**18 May 2023**

# easyJet plc

## Results for the six months ending 31 March 2023

***Strong demand for summer 23 continues on easyJet's enhanced primary network which, alongside its transformed revenue generation, is leading to an expected acceleration in the delivery of its medium-term targets***

- Headline loss before tax of £411 million (Reported loss before tax of £415 million)
- Financial strength - £0.2 billion net debt with £3.5 billion in cash and money market deposits
- Booking strength
  - Q3 RPS expected to be +20% YoY
  - Booking window returns towards normalised levels
    - Q3 – 73% booked: +1ppts vs FY22
    - Q4 – 36% booked: +3ppts vs FY22
  - easyJet holidays expects to make >£80 million PBT in FY23
- easyJet holidays to launch second source market (Switzerland), for holidays departing in early 2024. Multi-currency technology platform enables rapid expansion into other source markets
- Expect H2 headline cost per seat ex fuel to be broadly flat year on year
- Business transformation is expected to accelerate the delivery of existing medium term targets:
  - Mid teen EBITDAR margin
  - Low to mid teen ROCE
  - Holidays to make £100 million + PBT contribution
  - Grow capacity back to 105 million seats
    - Launching Birmingham base for FY24

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

*"easyJet's optimised network combined with the strong demand seen for flights and holidays, enhanced revenue capabilities and operational resilience, means we enter the summer with confidence. Recent research has shown that travel is the number one priority for household discretionary spend with customers safeguarding their holidays and increasingly opting for low cost airlines and brands which provide great value.*

*"easyJet holidays expects to deliver full year profits of more than £80 million as it continues its rapid growth in the UK alongside its entry into the European package holiday market. From summer it will start selling holidays in Switzerland which will be the first of a number of planned new European markets.*

*"All of this progress should result in the acceleration in the delivery of our medium-term targets while we continue to also capture the opportunities ahead. This includes the addition of a new base in the UK, in Birmingham, which will not only provide more choice and connectivity for consumers but also the creation of hundreds of jobs."*

## Overview

easyJet is starting to benefit from actions taken over the past 18 months. This has been driven by the low risk growth at primary airports and Berlin performance which has strengthened following its rightsizing. easyJet will continue to allocate aircraft to the most profitable routes based on demand, following the 50 aircraft which have been reallocated over the past two years. These actions, coupled with the step changed revenue generation from ancillary products, growth at easyJet holidays and a continued focus on cost is enabling the expected acceleration of the delivery of our medium-term targets.

This summer sees the additional Lisbon slots being utilised for their first peak period. In the Greek Islands, where easyJet has added +67% capacity, there has been no margin dilution. Ancillary revenue continues to drive incremental contribution to the Group, with airline ancillary yield +£10.65 vs H1 2019, demonstrating the strength of easyJet's products, alongside pricing enhancements.

easyJet holidays expects to make a profit of >£80 million this year, having seen +200% customer growth year on year in the first half. The continued success it has achieved within the UK will be built on, alongside the launch into the Swiss market this summer, for holidays departing in early 2024. Our multi-currency technology platform enables easy expansion into additional European source markets with very low risk.

## Financial Summary

- Headline loss before tax of £411 million (H1 2022: £545 million)
  - Total revenue increased by 80% to £2,689 million (H1 2022: £1,498 million) predominantly due to pricing strength, increased flown capacity, improved load factors and ancillary products continuing to deliver incremental revenue.
  - Group headline costs increased by 52% to £3,100 million (H1 2022: £2,043 million), primarily due to the increase in flown capacity, significantly increased fuel costs and industry wide inflationary pressures, combined with resilience measures as part of the summer 23 ramp up preparations and 15 wet lease aircraft which were within the fleet for the month of October.
- Reported loss before tax of £415 million (H1 2022: £557 million).
  - Non-headline loss of £4 million (H1 2022: £12 million). Non-headline items consist primarily of returning final slots at Berlin Brandenburg airport following the rightsizing of the operation from 18 to 11 aircraft.

## Fuel & FX Hedging

| Jet Fuel | H2'23 | H1'24 | H2'24 |
|---|---|---|---|
| Hedged position | 75% | 52% | 22% |
| Average hedged rate ($/MT) | 885 | 868 | 806 |
| Current spot ($/MT) at 17.05.23 | c.720 | | |

| USD | H2'23 | H1'24 | H2'24 |
|---|---|---|---|
| Hedged position | 77% | 55% | 23% |
| Average hedged rate (USD/GBP) | 1.24 | 1.21 | 1.23 |
| Current spot (USD/GBP) at 17.05.23 | c.1.25 | | |

- Carbon obligation 96% covered for CY23 at €41/MT
- USD Lease payments hedged for the next three years at 1.30
- Capex hedged for the next 12 months in EUR & USD

## Key Stats

| | **H1 2023** | H1 2022 | Change favourable/(adverse) |
|---|---|---|---|
| Capacity[1] (millions of seats) | **37.9** | 30.3 | 25% |
| Passengers[2] (millions) | **33.1** | 23.4 | 41% |
| Load factor[3] (%) | **87.5** | 77.3 | 10.2ppt |
| Average sector length (km) | **1,192** | 1,131 | 5% |
| Airline revenue per seat (£) | **66.46** | 47.61 | 40% |
| *Airline revenue per ASK (p)* | ***5.58*** | *4.21* | *33%* |
| *Airline revenue per ASK at constant currency[4] (p)* | ***5.49*** | *4.21* | *30%* |
| Fuel cost per seat (£) | **20.43** | 11.94 | (71)% |
| Airline headline cost ex fuel per seat (£) | **57.15** | 53.48 | (7)% |
| Airline headline cost per seat (£) | **77.55** | 65.42 | (19)% |
| *Airline headline CASK ex fuel (p)* | ***4.80*** | *4.73* | *(2)%* |
| *Airline headline CASK ex fuel at constant currency[4] (p)* | ***(4.72)*** | *(4.74)* | *0%* |
| Airline EBITDAR per seat (£) | **(2.12)** | (6.78) | 69% |
| Airline EBIT per seat (£) | **(10.60)** | (15.88) | 33% |
| Airline headline loss before tax per seat (£) | **(11.12)** | (17.80) | 38% |
| Holidays passengers (m) | **0.6** | 0.2 | 200% |
| Holidays profit before tax (£m) | **10** | (5) | 300% |
| Headline EBITDAR Margin | **(2.6%)** | (13.9%) | 11.3ppts |
| Headline ROCE | **(12%)** | (12%) | 0ppts |

## Outlook

- Q3 RPS expected to be +20% YoY
- Booking window returns towards normalised level
    - Q3 – 73% booked: +1ppts vs FY22
    - Q4 – 36% booked: +3ppts vs FY22
- Expect headline cost per seat ex fuel to be broadly flat year on year
- Expected acceleration in the delivery of medium-term targets
- Capacity
    - H2 c.56m seats, c.9% increase YoY
    - Q4 capacity around pre-pandemic levels

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**Conference call**

There will be an analyst presentation at 09:00am GMT on 18 May 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/645d10337935152b5ae756d0

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

## Revenue

Total revenue increased by 80% to £2,689 million (H1 2022: £1,498 million) partly due to capacity increasing to 37.9 million seats (H1 2022: 30.3 million), but also due to ticket yield strength and the continued step change in ancillary revenue generation.

Passenger revenue increased by 78% to £1,749 million (H1 2022: £985 million) as we flew increased levels of capacity compared to the same period last year. Passenger RPS increased by 42% to £46.24 (H1 2022: £32.49) as easyJet's optimised primary airport network continues to drive yield growth as demand remains strong.

Group ancillary revenue increased by 83% to £940 million (H1 2022: £513 million) as capacity increased and as easyJet holidays continues its rapid growth (customers +200% YoY). Airline ancillary revenue per seat also increased by 34% to £20.22 (H1 2022: £15.12) as easyJet's embedded ancillary products have transformed the revenue generation of the airline's ancillaries.

## Costs

Group headline costs excluding fuel and FX gains increased by 40% to £2,354 million (H1 2022: £1,683 million), driven by an increase in capacity flown, industry wide inflationary pressure, the rapid growth of easyJet holidays and resilience actions taken in preparation for summer 23.

easyJet recorded a £27 million gain from foreign exchange on balance sheet revaluations (H1 2022: £2 million gain), benefitting from the strengthening of sterling versus the USD over the period on our net USD denominated liabilities.

Headline Airline cost per seat excluding fuel at constant currency increased by 5% to £56.27 (H1 2022: £53.57), broadly in line with the sector length increase of 5%. This is despite inflation impacting the cost base, within airports, navigation and staff costs and the 10-percentage point increase in load factor seen during the period which impacts per passenger charges within airports.

## 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 interim financial information. A Group non-headline loss before tax of £4 million (H1 2022: £12 million loss) was recognised in the first half. The significant item is the return of final slots at Berlin Brandenburg airport following the rightsizing of the operation from 18 to 11 aircraft.

## Balance Sheet

During the first half, easyJet repaid a €500 million bond.

As at 31 March 2023 our net debt position was c.£0.2 billion (30 September 2022: £0.7 billion) including cash and cash equivalents and money market deposits of £3.5 billion (30 September 2022: £3.6 billion).

## Fleet

easyJet's total fleet as at 31 March 2023 comprised 328 aircraft (30 September 2022: 320 aircraft, excluding three A319 aircraft held on a zero rent basis). The increase was driven by:

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

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

We have an agreed order book consisting of 163 firm orders, 130 for A320neo aircraft and 33 A321neo aircraft. This includes the aircraft purchase approved in Summer 22, securing 56 aircraft deliveries with the conversion of 18 A320neo aircraft into A321neo aircraft for delivery between FY26 and FY29. In addition to the accelerated delivery of two aircraft from FY25 to FY23, easyJet has agreed to take a further two FY25 aircraft deliveries in FY24.
easyJet also has a contractual commitment to lease 11 further mid-life A320 aircraft, for delivery between now and Q1 FY24.
In order to meet our long-term fleet requirements, we will continue to keep all options under review going forward.
The average age of the fleet increased to 9.7 years (30 September 2022: 9.3 years). The average gauge of the fleet is now 179 seats per aircraft (30 September 2022: 179 seats).

Fleet as at 31 March 2023

| | Owned | Leased | **Total** | % of fleet | Changes since Sep-22 | Firm Orders | Reconfirmation Aircraft | Purchase Rights |
|---|---|---|---|---|---|---|---|---|
| A319 | 29 | 67 | **96** | 29% | 2 | - | - | - |
| A320 | 105 | 63 | **168** | 51% | 1 | - | - | - |
| A320neo | 42 | 7 | **49** | 15% | 5 | 130[a] | 2 | 1 |
| A321neo | 4 | 11 | **15** | 5% | - | 33[a] | - | - |
| | **180** | **148** | **328** | | | **163** | **2** | **1** |
| *Percentage of total fleet* | *55%* | *45%* | | | | | | |

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

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

| **Number of aircraft** | H1 23 | FY23 | FY24 | FY25 | FY26 |
|---|---|---|---|---|---|
| Current contractual maximum | - | 336 | 349 | 373 | 380 |
| Actual aircraft | **328** | **-** | **-** | **-** | **-** |
| Current contractual minimum | - | 331 | 319 | 312 | 299 |
| New aircraft deliveries | 5* | 8 | 18 | 27 | 28 |
| Gross capital expenditure (£’m) | | c.1,000 | c.1,500 | c.1,700 | c.1,800 |

*Two aircraft are held within work in progress at 31 March as modifications are completed prior to entering into the operations.

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

## Strategy Update

easyJet’s purpose is to make low-cost travel easy. Underpinning this purpose is our strategy which has four strategic priorities that 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
- Driving our low-cost model
- Delivering ease and reliability

**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. 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 is demonstrated by the optimisation at Berlin, improving profitability[6] by c. 190% through focusing on key city pairs and leisure flows, removal of German domestics and increasing utilisation. We have also increased customer choice by entering new markets such as Tunisia.

We seek to further strengthen our position in key markets as the competitive landscape evolves. easyJet has continued to leverage slot growth on our existing network, which has enabled aircraft to be re deployed across the network over the last 18 months; +9 into the Greek Islands, +7 in Portugal (across Lisbon and Porto) and +20 at Gatwick.

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 bundles, amongst other ancillary products, have continued to deliver incremental revenue through the period. Alongside this, easyJet's inflight retail brand and proposition, which launched last year, is delivering growth across all KPIs; conversion, spend per seat and profit per seat, and is allowing us to tailor product offering to our customers. These initiatives have contributed to the Airline's ancillary yield being £10.65 higher than the same period in 2019.

