of Safety, Security & Compliance has attended all Safety Committee meetings during the year. Other key invitees include the Interim Chief Operating Officer, Director of Engineering & Maintenance and Head of Safety. Subject matter experts in flight operations, engineering and other functions have attended as required.

The Committee's terms of reference can be found on the Company's website at https://corporate.easyjet.com

I am pleased to present the Safety Committee report for the year ended 30 September 2022.

easyJet remains committed to the safety of our customers and our people and the delivery of a secure and safe operation which meets the expectations of our customers. The objective of the Committee is to oversee the effectiveness of the safety and security systems, processes, operations and resources to ensure safety receives the highest level of the Board's attention. The Committee is supported by the easyJet Safety Board, which reports to the AMB, to ensure safety risks and issues are identified and prioritised and action plans are in place to mitigate existing and emerging risks.

During the year the Committee's key areas of focus included a review of readiness for winter 2021 and summer 2022, following the ramp-up of operations post pandemic. The Committee discussed the risks and action plans in place to deliver a safe operation.

The Committee received a progress update on the implementation of an Integrated Management System (IMS) to support the alignment of different processes and procedures and remove complexity and duplication as a result of multiple regulatory requirements.

The Committee also spent time at each meeting conducting deep dives into different aspects of safety, security and compliance at easyJet as set out on page 105.

The Committee received regular reports from the Director of Safety, Security & Compliance and continues to ensure the team is adequately resourced and has the appropriate information to perform its function effectively and in accordance with the relevant professional standards.

The Director of Safety, Security & Compliance reports regularly to the AMB, the Committee and the Board. He has the right of direct access to me and to the Chair of the Board, which reinforces the independence of safety oversight.

I provided an update to the Board regularly with my own assessment of safety management within the airline throughout the year and updated it on the issues discussed by the Committee.

Dr Andreas Bierwirth
Chair of the Safety Committee

Key activities during the year

Deep dives

During the year, the Committee monitored the safety, security and compliance priorities including routine and support activities, summer readiness framework and risk management framework to ensure easyJet remained safe and responsible and foundations for continuous improvement were in place. In addition, the Committee continued to monitor notable incidents to ensure process improvements and mitigating actions had been undertaken, where necessary. Deep dives were undertaken on a range of topics and these included the following:

Seasonal readiness

Given the unprecedented ramp-up required post pandemic, the Committee reviewed the seasonal readiness for winter 2021 and summer 2022 to ensure safe ramp-up of operations. This included ensuring that all aircraft were in appropriate airworthiness condition following any extended periods without operating, and ensuring the competency and recency for crew and pilots.

Integrated Management System (IMS)

The Safety, Security and Compliance team has developed an IMS to establish a common approach to Safety, Security, Compliance and the Environment (SSCE) across easyJet. The primary aim of the IMS is to embed key processes and procedures within easyJet to ensure safe and responsible journeys for our customers and a safe working environment for our employees and suppliers.

The Committee received an update on the implementation of the IMS to understand lines of accountability and responsibility given the extent of our network and multi AOC structure. The Committee also received a presentation from Roland Berger benchmarking various different approaches among operators with multiple AOC operations. The Committee endorsed easyJet's IMS approach for multiple AOC operations which benefits safety, improved efficiency and optimised processes and resources.

Safety, Security and Compliance Plan

The Committee approved the topics proposed to be covered by the FY22 to FY27 Safety, Security and Compliance Plan to capture the strategic improvements across safety, security, compliance including all aspects that may impact on our operational safety and security, for example Information Technology, and the safety and health of those who interact with easyJet (our people, customers or suppliers).

Risk management

The Committee received an update on the safety risks within the ground operations and how they were being managed with the assistance of the Airport Risk Management approach. This led to significant improvement in the identification and management of risks by providing the necessary tools to assess airport risks and implement mitigating strategies in conjunction with relevant stakeholders.

As a result of Russia's invasion of Ukraine, easyJet's safety team continued to monitor the related physical security risks. While there was limited direct physical risk to easyJet as our network does not extend to Ukraine, the wider impact of the conflict was, and continues to be, closely monitored.

Looking forward

The Committee will monitor compliance with regulations and standards, and improvement of easyJet's safety, security and environmental performance as well as provide support to management on embedding the strong safety culture which will ensure high standards of safety continue to be delivered across the Group and all its operating entities.

ANNUAL STATEMENT BY THE CHAIR OF THE REMUNERATION COMMITTEE

Membership, meetings and attendance

- Moni Mannings (Chair)
- Julie Southern
- David Robbie
- Harald Eisenächer (from 1 September 2022)

There was one change to the membership of the Committee during the year as set out above. The Company Secretary acts as Secretary of the Committee. Other key invitees include the Chief Executive, the Group People Director, the Reward Director, the Chief Financial Officer and external advisers as relevant.

Member biographies setting out their skills and experience can be found on pages 74 to 77. The Committee met six times during the year. Meeting attendance can be found in the table on page 90.

The Committee's terms of reference can be found on the Company's website at https://corporate.easyjet.com

The FY22 financial year

While FY22 has not been without its challenges, the performance achieved during the year has been strong. easyJet, alongside the whole industry, has faced multiple headwinds throughout the 2022 financial year from Omicron, the impact of Russia's invasion of Ukraine and operational challenges, as demand returned at scale following the widespread removal of travel restrictions across Europe. Despite these challenges, the return of demand during the summer months supported us in delivering a £1.1 billion uplift in headline EBITDAR performance. The rapid ramp-up in demand we saw over the summer resulted in industry-wide operational challenges which impacted our customer experience and we worked quickly to mitigate this impact for our customers. During the year, we have seen progress on a number of our key strategic initiatives, with airline ancillary yield per passenger increasing to £22.73 and easyJet holidays delivering a positive profit contribution in its first full year of operation. We go into FY23 in a much stronger position strategically and financially and believe we are well positioned to deliver our shareholders value in the future.

The impact of Omicron, war in Ukraine and the industry-wide issues experienced this summer all affected operational performance during the financial year. Despite this, demand was strong for easyJet's optimised primary airport network which continues to deliver alongside step-changed ancillary revenue and the rapid growth of easyJet holidays.

Operations have significantly improved as a result of management actions to mitigate the disruption that the whole airline ecosystem experienced through Q3. Since the start of July, easyJet's operations normalised, with Q4 on-the-day cancellations being below 2019 levels.

In addition, passenger numbers almost doubled since last summer to 24 million with a load factor of 92%, as demand for our leading network and services remains strong. When our summer 2023 season went on sale, we were filling the equivalent of more than four A320 aircraft a minute in the opening hours, demonstrating the continued demand.

However, the Committee is acutely aware of the economic outlook and the challenges this will pose to the business going forward. With FY22 being the first year where our new policy was implemented, the Committee remains confident that the approved remuneration structure will continue to support the Directors and the business through this period, directly align management with the interests of shareholders and help to deliver sustainable, long-term growth.

It is against this financial backdrop that the Committee assessed remuneration outcomes and implementation.

Engagement with the workforce in the year

There continues to be regular dialogue with employee consultative groups to gauge their feedback on remuneration and benefit structures within easyJet, including the remuneration approaches for executives and other employee groups, to help inform decision making. This includes providing updates on the arrangements for the Executive Directors. Regular meetings are held with the Reward Director and the Group People Director to discuss developments in reward over the year, whilst structured meetings have also been held with members of the Airline Management Board (AMB) and also separately with Nick Leeder when he was one of the Board's Employee Representative Directors. The outcomes of these interactions are discussed as part of the Remuneration Committee meetings.

Cost of living

The Committee has been mindful of the impact that inflation and increases in the cost of living is having on individuals, and this has been a regular item of discussion with the Committee. The Committee supported actions taken by management to help address these challenges including an interim pay review conducted for the non-negotiated teams in July and the provision of voluntary financial education workshops. Management continues to review further options to help with the cost of living, in conjunction with employee representative groups. The Committee is pleased that the financial performance that management delivered in the year allows the payment of bonuses across all teams. This is particularly important having been unable to pay a bonus for the last two years and with no LTIPs vesting, which has impacted reward and retention, and allows us to recognise the significant work that all employees have put into the business with bonus awards being paid in respect of FY22.

Engagement with shareholders

As Chair of the Committee I remain committed to regular engagement with our shareholders to answer any questions and respond to feedback.

The 2022 Remuneration Policy was approved by shareholders at the 2022 AGM. Although the Committee noted the number of votes against the resolution. Whilst through its engagement the Committee understood the rationale for certain shareholders voting against the resolutions, it contacted them again following the AGM to offer further engagement on the Company's approach to remuneration.

The Board continues to believe that the updated Remuneration Policy and the new Restricted Share Plan not only support long-term decision making but also help retain and motivate management to drive the performance of the business as we continue to recover from the pandemic and support the longer-term performance of the business including delivering sustainable shareholder value.

Incentive outcomes in the year

Annual bonus

The FY22 annual bonus was based 30% on EBITDAR performance, 50% on a balanced scorecard of key performance targets including free cash flow, cost control, customer feedback, and ancillary revenue, and 20% on individual performance including measures linked to sustainability, strategy and employee engagement. These measures were selected to align with our key priorities for the year. The Committee chose to use a balanced scorecard approach to assess performance for 50% of the bonus to ensure that the bonus provided a balanced incentive to drive performance across a range of key strategic areas and to provide flexibility to ensure that payouts were fair, taking into account the underlying performance and stakeholder experience.

The performance achieved this year against these measures was strong in a highly unpredictable environment, and represents tangible progress as we continue to recover from the impact of Covid-19 positioning us strongly for the future. This year has seen us return to profitability on an EBITDAR basis, and we have recorded significant achievements in our key areas of focus on costs, cashflow and growing ancillary revenues. This resulted in an initial outcome of 63.625% out of a maximum score of 80% across the EBITDAR and scorecard measures.

However, as part of its assessment of performance the Committee was mindful of the operational challenges that we faced during the year, in particular the impact of the disruption to flights on our customers and other stakeholders, and the overall experience of our shareholders during the year in the context of macro-economic impacts on our share price. While our operational challenges have now been largely addressed, the Committee decided that it was still appropriate to reduce the Group scorecard outcome by 2.5%, resulting in an overall outcome for Executive Directors of 61.125% out of a maximum of 80% (i.e. 76.4% of maximum for this element).

The Committee then considered the individual performance of the Executive Directors and determined that the individual objectives had been met in full. Details of the objectives and performance is provided on pages 115 – 116. As a result of this assessment, the Group performance achieved and the Committee's discretionary reduction to the scorecard, the final bonuses agreed were £1,200,650 for Johan Lundgren (81.125% of maximum), and £738,238 for Kenton Jarvis (81.125% of maximum), of which one third will be awarded in deferred shares.

LTIP

Awards granted in 2019 were due to vest based on performance to 30 September 2022. Awards were based on a combination of performance conditions, being three-year average headline ROCE, total headline EPS and relative TSR compared to FTSE 51-150 companies measured over the three financial years to 30 September 2022. In addition, the TSR awards will not vest unless there has been positive TSR over the performance period.

The stretching performance targets for the 2019 LTIP award, which were set before the pandemic, were not met and therefore this award will lapse.

Restricted Share Plan (RSP)

In 2022, we made our first awards under the RSP that was approved by shareholders at the 2022 AGM.

The face value of the award granted to Johan Lundgren was £925,000 (125% of salary) and for Kenton Jarvis £520,000 (100% of salary). The awards are subject to the following underpins: that easyJet does not fall below its minimum liquidity target (such that a credit risk is triggered) through the vesting period and that there is satisfactory governance performance including no ESG issues that result in material reputational damage to the Company (as determined by the Board).

The Committee will also operate a further underpin such that if the Company's performance taken as a whole materially underperforms what might reasonably have been expected for the sector for reasons attributable to management action or inaction, the Committee will, at its discretion, reduce the award quantum appropriately.

Subject to the underpins being met, the awards will vest in December 2024.

Implementation of remuneration for FY23

With FY22 being the first full year under our new Remuneration Policy, the Committee is satisfied that it continues to best support the business and long-term strategic decision making. Therefore, we are not proposing any changes for the year ahead and will continue to operate remuneration similar to that used last year. Our intended approach for the year ahead is set out below.

Base salary

Salaries for our Executive Directors have been considered very carefully against the pay awards made for our employees in 2022 and into 2023. easyJet has made significant step changes in salary and packages for the wider workforce for 2022 and into 2023, reflecting that generally no increases were awarded over the last few years in the context of the significant cost control needed in light of the impact Covid-19 on the business. The Committee has reviewed the salary for the CEO and CFO with effect from 1 January 2023. The Committee noted that the CEO had not received an increase in base pay since 1 January 2020 but also recognised the broader considerations for restraint. At the same time the Committee noted that the average pay increase proposed for our wider employee groups in FY23 was more than 6%. Balancing these considerations the Committee decided to increase the CEO salary to £780,000 (5.4% increase) and to increase the CFO salary to £550,000 (5.7% increase). In making these decisions the Committee also considered the impact this would have on variable remuneration set by reference to salary and deemed the outcome to be appropriate.

Annual bonus

The operation of the annual bonus will continue broadly unchanged. The maximum opportunity will continue to be 200% of base salary (Chief Executive) and 175% of base salary (Chief Financial Officer).

The bonus for the 2023 financial year will continue to be based 30% on EBITDAR performance, 50% on a balanced score of Group performance targets including from free cash flow, cost control, customer feedback, operational performance and revenue, and 20% on individual performance including measures linked to sustainability, strategy and employee engagement. Details of the targets for the year ending 30 September 2023 will be disclosed retrospectively in next year's annual report on remuneration, by which time they will no longer be deemed commercially sensitive by the Board.

RSP

The RSP will operate on the same basis in FY23. The face value of the award granted to Johan Lundgren will be 125% of salary and for Kenton Jarvis 100% of salary.

The awards will be subject to the same underpins as in FY22.

The Committee is conscious that the current share price is lower than the share price used to determine award levels last year, reflecting market volatility and uncertainty in the macro-economic environment. In this context the Committee carefully considered whether it would be appropriate to scale back the grant of awards. However, given the continued need to incentivise and motivate the executives to continue to drive recovery in the business post Covid to execute on our future growth strategy, the Committee did not consider that it was appropriate at this stage to reduce awards. The Committee will, however, review the payout at vesting, considering whether management have benefited from 'windfall gains', in which case the intention would be to scale back vesting levels.

On behalf of the Committee I would like to thank shareholders for their continued support during 2022 and ahead of the next AGM.

Moni Mannings
Chair of the Remuneration Committee

REMUNERATION AT A GLANCE

Reward principles

The Remuneration Committee's primary objective is to design a remuneration framework that promotes the long-term success of the Group. For some time, we have been guided by the following reward principles:

Principle	Application in remuneration framework
Simple and cost-effective	To establish a simple and cost-effective reward package in line with our low-cost and efficient business model.
Aligned with business strategy	To support the achievement of our business strategy of long-term sustainable growth and returns. The combination of our annual bonus plan based on a mix of financial, operational and strategic targets and our new long-term Restricted Share Plan ensures that value is delivered to shareholders and that Executive Directors are rewarded for the successful and sustained delivery of the key strategic objectives of the Group.
Sustainable long-term success	Total remuneration is weighted towards elements which align with sustainable long-term shareholder value creation. This ensures that there is a clear link between the value created for shareholders and the amount paid to our Executive Directors.
Mindful of the wider stakeholder experience	Notwithstanding the financial performance of the business, overall remuneration outcomes will be mindful of the wider stakeholder experience to ensure Executive Director remuneration remains fair, responsible and sustainable.

Single total figure of remuneration (£'000)

1. Includes payment of £300,000 for cash buy-out awards, disclosed in the FY21 Annual Report, paid in December 2021

Application of the Remuneration Policy in 2023

Salary	The Committee has reviewed the salary for the Executive Directors with effect from 1 January 2023 and agreed to increase the CEO salary to £780,000 (5.4% increase) and the CFO salary to £550,000 (5.7% increase). These increases are below the average increase for the wider workforce in 2023, which is more than 6% and follows a significant period of pay freezes.
Benefits and pension	Pension allowance of 6.15% of salary plus modest benefits aligned to the market and the wider workforce.
Annual bonus – One-third of bonus is deferred into shares for three years	Maximum will remain at 200% of base salary for the Chief Executive and at 175% of base salary for the Chief Financial Officer. The bonus for the 2023 financial year will be based 30% on EBITDAR performance, 50% on a balanced score card of Group performance targets including from free cash flow, cost control, customer feedback, operational performance and revenue, and 20% on individual performance including measures linked to sustainability, strategy and employee engagement. Details of the targets for the year ending 30 September 2023 will be disclosed retrospectively in next year's annual report on remuneration, by which time they will no longer be deemed commercially sensitive by the Board.
Restricted Share Plan (RSP) – Three-year vesting period plus two-year post-vesting holding period	The normal maximum award will be 125% of salary for the Chief Executive and 100% of salary for the Chief Financial Officer. Awards will be subject to the following performance underpins measured over the vesting periods. If any underpin is not met the Committee will consider whether it is appropriate to reduce the portion of the award vesting, based on its judgement of the context. The underpins for 2023 awards will be: 1. That easyJet does not fall below its minimum liquidity target (such that a credit risk is triggered) through the vesting period. 2. Satisfactory governance performance including no Environmental, Social and Governance (ESG) issues that result in material reputational damage to the Company (as determined by the Board). If the Company does not meet one or more of the underpins the Committee will consider whether it is appropriate to scale back the level of payout under the award to reflect this. The Committee will operate a further underpin such that if the Company's performance, taken as a whole, materially underperforms what might reasonably have been expected for the sector for reasons attributable to management action or inaction, the Committee will at its discretion reduce the award quantum appropriately. The Committee will also retain discretion to determine what level of scale back, if any, is appropriate. The Committee also may, at its discretion, adjust the vesting level of an award if it considers that the vesting level would not reflect the underlying performance of the Executive, the Group, the experience of shareholders, other stakeholders or if such level would not be appropriate in the circumstances. The Committee is conscious that the current share price is lower than the share price used to determine award levels last year, reflecting market volatility and uncertainty in the macro-economic environment. In this context, the Committee carefully considered whether it would be appropriate to scale back the grant of awards. However, given the continued need to incentivise and motivate the executives to continue to drive recovery in the business post-Covid-19 and to execute our future growth strategy, the Committee did not consider that it was appropriate at this stage to reduce awards. The Committee will, however, review the payout at vesting, considering whether management have benefited from 'windfall gains', in which case the intention would be to scale back vesting levels.
Share ownership guidelines	Expected to hold shares worth 250% of base salary for the Chief Executive and 200% of base salary for the Chief Financial Officer. Executive Directors will be required to maintain a minimum shareholding equal to the guideline (or their actual shareholding if lower) for two years following stepping down as an Executive Director.
Non-Executive Director fees	The fees for the Chairman and Non-Executive Directors from 1 January 2023 will be increased by 5% (with the exception of the SID fee which remains at its current level). Fees from 1 January 2023 are summarised below:

	January 2023	January 2022
Chairman	£330,296	£314,568
Basic fee for other Non-Executive Directors	£66,060	£62,914
Fees for SID role	£25,000	£25,000
Chair of the Audit, Safety and Remuneration Committees[1]	£15,750	£15,000
Chair of the Finance Committee[1]	£10,500	£10,000

1. Supplementary fees increased by 5%

The fees payable to the Non-Executive Directors are reviewed annually. The last increase of 2.8% was applied three years ago on 1 January 2020, which was below the typical increase for the wider workforce at the time. The Board has determined that a 5% increase will apply to the base fees and supplementary fees (with the exception of the SID fee) from 1 January 2023, which is below the average increase for the UK workforce.

DIRECTORS' REMUNERATION POLICY

During 2021, the Committee undertook a detailed review of our Directors' Remuneration Policy to ensure that the remuneration arrangements in place best support the long-term strategy of the business and continue to motivate the Executive Directors, the AMB and the broader management population.

After careful consideration and consultation with our largest shareholders, the Remuneration Committee concluded that a Restricted Share Plan is the best approach for the Company going forward to align management with shareholders and support the execution of our strategy and the creation of long-term sustainable shareholder value. The renewed policy including the RSP was approved by shareholders at the AGM on 10 February 2022.

The table below summarises the approved Remuneration Policy, which can be found in full in last year's Annual Report on the Company website:

https://corporate.easyjet.com/investors/reports-and-presentations/2021

	Policy	Framework used to assess performance and provisions for the recovery of sums paid
Salary To provide the core reward for the role. Set at a sufficient level to recruit and retain individuals of the necessary calibre to execute the Company's business strategy.	Increases normally up to the average workforce level (though may be increased at higher rates in certain circumstances, for example where a new Executive Director has been appointed to the Board at a lower than typical market salary to allow for growth in the role).	The Committee considers individual salaries at the appropriate Committee meeting each year after having due regard to the factors noted in operating the salary policy. No recovery provisions apply to base salary.
Benefits In line with the Company's policy to keep remuneration simple and consistent.	Executive Directors are entitled to a combination of modest benefits aligned to the market, such as life assurance and other insurance arrangements, as well as a range of voluntary benefits including the purchase of additional holiday.	Not applicable. No recovery provisions apply to benefits.
Pension To provide employees with long-term savings via pension provisions in line with the Company's strategy to keep remuneration simple and consistent.	Pension allowance of 6.15% of salary (being the cash alternative to a 7% employer contribution less the equivalent value of UK employers' national insurance contributions). This is in line with pension contributions provided for the wider workforce.	Not applicable. No recovery provisions apply to employer pension contributions.

	Policy	Framework used to assess performance and provisions for the recovery of sums paid
Annual bonus To incentivise and recognise execution of the business strategy on an annual basis. Rewards the achievement of annual financial and operational goals. Compulsory deferral of a portion of the bonus provides alignment with shareholders.	Maximum opportunity is 200% of base salary (Chief Executive) and 175% of base salary (Chief Financial Officer). One-third of bonus is deferred into shares for three years. Majority of the award is based upon the achievement of performance conditions based on financial metrics. Withholding and recovery provisions apply.	Bonuses are normally based on stretching financial and non-financial measures, including personal and/or strategic performance measures. Performance measures are set and assessed by the Committee at its discretion, with performance normally measured over a one-year period. Malus and clawback provisions apply. The Committee may, at its discretion, adjust the level of bonus payout if it considers that the formulaic outcome was not aligned with performance in the year.
Restricted Share Plan (RSP) To incentivise the execution of the business strategy over the longer term. Rewards sustained increase in shareholder value.	Normal maximum awards of 125% of salary (Chief Executive) and 100% of salary (Chief Financial Officer). Up to 150% of salary in exceptional circumstances. Three-year performance period plus two-year post-vesting holding period. Awards will be subject to performance underpins measured over the vesting periods. Withholding and recovery provisions apply.	Awards will be subject to performance underpins measured over the vesting periods. If the Company does not meet one or more of the underpins the Committee would consider whether it was appropriate to scale back the level of payout under the award to reflect this. Malus and clawback provisions apply. The Committee may, at its discretion, adjust the vesting level of an award if it considers that the vesting level would not reflect the underlying performance of the executive.
Share ownership guidelines To ensure alignment between the interests of Executive Directors and shareholders.	250% of salary (Chief Executive) and 200% of salary (Chief Financial Officer). Expected to retain 50% of post-tax shares vesting under the RSP and 100% of post-tax deferred bonus shares until guideline is met.	Not applicable.
Post-cessation share ownership guidelines	Chief Executive and Chief Financial Officer required to hold up to 100% of their shareholding requirement for two years after leaving office.	Not applicable.
Non-Executive fees To attract and retain a high-calibre Chairman and Non-Executive Directors by offering market-competitive fee levels.	The Chairman is paid an all-inclusive fee for all Board responsibilities. The other Non-Executive Directors receive a basic Board fee, with supplementary fees payable for additional responsibilities including Board or Committee responsibilities.	Fee levels are reviewed on a regular basis, and may be increased, taking into account factors such as the time commitment of the role and market levels in companies of comparable size and complexity.

Illustration of how much the Executive Directors could earn under the Remuneration Policy

The charts below show how much the Chief Executive and Chief Financial Officer could earn through easyJet's Remuneration Policy under different performance scenarios in the 2023 financial year. The following assumptions have been made:

Minimum (performance below threshold) – fixed pay only, with no vesting under any of easyJet's incentive plans.

Mid (performance in line with expectations) – fixed pay plus a bonus at the mid-point of the range (giving 50% of the maximum opportunity), plus 100% vesting of the Restricted Share Plan.

Maximum (performance meets or exceeds maximum) – fixed pay plus maximum bonus, plus 100% vesting of the Restricted Share Plan.

Fixed pay comprises:

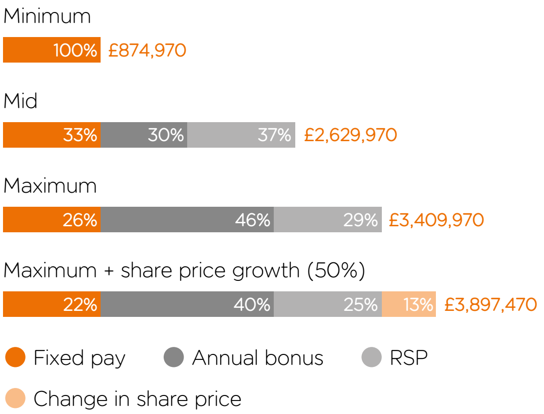
Salaries – salary effective as at 1 January 2023.

Benefits – amount received in the 2023 financial year.

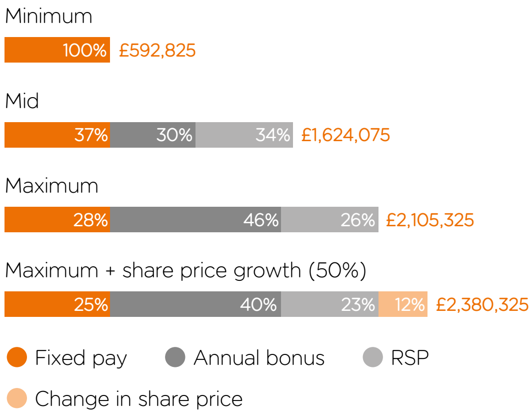
Pension – employer contributions or cash-equivalent payments received in the 2023 financial year.

Matching Shares under the all-employee Share Incentive Plan.

CHIEF EXECUTIVE (JOHAN LUNDGREN)[1]



CHIEF FINANCIAL OFFICER (KENTON JARVIS)[2]



1. Were easyJet's share price to increase by 50%, Johan Lundgren's total remuneration would increase to £3,897,000k under a 'maximum' scenario – driven by the increased value of the RSP awards
2. Were easyJet's share price to increase by 50%, Kenton Jarvis' total remuneration would increase to £2,380,000k under a 'maximum' scenario – driven by the increased value of the RSP awards

The scenarios shown above do not include any dividend assumptions. It should be noted that since the analysis above shows what could be earned by the Executive Directors based on the Remuneration Policy described above, these numbers will differ to values included in the table on page 114 detailing the actual earnings by Executive Directors.

UK CORPORATE GOVERNANCE CODE – PROVISION 40 DISCLOSURES

When developing the proposed Remuneration Policy and considering its implementation, the Committee was mindful of the UK Corporate Governance Code and considers that the executive remuneration framework appropriately addresses the following factors:

- Clarity – the Committee is committed to providing open and transparent disclosures regarding our executive remuneration arrangements.
- Simplicity – remuneration arrangements for our executives and our wider workforce are simple in nature and well understood by both participants and shareholders. Our RSP further simplifies incentive arrangements.
- Risk – the Committee considers that the incentive arrangements do not encourage inappropriate risk-taking. Malus and clawback provisions apply to annual bonus and RSP awards, and the Committee has overarching discretion to adjust formulaic outcomes to ensure that they are appropriate.
- Predictability and proportionality – the RSP increases the predictability of outcomes in line with recovery strategy and minimises the potential of unintended outcomes. Our policy illustrates opportunity levels for Executive Directors under various scenarios for each component of pay.
- Alignment to culture – any financial and strategic targets set by the Committee are designed to drive the right behaviours across the business. The RSP encourages our executives to focus on making the right decisions for the execution of our strategy and the creation of long-term shareholder value.

ANNUAL REPORT ON REMUNERATION

OVERVIEW

Role of the Remuneration Committee

The key role of the Committee is to make recommendations to the Board on executive remuneration packages and to ensure that the Remuneration Policy and practices of the Company reward fairly and responsibly, with a clear link to corporate and individual performance.

The Committee's terms of reference can be found on the Company's website at https://corporate.easyjet.com

Key responsibilities

- To set the Remuneration Policy for all Executive Directors and the Company's Chairman.
- To set the remuneration packages for the AMB and monitor the principles and structure of remuneration for other senior management.
- To oversee remuneration and workforce policies and practices, and take these into account when setting the policy for Director and AMB remuneration to ensure that they remain reasonable and appropriate in comparison with the wider workforce and external market.
- To approve the design of, and determine targets for, all employee share schemes operated by the Group.
- To oversee any major changes in employee benefit structures throughout the Company or Group.
- To review and monitor the Group's compliance with relevant gender pay reporting requirements.
- To assess that all incentives implemented are consistent with Company culture and purpose.

Key activities during the year

- Assessed the level of performance in respect of the bonus for the 2022 financial year, and LTIP awards set in December 2019 and vesting in December 2022, to determine appropriate payouts.
- Monitored developments in the internal and external environment and in relation to the impact of Covid-19.
- Reviewed and approved the remuneration packages for the new AMB members.
- Reviewed the total packages and service contracts of the AMB and senior management.
- Reviewed the outcome of the AGM and agreed appropriate actions following engagement with shareholders.
- Considered the results and implications of the UK gender pay gap report and reviewed and commented on recommendations to address the gap and challenges faced by the aviation sector.
- Reviewed and approved no award of the all-employee Performance Share Award in respect of the 2022 financial year and cessation of selected other all-employee share scheme features.
- Provided oversight on the broader remuneration framework for the wider workforce across easyJet and in particular the response to retaining key employees and the cost of living crisis.

On balance, having taken into account a number of internal and external measures as well as the pay ratio analysis, the Committee believes the proposed remuneration decisions in this report appropriately reflect the needs of the business and long-term interests of shareholders. The Committee also believes the Remuneration Policy operated as intended in terms of reflecting Company performance and the overall level of quantum delivered was considered appropriate given the business context.

Single total figure of remuneration for the year ended 30 September 2022

The table below sets out the amounts earned by the Directors (audited).

	FY22									FY21							
£'000	**Fees and Salary**	**Benefits[6]**	**Bonus[7]**	**RSP**	**Pension[8]**	**Other[9]**	**Total**	**Total Fixed**	**Total Variable**	Fees and Salary	Benefits	Bonus	LTIP	Pension	Total	Total Fixed	Total Variable
Executive																	
Johan Lundgren	**740**	**47**	**1,201**	**925**	**46**	**n/a**	**2,959**	**833**	**2,126**	740	8	0	0	46	794	794	0
Kenton Jarvis	**520**	**8**	**738**	**520**	**32**	**300**	**2,118**	**860**	**1,258**	342	0	0	0	21	363	363	0
Non-Executive																	
John Barton[1]	**54**	**–**	**–**	**–**	**–**	**–**	**54**	**54**	**–**	315	–	–	–	–	315	315	–
Stephen Hester[2]	**273**	**–**	**–**	**–**	**–**	**–**	**273**	**273**	**–**	5	–	–	–	–	5	5	–
Dr Andreas Bierwirth[5]	**78**	**–**	**–**	**–**	**–**	**–**	**78**	**78**	**–**	78	–	–	–	–	78	78	–
Catherine Bradley CBE	**73**	**–**	**–**	**–**	**–**	**–**	**73**	**73**	**–**	73	–	–	–	–	73	73	–
Ryanne van der Eijk[3]	**5**	**–**	**–**	**–**	**–**	**–**	**5**	**5**	**–**								
Harald Eisenächer[3]	**5**	**–**	**–**	**–**	**–**	**–**	**5**	**5**	**–**								
Nicholas Leeder[4]	**63**	**–**	**–**	**–**	**–**	**–**	**63**	**63**	**–**	63	–	–	–	–	63	63	–
Moni Mannings	**78**	**–**	**–**	**–**	**–**	**–**	**78**	**78**	**–**	78	–	–	–	–	78	78	–
David Robbie	**63**	**–**	**–**	**–**	**–**	**–**	**63**	**63**	**–**	52	–	–	–	–	52	52	–
Julie Southern[5]	**103**	**–**	**–**	**–**	**–**	**–**	**103**	**103**	**–**	103	–	–	–	–	103	103	–
Dr Detlef Trefzger[3]	**5**	**–**	**–**	**–**	**–**	**–**	**5**	**5**	**–**								
Total	**2,060**	**55**	**1,939**	**1,445**	**78**	**300**	**5,877**	**2,493**	**3,384**	1,849	8	0	0	67	1,924	1,924	0

1. Stepped down from the Board on 1 December 2021.
2. Chair from 1 December 2021.
3. Harald Eisenächer, Ryanne van der Eijk and Dr Trefzger were appointed to the Board on 1 September 2022.
4. Stepped down from the Board 30 September 2022.
5. Will step down from the Board at the 2023 AGM.
6. Benefits relate to the cost to the Company of life assurance (which increased from 0.5x basic salary to 4x basic salary in line with the wider head office teams benefit provision), other insurance, as well as reimbursements made to the Chief Executive for business-related travel expenses in respect of domestic car travel to the value of £24,500.
7. One third of the annual bonus is deferred in shares for a period of three years. There are no performance conditions attached to the deferred elements other than continued employment.
8. Johan Lundgren and Kenton Jarvis received a cash alternative to pension contributions equivalent to 6.15% of base salary. No Director who served during the year accrued any other pension benefits.
9. Payment of £300,000 for cash buy-out awards, disclosed in the FY21 Annual Report, paid to Kenton Jarvis in December 2021.

