29 November 2022

easyJet plc

Results for the twelve months ending 30 September 2022

easyJet achieves record bounce back delivering best ever headline EBITDAR for Q422 through the airline's focused network allocation, much improved revenue capability and financial strength - all of this provides the platform to deliver strong shareholder returns

- Achieved record headline EBITDAR in Q4 of £674 million (Q4 2021: £82 million profit)
- FY22 headline loss before tax of £178 million (Reported loss before tax of £208 million)
- Operational performance in Q4 better than Q4 2019, with fewer on the day cancellations
- Financial strength - £0.7bn net debt with £3.6bn in cash and money market deposits
- Business transformation delivering:
  - holding more slots than ever where returns are highest
  - delivering on destination base strategy – 21 aircraft now based in destination
  - enhanced ancillaries delivered 59% yield uplift vs FY19
  - easyJet holidays delivers £38 million profit before tax
- Q123 RPS growth expected to be >20% YoY

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

"easyJet has achieved a record bounce back this summer with a performance which underlines that our transformation is delivering. The summer saw easyJet achieve its highest ever earnings for a single quarter with headline EBITDAR of £674 million, ancillaries up by 59% on FY19 and easyJet holidays well on its way to its £100m target.

"easyJet does well in tough times. Legacy carriers will struggle in this high-cost environment. Consumers will protect their holidays but look for value and across its primary airport network, easyJet will be the beneficiary as customers vote with their wallets.

"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.

"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) 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 23 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.

Financial Summary

- Headline loss before tax of £178 million (2021: £1,136 million loss)
    - Total revenue increased by 296% to £5,769 million (2021: £1,458 million) predominantly due to the increase in capacity flown and ancillary products continuing to deliver incremental revenue.
    - Group headline costs increased by 129% to £5,947 million (2021: £2,594 million), primarily due to the increase in flown capacity.
- Reported loss before tax of £208 million (2021: £1,036 million loss).
    - Non-headline loss of £30 million (2021: £100 million gain). Non-headline items consist primarily of losses from the sale and leaseback of aircraft and the return of slots in the year at Berlin Brandenburg airport following the right-sizing of our operations from 18 to 11 aircraft.

	2022	2021	Change favourable/(adverse)
Capacity[2] (millions of seats)	**81.5**	28.2	189%
Passengers[3] (millions)	**69.7**	20.4	242%
Load factor[4] (%)	**85.5**	72.5	13ppts
Average sector length (km)	**1,193**	1,184	1%
Total revenue (£ million)	**5,769**	1,458	296%
Headline EBITDAR (£ million)	**569**	(551)	203%
Headline EBIT (£ million)	**3**	(1,036)	100%
Headline loss before tax (£ million)	**(178)**	(1,136)	84%
Reported loss before tax (£ million)	**(208)**	(1,036)	80%
Airline revenue per seat (£)	**66.23**	50.54	31%
Airline revenue per seat at constant currency[5] (£)	**67.33**	50.54	33%
Airline EBITDAR cost ex fuel per seat (£)	**44.09**	56.62	22%
Airline EBITDAR cost ex fuel per seat at constant currency[5] (£)	**44.38**	56.62	22%
Airline headline loss before tax per seat (£)	**(2.65)**	(39.87)	93%
Holidays contribution (£m)	**38**	(12)	417%
Headline EBITDAR Margin (%)	**9.9**	(37.8)	48ppts
Headline ROCE (%)	**0.1**	(25.5)	26ppts

Outlook

- Based on current trading, easyJet expects the following over the 2023 financial year:
- Q1 RPS growth expected to be up >20% YoY
- Q1 load factor growth c.+10 ppts YoY
- Earlier summer 23 ramp up for resilience
- H1 fuel price up >50% YoY
- Market wide inflationary pressure
- H2 early bookings look positive with Easter ticket yields showing strength YoY
- Capacity
    - H1 c.38m seats, c.25% increase YoY
    - H2 c.56m seats, c.9% increase YoY
    - Q4 capacity around pre-pandemic levels
- easyJet holidays targeting >30% customer growth YoY

Fuel & 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		

USD	H1'23	H2'23	H1'24
Hedged position	77%	54%	27%
Average hedged rate (USD/GBP)	1.29	1.24	1.19
Current spot (USD/GBP) at 28.11.22	c.1.21		

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

USD Lease payments hedged for the next three years at 1.33

Capex hedged for the next 12 months in EUR & USD

For further details please contact easyJet plc:

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Conference call

There will be an analyst presentation at 09:00am GMT on 29 November 2022 at Nomura, One Angel Lane, London, EC4R 3AB.