In the first half of this year, we implemented closed loop Wi-Fi on all our aircraft. This has facilitated enhanced marketing revenue generation opportunities through our partners and enables the launch of order to seat capability ahead of peak summer. easyJet also plans to unlock pre-order capability later this year, with a focus on the duty-free proposition.

*easyJet holidays:*

easyJet holidays continues its rapid growth, becoming a major player within the sector, expecting customer growth of >60% year on year and is expecting to deliver a profit before tax in excess of £80 million in the 2023 financial year. This growth is being delivered through strong customer satisfaction of 87%, with 70% of customers likely to re book.

As the holidays business grows in scale, targeted investments will be made to strengthen the customer base. This has been demonstrated at Gatwick where marketing spend has been focused, targeting easyJet's largest base of aircraft. Future initiatives are underway to optimise pricing alongside enhancing the product offering through room options and ancillary products.

Our multi-currency technology platform enables easy and rapid expansion into other source markets, where we will unlock the Swiss market next. Switzerland will go on sale this summer for departures from early 2024. We already have a leading leisure network from Geneva and Basel to destinations including the Balearics, Canaries and Greece, where Switzerland's package holiday market of 1.1 million customers provides an opportunity for easyJet holidays to continue its rapid growth.

**Driving our low-cost model**

easyJet has a cost advantage over its major competitors on the primary network that it operates. Alongside cost actions, easyJet is focused on margin through its network optimisation, effective pricing management and ancillaries driving higher yields.

easyJet has delivered a number of cost actions:

- Descent profile optimisation software: the upgraded technology retrofit has commenced on our CEO aircraft, achieving fuel savings through lower thrust and fuel burn during descent not only providing a cost saving but also achieving a permanent carbon emissions saving.
- Insourcing line maintenance at LGW, BER, GLA, EDI and BRS: enabling easyJet to have greater control over maintenance, reducing cost incurred and improving the quality of maintenance fulfilled.
    - Since opening our Berlin hangar in January, we have seen a 41% average cost saving per aircraft visit.
- Increasing automation of self-service management: increasing digitalisation of customer flows and reducing the need for contact centre support.
    - Over 70% of disrupted customers are now using the self-service platform, reducing disruption costs by enabling customers to self-select alternative flights and accommodation.

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

- Increased productivity: capacity restoration through summer 23 and further winter capacity restoration in FY24 to promote productivity and cost savings.
- Up-gauging of the fleet: efficiency benefits will be unlocked as A319s leave the fleet, being replaced by A320 family aircraft. The increased mix of NEO aircraft will see additional fuel and airport incentive benefits as easyJet's order book of 163 A320neo family aircraft enter the fleet.

**Delivering ease and reliability**

easyJet has a loyal customer base, with 78% of seats booked by returning customers. Customer satisfaction of 79% has returned to historical levels as our crew provide our customers with the warmest onboard experience.

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

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

easyJet also aims to deliver reliable performance through:

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

**Sustainability**

In September 2022, 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[5], 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 achieving a world first - successfully running a modern aircraft engine on hydrogen. This is a major milestone 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 financial year, as well as enhancing our ratings achieved across indices including CDP, MSCI & Sustainalytics.

**Our People**

easyJet continues to have a market leading reputation as an employer of choice, as evidenced through our Glassdoor rating of 3.9, the highest within the travel and tourism sector. Our people are a key source of differentiation, and this helps to deliver excellent customer experience and loyalty. Our employee engagement has increased to 7.3, an increase of 4% on last year.

As we journey towards our destination to be Europe's most loved airline, for our people this means being a place to work that is loved because we're a place where you belong, you can do your best work, thrive and grow your career.

We have spent considerable time in the first half of this year, working with our leaders to create the most inclusive culture – connecting people to our strategy, purpose and promises. Our focus continues to prioritise activity that ensures our readiness and operational resilience for the summer ahead, while also positively contributing to our colleague experience. This enables easyJet to attract and retain the best people.

**Footnotes**

(1) Capacity based on actual number of seats flown.
(2) Represents the number of earned seats flown. Earned seats include seats which are flown whether or not the passenger turns up, as easyJet is a no-refund airline and once a flight has departed, a no-show customer is generally not entitled to change flights or seek a refund. Earned seats also include seats provided for promotional purposes and to staff for business travel.
(3) Represents the number of passengers as a proportion of the number of seats available for passengers. No weighting of the load factor is carried out to recognise the effect of varying flight (or "sector") lengths.
(4) Constant currency is calculated by comparing 2023 financial year performance translated at the 2022 financial year effective exchange rate to the 2022 financial year reported performance, excluding foreign exchange gains and losses on balance sheet revaluations.
(5) easyJet plc commits to reduce well-to-wake GHG emissions related to jet fuel from owned and leased operations by 35% per revenue tonne kilometre (RTK) by FY35 from a FY19 base year. The target boundary includes biogenic emissions and removals from bioenergy feedstocks. Non-CO2e effects which may also contribute to aviation induced warming are not included in this target.
(6) Based on expected contribution per block hour for FY23

**OUR FINANCIAL RESULTS**

Headline loss before tax of £411 million for the six months ended 31st March 2023 was a reduction of £134 million on the loss of £545 million for the comparative period ended 31st March 2022. This improvement was driven by increased capacity, load factors and yields with all travel restrictions now lifted, pent up demand being realised and enhanced contribution from our ancillary product offering and easyJet holidays. easyJet flew 33.1 million passengers in the six months ended 31st March 2023 (H1 2022: 23.4 million), up 41% on the comparative period as post pandemic recovery continues at pace. The period has been characterised by strong yields and airline revenue per seat (RPS) recovery (23% and 40% increase over the comparative period respectively) alongside industry-wide cost challenges. Load factor for the period was 87.5% (H1 2022: 77.3%), just 2.7 percentage points (ppt) lower than the comparable pre-pandemic period, H1 2019, with capacity over H1 2023 at 82% the level of H1 2019. easyJet holidays took 0.6 million customers (including affiliates) away in the period (H1 2022: 0.2 million), generating incremental revenue of £173 million (H1 2022: £54 million) and delivering £10 million of headline profit before tax (H1 2022: £5 million loss).

Revenue of £2,689 million (H1 2022: £1,498 million) reflects strong trading with increased capacity versus the comparative period and strong yield performance. H1 2022 performance was heavily impacted by the emergence of Omicron, with limitations on travel impacting the key Christmas trading period and most of Q2 2022. H1 2023 trading is characterised by increased capacity, loads and yield as demand has strengthened with trading to date setting new airline RPS records (for the first half of a financial year) due to strong yield performance. Achieving this has seen loads slightly behind the pre-pandemic period, H1 2019, but our offer remained competitive in the market and reflects our focus on sustaining prices whilst looking to be cost and resource efficient and adapting our network where appropriate.

Fuel prices continue to be at a higher level in H1 2023 compared to the comparative period, which coupled with general inflation across Europe has impacted business costs. Additionally, proposed French government pension reforms have been a key factor in widespread industrial action in France which, due to the involvement of French Air Traffic Control (ATC), has impacted air travel by causing disruption to flights utilising French airspace. This has impacted our on-time performance and led to some cancellations, with the associated costs and disruption for our customers. In March, only five days were unaffected by this industrial action, and disruption is expected to continue in Q3.

*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 | H1 2023 | H1 2022 |
|---|---|---|
| **Group revenue** | **2,689** | 1,498 |
| Headline costs excluding fuel, FX gain and ownership (1) | **(1,985)** | (1,344) |
| Fuel | **(773)** | (362) |
| **Headline EBITDAR** | **(69)** | (208) |
| Depreciation, amortisation & dry leasing costs | **(323)** | (278) |
| **Headline EBIT** | **(392)** | (486) |
| Net finance charges | **(46)** | (61) |
| Foreign exchange gain | **27** | 2 |
| **Group headline loss before tax** | **(411)** | (545) |
| *Being:* | | |
| *Airline headline (loss) before tax* | *(421)* | *(540)* |
| *Holidays headline profit / (loss) before tax* | *10* | *(5)* |

| £ per seat – Airline only (2) | H1 2023 | H1 2022 |
|---|---|---|
| **Airline revenue** | **66.46** | 47.61 |
| Headline costs excluding fuel, FX gain and ownership | **(48.15)** | (42.45) |
| Fuel | **(20.43)** | (11.94) |
| **Headline EBITDAR** | **(2.12)** | (6.78) |
| Depreciation, amortisation & dry leasing costs | **(8.48)** | (9.11) |
| **Headline EBIT** | **(10.60)** | (15.89) |
| Net finance charges | **(1.22)** | (2.01) |
| Foreign exchange gain | **0.70** | 0.09 |
| **Airline headline loss before tax** | **(11.12)** | (17.80) |
| Headline tax credit | **2.84** | 3.94 |
| **Airline headline loss after tax** | **(8.28)** | (13.86) |
| Non-headline items | **(0.10)** | (0.40) |
| Non-headline tax credit | **0.02** | 0.10 |
| **Airline total loss after tax** | **(8.36)** | (14.16) |

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

In the period, the total number of passengers carried increased by 41% to 33.1 million (H1 2022: 23.4 million), which was driven by a 25% increase in seats flown to 37.9 million seats (H1 2022: 30.3 million seats) and a 10.2 ppt increase in load factor to 87.5% (H1 2022: 77.3%). This reflects the increased capacity available as the period was without travel restrictions, and saw the return of customer demand. The capacity for the period was 82% of the comparable pre-pandemic period, H1 2019, and the load factor of 87.5% was 2.7 ppt lower.

Total revenue increased by 80% to £2,689 million (H1 2022: £1,498 million) and by 77% at constant currency. The period experienced a record first half airline RPS achievement of £66.46 (H1 2022: £47.61), an increase of 40% on the comparative period and 38% at constant currency. The increase in RPS is a consequence of increased loads, and strong ticket yields, with ancillary initiatives continuing to deliver a revenue benefit. Airline ancillary RPS increased by 34% and 32% at constant currency. Airline ancillary revenue is now 47% higher than it was in H1 2019 despite passenger numbers being 21% lower. Additionally, easyJet holidays continues to grow and contributed £173 million revenue (H1 2022: £54 million) over and above airline sales.

Total headline costs excluding fuel, foreign exchange gains, and ownership costs increased by 48% to £1,985 million (H1 2022: £1,344 million) mainly as a result of the volume of flying and general cost pressures. Costs were also impacted by the disruption arising from weather events and the French ATC industrial action, alongside measures such as tankering fuel into areas impacted by industrial action to maintain operations and reduce the impact on customers. This was partly offset by a release from the carried forward provision held for disruption costs as the rate of customer compensation claims for the Q3 FY22 period of significant disruption have not matched our estimations (which were based on previous periods of disruption).

Our cost saving programme continues to deliver, with notable ongoing initiatives including fitting fuel-saving descent optimisation software on our aircraft and insourcing line maintenance where there is a cost benefit to do so. In addition, the continuing development of our self-service disruption management tool (through the easyJet app) brings the twin benefit when disruption does occur, of a better customer experience and enhanced cost management.

Airline headline cost per seat (CPS) excluding fuel, foreign exchange gains, and ownership costs increased by 13% to £48.15 (H1 2022: £42.45) and 10% at constant currency. This is against a backdrop of increased sector length and load factors, and an investment in crew resilience ahead of summer 2023. Increased flying and the associated benefit of fixed operating costs being spread across more capacity has contributed to the management of CPS, combined with easyJet's continued focus on cost, as noted above.

Within the period the translation of revenue and costs, including fuel, from foreign currency has had a net adverse impact of £96 million on the Group income statement when compared to translated values had the exchange rates from H1 2022 been used. This has been partly offset by a gain of £27 million (H1 2022: £2 million credit) from the translation of foreign currency denominated monetary assets and liabilities held on the statement of financial position. Ownership costs were impacted by a £7 million charge as a result of the movement in the period of the US dollar interest rates used to set the discount rate of the maintenance reserves provision, compared to a £19 million benefit in the comparative period.

Airline fuel CPS increased by 71% to £20.43 (H1 2022: £11.94) and by 55% at constant currency. This is a result of both the significant increase in the post hedge fuel price and an increased average sector length compared to the comparative period, arising from the destination mix in the period shifting towards leisure routes.