Payments for loss of office and payments to past directors (audited)

There were no payments for loss of office or payments to past directors.

Annual bonus outturn for performance in the 2022 financial year (audited)

The measures selected for the FY22 annual bonus aligned with our key priorities for the year and were 30% on EBITDAR performance, 50% on a balanced score card of Group performance targets including free cash flow, cost control, customer feedback and ancillary revenue, and 20% on individual performance including measures linked to sustainability, strategy and employee engagement.

The Committee has chosen to use a balanced scorecard approach to assessing performance for 50% of the bonus this year to ensure that we are providing a balanced incentive to drive performance across a range of areas. At least 40% of the scorecard was linked to financial measures ensuring that at least 50% of the overall bonus is linked to financial measures.

The Committee reviewed performance against these measures including the balanced scorecard and it was determined that the bonus would pay out at 81.125% of maximum. The Committee also had the discretion to determine the appropriate level of award at the end of the financial year based on performance achieved. In assessing the outcome against overall Company individual performance, the Committee determined that the outcome was appropriate.

Measure	Weighting CEO & CFO	FY22 Targets: Threshold (10% minimum award)	On-target (50% award)	Maximum (100% award)	Outcome	Pay-out
EBITDAR (at constant currency) £m	**30%**	**447**	**559**	**615**	**Headline EBITDAR £569m** (bonus targets are set at constant currency to allow for exchange rate fluctuation - at constant currency EBITDAR outcome is £641m)	**30%**
Balanced scorecard	**50%**					
• Cost programme performance £m		**380**	**430**	**455**	Assessed outcome	33.625%
• Free cash flow £m		**111**	**211**	**261**	Discretionary reduction	(2.5%)
• Customer satisfaction		**71%**	**74%**	**77%**	**Final outcome**	**31.125%**
• Ancillary yield £		**17.20**	**19.20**	**20.20**		
Individual	**20%**	**n/a**	**50%**	**100%**	100%	**20%**
Total	**100%**					**81.125%**

The performance achieved this year against the bonus measures was strong in a highly unpredictable environment, and represents tangible progress as we continue to recover from the impact of Covid-19 positioning us strongly for the future. This year has seen us return to profitability on an EBITDAR basis, and we have recorded significant achievements in our key areas of focus on costs, cashflow and growing ancillary revenues. This resulted to an initial outcome of 63.625% out of a maximum score of 80% across the EBITDAR and scorecard measures.

However, as part of its assessment of performance the Committee was mindful of the operational challenges that we faced during the year, in particular the impact of the disruption to flights on our customers and other stakeholders, and the overall experience of our shareholders during the year in the context of macro-economic impacts on our share price. While our operational challenges have now been largely addressed, the Committee decided that it was still appropriate to reduce the Group scorecard outcome by 2.5%, resulting in an overall outcome for Executive Directors of 61.125% out of a maximum of 80% (i.e. 76.4% of maximum for this element).

The Committee then considered the individual performance of the Executive Directors and determined that the individual objectives had been met in full (see below). As a result of this assessment, the Group performance achieved and the Committee's discretionary reduction to the scorecard, the final bonuses agreed were £1,200,650 for Johan Lundgren (81.125% of maximum), and £738,238 for Kenton Jarvis (81.125% of maximum) of which one third will be awarded in shares deferred for three years.

Personal objectives (20% weighting)

This component focuses on personal performance against the priorities set by the Board for the Executive Directors in 2022. The Remuneration Committee considers their performance holistically in relation to the development and driving of strategy, financial performance, sustainability, customer and people initiatives (both what was delivered and how). The assessment for each Executive Director was as shown in the following tables:

Johan Lundgren (CEO)

The Committee assessed performance against the objective focus areas set out below and determined that the personal objectives element had been met in full. Details of performance against these objective focus areas is provided below.

Objective focus area	Performance achieved
Sustainability Net zero CO_2 2050 roadmap	Signed up to UN initiative 'Race to Zero', pledging easyJet's commitment to set a science-based target (SBT) and to reach net zero CO_2 by 2050. Achieved validation of 2035 SBT by Science Based Targets Initiative (consortium of UNGC, CDP, WWF). Published easyJet's net zero roadmap outlining key enablers and supporting partnerships and investments. Evidenced net zero roadmap integration with easyJet's strategy (five-year plan and beyond) and with easyJet's advocacy on regulation.
Sustainability	Environmental Management System. Achieved Stage 1 IEnvA certification (ISO14001-compliant IATA EMS). Achieved Stage 2 IEnvA certification.
Employee engagement	Delivered a year-on-year improvement in employee engagement as measured through our Peakon employee survey scores.
easyJet holidays growth	Ensured the development, delivery, and growth of easyJet Holidays to meet its FY22 financial targets and KPIs.
Business strategy review	Reviewed and refreshed the easyJet strategy with approval of the PLC Board and commenced roll-out and engagement with all stakeholders.

Kenton Jarvis (CFO)

The Committee assessed performance against the objective focus areas set out below and determined that the personal objectives element had been met in full. Details of performance against these objective focus areas is provided below.

Objective focus area	Performance achieved
Financial	Group rating on CDP improved from Rating C to rating B. Developed fleet plan and converted the Airbus purchase option rights Class 1 action achieved with strong shareholder support.
Reporting	Separate ancillary KPI monitoring established to track progress and close gaps to competition.
Financial control	Delivered control improvement plan in FY22.
Investor relations	Developed IR engagement plan. Conducted roadshows in USA.
Employee engagement	Finance attrition rate reduced against a challenging recruitment market. Focus on talent and retention. Improved year-on-year employee engagement score.
Cost reduction	Implemented and delivered cost reduction plan.
Strategy	Reviewed and refreshed the easyJet strategy with approval of the PLC Board and commenced roll-out and engagement with all stakeholders.
Sustainability Net zero CO_2 roadmap	Completed climate Change Risk Register. Identification of priority climate change transition risks relation to emissions, technology, investors, civil society. Best practice TCFD report in FY22 AR. Improve ESG Reporting & Performance with Gap Analysis easyJet FY21 reporting vs key ESG indices Sustainalytics & MSCI. Agreed approach to net zero roadmap as key component of refreshed business strategy.

LTIP (audited)

The 2019 LTIP awards vesting in respect of the three performance years to 30 September 2022 were subject to a combination of performance conditions, being three-year average headline ROCE, total headline EPS and relative TSR compared to FTSE 51-150 companies measured over the prior three financial years (with a minimum positive TSR underpin) to 30 September 2022. The percentage which could be earned was determined using the following vesting schedule:

	Below threshold (0% vesting)	Threshold (25% vesting)	On-target (50% vesting)	Maximum (100% vesting)	Actual	Vesting (% of element)
ROCE awards (40% of total)	<9.5%	9.5%	11.5%	13.5%	<9.5%	0%
EPS awards (40% of total)	<288p	288p	310p	335p	<288p	0%
TSR awards (20% of total)	< Median	Median	n/a	Upper quartile	below median	0%

Three-year average headline EPS and ROCE performance along with TSR performance were below threshold due to the impact of Covid-19 on the business. The Committee considered this outcome and determined that no payment was an appropriate outcome given the current business context.

Executive Directors' share awards outstanding at the financial year end (audited)

Details of share options and share awards outstanding at the financial year end are shown in the following tables:

Johan Lundgren

Scheme	No. of shares/ options at 30 September 2021[1]	Shares/ options granted in year	Shares/ options lapsed in year	Shares/ options exercised in year	**No. of shares/ options at 30 September 2022[1]**	Date of grant	Exercise price (£)	Market price on exercise date (£)	Date from which exercisable	Expiry date
A	198,361	–	(198,361)	–	**–**	19 Dec 2018[2]	–	–	19 Dec 2021	19 Dec 2028
A	153,770	–	–	–	**153,770**	19 Dec 2019[3]	–	–	19 Dec 2022	19 Dec 2029
A	254,621	–	–	–	**254,621**	29 Dec 2020[4]	–	–	29 Dec 2023	29 Dec 2030
B	–	129,334	–	–	**129,334**	16 Feb 2022[6]	–	–	19 Dec 2024	16 Feb 2032
C	36,775	–	–	–	**36,775**	19 Dec 2018	–	–	19 Dec 2021	19 Dec 2028
C	6,273	–	–	–	**6,273**	19 Dec 2019	–	–	19 Dec 2022	19 Dec 2029
D	1,865	–	–	–	**1,865**	14 Jun 2019	6.75	–	1 Aug 2022	1 Feb 2023

Kenton Jarvis

Scheme	No. of shares/ options at 30 September 2021[1]	Shares/ options granted in year	Shares/ options lapsed in year	Shares/ options exercised in year	**No. of shares/ options at 30 September 2022[1]**	Date of grant	Exercise price (£)	Market price on exercise date (£)	Date from which exercisable	Expiry date
A	159,803	–	–	–	**159,803**	20 May 2021[5]	–	–	29 Dec 2023	20 May 2031
B	–	72,706	–	–	**72,706**	16 Feb 2022[6]	–	–	19 Dec 2024	16 Feb 2032
D	1,963	–	–	–	**1,963**	20 Jul 2021	6.42	–	1 Sep 2024	1 Mar 2025
D	–	1,353	–	–	**1,353**	19 Jul 2022	3.99	–	1 Sep 2025	1 Mar 2026

Key:

- A Long Term Incentive Plan – Performance Shares
- B Restricted Share Plan
- C Deferred Share Bonus Plan
- D Save As You Earn Awards (SAYE)

The closing share price of the Company's ordinary shares at 30 September 2022 was £2.96 and the closing price range during the year ended 30 September 2022 was £2.93 to £7.27.

Note 1: Number of share awards granted
The number of shares is calculated according to the scheme rules of individual plans based on the middle-market closing share price on the day prior to grant.

As is usual market practice, the option price for SAYE awards is determined by the Committee in advance of the award by reference to the share price following announcement of the half-year results the day immediately preceding the date the invitations are sent.

Note 2: LTIP awards made in December 2018
40% of vesting is based on three-year average headline ROCE (including lease adjustment) performance for the three financial years ending 30 September 2021; 40% of vesting is based on three-year total headline EPS performance for the three financial years ending 30 September 2021; and 20% of vesting is based on relative TSR performance compared to companies ranked FTSE 51-150. In addition, the TSR awards will not vest unless there has been positive TSR over the performance period.

The face value of the award granted was £1,800,300 (250% of salary) to Johan Lundgren. As set out in the 2021 annual report on remuneration none of the targets were met at the end of the three year performance period, so the options lapsed.

Note 3: LTIP awards made in December 2019
40% of vesting is based on three-year average headline ROCE performance for the three financial years ending 30 September 2022; 40% of vesting is based on three-year total headline EPS performance for the three financial years ending 30 September 2022; and 20% of vesting is based on relative TSR performance compared to companies ranked FTSE 51-150. In addition, the TSR awards will not vest unless there has been positive TSR over the performance period.

The face value of the award granted was £1,850,000 (250% of salary) to Johan Lundgren. The targets set on page 116 were not met at the end of the three year performance period and as a result the award will not vest.

Note 4: LTIP awards made in December 2020
The face value of the award granted to Johan Lundgren was £1,850,000 (250% of salary) at a share price at award of £8.63. The award is based 100% on TSR performance compared to companies from the FTSE 51-151 and will vest on 29 December 2023. In addition, the award will not vest unless there has been positive TSR over the performance period. Performance will be assessed at the end of the three year performance period to 30th September 2023.

Note 5: LTIP awards made in May 2021
The face value of the award granted to Kenton Jarvis was £1,040,000 (200% of salary) at a share price of £7.73. The award is based 100% on TSR performance compared to companies from the FTSE 51-151 and will vest on 29 December 2023. In addition, the award will not vest unless there has been positive TSR over the performance period.

Note 6: RSP awards made in February 2022
The face value of the award granted to Johan Lundgren was £925,000 (125% of salary) and for Kenton Jarvis £520,000 (100% of salary). This was based on the middle-market closing share price on the day prior to grant, being £7.15. The awards will be subject to the following underpins: that easyJet does not fall below its minimum liquidity target (such that a credit risk is triggered) through the vesting period and that there is satisfactory governance performance including no ESG issues that result in material reputational damage to the Company (as determined by the Board).

Subject to the underpins being met, the awards will vest on 19 December 2024.

Shareholding guidelines in the 2022 financial year (audited)

The Chief Executive and Chief Financial Officer are expected to build up a shareholding of 250% and 200% of salary respectively over the first five years from appointment to the Board. The Committee has discretion to extend the five-year timeframe in certain circumstances, for example where there have been limited payouts under the incentive schemes.

Until the guideline is met, Executive Directors are required to retain 50% of net vested shares from the LTIP and RSP and 100% of net vested deferred bonus shares. Similarly, the Non-Executive Directors, including the Chairman of the Board, are required to build up a shareholding of 100% of annual fees over a period of five years from appointment.

Details of their holdings are set out below.

Directors' current shareholdings (audited)

The following table provides details on current Directors' interests in shares at 30 September 2022 (unless otherwise noted).

			Interests in share schemes					
	Unconditionally owned shares[1]	Shareholding guidelines achieved[2]	Deferred bonus	LTIP[3]	RSP	SAYE	SIP[4]	Total in share schemes
Stephen Hester	120,000	100%	–	–	–	–	–	–
Johan Lundgren[8]	66,713	27%	43,048	408,391	129,334	1,865	–	582,638
Kenton Jarvis	15,401	7%	–	159,803	72,706	3,316	–	235,825
Dr Andreas Bierwirth[7]	8,715	100%	–	–	–	–	–	–
Catherine Bradley CBE	6,000	61%	–	–	–	–	–	–
Ryanne van der Eijk[5]	–	–	–	–	–	–	–	–
Harald Eisenächer[5]	5,000	40%	–	–	–	–	–	–
Nicholas Leeder[6]	3,847	52%	–	–	–	–	–	–
Moni Mannings	6,990	48%	–	–	–	–	–	–
David Robbie	16,596	100%	–	–	–	–	–	–
Julie Southern[7]	8,968	57%	–	–	–	–	–	–
Dr Detlef Trefzger[5]	20,000	100%	–	–	–	–	–	–

1. Includes SIP Partnership Shares, vested SIP Performance (Free) Shares, vested SIP Matching Shares, and any shares owned by connected persons.
2. Based on the shareholding guidelines and including unconditionally owned shares and for the Executive Directors vested but unexercised LTIPs and the post-tax value of share interests under the DSBP. The extent to which the guidelines have been achieved is calculated based in the price at purchase or vesting, therefore, the values will be different for each director base on their purchase history.
3. LTIP shares are granted in the form of nil cost options subject to performance.
4. Consists of unvested SIP Performance (Free) Shares and unvested SIP Matching Shares. Last award made in 2019.
5. Harald Eisenächer, Ryanne van der Eijk and Dr Detlef Trefzger were appointed to the Board on 1 September 2022.
6. Stepped down from the Board on 30 September 2022.
7. Will step down from the Board at the 2023 AGM.
8. Shareholding guideline increased from 200% to 250% in 2021. Given the participation in the rights issue, and the limited incentive payouts over the last four years, the Committee is currently satisfied with the progress being made towards meeting the shareholding guidelines.

Changes in share ownership levels throughout the year may be found on our corporate website https://corporate.easyjet.com

Executive Directors are deemed to be interested in the unvested shares held by the easyJet Share Incentive Plan Trust and the easyJet plc Employee Benefit Trust.

At 30 September 2022, ordinary shares held in the Trusts were as follows:

	Number of ordinary shares
easyJet Share Incentive Plan Trust	1,251,236
easyJet plc Employee Benefit Trust	1,647,399
Total	**2,898,635**

Changes since the year end: as at 28 November 2022, there were no changes to the easyJet plc Share Incentive Plan Trust balance and the easyJet plc Employee Benefit Trust held 1,647,399 shares.

Dilution limits

easyJet complies with the Investment Association's Principles of Remuneration with regard to dilution limits. These principles require that commitments under all the Company's share incentive schemes must not exceed 10% of the issued share capital for all plans, and 5% for executive (discretionary) schemes, in any rolling 10-year period.

Employee share plan participation

A key component of easyJet's reward philosophy is to provide share ownership opportunities throughout the Group by making annual awards of performance-related shares to all eligible employees, when necessary financial targets are achieved. In addition, easyJet operates a voluntary discounted share purchase arrangement for all employees via a Save As You Earn scheme and a Buy As You Earn arrangement with matching shares in the UK under the tax-approved Share Incentive Plan. A 10% discount was offered on Save As You Earn 2022, however, Matching Shares remain suspended.

Details of Directors' service contracts and letters of appointment

Details of the service contracts and letters of appointment in place as at 30 September 2022 for Directors are as follows:

	Date of appointment	Date of current service contract	Unexpired term at 30 September 2022
Stephen Hester	1 September 2021	20 August 2021	Executive Directors are subject to a 12 month notice period. Letters of appointment for the Non-Executive Directors do not contain fixed term periods; however, they are appointed in the expectation that they will serve for a maximum of nine years, subject to satisfactory performance and re-election at AGMs.
Johan Lundgren	1 December 2017	10 November 2017	
Kenton Jarvis	3 February 2021	15 September 2020	
Dr Andreas Bierwirth	22 July 2014	19 July 2017	
Catherine Bradley CBE	1 January 2020	9 December 2019	
Ryanne van der Eijk	1 September 2022	22 August 2022	
Harald Eisenächer	1 September 2022	22 August 2022	
Nicholas Leeder[1]	1 January 2019	14 December 2018	
Moni Mannings	6 August 2020	5 August 2020	
David Robbie	17 November 2020	16 November 2020	
Julie Southern	1 August 2018	7 June 2018	
Dr Detlef Trefzger	1 September 2022	22 August 2022	

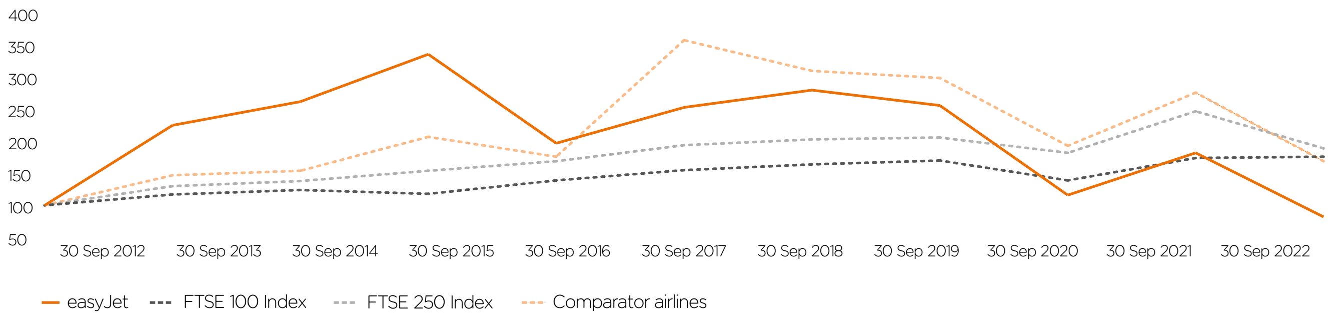
1. Stepped down from the Board on 30 September 2022.

Review of past performance

The chart below sets out the TSR performance of the Company relative to the FTSE 250, FTSE 100, and a group of European airlines[1] since 30 September 2012. The FTSE 100 and FTSE 250 were chosen as easyJet has been a member of both indices during the period.

This graph shows the value, by 30 September 2022, of £100 invested in easyJet on 30 September 2012, compared with the value of £100 invested in the FTSE 100 and FTSE 250 Indices or a comparator group of airlines on the same date.

The other points plotted are the values at intervening financial year ends. Overseas companies have been tracked in their local currency, i.e. ignoring exchange rate movements since 30 September 2012.



1. Lufthansa, Ryanair, Air France-KLM, and Wizz Air have all been included in the comparative European airlines group. Wizz Air has been tracked from listing.

Chief Executive total remuneration table

The table below shows the total remuneration figure earned for the Chief Executive over the same 10-year period. The total remuneration figure includes the annual bonus and LTIP awards which vested based on performance in those years or RSP awarded.

The annual bonus and LTIP/RSP vesting percentages show the payout for each year as a percentage of the maximum.

		2013	2014	2015	2016	2017	2018[2]	2019	2020	2021	2022
Single total figure of remuneration (£'000)	Johan Lundgren	–	–	–	–	–	1,500	1,006	755[1]	794	2,959[6]
	Carolyn McCall	7,777	9,209[5]	6,241[4]	1,453[3]	757	125	–	–	–	–
Annual bonus (%)	Johan Lundgren	–	–	–	–	–	73%	16%	0%	0%	81%
	Carolyn McCall	87%	76%	66%	13%	0%	–	–	–	–	–
LTIP/RSP vesting (%)	Johan Lundgren	–	–	–	–	–	–	–	0%	0%	100%[6]
	Carolyn McCall	100%	100%	100%	32%	0%	–	–	–	–	–

1. This amount is after the voluntary 20% reduction in base salary during April, May and June 2020.
2. Johan Lundgren was appointed to the Board on 1 December 2017 and Carolyn McCall stepped down from the Board on 30 November 2017.
3. Includes 48,509 LTIP shares (inclusive of dividend equivalents) at the vesting date share price of £10.43, a decrease of 30% on the share price at grant of £14.99.
4. Includes 266,899 LTIP shares vesting for the period; share price is £17.15 (the actual share price at vesting), an increase of 133% on the share price at grant of £7.37.
5. Includes 445,575 LTIP shares vesting for the period; share price was £16.71 (the actual share price at vesting), an increase of 325% on the share price at grant of £3.93.
6. Includes RSP awarded in February 2022.

Change in Directors' pay for the year in comparison to that for easyJet employees

The table below shows the year-on-year percentage change in pay for the Directors, compared to the average earnings of all other easyJet UK employees.

	2022			2021			2020		
	Salary	Benefits[12]	Annual bonus	Salary	Benefits	Annual bonus	Salary	Benefits	Annual bonus
Johan Lundgren	0.%	487.5%	n/a	6.0%	(43%)	n/a	(2.6%)	0%	(100%)
Kenton Jarvis[1]	52%	n/a	n/a	n/a	n/a	n/a	–	–	–
Andrew Findlay[2]	–	–	–	(24.8%)	0%	n/a	1.0%	0%	(100%)
John Barton[3]	(82.9%)	–	–	6.1%	–	–	(2.6%)	–	–
Stephen Hester[4]	5360%	–	–	n/a	–	–	–	–	–
Dr Andreas Bierwirth[10]	0%	–	–	5.4%	–	–	(2.6%)	–	–
Catherine Bradley	0%	–	–	62.2%	–	–	n/a	–	–
Ryanne van der Eijk[8]	n/a	–	–	–	–	–	–	–	–
Harald Eisenächer[8]	n/a	–	–	–	–	–	–	–	
Moya Greene[5]	–	–	–	(76.5%)	–	–	19.1%	–	–
Charles Gurassa[5]	–	–	–	(73.8%)	–	–	(16.8%)	–	–
Dr Anastassia Lauterbach[6]	–	–	–	(72.9%)	–	–	28.3%	–	–
Nicholas Leeder[8]	0%	–	–	6.8%	–	–	28.3%	–	–
Moni Mannings	0%	–	–	680%	–	–	n/a	–	–
Andy Martin	–	–	–	–	–	–	(11.3%)	–	–
David Robbie[7]	21.2%	–	–	n/a	–	–	–	–	–
Julie Southern[10]	0%	–	–	32.1%	–	–	8.3%	–	–
Dr Detlef Trefzger[8]	n/a	–	–	–	–	–	–	–	–
Average pay based on easyJet's UK employees[11]	1.9%	0%	n/a	0%	0%	0%	2.0%	0%	(100%)

n/a refers to a nil value in the previous year, meaning that the year-on-year change cannot be calculated

1. Appointed Executive Director on 3 February 2021.
2. Stepped down as Executive Director on 3 February 2021, employed until 25 May 2021.
3. Stepped down from the Board on 1 December 2021.
4. Appointed to the Board on 1 September 2021 and Chair from 1 December 2021.
5. Stepped down from the Board on 23 December 2020.
6. Stepped down from the Board on 21 December 2020.
7. Appointed to the Board on 17 November 2020.
8. Appointed to the Board on 1 September 2022.
9. Stepped down from the Board on 30 September 2022.
10. Will step down from the Board at the 2023 AGM.
11. There are no employees in easyJet plc, therefore, the Committee decided to use the average for all UK employees as the appropriate comparator group given they comprise over 50% of total employees and therefore this is considered to be the most representative for comparison. There was a general salary increase for UK employees of 3% in July 2022, however, this excluded cabin crew and pilots. This reflects the change in FY22, outlined earlier, the average change in pay for FY23 is expected to be over 6%.
12. Benefits relate to the cost to the Company of life assurance and other insurance, as well as reimbursements made to the Chief Executive for business-related travel expenses in respect of domestic car travel, noting that life assurance cover was improved to 4x basic salary in the year in line with other UK employees.

Relative importance of spend on pay

The table below shows the total pay for all easyJet's employees compared to other key financial indicators.

	Year ended 30 September 2022	Year ended 30 September 2021	Change %
Employee costs (£ million)	948	623	52%
Ordinary dividend (£ million)	–	–	0%
Average monthly number of employees	13,951	13,689[2]	2%
Revenue (£ million)	5,796	1,458	296%
Headline (loss)/profit before tax (£ million)	(178)	(1,136)	(84%)

1. Additional information on the number of employees, total revenue and profit has been provided for context. The majority of easyJet's employees (around 90%) perform flight and ground operations, with the rest performing administrative and managerial roles.
2. Employee numbers were previously disclosed on a full-time equivalent basis. The disclosure is now reporting average headcount numbers and prior year has been restated.

Chief Executive pay ratio

The table below sets out the Chief Executive pay ratio as at 30 September 2022. The report will build up over time to show a rolling 10-year period. The ratios compare the single total figure of remuneration of the Chief Executive with the equivalent figures for the lower quartile (P25), median (P50) and upper quartile (P75) employees.

We have used the 'Option A' methodology which uses actual earnings for the Chief Executive Officer and UK employees over the financial year to provide the most accurate comparison. The total FTE remuneration paid during the year for each employee in each of the groups was then calculated, on the same basis as the information set out in the single figure table for the Chief Executive on page 108.

In calculating the figures, the following considerations were made:

- The single total figure of remuneration of our UK colleagues was calculated as at 30 September 2022
- Annual bonus will be paid in relation to the year ended 30 September 2022
- No LTIPs will vest in relation to the year ended 30 September 2022
- Earnings for those who are part-time or joined during the year have been annualised on an FTE basis
- This data then identified those employees at the 25th, 50th (median) and 75th percentile points

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	Option A	30:1	23:1	12:1
2021	Option A	27:1	21:1	10:1
2022	Option A	110:1	82:1	36:1
2022	Total pay and benefits	£27,002	£36.312	£83,422
2022	Salary	£15,576	£25,698	£66,335

Unlike the total remuneration for the majority of employees, total remuneration for the Chief Executive is mostly dependent on business performance and share price movements over time. As a result, the ratios may fluctuate significantly from year to year. For example no bonus was paid in 2020 or 2021 but will be paid in 2022. This is a significant portion of the Chief Executive's total remuneration in 2022 and this is reflected in the pay ratio. The Committee has agreed that the ratio reflects easyJet's wider policies on pay and reward in line with market, experience, and skills.

Statement of shareholders' voting at AGM

The table below provides details of shareholder voting in respect of the Directors' Remuneration Policy (approved in February 2022), and the annual report on remuneration (in February 2022).

	Policy (February 2022 AGM)		Annual report on remuneration (February 2022 AGM)	
Votes cast in favour	186,561,503	73.38%	258,407,932	97.23%
Votes cast against	67,687,412	26.62%	7,355,130	2.77%
Total votes cast in favour or against	254,248,915	100%	265,763,062	100%
Votes withheld	19,999,292	–	8,482,821	–

The 2022 Remuneration Policy was approved by shareholders at the 2022 AGM although the Committee notes the number of votes against the resolution. While the Committee understood the rationale for certain shareholders voting against the resolutions, typically in regards to the quantum of awards or the details of the underpins being considered, it contacted them again following the AGM to offer further engagement on the Company's approach to remuneration and the reasons taken for the approach. Whilst further changes may be considered in the future, the Committee felt that this was the right structure at this time. The Board continues to believe that the updated Remuneration Policy not only supports long-term strategic decision making and helps retain and motivate management to drive the performance of the business as we continue to recover from the pandemic, but also supports the longer-term performance of the business including delivering sustainable shareholder value. Further detail is included on page 88.

Advisers to the Remuneration Committee

The Remuneration Committee is advised by Deloitte which was appointed by the Committee in 2021 following an independent review process. Deloitte advises the Committee on developments in executive pay and on the operation of easyJet's incentive plans. Other than to the Committee, advice is also provided to easyJet in relation to, for example, senior management pay practices and the fees of the Non-Executive Directors. Total fees (excluding VAT) paid to Deloitte in respect of services to the Committee during the 2022 financial year were £75,700, based on time and materials. Deloitte is a founding member of the Remuneration Consultants Group and a signatory to its Code of Conduct. Any advice received is governed by that code. Deloitte LLP also provided strategic and technology consulting and wider risk advisory and assurance services to the Company during the year.

The Committee is satisfied that the Deloitte engagement team, which provides remuneration advice to the Committee, does not have connections with easyJet plc or its Directors that may impair its independence. The Committee has reviewed the operating processes in place at Deloitte and is satisfied that the advice it receives is independent and objective.

DIRECTORS' REPORT

The Directors present their Annual Report and Accounts together with the audited consolidated financial statements for the year ended 30 September 2022. This Directors' Report and the Strategic Report, which includes the trends and factors likely to affect the future development, performance and position of the business and a description of the principal risks and uncertainties of the Group (which can be found on pages 59 to 69 and are incorporated by reference), collectively comprise the management report as required under the Disclosure Guidance and Transparency Rules (DTRs).

Results and dividend

The loss for the financial year after taxation amounts to £169 million (last year: loss of £858 million).

Given a reported loss, the Board is not recommending the payment of a dividend in respect of the year ended 30 September 2022. The Board is mindful of the importance of capital returns to shareholders and will reassess the potential for, and structure of future shareholder cash returns when the market conditions and financial performance of the Group allows. Details of any important events affecting the Group since the year end can be found on page 176.

Board

Board of Directors and their interests

Details of the Directors who held office at the end of the year and their biographical details are set out on pages 74 to 77. Changes to the Board during the year and up to the date of this report are set out on page 77. The Directors' interest in the ordinary shares and options of the Company are disclosed within the Directors' Remuneration Report on pages 116 to 118.

Appointment and retirement of Directors

The Directors may from time to time appoint one or more Directors. Any such Director shall hold office only until the next Annual General Meeting (AGM) and shall then be subject to appointment by the Company's shareholders.

It is the current intention that at the Company's next AGM all continuing Executive and Non-Executive Directors will retire and offer themselves for reappointment. Further information is set out in the Governance section on page 92.

Directors' conflicts of interest

Directors have a statutory duty to avoid situations in which they have, or may have, interests that conflict with those of easyJet, unless that conflict is first authorised by the Board. The Company has in place procedures for managing conflicts of interest. The Company's Articles of Association also contain provisions to allow the Directors to authorise potential conflicts of interest so that a Director is not in breach of his or her duty under company law. Should a Director become aware that he or she has an interest, directly or indirectly, in an existing or proposed transaction with easyJet, he or she should notify the Board in line with the Company's Articles of Association. Directors have a continuing duty to update any changes to their conflicts of interest.

Directors' indemnities

Directors' and officers' insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on behalf of the Company. A deed was executed in 2007 indemnifying each of the Directors of the Company and/or its subsidiaries as a supplement to the directors' and officers' insurance cover. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the 2022 financial year and remain in force for all current and past Directors of the Company.