Alternatively, a webcast of the presentation will be available both live and for replay (please register on the following link): https://stream.brrmedia.co.uk/broadcast/635fec3ac1db5d073071cde5

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

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 (FY 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 re-entering 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 benefitting 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 A320neo's into A321's 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.

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).

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	-	-	-
A320 neo	37	7	**44**	14%	7	135[a]	-	3
A321 neo	4	11	**15**	5%	1	33[a]	-	-
	181	**139**	**320**[b]			**168**	**-**	**3**
Percentage of total fleet	*57%*	*43%*						

a) easyJet retains the option to alter the aircraft type of future deliveries, subject to providing sufficient notification to the OEM.
b) 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

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 7 deliveries in FY23, 21 deliveries in FY24 and 23 deliveries in FY25.

Strategy Update

easyJet has refined its strategy to drive our purpose of making low-cost travel easy. Our strategy has four strategic priorities that will build on our structural advantages in the European aviation market, helping easyJet move closer towards its destination of being Europe's most loved airline, winning for customers, shareholders and our people. Our strategic priorities are set out below:

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

Building Europe's best network

easyJet has a strong network of leading number one and number two positions in primary airports, which has proven to be amongst the highest yielding in the market, as demonstrated this summer. This enables us to be efficient with our network choices, with an emphasis on maximising returns.

easyJet continues to optimise its network to ensure capacity is deployed in the markets where we see the strongest demand and returns. This was done throughout FY22 where 2.1 million seats were re allocated around the network, and in Q4 delivered a 10% uplift on contribution per block hour compared to Q4 19.

We will seek to strengthen our position in key markets as the competitive landscape evolves. This has been demonstrated at Lisbon where we won a further 9 daily slot pairs, making us the second largest airline at the airport from this Winter. This adds to slot additions at Gatwick, Porto and the Greek Islands, which all returned greater than the network average return in FY22.

Our focused network strategy can be summarised as follows:

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

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

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

Transforming our revenue capability

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

Airline Ancillaries:

Cabin bags and our leisure fare, amongst other ancillary products, have continued to deliver incremental revenue through the period. During the year we also launched inflight retail, our new retail brand & proposition, with September being its first full month of operation. This has resulted in direct sourcing and contracting for our on-board retail offering and is tailoring the product offering to our customers.

Further opportunities have been identified internally as easyJet continues to maximise unit revenues. In FY23 we will implement closed loop Wi-Fi on all of our aircraft. This will facilitate enhanced marketing revenue generation through our partners, as well as enabling order to seat - which is planned to be launched later in the 2023 financial year. easyJet also plans to launch pre-order capability, and our duty-free proposition during the coming year.

We are partnering with Datalex, a leading provider of omnichannel airline retail solutions, to enable us to realise the benefits of total basket optimisation from FY24.

easyJet holidays:

easyJet holidays continues its rapid growth, becoming a major player within the sector and delivering customer growth of 83% vs FY19 and profit before tax of £38 million in FY22. The business is targeting customer growth of >30% for the coming year and remains on track to deliver the medium-term target of £100 million plus profit before tax.

As the holidays business grows in scale, we plan to make targeted investments to strengthen the business. We will continually optimise our yields on packages sold, whilst developing the cities proposition – allowing easyJet holidays to reduce the cyclical disparity of a traditional tour operator. We will also unlock the technology supporting the business to allow for new source markets at the appropriate juncture. We expect these investments to be fully embedded within the business by FY24.

Delivering ease and reliability

easyJet aims to deliver a seamless and digitally enabled customer journey at every stage and is continuously working to enhance the customer experience. During the year, easyJet launched its twilight bag drop allowing customers to drop hold baggage off the evening before their flight, removing a part of the journey on the day of travel.

During the second half of the year, easyJet took action to alleviate the pressure on our operations and improve the operational performance of the airline, resulting in on the day cancellations in the fourth quarter being below that of the same period in FY19. Over the fourth quarter easyJet took the position as the number 1 most preferred airline brand in the UK, with number 2 positions in key markets such as France, Switzerland and Italy.

There has been a significant focus on improving the control and decision making we have across our operations, namely through the addition of terminal and fleet manager roles at London Gatwick, enabling quick and agile decisions to be made in the airport, where staff are closer to and more informed of the operations.