**Loss per share**

| | **H1 2023** | **H1 2022** | |
|---|---|---|---|
| | **Pence per share** | Pence per share | Change in pence per share |
| Basic headline loss per share | (40.5) | (56.0) | 15.5 |
| Basic total loss per share | (40.9) | (57.2) | 16.3 |

Basic headline loss per share decreased by 15.5 pence and basic total loss per share decreased by 16.3 pence as a consequence of the lower loss generated compared to the comparative period.

**Return on capital employed (ROCE)**

| **Reported £m** | **H1 2023** | H1 2022 |
|---|---|---|
| Headline loss before interest, foreign exchange gain and tax | **(392)** | (486) |
| UK corporation tax rate | **19%** | 19% |
| Normalised headline operating loss after tax (NOPAT) | **(318)** | (394) |
| | | |
| Average shareholders' equity | **2,227** | 2,540 |
| Average net debt | **413** | 753 |
| Average adjusted capital employed | **2,640** | 3,293 |
| | | |
| Headline Return on capital employed | **(12.0%)** | (12.0%) |
| Total Return on capital employed | **(12.2%)** | (12.3%) |

ROCE is calculated by taking headline loss before interest, foreign exchange gain and tax, applying tax at the prevailing UK corporation tax rate at the end of the reporting period, and dividing by average capital employed. Capital employed is shareholders' equity plus net debt.

Headline ROCE for the period was comparable to H1 2022. The reduction in operating loss before interest, foreign exchange gain and tax in the period was broadly in tandem with the proportional reduction in average capital employed, with shareholders' equity reduced as a consequence of the additional losses over the previous twelve months together with the hedging reserve deficit offsetting the benefit in reduced net debt. Total ROCE for the period was an improvement of 0.1 ppt on the comparative period.

**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.

| | **H1 2023 £ million** | H1 2022 £ million | Change £ million |
|---|---|---|---|
| Operating loss | **(396)** | (499) | 103 |
| Net tax (paid)/received | **(6)** | 1 | (7) |
| Net working capital movement excl unearned revenue | **(343)** | (157) | (186) |
| Unearned revenue movement | **1,338** | 934 | 404 |
| Depreciation and amortization | **322** | 277 | 45 |
| Net capital expenditure | **(477)** | (247) | (230) |
| Net proceeds from sale and leaseback of aircraft | **61** | 87 | (26) |
| Increase in lease liability | **82** | 34 | 48 |
| Net funding activities | **-** | 97 | (97) |
| Purchase of own shares for employee share schemes | **(15)** | (4) | (11) |
| Other (including the effect of exchange rate movements) | **(52)** | (209) | 157 |
| Net decrease in net debt | **514** | 314 | 200 |
| Net debt at the beginning of the period | **(670)** | (910) | 240 |
| Net debt at the end of the period | **(156)** | (596) | 440 |

Net debt as at 31 March 2023 was £156 million (31 March 2022: £596 million) and comprised cash and cash equivalents and money market deposits of £3,486 million (31 March 2022: £3,505 million), borrowings of £2,682 million (31 March 2022: £3,046 million) and lease liabilities of £960 million (31 March 2022: £1,055 million).

Net working capital movement of £343 million since the year end (H1 2022: £157 million) predominantly reflects the build up of Emission Trading System (ETS) credits as CY2023 free credits have been received and purchases for FY23 and FY24 flying have been made, whilst the CY2022 credits are held pending surrender in H2 2023.

The unearned revenue inflow of £1,338 million (H1 2022: £934 million) has increased as customer behaviour normalises and booking curves begin to reflect pre-pandemic advance booking practices. Additionally, the comparative period included Covid-19 travel restrictions and a level of consumer nervousness following the emergence of Omicron.

The increase in depreciation and amortisation to £322 million (H1 2022: £277 million) reflects higher maintenance costs for leased aircraft with the rise in flying volumes and some rate changes over the reporting period driving a higher charge.

Net capital expenditure in the year of £477 million (H1 2022: £247 million) is across new five new aircraft (H1 2022: five), pre-delivery payments, maintenance additions and significant advance payments for long life parts. The sale and leaseback of 6 aircraft in H1 2023 resulted in a net cash inflow of £61 million compared to the ten sale and leasebacks in H1 2022 which generated proceeds of £87 million. Lease additions, extensions and rate updates increased the lease liability by £82 million.

In the prior year the net funding activities of £97 million related to final funding income from the rights issue in FY21.

**Exchange rates**

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

| | Revenue | | Headline Costs[1] | |
|---|---|---|---|---|
| | **H1 2023** | H1 2022 | **H1 2023** | H1 2022[1] |
| Sterling | **51%** | 45% | **39%** | 37% |
| Euro | **38%** | 45% | **33%** | 33% |
| US dollar | **1%*** | 0% | **22%** | 24% |
| Other (principally Swiss franc) | **10%** | 10% | **6%** | 6% |

| **Average headline exchange rates**** | **H1 2023** | H1 2022 |
|---|---|---|
| Euro – revenue | **€1.15** | €1.17 |
| Euro – costs | **€1.14** | €1.19 |
| US dollar | **$1.26** | $1.37 |
| Swiss franc | **CHF 1.16** | CHF 1.24 |

| **Closing exchange rates** | **H1 2023** | H1 2022 |
|---|---|---|
| Euro | **€1.14** | €1.19 |
| US dollar | **$1.23** | $1.31 |
| Swiss franc | **CHF 1.13** | CHF 1.21 |

(1) H1 2022 figures have been restated to exclude the impact of non-headline costs. In addition, US dollar and euro values in H1 22 reporting were transposed and have been corrected.

*our customers have the option of paying for flights in US dollars

**exchange rates quoted are post-hedging applied to 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 half year has seen a weakening of sterling against both the euro and US dollar when compared to the exchange rates at H1 2022, resulting in a net adverse foreign currency impact of £96 million on the Group income statement had the exchange rates from H1 2022 been used. Conversely the translation of foreign currency denominated monetary assets and liabilities held on the statement of financial position has resulted in a gain of £27 million (H1 2022: £2 million credit).

**Headline exchange rate impact**

| | **Euro** | **Swiss franc** | **US dollar** | **Other** | **Total** |
|---|---|---|---|---|---|
| Favourable/(adverse) | **£ million** | **£ million** | **£ million** | **£ million** | **£ million** |
| Total revenue | 17 | 19 | 2 | 1 | 39 |
| Fuel | (1) | - | (70) | - | (71) |
| Headline costs excluding fuel | (36) | (16) | (11) | (1) | (64) |
| **Headline total before tax**[1] | **(20)** | **3** | **(79)** | **-** | **(96)** |

(1) Excludes the impact of balance sheet revaluations

easyJet recognises a significant element of revenue across its network in euros, and therefore a weaker sterling vs euro at average rates has improved revenue in the period. Additionally the weakening against the Swiss franc has been beneficial. However, the revenue foreign exchange benefit has been offset by the converse impact on costs. easyJet's cost base includes US dollar denominated costs, particularly fuel and aircraft lease payments, and therefore post-hedge US dollar strengthening against the comparative period has increased the sterling value of those headline costs.

## FINANCIAL PERFORMANCE

### Revenue

| £m Group | H1 2023 | H1 2022 |
|---|---|---|
| Passenger revenue | **1,749** | 985 |
| Ancillary revenue | **767** | 459 |
| Holidays incremental revenue (1) (2) | **173** | 54 |
| **Total revenue** | **2,689** | 1,498 |

(1) Holidays numbers include elimination of intercompany airline transactions

(2) The presentation of Group revenue has been amended to split out holidays incremental revenue; refer to note 1C(iii) in the condensed consolidated interim financial information

Total revenue increased by 80% to £2,689 million (H1 2022: £1,498 million) and 77% at constant currency. This was a combined result of increased customer volumes, a focus on yield optimisation resulting in strong ticket yield, and continued growth in our ancillary offer. The total number of passengers carried increased by 41% to 33.1 million (H1 2022: 23.4 million), arising from a combination of a 25% increase in seats flown to 37.9 million seats (H1 2022: 30.3 million seats) and a 10.2 ppt increase in load factor to 87.5% (H1 2022: 77.3%). This reflects the increased capacity with the removal of all travel restrictions that were in place in the prior year and the resumption of customer demand as the air travel industry returns to a level of normality. Similar to FY22, within revenue there was a £17 million credit (H1 2022: £nil million) arising from the release of aged contract liabilities within other payables, split £14 million against passenger revenue and £3 million against ancillary revenue.

Total airline RPS of £66.46 was 38% ahead of H1 2022 at constant currency and total yield of £75.98 was 22% favourable when compared against H1 2022 at constant currency, with passenger yields 24% favourable and ancillary yields 16% favourable at constant currency.

Airline ancillary revenue of £767 million was 67% ahead of H1 2022, and 64% at constant currency, as a result of both passenger numbers and favourable yields. Pricing initiatives, fare bundling and standalone cabin bags introduced since H1 2022 have contributed to the growth of the ancillary offer. Note that airline ancillary revenue is now 47% higher than in H1 2019 despite passenger numbers being 21% lower.

easyJet holidays incremental revenue increased by 220% to £173 million (H1 2022: £54 million) with strong yields and growth in customer numbers to 0.6 million (including affiliates) in the period (H1 2022: 0.2 million) as the holidays offer resonated with customers and grew in strength throughout the period.

### Headline costs excluding fuel

| | **H1 2023** | | H1 2022 | |
|---|---|---|---|---|
| | **Group £ million** | **Airline £ per seat** | Group £ million | Airline £ per seat |
| **Operating costs and income** | | | | |
| Airports and ground handling | **735** | **19.41** | 474 | 15.65 |
| Crew | **424** | **11.19** | 318 | 10.48 |
| Navigation | **165** | **4.36** | 110 | 3.63 |
| Maintenance | **174** | **4.59** | 157 | 5.16 |
| Holidays direct operating costs | **132** | **n/a** | 40 | n/a |
| Selling and marketing | **103** | **2.34** | 68 | 2.03 |
| Other costs | **253** | **6.29** | 183 | 5.61 |
| Other income | **(1)** | **(0.03)** | (6) | (0.11) |
| | **1,985** | **48.15** | 1,344 | 42.45 |
| **Ownership costs** | | | | |
| Aircraft dry leasing | **1** | **0.02** | 1 | 0.04 |
| Depreciation | **309** | **8.17** | 265 | 8.74 |
| Amortisation | **13** | **0.29** | 12 | 0.33 |
| Net finance charges | **46** | **1.22** | 61 | 2.01 |
| | **369** | **9.70** | 339 | 11.12 |
| Foreign exchange gain | **(27)** | **(0.70)** | (2) | (0.09) |

| | | | | |
|---|---|---|---|---|
| | **342** | **9.00** | 337 | 11.03 |
| **Headline costs excluding fuel** | **2,327** | **57.15** | 1,681 | 53.48 |

Headline CPS excluding fuel for the airline increased by 7% to £57.15 (H1 2022: £53.48), and by 5% at constant currency.

Included within the Group headline costs excluding fuel of £2,327 million is £163 million (H1 2022: £59 million) related to the holidays business, the cost increase primarily being activity related due to the growth of the business.

**Operating costs and income**

Airports and ground handling operating costs increased by 55% to £735 million (H1 2022: £474 million), an increase of 24% to £19.41 (H1 2022: £15.65) on a cost per seat (CPS) basis, 19% at constant currency. The period has seen an overall increase in airport rates, reflecting that easyJet largely flies from slot constrained and regulated airports. In addition, operating costs associated with improved load factors, and higher passenger and security charges contributed to price inflation driving a cost increase on a per seat basis.

Crew costs increased by 33% to £424 million (H1 2022: £318 million), an increase of 7% to £11.19 (H1 2022: £10.48) on a CPS basis, 4% at constant currency. This CPS increase has resulted from increased costs as easyJet looks to secure crew levels for Summer 2023 flying in addition to post-pandemic pay deals, partly offset by allocating the fixed element of crew costs over greater capacity.

Navigation costs increased by 50% to £165 million (H1 2022: £110 million), a rise of 20% to £4.36 (H1 2022: £3.63) on a CPS basis, 16% at constant currency, as a result of the increases in both EuroControl rates and an increase in the sector length of our commercial flying compared to the comparative period.

Maintenance costs increased by 11% to £174 million (H1 2022: £157 million), but decreased by 11% to £4.59 (H1 2022: £5.16) on a CPS basis. This CPS decrease is primarily the result of the fixed element of our maintenance costs being apportioned over increased capacity.