Employees

Employees with a disability

As part of our commitment to diversity and inclusion, we treat every applicant in our recruitment process fairly, including those requiring reasonable adjustments. We also continue to support employees who require reasonable adjustments to achieve their full potential. However, for our two largest communities, pilots and cabin crew, we are bound by regulatory requirements for ability with which all applicants and employees must comply, for operational safety reasons.

Communication and engagement

Details on how the Board and management have communicated and engaged with employees and the wider workforce while taking into account their interests in decision making during the year can be found in the Stakeholder engagement section on pages 26 to 27 and the Corporate Governance Report on pages 86 to 87.

Participation in share schemes

A key component of easyJet's reward philosophy is to provide share ownership opportunities throughout the Group by making annual awards of performance-related shares to all eligible employees when certain criteria are met. In addition, easyJet operates a voluntary discounted share purchase arrangement for all employees via a Save As You Earn scheme, and a Buy As You Earn arrangement in the UK under the tax-approved Share Incentive Plan. Further details of the Company's share schemes are set out in the Directors' Remuneration Report on page 118.

Stakeholders

Details on the methods the Board has used to engage and build strong business relationships with the Group's suppliers, customers and other key stakeholders are given on pages 26 to 29 of the Strategic Report. Further information on how the Board considered stakeholders in its decision making can be found in the Corporate Governance Report on page 86 to 87. The section 172 statement is available on page 27 of the Strategic Report.

Shares

Share capital and rights attaching to shares

The Company's issued share capital as at 30 September 2022 comprised a single class of ordinary shares. Further details of the Company's share capital during the year are disclosed in note 21 to the consolidated financial statements.

All of the issued ordinary shares are fully paid and rank equally in all respects. The rights and obligations attaching to the Company's ordinary shares are set out in its Articles of Association. Holders of ordinary shares are entitled, subject to any applicable law and the Company's Articles of Association, to:

- have shareholder documents made available to them, including notice of any general meeting;
- attend, speak and exercise voting rights at general meetings, either in person or by proxy, unless they are subject to disenfranchisement; and
- participate in any distribution of income or capital.

Directors' powers in relation to issuing or buying back shares

Subject to applicable law and the Company's Articles of Association the Directors may exercise all powers of the Company, including the power to authorise the issue and/or market purchase of the Company's shares (subject to an appropriate authority being given to the Directors by shareholders in a general meeting and any conditions attaching to such authority).

At the AGM held on 10 February 2022, the Directors were given the following authority:

- to allot shares up to a nominal amount of £68,253,388 representing approximately one-third of the Company's then-issued share capital;
- to allot shares comprising equity securities up to a further aggregate nominal amount of £68,253,388 in connection with an offer by way of a rights issue, representing approximately one-third of the Company's then issued share capital;
- to allot shares, without first offering them to existing shareholders in proportion to their holdings, up to a maximum nominal value of £10,341,422, representing approximately 5% of the Company's then issued share capital; and
- to purchase in the market a maximum of 75,801,002 shares representing approximately 10% of the Company's then share capital.

No other shares were allotted or bought back under the above authorities during the year and up to the date of this report. The Directors will seek to renew the authorities at the next AGM as a matter of routine.

Voting rights and restrictions on transfer of shares

None of the ordinary shares carry any special rights with regard to control of the Company. There are no restrictions on transfers of shares other than:

- certain restrictions which may from time to time be imposed by laws or regulations such as those relating to insider dealing;
- pursuant to the Company's Share Dealing Code, whereby the Directors and designated employees require approval to deal in the Company's shares;
- where a person with an interest in the Company's shares has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares;
- where a proposed transferee of the Company's shares has failed to provide to the Directors a declaration of nationality (together with such evidence as the Directors may require) as required by the Company's Articles of Association; and
- the powers given to the Directors by the Company's Articles of Association to implement disenfranchisement and to limit the ownership of the Company's shares by non-UK nationals or, following a decision of the Directors, by non-EU nationals, and powers to enforce this limitation, including the right to force a sale of any affected shares.

There are no restrictions on exercising voting rights save in situations where the Company is legally entitled to impose such a restriction (for example under the Articles of Association where an Affected Share Notice has been served, amounts remain unpaid in the shares after request, or the holder is otherwise in default of an obligation to the Company).

Those shareholders who own shares whose voting rights will be suspended at the AGM will receive an Affected Share Notice by post from Equiniti, our registrars in January 2023 notifying them of the suspension of voting rights in respect of their Affected Shares. Shareholders in receipt of an Affected Share Notice will not be entitled to attend, speak or vote at the AGM, in respect of those shares subject to an Affected Share Notice. The Company is not aware of any other arrangements between shareholders that may result in restrictions on the transfer of securities or voting rights.

Variation of rights

Subject to the Companies Act 2006, rights attached to any class of shares may be varied with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of such class.

Employee share schemes – rights of control

The trustees of the easyJet UK Share Incentive Plan, which is used to acquire and hold shares in the Company for participants in the UK Share Incentive Plan, does not seek to exercise voting rights on shares held other than on direction of the underlying beneficiaries. The trustees take no action in respect of ordinary shares for which they have received no direction to vote, or in respect of ordinary shares which are unallocated.

The trustee of the easyJet plc Employee Benefit Trust (the Trust), which is used to acquire and hold shares in the Company for the benefit of employees, including in connection with the easyJet Long Term Incentive Plan, the International Share Incentive Plan and Save As You Earn plans, has the power to vote or not vote, at its absolute discretion, in respect of any shares in the Company held unallocated in the Trust. However, in accordance with good practice, the trustee adopts a policy of not voting in respect of such shares. Both the trustees of the easyJet UK Share Incentive Plan and the easyJet plc Employee Benefit Trust have a dividend waiver in place in respect of shares which are the beneficial property of each of the trusts.

Additional information

Substantial interests

As at 30 September 2022 the Company had been notified of the following disclosable interests in its issued ordinary shares in accordance with DTR 5:

	Number of shares as notified to the Company	% of issued share capital as at 30 September 2022
The Haji-Ioannou family concert party shareholding, consisting of easyGroup Holdings Limited (holding vehicle for Sir Stelios Haji-Ioannou and Clelia Haji-Ioannou) and Polys Haji-Ioannou (through his holding vehicle Polys Holdings Limited)	115,737,821	15.27%
Societe Generale	33,384,779	4.40%

The Company was not notified of any changes between 30 September 2022 and 29 November 2022.

Annual General Meeting

The Board currently intends to hold the AGM on 9 February 2023. The arrangements for the Company's 2023 AGM and details of the resolutions to be proposed, together with explanatory notes, will be set out in the Notice of AGM to be published on the Company's website.

Articles of Association

The Company's Articles of Association may only be amended by a special resolution at a general meeting of the shareholders. The Company's Articles of Association were last amended at the AGM on 23 December 2020. A copy of the Articles is available on the Company's website: https://corporate.easyjet.com/investors.

Branches

The Group, through various subsidiaries, has established branches in France, Germany, Italy, Netherlands, Portugal and Spain, in which the business operates.

Financial instruments

Details of the Group's use of financial instruments, together with information on our financial risk management objectives and policies, hedging policies and our exposure to financial risks, can be found in notes 25 and 26 of the consolidated financial statements.

Going concern and viability statement

The Company's going concern and viability statement are detailed on pages 70 and 71 of the Strategic Report.

Independent auditor and disclosure of information to the auditor

Each Director has taken all the steps that they ought to have taken as a Director in order to make themself aware of any relevant audit information and to establish that the Group's auditor is aware of that information. So far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware. A resolution to reappoint PricewaterhouseCoopers LLP as auditor of the Group will be put to shareholders at the forthcoming AGM.

Political donations and expenditure

easyJet works constructively with all levels of government across its network, regardless of political affiliation. easyJet believes in the rights of individuals to engage in the democratic process; however, it is easyJet's policy not to make political donations. There were no political donations made or political expenditure incurred during the 2022 financial year.

Greenhouse gas emissions and energy consumption

Details of the Company's greenhouse gas emissions (GHG), energy consumption, energy efficiency action and Streamlined Energy and Carbon Reporting (SECR) disclosures can be found on page 33 of the Strategic Report.

Significant agreements – change of control

The Company licenses the easyJet brand from easyGroup Limited. Further details are set out in note 29 to the financial statements.

The following significant agreements, which were in force at 29 November 2022, take effect, alter or terminate on a change of control of the Company.

EMTN Programme and Eurobond issue

On 7 January 2016, the Group established a Euro Medium Term Note Programme (the EMTN Programme) which provides the Group with a standardised documentation platform to allow for senior unsecured debt issuance in the Eurobond markets. The maximum potential issuance under the EMTN Programme is £4 billion.

Under the EMTN Programme, the following notes (the Notes) have been issued by the Company and easyJet Finco B.V.:

- February 2016: Eurobonds consisting of €500 million guaranteed Notes paying 1.75% coupon and maturing in February 2023;
- October 2016: Eurobonds consisting of €500 million guaranteed Notes paying 1.125% coupon and maturing in October 2023;
- June 2019: Eurobonds consisting of €500 million guaranteed Notes paying 0.875% coupon and maturing in June 2025; and
- March 2021: Eurobonds consisting of €1.2 billion guaranteed Notes paying 1.875% interest and maturing in March 2028.

Pursuant to the final terms attaching to the Notes, the Company will be required to make an offer to redeem or purchase the notes at their principal amount plus interest up to the date of redemption or repurchase if there is a change of control of the Company which results in a downgrade of the credit rating of the Notes to a non-investment grade rating or withdrawal of the rating by both Moody's and Standard & Poor's.

Revolving Credit Facility
The Group is party to a Revolving Credit Facility (RCF) which contains change of control provisions. The current RCF amounts to a $400 million commitment, supported by a consortium of five banks, and has a termination date of September 2025 (unless extended).

UK Export Finance Facilities Agreement
On 7 January 2021, easyJet entered into a five-year term loan facility of $1.87 billion underwritten by a syndicate of banks and supported by a partial guarantee from UK Export Finance under their Export Development Guarantee Scheme. $100 million of this facility was repaid in April 2022 reducing the overall facility size from $1.87 billion to $1.77 billion.

Other agreements

The Company does not have agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a change of control on takeover, except that provisions of the Company's share schemes and plans may cause options and awards granted to employees under such schemes and plans to vest on a takeover.

The Annual Report and Accounts have been drawn up and presented in accordance with UK company law and the liabilities of the Directors in connection with the report shall be subject to the limitations and restrictions provided by such law.

easyJet plc is incorporated as a public limited company and is registered in England under number 3959649. easyJet plc's registered office is Hangar 89, London Luton Airport, Luton, Bedfordshire LU2 9PF.

The Strategic Report (comprising pages 1 to 71) and Directors' Report (comprising pages 72 to 105 and 122 to 125) were approved by the Board and signed on its behalf by the Company Secretary.

By order of the Board

Maaike de Bie
Company Secretary

London, 29 November 2022

Disclosures required under Listing Rule 9.8.4

The information to be included in the 2022 Annual Report and Accounts under LR 9.8.4, where applicable, can be located as set out below.

Information	Page
Details of long-term incentive schemes	165-167
Shareholder waiver of future dividends	123

Other information that is relevant to this report, and which is incorporated by reference, can be located as follows:

Information	Page
Membership of Board during 2022 financial year	74-77
Directors' service contracts	119
Financial instruments and financial risk management	168-175
Greenhouse gas emissions, energy consumption and energy efficiency	33
Environmental, Social and Governance (ESG) matters	12-13, 30-47
Corporate governance report	84-121
Future developments of the business of the Group	6-23
Employee equality, diversity and inclusion	24-25
Employee engagement	24-27
Stakeholder engagement	26-29
Section 172 Statement	27
Hedge accounting policies	146-147
Activities in relation to Research and Development	20-21, 32-42
Post balance sheet events	176

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and Accounts 2022 and the financial statements in accordance with applicable law and regulation.

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

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

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

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

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

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

Directors' confirmations

Each of the Directors, whose names and functions are listed on pages 74 to 77 confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report, included in the Annual Report, includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

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

The Annual Report on pages 1 to 126 was approved by the Board of Directors and authorised for issue on 29 November 2022 and signed on its behalf by:

JOHAN LUNDGREN
Chief Executive

KENTON JARVIS
Chief Financial Officer

Independent auditors' report to the members of easyJet Plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- easyJet Plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 30 September 2022 and of the Group's loss and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 3 to the financial statements and the Audit Committee Report, we have provided no non-audit services to the Company in the period under audit.

Our audit approach

Context

There were no significant changes to the Group's operations during the year. Travel restrictions across Europe and particularly in the UK market continued to ease throughout the year. Whilst this resulted in some operational challenges for the business and across the industry as passenger volumes returned, by the final quarter of the financial year more normalised levels of trading had returned, broadly equivalent to pre-pandemic levels. easyJet holidays also grew significantly during the year as it experienced its first summer of trading without extensive travel restrictions in place, generating a profit for the first time since its launch in late 2019.

There are a number of changes to our key audit matters this year as explained later in the report. This year we have continued to specifically set out our consideration of the impact of climate change on the audit which is further explained below. Climate change risk is expected to have a significant impact on the aviation industry. As explained in the Sustainability Report the Group is clearly mindful of their impact on the environment and in September 2022 set out their roadmap to net zero carbon emissions by 2050, including an interim target to have reduced well-to wake GHG emissions by 35% by 2035, aligned with the Science-Based Targets initiative and how they aim to deliver on these targets.

In planning and executing our audit we have considered the Group's risk assessment process and the steps the business expects to take to deliver on its GHG emissions targets (described in the Sustainability Report above, see page 30). This, together with discussions with our own sustainability specialists, provided us with a good understanding of the potential impact of climate change on the financial statements. We assessed that the key financial statement line items and estimates which are more likely to be materially impacted by climate risks are those associated with future cash flows, given the more notable impacts of climate change on the business are expected to arise in the medium to long term. These include the impairment assessment of goodwill and landing rights, the assessment of impairment of the total investment held by easyJet plc (as a standalone Company) in easyJet Airline Company Limited (including intercompany receivables) and the recoverability of the Group's deferred tax assets; our key audit matters further explain how we have evaluated the impact of climate change in these areas. We have also specifically considered how easyJet's net zero targets impact on likely aircraft ownership periods, residual value changes for less fuel-efficient aircraft, and the related impact on ongoing depreciation charges in respect of aircraft assets held at 30 September 2022.

Whilst the Group has started to quantify some of the impacts that may arise on its pathway towards its net zero targets, the future financial impacts are clearly uncertain given the medium to long term time horizon and the technological advancements that will be necessary including zero emissions aircraft. We have discussed with management and the Audit Committee that the estimated financial impacts of climate change, which are expected to be significant, will need to be frequently reassessed and our expectation that climate change disclosures will continue to evolve as greater understanding of the actual and potential impacts on the Group's future operations is obtained.

Overview

Audit scope

- We performed full scope audit procedures over the Company and two individually significant components in the Group. Procedures over material financial statement lines were performed in five further components.
- Separate audit procedures were performed in relation to consolidation adjustments and balances which arise on consolidation of the Group financial statements, including goodwill and post-employment benefit obligations.
- This provided coverage of 100% of external consolidated revenue and 95% of the consolidated loss before tax.

Key audit matters

- Assessment of impairment of easyJet plc's investment in, and recoverability of intercompany receivables due from, easyJet Airline Company Limited (parent)
- Valuation of the leased aircraft maintenance provision (Group)
- Assessment of impairment of goodwill and other intangible assets (Group)
- Recoverability of deferred tax assets (Group)

Materiality

- Overall Group materiality: £21,500,000 (2021: £21,500,000) based on an average of 5% of headline profit/loss before tax over the last 5 years on an absolute basis, capped at £21.5 million.
- Overall Company materiality: £19,350,000 (2021: £19,350,000) based on 1% of total assets, capped at 90% of Group materiality.
- Performance materiality: £16,125,000 (2021: £16,125,000) (Group) and £14,500,000 (2021: £14,500,000) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The assessment of impairment of easyJet plc's investment in, and recoverability of intercompany receivables due from, easyJet Airline Company Limited is a new key audit matter this year relevant to the Company. Going concern, Estimates in the valuation of owned aircraft assets and Impact of the Covid-19 pandemic, which were key audit matters last year, are no longer included because the risks associated with these matters have significantly reduced in the current year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment of easyJet plc's investment in, and recoverability of intercompany receivables due from, easyJet Airline Company Limited (parent)	
At 30 September 2022, easyJet plc holds an investment of £1,000m (2021: £970m) and intercompany receivables of £3,400m (2021: £3,575m), with easyJet Airline Company Limited (EACL), resulting in a total investment (total investment) balance of £4,400m. The directors have considered the cash flow projections for the Airline CGU ("CGU"), used in the value in use ("VIU") calculation performed for the assessment of impairment of goodwill and other intangible assets of the Group. These cash flows are also considered to be the relevant cash flows for the purposes of assessing impairment of the total investment in EACL. We focused on the risk of impairment as the impairment test involves estimates to be made by management, many of which are forward-looking. These estimates include key assumptions underpinning the strategic plan, fuel prices including exchange rates (including the ability of cost increases to be passed through to the customer), contracted increases in fleet size, revenue per seat and long-term economic growth rates and the impacts of climate change on future cash flows. In addition we noted a potentially heightened risk in the current year due to the decline in market capitalisation. Refer to the Accounting policies, judgements and estimates note (note 1), Note 10 to the consolidated financial statements and Note c) to the Company financial statements, for management's disclosures of the relevant judgements and estimates involved in assessing the total investment balance for impairment.	• We have concluded that using the Airline CGU cash flows is appropriate for the purposes of performing the assessment of impairment of the total investment held in EACL. These cash flows were assessed as described in the 'Assessment of impairment of goodwill and other intangible assets (Group)' key audit matter below. • We evaluated the appropriateness of management's sensitivity analysis of reasonable alternative individual and combined risk scenarios, which was consistent with the sensitivity analysis performed as described in the 'Assessment of impairment of goodwill and other intangible assets (Group)' key audit matter below. This included the same consideration in respect of the additional impacts which could arise in the future as a result of climate change. Having also performed our own independent sensitivity analysis, consistent with the assessment of the goodwill and other intangibles balance below, we concluded that there were no reasonably possible scenarios which gave rise to an impairment of the total investment held. • We assessed the implied enterprise value based on current market capitalisation and compared this to the underlying CGU assets carrying value. We have also understood management's rationale for the difference between the current implied enterprise value and the cash flows derived on a VIU basis. The evidence obtained supports management's conclusion that there is no impairment required to the total investment in EACL. • We reviewed the adequacy of disclosures made in the financial statements and assessed compliance with disclosure requirements, including challenging management to be transparent about the underlying risk scenarios which have been assessed and embedded into its future cash flow assumptions. Based on our work summarised above, we have concluded that the investment in and amounts due from, easyJet Airline Company Limited are not impaired at 30 September 2022 and that appropriate assumption and sensitivity disclosures have been made in the financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of the leased aircraft maintenance provision (Group)	
The Group operates aircraft which are held under lease arrangements and for which it incurs liabilities for maintenance costs during the term of the lease. These arise from legal and contractual obligations relating to the condition of the aircraft when they are returned to the lessor. Maintenance provisions of £636 million (2021: £550 million) for aircraft maintenance costs in respect of leased aircraft were recorded in the financial statements at 30 September 2022. At each statement of financial position date, the calculation of the maintenance provision includes a number of variable factors and assumptions including primarily the expected cost of the heavy maintenance check and the time it is expected to occur. We focused on this area because of the inherent level of management estimation required in calculating the amount of provision needed as a result of the complex and subjective elements around these variable factors and assumptions. Refer to the Accounting policies, judgements and estimates note (note 1) and Note 19, for management's disclosures of the relevant judgements and estimates involved in assessing this provision valuation. Refer to the Audit Committee report on page 98 for a description of its assessment of significant judgements.	• We evaluated the maintenance provision model and tested the calculations therein. • We evaluated the judgements made by management to calculate certain elements of the provision based on the expectation of incurring penalties rather than performing maintenance restoration work before the lease end date. Where relevant we agreed these penalty rates back to the contractual agreements. • We assessed the process by which the variable elements within the provision are estimated, evaluating the reasonableness of the assumptions, testing the input data and re-performing calculations. Our testing has focussed on those elements of the cost assumptions which are most exposed to estimation uncertainty, being the non-fixed elements of the current estimate of event costs and the future inflation/escalation of these costs to the date at which the event is expected to arise. • We challenged the key assumptions using both the Group's internal data, such as maintenance contract terms and pricing, historical experience, business plans and forecasts as well as external data points such as external contracts, industry benchmarks and price indices. We also performed sensitivity analysis in respect of the key cost and inflationary assumptions identified above, which are the elements most exposed to estimation uncertainty. We found no material exceptions from these assessments and comparisons. • We have assessed the methodology by which the gross provision has been discounted back to present value and considered it to be appropriate. • Having ascertained the magnitude of movements in those key assumptions that would be required for the provision to be misstated, we considered the likelihood of such movements arising and any impact on the overall level of aircraft maintenance provisions recorded in the financial statements. Our assessment as to likelihood and magnitude of misstatement did not identify any material exceptions. • We reviewed the adequacy of disclosures made in the financial statements and challenged management to be clear on what the critical sources of estimation uncertainty are with respect to this balance and to ensure that the sensitivity disclosures provided are relevant to those specific areas. Based on the work performed, as summarised above, we have concluded the Group's valuation of maintenance provisions on leased aircraft and disclosure of the related critical estimates is materially appropriate.
Assessment of impairment of goodwill and other intangible assets (Group)	

At 30 September 2022, the aggregate value of goodwill and landing rights, which are both assessed to have indefinite lives, amounted to £523 million (2021: £533 million). Under IAS 36 'Impairment of Assets', goodwill must be tested for impairment at least annually.
 	
All goodwill and landing rights belong to a single Airline cash-generating unit ("CGU"), being easyJet's route network, and a single value in use ("VIU") calculation is performed in order to assess their recoverability. We focused on the risk of impairment as the impairment test involves a number of subjective judgements and estimates by management, many of which are forward-looking. These estimates include key assumptions underpinning the strategic plan, fuel prices including exchange rates (including the ability of cost increases to be passed through to the customer), contracted increases in fleet size, revenue per seat, long-term economic growth rates and the impacts of climate change on future cash flows.
	• We obtained management's annual impairment assessment and ensured the calculations were mathematically accurate and that the methodology used was in line with the requirements of IAS 36 'Impairment of Assets'.
	• We evaluated the future cash flow forecasts of the CGU, and the process by which the forecasts were drawn up. In doing this, we confirmed that the forecasts used for the impairment assessment were consistent with the latest available Board plans (excluding the impact of easyJet holidays which is a separate CGU to which no goodwill is assigned).
	• We compared these plans to the final approved Board plans which we noted were marginally more optimistic.
	• We evaluated the inputs in the VIU calculation and challenged the key assumptions including:
	  • assessment of short-term flying assumptions, seat pricing and load factors, long-term growth rates in the forecasts and the impact of macro-economic trends by comparing them to third party economic and industry forecasts;
	  • using our internal valuation experts to calculate an independent WACC rate range, with reference to comparable businesses, to assess the appropriateness of the WACC rate used in management's assessment;
	  • assessment of the fuel price assumptions, to ensure the rates used at 30 September 2022 were appropriate and that sufficient disclosure of the underlying assumptions for dealing with future potential fuel price volatility via pass through to customers have been adequately disclosed in the financial statements; and
	  • we evaluated the extent to which the considerations of climate change, such as costs associated with emissions trading schemes and the expected increased use of sustainable aviation fuels, had been reflected in the underlying cash flows. This included an assessment of the consistency of the assumptions used with the latest impact assessments that have been carried out by easyJet's sustainability team, including the continuing fleet transition.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment of goodwill and other intangible assets (Group) continued	
Refer to the Accounting policies, judgements and estimates note (note 1) and Note 10, for management's disclosures of the relevant judgements and estimates involved in assessing goodwill and landing rights for impairment. Refer to the Audit Committee report on page 98 for a description of its assessment of significant judgements.	• We recalculated management's own sensitivity analysis of key assumptions used in the VIU assessment. This included management's assessment of a reasonably possible climate change sensitivity. Whilst still assuming direct variable cost changes would be passed onto customers, this scenario modelled a combination of factors being adjusted into perpetuity including potential demand suppression, additional costs of compliance with the changing regulatory requirements and an element of incremental capital expenditure due to technological changes into perpetuity. • We also performed our own independent sensitivity testing to include the application of reasonable alternative individual and combined risk scenarios in order to assess for any potential material impairment under such conditions. This included running an alternative scenario that ignores cash flows beyond 2040 to recognise the uncertainties relating to the transition to zero emissions aircraft which is currently expected to commence at scale after this time horizon. • We reviewed the adequacy of disclosures made in the financial statements and assessed compliance with IAS 36 including challenging management to be transparent about the underlying risks which have been assessed and the significant assumptions embedded in the future cash flows. Based on our work summarised above, we have concluded that goodwill and other intangible assets balances are not impaired at 30 September 2022 and that appropriate assumption and sensitivity disclosures have been made in the financial statements.
Recoverability of deferred tax assets (Group)	
At 30 September 2022 significant deferred tax assets("DTAs") of £443 million (Sep 21: £425 million) have been recognised, primarily in respect of accumulated UK tax losses. We have focussed on this area given the significant judgement required in assessing whether full recognition and recoverability of the asset is appropriate. When considering the accumulated losses carried forward there continues to be a long time horizon associated with the future recovery of the DTAs which therefore has a greater level of uncertainty. Refer to the Accounting policies, judgements and estimates note (note 1) and Note 6, for management's disclosures of the relevant judgements and estimates involved in assessing the recoverability of DTAs. Refer to the Audit Committee report on page 98 for a description of its assessment of significant judgements.	• We obtained management's calculation for assessing the recognition and recoverability of deferred tax assets and assessed the methodology and ability to offset and recognise certain DTAs against the unwind of existing deferred tax liabilities, primarily in respect of UK fixed assets. • We have assessed the future profit forecasts which have been used to support the recognition and recovery of DTAs (in excess of the amounts supported by existing DTLs). This included assessment of whether the forecast operating profit each year had been appropriately adjusted for tax purposes in order to estimate the quantum of future taxable profits. We have also ensured that the methodology applied by management is in line with the requirements of IAS 12 and the associated guidance issued by the European Securities and Markets Authority. In addition, we have reviewed additional sensitivity calculations prepared by management which support the conclusion that full recognition of all DTA balances at 30 September 2022 is appropriate. • We assessed the consistency of the forecasts used to justify the recognition of DTAs to those used elsewhere in the business such as in the assessment of goodwill and landing rights recoverability and the Directors' viability and going concern statements. Further assessment was made of the forecasts for periods which extended beyond the period which had already been assessed as part of our audit work in these other areas to ensure the assumptions used appeared reasonable. • In assessing the future forecasts across the relevant time horizon, whilst recognising the inherent uncertainty in assessing the impacts which may arise, we challenged management as to whether allowance had been made for the potential impact of climate change to reflect the current risks which have been identified. • We reviewed the adequacy of disclosures made in the financial statements in respect of this judgemental estimate including challenging management to ensure this reflected the specific underlying risks which have been assessed and embedded into its future cash flow assumptions in the current year. Based on our work summarised above, we have concluded that the full recognition of the DTAs at 30 September 2022 is appropriate and that appropriate disclosure of the judgements applied has been included within the financial statements.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group operates through the Company and its fourteen subsidiary undertakings of which nine were actively trading through the year. The remaining subsidiaries are either holding companies or currently dormant. The accounting for these subsidiaries, each of which is considered to be a separate component in the way we scope our audit, is primarily centralised in the UK.

We determined the most effective approach to scoping was to perform full scope audit procedures over the Company and two individually significant components in the Group which are registered in the UK. Procedures over material financial statements lines were performed in five further components. In some cases, financial statement line items are tested in aggregate to the Group materiality where they arise on consolidation. All Group audit work has been performed by the UK Group engagement team.

Additional audit procedures were performed in relation to consolidation adjustments by the UK Group engagement team. The testing approach ensured that appropriate audit evidence was obtained over all financial statement line items in order to support our opinion on the Group financial statements as a whole. Based on the detailed audit work performed across the Group, we have obtained coverage of 100% of external consolidated revenue and 95% of the loss before tax.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – Company
Overall materiality	£21,500,000 (2021: £21,500,000).	£19,350,000 (2021: £19,350,000).
How we determined it	an average of 5% of headline profit/loss before tax over the last 5 years on an absolute basis, capped at £21.5 million	1% of total assets, capped at 90% of Group materiality
Rationale for benchmark applied	We consider that the income statement remains the principal measure used by the shareholders in assessing the underlying performance of the Group and therefore an approach to materiality based on 5% of the headline loss before tax has been applied. However, given the volatility in trading caused by the impact of Covid, we have used an average of the headline profit/loss before tax over the last 5 years on an absolute basis, capped at £21.5 million. This is consistent with the materiality applied in 2021, 2020 and in 2019.	We believe that a total asset benchmark is appropriate given that the Company does not generate revenues of its own. The value is capped at 90% of the Group overall materiality.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £3,755,218 and £19,350,000. Additional classes of transactions and balances tested across other components were audited to a materiality that was less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £16,125,000 (2021: £16,125,000) for the Group financial statements and £14,500,000 (2021: £14,500,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1,075,000 (Group audit) (2021: £1,075,000) and £1,075,000 (Company audit) (2021: £1,075,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Review of management's base case and severe but plausible downside scenario, ensuring the directors have considered appropriate factors. This included consideration of the cash flows against current industry forecasts, the liquidity position of the Group, available financing facilities, the timing of contractual debt repayments and committed capital expenditure and the relevant liquidity requirements that exist as part of the contractual arrangements with current card acquirers.

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

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

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

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. 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 Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Corporate Governance Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory compliance to ensure Air Operator's Certificates (held in the UK, Switzerland, Austria and the Netherlands) and travel provider licences remain valid and fully operational, the majority of voting rights being held by EU persons, Task Force on Climate-Related Financial Disclosures, Streamlined Energy and Carbon Reporting

(SECR) requirements, consumer protection legislation, adherence to data protection requirements in the jurisdictions in which easyJet operates and holds data, regulatory compliance requirements to and non-compliance with employment regulations in the UK and other jurisdictions in which the Group operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the requirements of emissions trading schemes and customer claims regulation, The Listing Rules, UK and overseas tax legislation, The UK Corporate Governance Code 2018 and Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries in the underlying books and records and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, internal audit and the Group's legal team, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud. This included an assessment of matters identified with larger potential exposures to ensure that the provisions held were supportable and that appropriate disclosure had been included within the financial statements in instances where the Group is currently unable to reliably assess the likely outcome or quantum of the financial exposure related to such matters
- Challenging assumptions and judgements made by management in it's significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We focused on the valuation of the maintenance provision, the assessment of impairment of intangible assets, for the Company the assessment of impairment of the investment in and intercompany receivables due from easyJet Airline Company Limited and the recoverability of deferred tax assets (see related key audit matters above). We also specifically assessed the provisions held in respect of actual and potential litigation matters, provisions held for customer compensation, the assessment of the loss on disposal of landing rights and breakage on contract liabilities held with customers
- Consideration of recent correspondence with the Group's legal advisors to ensure that it aligned with the conclusions drawn on obligations recognised and contingent liabilities disclosed in respect of uncertain legal matters
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

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

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 22 February 2006 to audit the financial statements for the year ended 30 September 2006 and subsequent financial periods. The period of total uninterrupted engagement is 17 years, covering the years ended 30 September 2006 to 30 September 2022.