We continue to see the return of business travel and easyJet's business travel on domestic routes reached 95% of FY19 capacity in Q4. This was due to the quicker return to business travel by SME's, which account for 75% of easyJet's business travel, compared to larger corporates. easyJet's high frequency, primary airport focussed, network remains well positioned to service business travel as we see demand continue to increase.

Driving our low-cost model

easyJet has a cost advantage over its major competitors on the primary network that it operates. The current inflationary environment will impact all airlines and therefore is not expected to affect easyJet's ability to retain our historical cost advantage. Alongside cost actions, a focus on margins through network optimisation, effective pricing management and ancillaries driving yields higher all help to offset inflation.

easyJet has delivered a number of cost actions:

- Seasonality focus:
    - A proportion of pilots have voluntarily moved to seasonal contracts, reducing the fixed cost overheads in this area of the business.
    - The growth of our seasonal bases has resulted in 21 aircraft operating for 8 months of the year, removing the cost of operating through winter.
- Insourcing of line maintenance: line maintenance has been insourced at LGW, BER, GLA, EDI, and BRS; enabling easyJet to have greater control over the maintenance, reducing the cost incurred and improving on the quality of maintenance fulfilled.
- Collective labour agreements: 80% of pilot and 60% of crew agreements have all been renewed during the 2022 financial year.
- Major hedging position built: easyJet's hedging positions for fuel, FX, and ETS, are significant and at very favourable rates to the current spot rates.

Cost remains a core focus of the business with a number of areas of focus for the coming year:

- Achieving fuel savings: unlocking descent profile optimisation across the majority of our fleet through the use of upgraded technology.
- Completion of labour agreements: several pilot and cabin crew labour agreements are in negotiation across the network.
- Increasing automation of self-service management: thereby increasing digitalisation of customer flows and reducing the need for contact centre support.
- Up-gauging of the fleet: efficiency benefits will be unlocked as A319s leave the fleet, being replaced by A320 family aircraft. Around 40% of the 94 A319s currently in the fleet will be replaced over the next three years.

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 its interim target, of a 35% carbon emission intensity reduction by 2035[7], which is validated by the SBTi.

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, please see https://corporate.easyjet.com/corporate-responsibility/net-zero-pathway.

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 & Sustainalytics.

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[6] (out of 5.0), which is the highest within the travel and tourism sector, illustrating our market-leading position.

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.

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.

- **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 re-launch 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.

Board

There have been a number of changes to our Board during the year. Ryanne van der Eijk, Harald Eisenächer and Dr Detlef Trefzger joined the Board as Independent Non-Executive Directors on 1 September 2022, and Nick Leeder stood down on 30 September 2022.

Andreas Bierwirth has decided not to seek re-election at the Company's next Annual General Meeting in line with corporate governance best practice, having served for nearly nine years. Julie Southern has also decided not to seek re-election at the next AGM having been appointed Chair designate at RWS Holdings plc.

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 market conditions and financial performance of the Group allows.

Footnotes

(1) Based on earnings before interest at constant currency.

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

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

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

(5) Constant currency is calculated by comparing 2022 financial year performance translated at the 2021 financial year effective exchange rate to the 2021 financial year reported performance, excluding foreign exchange gains and losses on balance sheet revaluations.

(6) As at 30 September 2022

(7) 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 FY2035 from a FY2019 base year. The target boundary includes biogenic emissions and removals from bioenergy feedstocks. Non-CO2e effects which may also contribute to aviation induced warming are not included in this target.

Our Financial Results

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	**(3,921)**	(1,638)
Fuel	**(1,279)**	(371)
Headline EBITDAR	**569**	(551)
Depreciation, amortisation & 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 (1)	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 & 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) 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: £9 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, 3 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 Pence per share	2021 Pence per share	Change in 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
Net tax (paid)/received	**(4)**	1	(5)
Net working capital movement	**101**	(538)	639
Increase in unearned revenue	**197**	232	(35)
Depreciation and amortisation	**564**	480	84
Net capital expenditure	**(530)**	(149)	(381)
Net proceeds from sale and lease back of aircraft	**87**	836	(749)
Increase in lease liability	**(53)**	(693)	640
Repayment of capital element of leases	**(206)**	(261)	55
Net funding activities	**53**	1,144	(1,091)
Purchase of own shares for employee share schemes	**(9)**	(6)	(3)
Net decrease in restricted cash	**7**	5	2
Other (including the effect of exchange rate movements)	**60**	74	(14)
Decrease 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

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, 3 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	**Airline**	Group	Airline
	£ million	**£ per seat**	£ million	£ 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%

	2022	2021	Favourable/ (adverse)
Financial measures			
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 excludes the impact of foreign exchange revaluations from both current year and prior year results.