Selling and marketing costs increased by 51% to £103 million (H1 2022: £68 million), an increase of 16% to £2.34 (H1 2022: £2.03) on a CPS basis, 12% at constant currency. The increase is predominantly in selling costs which result from increased credit card bookings and the associated fees on forward bookings.

Other costs increased by 38% to £253 million (H1 2022: £183 million), an increase of 12% to £6.29 (H1 2022: £5.61) on a CPS basis, 10% at constant currency. Other costs include the impact of the disruption experienced in the period, with net £37 million disruption compensation and welfare costs incurred (H1 2022: £6 million) after a £24 million release (H1 2022: £3 million pre-pandemic claim release) of provision held for disruption costs where customer compensation claims for the Q3 FY22 period of significant disruption have not matched our initial estimations of claim rates (based on previous periods of disruption). Additionally, in Q1 we incurred significant wet lease costs before the aircraft were removed from the fleet at the end of the summer flying season, and there has been increased employee benefits and an investment in cyber security and merchandising technology in the year.

**Ownership costs**

Depreciation costs increased by 17% to £309 million (H1 2022: £265 million), but decreased by 7% to £8.17 (H1 2022: £8.73) on a CPS basis, 6% at constant currency. The increase in depreciation costs compared to H1 2022 is largely due to the increased maintenance provision for leased aircraft, reflecting higher flying volumes and the change in the discount rate arising from movements in the US dollar interest rates. Depreciation on owned aircraft has remained relatively stable. The cost on a CPS basis has benefitted from the increased maintenance cost being allocated across a significantly increased seat capacity.

Net finance charges decreased by 25% to £46 million (H1 2022: £61 million), and by 39% on a CPS basis to £1.22 (H1 2022: £2.01) reflecting the benefit from improved interest rates on cash deposits in the period and a reduced level of debt.

Foreign exchange gains were £27 million (H1 2022: £2 million) being the benefit of the retranslation of foreign currency denominated monetary assets and liabilities arising from the currency movements in the reporting period, with sterling being stronger against the US dollar offsetting the impact of a marginally weaker sterling against the euro as at 31 March 2023 compared to 30 September 2022.

**Fuel**

| | **H1 2023** | | H1 2022 | |
|---|---|---|---|---|
| | **Group £ million** | **Airline £ per seat** | Group £ million | Airline £ per seat |
| Fuel | **(773)** | **(20.43)** | (362) | (11.94) |

Fuel costs for the period were £773 million, compared to £362 million in H1 2021, a 71% increase on a CPS basis to £20.43 (H1 2022: £11.94), 55% on a constant currency basis. The increase in flying volumes, resulting in a 33% increase in block hours in the period, has contributed, but the significant driver has been the increase in fuel prices over the period.

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.

During the period the average market price payable for jet fuel increased by 33% from $762 per tonne in H1 2022 to $1,012 per tonne in H1 2023. Whilst hedging undertaken by the Group provided some mitigation, the overall post hedge fuel price for H1 2023 of $860 per tonne was 44% higher than the post hedge fuel price of $599 per tonne achieved in H1 2022. Approximately 80% of jet fuel was hedged in H1 2023.

**Group loss after tax**

| **£ million (Reported) – Group** | **H1 2023** | H1 2022 |
|---|---|---|
| **Group headline loss before tax** | **(411)** | (545) |
| Headline tax credit | **107** | 123 |
| **Group headline loss after tax** | **(304)** | (422) |
| Non-headline items before tax | **(4)** | (12) |
| Non-headline tax credit | **1** | 3 |
| **Group total loss after tax** | **(307)** | (431) |

**Non-headline items**

A non-headline charge of £4 million (H1 2022: £12 million) was recognised in the period. This consisted of a £3 million loss on disposal for a further and final surrender of landing rights as a consequence of the reduction in our operations at Berlin airport (H1 2022: £nil) and net restructuring charges of £1 million (H1 2022: £8 million release) resulting from the net impact of additional costs arising from previously announced restructuring programmes in Germany. The sale and leaseback of 6 aircraft in the period generated a £nil gain (H1 2022: £21 million loss from 10 aircraft).

**Corporate Tax**

Corporate tax has been recognised at an effective rate of 26.1% (H1 2022: 22.7%), resulting in an overall tax credit of £108 million (H1 2022: £126 million credit). This splits into a tax credit of £107 million on the headline losses and a tax credit of £1 million on the non-headline items.

# KEY STATISTICS

## OPERATING MEASURES

| | H1 2023 | H1 2022 | Increase/ (decrease) |
|---|---|---|---|
| Seats flown (millions) | **37.9** | 30.3 | 25% |
| Passengers (millions) | **33.1** | 23.4 | 41% |
| Load factor | **87.5%** | 77.3% | 10.2 ppts |
| Available seat kilometres (ASK) (millions) | **45,108** | 34,287 | 32% |
| Revenue passenger kilometres (RPK) (millions) | **39,956** | 26,811 | 49% |
| Average sector length (kilometres) | **1,192** | 1,131 | 5% |
| Sectors ('000) | **212** | 168 | 26% |
| Block hours ('000) | **438** | 329 | 33% |
| easyJet holidays passengers (thousands) (1) | **445** | 137 | 225% |
| Number of aircraft owned/leased at end of period | **328** | 322 | 2% |
| Average number of aircraft owned/leased during period | **325** | 322 | 1% |
| Average number of aircraft operated per day during period | **249** | 204 | 22% |
| Number of routes operated at end of period | **988** | 930 | 6% |
| Number of airports served at end of period | **154** | 150 | 3% |

## FINANCIAL MEASURES

| | H1 2023 | H1 2022 | Favourable/ (adverse) |
|---|---|---|---|
| Total return on capital employed | **(12.2%)** | (12.3%) | 0.1ppts |
| Headline return on capital employed | **(12.0%)** | (12.0%) | 0.0ppts |
| Airline total loss before tax per seat (£) | **(11.22)** | (18.20) | 38.4% |
| Airline headline loss before tax per seat (£) | **(11.12)** | (17.80) | 37.6% |
| Airline total loss before tax per ASK (pence) | **(0.94)** | (1.61) | 41.6% |
| Airline headline loss before tax per ASK (pence) | **(0.93)** | (1.57) | 40.8% |
| easyJet holidays total profit / (loss) before tax (millions) | **10** | (5) | 300.0% |
| **Revenue** | | | |
| Airline revenue per seat (£) | **66.46** | 47.61 | 39.6% |
| Airline revenue per seat at constant currency (£) | **65.44** | 47.61 | 37.5% |
| Airline revenue per ASK (pence) | **5.58** | 4.21 | 32.5% |
| Airline revenue per ASK at constant currency (pence) | **5.49** | 4.21 | 30.4% |
| Airline revenue per passenger (£) | **75.98** | 61.59 | 23.4% |
| Airline revenue per passenger at constant currency (£) | **74.82** | 61.59 | 21.5% |
| **Costs** | | | |
| **Per seat measures** | | | |
| Airline headline cost per seat (£) | **(77.58)** | (65.42) | (18.6%) |
| Airline total cost per seat (£) | **(77.68)** | (65.81) | (18.1%) |
| Airline headline cost per seat excluding fuel (£) | **(57.15)** | (53.48) | (6.9%) |
| Airline headline cost per seat exc fuel at constant currency (£) | **(56.27)** | (53.57) | (5.0%) |
| Airline total cost per seat excluding fuel (£) | **(57.25)** | (53.87) | (6.3%) |
| Airline total cost per seat excluding fuel at constant currency (£) | **(56.50)** | (53.96) | (4.7%) |
| **Per ASK measures** | | | |
| Airline headline cost per ASK (pence) | **(6.51)** | (5.78) | (12.6%) |
| Airline total cost per ASK (£) | **(6.52)** | (5.82) | (12.0%) |
| Airline headline cost per ASK excluding fuel (pence) | **(4.80)** | (4.73) | (1.5%) |
| Airline headline cost per ASK exc fuel at constant currency (pence) | **(4.72)** | (4.74) | 0.4% |
| Airline total cost per ASK excluding fuel (pence) | **(4.80)** | (4.76) | (0.8%) |
| Airline total cost per ASK exc fuel at constant currency (pence) | **(4.74)** | (4.77) | 0.1% |

(1) Total holiday customers including affiliates is 0.6 million (HY22: 0.2 million).

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Board is ultimately responsible for determining the nature and extent of the principal risks it is willing to take to achieve its strategic objectives, its risk appetite, and maintaining the Group's systems of internal control and risk management. The Audit Committee, on behalf of the Board, is accountable for reviewing and assessing the risk management processes. The Risk and Assurance team, which reports jointly to the Chair of the Audit Committee and CFO, ensures that robust processes are in place for identifying and assessing the Group's emerging and principal risks.

Over the course of H1 2023, the Risk and Assurance team has spent time with each area of the business, to ensure that risks continue to be identified and assessed in line with the Risk Framework. This has been conducted via functional and business unit risk reviews. We continue to develop our corporate risk framework to ensure that risks, including emerging risks, are identified, assessed, managed and articulated.

The Board has reconsidered the principal risks and uncertainties affecting the Group at the half year. The principal risks and uncertainties set out in the 2022 Annual Report and Accounts have not materially changed, and therefore easyJet's risk themes remain unchanged and are as follows:

- Asset Efficiency & Effectiveness
- Environment & Sustainability
- Legislative / Regulatory Landscape
- Macro-economic & Geopolitical
- People
- Safety, Security, and Operations
- Technology & Cyber

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## Condensed consolidated income statement (unaudited)

| | | Six months ended 31 March | | | | | |
|---|---|---|---|---|---|---|---|
| | | **2023** | | | 2022 | | |
| | | **Headline** | **Non-headline (note 3)** | **Total** | Headline | Non-headline (note 3) | Total |
| | Note | **£ million** | **£ million** | **£ million** | £ million | £ million | £ million |
| Passenger revenue | | **1,749** | **-** | **1,749** | 985 | - | 985 |
| *Ancillary revenue** | | | | | | | |
| Airline ancillary revenue | | **767** | **-** | **767** | 459 | - | 459 |
| Holidays incremental revenue | | **173** | **-** | **173** | 54 | - | 54 |
| Total ancillary revenue | | **940** | **-** | **940** | 513 | - | 513 |
| **Total revenue** | | **2,689** | **-** | **2,689** | 1,498 | - | 1,498 |
| Fuel | | **(773)** | **-** | **(773)** | (362) | - | (362) |
| Airports and ground handling * | | **(735)** | **-** | **(735)** | (474) | - | (474) |
| Crew | | **(424)** | **-** | **(424)** | (318) | - | (318) |
| Navigation | | **(165)** | **-** | **(165)** | (110) | - | (110) |
| Maintenance | | **(174)** | **-** | **(174)** | (157) | - | (157) |
| Holidays direct operating costs (excluding flights) * | | **(132)** | **-** | **(132)** | (40) | - | (40) |
| Selling and marketing | | **(103)** | **-** | **(103)** | (68) | - | (68) |
| Other costs | | **(253)** | **(4)** | **(257)** | (183) | (12) | (195) |
| Other income | | **1** | **-** | **1** | 6 | (1) | 5 |
| **EBITDAR** | | **(69)** | **(4)** | **(73)** | (208) | (13) | (221) |
| Aircraft dry leasing | | **(1)** | **-** | **(1)** | (1) | - | (1) |
| Depreciation | 8 | **(309)** | **-** | **(309)** | (265) | - | (265) |
| Amortisation of intangible assets | | **(13)** | **-** | **(13)** | (12) | - | (12) |
| **Operating loss** | | **(392)** | **(4)** | **(396)** | (486) | (13) | (499) |
| Interest receivable and other financing income** | | **53** | **-** | **53** | 4 | 2 | 6 |
| Interest payable and other financing charges | | **(99)** | **-** | **(99)** | (65) | (1) | (66) |
| Foreign exchange gain** | | **27** | **-** | **27** | 2 | - | 2 |
| Net finance (charge)/income | | **(19)** | **-** | **(19)** | (59) | 1 | (58) |
| **Loss before tax** | | **(411)** | **(4)** | **(415)** | (545) | (12) | (557) |
| Tax credit | 4 | **107** | **1** | **108** | 123 | 3 | 126 |
| **Loss for the period** | | **(304)** | **(3)** | **(307)** | (422) | (9) | (431) |
| **Loss per share, pence** | | | | | | | |
| Basic | 5 | | | **(40.9)** | | | (57.2) |

* Revenue and expenditure of easyJet holidays recognised in the prior period has been re-presented, see note 1C(iii) for details.
** Interest receivable and other financing income, and foreign exchange gain recognised in the prior period has been re-presented, see note 1C(iii) for details.