OTHER MATTER

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Owen Mackney
(Senior Statutory Auditor)

for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
Watford
29 November 2022

CONSOLIDATED INCOME STATEMENT

		Year ended 30 September					
		2022			2021		
	Notes	**Headline £ million**	**Non-headline (note 5) £ million**	**Total £ million**	Headline £ million	Non-headline (note 5) £ million	Total £ million
Passenger revenue		**3,816**	**–**	**3,816**	1,000	–	1,000
Ancillary revenue		**1,953**	**–**	**1,953**	458	–	458
Total revenue	8	**5,769**	**–**	**5,769**	1,458	–	1,458
Fuel		**(1,279)**	**–**	**(1,279)**	(371)	–	(371)
Airports, ground handling, holidays accommodation, and other operating costs		**(1,716)**	**–**	**(1,716)**	(446)	–	(446)
Crew		**(767)**	**–**	**(767)**	(495)	–	(495)
Navigation		**(339)**	**–**	**(339)**	(102)	–	(102)
Maintenance		**(301)**	**–**	**(301)**	(222)	–	(222)
Selling and marketing		**(173)**	**–**	**(173)**	(60)	–	(60)
Other costs		**(635)**	**(30)**	**(665)**	(319)	47	(272)
Other income		**10**	**–**	**10**	6	79	85
EBITDAR		**569**	**(30)**	**539**	(551)	126	(425)
Aircraft dry leasing		**(2)**	**–**	**(2)**	(5)	–	(5)
Depreciation	11	**(539)**	**–**	**(539)**	(456)	–	(456)
Amortisation of intangible assets	10	**(25)**	**–**	**(25)**	(24)	–	(24)
Operating profit/(loss)		**3**	**(30)**	**(27)**	(1,036)	126	(910)
Interest receivable and other financing income*		**26**	**–**	**26**	40	33	73
Interest payable and other financing charges		**(143)**	**–**	**(143)**	(150)	(59)	(209)
Foreign exchange (loss)/gain*		**(64)**	**–**	**(64)**	10	–	10
Net finance charges	2	**(181)**	**–**	**(181)**	(100)	(26)	(126)
Loss before tax	3	**(178)**	**(30)**	**(208)**	(1,136)	100	(1,036)
Tax credit/(charge)	6	**31**	**8**	**39**	236	(58)	178
Loss for the year		**(147)**	**(22)**	**(169)**	(900)	42	(858)
Loss per share, pence							
Basic	7			**(22.4)**			(159.0)
Diluted	7			**(22.4)**			(159.0)

* Interest receivable and other financing income, and foreign exchange (loss)/gain recognised in the prior year has been re-presented, see note 1a for details.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 30 September 2022 £ million	Year ended 30 September 2021 £ million
Loss for the year		**(169)**	(858)
Other comprehensive income/(loss)			
Items that may be reclassified to the income statement:			
Cash flow hedges			
Fair value gains in the year		**774**	477
Gains transferred to income statement		**(730)**	(17)
Hedge discontinuation (gains)/losses transferred to income statement		**(5)**	25
Related tax charge	6	**(11)**	(93)
Cost of hedging		**8**	(3)
Related tax (charge)/credit	6	**(2)**	1
Items that will not be reclassified to the income statement:			
Remeasurement gain of post-employment benefit obligations	20	**41**	5
Related deferred tax credit	6	**(10)**	(4)
Fair value gains/(loss) on equity investment		**1**	(3)
		66	388
Total comprehensive loss for the year		**(103)**	(470)

Fair valuation gains in the year are primarily due to increases in the market price of jet fuel, along with movements in the foreign exchange rates used when valuing derivatives held in the hedging reserve.

For capital expenditure cash flow hedges, the accumulated gains and losses recognised in other comprehensive income will be transferred to the initial carrying amount of the asset acquired, within property, plant and equipment.

(Gains)/losses on cash flow hedges reclassified from other comprehensive income to the income statement by income statement captions are as follows:

	2022 £ million	2021 £ million
Revenue	**(9)**	(8)
Fuel	**(663)**	41
Maintenance	**(7)**	–
Eurobonds (within foreign exchange (loss)/gain)	**(30)**	(49)
Other costs	**(21)**	(1)
	(730)	(17)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2022 £ million	As at 30 September 2021 £ million
Non-current assets			
Goodwill	10	**365**	365
Other intangible assets	10	**217**	217
Property, plant and equipment	11	**4,629**	4,735
Derivative financial instruments	25	**127**	86
Equity investment	25	**31**	30
Restricted cash	14	**3**	1
Other non-current assets	12	**91**	135
Deferred tax assets	6	**62**	39
		5,525	5,608
Current assets			
Trade and other receivables	13	**367**	291
Intangible assets	10	**495**	140
Derivative financial instruments	25	**423**	185
Restricted cash	14	**4**	13
Money market deposits	14	**126**	–
Cash and cash equivalents	14	**3,514**	3,536
		4,929	4,165
Current liabilities			
Trade and other payables	15	**(1,685)**	(1,128)
Unearned revenue	16	**(1,042)**	(844)
Borrowings	17	**(437)**	(300)
Lease liabilities	18	**(247)**	(189)
Derivative financial instruments	25	**(86)**	(31)
Current tax payable	6	**(5)**	(2)
Provisions for liabilities and charges	19	**(176)**	(183)
		(3,678)	(2,677)
Net current assets		**1,251**	1,488
Non-current liabilities			
Borrowings	17	**(2,760)**	(3,067)
Unearned revenue	16	**(1)**	(2)
Lease liabilities	18	**(866)**	(890)
Derivative financial instruments	25	**(22)**	(37)
Non-current deferred income		**(4)**	(4)
Post-employment benefit obligation	20	**(1)**	(37)
Provisions for liabilities and charges	19	**(589)**	(420)
		(4,243)	(4,457)
Net assets		**2,533**	2,639
Shareholders' equity			
Share capital	21	**207**	207
Share premium		**2,166**	2,166
Hedging reserve		**170**	156
Cost of hedging reserve		**5**	(1)
Translation reserve		**(6)**	–
(Accumulated losses)/Retained earnings		**(9)**	111
Total equity		**2,533**	2,639

The financial statements on pages 134 to 176 were approved by the Board of Directors and authorised for issue on 29 November 2022 and signed on behalf of the Board.

Johan Lundgren
Director

Kenton Jarvis
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Cost of hedging reserve £ million	Translation reserve £ million	Retained earnings/ (Accumulated losses) £ million	Total £ million
At 1 October 2021	**207**	**2,166**	**156**	**(1)**	**–**	**111**	**2,639**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(169)**	**(169)**
Other comprehensive income	**–**	**–**	**28**	**6**	**–**	**32**	**66**
Total comprehensive (loss)/income	**–**	**–**	**28**	**6**	**–**	**(137)**	**(103)**
Transfers to property, plant & equipment	**–**	**–**	**(14)**	**–**	**–**	**–**	**(14)**
Share incentive schemes							
Employee share schemes - value of employee services (note 22)	**–**	**–**	**–**	**–**	**–**	**26**	**26**
Purchase of own shares	**–**	**–**	**–**	**–**	**–**	**(9)**	**(9)**
Currency translation differences	**–**	**–**	**–**	**–**	**(6)**	**–**	**(6)**
At 30 September 2022	**207**	**2,166**	**170**	**5**	**(6)**	**(9)**	**2,533**

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Cost of hedging reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 October 2020	125	1,051	(236)	1	(2)	960	1,899
Loss for the period	–	–	–	–	–	(858)	(858)
Other comprehensive income/(loss)	–	–	392	(2)	–	(2)	388
Total comprehensive (loss)/income	–	–	392	(2)	–	(860)	(470)
Net proceeds from rights issue	82	1,115	–	–	–	–	1,197
Share incentive schemes							
Employee share schemes - value of employee services (note 22)	–	–	–	–	–	15	15
Related tax (note 6)	–	–	–	–	–	2	2
Purchase of own shares	–	–	–	–	–	(6)	(6)
Currency translation differences	–	–	–	–	2	–	2
At 30 September 2021	207	2,166	156	(1)	–	111	2,639

On 9 September 2021 the Company invited its shareholders to subscribe to a rights issue of 301,260,394 ordinary shares at an issue price of 410 pence per share on the basis of 31 shares for every 47 fully paid ordinary shares held, with such shares issued on 28 September 2021.

The rights issue resulted in £1,235 million of gross proceeds. Shares totalling 280.2 million were taken up by existing shareholders (93%) with the remaining rump of 21.0 million shares being underwritten. As at 30 September 2021, there were £91 million of proceeds outstanding, which were subsequently received in October 2021. Costs of £38 million were incurred on the rights issue.

At 30 September 2022 amounts in the cost of hedging reserve comprised of a £7 million gain related to cross-currency basis (2021: £nil) and a £2 million loss related to the time value of options (2021: £1 million loss).

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 30 September 2022 £ million	Year ended 30 September 2021 £ million
Cash flows from operating activities			
Cash generated from/(used in) operations	23	**892**	(755)
Interest and other financing charges paid*		**(130)**	(127)
Interest and other financing income received		**11**	1
Settlement of derivatives*		**7**	(155)
Net tax (paid)/received		**(4)**	1
Net cash generated from/(used in) in operating activities		**776**	(1,035)
Cash flows from investing activities			
Purchase of property, plant and equipment	11	**(501)**	(140)
Purchase of non-current other intangible assets	10	**(29)**	(9)
Net (increase)/decrease in money market deposits	24	**(126)**	32
Net proceeds from sale and leaseback of aircraft		**87**	836
Net cash (used in)/generated from investing activities		**(569)**	719
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		**91**	1,144
Share issue transaction costs		**(38)**	–
Purchase of own shares for employee share schemes		**(9)**	(6)
Proceeds from debt financing	24	**–**	1,804
Repayment of bank loans and other borrowings	24	**(377)**	(1,045)
Repayment of capital element of leases	24	**(206)**	(261)
Decrease in restricted cash	14	**7**	5
Net cash (used in)/generated from financing activities		**(532)**	1,641
Effect of exchange rate changes		**303**	(73)
Net (decrease)/increase in cash and cash equivalents		**(22)**	1,252
Cash and cash equivalents at beginning of year		**3,536**	2,284
Cash and cash equivalents at end of year	14	**3,514**	3,536

* Historically cash settlement of derivatives relating to cash flows for ineffective and discontinued hedging derivatives and fair value derivatives through profit and loss have been historically presented on the face of the consolidated statement of cash flows within interest and other financing charges paid. In order to give greater clarity to the users of the financial statements, these derivatives have been presented as a separate line within the consolidated statement of cash flows for the current and prior year (see note 1a).

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies, judgements and estimates

Statement of compliance

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

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. easyJet plc transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 October 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The consolidated financial statements of easyJet plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

Basis of preparation

The financial statements are prepared based on the historical cost convention except for certain financial assets and liabilities, including derivative financial instruments, financial guarantees, equity investments and certain contingent liabilities and commitments, which are measured at fair value.

easyJet's business activities, together with factors likely to affect its future development and performance, are described in the Strategic Report on pages 2 to 71. Principal risks and uncertainties are described on pages 59 to 71. Note 26 to the financial statements sets out the Group's objectives, policies and procedures for managing its capital and gives details of the risks related to financial instruments held by the Group.

The financial statements have been prepared on a going concern basis. In adopting the going concern basis for preparing these financial statements, the Directors have considered easyJet's business activities, together with factors likely to affect its future development and performance, as well as easyJet's principal risks and uncertainties through to June 2024.

As at 30 September 2022 easyJet has a net debt position of £0.7 billion including cash and cash equivalents and money market deposits of £3.6 billion, with unrestricted access to £4.7 billion of liquidity and has retained ownership of 57% of the total fleet with 41% being unencumbered.

The Directors have reviewed the financial forecasts and funding requirements with consideration given to the potential impact of severe but plausible downside risks. easyJet has modelled a base case representing management's best estimation of how the business plans to perform over the period. The future impact of climate change on the business has been incorporated into strategic plans, including the estimated financial impact within the base case cash flow projections of the future estimated price of ETS 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.

The business is exposed to fluctuations in fuel prices and foreign exchange rates. easyJet is currently c.74% hedged for fuel in H1 of FY23 at c.US$814 per metric tonne, c.51% hedged for H2 FY23 at c.US$903 and c.25% hedged for H1 FY24 at c.US$922.

In modelling the impact of severe but plausible downside risks, the Directors have considered demand suppression leading to a reduction in ticket yield of 5% and 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), re-occurrence 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 current liquidity position, committed funding facilities, the base case and severe but plausible downside financial forecasts incorporating the uncertainties described above, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operation for the foreseeable future. For these reasons the Directors continue to adopt the going concern basis of accounting in preparing the Group's financial statements.

The use of critical accounting estimates and management judgement is required in applying relevant accounting policies to the Group's consolidated financial statements. Areas involving a higher degree of judgement, or where assumptions and estimates are significant to the financial statements and carry estimation risk, are highlighted on pages 149 to 151.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies, judgements and estimates (continued)

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 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 conclusions reached. This is consistent with the conclusion that climate change is not expected to have a significant impact on the Group's short-term cash flows including those considered in the going concern and viability assessments. 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 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;
- the estimates of future profitability used in our assessment of the recoverability of deferred tax assets in the UK; and
- the useful economic lives and related residual values for our less fuel-efficient aircraft.

1a. Significant accounting policies

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

Basis of consolidation

The consolidated financial statements incorporate those of easyJet plc and its subsidiaries for the years ended 30 September 2021 and 2022. A full list of subsidiaries can be found in the Notes to the Company financial statements on page 181.

A subsidiary is an entity controlled by easyJet plc. Control is achieved when easyJet is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power, directly or indirectly, over the investee.

Intragroup balances, transactions, and any unrealised gains and losses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Foreign currencies

The primary economic environment in which a subsidiary operates determines its functional currency. The consolidated financial statements of easyJet are presented in sterling, rounded to the nearest £ million, which is the Company's functional currency and the Group's presentation currency. Certain subsidiaries have operations that are primarily influenced by a currency other than sterling. Exchange differences arising on the translation of these foreign operations are taken to shareholders' equity until all or part of the interest is sold, when the relevant portion of the accumulated exchange gains or losses is recognised in the income statement. Profits and losses of foreign operations are translated into sterling at average monthly rates of exchange during the year, as this approximates the rates on the dates of the transactions.

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

Change in presentation

Net foreign exchange gains and losses

Net foreign exchange gains and losses arising from the revaluation of monetary assets and liabilities have historically been included within either 'interest receivable and other financing income' or 'interest payable and other financing charges' on the face of the income statement. During the year it was concluded that it would be clearer for users of the financial statements if net foreign exchange gains and losses were a separate financial statement line item. The prior year has been presented on a consistent basis, which has resulted in the re-presentation of the consolidated income statement as below.

	2021 - reported £ million			2021 – re-presented £ million		
	Headline	**Non-headline**	**Total**	Headline	Non-headline	Total
Interest receivable and other financing income	**50**	**33**	**83**	40	33	73
Interest payable and other financing charges	**(150)**	**(59)**	**(209)**	(150)	(59)	(209)
Foreign exchange (loss)/gain	**–**	**–**	**–**	10	–	10
Net finance charges	**(100)**	**(26)**	**(126)**	(100)	(26)	(126)

Cash settlement of derivatives

Cash settlement of derivatives relating to cash flows for ineffective and discontinued hedging derivatives and fair value derivatives through profit and loss has been historically included within interest and other financing charges paid on the face of the consolidated statement of cash flows. During the year it was concluded that it would be clearer to users of the financial statements if this is presented as a separate line within the consolidated statement of cash flows. The prior year has been presented on a consistent basis, which has resulted in the re-presentation of the consolidated statement of cash flows as below.

	Year ended 30 September 2021 - reported £ million	Year ended 30 September 2021 – re-presented £ million
Cash flows from operating activities		
Cash generated from/(used in) operations	**(755)**	(755)
Interest and other financing charges paid	**(282)**	(127)
Interest and other financing income received	**1**	1
Settlement of derivatives	**–**	(155)
Net tax (paid)/received	**1**	1
Net cash generated from/(used in) operating activities	**(1,035)**	(1,035)

Impairment of non-financial assets

easyJet has identified two separate cash-generating units (CGUs) which are two separate groups of assets which generate largely independent cash flows, these being easyJet's airline route network and its holidays business.

All goodwill, landing rights, current intangible assets, associated working capital balances, aircraft, and spares belong to the Airline CGU which is tested annually for impairment or 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.

The holidays CGU includes other intangible assets which are subject to amortisation and working capital in the holidays segment and is tested for impairment annually or where there is an indication of impairment.

A further description of the calculation of the value in use and current year outcome and sensitivities for the Airline CGU is given in note 10.

Goodwill and other intangible assets

Goodwill arising on acquisition has been recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over easyJet's interest in the net fair value of the identifiable assets acquired and the liabilities assumed. Goodwill is stated at cost less any accumulated impairment losses. It has an indefinite expected useful life and is tested for impairment as part of the Airline cost generating unit (CGU) on an annual basis or where there is any indication of impairment.

Landing rights are stated at cost less any accumulated impairment losses. They are considered to have an indefinite useful life as they will remain available for use for the foreseeable future provided minimum utilisation requirements are observed. Landing rights form part of the Airline CGU and are therefore tested for impairment at least annually or where there is any indication of impairment. Landing rights with a carrying value that have no further value in use and have been surrendered for nil value are de-recognised and a loss on disposal is recognised in the income statement.

When assessing for impairment or reassessing useful economic lives, easyJet consider significant future changes including in relation to market, technological, economic and legal developments. The potential future impacts of climate change have been incorporated by including the estimated financial impact within cash flow projections of the increased cost of carbon-offsetting, the future estimated price of ETS (Emissions Trading System) permits, and the expected price and quantity required of Sustainable Aviation Fuel (SAF) usage. Additional risks associated with climate change have also been stress tested, including sensitivities of SAF usage and ETS costs, additional legal and technology costs, reduced demand and increased cost of maintenance and replacement aircraft.

Computer software is stated at cost less accumulated amortisation, which is calculated to write off their cost, on a straight-line basis over their expected useful lives. Expected useful lives are reviewed annually.

	Expected useful life
Computer software	3-7 years

Annual license agreements to use Cloud software are expensed and treated as a service agreement. Perpetual licenses to use Cloud software are capitalised if easyJet has both a contractual right to the software and the ability to run the software independently of the host vendor. Customisation and configuration costs related to the implementation of Cloud based applications is expensed unless it creates an asset that is separate and identifiable from the software.

EU ETS, CH ETS and UK ETS carbon allowances

easyJet participates in the EU ETS, CH (Swiss) ETS and UK ETS schemes. Participants are required to purchase and surrender ETS carbon allowances (allowances) to cover their annual carbon emissions from flying. The surrendering process takes place ahead of the compliance deadline of 30 April each year in respect of the preceding calendar year. A proportion of allowances are issued for free and are recognised at fair value, being the market value on the date they are received, with a corresponding liability recognised simultaneously. Purchased allowances are recognised at the purchase price. Both free and purchased carbon allowances are held as current intangible assets and are not subsequently revalued as they are held for own use.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies, judgements and estimates (continued)

As part of the annual surrender process free allowances will be surrendered first with purchased allowances then surrendered on a first in, first out (FIFO) basis. The income statement expense, recognised throughout the year as the liability is incurred through flying, is based on a weighted average cost of the free and purchased allowances estimated to be surrendered (on the FIFO basis described above) as part of the annual surrender process. A corresponding liability of the same value is also recognised. As such for any financial year three months of the related expense will be known having already been surrendered, with nine months of the expense subject to a degree of estimation. Where insufficient allowances are held in easyJet's registry at the financial year end, when compared with the expected calendar year surrender that will be required, the remainder of the income statement expense is estimated using the market price of allowances as at the financial year end date. Both the related asset and liability are extinguished only at the point that the allowances are surrendered.

These current intangible assets form part of the Airline CGU and are reviewed for impairment annually or when there is an indication of impairment within the Airline cash generating unit.

Carbon offsetting and Verified Emission Reductions

easyJet operates a voluntary policy to offset every tonne of carbon and carbon equivalents (collectively 'carbon') emitted from fuel used for all its flights, by investing in projects which will mean there is one tonne less in the atmosphere, whether by reducing carbon by physically removing it from the air, or by avoiding the release of additional carbon.

easyJet purchases Verified Emission Reductions (VERs) arising from Gold Standard or Verified Carbon Standard (VCS) accredited projects to offset the carbon emitted from flights. The cost of purchasing VERs is recognised in the income statement when the flight occurs with a corresponding carbon offsetting liability. This is measured using the purchase price of VERs on a FIFO basis, then a weighted average of expected future purchases where all purchased VERs have been allocated. VERs are recorded as a current intangible asset at historical cost when delivery into the easyJet registry account has taken place. At regular intervals the VERs are retired to settle the obligation, at which point the VER asset and carbon offsetting liability are derecognised.

It is of note that this scheme is being retired and will no longer apply to flights booked after 31 December 2022. It is anticipated that the majority of the VER assets held at 30 September 2022 will be utilised by bookings up to 31 December 2022, with any residual balance being immaterial.

Property, plant and equipment

Property, plant and equipment (PPE) is stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost, less estimated residual value, of assets, on a straight-line basis over their expected useful lives. Expected useful lives (UELs) and residual values are reviewed annually.

	Expected useful life
Aircraft*	18-23 years**
Aircraft spares***	18 years
Aircraft – prepaid maintenance	7-10 years
Leasehold improvements	5-10 years or the length of lease if shorter
Freehold land	Not depreciated
Fixtures, fittings and equipment****	3 years or length of lease of property where equipment is used if shorter
Computer hardware****	3-5 years

* Aircraft held as right of use assets are depreciated over the lease term; see leases section. Contractual capital maintenance associated with leased aircraft is charged as depreciation to the income statement as the usage that defines the maintenance event occurs.

** easyJet operate a fleet of Airbus CEO and NEO aircraft. The newer NEO aircraft have a UEL of 23 years. Aligning to the longer-term plan for CEO aircraft, and the ambition to replace these over time with the more fuel efficient NEO aircraft as part of easyJet's net zero commitment, CEO aircraft have a shorter UEL of 18 years. This change to 18 years was applied prospectively from 1 July 2021.

***In the year, the expected useful economic life estimate for aircraft spares was revised from 14 years to 18 years in line with expected usage and the useful economic life estimate of the majority of easyJet's owned aircraft. This change was applied prospectively from 1 October 2021 and had an immaterial impact.

****Other assets within note 11.

Residual values are reviewed annually against prevailing market rates for equivalently aged assets at the end of the reporting period, and depreciation rates are adjusted accordingly on a prospective basis. The carrying value of PPE assets is part of the Airline CGU and is therefore reviewed for impairment at least annually or when there is any indication of impairment within the CGU. For aircraft, easyJet is dependent on Airbus as its sole supplier. This gives rise to an increased valuation risk, which crystallises when aircraft exit the fleet, where easyJet is reliant on the future demand for second-hand aircraft and specifically Airbus aircraft. Future developments, such as the impact of climate change on the technological, market, economic or legal environment, are considered when assessing residual values and useful economic lives.

An element of the cost of a new aircraft is attributed on acquisition to prepaid maintenance, reflecting the 'full-life' maintenance status of key components of the aircraft at the point of transition of ownership. This cost is depreciated over a period of between seven to ten years from the date of manufacture, in accordance with the maintenance schedule for the aircraft. Subsequent costs incurred which lend enhancement to future periods, such as long-term scheduled maintenance and major overhaul of aircraft and engines, are capitalised at the time of the event and depreciated over the length of the period benefitting from these enhancements. All other maintenance costs for owned aircraft are charged to the income statement as incurred.

Pre-delivery payments made in respect of aircraft are recorded in PPE at cost. These amounts are not depreciated. Interest attributed to pre-delivery payments made in respect of aircraft and other qualifying assets under construction are capitalised and added to the cost of the asset concerned.

Gains and losses on disposals (other than aircraft-related sale and leaseback transactions) are determined by comparing the net proceeds with the carrying amount of the asset and are recognised in the income statement.

Freehold land is recorded at cost and not depreciated as it is considered to have an indefinite useful life.

Leases

When a contractual arrangement contains a lease easyJet recognises a lease liability and a corresponding right of use asset at the commencement of the lease.

At the commencement date the lease liability is measured at the present value of the future lease payments, discounted using the Group's incremental borrowing rate where the interest rate in the lease is not readily determined. Subsequently, the lease liability is adjusted by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

The lease term is determined from the commencement date of the lease and the duration of the non-cancellable term. If easyJet has an extension option, which it considers it is reasonably certain to exercise, then the lease term will be considered to extend beyond that non-cancellable period to the end of the extension period available. If easyJet has a termination option, which it considers it reasonably certain to exercise, then the lease term will be accounted for until the point the termination option will take effect.

At the commencement date the right of use asset is measured at an amount equal to the lease liability plus any lease payments made before the commencement date and any initial direct costs, less any lease incentive payments. An estimate of costs to be incurred in restoring an asset before return to the lessor, in accordance with the terms of the lease, is also included in the right of use asset at initial recognition. Subsequently, the right of use asset attracts maintenance work in accordance with the lease contractual obligations; a provision for the maintenance work is built up as the aircraft is flown, with the offset being against the right of use asset. This asset is immediately depreciated as the liability is incurred as the aircraft is flown. Adjustment is also made to the right of use asset to reflect any remeasurement of the corresponding lease liability. The right of use assets form part of the Airline CGU and are therefore subject to review for impairment annually or when there is an indication of impairment within the Airline CGU.

Short-term leases less than 12 months in length and low-value leases are not recognised as lease liabilities and right of use assets but are recognised as an expense on a straight-line basis over the lease term.

Payments for the interest element of recognised lease liabilities are included in interest and other financing charges paid within cash flows from operating activities. Payments for the principal element of recognised lease liabilities are presented within cash flows from financing activities.

easyJet periodically enters into sale and leaseback transactions whereby it sells either new or mid-life aircraft or engines to a third party and immediately leases them back. Where the transaction is judged to reflect the aircraft's fair value, any gain or loss arising on disposal is recognised in the income statement, to the extent that it relates to the rights that have been transferred. Gains and losses that relate to the rights that have been retained are included in the carrying amount of the right of use asset recognised at commencement of the lease. If sale proceeds received were determined to not be at the aircraft's fair value, any below market terms would be recognised as a prepayment of lease payments, and above market terms recognised as additional financing provided by the lessor. Gains on sale and leaseback transactions are recognised in other income, with losses on sale and leaseback transactions recognised in other costs. Proceeds received for the sale of the fair value of the asset are recognised in the statement of cash flows within investing activities as it relates to property, plant and equipment.

Other non-current assets

Non-current assets include both general lease deposits, as stipulated in lease agreements, as well as lessor receivables for maintenance obligations incurred on mid-life aircraft before easyJet acquired the aircraft. The payments and receivables are recorded within current and non-current assets as applicable, pending reimbursement or receipt in accordance with contract specific terms. Management assess the recoverability of these assets on an annual basis through consideration of the credit position of the debtors and other relevant inputs. Any payment or receivable that is not expected to be reimbursed by the lessor or received when contract terms are met, is recognised immediately within operating expenses in the consolidated income statement.

Financial guarantees

Financial guarantees are initially measured at fair value and subsequently at the higher of the initial fair value or the amount of the loss allowance determined by an expected credit loss calculation.

A loss allowance is calculated where easyJet is jointly and severally liable for financial guarantee contracts. This is calculated based on the probability-weighted estimate of cash shortfalls to reimburse the holder for a credit loss that it incurs and based on the agreements which may exist between any co-guarantors.

Tax

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

Deferred tax is provided in full on temporary differences relating to the carrying amount of assets and liabilities, where it is probable that the recovery or settlement will result in an obligation to pay more, or a right to pay less, tax in the future, with the following exceptions:

- where the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable income nor accounting profit; and
- deferred tax arising on investments in subsidiaries is not recognised where easyJet is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies, judgements and estimates (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 liabilities represent the amount of income taxes payable in future periods in respect of taxable temporary differences.

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

Provisions

Provisions are recognised when a present legal or constructive obligation arises as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Amounts provided for represent the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account all related risks and uncertainties.

Restructuring

Provisions for restructuring arise principally in relation to network optimisation and head office reviews. Provisions for restructuring programmes are made when easyJet has a demonstrable commitment to a restructuring programme, for example through an announcement made to the impacted employees.

Restructuring provisions are measured based on the expected outcome of consultations with impacted employees. Where specific individuals at risk have not been identified, estimations are based on information available such as average payroll data, employee age and length of service.

Customer claims

Provisions for customer claims comprise amounts payable to customers who make claims in respect of a) flight delays and cancellations and refunds of air passenger duty or similar charges, where the provision is measured based on known eligible events, passengers impacted and the best estimate of claim rates which is in part informed by historical claim rates, and b) performance and quality issues, and personal injuries and illnesses experienced on holidays, where the provision is based on estimated cost rates, updated as historical data and trends develop.

Maintenance

easyJet incurs liabilities for maintenance and restoration costs in respect of leased aircraft during the term of the lease. These arise from legal and constructive contractual obligations relating to the condition of the aircraft when it is returned to the lessor or when heavy maintenance events occur during the period of the lease. Contractual maintenance obligations arising from the ongoing use of the aircraft are provided for over the term of the lease based on the estimated future costs of the maintenance events, discounted to present value. The provision is built as the aircraft are flown, and recognised against the right of use asset, where it is immediately depreciated as the flying hours that determine the provision have taken place. The restoration cost obligation is described in the lease section.

Other

Other provisions include amounts in respect of onerous contracts and potential liabilities for employee related matters and litigation which arise in the normal course of business. Onerous contracts are recognised at the first indication that a loss is anticipated, and the provision based on the expected economic outflow arising from the contracts.

Employee benefits

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

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

Switzerland pension scheme

easyJet contributes to an independently administered post-employment fund for employees in Switzerland. The final benefit is contribution-based with certain minimum guarantees required by Swiss law. Due to these minimum guarantees, the Swiss pension plan meets IAS 19 Employee Benefits requirements to be treated as a defined benefit plan for the purposes of these consolidated financial statements.

The easyJet portion of the current service cost and the net interest cost are charged to the consolidated income statement in the year in which they relate. Actuarial gains and losses are recognised in the consolidated statement of comprehensive income and the consolidated statement of financial position reflects the net surplus or deficit at the reporting date.

The actuarial assumptions used to calculate the defined benefit obligation are based on the requirements set out in IAS 19. They are set by management, based on advice from an independent actuary. The defined benefit obligation is calculated using the projected unit credit method. The costs of managing the plan assets are deducted as incurred in determining the return on plan assets and the present value of projected future general administration expenses that are a direct consequence of past service are included as part of the retirement benefit obligation.

Share capital and dividend distribution

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

Where any Group company or employee benefit trust purchases the Company's equity shares, the consideration paid, and any directly attributable incremental costs are deducted from retained earnings until the shares are cancelled or reissued. Proceeds from re-issue are shown as a credit to retained earnings.

easyJet settles share awards under the Long Term Incentive Plan, the Save As You Earn scheme, Restricted Share Plan and Share Incentive Plans by purchasing its own shares on the market through employee benefit trusts. The cost of such purchases are deducted from retained earnings in the period that the transaction occurs.

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

Share-based payments

easyJet has a number of equity-settled share incentive schemes. The fair value of share options granted under the Save As You Earn scheme is measured at the date of grant using the Binomial Lattice option pricing model. The fair value of grants under the Long Term Incentive Plan is measured at the date of grant using the Black-Scholes model for awards based on Return on Capital Employed (ROCE) performance targets, and the Stochastic model (also known as the Monte Carlo model) for awards based on Total Shareholder Return (TSR) performance targets. The fair value of all other awards is the share price at the date of grant.

The fair value of the estimated number of options and awards that are expected to vest is expensed to the income statement on a straight-line basis over the period that employees' services are rendered, with a corresponding increase in shareholders' equity. Where non-market performance criteria (such as 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 the grant of the share options are an integral part of the grant itself and the charge is treated as a cash-settled transaction. A deferred tax balance is recognised based on the intrinsic value of the outstanding options.

Financial instruments

Financial instruments are recognised when easyJet becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party to such provisions. Financial assets are also derecognised (written-off) when the Group has no reasonable expectation of recovering the financial asset.

With the exception of trade receivables that do not contain a significant financing component, financial instruments are initially measured at fair value plus or minus (in the case of a financial asset or financial liability not at fair value through the income statement) directly attributable transaction costs. Trade receivables that do not contain a significant financing component are initially measured at the transaction price.

Where market values are not available, the fair value of financial instruments is calculated by discounting expected cash flows at prevailing interest rates and by applying period end exchange rates.

The equity investment in The Airline Group Limited is measured at fair value. Movements in fair value are assessed at each reporting period and recorded in other comprehensive income. The fair value is measured using a dividend income model in line with IFRS 13 requirements. See note 25 for further details.

Non-derivative financial assets

Non-derivative financial assets are classified and measured according to easyJet's business model for managing a specified group of financial assets, and the nature of the contractual cash flows arising from that group of financial assets.

Financial assets measured at amortised cost

Subsequent to initial recognition, this classification of financial asset is measured at amortised cost using the effective interest rate method.

Financial assets are measured at amortised cost when both of the following criteria are met:

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

Financial assets measured at amortised cost include refundable lease deposits and other refundable lease contributions, restricted cash, trade and other receivables, money market deposits and cash and cash equivalents (excluding money market funds).

Restricted cash comprises cash deposits which have restrictions governing their use and is classified as a current or non-current asset based on the estimated remaining length of the restriction. Movements in restricted cash are shown within financing activities in the consolidated statement of cash flow is as the movements arise from cash held relating to guarantees.

Cash and cash equivalents comprise cash held in bank accounts with no access restrictions and bank term deposits and tri-party repos repayable on demand or maturing within three months of inception.

Money market deposits comprise bank term deposits and tri-party repos maturing greater than three months from inception.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies, judgements and estimates (continued)

Financial assets measured at fair value through other comprehensive income

On initial recognition, equity investments, excluding interests in associates, are irrevocably designated as measured at fair value through other comprehensive income. Subsequently they are measured at fair value with changes recognised in other comprehensive income with no recycling of these gains and losses.

Financial assets measured at fair value through the income statement

Financial assets are measured at fair value through the income statement when they do not meet the criteria to be measured at amortised cost or at fair value through other comprehensive income.