Going Concern and Viability Statement

Assessment of prospects

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

In accordance with the requirements of the 2018 UK Corporate Governance Code, the Directors have assessed the long term prospects of the Group, taking into account its current position 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.

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 (see below)

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 fleet plan – the plan retains some flexibility to adjust the size of the fleet in response to opportunities or risks

Strength of the balance sheet and unencumbered assets – this sustainable strength gives us access to capital markets

Risk assessment – see detailed risk assessment in the annual report and accounts.

Stress testing

The corporate risk management framework facilitates the identification, analysis, and response to plausible 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 and the controls and mitigations identified.

Both individually and combined these potential risks are unlikely to require significant additional management actions to support the business to remain viable, however, there could be actions that management would deem necessary to reduce the impact of the risks. The stress testing scenarios identified in the table below 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), 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.

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 in the annual report and accounts captures all plausible risks, and that in the event that multiple risks occur, all available actions to mitigate the impact to the Group would be taken on a timely basis and have the intended impact.

3. There is no prolonged grounding of a substantial portion of the fleet greater than included in the downside 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 meet 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/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 advisors (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 on-going relationship with trade unions and employee workforce (11) • Regular employee surveys and action groups to focus on well-being, talent and retention (12) • Creation of Retention program (12) • Hybrid working (12)

Risk theme	Impact on viability	Risks considered	Management action and Board considerations
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 pathway to net zero (13 a-d) • Contracting for SAF volumes (13 a) • More fuel efficient A320 and A321 NEO's (13 a) • Investing in both hydrogen and electric aircraft 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 exist 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)

Consolidated income statement

		Year ended 30 September					
		2022			2021		
	Notes	**Headline £ million**	**Non-headline (note 2) £ million**	**Total £ million**	Headline £ million	Non-headline (note 2) £ million	Total £ million
Passenger revenue		**3,816**	**-**	**3,816**	1,000	-	1,000
Ancillary revenue		**1,953**	**-**	**1,953**	458	-	458
Total revenue	5	**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	7	**(539)**	**-**	**(539)**	(456)	-	(456)
Amortisation of intangible assets		**(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		**(181)**	**-**	**(181)**	(100)	(26)	(126)
Loss before tax		**(178)**	**(30)**	**(208)**	(1,136)	100	(1,036)
Tax credit/(charge)	3	**31**	**8**	**39**	236	(58)	178
Loss for the year		**(147)**	**(22)**	**(169)**	(900)	42	(858)
Loss per share, pence							
Basic	4			**(22.4)**			(159.0)
Diluted	4			**(22.4)**			(159.0)

* Interest receivable and other financing income, and foreign exchange (loss)/gain recognised in the prior year has been re-presented.

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		**(5)**	25
Related tax charge	3	**(11)**	(93)
Cost of hedging		**8**	(3)
Related tax (charge)/credit	3	**(2)**	1
Items that will not be reclassified to the income statement:			
Remeasurement gain of post-employment benefit obligations		**41**	5
Related deferred tax credit	3	**(10)**	(4)
Fair value gains/(loss) on equity investment		1	(3)
		66	388
Total comprehensive loss for the year		**(103)**	(470)

Consolidated statement of financial position

	Notes	**As at 30 September 2022 £ million**	As at 30 September 2021 £ million
Non-current assets			
Goodwill		**365**	365
Other intangible assets		**217**	217
Property, plant and equipment	7	**4,629**	4,735
Derivative financial instruments		**127**	86
Equity investment		**31**	30
Restricted cash		**3**	1
Other non-current assets		**91**	135
Deferred tax assets	3	**62**	39
		5,525	5,608
Current assets			
Trade and other receivables		**367**	291
Intangible assets		**495**	140
Derivative financial instruments		**423**	185
Restricted cash		**4**	13
Money market deposits		**126**	-
Cash and cash equivalents		**3,514**	3,536
		4,929	4,165
Current liabilities			
Trade and other payables		**(1,685)**	(1,128)
Unearned revenue		**(1,042)**	(844)
Borrowings	8	**(437)**	(300)
Lease liabilities		**(247)**	(189)
Derivative financial instruments		**(86)**	(31)
Current tax payable	3	**(5)**	(2)
Provisions for liabilities and charges	9	**(176)**	(183)
		(3,678)	(2,677)
Net current assets		**1,251**	1,488
Non-current liabilities			
Borrowings	8	**(2,760)**	(3,067)
Unearned revenue		**(1)**	(2)
Lease liabilities		**(866)**	(890)
Derivative financial instruments		**(22)**	(37)
Non-current deferred income		**(4)**	(4)
Post-employment benefit obligation		**(1)**	(37)
Provisions for liabilities and charges	9	**(589)**	(420)
		(4,243)	(4,457)
Net assets		**2,533**	2,639
Shareholders' equity			
Share capital		**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