## Condensed consolidated statement of comprehensive income (unaudited)

| | Note | **Six months ended 31 March 2023 £ million** | Six months ended 31 March 2022 £ million |
|---|---|---|---|
| **Loss for the period** | | **(307)** | (431) |
| **Other comprehensive (loss)/income** | | | |
| *Items that may be reclassified to the income statement* | | | |
| *Cash flow hedges* | | | |
| Fair value (losses)/gains in the period | 7 | **(224)** | 396 |
| Gains transferred to income statement | 7 | **(153)** | (118) |
| Hedge discontinuation gain transferred to income statement | 7 | **-** | (5) |
| Related deferred tax credit/(charge) | 4, 7 | **86** | (53) |
| Cost of hedging | | **(1)** | 3 |
| *Items that will not be reclassified to the income statement* | | | |
| Remeasurement (loss)/gain on post-employment benefit obligations | | **(5)** | 23 |
| Related deferred tax credit/(charge) | 4 | **1** | (6) |
| | | **(296)** | 240 |
| **Total comprehensive loss for the period** | | **(603)** | (191) |

## Condensed consolidated statement of financial position (unaudited)

| | Notes | **31 March 2023 £ million** | 30 September 2022 £ million |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | | **365** | 365 |
| Other intangible assets | | **246** | 217 |
| Property, plant and equipment | 8 | **4,744** | 4,629 |
| Derivative financial instruments | | **27** | 127 |
| Equity investments | | **31** | 31 |
| Restricted cash | | **2** | 3 |
| Other non-current assets | | **105** | 91 |
| Deferred tax assets | | **259** | 62 |
| | | **5,779** | 5,525 |
| **Current assets** | | | |
| Trade and other receivables | | **373** | 367 |
| Intangible assets | | **843** | 495 |
| Derivative financial instruments | | **60** | 423 |
| Restricted cash | | **-** | 4 |
| Money market deposits | | **81** | 126 |
| Cash and cash equivalents | | **3,405** | 3,514 |
| | | **4,762** | 4,929 |
| **Current liabilities** | | | |
| Trade and other payables | | **(1,624)** | (1,685) |
| Unearned revenue | | **(2,375)** | (1,042) |
| Borrowings | 9 | **(440)** | (437) |
| Lease liabilities | | **(193)** | (247) |
| Derivative financial instruments | | **(188)** | (86) |
| Current tax payable | | **(3)** | (5) |
| Provisions for liabilities and charges | 10 | **(197)** | (176) |
| | | **(5,020)** | (3,678) |
| **Net current (liabilities)/assets** | | **(258)** | 1,251 |
| **Non-current liabilities** | | | |
| Borrowings | 9 | **(2,242)** | (2,760) |
| Unearned revenue | | **(6)** | (1) |
| Lease liabilities | | **(767)** | (866) |
| Derivative financial instruments | | **(25)** | (22) |
| Non-current deferred income | | **(3)** | (4) |
| Post-employment benefit obligations | | **-** | (1) |
| Provisions for liabilities and charges | 10 | **(557)** | (589) |
| | | **(3,600)** | (4,243) |
| **Net assets** | | **1,921** | 2,533 |
| **Shareholders' equity** | | | |
| Share capital | | **207** | 207 |
| Share premium | | **2,166** | 2,166 |
| Hedging reserve | 7 | **(121)** | 170 |
| Cost of hedging reserve | | **4** | 5 |
| Translation reserve | | **(5)** | (6) |
| Accumulated losses | | **(330)** | (9) |
| **Total equity** | | **1,921** | 2,533 |

## Condensed consolidated statement of changes in equity (unaudited)

| | **Share capital** | **Share premium** | **Hedging reserve** | **Cost of hedging reserve** | **Translation reserve** | **Accumulated losses** | **Total** |
|---|---|---|---|---|---|---|---|
| | **£ million** | **£ million** | **£ million** | **£ million** | **£ million** | **£ million** | **£ million** |
| **At 1 October 2022** | **207** | **2,166** | **170** | **5** | **(6)** | **(9)** | **2,533** |
| Loss for the period | - | - | - | - | - | (307) | (307) |
| Other comprehensive loss | - | - | (291) | (1) | - | (4) | (296) |
| **Total comprehensive loss** | **-** | **-** | **(291)** | **(1)** | **-** | **(311)** | **(603)** |
| Share incentive schemes | | | | | | | |
| Value of employee services | - | - | - | - | - | 5 | 5 |
| Purchase of own shares | - | - | - | - | - | (15) | (15) |
| Currency translation | - | - | - | - | 1 | - | 1 |
| **At 31 March 2023** | **207** | **2,166** | **(121)** | **4** | **(5)** | **(330)** | **1,921** |

| | Share capital | Share premium | Hedging reserve | Cost of hedging reserve | Translation reserve | Retained earnings/ (Accumulated losses) | Total |
|---|---|---|---|---|---|---|---|
| | £ million | £ million | £ million | £ million | £ million | £ million | £ million |
| At 1 October 2021 | 207 | 2,166 | 156 | (1) | - | 111 | 2,639 |
| Loss for the period | - | - | - | - | - | (431) | (431) |
| Other comprehensive income | - | - | 220 | 3 | - | 17 | 240 |
| Total comprehensive income/(loss) | - | - | 220 | 3 | - | (414) | (191) |
| Transfers to Property Plant and Equipment | - | - | (12) | - | - | - | (12) |
| Share incentive schemes | | | | | | | |
| Value of employee services | - | - | - | - | - | 10 | 10 |
| Purchase of own shares | - | - | - | - | - | (4) | (4) |
| Currency translation | - | - | - | - | (2) | - | (2) |
| At 31 March 2022 | 207 | 2,166 | 364 | 2 | (2) | (297) | 2,440 |

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

## Condensed consolidated statement of cash flows (unaudited)

| | Notes | **Six months ended 31 March 2023 £ million** | Six months ended 31 March 2022* £ million |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations* | 12 | **933** | 516 |
| Interest and other financing charges paid* | | **(88)** | (74) |
| Interest and other financing income received | | **50** | - |
| Settlement of derivatives | | **80** | - |
| Net tax (paid)/received | | **(6)** | 1 |
| **Net cash generated from operating activities** | | **969** | 443 |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | **(438)** | (236) |
| Purchase of non-current other intangible assets | | **(39)** | (11) |
| Net decrease/(increase) in money market deposits | | **45** | (258) |
| Proceeds from sale and leaseback of aircraft | | **61** | 87 |
| **Net cash used in investing activities** | | **(371)** | (418) |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of ordinary share capital | | **-** | 91 |
| Share issue transaction costs | | **-** | (37) |
| Purchase of own shares for employee share schemes | | **(15)** | (4) |
| Repayment of bank loans and other borrowings | | **(432)** | (300) |
| Repayment of capital element of leases | | **(108)** | (92) |
| Decrease in restricted cash | | **5** | 9 |
| **Net cash used in financing activities** | | **(550)** | (333) |
| | | | |
| Effect of exchange rate changes | | **(157)** | 19 |
| | | | |
| **Net decrease in cash and cash equivalents** | | **(109)** | (289) |
| | | | |
| Cash and cash equivalents at beginning of period | | **3,514** | 3,536 |
| | | | |
| **Cash and cash equivalents at end of period** | | **3,405** | 3,247 |

*Consistent with the financial statements for the year ended 30 September 2022 the condensed consolidated statement of cash flows has been re-presented to separately disclose the cash settlement of derivatives relating to cash flows for ineffective and discontinued hedging derivatives and fair value derivatives through profit and loss. In addition the condensed consolidated statement of cash flows for the six months ended 31 March 2022 includes a restatement of the disclosure of derivative cash inflows that principally related to operational hedges and were incorrectly included within interest and other financing charges paid. The overall impact of these changes can be seen in note 1C(iii). In the current period the amount recognised in settlement of derivatives includes cash flows arising from the maturity of cross currency interest rate swaps.

# Notes to the condensed consolidated interim financial information (unaudited)

## 1. General information

easyJet plc (the Company) is a Company registered in England (Company no. 03959649) and domiciled in the United Kingdom (UK). The condensed consolidated interim financial information of the Company as at and for the six months ended 31 March 2023 comprises the Company and its interest in its subsidiaries (together referred to as the Group). Its principal business is that of a low-cost airline carrier and package holiday Group operating primarily in Europe. The consolidated financial statements of the Group as at and for the year ended 30 September 2022 are available upon request to the Company Secretary from the Company's registered office at Hangar 89, London Luton Airport, Luton, Bedfordshire, LU2 9PF or are available on the corporate website at http://corporate.easyJet.com.

## 1A. Basis of preparation

The condensed consolidated interim financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting' under UK-adopted international accounting standards and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority. It should be read in conjunction with the Annual Report and Accounts for the year ended 30 September 2022, which were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The interim financial information does not constitute statutory accounts within the meaning of sections 434 and 435 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2022 were approved by the Board of Directors on 29 November 2022 and have been delivered to the Registrar of Companies. The report of the auditors was unqualified.

The Group's financial risk management objectives and policies are materially consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 September 2022.

## 1B. Going concern

In adopting the going concern basis for preparing these interim 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 December 2024.

As at 31 March 2023 easyJet has a net debt position of £0.2 billion including cash and cash equivalents and money market deposits of £3.5 billion, the Group has unrestricted access to £4.5 billion of liquidity and has retained ownership of 55% of the total fleet with 40% being unencumbered.

The Directors have reviewed the financial forecasts and funding requirements with consideration given to the potential impact of severe but plausible risks. easyJet has modelled a base case representing management's best estimation of how the business plans to perform over the period. The future impact of climate change on the business has been incorporated into strategic plans, including the estimated financial impact within the base case cash flow projections of the future estimated price of ETS permits, the phasing out of the free ETS permits from 2024, and 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.75% hedged for fuel in H2 of FY23 at c.US$885 per metric tonne, c.52% hedged for H1 FY24 at c.US$868 and c.22% hedged for H2 FY24 at c.US$806.

In modelling the impact of severe but plausible downside risks, the Directors have considered demand suppression leading to a reduction in ticket yield of 5% and reduced capacity of 5% as well as sensitivities on fuel price (increase of $100 per metric tonne), operational costs (additional inflation assumed on all costs), reoccurrence of additional disruption costs (at FY22 levels), a 10% growth reduction for the Holidays segment and delays in the delivery of strategic revenue initiatives and cost savings. 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.

### 1C. Accounting policies

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

### 1C (i) New and revised standards and interpretations

The following standards applicable for periods commencing on or after 1 January 2022 came into effect during the period, and did not have a material impact:

- Amendments to IFRS 3 – Business Combinations
- Amendments to IAS16 – Property, plant and equipment
- Amendments to IAS37 – Provisions, contingent liabilities and contingent assets
- Annual improvements to IFRS 1, IFRS 9, IAS 41 and illustrative examples accompanying IFRS 16 Leases

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

### 1C (ii) Estimates and judgements

The preparation of the condensed consolidated interim 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 condensed consolidated interim 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.

In preparing these condensed consolidated interim financial statements, the key judgements and estimates are the same as those applied in the most recently published consolidated financial statements.

### 1C(iii) Change in presentation

**Net foreign exchange gains and losses:**

Net foreign exchange gains and losses arising from the revaluation of monetary assets and liabilities have historically been included within either 'Interest receivable and other financing income' or 'Interest payable and other financing charges' on the face of the income statement. During the year ended September 2022, it was concluded that it would be clearer for users of the financial statements if net foreign exchange gains and losses were a separate financial statement line item. The prior period therefore has been presented on a consistent basis, which has resulted in the re-presentation of the consolidated income statement as below.

| | Six months ended 31 March 2022 | | | | | |
|---|---|---|---|---|---|---|
| | (Previously reported) | | | (Re-presented) | | |
| | Headline | Non-headline (note 3) | Total | Headline | Non-headline (note 3) | Total |
| | £ million | £ million | £ million | £ million | £ million | £ million |
| Interest receivable and other financing income | 6 | 2 | 8 | 4 | 2 | 6 |
| Interest payable and other financing charges | (65) | (1) | (66) | (65) | (1) | (66) |
| Foreign exchange gain | - | - | - | 2 | - | 2 |
| Net finance (charge) / | (59) | 1 | (58) | (59) | 1 | (58) |

**Cash settlement of derivatives:**
Historically cash settlement of derivatives relating to cash flows for ineffective and discontinued hedging derivatives, cashflows relating to effective cashflow hedged derivatives which recycle within net finance (charge)/income 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. As first presented in the financial statements for the year ended 30 September 2022, in order to give greater clarity to the users of the financial statements, these derivatives are now presented as a separate line within the condensed consolidated statement of cash flows. There is no impact from this presentational change for the six months ended 31 March 2022 as the total impact of the related items was £nil.