Subsequent to initial recognition, this classification of financial assets is measured at fair value through the income statement.

Financial assets measured at fair value through the income statement solely comprise money market funds as at 30 September 2022.

Impairment of financial assets

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

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

General approach – impairment assessment

The general approach is applied to the impairment assessment of refundable lease deposits and other refundable lease contributions, restricted cash, money market deposits and cash and cash equivalents.

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

Simplified approach – impairment assessment

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

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

Non-derivative financial liabilities

Non-derivative financial liabilities are initially recorded at fair value less directly attributable transaction costs, and subsequently at amortised cost, and include trade and other payables and borrowings. Interest expense on borrowings is recognised using the effective interest method.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting period date.

Financial liabilities measured at amortised cost

Subsequent to initial recognition at cost, this classification of financial liability is measured at amortised cost.

Financial liabilities measured at amortised cost include trade and other payables, lease liabilities and borrowings.

Derivative financial instruments and hedging activities

Derivative financial instruments are measured at fair value through the income statement with the exception of derivative financial instruments that are designated as a hedging instrument in a cash flow hedge relationship.

easyJet uses foreign currency forward exchange contracts to hedge foreign currency risks on transactions denominated in US dollars, euros and Swiss francs. These transactions primarily affect revenue, fuel, lease costs and pre-delivery payments, and the carrying value of owned aircraft. easyJet also uses cross-currency interest rate swaps to hedge currency and interest rate risk on certain borrowings, and jet fuel forward swap and option contracts to hedge fuel price risks. easyJet has a small number of euro-denominated lease contracts which result in a committed schedule of euro lease rental payments; these are matched against forecasted euro revenue cash flows to provide a cash flow hedge against the sterling/euro exchange rate. Hedge accounting is applied to those financial instruments that are designated as cash flow hedges or fair value hedges.

Fair value hedges

Changes in the fair values of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair values of the hedged assets or liabilities that are attributable to the hedged risk. Any difference between the hedge item and hedge instrument fair valuation is recorded as hedge ineffectiveness within the income statement.

Fair value changes in the derivative instrument attributable to the currency basis are not designated as part of the hedged instrument. Such fair value changes are recognised through other comprehensive income as cost of hedging and are recycled to the income statement on a rational basis, according to the nature of the underlying hedged item.

Cash flow hedges

Gains and losses arising from changes in the fair value of foreign exchange forwards, jet fuel forward swaps, jet fuel options and cross-currency interest rate swap contracts designated as cash flow hedges are recognised in other comprehensive income and deferred in the hedging reserve to the extent that the hedges are determined to be effective.

All foreign exchange contracts in a cash flow hedge relationship are designated on a forward basis with the full fair value as the hedge instrument. Jet fuel option contracts in a cash flow hedge relationship are designated using the intrinsic value of the derivative as the hedge instrument only. The time value element of the full fair value for these derivatives is recognised through other comprehensive income as a cost of hedging and recycled to the income statement at the same time as the hedge item also impacts the income statement.

Fair value changes in foreign currency derivative instrument 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 the income statement 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.

When the hedged forecast transaction relates to an item of property, plant and equipment, the relevant accumulated gains and losses are transferred from the hedging reserve and included in the initial carrying amount of that purchased asset. Otherwise they are recognised in the income statement in the same period in which the hedged transaction affects the income statement and against the same line item.

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

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

Hedge relationship

The Group determines that the criteria for each hedge accounting relationship are met where:

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

Revenue recognition

easyJet categorises total revenue earned on the face of the income statement between passenger and ancillary revenue. Passenger revenue arises from the sale of flight seats and administration fees and is recognised when the performance obligation has been completed, which is when the flight takes place. Amounts paid by 'no-show' customers are recognised as passenger revenue when the booked service is provided, that is when the flight takes place, as such customers are not generally entitled to change flights or seek refunds once a flight has departed.

Ancillary revenue includes revenue from the provision of checked baggage, allocated seating and change fees, package holidays revenue (excluding flights which are recognised as passenger revenue) and revenue arising from commissions earned from services sold on behalf of partners and inflight sales. It is measured as the price paid by the customer for the service booked or commission earned (for partner and inflight sales). Ancillary revenue is recognised when the performance obligation is complete, which is generally when the related flight takes place, with the following exceptions:

- cancellation fees which are recognised when the cancellation requested by the customer is processed;
- in the case of commission earned from travel insurance, revenue is recognised at the time of booking as easyJet acts solely as the appointed representative of the insurance company; and
- package holiday revenue attributable to the accommodation element of the holiday is recognised evenly over the duration of the holiday.

Revenue from easyJet plus cards is recognised evenly over time. Revenue from easyJet plus cards for the current financial year totalled £15 million (2021: £14 million).

Partner revenue and revenue from inflight sales is recognised at the value of the commission earned as easyJet is deemed to be the agent and does not control the related services or goods. The key considerations to reach this conclusion are that it is deemed the partner is responsible for inventory risk and fulfilment of the goods and services.

Airline flights and package holiday deposits are paid for at the point of booking. Unearned revenue from flights not yet flown, and the non-flight elements of package holidays for which the customer has paid but the service has not yet taken place, is held in the statement of financial position until it is realised in the income statement when the performance obligation is complete. Package holiday balances due from customers are offset against unearned revenue until paid in full, due 28 days before departure. Vouchers issued by easyJet in lieu of refunds are held on the statement of financial position in other payables as a contract liability (see note 16) until they are redeemed against a new booking, at which point they are recognised as unearned revenue, or they expire at which point they will be recognised as revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies, judgements and estimates (continued)

If easyJet cancels a flight, unless a customer immediately re-books on an alternative flight, at the point of the cancellation the amount paid for the flight is derecognised from unearned revenue and a contract liability is recognised within trade and other payables to refund the customer or provide a voucher or flight transfer if requested. Where customers do not request either a voucher, refund or flight transfer the liability continues to be recognised in other payables and breakage has been applied on low value balances aged over 24 months on the basis that the likelihood of the customer exercising their remaining rights to be repaid these amounts is a remote probability. If easyJet cancels a holiday, and the customer does not elect to rebook or receive a voucher, the price of the holiday (including flights) is refunded to the customer.

Compensation payments made to customers (in respect of flight delays) are offset against revenues recognised up to the amount of the flight, with the excess compensation being recorded within expenses.

Operational costs and income

Costs and income are presented in the income statement based on the nature of the cost/income as this is most relevant to enable users of the financial statements to understand easyJet's financial performance. Separate financial statement line items are shown for material income and expenses, other income and costs include items not reported elsewhere. Other income includes insurance receipts, supplier compensation payments, rental income and gains on sale and leaseback transactions. Other costs are expensed as incurred and includes disruption costs, IT costs, cost of third party providers, some employee costs, wet lease costs and insurance.

Finance charge/income

Interest payable/receivable and other financing charges/income includes interest expense/income on bank and borrowings which is recognised using the effective interest method, interest on lease liabilities which is recognised using the interest rate implicit in the lease, and fair value movements of derivative financial instruments that are not designated hedging instruments in a cash flow hedge arrangement.

Net exchange gains/losses on monetary assets are presented as a separate financial statement line item.

Within the consolidated statement of cash flows interest paid on bank, borrowings and leases is included within net cash generated by/used in operating activities as allowable by IAS 7 and this includes the settlement of the derivatives used to hedge borrowings. In addition, the settlement of derivatives relating to cash flows for ineffective and discontinued hedging derivatives and fair value derivatives through profit and loss are also shown within operating activities as they relate to transactions that primarily affect revenue, fuel and lease costs. The settlement of operational hedged derivatives that have already been recycled through the income statement are included in the operating result.

Segmental reporting

easyJet has two operating segments, being its Airline business, which operates easyJet's route network, and the Holidays business, which sells holiday packages. The Chief Operating Decision Maker has been assessed as the easyJet plc Board, which receives regular reporting on the Airline and Holidays' results in order to make resource allocation decisions. Presentation of separate segmental reporting is included in note 8.

Geographic revenue is allocated on the following basis:

- revenue earned from customers is allocated according to the location of the first departure airport on each booking; and
- commission revenue earned from partners is allocated according to the domicile of each partner.

Passenger revenue recognised within the Airline segment includes intra-segment sales of flights to the Holidays segment. Passenger revenue is recognised in the Airline segment when the flight takes place.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received. Loans provided and/or guaranteed by governments that represent market rates of interest are recorded at the amount of the proceeds received and recognised within borrowings. All existing loans are considered to be at market value. Grants that compensate the Group for expenses incurred are recognised in the income statement in the relevant financial statement line on a systematic basis in the periods in which the expenses are recognised to present the net expense to the Group.

Alternative performance measures (APMs)

Within the financial statements on pages 134 to 176, a number of APMs have been disclosed which, in the Directors opinion, provide additional understanding to users of the financial statements in their assessment of underlying performance. Refer to the glossary for a list of APMs disclosed in the financial statements, including definitions and reconciliations to IFRS measures.

New and revised standards and interpretations

A number of amended standards became applicable during the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. The amendments that became applicable for annual reporting periods commencing on or after 1 January 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
- Interest rate benchmark reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

During the current reporting period, the Group has adopted the Interest Rate Benchmark Reform Phase 2 amendments to IFRS 9, and IFRS 7 and has applied this to the specific hedging relationship identified. Three cross-currency interest rate swaps are used to convert the entire €500 million fixed rate Eurobond maturing in February 2023 to a sterling floating rate exposure. All three swaps originally were based on three-month LIBOR. Following the cessation of GBP LIBOR, the floating interest transitioned to the ISDA Fallback Rate for fixings from January 2022.

The Group has elected to apply the phase 2 reliefs and has amended its hedge designation and documentation to reflect these changes which are required by IBOR reform. Such amendments did not give rise to the hedge relationship being discontinued.

The LIBOR transition working group which was formed in the prior year continues to consider the wider impacts on the business of these changes. No other material impacts have emerged during the period.

There are no new or revised standards that have not been applied that would materially impact these financial statements in the current reporting period.

1b.Critical accounting judgements and estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make judgements as to the application of accounting standards to the recognition and presentation of material transactions, assets and liabilities within the Group, and the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Estimations are based on management's best evaluation of a range of assumptions; however events or actions may mean that actual results ultimately differ from those estimates, and these differences may be material. The estimates and the underlying assumptions are reviewed regularly.

1b.(i) Critical accounting judgements

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

Classification of income or expenses between headline and non-headline items (note 5)

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

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

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

Consolidation of easyJet Switzerland

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

Vouchers issued

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

Vouchers issued by easyJet holidays have a 12-month redemption period and any vouchers not redeemed by their expiry date are recognised in the consolidated income statement as revenue. Over the course of the pandemic, and the following period of recovery, the expiry date for easyJet holidays vouchers was extended on a number of occasions to allow customers more time to utilise the vouchers.

For airline flight vouchers, to date no vouchers have expired as expiry dates have been extended to ensure customers have the maximum opportunity to utilise their vouchers. Additionally, no breakage has been recognised for airline vouchers as it is judged that customer behaviour, and therefore redemption levels, have not yet normalised post pandemic given the flight disruption seen as the industry starts to return to pre-pandemic levels of flying. For vouchers issued to customers in countries where regulations stipulate unused vouchers should be refunded to the customer before the expiry of the statutory period, the required refunds have been made.

Applying breakage to the balance of the airline flight vouchers at 30 September 2022 at a rate of 10% would result in a reduction in the liability of c.£11 million.

Sale and leaseback transactions

Judgement is required when determining if sale and leaseback proceeds and lease rentals are at fair value. The sale and leaseback transactions completed in the year have been evaluated with reference to external valuations specific to the easyJet fleet and assessed to be at fair value. The accounting treatment would have been different if the transactions had not been at fair value (see leases accounting policy).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies, judgements and estimates (continued)

Contingent liability recognition

On 19 May 2020, easyJet announced that it had been the target of a cyber-attack from a highly sophisticated source. The email addresses and travel details of approximately nine million customers were accessed and for a very small subset of customers (2,208), credit card details were accessed.

The cyber-attack continues to be under investigation by the Information Commissioner's Office (ICO). As the cyber-attack took place before the United Kingdom left the European Union, the Group expects the ICO to be investigating on behalf of all EU data protection authorities as lead supervisory authority under the General Data Protection Regulation (GDPR). Any penalty or enforcement action will need to be reviewed and approved by the other EU data protection authorities under the GDPR's cooperation process. In addition, in May 2020, a class action claim was filed in the UK High Court by a law firm representing a class of affected customers and claims have also been commenced or threatened in other courts and jurisdictions.

Judgement has been applied in assessing the merit, likely outcome and potential impact on the Group of the continued investigation by the ICO, group action and other claims. These are still subject to a number of significant uncertainties and therefore the Group is unable to assess the likely outcome or quantum of the claims as at the date of these financial statements, and no provision has been made.

1b.(ii) Critical accounting estimates

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

Owned aircraft carrying values – £3,598 million (2021: £3,559 million) (note 11)

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

Aircraft are depreciated over their useful economic life to their residual values in line with the property, plant and equipment accounting policy. The useful economic life is based on easyJet's long-term fleet plan and intended utilisation of the current fleet which include long-term assumptions of market conditions and customer demands which by their nature are inherently uncertain.

Residual value estimates for aircraft are based on independent aircraft valuations. The valuations are based on an assessment of the current and future state of the global marketplace for specific aircraft assets. Should the marketplace for an asset class deteriorate unpredictably, there could be a risk that the recoverable amount for some aircraft assets would fall below their current carrying value or that residual values are subject to downward adjustment. If the market expectation of residual value of the easyJet aircraft varied by +/- 10% this would result in an approximate +/- £6 million impact on annual depreciation rates.

Owned and leased aircraft asset recoverable amounts are included in the Airline CGU and are therefore subject to review for impairment annually or when there is an indication of impairment within the Airline CGU. Further details of the impairment testing applied are included in note 10.

Aircraft maintenance provisions - £636 million (2021: £550 million) (note 19)

easyJet incurs liabilities for maintenance costs arising during the lease term of leased aircraft. These costs arise from legal and constructive contractual obligations relating to the condition of the aircraft when it is returned to the lessor. To discharge these obligations, it is usual for easyJet to carry out at least one heavy maintenance check on each of the engines and the airframe of the aircraft during the lease term. A material provision representing the estimated cost of this obligation is built up over the course of the lease.

The estimates and assumptions used in the calculation of the provision are reviewed at least annually, and when information becomes available that is capable of causing a material change to an estimate, such as renegotiation of end of lease return conditions, increased or decreased aircraft utilisation, or changes in the cost of heavy maintenance services and expected uplift in future prices. Given the uncertainty in forecasting future maintenance requirements, and the associated judgemental nature of the assumptions applied in determining the maintenance provision, management believe that a reasonable combination of changes to these estimates could result in a material movement to the carrying value of the provision. The most critical estimates in the calculation of the provision are considered to be the future utilisation of the aircraft and the expected increase in the cost of the heavy maintenance checks. Should inflation rates be c.2% higher than the currently estimated rates in all periods for which they are not yet contractually fixed or currently under negotiation, this would increase the provision by c.£6 million.

The rates used to discount the provision to arrive at a present value are based on observable market rates and are therefore at less risk of management estimation.

Goodwill and landing rights - £523 million (2021: £533 million) (note 10)

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

Fuel price and exchange rates continue to be volatile in nature and the ability to pass these changes on to the customer is a critical judgement that requires estimation. The assumptions used are sensitive to significant changes in these rates. In addition, assumptions over customer demand levels could have a significant effect on the impairment assessment performed. Any future events that would lead to extended travel restrictions or fleet grounding may impact future impairment or useful economic life assessments. The stress testing considered as part of the overall impairment assessment takes into account different assumptions for these key estimates, see note 10 for details.

Recoverability of deferred tax assets - £443 million (2021: £425 million) (note 6)

The deferred tax asset balances include £443 million (2021: £425 million) arising on full recognition of the UK trading tax losses accumulated at the statement of financial position date. The Group has concluded that these deferred tax assets will be fully recoverable against the unwind of taxable temporary differences and future taxable income based on the long term strategic plans of the Group. Where applicable the financial projections used in assessing future taxable income are consistent with those used elsewhere across the business, for example in the assessment of the carrying value of goodwill. These assessments include the expected impact of climate change on easyJet, and the future financial impact within cash flow projections, including the future estimated price of ETS 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.

The tax losses for which a deferred tax asset has been recognised are expected to be utilised within the next eight years, assessed by probable forecast future taxable income. Probable forecast future taxable income includes an incremental and increasing risk weighting to represent higher levels of uncertainty in future periods.

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

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

Other payables - Liability for contract with customers - £158 million (2021: £277 million) (note 16)

Other contract liabilities include amounts transferred from unearned revenue to other payables due to the cancellation of flights. This liability includes customer vouchers outstanding and amounts where customers have not yet requested a refund, voucher, or flight transfer. These liabilities are judged to be contract liabilities as they arise from performance obligations where payment has been received from the customer but the performance obligation has not been met. The judgement applied to the voucher liability is described under critical accounting judgements. For balances where customers have not yet requested a refund, voucher or flight transfer, management has judged that sufficient time has passed to assess the element of this liability where the likelihood of the contractual right being exercised is considered to be remote. This has been estimated to apply to balances aged over 24 months and of low value, and these liabilities have been taken to the consolidated income statement as revenue. A 5% increase in this breakage would result in an additional £1 million of revenue being recognised.

Defined benefit pension assumptions - £140 million gross obligation (2021: £152 million gross obligation) (note 20)

The Swiss pension scheme meets the requirements under IAS 19 to be recognised as a defined benefit pension scheme and the net pension obligation is recognised on the consolidated statement of financial position. The measurement of scheme assets and obligations are calculated by an independent actuary in line with IAS 19. The financial and demographic assumptions used in the calculation are determined by management following consultation with the independent actuary with consideration of external market movements and inputs. The calculation is most sensitive to movements in the discount rate applied, which has been subject to significant volatility. A sensitivity analysis is included in note 20.

Provisions for customer claims - £80 million (2021: £21 million) (note 19)

easyJet incurs liabilities for amounts payable to customers who make claims in respect of flight delays and cancellations, performance, quality issues, and personal injury and illness experienced whilst on holiday and refunds of air passenger duty or similar charges, for which claims could be made up to six years after the event. The key estimation in the provision is the passenger claim rates, in particular during periods of disrupted flying. The estimation carries a level of uncertainty as it is based on customer behaviour. The basis of all estimates included in the provision are reviewed at least annually and when information becomes available that may result in a material change to the estimate. Should customer claims for disruption events be 5% higher than estimated this would result in an addition to the year end provision of £5 million.

2. Net finance charges

	2022 £ million	2021 £ million
Interest receivable and other financing income		
Interest income	**(21)**	1
Hedge discontinuation and ineffectiveness[1]	**(5)**	(74)
	(26)	(73)
Interest payable and other financing charges		
Hedge discontinuation and ineffectiveness[1]	**–**	92
Interest payable on bank and other borrowings	**98**	75
Interest payable on lease liabilities	**43**	42
Other interest payable	**2**	–
	143	209
Net exchange loss/(gains) on monetary assets and liabilities[2]	**64**	(10)
Net finance charges	**181**	126

1. See note 26 for details.
2. Included within net exchange loss/(gains) on monetary assets and liabilities is a £127 million gain (2021: £15 million loss) relating to the fair value gain on US dollar foreign exchange derivatives designated as fair value through profit or loss.

3. Loss before tax

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2022 £ million	2021 £ million
Depreciation of property, plant and equipment		
Owned assets	**264**	234
Right of use assets	**275**	222
Loss on disposal of landing rights	**10**	–
Loss on disposal of property, plant and equipment	**7**	30
Release of airport accruals	**18**	4
Movement in trade receivables provision	**7**	(3)
Sale and leaseback loss/(gain)	**21**	(65)

Auditors' remuneration

During the year easyJet incurred fees of £0.1 million (2021: £0.1 million) for the audit of the Company's financial statements and fees of £1.0 million (2021: £1.0 million) for the audit of the subsidiary financial statements by easyJet's auditors and their associates (including foreign partners). In addition, easyJet incurred audit-related non-audit services fees of £0.4 million (2021: £0.2 million) from its auditors. This includes the fee of £0.1 million (2021: £0.1 million) in respect of the half year review performed. During the year other assurance related non-audit services fees totalling £0.3 million (2021: £1.2 million) were also incurred, primarily in relation to working capital procedures associated with a Class 1 transaction (2021: work associated with the rights issue).

4. Employees

The average monthly number of people employed by easyJet was:

	2022 Number	2021 Restated* Number
Flight and ground operations	**12,906**	12,800
Sales, marketing and administration	**1,045**	889
	13,951	13,689

* Employee numbers were previously disclosed on a full-time equivalent basis. The disclosure is now reporting average headcount numbers and the prior year has been restated.

Employee costs for easyJet were:

	2022 £ million	2021 £ million
Wages and salaries	**745**	472
Social security costs	**100**	69
Pension costs	**77**	67
Share-based payments	**26**	15
	948	623

Included in the pension costs is £7 million (2021: £7 million) related to pension schemes treated as a defined benefit scheme under IAS 19.

Included in employee costs is a net impact of £nil million (2021: £61 million) from restructuring costs. The impact of the restructuring provision created in the year in relation to the downsizing of operations in Berlin has been offset by the reduction of separate restructuring provisions from earlier years. Refer to note 5 for further details.

The amounts received under government 'Furlough' schemes are offset against the employee costs in the income statement. Refer to note 28 for further details.

Key management compensation was:

	2022 £ million	2021 £ million
Short-term employee benefits	**7**	6
Share-based payments	**3**	2
	10	8

The Directors of easyJet plc and the other members of the Airline Management Board are easyJet's key management as they have collective authority and responsibility for planning, directing and controlling the business.

During the year, an agreement was made with a member of the Airline Management Board to receive compensation for loss of office. The amount is not material for disclosure.

Emoluments paid or payable to the Directors of easyJet plc were:

	2022 £ million	2021 £ million
Remuneration	**3**	3
	3	3

Details of Directors' remuneration are disclosed in the Directors' remuneration report on pages 113 to 121.

5. Non-headline items

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

	Year ended 30 September 2022 £ million	Year ended 30 September 2021 £ million
Sale and leaseback loss/(gain)	**21**	(65)
Restructuring release	**–**	(61)
Loss on disposal of landing rights	**10**	–
Fair value adjustment and hedge discontinuation (credit)/charge	**(1)**	26
Total non-headline charge/(credit) before tax	**30**	(100)
Tax (credit)/charge on non-headline items	**(8)**	58
Total non-headline charge/(credit) after tax	**22**	(42)

Sale and leaseback loss/(gain)

During the year, easyJet completed the sale and leaseback of 10 A319 aircraft (2021: 7), nil A320 (2021: 24), nil A321 (2021: 4) and nil engines (2021: 2). The income statement impact of the sale and leaseback of the 10 aircraft was a £21 million loss recognised in other costs (2021: £79 million gain recognised in other income offset by £14 million loss recognised in other costs.)

Restructuring

The restructuring processes initiated during the pandemic are largely complete, which has resulted in the majority of the remaining provision held for these programmes being remeasured, mainly in light of employee transfers resulting in reduced severance payments, and a credit of £10 million (2021: £61 million credit) being recognised during the year. The release was recognised as non-headline within other costs where the initial expense was recognised. Whilst these processes were brought to completion, during the year new plans were announced to reduce the level of activity at our base at Berlin Brandenburg airport, and as a result of this downsizing a restructuring provision of £10 million has been recognised as non-headline within other costs, resulting in a net £nil movement in the non-headline restructuring provision. As at 30 September 2022 there were unpaid amounts of £15 million (2021: £18 million) for all consultations which have not been finalised and settled.

In addition, the downsizing of activity and restructuring at the Berlin Brandenburg base has resulted in easyJet returning a number of the landing right "slots" held at this airport. Landing rights at Tegel airport were acquired as part of the acquisition of Air Berlin's operations at the airport in October 2017, and subsequently transferred to the new Berlin airport. The landing rights have been held at cost on the statement of financial position as an intangible asset. A number of slots ceased to be operated during the pandemic but were not disposed of at that point due to the suspension of slot utilisation rules during that time. On emergence from the pandemic the slots were not re-started, and utilisation of the landing rights has further reduced with the downsizing of easyJet's activity at the base. These landing rights have been returned to the Berlin slot regulator in the financial year. All slots held at the airport were acquired together through a separate acquisition of an intangible asset, and therefore an allocation of the purchase price to the surrendered slots has been estimated. As no consideration was received in return for giving back the slots the reduction constitutes a loss on disposal of an intangible asset.

Hedge discontinuation

Hedge discontinuation relates to hedge accounting ineffectiveness for items currently held in fair value and cash flow hedge relationships, and the cumulative fair value of financial derivatives at the time of being discontinued from a previous hedge accounting relationship.

In accordance with IFRS 9, hedge effectiveness testing is performed on a regular, periodic basis. For cash flow hedges this includes an assessment of highly probable future cash exposures with the amount compared to the notional value of derivatives held in a hedge relationship. Due to the reduced level of commercial flying over the pandemic, easyJet had been in an over-hedged position from both a jet fuel and FX perspective. Where forecast exposures were no longer expected to occur, these previously hedged amounts no longer qualified for hedge accounting. This resulted in a £1 million net credit (2021: £25 million charge) related to these discontinued derivatives held in other comprehensive income being immediately recorded in the income statement. Additionally, in the prior year fair value adjustments of £1 million charge were recorded related to hedge ineffectiveness on hedges of foreign currency denominated borrowings.

Tax on non-headline items

After the necessary tax adjustments which principally relate to the sale and leaseback transactions in both the current and comparative periods, the tax adjusted non-headline items amount to a loss of £22 million (2021: gain of £42 million) which results in a tax credit of £8 million (2021: £58 million charge) for the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Tax credit

Tax on loss on ordinary activities

	2022 £ million	2021 £ million
Current tax		
Adjustments in respect of prior years	**–**	5
Foreign tax	**7**	4
Total current tax charge	**7**	9
Deferred tax		
Temporary differences relating to property, plant and equipment	**(50)**	(36)
Other temporary differences	**(2)**	(189)
Adjustments in respect of prior years	**2**	7
Remeasurement of opening balances due to change in tax rates	**4**	31
Total deferred tax credit	**(46)**	(187)
Total tax credit	**(39)**	(178)
Effective tax rate	**18.7%**	17.2%

Reconciliation of the total tax credit

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

	2022 £ million	2021 £ million
Loss before tax	**(208)**	(1,036)
Tax credit at 19.0% (2021: 19.0%)	**(40)**	(197)
Income not chargeable for tax purposes:		
Expenses not deductible for tax purposes	**5**	2
Share-based payments	**2**	2
Adjustments in respect of prior years - current tax	**–**	5
Adjustments in respect of prior years - deferred tax	**2**	7
Difference in applicable rates for current and deferred tax	**(12)**	(54)
Attributable to rates other than standard UK rate	**1**	2
Change in substantively enacted tax rate	**4**	31
Movement in provisions	**(1)**	(1)
IFRS 16 restricted gain	**–**	25
Total tax credit	**(39)**	(178)

Current tax payable at 30 September 2022 amounted to £5 million (2021: £2 million payable). £4 million of this is in relation to an amendment to the tax return for easyJet Airline Company Ltd for the year ended 30 September 2019 with the balance primarily related to tax payable in other European jurisdictions.

During the year ended 30 September 2022 net cash tax paid amounted to £4 million (2021: £1 million net cash tax received).

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 financial statements. Temporary differences have been remeasured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

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

	2022 £ million	2021 £ million
Charge/(credit) to other comprehensive income/(loss)		
Deferred tax on change in fair value of cash flow hedges	**(13)**	(93)
Deferred tax on post-employment benefit	**(10)**	(4)

Deferred tax

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

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

Deferred tax assets/liabilities expected to be settled:

	£ million
Current	**–**
Non-current	**(62)**
At 30 September 2022	**(62)**

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

	Accelerated capital allowances £ million	Short-term timing differences £ million	Fair value (gains)/ losses £ million	Share-based payments £ million	Post-employment benefit obligation £ million	Trading loss £ million	Total £ million
At 1 October 2020	386	(7)	(43)	(2)	(8)	(275)	51
Charged/ (credited) to income statement	(13)	(19)	1	(1)	(5)	(150)	(187)
Charged to other comprehensive income	–	–	93	–	4	–	97
At 30 September 2021	373	(26)	51	(3)	(9)	(425)	(39)

7. Loss per share

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

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

Headline basic and diluted loss per share are also presented, based on headline loss for the year.

Loss per share is based on:

	2022 £ million	2021 £ million
Headline loss for the year	**(147)**	(900)
Total loss for the year	**(169)**	(858)

	2022 million	2021 million
Weighted average number of ordinary shares used to calculate basic loss per share	**753**	539
Weighted average number of ordinary shares used to calculate diluted loss per share	**753**	539

Loss per share	**2022 pence**	2021 pence
Basic	**(22.4)**	(159.0)
Diluted	**(22.4)**	(159.0)

Headline loss per share	**2022 pence**	2021 pence
Basic	**(19.6)**	(166.9)
Diluted	**(19.6)**	(166.9)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Segmental and geographical revenue reporting

Segmental Analysis:

	Year ended 30 September 2022			
	Airline £ million	**Holidays £ million**	**Intergroup transactions £ million**	**Group £ million**
Passenger revenue	3,816	–	–	3,816
Ancillary revenue	1,585	495	(127)	1,953
Total revenue	**5,401**	**495**	**(127)**	**5,769**
Operating costs excl fuel	(3,596)	(452)	127	(3,921)
Fuel	(1,279)	–	–	(1,279)
Balance sheet FX revaluation	(63)	(1)	–	(64)
Ownership costs	(679)	(4)	–	(683)
Headline (loss)/profit before tax	**(216)**	**38**	**–**	**(178)**
Non-headline items	(30)	–	–	(30)
Total (loss)/profit before tax	**(246)**	**38**	**–**	**(208)**

	Year ended 30 September 2021			
	Airline £ million	Holidays £ million	Intergroup transactions £ million	Group £ million
Passenger revenue	1,000	–	–	1,000
Ancillary revenue	424	41	(7)	458
Total revenue	1,424	41	(7)	1,458
Operating costs excl fuel	(1,595)	(50)	7	(1,638)
Fuel	(371)	–	–	(371)
Balance sheet FX revaluation	10	–	–	10
Ownership costs	(592)	(3)	–	(595)
Headline loss before tax	(1,124)	(12)	–	(1,136)
Non-headline items	100	–	–	100
Total loss before tax	(1,024)	(12)	–	(1,036)

The presentation of this note has been expanded to include further detail on revenue and the cost impact of balance sheet foreign exchange revaluations. This reflects the increased granularity of the internal reporting to the Chief Operating Decision Maker and plc Board.

As described in note 1, airline revenue is recognised at a point in time (when the flight takes place). The holidays revenue detailed in this note includes flight revenue which is also recognised at the time the flight takes place with the accommodation element of the revenue recognised over time, aligned to the duration of the holiday.

The intergroup transactions column represents revenue and cost transactions between Airline and Holidays for the flight element of holiday packages. These intercompany transactions are eliminated on consolidation; note that in the annual report, holidays sales and costs are stated net of this intergroup consolidation adjustment.

Individual cost lines are not reported separately as these are not key metrics reported to the Chief Operating Decision Maker (CODM). Assets and liabilities are not allocated to individual segments and are not separately reported to or reviewed by the CODM, and therefore have not been disclosed. Interest income and expenditure are not allocated to segments as this activity is driven by the central treasury function which manages the cash position of the Group.

Geographical revenue:

	2022 £ million	2021 £ million
United Kingdom	**2,845**	413
Southern Europe	**1,669**	619
Northern Europe	**1,163**	411
Other	**92**	15
	5,769	1,458

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

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

easyJet holiday's revenue is generated wholly from the United Kingdom.

easyJet's non-current assets principally comprise its fleet of 181 (2021: 183) owned and 139 (2021: 125) leased aircraft, giving a total fleet of 320 at 30 September 2022 (2021: 308). In addition to this easyJet was storing 3 aircraft under power by the hour agreements (2021: 12). 27 aircraft (2021: 27) are registered in Switzerland, 132 (2021: 110) are registered in Austria, 4 (2021: 13) are registered in the Cayman Islands, and the remaining 160 (2021: 170) are registered in the United Kingdom.

9. Dividends

No dividend was paid in the year ending 30 September 2022 or 30 September 2021.