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	**-**	**-**	**-**	**-**	**-**	**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 (loss)/profit	-	-	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	-	-	-	-	-	15	15
Related tax (note 3)	-	-	-	-	-	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	10	**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) operating activities		**776**	(1,035)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	**(501)**	(140)
Purchase of non-current other intangible assets		**(29)**	(9)
Net (increase)/decrease in money market deposits	11	**(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	11	**-**	1,804
Repayment of bank loans and other borrowings	11	**(377)**	(1,045)
Repayment of capital element of leases	11	**(206)**	(261)
Decrease in restricted cash		**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		**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 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.

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 registered office address 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

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

The financial information set out in this document does not constitute statutory financial statements for easyJet plc for the two years ended 30 September 2022 but is extracted from the 2022 Annual Report and Financial statements.

The financial statements have been prepared on a going concern basis. In adopting the going concern basis for preparing these financial statements, the Directors have considered easyJet's business activities, together with factors likely to affect its future development and performance, as well as easyJet's principal risks and uncertainties through to June 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 Annual Report and Financial statements for 2021 has been delivered to the Registrar of Companies.

The Annual Report and Financial statements for 2022 will be delivered to the Registrar of Companies in due course. The auditors' report on those financial statements was unqualified and neither drew attention to any matters by way of emphasis nor contained a statement under either section 498(2) of Companies Act 2006 (accounting records or returns inadequate or financial statements not agreeing with records and returns), or section 498(3) of Companies Act 2006 (failure to obtain necessary information and explanations).

Accounting policies

The accounting policies adopted are consistent with those described in the Annual report and financial statements for the year ended 30 September 2022.

Critical accounting judgements and estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make judgements as to the application of accounting standards to the recognition and presentation of material transactions, assets and liabilities within the Group, and the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Estimations are based on management's best evaluation of a range of assumptions; however events or actions may mean that actual results ultimately differ from those estimates, and these differences may be material. The estimates and the underlying assumptions are reviewed regularly.

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (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 2)

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

- whether the item is outside of the principal activities of the easyJet Group (being to provide point-to-point airline services and package holidays);
- the specific circumstances which have led to the item arising, including, if extinguishing an item from the statement of financial position, whether that item was first generated via headline or non-headline activity. The rebuttable presumption being that when subsequently extinguishing an item from the

statement of financial position, any impact on the income statement should be reflected in the same way as that which was used in the initial creation of the item;

- 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, has 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 (refer to the leases accounting policy in the Group Financial Statements).

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.

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 (note 7)

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.

Aircraft maintenance provisions - £636 million (note 9)

easyJet incurs liabilities for maintenance costs arising during the lease term of leased aircraft. These costs arise from legal and constructive contractual obligations relating to the condition of the aircraft when it is returned to the lessor. To discharge these obligations, it is usual for easyJet to carry out at least one heavy maintenance check on each of the engines and the airframe of the aircraft during the lease term. A material provision representing the estimated cost of this obligation is built up over the course of the lease.

The estimates and assumptions used in the calculation of the provision are reviewed at least annually, and when information becomes available that is capable of causing a material change to an estimate, such as 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

It is management's judgement that there are two separate cash generating units which generate largely independent cash flows, 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.

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

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

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

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.

Provisions for customer claims - £80 million (note 9)

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.

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.

2. Non-headline items

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

	Year ended 30 September 2022	Year ended 30 September 2021
	£ million	£ 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 and a credit of £10 million (2021: £61 million credit) being recognised during the year 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.

3. 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 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 £
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)

4. 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)

5. 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 in the Group Financial Statements, 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.

6. Dividends

No dividend was paid in the year ending 30 September 2022 or 30 September 2021.

7. 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.

8. 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.

9. Provisions for liabilities and charges

	Maintenance provisions £ million	Provisions for customer claims £ million	Restructurin g £ 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.

10. 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)**

11. 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 and 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)**

12. 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.

13. Contingent liabilities and commitments

Contingent liabilities

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

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.

14. 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 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 the easyJet's permitted usage of the brand was slightly extended; and (iii) a letter dated 02 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.

15. 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.