In addition it was identified that in the condensed consolidated statement of cash flows for the six months ended 31 March 2022, there were £74m of derivative cash inflows that principally related to effective operational cashflow hedges which recycle within operating profit that were presented within interest and other financing charges paid which should have been presented in increase/(decrease) in derivative financial instruments included within cash generated from operations. The impact on the condensed consolidated statement of cash flows and reconciliation of operating loss to cash generated from operations note (note 12) can be seen in the extracts below:

| | Six months ended 31 March 2022 | |
|---|---|---|
| | (Previously reported) | (Restated) |
| | £ million | £ million |
| **Cash flows from operating activities** | | |
| Cash generated from operations | 590 | 516 |
| Interest and other financing charges paid | (148) | (74) |
| Net tax received | 1 | 1 |
| **Net cash generated from operating activities** | 443 | 443 |
| | | |
| Operating loss | (499) | (499) |
| Total adjustments for non-cash items | 312 | 312 |
| Decrease/(increase) in derivative financial instruments | 55 | (19) |
| Other working capital movements | 722 | 722 |
| **Cash flows from operating activities** | 590 | 516 |

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

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

| | Six months ended 31 March 2022 | | | | | |
|---|---|---|---|---|---|---|
| | (Previously reported) | | | (Re-presented) | | |
| | Headline | Non-headline (note 3) | Total | Headline | Non-headline (note 3) | Total |
| | £ million | £ million | £ million | £ million | £ million | £ million |
| **Revenue** | | | | | | |
| Passenger revenue | 985 | - | 985 | 985 | - | 985 |
| Airline ancillary | - | - | - | 459 | - | 459 |
| Holidays incremental revenue | - | - | - | 54 | - | 54 |
| Ancillary revenue | 513 | - | 513 | 513 | - | 513 |
| Total Revenue | 1,498 | - | 1,498 | 1,498 | - | 1,498 |
| **Expenditure** | | | | | | |
| Airports and ground handling | - | - | - | (474) | - | (474) |
| Airports, ground handling, holidays accommodation, and other operating costs | (514) | - | (514) | - | - | - |
| Holidays direct operating costs (excluding flights) | - | - | - | (40) | - | (40) |
| Total | (514) | - | (514) | (514) | - | (514) |

**2. Seasonality**

The airline and package holiday industries are highly seasonal. The airline industry experiences significantly higher demand and yields during the summer. Accordingly, revenue and profitability are usually higher in the second half of the financial year. Historically, the Airline operating segment has reported a loss for the first half of the financial year. This seasonal profile has been exacerbated by the pandemic, but as the airline industry emerges from the pandemic, historic patterns of seasonality have returned. The Holidays operating segment also experiences higher demand during the summer and consequentially profitability in the second half of the financial year.

**3. Non-headline items**

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

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

| | Six months ended 31 March 2023 £ million | Six months ended 31 March 2022 £ million |
|---|---|---|
| Sale and leaseback loss | - | 21 |
| Restructuring charge/(credit) | 4 | (8) |
| **Recognised in operating loss** | **4** | 13 |
| Hedge discontinuation credit | - | (1) |
| **Total non-headline charge before tax** | **4** | 12 |
| Tax credit on non-headline items | **(1)** | (3) |
| **Total non-headline charge after tax** | **3** | 9 |

***Sale and leaseback***

During the period, easyJet completed the sale and leaseback of six A319 aircraft (H1 2022: 10). The income statement impact of the six sale and leasebacks was a £nil profit on disposal (H1 2022: £21 million loss recognised in Other costs).

***Restructuring***

As a result of the downsizing of operations at Berlin Brandenburg airport, announced in the previous financial year, in the current period easyJet returned an additional number of landing right 'slots' held at the airport relating to our summer 2023 flying schedule. As noted last year, the slots in Berlin were acquired as part of the acquisition of Air Berlin's operations in 2017. An allocation of the purchase price to the surrendered slots has been estimated and, as no consideration was received in return for giving back the slots, recognised as a loss on disposal of an intangible asset. This resulted in a non-headline restructuring charge of £3 million. Additionally, net restructuring charges of £1 million (H1 2022: £8 million credit) representing additional costs arising from previously announced restructuring programmes in Germany, have been incurred in the period. Together, these amounts have been presented as a net £4 million restructuring charge (H1 2022: £8 million credit).

***Hedge discontinuations***

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

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

***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 £6 million (H1 2022: £14 million loss) which results in a tax credit of £1 million (2022: £3 million credit) for the period.

## 4. Tax credit

Tax on loss on ordinary activities:

| | **Six months ended 31 March 2023 £ million** | Six months ended 31 March 2022 £ million |
|---|---|---|
| Current tax | **4** | 3 |
| Deferred tax | **(112)** | (129) |
| | **(108)** | (126) |
| Effective tax rate | **26.1%** | 22.7% |
| Effective tax rate excluding rate change impact | **26.1%** | 16.8% |

The forecast effective tax rate (using currently enacted rates) is higher than the standard rate of corporation tax in the United Kingdom (22%) principally due to timing differences being recognised at the substantively enacted tax rate for deferred tax (25%). This is on the basis that the Finance Act 2021 confirmed the increase of the UK Corporation Tax rate from 19% to 25% effective from 1 April 2023. As such, timing differences that unwind after this date are recognised at 25%. The standard rate of corporation tax reflects a rate of 19% for the 6 months ended March 2023 and a rate of 25% for the 6 months ended September 2023.

Had all timing differences been recognised at the current year rate, the resulting effective tax rate (23.7%) would be higher than the standard rate of corporation tax principally due to permanent tax differences and differences in tax rates in jurisdictions where easyJet has a taxable presence outside the UK. The permanent tax differences are as a result of the sale and leaseback transactions (disclosed within note 3) as well as other disallowable expenses.

The forecasted effective tax rates have been determined on the basis that deferred tax assets on tax losses are fully recoverable. Additionally, the Full Expense Relief announced by the Chancellor of the Exchequer and included in the draft Finance Bill 2023 has not been taken into account as this has yet to be substantively enacted.

**Tax on items recognised directly in other comprehensive income**

| | **Six months ended 31 March 2023 £ million** | Six months ended 31 March 2022 £ million |
|---|---|---|
| **Credit/(charge) to other comprehensive income** | | |
| Deferred tax credit/(charge) on defined benefit scheme | **1** | (6) |
| Deferred tax credit/(charge) on fair value movements of cash flow hedges | **86** | (53) |
| **Total credit/(charge) to other comprehensive income** | **87** | (59) |

There was no tax on items recognised directly in shareholders' equity in the period (H1 2022: £nil).

**5. Loss per share**

| | **Six months ended 31 March 2023 £million** | Six months ended 31 March 2022 £million |
|---|---|---|
| Headline loss for the period | **(304)** | (422) |
| Total loss for the period | **(307)** | (431) |

| | **Six months ended 31 March 2023 million** | Six months ended 31 March 2022 million |
|---|---|---|
| Weighted average number of ordinary shares used to calculate basic loss per share | **751** | 754 |

| | **Six months ended 31 March 2023 pence** | Six months ended 31 March 2022 pence |
|---|---|---|
| **Basic loss per share** | | |
| Total | **(40.9)** | (57.2) |
| Adjustment for non-headline | **0.4** | 1.2 |
| Headline | **(40.5)** | (56.0) |

Diluted earnings per share figures are not presented for either period as the impact of potential ordinary shares is anti-dilutive.

**6. Segmental Reporting**

| | **Six months ending 31 March 2023** | | | |
|---|---|---|---|---|
| | **Airline** | **Holidays** | **Intra-group transactions** | **Group** |
| | **£ million** | **£ million** | **£ million** | **£ million** |
| Passenger revenue | 1,749 | - | - | 1,749 |
| Ancillary revenue | 767 | 239 | (66) | 940 |
| **Total revenue** | 2,516 | 239 | (66) | 2,689 |
| | | | | |
| Operating costs excl fuel | (1,824) | (32) | 3 | (1,853) |
| Fuel | (773) | - | - | (773) |
| Holidays direct operating costs | - | (195) | 63 | (132) |
| Ownership costs | (367) | (2) | - | (369) |
| Foreign exchange gain | 27 | - | - | 27 |
| **Headline (loss)/profit before tax** | (421) | 10 | - | (411) |
| Non-headline items | (4) | - | - | (4) |
| **Total (loss)/profit before tax** | (425) | 10 | - | (415) |

| | Six months ending 31 March 2022 (re-presented) | | | |
|---|---|---|---|---|
| | Airline | Holidays | Intra-group transactions | Group |
| | £ million | £ million | £ million | £ million |
| Passenger revenue | 985 | - | - | 985 |
| Ancillary revenue | 459 | 73 | (19) | 513 |
| **Total revenue** | 1,444 | 73 | (19) | 1,498 |
| | | | | |
| Operating costs excl fuel | (1,287) | (17) | - | (1,304) |
| Fuel | (362) | - | - | (362) |
| Holidays direct operating costs | - | (59) | 19 | (40) |
| Ownership costs | (337) | (2) | - | (339) |
| Foreign exchange gain | 2 | - | - | 2 |
| **Headline loss before tax** | (540) | (5) | - | (545) |
| Non-headline items | (12) | - | - | (12) |
| **Total loss before tax** | (552) | (5) | - | (557) |

The presentation of this note has been expanded to include further details on revenue, the impact of foreign exchange revaluations on the statement of financial position, and direct operating costs of the Holidays operating segment. The prior period has been presented on a consistent basis, which has resulted in the re-presentation of the segmental information above.

This revised presentation reflects the increased granularity of the internal reporting to the Chief Operating Decision Maker (CODM) and plc Board. The intergroup transactions column represents revenue and cost transactions between Airline and Holidays for the flight element of holiday packages, these intercompany transactions are eliminated on consolidation. Individual cost lines are not reported separately as these are not key metrics reported to the 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.

**7. Hedging Reserve**

Within the consolidated statement of comprehensive income, there is a decrease of £291 million (H1 2022: increase of £220 million) associated with the fair value movement of cashflow hedges and the related deferred tax credit/charge. Gains of £153 million, primarily associated with jet fuel swaps settled in the period, were transferred to the income statement (H1 2022: gains of £123 million). In addition, fair value losses of £224 million were recognised in the hedging reserve in the period (H1 2022: gains of £396 million), mainly due to the movement in the market rate of jet fuel verses the average hedged rates. The fair value gain in the prior period was primarily due to the increase in the market rate of jet fuel in the initial aftermath of the start of the conflict in Ukraine. The net decrease in the current period of £377 million in the reserves for the cashflow hedges (H1 2022: net increase of £273 million) is partially offset by the related deferred tax increase of £86 million (H1 2022: decrease of £53 million).