10. Goodwill and other intangible assets

	Goodwill £ million	Other intangible assets: Landing rights £ million	Other intangible assets: Computer software £ million	Other intangible assets: Total £ million
Cost				
At 1 October 2021	**365**	**168**	**100**	**268**
Additions	**–**	**–**	**35**	**35**
Disposals	**–**	**(10)**	**–**	**(10)**
At 30 September 2022	**365**	**158**	**135**	**293**
Amortisation				
At 1 October 2021	**–**	**–**	**51**	**51**
Charge for the year	**–**	**–**	**25**	**25**
At 30 September 2022	**–**	**–**	**76**	**76**
Net book value				
At 30 September 2022	**365**	**158**	**59**	**217**
At 1 October 2021	365	168	49	217

	Goodwill £ million	Other intangible assets: Landing rights £ million	Other intangible assets: Computer software £ million	Other intangible assets: Total £ million
Cost				
At 1 October 2020	365	168	96	264
Additions	–	–	9	9
Disposals	–	–	(5)	(5)
At 30 September 2021	365	168	100	268
Amortisation				
At 1 October 2020	–	–	32	32
Charge for the year	–	–	24	24
Disposals	–	–	(5)	(5)
At 30 September 2021	–	–	51	51
Net book value				
At 30 September 2021	365	168	49	217
At 1 October 2020	365	168	64	232

Included within computer software, are internally generated intangible assets of £25 million (2021: £8 million), and work in progress of £25 million (2021: £11 million).

Value in use calculation

The recoverable amount of goodwill and other assets with indefinite expected useful lives has been determined based on value in use calculations for the airline route network cash generating unit, which holds these assets.

Pre-tax cash flow projections have been derived from the strategic plan presented to the Board for the period up to 2027, using the following key assumptions:

	2022	2021
Pre-tax discount rate (derived from weighted average cost of capital, WACC)	**12.2%**	11.3%
Fuel price (US dollars per metric tonne)	**1,010**	696
Long-term economic growth rate	**2.0%**	2.0%
Exchange rates:		
US dollar	**1.11**	1.35
Euro	**1.14**	1.16

The discount rate has been calculated based on the capital asset pricing model using external inputs where relevant, and the current cost of debt for the Group. The change in the discount rate year on year reflects the current market conditions. Both fuel price and exchange rates are volatile in nature. Exchange rates and fuel price are based on spot rates as at 30 September 2022. The increase year on year of the fuel price shown in the table above reflects the change in underlying fuel prices, however in preparing its assessment management has assumed that fuel uplifts from a 2019 baseline can be recovered, with any increase in costs being passed on to customers. Operating margins are sensitive to significant changes in the timing and the ability of increases to be passed through to the customer.

Cash flow projections beyond the forecast period have been extrapolated using an estimated average of long-term economic growth rates for the principal countries in which easyJet operates. The future impact of climate change on the business has been incorporated into strategic plans, including the estimated financial impact within the base case cash flow projections of the future estimated price of ETS 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Goodwill and other intangible assets (continued)

The headroom of the value in use calculation over the carrying value of the relevant assets has increased compared to 30 September 2021. This is primarily due to the strategic initiatives which the Group has already taken, and which are now embedded in the base case cash flow forecast.

Stress testing has been performed on key inputs to the value in use calculation, including the assumptions listed above and the strategic plan used as the base for the calculation. The impairment model is sensitive to a sustained significant adverse movement in foreign currency exchange rates (other than movements that are included in the fuel pass-through assumption) and forecast operating profits to the extent that no other compensating action is taken. It has been assumed that any significant future fuel price increase would be recovered through revenue pass through. Individual scenarios that have been deemed reasonably probable in particular in relation to the current macro-economic environment do not give rise to an impairment. These scenarios include +/-10% on euro and US dollar rates, +100 bps increase in WACC, reduced capacity of 5%, increased operating costs (excluding fuel) of 2% and a reduced growth rate of 1%.

Additional risks associated with climate change have also been stress tested, including sensitivities of SAF usage and ETS costs, additional legal and technology costs, reduced demand and increased cost of maintenance and replacement aircraft. These scenarios, both individually and in reasonably probable combinations, do not give rise to an impairment.

Current intangible assets

	30 September 2022 £ million	30 September 2021 £ million
Carbon offsetting VER	**14**	15
EU ETS, CH ETS and UK ETS carbon allowances	**481**	125
	495	140

ETS credits are required to offset the carbon emitted by flights. The scheme is settled on an annual basis. The credits required for annual settlement are held as current intangible assets, with the associated liability included within accruals in trade and other payables (note 15).

11. Property, plant and equipment

	Owned assets			Right of use assets		
	Aircraft and spares £ million	**Land and Buildings £ million**	**Other £ million**	**Aircraft and spares £ million**	**Other £ million**	**Total £ million**
Cost						
1 October 2021	**4,802**	**44**	**55**	**2,335**	**45**	**7,281**
Additions	414	–	28	120	–	562
Transfers[2]	–	–	(14)	–	–	(14)
Aircraft sold and leased back	(216)	–	–	25	–	(191)
Disposals	(12)	–	(1)	(64)	–	(77)
At 30 September 2022	**4,988**	**44**	**68**	**2,416**	**45**	**7,561**
Accumulated depreciation						
At 1 October 2021	**1,243**	–	**19**	**1,255**	**29**	**2,546**
Charge for the year	255	–	9	269	6	539
Aircraft sold and leased back	(102)	–	–	–	–	(102)
Disposals	(6)	–	–	(45)	–	(51)
At 30 September 2022	**1,390**	–	**28**	**1,479**	**35**	**2,932**
Net book value						
At 30 September 2022	**3,598**	**44**	**40**	**937**	**10**	**4,629**
At 1 October 2021	3,559	44	36	1,080	16	4,735

	Owned assets			Right of use assets		
	Aircraft and spares £ million	Land and Buildings £ million	Other £ million	Aircraft and spares £ million	Other £ million	Total £ million
Cost						
At 1 October 2020	5,520	44	44	1,692	37	7,337
Additions	112	–	28	148	8	296
Transfers	64	–	–	(64)	–	–
Aircraft sold and leased back*	(828)	–	(15)	559	–	(284)
Disposals*	(66)	–	(2)	–	–	(68)
At 30 September 2021	4,802	44	55	2,335	45	7,281
Accumulated depreciation						
At 1 October 2020	1,187	–	12	1,062	23	2,284
Charge for the year	227	–	7	216	6	456
Transfers	23	–	–	(23)	–	–
Aircraft sold and leased back*	(153)	–	–	–	–	(153)
Disposals*	(41)	–	–	–	–	(41)
At 30 September 2021	1,243	–	19	1,255	29	2,546
Net book value						
At 30 September 2021	3,559	44	36	1,080	16	4,735
At 1 October 2020	4,333	44	32	630	14	5,053

The net book value of aircraft includes £297 million (2021: £132 million) relating to advance payments for future deliveries. This amount is not depreciated.

The net book value of aircraft spares is £81 million (2021: £67 million).

As at 30 September 2022, easyJet was contractually committed to the acquisition of four LEAP engines (2021: 0) and 168 (2021: 101) Airbus 320 family aircraft, with a total estimated list price[1] of US$ 21.9 billion (2021: US$ 12.3 billion) before escalations and discounts for delivery in financial years 2023 (7 aircraft), 2024 (21 aircraft), 2025 (23 aircraft) and 2026 to 2029 (117 aircraft).

* £33 million of cost and £33 million of accumulated depreciation from components disposed of in the year ended 30 September 2021 were identified which were previously included as disposals, which have now been presented in Aircraft sold and leased back, reflecting the aircraft with which they were associated.

The 'Other' categories are comprised of leasehold improvements, computer hardware, leasehold property, fixtures, fittings and equipment, and work in progress in respect of tangible projects. The work in progress as at 30 September 2022 was £20 million (2021: £10 million).

Assets of £908 million (2021: £934 million) are pledged as security for the drawn portion of the UKEF backed facility.

1. Airbus no longer publishes list prices. The estimated list price is based on the last available list price published in January 2018 and escalated by Airbus' standard escalation from January 2018 to January 2022 of 11.2% (or 2.7% CAGR).
2. Transfers are from work in progress on other owned assets to computer software intangible assets, which are reflected in the additions line in note 10.

12. Other non-current assets

	2022 £ million	2021 £ million
Lessor maintenance contributions	**64**	75
Deposits held by aircraft lessors	**27**	60
	91	135

Lessor maintenance contribution assets arise to compensate easyJet for the delivery of a mid-life aircraft, where a lessor has agreed to make a contribution to easyJet's maintenance costs to reflect the cycles already flown by the aircraft at the point it is delivered to easyJet. Depending on the contract terms, payment will be made either at the maintenance event date or at the lease return date, the timing of which determines the current and non-current split. The recoverability of this asset has been assessed by management, and the asset is assessed as being fully recoverable.

13. Trade and other receivables

	2022 £ million	2021 £ million
Trade receivables	**85**	45
Less provision for loss allowance	**(8)**	(1)
	77	44
Prepayments	**124**	93
Accrued income	**19**	5
Other receivables	**147**	149
	367	291

Within the provision for loss allowance, £7 million (2021: £4 million) has been charged to the income statement, with £nil million (2021: £1 million) being utilised in the 2022 financial year.

Information about the impairment of trade receivables and the Group's exposure to credit risk can be found in note 26.

Other receivables comprises lessor contributions, prepaid maintenance costs, VAT and trade deposits.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Cash and money market deposits

	2022 £ million	2021 £ million
Cash and cash equivalents (original maturity less than three months)	**3,514**	3,536
Money market deposits (original maturity more than three months)	**126**	–
Current restricted cash	**4**	13
Non-current restricted cash	**3**	1
	3,647	3,550

Interest rates on money market deposits and restricted cash are repriced based on the prevailing market rates of interest.

Restricted cash comprises:

	2022 £ million	2021 £ million
Amount held in escrow accounts for legal cases	**4**	4
ATOL Licence non-pooled account	**–**	9
Cash held as bank guarantee collateral	**3**	1
	7	14

15. Trade and other payables

	2022 £ million	2021 £ million
Trade payables	**431**	217
Accruals	**983**	556
Taxes and social security	**38**	25
Other payables	**233**	330
	1,685	1,128

16. Liabilities relating to contracts with customers

	2022		2021	
	Unearned revenue £ million	**Other £ million**	Unearned revenue £ million	Other £ million
Opening contract liabilities	**846**	**277**	614	397
Revenue deferred during the year	**6,613**	**–**	1,641	–
Revenue recognised during the year	**(6,416)**	**(25)**	(1,409)	–
Additional contract liability during the year	**–**	**161**	–	361
Reduction in contract liability during the year	**–**	**(258)**	–	(475)
FX impact during the year	**–**	**3**	–	(6)
Closing contract liabilities	**1,043**	**158**	846	277

Revenue deferred and recognised during the year is inclusive of airline passenger duty (APD) and other charges, but net of intercompany eliminations.

	2022		2021	
	Unearned revenue £ million	**Other £ million**	Unearned revenue £ million	Other £ million
Revenue recognised that was included in the contract liability balance at the beginning of the year	**773**	**25**	230	11

Other customer contract liabilities consist of amounts transferred from unearned revenue to other payables due to the cancellation of flights. This liability includes customer vouchers outstanding and amounts where customers have not yet requested a refund, voucher or flight transfer. The movements in additional contract liability and reduction in contract liability arise as flights are cancelled and as vouchers are awarded or exercised and as customers advise on the exercise of their options following flight cancellations. The breakage applied to the contract liability in the year (for customers who had not advised on the exercise of their options), is included in revenue recognised during the year.

17. Borrowings

	Current £ million	Non-current £ million	Total £ million
At 30 September 2022			
Eurobonds	**437**	**1,919**	**2,356**
Term loan (UK Export Finance backed facility)	**–**	**841**	**841**
	437	**2,760**	**3,197**

	Current £ million	Non-current £ million	Total £ million
At 30 September 2021			
Eurobonds	–	2,303	2,303
Commercial Paper (Covid Corporate Financing Facility)	300	–	300
Term loan (UK Export Finance backed facility)	–	764	764
	300	3,067	3,367

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

The remaining Covid Corporate Financing Facility (CCFF) of £300 million was repaid in November 2021. See note 26 for further information on borrowings.

18. Leases

easyJet holds aircraft under leasing arrangements that are recognised as right of use assets and lease liabilities, with remaining lease terms ranging up to 10 years. easyJet is contractually obliged to carry out maintenance on these aircraft, and the cost of this is provided based on the number of flying hours, days and cycles operated and the estimated cost of the maintenance events. Further details are given in note 1.

Information in respect of right of use assets, including the carrying amount, additions and depreciation, are set out in note 11. Information in respect of the carrying value and interest arising on lease liabilities is set out in note 25 and note 2 respectively. A maturity analysis of lease liabilities is set out below.

Amounts recognised in the statement of cash flows	**Year ending 30 September 2022 £ million**	Year ending 30 September 2021 £ million
Capital payments	**(206)**	(261)
Interest payments	**(43)**	(41)

Lease liabilities	**30 September 2022 £ million**	30 September 2021 £ million
Maturity analysis - contractual undiscounted cash flows		
Less than one year	**(297)**	(251)
One to five years	**(723)**	(730)
More than five years	**(258)**	(316)
	(1,278)	(1,297)

Lease liabilities included in the statement of financial position	**30 September 2022 £ million**	30 September 2021 £ million
Current	**(247)**	(189)
Non-current	**(866)**	(890)
Total	**(1,113)**	(1,079)

easyJet also enters into short-term leases and low-value leases which are not recognised as right of use assets and lease liabilities. The expense recognised in the year in relation to these leases is disclosed below.

Amounts recognised in income statement	**Year ending 30 September 2022 £ million**	Year ending 30 September 2021 £ million
Interest on lease liabilities	**43**	42
Expenses relating to low-value leases	**4**	5
Expenses relating to short-term wet leases	**53**	(14)
	100	33

The £14 million credit in the prior year recognised as expenses relating to short-term wet leases relates to the release of an accrual which was no longer required.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Provisions for liabilities and charges

	Maintenance provisions £ million	Provisions for customer claims £ million	Restructuring £ million	Other provisions £ million	Total provisions £ million
At 1 October 2021	**550**	**21**	**18**	**14**	**603**
Exchange adjustments	93	3	–	–	96
Release of provisions	–	(15)	(10)	(1)	(26)
Additional provisions recognised	141	236	10	21	408
Related to aircraft sold and leased back	6	–	–	–	6
Updated discount rates net of unwind of discount	(71)	–	–	–	(71)
Utilised	(83)	(165)	(3)	–	(251)
At 30 September 2022	**636**	**80**	**15**	**34**	**765**

The maintenance provisions provide for maintenance costs arising from legal and constructive obligations relating to the condition of the aircraft when returned to the lessor. Provisions for customer claims comprise amounts payable to customers who make claims in respect of flight delays and cancellations, performance, quality issues, and personal injury and illness experienced whilst on holiday, and refunds of air passenger duty or similar charges. Restructuring and other provisions include amounts in respect of potential liabilities for employee-related matters and litigation which arose in the normal course of business.

	2022 £ million	2021 £ million
Current	**176**	183
Non-current	**589**	420
	765	603

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

Within other provisions are provisions for litigation matters. The split of these provisions between current/non-current is based on the dates of expected court judgements. Provisions for customer claims and restructuring provisions could be fully utilised within one year from 30 September 2022 and therefore are classified as current.

20. Pensions

Total pension costs of £77 million (2021: £67 million) recognised in employee costs (note 4), comprise £70 million (2021: £60 million) related to defined contribution plans and £7 million (2021: £7 million) related to defined benefit plans, including administration expenses of £nil (2021: £nil).

The contributions payable to the relevant plans by the Group are at the rates specified in the rules of the plans. The assets of the plans are held separately from those of the Group in funds under the control of the trustees. Where there are employees who leave the plans before vesting fully in the contributions, the ancillary contributions payable may be reduced by the amount of forfeited contributions.

Due to the minimum guarantees in place under Swiss law, the Swiss pension plan meets IAS 19 requirements to be treated as a defined benefit plan under IAS 19 despite the scheme having many attributes akin to a defined contribution scheme. The Swiss Federal Council requires that a guaranteed minimum interest rate must be achieved (currently 1%), plus a guaranteed minimum conversion rate to be applied to accumulated pension on retirement (currently 6.8%). These guarantees mean that the scheme is accounted for as a defined benefit scheme under IAS 19. The scheme remains open to new employees.

The easyJet portion of the current service costs and the net interest cost are charged to the consolidated income statement to the year in which they relate. Net interest is determined by multiplying the net defined benefit liability by the discount rate at the start of the annual reporting period, adjusted for any contributions and benefit payments in the period. Actuarial gains and losses are recognised in the consolidated statement of comprehensive income and the consolidated balance reflects the net surplus or deficit at the statement of financial position date.

The defined benefit obligation is calculated using the projected unit credit method. This reflects service rendered by employees to the dates of valuation and incorporates actuarial assumptions including discount rates used in determining the present value of benefits, projected rates of remuneration growth and mortality rates. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using yields of high-quality corporate bonds. Management base the discount rate on the bond yield in the Swiss bond market over 10 to 20 years, reflecting the currency in which the benefits will be paid, and maturity terms approximating to the terms of the related pension obligation.

The key financial assumptions used to calculate the Swiss scheme liabilities under IAS 19 as at 30 September were:

	2022	2021
Discount rate	**2.25%***	0.35%
Salary increase	**1.00%**	1.00%
Demographic assumptions	**BVG 2020 GT**	BVG 2020 GT

* The discount rate is based on the bond yield in the Swiss bond market over 10 to 20 years as at the reporting date.

Demographic assumptions

The demographic assumptions, including mortality assumptions used for the liability calculation, are based on the most recent BVG 2020 tables (2021: BVG 2020 tables). These tables are based on the experience during the period 2015 to 2019 of 14 of the largest autonomous Swiss pension plans, and management consider these to be the best estimate available.

Sensitivities

The scheme asset values are sensitive to market conditions. The scheme liabilities are sensitive to actuarial assumptions used to determine the scheme obligations. Significant changes in these assumptions could potentially have a material impact on the consolidated statement of financial position. The main assumptions are the discount rate, the rate of salary increase and the life expectancy rate. The following table provides an estimate of the potential impact on the pension scheme of changing these assumptions. The sensitivity analysis was performed by recalculating the defined benefit obligation with the following parameters (all other parameters were not modified):

		Increase/(decrease) in defined benefit obligation	
		2022	2021
Discount rate	+0.5%	**(5.4%)**	(6.6%)
	-0.5%	**+6.1%**	+7.6%
Salary increase	+0.5%	**+1.0%**	+1.0%
	-0.5%	**(0.9%)**	(0.9%)
Life expectancy	+ 1 year	**0.5%**	0.5%
	- 1 year	**(0.5%)**	(0.6%)

easyJet has an affiliation contract with Swiss Life Collective BVG Foundation. The assets of all affiliated companies are pooled which diversifies the associated risk, and the scheme assets represent the share in this Foundation. The Collective controls the asset management, is exposed to the risk, and guarantees the savings capitals under the contract in place. The Board of Trustees with the elected employees' and employers' representatives decide the investment strategy. The current agreement is "fully insured" by Swiss Life, which means that all underfunding, investment and longevity risks are transferred from easyJet to Swiss Life over the term of the policy that is over the term of the policy when members retire, all payments are the liability of the pension scheme.

The amounts recognised in the consolidated income statement are as follows:

	2022 £ million	2021 £ million
Current service costs defined benefit	**8**	8
Interest cost on net defined benefit obligation	**1**	–
Interest income on defined benefit asset	**(1)**	–
Past service costs (plan amendment)	**(1)**	(1)
Net defined benefit cost recognised in the income statement	**7**	7

Amounts recognised in other comprehensive income/(loss):

	2022 £ million	2021 £ million
Actuarial gain	**(40)**	(3)
Return on plan assets	**(1)**	(2)
Recognised in the statement of other comprehensive income/(loss)	**(41)**	(5)

Movement in net deficit in the year:

	2022 £ million	2021 £ million
Net deficit of the plan at 1 October	**37**	45
Net defined benefit cost recognised in the income statement	**7**	7
Net defined benefit gain recognised in other comprehensive income	**(41)**	(5)
Company contributions	**(8)**	(7)
Foreign exchange	**6**	(3)
Statement of financial position net deficit as at 30 September	**1**	37

A prepayment representing cash paid over to Swiss Life in advance and not yet utilised in the pension scheme is offset against the net deficit; this amount is consistent year on year.

Expected employer cash contribution from the Company in the 2022 financial year is expected to be CHF 9 million (2021: CHF 8 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Pensions (continued)

Changes in the present value of the defined benefit obligation are as follows:	2022 £ million	2021 £ million
Present value of obligation at 1 October	**152**	153
Current service cost	**8**	8
Contributions paid by employees	**5**	4
Interest costs on defined benefit obligation	**1**	–
Contributions paid by plan participants	**3**	4
Benefit payments from scheme assets	**(6)**	(4)
Past service cost	**(1)**	(1)
Actuarial gain arising from changes in financial assumptions	**(24)**	(4)
Actuarial (gain)/loss arising from experience adjustments	**(16)**	6
Actuarial gain arising from changes in demographic assumptions	**–**	(5)
Foreign exchange	**18**	(9)
Present value of obligation at 30 September	**140**	152

Changes in the fair value of the scheme assets are as follows:	2022 £ million	2021 £ million
Fair value of the scheme asset as at 1 October	**115**	108
Interest income on the defined benefit plan assets	**1**	–
Contributions paid by Company	**8**	7
Contributions paid by employees	**5**	4
Contributions paid by plan participants	**3**	4
Benefit payments from scheme assets	**(6)**	(4)
Return on plan assets	**1**	2
Foreign exchange	**12**	(6)
Fair value of the pension assets as at 30 September	**139**	115

	2022	2021
Number of active participants	**1,004**	987
Average age of active insured members in years	**40**	40
Average time remaining before active employees reach final age in years	**9**	9
Average active life expectancy in years	**52**	53
Average years of service in years	**10**	9

The assets held do not have a quoted market price as they are within the affiliation contract with Swiss Life Collective BVG Foundation. All assets are within the one class which takes the form of an insurance contract.

The weighted average duration of the defined benefit obligation of the Swiss pension scheme is 12 years (2021: 15 years).

Maturity profile of defined benefit obligation

Expected benefit payments during fiscal year ending 30 September:	2022 £ million	2021 £ million
1 year	**10**	8
2 years	**12**	11
3 years	**12**	11
4 years	**15**	11
5 years	**15**	13
6 up to 10 years	**65**	53

21. Share capital

	Number		Nominal value	
	2022 million	2021 million	2022 £ million	2021 £ million
Allotted, called up and fully paid				
At 30 September				
Ordinary shares of par 27 $^2/_7$ pence each	**758**	758	**207**	207

No new ordinary shares were issued during the 2022 financial year.

easyJet's employee benefit trusts hold the following shares. The cost of these has been deducted from retained earnings:

	2022	2021
Number of shares (million)	**3**	2
Cost (£ million)	**24**	18
Market value at year end (£ million)	**9**	11

22. Share incentive schemes

easyJet operates the following share incentive schemes, all of which are equity settled. The change in the number of awards outstanding, weighted average exercise prices during the year, and the number exercisable at each year end were as follows:

Grant date	1 October 2021 million	Granted million	Rights issue million	Forfeited/ cancellations million	Exercised million	**30 September 2022 million**
Long Term Incentive Plan						
19 December 2018	0.8	–	–	(0.8)	–	**–**
19 December 2019	0.7	–	–	–	–	**0.7**
29 December 2020	0.5	–	–	(0.1)	–	**0.4**
Restricted Stock Unit						
29 December 2020 - 2 year	0.3	–	–	–	–	**0.3**
29 December 2020 - 3 year	1.1	–	–	–	–	**1.1**
20 December 2021 - 2 year	–	0.6	–	–	–	**0.6**
20 December 2021 - 3 year	–	0.7	–	–	–	**0.7**
Restricted Share Plan						
16 February 2022	–	0.6	–	(0.1)	–	**0.5**
Save As You Earn scheme *						
14 June 2018	0.2	–	–	(0.2)	–	**–**
14 June 2019	2.0	–	–	(0.9)	–	**1.1**
23 July 2020	5.3	–	–	(3.5)	–	**1.8**
20 July 2021	3.4	–	–	(2.2)	–	**1.2**
19 July 2022	–	12.3	–	(0.1)	–	**12.2**
Share Incentive Plans	4.3	–	–	(0.1)	(0.9)	**3.3**
	18.6	14.2	–	(8.0)	(0.9)	**23.9**

Grant date	1 October 2020 million	Granted million	Rights issue million	Forfeited/ cancellations million	Exercised million	30 September 2021 million
Long Term Incentive Plan						
19 December 2016	0.1	–	–	(0.1)	–	–
19 December 2017	0.6	–	–	(0.6)	–	–
19 December 2018	1.0	–	0.2	(0.3)	(0.1)	0.8
19 December 2019	0.8	–	0.1	(0.2)	–	0.7
29 December 2020	–	0.5	–	–	–	0.5
29 December 2020 - 2 year	–	0.3	–	–	–	0.3
29 December 2020 - 3 year	–	1.0	0.1	–	–	1.1
Save As You Earn scheme *						
1 July 2017	0.8	–	–	(0.8)	–	–
14 June 2018	0.2	–	–	–	–	0.2
14 June 2019	2.3	–	0.3	(0.6)	–	2.0
23 July 2020	4.9	–	0.8	(0.4)	–	5.3
20 July 2021	–	2.9	0.5	–	–	3.4
Share Incentive Plans	4.8	–	0.7	(0.6)	(0.6)	4.3
	15.5	4.7	2.7	(3.6)	(0.7)	18.6

* Dates have been amended to align to grant date.

The comparative table and opening position in FY22 have been restated to correct for minor errors, including rounding.

Long Term Incentive Plan

The plan is open, by invitation, to Executive Directors and senior management, and provides for annual awards of Performance Shares worth up to 250% of salary each year. The vesting of these shares is dependent on 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. Awards made in December 2020 are assessed on performance conditions measured over the three financial years ended 30 September 2023.

Restricted Stock Unit

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Share incentive schemes (continued)

Save As You Earn scheme

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

Restricted Share Plan

The plan is open, by invitation, to Executive Directors, the Airline Management Board and senior and 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 measured over the vesting period.

Weighted average exercise prices are as follows:

	1 October 2021 £	Granted £	Forfeited £	Exercised £	**30 September 2022 £**
Save As You Earn scheme *	6.16	3.99	6.14	11.74	**4.54**

* The exercise prices used to calculate the weighted average price are post rights issue, so will differ to that stated in fair values table as fair values will not change.

The exercise price of all awards except those disclosed in the above table is £nil.

The number of awards exercisable at each year end and their weighted average exercise price is as follows:

	Price £		**Number million**	
	2022	2021	**2022**	2021
Long Term Incentive Plan	**–**	–	**0.1**	0.1
Restricted Stock Unit	**–**	–	**–**	–
Restricted Share Plan	**–**	–	**–**	–
Save As You Earn scheme	**6.76**	11.39	**1.1**	0.2
			1.2	0.3

The weighted average remaining contractual life for each class of share award at 30 September 2022 is as follows:

	Years	
	2022	2021
Long Term Incentive Plan	**7.4**	8.5
Restricted Stock Unit	**8.7**	9.3
Restricted Share Plan	**9.4**	–
Save As You Earn scheme	**2.9**	2.5

Share Incentive Plan

The plan is open to all employees on the UK payroll. Participants may invest up to £1,800 of their pre-tax salary each year to purchase Partnership Shares in easyJet. For each Partnership Share acquired, easyJet purchases a matching share up to a maximum value of £1,500 per annum. Employees must remain with easyJet for three years from the date of purchase of each Partnership Share in order to qualify for the Matching Share, and for five years for the shares to be transferred to them tax free. The employee is entitled to dividends on shares purchased, and to vote at shareholder meetings. With effect from 1 April 2020, easyJet ceased contributing a Matching Share to the scheme as a result of the financial performance of the business.

Subject to Company performance, easyJet also issues free shares to UK employees under an approved share incentive plan of up to £3,000 per annum in value. There is a similar unapproved free shares scheme for international employees.

The fair value of grants under the Save As You Earn scheme are calculated by applying the Binomial Lattice option pricing model. The fair value of grants under the TSR based Long Term Incentive Plan is estimated under the Stochastic model (also known as the Monte Carlo model). The fair value of grants under all other schemes is the share price on the date of grant. The following assumptions are used:

Grant date	**Share price £**	**Exercise price £**	**Expected volatility %**	**Option life years**	**Risk-free interest rate %**	**Fair value £**
Long Term Incentive Plan						
19 December 2018 - EPS	10.78	–	0%	–	0%	10.78
19 December 2018 - TSR	10.78	–	47%	3.00	1%	5.39
19 December 2019 - EPS	14.29	–	0%	–	0%	14.29
19 December 2019 - TSR	14.29	–	53%	3.00	1%	7.15
19 December 2020 - TSR	8.63	–	61%	3.00	0%	4.32
Restricted Stock Unit						
19 December 2020 - RSU	8.63	–	0%	–	0%	8.63
20 December 2021 - RSU	5.08	–	0%	–	0%	5.08
Restricted Share Plan						
16 February 2022	7.15	–	0%	–	0%	7.15

Grant date	Share price £	Exercise price £	Expected volatility %	Option life years	Risk-free interest rate %	Fair value £
Save As You Earn scheme						
14 June 2018	17.43	13.94	30%	3.50	1%	4.41
14 June 2019	10.03	8.02	33%	3.50	1%	2.70
23 July 2020	6.65	6.65	49%	3.50	0%	1.95
20 July 2021	9.53	7.62	59%	3.50	1%	3.96
19 July 2022	4.43	3.99	62%	3.50	2%	1.84

Share price for LTIPs is the closing share price from the last working day prior to the date of grant.

Exercise price for the Save As You Earn scheme is set at a 10% (2021: 20%) discount from the share price at grant date.

Expected volatility is based on historical volatility over a period comparable to the expected life of each type of option.

Levels of early exercises and forfeitures are estimated using historical averages unless this is deemed unreasonable, in which case judgement is used.

The weighted average fair value of Matching Shares granted under the Share Incentive Plan during the year was £nil (2021: £nil).

For grants under the Save As You Earn scheme, the dividend yield assumption is calculated based on the actual yield at the date of grant. For the options granted in 2022, the dividend yield assumption was 3.0% (2021: 3.0%, 2020: 2.5%, 2019: 4.5%, 2018: 3.2%).

The total share-based payment expense recognised for the year was £26 million (2021: £16 million). The share-based payment liability, representing the national insurance payments due, as at 2022 was £nil (2021 : £1 million).

23. Reconciliation of operating loss to cash generated from/(used in) operations

	2022 £ million	2021 £ million
Operating loss	**(27)**	(910)
Adjustments for non-cash items:		
Depreciation	**539**	456
Loss on disposal of property, plant and equipment	**7**	30
Loss/(gain) on sale and leaseback	**21**	(65)
Amortisation of intangible assets	**25**	24
Share-based payments	**26**	16
Loss on disposal of landing rights	**10**	–
Changes in working capital and other items of an operating nature:		
Increase in trade and other receivables	**(151)**	(8)
Increase in current intangible assets	**(43)**	(74)
Increase/(decrease) in trade and other payables	**258**	(187)
Increase in unearned revenue	**197**	232
Post employment benefit contributions	**(1)**	(7)
Decrease in provisions	**(7)**	(294)
Decrease in other non-current assets	**64**	24
(Decrease)/increase in derivative financial instruments	**(26)**	9
Decrease in non-current deferred income	**–**	(1)
Cash generated from/(used in) operations	**892**	(755)

24. Reconciliation of net cash flow to movement in net debt

	1 October 2021 £ million	Foreign exchange £ million	New debt raised in the year £ million	Other loan issue costs £ million	Net cash flow £ million	**30 September 2022 £ million**
Cash and cash equivalents	3,536	303	–	–	(325)	**3,514**
Money market deposits	–	–	–	–	126	**126**
	3,536	303	–	–	(199)	**3,640**
Eurobond	(2,303)	(48)	–	(5)	–	**(2,356)**
Commercial Paper (Covid Corporate Financing Facility)	(300)	–	–	–	300	**–**
Term loan (UK Export Finance backed facility)	(764)	(150)	–	(4)	77	**(841)**
Lease liabilities	(1,079)	(197)	(53)	10	206	**(1,113)**
	(4,446)	(395)	(53)	1	583	**(4,310)**
Net debt	(910)	(92)	(53)	1	384	**(670)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Financial instruments

The fair values of financial assets and liabilities, together with the carrying value at each reporting date, are as follows:

	Amortised cost		Held at fair value					
At 30 September 2022	**Financial assets £ million**	**Financial liabilities £ million**	**Fair value hedge £ million**	**Cash flow hedge £ million**	**Other financial instruments £ million**	**Other[1] £ million**	**Carrying value £ million**	**Fair value £ million**
Other non-current assets	**91**	**–**	**–**	**–**	**–**	**–**	**91**	**91**
Trade and other receivables	**230**	**–**	**–**	**–**	**–**	**137**	**367**	**367**
Trade and other payables	**–**	**(1,399)**	**–**	**–**	**–**	**(286)**	**(1,685)**	**(1,685)**
Derivative financial instruments	**–**	**–**	**58**	**264**	**120**	**–**	**442**	**442**
Restricted cash	**7**	**–**	**–**	**–**	**–**	**–**	**7**	**7**
Money market deposits	**126**	**–**	**–**	**–**	**–**	**–**	**126**	**126**
Cash and cash equivalents	**2,528**	**–**	**–**	**–**	**986**	**–**	**3,514**	**3,514**
Eurobonds[2]	**–**	**(2,356)**	**–**	**–**	**–**	**–**	**(2,356)**	**(2,081)**
Other borrowings[2]	**–**	**(841)**	**–**	**–**	**–**	**–**	**(841)**	**(841)**
Lease liabilities	**–**	**(1,113)**	**–**	**–**	**–**	**–**	**(1,113)**	**N/A***
Equity investment[3]	**–**	**–**	**–**	**–**	**31**	**–**	**31**	**31**

	Amortised cost		Held at fair value					
At 30 September 2021	Financial assets £ million	Financial liabilities £ million	Fair value hedge £ million	Cash flow hedge £ million	Other financial instruments £ million	Other[1] £ million	Carrying value £ million	Fair value £ million
Other non-current assets	135	–	–	–	–	–	135	135
Trade and other receivables	178	–	–	–	–	113	291	291
Trade and other payables**	–	(766)	–	–	–	(362)	(1,128)	(1,128)
Derivative financial instruments	–	–	53	153	(3)	–	203	203
Restricted cash	14	–	–	–	–	–	14	14
Money market deposits	–	–	–	–	–	–	–	–
Cash and cash equivalents	1,932	–	–	–	1,604	–	3,536	3,536
Eurobonds[2]	–	(2,303)	–	–	–	–	(2,303)	(2,380)
Other borrowings[2]	–	(1,064)	–	–	–	–	(1,064)	(1,064)
Lease liabilities	–	(1,079)	–	–	–	–	(1,079)	N/A
Equity investment[3]	–	–	–	–	30	–	30	30

* N/A - lease liabilities are valued in accordance with IFRS 16 and a fair value determination is not applicable.

** Liabilities relating to contracts with customers of £60 million in prior year has been reclassified from financial liabilities to contract liabilities, based on its nature, and therefore disclosed within other.

1. Amounts disclosed in the 'Other' column are items that do not meet the definition of a financial instrument. They are disclosed to facilitate reconciliation of the carrying values of financial instruments to line items presented in the statement of financial position.
2. For further information see Capital, financing and interest risk management section below in note 26.
3. The equity investment of £31 million (2021: £30 million) represents a 13.2% shareholding in a non-listed entity, The Airline Group Limited. Valuation movements are designated as being fair valued through other comprehensive income due to the nature of the investment being held for strategic purposes. No dividend was received during the year (2021: £nil).

Fair value calculation methodology

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

The fair values of the four Eurobonds are classified as level 1 of the IFRS 13 'Fair Value Measurement' fair value hierarchy (valuations taken as the closing market trade price for each respective Eurobond as on 30 September 2022). Apart from the equity investment, the remaining financial instruments for which fair value is disclosed in the table above, and derivative financial instruments, are classified as level 2.

The fair values of derivatives are calculated using observable market forward curves (e.g. forward foreign exchange rates, forward interest rates or forward jet fuel prices) and discounted to present value using risk free rates. The impacts of counterparty credit, cross-currency basis and market volatility are also included where appropriate as part of the fair valuation.

The equity investment is classified as level 3 due to the use of forecast dividends which are discounted to present value. Though there are other level 2 inputs to the valuation, the discounted cash flow is a significant input which is not based on observable market data. The fair value is assessed at each reporting date based on the discounted cash flows and two other valuations calculated using a market approach and level 2 inputs. The fair value of £31 million was determined on this basis by an external valuation firm as at 30 September 2022 (2021: £30 million), representing an increase of £1 million from the prior year which was recognised in other comprehensive income. If the level 3 forecast cash flows were 10% higher or lower the fair value would not increase/decrease by a material amount.

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

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

Fair value of derivative financial instruments

At 30 September 2022	**Quantity million**	**Non-current assets £ million**	**Current assets £ million**	**Current liabilities £ million**	**Non-current liabilities £ million**	**Total £ million**
Designated as cash flow hedges						
US dollar	**1,721**	**18**	**170**	**–**	**–**	**188**
Euro	**675**	**–**	**2**	**(12)**	**(3)**	**(13)**
Swiss franc	**185**	**–**	**–**	**(9)**	**(2)**	**(11)**
Jet fuel	**1**	**–**	**139**	**(65)**	**(17)**	**57**
Cross-currency interest rate swaps	**1,230**	**42**	**–**	**–**	**–**	**42**
Designated as fair value hedges						
Cross-currency interest rate swaps	**379**	**–**	**58**	**–**	**–**	**58**
Designated as fair value through profit or loss						
US dollar	**755**	**67**	**45**	**–**	**–**	**112**
Euro	**285**	**–**	**9**	**–**	**–**	**9**
		127	**423**	**(86)**	**(22)**	**442**

At 30 September 2021	Quantity million	Non-current assets £ million	Current assets £ million	Current liabilities £ million	Non-current liabilities £ million	Total £ million
Designated as cash flow hedges						
US dollar	804	1	7	(10)	(1)	(3)
Euro	442	–	3	(12)	–	(9)
Swiss franc	56	–	1	–	–	1
Jet fuel	1	25	172	–	–	197
Cross-currency interest rate swaps	888	–	–	–	(33)	(33)
Designated as fair value hedges						
Cross-currency interest rate swaps	379	53	–	–	–	53
Designated as fair value through profit or loss						
US dollar	762	7	2	(8)	(3)	(2)
Euro	79	–	–	(1)	–	(1)
		86	185	(31)	(37)	203

For foreign currency forward exchange contracts, quantity represents the absolute gross nominal value of currency contracts held, disclosed in the contract foreign currency. The cross-currency interest rate swap contracts are presented at the sterling notional amount. For jet fuel derivative contracts, the quantity represents absolute contracted metric tonnes.

The majority of foreign exchange and jet fuel transactions designated as a cash flow hedge are expected to occur within the next 18 months. Accumulated gains and losses resulting from these transactions are deferred in the hedging reserve. The gains and losses willl be recognised in the income statement in the periods that the hedged transactions impact the income statement. Where the gain or loss is included in the initial amount recognised following the purchase of an aircraft, recognition in the income statement is over a period of up to 23 years in the form of depreciation of the purchased asset.

Amounts related to US dollar and euro foreign exchange derivatives held at fair value through profit and loss (for example not held in a hedge accounting relationship) form part of the Group's statement of financial position retranslation risk management strategy. Fair valuation movements on these derivatives are recognised in the income statement and offset foreign exchange movements on the corresponding notional amount of the statement of financial position monetary liabilities held in US dollar and euro. These trades are all expected to occur within the next 36 months.

The Group maintains cross-currency interest rate swap contracts on a proportion of fixed rate debt issuance as part of the approach to currency and interest rate risk management. The cross-currency interest rate swap contracts are designated and qualify as either fair value or cash flow hedges to minimise volatility in the income statement.

The following derivative financial instruments are subject to offsetting, enforceable master netting arrangements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Financial instruments (continued)

At 30 September 2022	Gross amount £ million	Amount not set off £ million	Net amount £ million
Derivative financial instruments			
Assets	**550**	**(108)**	**442**
Liabilities	**(108)**	**108**	**–**
	442	**–**	**442**

At 30 September 2021	Gross amount £ million	Amount not set off £ million	Net amount £ million
Derivative financial instruments			
Assets	271	(52)	219
Liabilities	(68)	52	(16)
	203	–	203

All financial assets and liabilities are presented gross on the face of the statement of financial position as the conditions for netting specified in IAS 32 'Financial Instruments Presentation' are not met.

26. Financial risk and capital management

easyJet is exposed to financial risks including fluctuations in exchange rates, jet fuel prices and interest rates. Financial risk management aims to limit these market risks with selected derivative hedging instruments being used for this purpose. easyJet's policy is not to speculatively trade derivatives but use the instruments to hedge anticipated exposure and gain cash flow certainty. easyJet reduces its exposure to market risk by using derivatives as any gains and losses arising are offset by the outcome of the underlying exposure being hedged.

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

Capital employed comprises shareholders' equity, borrowings (including amounts related to IFRS 16 lease liability), cash and money market deposits (excluding restricted cash).

In addition, easyJet also maintains committed access to capital through its undrawn credit facilities. This amounted to £1.1 billion at 30 September 2022 and contributed to easyJet's total liquidity.

Consequently, the capital employed at the end of the current and prior year and the return earned during those years were as follows:

	2022			2021		
	Headline £ million	**Non-headline £ million**	**Total £ million**	Headline £ million	Non-headline £ million	Total £ million
Shareholders' equity	**2,533**	**–**	**2,533**	2,639	–	2,639
Borrowings	**3,197**	**–**	**3,197**	3,367	–	3,367
Lease liabilities	**1,113**	**–**	**1,113**	1,079	–	1,079
Cash and money market deposits (excluding restricted cash)	**(3,640)**	**–**	**(3,640)**	(3,536)	–	(3,536)
Capital employed	**3,203**	**–**	**3,203**	3,549	–	3,549
Reported operating (loss)/profit	**3**	**(30)**	**(27)**	(1,036)	126	(910)
Tax rate			**19%**			19%
Adjusted operating (loss)/profit after tax	**2**	**(24)**	**(22)**	(839)	102	(737)
Return on capital employed	**0.1%**		**(0.6)%**	(25.5)%		(22.4)%

Return on capital employed is calculated by dividing the adjusted operating (loss)/profit after tax by the average of the opening and closing capital employed.

Liquidity risk management

The objective of easyJet's liquidity risk management is to ensure sufficient cash is available to meet future liabilities as they fall due and ensure access to cost effective funding in various markets.

easyJet's policy has consistently been to hold significant liquidity to mitigate the impact of potential business disruption events.

Liquidity raised in the year was primarily from sale and leaseback transactions, which were conducted on 10 aircraft generating gross cash proceeds of £88 million. Repayments in the year included the £300 million repayment of the CCFF in November 2021 and a partial $100 million repayment of the UKEF facility in in April 2022, reducing the overall UKEF facility size from $1,870 million to $1,770 million.

The Group continues to monitor liquidity to ensure it maintains adequate levels of cash. easyJet continues to have access to various funding markets and a large fleet of unencumbered aircraft assets as sources of raising additional liquidity if required.

In the year easyJet moved its target minimum liquidity requirement to cover unearned revenue plus £500 million (previous policy was £2.6 million per 100 seats in the fleet). In assessing this liquidity metric any undrawn credit facilities need to be taken into consideration. Total cash (excluding restricted cash) and money market deposits at 30 September 2022 was £3,640 million (30 September 2021: £3,536 million) with total liquidity at £4,735 million. Surplus funds are invested in high quality short-term liquid instruments, mainly money market funds, bank deposits and tri-party repos.

The maturity profile of financial liabilities and derivatives based on undiscounted cash flows and contractual maturities is as follows:

At 30 September 2022	**Within 1 year £ million**	**1-2 years £ million**	**2-5 years £ million**	**Over 5 years £ million**
Borrowings principal and interest	**523**	**566**	**1,368**	**1,075**
Trade and other payables	**1,685**	**–**	**–**	**–**
Lease liabilities	**297**	**443**	**280**	**258**
FX & jet derivative contracts - receipts	**(2,723)**	**(582)**	**(186)**	**–**
FX & jet derivative contracts - payments	**2,271**	**503**	**162**	**–**
Cross-currency swap contracts - receipts	**(463)**	**(455)**	**(463)**	**(358)**
Cross-currency swap contracts - payments	**420**	**471**	**484**	**346**

At 30 September 2021	Within 1 year £ million	1-2 years £ million	2-5 years £ million	Over 5 years £ million
Borrowings principal and interest	358	488	1,762	1,070
Trade and other payables	1,128	–	–	–
Lease liabilities	251	239	491	317
FX & jet derivative contracts - receipts	(1,354)	(313)	(159)	–
FX & jet derivative contracts - payments	1,230	291	155	–
Cross-currency swap contracts - receipts	(16)	(446)	(872)	–
Cross-currency swap contracts - payments	30	405	914	–

The maturity profile has been calculated based on spot rates for the US dollar, euro, Swiss franc and jet fuel at close of business on 30 September each year.

Credit risk management

easyJet is exposed to credit risk arising from cash and money market deposits, derivative financial instruments and trade and other receivables. Credit risk management aims to reduce the risk of default by setting limits on credit exposure to counterparties based on their respective credit ratings. Credit ratings also determine the maximum period of investment when placing funds on deposit. The maximum exposure to credit risk at the reporting date is equal to the carrying value of its financial assets, excluding tri-party repos, which are securitised by high quality, investment grade financial assets.

Counterparties for cash investments and derivatives contracts are required to have a long-term credit rating of A- or better at contract inception from either Moody's, Standard & Poor's or Fitch (except where there is a specific regulatory, contractual requirement or a bank guarantee from an A- rated entity). Exposures to these counterparties are regularly reviewed and, if the long-term credit rating falls below A-, management will make a decision on remedial action to be taken.

The credit ratings of counterparties that easyJet holds financial assets with are as follows:

At 30 September 2022	**A- and above £ million**	**Below A- £ million**	**Unrated/ Other £ million**	**£ million**
Financial assets				
Trade receivables	**–**	**–**	**367**	**367**
Other non-current assets	**–**	**–**	**91**	**91**
Derivative financial instruments	**442**	**–**	**–**	**442**
Restricted cash	**7**	**–**	**–**	**7**
Money market deposits	**126**	**–**	**–**	**126**
Cash and cash equivalents	**3,511**	**3**	**–**	**3,514**
Total	**4,086**	**3**	**458**	**4,547**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. Financial risk and capital management (continued)

At 30 September 2021	A- and above £ million	Below A- £ million	Unrated/ Other £ million	£ million
Financial assets				
Trade receivables	–	–	291	291
Other non-current assets	–	–	135	135
Derivative financial instruments	219	–	–	219
Restricted cash	14	–	–	14
Cash and cash equivalents	3,534	2	–	3,536
Total	3,767	2	426	4,195

At the end of each reporting date easyJet recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. In establishing the appropriate amount of loss allowance to be recognised, easyJet applies either the general approach or the simplified approach, depending on the nature of the underlying group of financial assets.

The general approach is applied to the impairment assessment of refundable lease deposits and other refundable lease contributions, restricted cash, money market deposits and cash and cash equivalents (excluding money market funds held at fair value through profit or loss). Under the general approach easyJet 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. At 30 September 2022 this was considered immaterial. This is due to easyJet's strict policy of investing only with counterparties who hold a high, investment grade credit standing (except in specific circumstances) as detailed in the tables above.

The simplified approach is applied to the impairment assessment of trade and other receivables. Under the simplified approach easyJet always recognises a loss allowance for a financial asset at an amount equal to the lifetime expected credit losses using the historical loss methodology to calculate an impairment provision.

At 30 September 2022 trade receivables had a total loss allowance of £8 million (2021: £1 million). The exposure to individual customer's credit risk is reduced as no individual customer accounts for a substantial amount of the total revenue and most payments for flight tickets are collected in advance of the service being provided.

Foreign currency risk management

The majority of easyJet's exposure to currency arises from fluctuations in the US dollar, euro and Swiss franc exchange rates which can significantly impact easyJet's financial results and cash flows. The aim of the foreign currency risk management is to reduce the impact of these exchange rate fluctuations.

easyJet has maintained hedging in line with policy, with the exception of revenue hedging (Swiss franc and euro income) and easyJet holidays hedging (euro cost), where hedging was paused during the pandemic and has since recommenced and is being built back up to policy levels.

Significant currency exposures in the income statement are managed through the use of currency forward contracts entered into cash flow hedge relationships in line with the Board approved policy. In the year easyJet moved to an 18 month hedging policy with the aim of maintaining average cover of circa 60% over a rolling 12 month period.

Following the launch of easyJet holidays the Group separately manages foreign exchange risk related to forecast cash out flows on package holiday costs.

Significant currency exposures relating to the acquisition cost or sale proceeds of aircraft are also managed through the use of FX forward contracts where up to 90% of the next 18 months' forecast requirement may be hedged.

Significant currency exposures relating to foreign currency denominated Eurobond issuances are managed through the use of cross-currency interest rate swap contracts where deemed appropriate. These hedges are designated as either fair value hedges or cash flow hedges.

easyJet has substantial borrowings and other monetary liabilities denominated in US dollars and euro, which are largely offset by holding US dollar and euro cash and money market deposits. FX forward contracts are also used to manage foreign exchange translation risk. These are classified as fair value through profit or loss (e.g. not designated in a hedge relationship). During the year easyJet used euro lease liabilities to hedge a proportion of its euro revenue receipts in a cash flow hedge relationship. Revaluations of these euro liabilities are held in reserves and released on a straight-line basis over the term of the lease agreement through profit or loss.

Management may take action to hedge other currency exposures as deemed appropriate.

The gross notional of transactions in a hedge relationship that occurred during the financial year to manage the foreign currency risk and the resulting gains and losses were as follows:

	FY22	
	Notional	**Gain/(loss)**
USD	**1,371**	**108**
EUR	**580**	**(7)**
CHF	**55**	**1**

Notional value reflects the sterling contractual leg amount.

Capital financing and interest rate risk management

The objective of capital management is to ensure that easyJet is able to continue as a going concern whilst delivering shareholder expectations of a strong capital base as well as returning benefits for other stakeholders.

On 30 September 2022, easyJet held long-term corporate credit ratings from both Standard & Poor's (BBB-) and Moody's (Baa3).

easyJet plc established a £3,000 million Euro Medium Term Note (EMTN) Programme on 7 January 2016. Subsequently easyJet plc has issued three bonds under this programme and easyJet FinCo B.V. has issued one bond. All four bonds under this scheme are guaranteed by easyJet Airline Company Limited, easyJet plc and easyJet FinCo B.V.

On 11 February 2022 the EMTN programme increased in size to £4,000 million.

In February 2016, easyJet plc issued a €500 million bond under the £3,000 million Euro Medium Term Note programme guaranteed by easyJet Airline Company Limited. The Eurobond pays an annual fixed coupon of 1.750%. At the same time the Group entered into three cross-currency interest rate swaps to convert the entire €500 million fixed rate Eurobond to a sterling floating rate exposure. All three swaps pay floating interest (ISDA fallback protocol rate of SONIA compounded plus a margin) quarterly, receive fixed interest annually, and have maturities matching the Eurobond. The Group designated all three cross-currency interest rate swaps as a fair value hedge of the interest rate and currency risks on the €500 million Eurobond. The swaps are measured at fair value through profit or loss with any gains or losses being taken immediately to the income statement (except where related to timing differences related to cross-currency basis amortisation). The carrying value of the Eurobond is adjusted for changes in fair value attributable to the risks being hedged. This net carrying value differs to the swap's fair value depending on movements in the Group's credit risk and cross-currency basis. The carrying value of the fixed rate Eurobond net of the cross-currency interest rate swap at 30 September 2022 was £379 million. This value does not include capitalised set-up costs incurred in the issuing of the bond. The lifetime fair value adjustment to the bond hedging instrument in the statement of financial position was £(58) million. During the year fair value adjustments totalled £5 million which were offset by materially equal and opposite movements on the hedging instruments.

In October 2016 easyJet plc issued a €500 million bond under the £3,000 million Euro Medium Term Note programme guaranteed by easyJet Airline Company Limited. The Eurobond pays an annual fixed coupon of 1.125%. Shortly after the issuance of the €500 million bond the Group entered into three cross-currency interest rate swaps to convert the entire €500 million fixed rate Eurobond to a sterling fixed rate exposure. The cross-currency interest rate swaps were executed on 8 November 2016 with settlement and notional exchange occurring on 14 November 2016. All three swaps pay fixed interest semi-annually, receive fixed interest annually, and have maturities matching the Eurobond. The Group designated all three cross-currency interest rate swaps as a cash flow hedge of the currency risk on the €500 million Eurobond. The cross-currency interest rate swaps are measured at fair value with the effective portion taken through the statement of comprehensive income. The element of the fair value generated by the change in the spot rate is recycled to the income statement from the statement of comprehensive income to offset the revaluation of the Eurobond. The carrying value of the fixed rate Eurobond net of the cross-currency interest rate swap at 30 September 2022 was £438 million. This value does not include capitalised set-up costs incurred in the issuing of the bond.

In June 2019 easyJet plc issued a €500 million bond under the £3,000 million Euro Medium Term Note programme guaranteed by easyJet Airline Company Limited. The Eurobond pays an annual fixed coupon of 0.875%. At the same time the Group entered into three cross-currency interest rate swaps to convert the entire €500 million fixed rate Eurobond to a sterling fixed rate exposure. All three swaps pay fixed interest semi-annually, receive fixed interest annually, and have maturities matching the Eurobond. The Group designated all three cross-currency interest rate swaps as a cash flow hedge of the currency risk on the €500 million Eurobond. The cross-currency interest rate swaps are measured at fair value with the effective portion taken through the statement of comprehensive income. The element of the fair value generated by the change in the spot rate is recycled to the income statement from the statement of comprehensive income to offset the revaluation of the Eurobond. The carrying value of the fixed rate Eurobond net of the cross-currency interest rate swap at 30 September 2022 was £428 million. This value does not include capitalised set-up costs incurred in the issuing of the bond.

In March 2021 easyJet FinCo B.V. issued a €1,200 million bond under the £3,000 million Euro Medium Term Note programme guaranteed by easyJet Airline Company Limited and easyJet plc. The Eurobond pays an annual fixed coupon of 1.875%. In May and June 2022 easyJet entered into two cross-currency interest rate swap to convert €400 million of the €1,200 million fixed rate Eurobond into a sterling fixed rate exposure. Both swaps pay fixed interest semi-annually, receive fixed interest annually, and have maturities matching the Eurobond. The Group designated both cross-currency interest rate swaps as a cash flow hedge of the currency risk on the €1,200 million Eurobond. The cross-currency interest rate swaps are measured at fair value with the effective portion taken through the statement of comprehensive income. The element of the fair value generated by the change in the spot rate is recycled to the income statement from the statement of comprehensive income to offset the revaluation of the Eurobond in the Group financial statements. The carrying value of the hedged element of the fixed rate Eurobond net of the cross-currency interest rate swap at 30 September 2022 was £324 million. This value does not include capitalised set-up costs incurred in the issuing of the bond.

The weighted average sterling interest rate hedged for the four bonds was 2.30% with a weighted average GBP/EUR foreign exchange hedge rate of 1.18.

Interest rate cash flow risk arises on floating rate borrowings and cash investments.

Interest rate risk management policy aims to provide certainty in a proportion of financing while retaining the opportunity to benefit from interest rate reductions. Borrowings are issued at either fixed or floating interest rates repricing every three to six months. A significant proportion of the US dollar debt liabilities are matched with US dollar cash assets by value. Operating leases are a mix of fixed and floating rates. Of the 142 aircraft operating leases in place at 30 September 2022 (2021: 137), 95% were based on fixed interest rates and 5% were based on floating interest rates (2021: 95% fixed, 5% floating).

26. Financial risk and capital management (continued)

Commodity price risk management

The Group is exposed to commodity risk in the form of jet fuel requirements and Carbon Emissions Trading schemes (EU-ETS, CH-ETS & UK-ETS) price risk. easyJet has maintained risk management activities throughout the year in line with policy.

The objective of the fuel price risk management policy is to provide protection against sudden and significant increases in jet fuel prices, thus mitigating volatility in the income statement in the short term. In the year easyJet moved to an 18-month hedging policy with the aim of maintaining average cover of circa 60% over a rolling 12 month period. Jet fuel derivatives are entered into a cash flow hedge relationship against the future forecasted jet fuel usage. Treasury strategies and actions will be driven by the need to meet treasury, financial and corporate objectives.

The volume of effective hedge transactions that occurred during the financial year to manage the jet commodity price risk was 1.6 million metric tonnes. This resulted in a £581 million gain (2021: £39 million loss) in the fuel line within the Income statement.

The Group has a regulatory requirement to comply with EU-ETS, CH-ETS & UK-ETS requirements on an annual basis to the relevant environmental agencies. In addition to being in receipt of free allowances, easyJet is required to purchase carbon allowances on the open market to fulfil this requirement and is exposed to price movements that can introduce cash flow volatility. To mitigate this exposure easyJet purchases its requirements on a spot or forward basis up to 24 months in advance. easyJet holds allowances for 100% of all ETS obligations for calendar year 2022.

Contracts maturing in the year were not classified as financial instruments as they fell within the own use provision under IFRS 9.

Market risk sensitivity analysis

Financial assets and liabilities affected by market risk include borrowings, deposits, trade and other receivables, trade and other payables and derivative financial instruments. The following analysis illustrates the sensitivity of changes in relevant foreign exchange rates, interest rates and fuel prices. It should be noted that the analysis reflects the impact on profit or loss after tax for the year and other comprehensive income on financial instruments in a cash flow hedge relationship held at the reporting date. The sensitivities are calculated based on all other variables remaining constant. The analysis is considered representative of easyJet's exposure over the next 12 month period.

The sensitivity analysis is based on easyJet's financial assets and liabilities and financial instruments held as at 30 September 2022.

The currency exchange rate analysis assumes a +/-10% change in both US dollar and euro exchange rates.

The interest rate analysis assumes a 1% increase in interest rates over the next 12 months.

The fuel price analysis assumes a 10% increase in fuel price over the next 12 months.

	Currency rates					
At 30 September 2022	**US dollar +10%[1] £ million**	**US dollar -10%[2] £ million**	**Euro +10%[1] £ million**	**Euro -10%[2] £ million**	**Interest rates 1% increase £ million**	**Fuel price 10% increase £ million**
Income statement impact: gain/(loss)	**(18)**	**14**	**33**	**(27)**	**19**	**–**
Impact on other comprehensive income: increase/(decrease)	**145**	**(119)**	**(39)**	**32**	**–**	**113**

	Currency rates					
At 30 September 2021	US dollar +10%[1] £ million	US dollar -10%[2] £ million	Euro +10%[1] £ million	Euro -10%[2] £ million	Interest rates 1% increase £ million	Fuel price 10% increase £ million
Income statement impact: gain/(loss)	(43)	35	42	(34)	28	–
Impact on other comprehensive income: increase/(decrease)	75	(61)	5	(4)	–	57

1. GBP weakened
2. GBP strengthened

The Market risk sensitivity analysis has been calculated on spot rates for the US dollar, euro and jet fuel at close of business on 30 September each year.

Impact on the financial statements during the period ended 30 September 2022

Details of major hedging arrangements at the reporting date are set out below broken down by the notional maturity of hedge instruments and average rates.

Hedge instrument (notional in millions)	**Within one year**	**Greater than one year**
Jet fuel hedged notional	**1**	**1**
Average hedge rate	**846**	**937**
USD foreign exchange hedged notional	**1,035**	**118**
Average hedge rate	**1.27**	**1.20**
EUR foreign exchange hedged notional	**687**	**126**
Average hedge rate	**1.16**	**1.14**
CHF foreign exchange hedged notional	**111**	**50**
Average hedge rate	**1.15**	**1.13**

Notional expressed in the sterling contractual leg for currencies and metric tonnes for jet fuel.

Hedge discontinuation and ineffectiveness

Hedge effectiveness testing on all relationships is performed at each reporting date. Whilst the critical terms matching of the Group's hedge relationships means that any ineffectiveness should be minimal it can be driven by factors such as material changes in credit risk, price fixing basis (in the case of jet fuel) or changes in the timings of the hedged cash flows.

In the year ended 30 September 2022 easyJet became minimally over-hedged on both jet fuel and foreign exchange exposures for a short part of the year. Where the forecasted future exposure was no longer expected to occur, the hedge relationship was discontinued, and all gains or losses related to the hedge instrument transferred immediately to the income statement. These amounts totalled a net £4 million gain in the year.

All hedge relationships where the underlying exposure is still anticipated to occur continue to exhibit a strong economic hedge relationship as the changes in fair value of hypothetical hedged items is materially offset by the changes in the fair value of hedging instruments.

Additionally, fair value adjustments of £1 million gain (2021: £1 million loss) were recorded during the period related to hedge ineffectiveness on hedges of foreign currency denominated borrowings that continue to be effective hedge relationships.

27. Contingent liabilities and commitments

Contingent liabilities

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

On 19 May 2020, easyJet announced that it had been the target of a cyber-attack from a highly sophisticated source. The email addresses and travel details of approximately nine million customers were accessed and for a very small subset of customers (2,208), credit card details were accessed.

The cyber-attack continues to be under investigation by the Information Commissioner's Office (ICO). As the cyber-attack took place before the United Kingdom left the European Union, the Group expects the ICO to be investigating on behalf of all EU data protection authorities as lead supervisory authority under the GDPR. Any penalty or enforcement action will need to be reviewed and approved by the other EU data protection authorities under the GDPR's cooperation process. In addition, in May 2020, a class action claim was filed in the UK High Court by a law firm representing a class of affected customers and claims have also been commenced or threatened in certain other courts and jurisdictions.

The merit, likely outcome, and potential impact on the Group of the continued investigation by the ICO, group action and other claims are still subject to a number of significant uncertainties and therefore the Group is unable to assess the likely outcome or quantum of the claims as at the date of these financial statements.

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

Contingent commitments

At 30 September 2022 easyJet had outstanding letters of credit and performance bonds totalling £43 million (2021: £72 million), of which £10 million (2021: £43 million) expires within one year. The fair value of these instruments at each year end was negligible.

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

As part of the commitment to voluntary carbon offsetting, easyJet currently has contractual commitments to purchase Verified Emission Reductions worth £4 million (2021: £11 million) in total until December 2022.

Following approval of the resolution, at the general meeting on 21 July 2022, a firm commitment has been agreed with Airbus to substantially complete the 2013 Airbus Agreement. The commitment includes:

- The conversion of six purchase options and 50 purchase rights to a firm order of 56 A320neo family aircraft with deliveries scheduled between FY26 and Q1 FY29.
- The conversion of previous firm orders of 18 A320neo aircraft planned for delivery between FY24 and FY27 to 18 A321neo aircraft deliveries.

The purchase firms up easyJet's order book with Airbus to calendar year 2028, continuing the Company's fleet refresh, as the 156 seat A319s and older A320s (180 and 186 seat) leave the business and new A320 (186 seat) and A321neo (235 seat) aircraft enter providing up-gauging, cost, and sustainability enhancements to the business. Additionally, easyJet has a commitment with CFM to purchase four LEAP engines over the next two years.

On 26 September 2022, easyJet announced its pathway to net zero. This roadmap references several partnerships with other commercial companies to explore certain technologies which may assist with the overall goal to decarbonise the aviation industry. The majority of these partnerships are in fact agreements to work together on the areas identified and do not involve a financial commitment from easyJet other than the time and effort involved in the collaboration over an agreed period. Where there may be areas requiring a financial commitment from easyJet in the future, these are still subject to negotiation and there is no binding commitment on easyJet at the date of publication of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. Government grants and assistance

During the year ended 30 September 2021 easyJet Airline Company Limited continued to utilised the Coronavirus Job Retention Scheme implemented by the UK government, where those employees designated as being 'furloughed workers' were eligible to have 80 per cent of their wage costs paid up to a maximum amount of £2,500 per month. In the same period, easyJet companies utilised similar schemes provided by governments in Portugal, Germany, Netherlands, France, Italy and Switzerland. This continued into the year ended 30 September 2022 for Germany, France and Switzerland. The total amount of such relief received by the Group in the year ended 30 September 2022 amounted to £8 million (2021: £134 million) and is offset within employee costs in the income statement. There are no unfulfilled conditions or contingencies relating to these schemes.

In November 2021 easyJet repaid the remaining £300 million of the Covid Corporate Finance Facility (CCFF).

On 8 January 2021 easyJet Airline Company Limited signed a five-year term loan facility of $1.87 billion (with easyJet plc as a Guarantor), underwritten by a syndicate of banks and supported by a partial guarantee from UK Export Finance under their Export Development Guarantee scheme. The Export Development Guarantee scheme for commercial loans is available to qualifying UK companies, does not carry preferential rates or require state aid approval, but does contain some restrictive covenants including dividend payments. However, these restrictive covenants are compatible with easyJet's existing policies. In April 2022 easyJet repaid $100 million of this facility reducing the overall UKEF facility size from $1.87 billion to $1.77 billion.

29. Related party transactions

The Company licenses the easyJet brand from easyGroup Limited ('easyGroup'), a wholly owned subsidiary of easyGroup Holdings Limited, an entity in which easyJet's founder, Sir Stelios Haji-Ioannou, holds a beneficial controlling interest. The Haji-Ioannou family concert party shareholding (being easyGroup Holdings Limited and Polys Holding Limited) holds, in total, approximately 15.27% of the issued share capital of easyJet plc as at 30 September 2022.