## 8. Property, plant and equipment

| | **Owned assets** | | | **Right of use assets** | | **Total** |
|---|---|---|---|---|---|---|
| | **Aircraft and spares** | **Land and buildings** | **Other** | **Aircraft** | **Other** | **Total** |
| | **£ million** | **£ million** | **£ million** | **£ million** | **£ million** | **£ million** |
| **Cost** | | | | | | |
| **At 1 October 2022** | **4,988** | **44** | **68** | **2,416** | **45** | **7,561** |
| Additions | 262 | - | 72 | 130 | - | 464 |
| Aircraft sold and leased back | (128) | - | - | 25 | - | (103) |
| Disposals | (16) | - | (5) | - | - | (21) |
| **At 31 March 2023** | **5,106** | **44** | **135** | **2,571** | **45** | **7,901** |
| **Depreciation** | | | | | | |
| **At 1 October 2022** | **1,390** | **-** | **28** | **1,479** | **35** | **2,932** |
| Charge for the period | 131 | - | 6 | 172 | - | 309 |
| Aircraft sold and leased back | (66) | - | - | - | - | (66) |
| Disposals | (13) | - | (5) | - | - | (18) |
| **At 31 March 2023** | **1,442** | **-** | **29** | **1,651** | **35** | **3,157** |
| **Net book value** | | | | | | |
| **At 31 March 2023** | **3,664** | **44** | **106** | **920** | **10** | **4,744** |
| At 1 October 2022 | 3,598 | 44 | 40 | 937 | 10 | 4,629 |

| | Owned assets | | | Right of use assets | | Total |
|---|---|---|---|---|---|---|
| | Aircraft and spares | Land and buildings | Other | Aircraft | Other | Total |
| | £ million | £ million | £ million | £ million | £ million | £ million |
| Cost | | | | | | |
| At 1 October 2021 | 4,802 | 44 | 55 | 2,335 | 45 | 7,281 |
| Additions | 414 | - | 28 | 120 | - | 562 |
| Transfers | - | - | (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 |
| Depreciation | | | | | | |
| At 1 October 2021 | 1,243 | - | 19 | 1,255 | 29 | 2,546 |
| Charge for the period | 255 | - | 9 | 269 | 6 | 539 |
| Aircraft sold and leased back | (102) | - | - | - | - | (102) |
| Disposals | (6) | - | - | (45) | - | (51) |
| At 30 September 2022 | 1,390 | - | 28 | 1,479 | 35 | 2,932 |
| Net book value | | | | | | |
| At 30 September 2022 | 3,598 | 44 | 40 | 937 | 10 | 4,629 |
| At 1 October 2021 | 3,559 | 44 | 36 | 1,080 | 16 | 4,735 |

The net book value of aircraft includes £321 million (30.09.22: £297 million) relating to advance payments for future aircraft deliveries. This amount is not depreciated.

The net book value of aircraft spares is £85 million (30.09.22: £81 million)

Transfers are from work in progress on other owned assets to computer software intangible assets.

The 'Other' categories are principally comprised of leasehold improvements, computer hardware, leasehold property, fixtures, fittings and equipment, and work in progress in respect of various projects. The work in progress as at 31 March 2023 was £74 million (30.09.22: £20 million). Included within work in progress are amounts relating to two A320 NEOs received from Airbus in March, which were initially due to be sold to another airline. As the aircraft are not built to easyJet operational standards and work is required to bring them to the required specification, management will hold these assets as work in progress and shall not commence depreciation until they enter operation in early Summer 2023.

As at 31 March 2023 easyJet was contractually committed to the acquisition of 163 (30.09.22: 168) Airbus A320 family aircraft, with a total list price* of US$22.3 billion (30.09.22: US$21.9 billion) before escalations and discounts for delivery. It is expected that three aircraft will be delivered during the remainder of FY 23, and 18 in FY 24, with the remaining aircraft delivered between 2025 and 2029. In addition, easyJet was contractually committed to the acquisition of four LEAP engines (30.09.22: four).

easyJet is committed to 11 additional lease commitments and one extension with a combined value of £123 million, of which the extension and four of the lease commitments were entered into after the statement of financial position date.

*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 2023 of 11.2% (or 2.7% CAGR)

**9. Borrowings**

| | **Current £ million** | **Non-current £ million** | **Total £ million** |
|---|---|---|---|
| **At 31 March 2023** | | | |
| Eurobonds | 440 | 1,483 | 1,923 |
| Term Loan (UK Export Finance backed facility) | - | 759 | 759 |
| | **440** | **2,242** | **2,682** |
| **At 30 September 2022** | | | |
| Eurobonds | 437 | 1,919 | 2,356 |
| Term Loan (UK Export Finance backed facility) | - | 841 | 841 |
| | 437 | 2,760 | 3,197 |

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

During the period a Eurobond with a carrying value of £437 million was repaid.

Refer to note 11 for further details on borrowings.

**10. Provisions for liabilities and charges**

| | **Maintenance provisions £ million** | **Provisions for customer claims £ million** | **Restructuring £ million** | **Other Provisions £ million** | **Total provisions £ million** |
|---|---|---|---|---|---|
| **At 1 October 2022** | **636** | **80** | **15** | **34** | **765** |
| Exchange adjustments | (52) | - | - | - | (52) |
| Release of provisions | - | (27) | (3) | (5) | (35) |
| Additional provisions recognised | 113 | 61 | 4 | 8 | 186 |
| Updated discount rates net of unwind of discount | 2 | - | - | - | 2 |
| Utilised | (44) | (60) | (5) | (3) | (112) |
| **At 31 March 2023** | **655** | **54** | **11** | **34** | **754** |

Maintenance provisions comprise of 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.

| | **31 March 2023 £ million** | 30 September 2022 £ million |
|---|---|---|
| Current | **197** | 176 |
| Non-current | **557** | 589 |
| | **754** | 765 |

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 31 March 2023 and therefore are classified as current.

## 11. Financial instruments

### Carrying value and fair value of financial assets and liabilities

The fair values of financial assets and liabilities, together with the carrying value at each reporting date, are as follows:

| | **Amortised cost** | | **Held at fair value** | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Financial assets** | **Financial liabilities** | **Fair value hedges** | **Cash flow hedges** | **Other financial instruments** | **Other [1]** | **Carrying value** | **Fair value** |
| **At 31 March 2023** | **£ million** | **£ million** | **£ million** | **£ million** | **£ million** | **£ million** | **£ million** | **£ million** |
| Other non-current assets | **105** | **-** | **-** | **-** | **-** | **-** | **105** | **105** |
| Trade and other receivables | **252** | **-** | **-** | **-** | **-** | **121** | **373** | **373** |
| Trade and other payables [2] | **-** | **(790)** | **-** | **-** | **-** | **(834)** | **(1,624)** | **(1,624)** |
| Derivative financial instruments | **-** | **-** | **-** | **(147)** | **21** | **-** | **(126)** | **(126)** |
| Restricted cash | **2** | **-** | **-** | **-** | **-** | **-** | **2** | **2** |
| Money market deposits | **81** | **-** | **-** | **-** | **-** | **-** | **81** | **81** |
| Cash and cash equivalents | **2,398** | **-** | **-** | **-** | **1,007** | **-** | **3,405** | **3,405** |
| Eurobonds [3],[4],[5],[6].[7] | **-** | **(1,923)** | **-** | **-** | **-** | **-** | **(1,923)** | **(1,774)** |
| Other borrowings [8] | **-** | **(759)** | **-** | **-** | **-** | **-** | **(759)** | **(759)** |
| Lease liabilities [9] | **-** | **(960)** | **-** | **-** | **-** | **-** | **(960)** | **N/A** |
| Equity investments [10] | **-** | **-** | **-** | **-** | **31** | **-** | **31** | **31** |

| At 30 September 2022 | Amortised cost: Financial assets £ million | Amortised cost: Financial liabilities £ million | Held at fair value: Fair value hedges £ million | Held at fair value: Cash flow hedges £ million | Held at fair value: Other financial instruments £ million | Other [1] £ million | Carrying value £ million | Fair value £ million |
|---|---|---|---|---|---|---|---|---|
| Other non-current assets | 91 | - | - | - | - | - | 91 | 91 |
| Trade and other receivables | 230 | - | - | - | - | 137 | 367 | 367 |
| Trade and other payables [2] | - | (1,077) | - | - | - | (608) | (1,685) | (1,685) |
| Derivative financial instruments | - | - | 58 | 264 | 120 | - | 442 | 442 |
| Restricted cash | 7 | - | - | - | - | - | 7 | 7 |
| Money market deposits | 126 | - | - | - | - | - | 126 | 126 |
| Cash and cash equivalents | 2,528 | - | - | - | 986 | - | 3,514 | 3,514 |
| Eurobonds [3],[4],[5],[6],[7] | - | (2,356) | - | - | - | - | (2,356) | (2,081) |
| Other borrowings [8] | - | (841) | - | - | - | - | (841) | (841) |
| Lease liabilities [9] | - | (1,113) | - | - | - | - | (1,113) | N/A |
| Equity investments [10] | - | - | - | - | 31 | - | 31 | 31 |

(1). Amounts disclosed in the 'Other' column are items that do not meet the definition of a financial instrument. They are disclosed to facilitate reconciliation of the carrying values of financial instruments to line items presented in the statement of financial position.

(2) During the year ended 30 September 2022, £322m of obligations under the EU Emissions Trading Scheme (ETS) were presented as a financial liability within Trade and other payables. During the period ended 31 March 2023 management concluded these obligations are a non-financial liability and have presented obligations of £608m within the ‘Other’ column. The prior period has been presented on a consistent basis, resulting in reclassification of £322m from the Financial liabilities column to Other within Trade and other payables.

(3). easyJet plc established a £3,000 million Euro Medium Term Note (EMTN) Programme on 7 January 2016. Subsequently easyJet plc has issued three bonds under this programme and easyJet FinCo B.V. has issued one bond. One bond has been repaid within the reporting period. The remaining three bonds under this scheme are guaranteed by easyJet Airline Company Limited, easyJet plc and easyJet FinCo B.V. On 11 February 2022 the EMTN programme increased in size to £4,000 million.

(4). In February 2016, easyJet plc issued a €500 million bond under the £3,000 million Euro Medium Term Note Programme guaranteed by easyJet Airline Company Limited. The Eurobond had a seven year-term and paid an annual fixed coupon of 1.750%. At the same time the Group entered into three cross-currency interest rate swaps to convert the entire €500 million fixed rate Eurobond to a sterling floating rate exposure. In February 2023 this bond reached maturity and was settled, with a corresponding gain realised on settlement of the cross-currency swap.

(5). In October 2016 easyJet plc issued a €500 million bond under the £3,000 million Euro Medium Term Note Programme guaranteed by easyJet Airline Company Limited. The Eurobond is for a seven year term and pays an annual fixed coupon of 1.125%. Shortly after the issuance of the €500 million bond the Group entered into three cross-currency interest rate swaps to convert the entire €500 million fixed rate Eurobond to a Sterling fixed rate exposure. The cross-currency interest rate swaps were executed on 8 November 2016 with settlement and notional exchange occurring on 14 November 2016. All three swaps pay fixed interest semi-annually, receive fixed interest annually, and have maturities matching the Eurobond. The Group designated all three cross-currency interest rate swaps as a cash flow hedge of the currency risk on the €500 million Eurobond. The cross-currency interest rate swaps are measured at fair value with the effective portion taken through the statement of comprehensive income. The element of the fair value generated by the change in the spot rate is recycled to the income statement from the statement of comprehensive income to offset the revaluation of the Eurobond. The carrying value of the fixed rate Eurobond net of the cross-currency interest rate swap at 31 March 2023 was £445 million. This value does not include capitalised set-up costs incurred in the issuing of the bond.

(6). In June 2019 easyJet plc issued a €500 million bond under the £3,000 million Euro Medium Term Note Programme guaranteed by easyJet Airline Company Limited. The Eurobond is for a six year-term and pays an annual fixed coupon of 0.875%. At the same time the Group entered into three cross-currency interest rate swaps to convert the entire €500 million fixed rate Eurobond to a sterling fixed rate exposure. All three swaps pay fixed interest semi-annually, receive fixed interest annually, and have maturities matching the Eurobond. The Group designated all three cross-currency interest rate swaps as a cash flow hedge of the currency risk on the €500 million Eurobond. The cross-currency interest rate swaps are measured at fair value with the effective portion taken through the statement of comprehensive income. The element of the fair value generated by the change in the spot rate is recycled to the income statement from the statement of comprehensive income to offset the revaluation of the Eurobond. The carrying value of the fixed rate Eurobond net of the cross-currency interest rate swap at 31 March 2023 was £445 million. This value does not include capitalised set-up costs incurred in the issuing of the bond.

(7) In March 2021 easyJet FinCo B.V. issued a €1,200 million bond under the £3,000 million Euro Medium Term Note Programme guaranteed by easyJet Airline Company Limited and easyJet plc. The Eurobond is for a seven-year term and pays an annual fixed coupon of 1.875%. easyJet subsequently entered into four cross-currency interest rate swaps to convert €600m of the fixed rate Eurobond to a Sterling fixed rate exposure. All four swaps pay fixed interest semi-annually, receive fixed interest annually, and have maturities matching the Eurobond. The Group designated all four cross-currency interest rate swaps as a cash flow hedge of the currency risk for half of the €1,200 million Eurobond. The cross-currency interest rate swaps are measured at fair value with the effective portion taken through the statement of comprehensive income. The element of the fair value generated by the change in the spot rate is recycled to the income statement from the statement of comprehensive income to offset the revaluation of the Eurobond. The carrying value of the fixed rate Eurobond net of the cross-currency interest rate swaps at 31 March 2023 was £1,049m. This value does not include capitalised set-up costs incurred in the issuing of the bond.