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

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

Three side letters have been entered into: (i) a letter dated 29 September 2016 in which easyGroup consented to easyJet acquiring a portion of the equity share capital in Founders Factory Limited; (ii) a letter dated 26 June 2017 in which easyJet's permitted usage of the brand was slightly extended; and (iii) a letter dated 2 February 2018 in which easyGroup agreed that certain affiliates of easyJet have the right to use the brand.

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

	2022 £ million	2021 £ million
Annual royalty	**14**	4
Brand protection (legal fees paid through easyGroup to third parties)	**2**	1
	16	5

At 30 September 2022, £11.1 million (2021: £0.1 million) of the above aggregate amount was included in trade and other payables.

At 30 September 2022 £nil million (2021: £5.3 million) is due from related parties and is included within trade and other receivables.

30. Events after the statement of financial position date

On 25 November 2022 the plc Board approved;

- six aircraft sale & leaseback transactions to take place in the first half of the year ending 30 September 2023; and
- the acceleration of three Airbus A320neo deliveries from FY25 to FY24; this is a change to the commitments profile stated in note 11 of the consolidated financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2022 £ million	As at 30 September 2021 (restated) £ million
Non-current assets			
Investments in subsidiary undertakings	c	**1,025**	999
Amounts due from subsidiary undertakings[1]	f	**2,976**	3,283
Derivative financial instruments with subsidiary undertakings[1]		**14**	53
Deferred tax asset		**–**	2
		4,015	4,337
Current assets			
Other receivables		**–**	91
Amounts due from subsidiary undertakings[1]	f	**448**	311
Derivative financial instruments with subsidiary undertakings[1]		**58**	–
		506	402
Current liabilities			
Amounts due to subsidiary undertakings		**–**	(9)
Borrowings	d	**(437)**	(300)
Other payables		**(11)**	(37)
		(448)	(346)
Net current assets		**58**	56
Non-current liabilities			
Borrowings	d	**(874)**	(1,285)
Deferred tax liabilities		**(5)**	–
Derivative financial instruments with subsidiary undertakings		**–**	(33)
		(879)	(1,318)
Net assets		**3,194**	3,075
Shareholders' equity			
Share capital		**207**	207
Share premium		**2,166**	2,166
Hedging reserve[2]		**13**	(9)
Cost of hedging reserve[2]		**3**	4
Retained earnings		**805**	707
Total equity		**3,194**	3,075

1. Amounts due from subsidiary undertakings and derivative financial instruments with subsidiary undertakings have been reclassified in the prior year where appropriate from current assets to non-current assets, refer to note a) for full details.
2. In order to be consistent with the statement of changes in equity the hedging reserve and cost of hedging reserve have been re-presented as separate line items in the statement of financial position as a prior year change in presentation, refer to note a) for full details.

The financial statements on pages 177 to 182 were approved by the Board of Directors and authorised for issue on 29 November 2022 and signed on behalf of the Board.

In accordance with Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement and statement of comprehensive income. The Company's profit for the year was £72 million (2021: £37 million). Included in this amount are dividends received of £35 million (2021: £30 million), which are recognised when the right to receive payment is established.

Johan Lundgren
Director

Kenton Jarvis
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Cost of hedging £ million	Retained earnings £ million	Total £ million
At 1 October 2021	**207**	**2,166**	**(9)**	**4**	**707**	**3,075**
Profit for the year	**–**	**–**	**–**	**–**	**72**	**72**
Other comprehensive income	**–**	**–**	**22**	**(1)**	**–**	**21**
Total comprehensive income	**–**	**–**	**22**	**(1)**	**72**	**93**
Share incentive schemes						
Movement in reserves for employee share schemes	**–**	**–**	**–**	**–**	**26**	**26**
At 30 September 2022	**207**	**2,166**	**13**	**3**	**805**	**3,194**

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Cost of hedging £ million	Retained earnings £ million	Total £ million
At 1 October 2020	125	1,051	(19)	4	654	1,815
Profit for the year	–	–	–	–	37	37
Other comprehensive loss	–	–	10	–	–	10
Total comprehensive income	–	–	10	–	37	47
Share incentive schemes						
Net proceeds from rights issue	82	1,115	–	–	–	1,197
Movement in reserves for employee share schemes	–	–	–	–	16	16
At 30 September 2021	207	2,166	(9)	4	707	3,075

On 9 September 2021 the Company invited its shareholders to subscribe to a rights issue of 301,260,394 ordinary shares at an issue price of 410 pence per share on the basis of 31 shares for every 47 fully paid ordinary shares held, with such shares issued on 28 September 2021.

The rights issue resulted in £1,235 million of gross proceeds. Shares totalling 280.2 million were taken up by existing shareholders (93%) with the remaining rump of 21.0 million shares being underwritten. As at 30 September 2021, there were £91 million of proceeds outstanding, which were subsequently received in October 2021. All proceeds have been received, and therefore are fully paid up as at 30 September 2022. Costs of £38 million were incurred on the rights issue.

No ordinary dividend in respect of the year ended 30 September 2022 is to be proposed.

The disclosures required in respect of share capital are shown in note 21 to the consolidated financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

a) Significant accounting policies

Statement of compliance

The financial statements of easyJet plc (the 'Company') have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the applicable legal requirements of the Companies Act 2006. The financial statements are prepared based on the historical cost convention except for certain financial assets and liabilities, including derivative financial instruments, financial guarantees, equity investments and certain contingent liabilities and commitments, which are measured at fair value.

The Company transitioned from preparing the accounts 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.

easyJet plc is a holding company for a group of companies engaged in providing low-cost flights and package holidays, principally in Europe. The Company is a public limited company (company number 03959649), incorporated and domiciled in the United Kingdom, whose shares are listed on the London Stock Exchange under the ticker symbol EZJ. The address of its registered office is Hangar 89, London Luton Airport, Luton, Bedfordshire, LU2 9PF.

Statement of preparation

The financial statements have been prepared on a going concern basis; details of the going concern assessment are provided on pages 70 to 71.

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

- IFRS 7, Financial instruments: Disclosures.
- The requirements of paragraphs 45(b) and 46–52 of IFRS 2, Share-based payment.
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of: paragraph 79(a)(iv) of IAS 1.
- The requirements of paragraphs 10(f), 40A, 40B, 40C, 40D, of IAS 1 Presentation of Financial Statements.
- The following paragraphs of IAS 1, Presentation of financial statements:
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134-136 (capital management disclosures).
- IAS 7, Statement of cash flows and related notes.
- Paragraphs 91 to 99 of IFRS 13, Fair value measurement (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraphs 30 and 31 of IAS 8, Accounting policies, changes in accounting estimates and errors (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, Related party disclosures (key management compensation).
- The requirements in IAS 24, Related party disclosures, to disclose related party transactions entered into between two or more members of a group.

Prior year restatement

A prior year restatement has been made to the amounts due from subsidiary undertakings and derivative financial instruments with subsidiary undertakings to reclassify the appropriate portion of the balances to non-current assets. The classification of the amounts due from subsidiary undertakings has been considered in relation to not only the terms of the agreements with the subsidiaries, but also the Company's intention to realise the assets. The Company would have expected in the prior year that the intercompany loan associated with the Covid Corporate Financing Facility (CCFF) and the annual interest on the intercompany loans associated with the Eurobond issuance would be settled within the next 12 months and as such were correctly reported as a current asset. However, the remainder of the amounts due from subsidiary undertakings were non-trading balances and would have not been expected to be settled within 12 months and so have been reclassified as non-current assets. The derivative financial instruments with subsidiary undertakings have also been reclassified as non-current in the prior year as these items relate to intercompany cross currency interest swaps used to manage non-current borrowings. The overall impact of this restatement on the statement of financial position as at 30 September 2021 has resulted in £3,336 million being reclassified from current assets to non-current assets (see column a in the table below). There was no impact on brought forward net assets in either the current or the prior year.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

In the prior year the hedging reserve and cost of hedging reserve were reported as one single combined line item in the statement of financial position called hedging reserve. In order to be consistent with the statement of changes in equity these have been re-presented as separate line items in the statement of financial position (see column b in table below).

	As at 30 September 2021 (reported) £ million	a. Restated current/ non-current balances £ million	b. Split out of hedging reserve £ million	As at 30 September 2021 (restated) £ million
Non-current assets				
Investments in subsidiary undertakings	999	–	–	999
Amounts due from subsidiary undertakings	–	3,283	–	3,283
Derivative financial instruments with subsidiary undertakings	–	53	–	53
Deferred tax asset	2	–	–	2
	1,001	3,336	–	4,337
Current assets				
Other receivables	91	–	–	91
Amounts due from subsidiary undertakings	3,594	(3,283)	–	311
Derivative financial instruments with subsidiary undertakings	53	(53)	–	–
	3,738	(3,336)	–	402
Current liabilities				
Amounts due to subsidiary undertakings	(9)	–	–	(9)
Borrowings	(300)	–	–	(300)
Other payables	(37)	–	–	(37)
	(346)	–	–	(346)
Net current assets	3,392	(3,336)	–	56
Non-current liabilities				
Borrowings	(1,285)	–	–	(1,285)
Derivative financial instruments with subsidiary undertakings	(33)	–	–	(33)
	(1,318)	–	–	(1,318)
Net assets	3,075	–	–	3,075
Shareholders' equity				
Share capital	207	–	–	207
Share premium	2,166	–	–	2,166
Hedging reserve	(5)	–	(4)	(9)
Cost of hedging reserve	–	–	4	4
Retained earnings	707	–	–	707
Total equity	3,075	–	–	3,075

The significant accounting policies applied in the preparation of these Company financial statements are the same as those set out in note 1 to the consolidated financial statements with the addition of the following.

Investments

Investments in subsidiaries are stated at cost, less any provision for impairment. Where subsidiary undertakings incur charges for share-based payments in respect of share options and awards granted by the Company (see note 22 of the Group financial statements), a capital contribution for the same amount is recognised as an investment in subsidiary undertakings with a corresponding credit to shareholders' equity.

The recoverable amount of the investment balance and associated amounts due from the subsidiaries have been assessed for impairment. This assessment represents a critical accounting estimate for the Company. The cash flow projections, assumptions and stress testing are based on those disclosed in note 10 to the consolidated financial statements. Individual risks in reasonably probable combinations, including those associated with climate change and the current macro-economic environment, do not give rise to an impairment.

Amounts due from/to subsidiary undertakings

Amounts due from/to subsidiary undertakings are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method.

At each reporting date the Company recognises a loss allowance for expected credit losses on amounts due from subsidiaries using the simplified approach. Under the simplified approach the Company recognises a loss allowance at an amount equal to the lifetime expected credit losses.

a) Significant accounting policies (continued)

Dividend income

Dividends received from investments in subsidiaries are recognised in the income statement when the right to receive payment is established.

Derivative financial instruments with subsidiary undertakings

easyJet plc uses cross-currency interest rate swaps with subsidiary undertakings to hedge currency and interest rate risk on borrowings.

b) Income statement and statement of total comprehensive income

In accordance with Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement and statement of comprehensive income. The Company's profit for the year was £72 million (2021: £37 million). Included in this amount are dividends received of £35 million (2021: £30 million), which are recognised when the right to receive payment is established.

The nine Non-Executive Directors of easyJet plc (2021: eight) are paid for their services by easyJet Airline Company Limited. The Executive Directors of easyJet plc are employed and paid by easyJet Airline Company Limited. Details of Directors' remuneration are disclosed in note 4 to the consolidated financial statements and in the Directors' Remuneration Report on pages 113 to 121.

c) Investments in subsidiary undertakings

Investments in subsidiary undertakings were as follows:

	2022 £ million	2021 £ million
At 1 October	**999**	983
Capital contributions to subsidiaries	**26**	16
At 30 September	**1,025**	999

During the year £26 million (2021: £16 million) capital contributions of share awards (as explained in note a) above) were provided to Group companies. No other contributions were made during the year (2021: £nil).

The recoverable amount of the investment balance and associated amounts due from the subsidiaries have been assessed for impairment. The cash flow projections, assumptions and stress testing used in this exercise are based on those disclosed in Note 10 to the consolidated financial statements. Individual risks, and risks in reasonably probable combinations, including those associated with climate change and the current macro-economic environment, do not give rise to an impairment.

A full list of Group companies is detailed below.

	Country of incorporation	Principal activity	Percentage of ordinary shares held
easyJet Airline Company Limited[1]	England and Wales	Airline operator	100
easyJet Switzerland S.A.[3]	Switzerland	Airline operator	49*
easyJet Sterling Limited[2, 4]	Cayman Islands	Aircraft trading and leasing	100
easyJet Leasing Limited[2, 4]	Cayman Islands	Aircraft trading and leasing	100
easyJet UK Limited[1]	England and Wales	Airline operator	100
easyJet Europe Airline GmbH[6]	Austria	Airline operator	100
easyJet FinCo B.V.[5]	Netherlands	Financing company	100
easyJet MT Limited[8]	Malta	Insurance	100
easyJet HQ Holdings Limited[1, 7]	England and Wales	Holding company	100
easyJet HQ Limited[1, 7]	England and Wales	Development of building projects	100
easyJet HQ Development Limited[1, 7]	England and Wales	Development of building projects	100
easyJet Holidays Holdings Limited[1]	England and Wales	Holding company	100
easyJet Holidays Limited[1]	England and Wales	Tour operator	100
easyJet Holidays Transport Limited[1]	England and Wales	Air transport	100

1. Hangar 89, London Luton Airport, Luton, Bedfordshire, LU2 9PF.
2. Although these companies are Cayman Islands incorporated they have always been, and continue to be, UK tax resident.
3. 5 Route de l'Aeroport, Meyrin, CH-1215 Geneve 15, Switzerland.
4. Governor's Square, West Bay Road, Lime Tree Bay Road, UNIT # 2-105 , PO Box 1982, Grand Cayman KY1-1104, Cayman Islands.
5. Westerdoksdijk 423, 1013BX Amsterdam, Netherlands.
6. Wagramer Stasse 19, 11.Stock IZD Tower, 1220 Wien, Austria.
7. The following UK entities, all of which are 100% owned by the Group, are exempt from the requirement to prepare individual financial statements by virtue of s394A of the Companies Act 2006 relating to the individual financial statements of dormant subsidiaries: easyJet HQ Limited, (12367394), easyJet HQ Development Limited (12367361) and easyJet HQ Holdings Limited (12366723).
8. 188, 21st September Avenue, Naxxar, NXR 1012, Malta.

* The Company has a 49% interest in easyJet Switzerland S.A. with an option to acquire the remaining 51%. The option is automatically extended for a further year on a rolling basis, unless the option is terminated by written agreement prior to the automatic renewal date. easyJet Switzerland S.A. is a subsidiary on the basis that the Company exercises a dominant influence over the undertaking. A non-controlling interest has not been reflected in the consolidated financial statements on the basis that holders of the remaining 51% of the shares have no entitlement to any dividends from that holding and the Company has an option to acquire those shares for a predetermined minimal consideration. The Company has 100% of voting rights for all other subsidiaries.

There have been no changes to the percentage of ordinary shares held during the year.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

d) Borrowings

	Current £ million	Non-current £ million	Total £ million
At 30 September 2022			
Eurobond	**437**	**874**	**1,311**
	437	**874**	**1,311**

	Current £ million	Non-current £ million	Total £ million
At 30 September 2021			
Eurobond	–	1,285	1,285
Commercial Paper (Covid Corporate Financing Facility)	300	–	300
	300	1,285	1,585

For full details on the borrowings and financial instruments see note 17 and 25 respectively of the consolidated financial statements.

e) Guarantees and contingent liabilities

The Company has given formal undertakings to the Civil Aviation Authority to guarantee the payment and discharge of all liabilities of easyJet Airline Company Limited, a subsidiary of the Company. The guarantees are required for that company to maintain its operating licence under Regulation 3 of the Licensing of Air Carriers Regulations 1992, and to maintain its ATOL licence under The Civil Aviation (Air Travel Organisers' Licensing) Regulations 2012.

The Company has issued a guarantee in favour of easyJet Airline Company Limited, a subsidiary undertaking, in relation to the processing of credit card transactions, and also in respect of hedging transactions carried out in accordance with treasury policy.

The Company has guaranteed the contractual obligations of easyJet Airline Company Limited in respect of its contractual obligations to Airbus SAS in respect of the supply of Airbus 320 family aircraft.

The Company has guaranteed jointly and severally the contractual obligations with easyJet Airline Company Limited, a subsidiary undertaking, in respect of a $400 million Revolving Credit Facility. The Revolving Credit Facility was agreed on 9 September 2021, for a minimum of four and a maximum of six years.

On 8 January 2021 easyJet Airline Company Limited signed a five-year term loan facility of $1.87 billion (with easyJet plc as a Guarantor), underwritten by a syndicate of banks and supported by a partial guarantee from UK Export Finance under their Export Development Guarantee scheme. The Export Development Guarantee scheme for commercial loans is available to qualifying UK companies, does not carry preferential rates or require state aid approval, but does contain some restrictive covenants including dividend payments. However, these restrictive covenants are compatible with easyJet's existing policies. In April 2022 easyJet repaid $100 million of this facility reducing the overall UKEF facility size from $1.87 billion to $1.77 billion.

The Company has guaranteed the repayment of borrowings that financed the acquisition of aircraft by subsidiary undertakings. This includes $950 million that was drawn from the UKEF facility by easyJet Airline Company Limited and the €1.2 billion bond that was issued by easyJet FinCo B.V. The Company has also guaranteed the payment obligations for the lease of aircraft by subsidiary undertakings.

On 3 March 2021 the Company guaranteed the contractual obligations of easyJet FinCo B.V, a subsidiary undertaking, in respect of a €1.2 billion bond issuance under the Euro Medium Term Note (EMTN) Programme. The bond has a coupon of 1.875% and matures in March 2028.

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

The Company has guaranteed certain letters of credit issued on behalf of subsidiary undertakings.

No amount is recognised on the Company statement of financial position with respect to any of these guarantees as it is not probable that there will be an outflow of resources, hence the fair value is deemed to be £nil. The calculated loss allowance on these financial guarantee contracts is immaterial.

f) Related party transactions

Transactions with subsidiary undertakings, which principally relate to the provision of funding within the Group, are carried out on an arm's length basis. Apart from those relating to loans associated with the issuance of the Eurobonds the outstanding balances are placed on intercompany accounts with no specified credit period, are unsecured, and bear market rates of interest. It is expected that balances will be settled when the associated funding is repaid or via distribution of a dividend. The portion of the amounts due from subsidiary undertakings balance that is expected to be settled within 12 months is classified as current.

The intercompany loan agreements associated with the issuance of the Eurobonds in February 2016, October 2016 and June 2019 are on the same terms as the bonds themselves (see note 26 in the consolidated financial statements).

For full details of the Company's relationships with easyGroup Holdings Limited, see note 29 of the consolidated financial statements.

g) Events after the statement of financial position date

There were no events to report after the statement of financial position date.

FIVE-YEAR SUMMARY

	2022 £ million	2021 (as reported) £ million	2020 (as reported) £ million	2019 (restated) £ million	2018 (as reported) £ million
Income statement					
Revenue	**5,769**	1,458	3,009	6,385	5,898
Total EBITDAR	**539**	(425)	(358)	970	839
Headline EBITDAR	**569**	(551)	(273)	970	961
Total operating (loss)/profit	**(27)**	(910)	(899)	466	463
Headline operating profit/(loss)	**3**	(1,036)	(777)	466	595
Total (loss)/profit before tax	**(208)**	(1,036)	(1,273)	430	445
Headline (loss)/profit before tax	**(178)**	(1,136)	(835)	427	578
Total (loss)/profit after tax	**(169)**	(858)	(1,079)	349	358
Headline (loss)/profit after tax	**(147)**	(900)	(725)	349	466
Basic total (loss)/earnings per share - pence	**(22.4)**	(159.0)	(222.9)	88.6	90.9
Basic headline (loss)/earnings per share - pence	**(19.6)**	(166.9)	(149.7)	88.7	118.3
Diluted total (loss)/earnings per share - pence	**(22.4)**	(159.0)	(222.9)	87.8	90.2
Diluted headline (loss)/earnings per share - pence	**(19.6)**	(166.9)	(149.7)	87.8	117.4
Ordinary dividend per share - pence	**–**	–	–	43.9	58.6
Statement of financial position					
Non-current assets	**5,525**	5,608	5,910	6,044	4,994
Current assets	**4,949**	4,165	2,563	2,119	1,999
Current liabilities	**(3,678)**	(2,677)	(3,826)	(2,668)	(2,060)
Non-current liabilities	**(4,243)**	(4,457)	(2,748)	(2,510)	(1,700)
Net assets	**2,533**	2,639	1,899	2,985	3,233
Other performance indicators					
Headline return on capital employed	**0.1%**	(25.5)%	(19.9)%	11.4%	14.6%
Net (debt)/cash (£m)	**(670)**	(910)	(1,125)	(326)	396
Airline total (loss)/profit before tax per seat (£)	**(3.01)**	(36.33)	(22.66)	4.10	4.68
Airline headline (loss)/profit before tax per seat (£)	**(2.65)**	(39.87)	(14.68)	4.07	6.07
Airline revenue per seat (£)	**66.23**	50.54	54.35	60.81	61.94
Airline total cost per seat (£)	**(69.24)**	(86.87)	(77.01)	(56.71)	(57.26)
Airline headline cost per seat (£)	**(68.88)**	(90.41)	(69.03)	(56.74)	(55.87)
Airline total cost per seat excluding fuel (£)	**(53.56)**	(73.72)	(63.92)	(43.23)	(44.82)
Airline headline cost per seat excluding fuel (£)	**(53.20)**	(77.25)	(55.94)	(43.26)	(43.43)
Seats flown (millions)	**81.5**	28.2	55.1	105.0	95.2

GLOSSARY – ALTERNATIVE PERFORMANCE MEASURES (APMS)

Non-headline items	Non-headline items are those where, in management's opinion, their separate reporting provides an additional understanding to users of the financial statements of easyJet's underlying trading performance, and which are significant by virtue of their size/nature (See note 5).
Headline loss before tax	A measure of underlying performance which is not impacted by non-headline items.

	Year ended 30 September 2022 £ million	Year ended 30 September 2021 £ million
Statutory loss before tax	**(208)**	(1,036)
Total non-headline charge/(credit) before tax (see note 5)	**30**	(100)
Headline loss before tax	**(178)**	(1,136)

EBITDAR	Earnings before interest, taxes, depreciation, amortisation, and aircraft rental
Headline EBITDAR	Earnings before non-headline items, interest, taxes, depreciation, amortisation, and aircraft rental.

	Year ended 30 September 2022 £ million	Year ended 30 September 2021 £ million
Statutory operating loss	**(27)**	(910)
Add back;		
Aircraft dry leasing	**2**	5
Depreciation	**539**	456
Amortisation of intangible assets	**25**	24
EBITDAR	**539**	(425)
Non-headline credit/(charge) within operating profit (see note 5)	**30**	(126)
Headline EBITDAR	**569**	(551)

Net debt	Total cash less borrowings and lease liabilities; cash includes money market deposits but excludes restricted cash.

	Year ended 30 September 2022 £ million	Year ended 30 September 2021 £ million
Borrowings	**3,197**	3,367
Lease Liabilities	**1,113**	1,079
Cash and money market deposits (excluding restricted cash)	**(3,640)**	(3,536)
Net Debt	**670**	910

Return on capital employed (ROCE)	Operating profit, less tax at the prevailing UK corporation tax rate at the end of the financial year, divided by average capital employed (shareholder equity plus net debt).
Headline return on capital employed (ROCE)	Operating profit less non-headline items, less tax at the prevailing UK corporation tax rate at the end of the financial year, divided by average capital employed (shareholder equity plus net debt).

	Year ended 30 September 2022 £ million	Year ended 30 September 2021 £ million
Shareholders' equity	**2,533**	2,639
Net debt	**670**	910
Capital employed	**3,203**	3,549
Reported operating loss	**(27)**	(910)
Tax Rate	**19%**	19%
Adjusted operating profit after tax	**(22)**	(737)
Return on capital employed	**(0.6%)**	(22.4%)
Reported operating loss	**(27)**	(910)
Non-headline charge/(credit) within operating profit (see note 5)	**30**	(126)
Headline Reported operating profit/(loss)	**3**	(1,036)
Tax rate	**19%**	19%
Adjusted headline operating profit/(loss) after tax	**2**	(839)
Headline returned on capital employed	**0.1%**	(25.5%)

Basic headline (loss)/earnings per share – pence	Total headline loss for the year divided by the weighted average number of shares in issue during the year after adjusting for shares held in employee benefit trusts.
Diluted headline (loss)/earnings per share - pence	Total headline loss for the year divided by the weighted average number of ordinary shares in issue adjusted to assume conversion of all dilutive potential shares.

	Year ended 30 September 2022 £ million	Year ended 30 September 2021 £ million
Total loss after tax for the year	**(169)**	(858)
Total non-headline charge/(credit) before tax (see note 5)	**30**	(100)
Tax impact of non-headline items	**(8)**	58
Headline loss after tax	**(147)**	(900)
Weighted average number of ordinary shares used to calculate basic loss per share	**753**	539
Weighted average number of ordinary shares used to calculate diluted loss per share	**753**	539
Headline loss per share		
Basic	**(19.6)**	(166.9)
Diluted	**(19.6)**	(166.9)

Constant currency measures	These performance measures are calculated by translating the year ended 30 September 2022 income statement at the financial period average exchange rate for year ended 30 September 2021, excluding any income statement impact in either financial period from foreign currency exchange gains and losses arising from the revaluation of the statement of financial position. The purpose of this APM is to provide a like for like comparison of underlying operating performance by excluding the impact of exchange rate movements.

GLOSSARY – OTHER

Aircraft dry/wet leasing	Dry leasing arrangements relate solely to the provision of an aircraft. Wet leasing arrangements relate to the provision of aircraft, crew, maintenance and insurance.
Aircraft owned/leased at end of year	Number of aircraft owned or on lease arrangements of over one month's duration at the end of the period. This excludes operating leased aircraft which have been acquired for future operations. These are held at zero rent and are excluded from the fleet numbers.
Available seat kilometres (ASK)	Seats flown multiplied by the number of kilometres flown.
Average adjusted capital employed	The average of opening and closing capital employed.
Block hours	Hours of service for aircraft, measured from the time that the aircraft leaves the terminal at the departure airport to the time that it arrives at the terminal at the destination airport.
Capital employed	Shareholders' equity less net debt.
Cash collateralisation	The process of pledging cash to serve as a lender's protection against a borrower's default.
Cost per ASK	Revenue less profit before tax, divided by available seat kilometres.
Cost per seat	Revenue less profit before tax, divided by seats flown.
Cost per seat, excluding fuel	Revenue, less profit before tax, adding back fuel costs, divided by seats flown.
CSAT (Customer Satisfaction Score)	A weighted average of responses of surveys sent to customers who experienced either an on-time, delayed, severely delayed or cancelled flight.
Gearing	Net debt divided by the sum of shareholders' equity and adjusted net cash/debt.
Load factor	Number of passengers as a percentage of number of seats flown. The load factor is not weighted for the effect of varying sector lengths.
Normalised operating profit after tax	Reported operating profit, less tax at the prevailing UK corporation tax rate at the end of the financial year.
Operating costs excl fuel	Includes costs relating to airports and ground handling, crew, navigation, maintenance, selling and marketing and other costs/income.
Ownership costs	Includes depreciation, amortisation, net finance charges and the impact of foreign exchange gain/losses from the revaluation of the statement of financial position.
Other costs	Administrative and operational costs not reported elsewhere, including disruption costs, IT costs, costs of 3rd party providers, some employee costs, wet lease costs and insurance. Additionally, some non-headline costs, such as loss on sale and leaseback transactions, and restructuring costs, are included other costs.
Other income	Includes insurance receipts, supplier compensation payments, rental income and gains on sale and leaseback transactions.
Passengers	Number of earned seats flown. Earned seats comprises seats sold to passengers (including no-shows), seats provided for promotional purposes and seats provided to staff for business travel.
Profit before tax per seat	Profit before tax divided by seats flown.
Revenue	The sum of passenger revenue and ancillary revenue, including package holiday revenue.
Revenue passenger kilometres (RPK)	Number of passengers multiplied by the number of kilometres those passengers were flown.
Revenue per ASK	Revenue divided by available seat kilometres.
Revenue per seat	Revenue divided by seats flown.
Seats flown	Seats available for passengers.
Sector	A one-way revenue flight.

SHAREHOLDER INFORMATION

Managing your shares and shareholder communications

The Company's share register is maintained by our registrar, Equiniti. Shareholders with queries relating to their shareholding should contact Equiniti directly using one of the methods listed below:

- **Online:** help.shareview.co.uk
- **By telephone:** 0371 384 2577 (or +44 121 415 7047 if outside the UK). Lines are open Monday to Friday 8.30am to 5.30pm, excluding public holidays in England and Wales.
- **By post:** Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

Shareholders can manage their holdings online or elect to receive shareholder communications in electronic form by registering for a Shareview portfolio at www.shareview.co.uk.

Registering for Shareview is free and provides the following benefits:

- Update your details online, including your address and dividend payment instructions.
- Submit your voting instructions for shareholder meetings.
- Add a range of shareholdings and investments you have (including those with other registrars) to monitor their value all in one place.
- Buy and sell shares easily.

Shareholders who have elected to receive electronic communication but require a paper copy of any of the Company's shareholder documentation, or wish to change their instructions, should contact Equiniti directly using one of the methods listed above.

Annual General Meeting

The Board currently intends to hold the AGM on 9 February 2023. The arrangements for the Company's 2023 AGM and details of the resolutions to be proposed, together with explanatory notes, will be set out in the Notice of AGM to be published on the Company's website.

Dividends

Should the Company pay any dividends, they can be paid quickly and securely directly into your bank account instead of being dispatched to you by cheque. You may also choose to have your dividends reinvested in further shares of the Company through our Dividend Reinvestment Plan (DRIP) (terms and conditions apply). To arrange either of these options, you can manage your dividend payment choices through Shareview at www.shareview.co.uk.

Independent Auditor

PricewaterhouseCoopers LLP
40 Clarendon Road
Watford, Hertfordshire
WD17 1JJ

Registered office

Hangar 89
London Luton Airport
Luton
Bedfordshire
LU2 9PF

Telephone: 01582 525019

Registered in England & Wales under number 03959649

Share Price Information

Details of our share price data and other share price tools are available at https://corporate.easyjet.com/investors

Share gift

Shareholders who only have a small number of shares whose valuation makes it uneconomic to sell them may wish to consider donating them to charity through ShareGift, the independent charity share donation scheme (registered charity no. 1052686). Further information may be obtained from ShareGift on 020 7930 3737 or at sharegift.org.

Shareholder fraud

Fraud is on the increase and many shareholders are targeted every year. If you have any reason to believe that you may have been the target of a fraud, or attempted fraud in relation to your shareholding, please contact Equiniti immediately.

Website

You can access the corporate website at https://corporate.easyjet.com. The corporate website provides useful information including annual reports, results announcements and share price data, as well as background information about the Company and current issues. Shareholders are encouraged to sign up to receive email notification of results and press announcements as they are released by registering on the website.

Printed by Park Communications
– A Carbon Neutral company

The material used in this Report is from sustainable resources. The paper mill and printer are both registered with the Forestry Stewardship Council (FSC)® and additionally have the Environmental Management System ISO 14001.

It has been printed using 100% offshore wind electricity sourced from UK wind.

Designed and produced by Black Sun plc

THANK YOU

We'd like to thank everyone who has helped to produce this report:

Jane Ashton, Tasneem Baiyat, Sruti Bajoria, Adam Baker, Michael Barker, Deborah Benady, Maxwell Bruce, Barbara Cant, Phil Chastell, Daniel Collison, Claire Combes, Sam Cottrell, Lou Darley, Jonathan Diec, Ian Dodd, Alice Fellows, Omar Firfray, James Fisher, Cathy Gifford, Sarah Haynes, Andy Hearse, Kenton Jarvis, Skye John, Chloe Jones, Hayden Jones, Akshay Katyal, Menara Khatun, Anna Knowles, Matt Landsman, Alex Larkin, Shane Lord, Sa'ada Mai-Bornu, Ben Matthews, Briony McKinn, Mansur Miah, Julie Morris, Adam Mould, Ryan Mynard, Karunyah Nadarajah, Simon Nicholson, Anthony Pallant, Liz Perry, Megan Quiddington, Lahiru Ranasinghe, Paul Robbins, Kelly Robinson, Fahim Sattar, Raminder Shergill, Amanda Simpson, Chris Sominka, Ben Souter, Holly Steadman, Adrian Talbot, Tim Taylor, Lisa Tsavalos, Andrew Wood, Chris Woodthorpe, and all of our employees across the network.

easyJet plc

Hangar 89
London Luton Airport
Luton
Bedfordshire
LU2 9PF

easyJet.com