(8) In January 2021 easyJet entered into a new five-year term loan facility of $1.87 billion underwritten by a syndicate of banks and supported by a partial guarantee from UK Export Finance under their Export Development Guarantee scheme. easyJet drew down $1.05 billion from the UKEF backed facility in January 2022. In April 2022 $0.1bn was repaid, reducing the total facility to $1.77bn and leaving a closing drawn balance of $0.95bn at 31 March 2023. The carrying value of the drawn balance as at 31 March 2023 was £769 million. This value does not include capitalised set-up costs.

(9) Lease liabilities are valued in accordance with IFRS 16 and a fair value determination is not applicable.

(10). The equity investment of £31 million (30.09.22 £31 million) represents a 13.2% shareholding in a non-listed entity, The Airline Group Limited. Valuation movements are designated as being fair valued through other comprehensive income due to the nature of the investment being held for strategic purposes.

**Fair value calculation methodology**

Where available the fair values of financial instruments have been determined by reference to observable market prices where the instruments are traded. Where market prices are not available, the fair value has been estimated by discounting expected future cash flows at prevailing interest rates and by applying period end exchange rates (excluding The Airline Group Limited equity investment).

The fair values of the three Eurobonds are classified as level 1 of the IFRS 13 'Fair Value Measurement' fair value hierarchy (valuations taken as the closing market trade price for each respective Eurobond as on 31 March 2023). Apart from the equity investment, the remaining financial instruments for which fair value is disclosed in the table above, and derivative financial instruments, are classified as level 2.

The fair values of derivatives are calculated using observable market forward curves (e.g. forward foreign exchange rates, forward interest rates or forward jet fuel prices) and discounted to present value using risk free rates. The impacts of counterparty credit, cross currency basis and market volatility are also included where appropriate as part of the fair valuation.

The equity investment is classified as level 3 due to the use of forecast cash flows not based on observable market data, which are discounted to present value. The fair value is assessed at each reporting date based on the discounted cash flows. If the level 3 forecast cash flows were 10% higher or lower the fair value would not increase / decrease by a significant amount.

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

•Level 1, fair value of financial instruments based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

•Level 2, fair value of financial instruments in an active market (for example, over the counter derivatives) which are determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates.

•Level 3, fair value of financial instruments that are not based on observable market data (i.e. unobservable inputs).

## 12. Reconciliation of operating loss to cash generated from operations

| | **Six months ended 31 March 2023 £ million** | Six months ended 31 March 2022* £ million |
|---|---|---|
| Operating loss | **(396)** | (499) |
| **Adjustments for non-cash items:** | | |
| Depreciation | **309** | 265 |
| Amortisation of intangible assets | **13** | 12 |
| Loss on disposal of property, plant and equipment and intangibles | **6** | 4 |
| Loss on sale and leaseback | **-** | 21 |
| Share-based payments | **5** | 10 |
| **Changes in working capital and other items of an operating nature:** | | |
| Increase in trade and other receivables | **(28)** | (133) |
| Increase in current intangible assets | **(204)** | (86) |
| Decrease in trade and other payables | **(64)** | (9) |
| Increase in unearned revenue | **1,339** | 934 |
| Post employment defined benefit contributions | **(10)** | 5 |
| Decrease in provisions | **(40)** | (75) |
| (Increase)/decrease in other non-current assets | **(15)** | 86 |
| Decrease/(increase) in derivative financial instruments* | **18** | (19) |
| Cash generated from operations* | **933** | 516 |

*The comparative period has been restated as described in note 1C(iii).

## 13. Government Grants and assistance

During the half year ended 31 March 2023 easyJet Airline Company Limited continued to claim "*activité partielle longue durée*", long-term partial activity (APLD), a scheme implemented by the French government under which, subject to agreement with trade unions, it is possible to reduce the activity of employees, within the limit of 50% of their legal working time, while maintaining a compensation funded by the Government. The total amount claimed by easyJet in the half year ended 31 March 2023 amounted to £2 million (H1 2022: £8 million, received through this scheme, and similar "furlough schemes" operated by the governments of Switzerland and Germany) and is offset within employee costs in the income statement.

On 8 January 2021 easyJet Airline Company Limited signed a five-year term loan facility of $1.87bn (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. easyJet drew down $1.05bn from the UKEF backed facility in January 2022. In April 2022 $0.10bn was repaid, reducing the total facility to $1.77bn and leaving a closing drawn balance of $0.95bn as at 31 March 2023. The carrying value of the drawn balance as at 31 March 2023 was £769 million. This value does not include capitalised set-up costs.

## 14. 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 9 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 condensed consolidated interim financial statements.

In December 2022 easyJet was notified by the Italian Competition Authority of an investigation into price fixing on Italian domestic flights between ITA Airways, easyJet, Ryanair and Wizz Air. easyJet has refuted the claims and is fully cooperating with the Authority in its investigation. The Group does not expect any financial impact to arise as a result of the investigation.

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 31 March 2023 easyJet had outstanding letters of credit and performance bonds totalling £41 million (30.09.22: £43 million), of which £11 million (30.09.22: £10 million) expire within one year. The fair value of these instruments at each period 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 at 31 March 2023 easyJet was contractually committed to the acquisition of 163 (30.09.22: 168) Airbus A320 family aircraft, with a total list price* of US$22.3 billion (30.09.22: US$21.9 billion) before escalations and discounts for delivery. It is expected that three aircraft will be delivered during the remainder of FY23, and 18 in FY24, with the remaining aircraft delivered between 2025 and 2029. In addition, easyJet was contractually committed to the acquisition of four LEAP engines (30.09.22: four).

easyJet is committed to 11 additional lease commitments and one extension with a combined value of £123 million, of which the extension and four of the lease commitments were entered into after the statement of financial position date.

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

*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 2023 of 11.2% (or 2.7% CAGR)

## 15. Related party transactions

The Company licenses the easyJet brand from easyGroup Ltd ('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 31 March 2023.

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

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

Three side letters have been entered into: (i) a letter dated 29 September 2016 in which easyGroup consented to easyJet acquiring a portion of the equity share capital in Founders Factory Limited; (ii) a letter dated 26 June 2017 in which easyJet's permitted usage of the brand was slightly extended; and (iii) a letter dated 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:

| | **Six months ended 31 March 2023 £ million** | Six months ended 31 March 2022 £ million |
|---|---|---|
| Royalty | **6.7** | 3.6 |
| Brand protection (legal fees paid through easyGroup to third parties) | **0.1** | - |
| | **6.8** | 3.6 |

At 31 March 2023, £0.4 million (30.09.22: £11.1 million) was payable to easyGroup.

At 31 March 2023, £0.2 million (30.09.22: £nil) is receivable from easyGroup.

## 16. Events after the statement of financial position date

There are no events to disclose.

**Glossary – Alternative performance measures (APMs)**

| | |
|---|---|
| Non-headline items | Non-headline items are those where, in management's opinion, their separate reporting provides an additional understanding to users of the financial statements of easyJet's underlying trading performance, and which are significant by virtue of their size/nature (See note 3). |
| Headline loss before tax | A measure of underlying performance which is not impacted by non-headline items. |

| | **Period ended 31 March 2023 £ million** | Period ended 31 March 2022 £ million |
|---|---|---|
| Statutory loss before tax | **(415)** | (557) |
| Total non-headline loss before tax (see note 3) | **4** | 12 |
| Headline loss before tax | **(411)** | (545) |

| | |
|---|---|
| EBITDAR | Earnings before interest, taxes, depreciation, amortisation, and aircraft rental |
| Headline EBITDAR | Earnings before non-headline items, interest, taxes, depreciation, amortisation, and aircraft rental. |

| | **Period ended 31 March 2023 £ million** | Period ended 31 March 2022 £ million |
|---|---|---|
| Statutory operating loss | **(396)** | (499) |
| Add back; | | |
| Aircraft dry leasing | **1** | 1 |
| Depreciation | **309** | 265 |
| Amortisation of intangible assets | **13** | 12 |
| **EBITDAR** | **(73)** | (221) |
| Non-headline charge within operating profit (see note 3) | **4** | 13 |
| **Headline EBITDAR** | **(69)** | (208) |

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|---|---|
| **Net debt** | Total cash less borrowings and lease liabilities; cash includes money market deposits but excludes restricted cash. |

| | **As at 31 March 2023 £ million** | As at 30 September 2022 £ million | As at 31 March 2022 £ million |
|---|---|---|---|
| Borrowings | **2,682** | 3,197 | 3,046 |
| Lease liabilities | **960** | 1,113 | 1,055 |
| Cash and money market deposits (excluding restricted cash) | **(3,486)** | (3,640) | (3,505) |
| **Net debt** | **156** | 670 | 596 |

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|---|---|
| Return on capital employed (ROCE) | Operating profit, less tax at the prevailing UK corporation tax rate at the end of the period, divided by average capital employed (shareholder equity plus net debt). |
| Headline return on capital employed (ROCE) | Operating profit less non-headline items, less tax at the prevailing UK corporation tax rate at the end of the period, divided by average capital employed (shareholder equity plus net debt). |

| | **Period ended 31 March 2023 £ million** | Period ended 31 March 2022 £ million |
|---|---|---|
| Opening shareholders' equity | **2,533** | 2,639 |
| Closing shareholders' equity | **1,921** | 2,440 |
| Average shareholders' equity | **2,227** | 2,540 |
| | | |
| Opening net debt | **670** | 910 |
| Closing net debt | **156** | 596 |
| Average net debt | **413** | 753 |
| Average capital employed | **2,640** | 3,293 |
| Reported operating loss | **(396)** | (499) |
| Tax rate | **19%** | 19% |
| Adjusted operating profit after tax | **(321)** | (404) |
| **Return on capital employed** | **(12.2%)** | (12.3%) |
| Reported operating loss | **(396)** | (499) |
| Non-headline charge within operating profit (see note 3) | **4** | 13 |
| Headline reported operating loss | **(392)** | (486) |
| Tax rate | **19%** | 19% |
| Adjusted headline operating loss after tax | **(318)** | (394) |
| Headline returned on capital employed | **(12.0%)** | (12.0%) |

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|---|---|
| Basic headline (loss)/earnings per share – pence | Total headline loss for the period divided by the weighted average number of shares in issue during the period after adjusting for shares held in employee benefit trusts. |
| Diluted headline (loss)/earnings per share - pence | Total headline loss for the period divided by the weighted average number of ordinary shares in issue adjusted to assume conversion of all dilutive potential shares. |

| | **Period ended 31 March 2023 £ million** | Period ended 31 March 2022 £ million |
|---|---|---|
| Total loss after tax for the period | **(307)** | (431) |
| Total non-headline charge before tax (see note 3) | **4** | 12 |
| Tax impact of non-headline items | **(1)** | (3) |
| Headline loss after tax | **(304)** | (422) |
| | **million** | million |
| Weighted average number of ordinary shares used to calculate basic loss | **751** | 754 |
| Weighted average number of ordinary shares used to calculate diluted loss | **751** | 754 |
| **Headline loss per share** | **Pence** | Pence |
| Basic | **(40.5)** | (56.0) |
| Diluted | **(40.5)** | (56.0) |

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| Constant currency measures | These performance measures are calculated by translating the period ended 31 March 2023 income statement at the financial period average exchange rate for period ended 31 March 2022, excluding any income statement impact in either financial period from foreign currency exchange gains and losses arising from the revaluation of the statement of financial position. The purpose of this APM is to provide a like for like comparison of underlying operating performance by excluding the impact of exchange rate movements. |

**Glossary – Other**

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|---|---|
| Aircraft dry / wet leasing | Dry leasing arrangements relate solely to the provision of an aircraft. Wet leasing arrangements relate to the provision of aircraft, crew, maintenance and insurance. |
| Aircraft owned/leased at end of period | Number of aircraft owned or on lease arrangements of over one month's duration at the end of the period. This excludes operating leased aircraft which have been acquired for future operations. These are held at zero rent and are excluded from the fleet numbers. |
| Available seat kilometres (ASK) | Seats flown multiplied by the number of kilometres flown. |
| Average adjusted capital employed | The average of opening and closing capital employed. |
| Block hours | Hours of service for aircraft, measured from the time that the aircraft leaves the terminal at the departure airport to the time that it arrives at the terminal at the destination airport. |
| Capital employed | Shareholders' equity plus debt. |
| Airline cost per ASK (CASK) | Airline revenue less profit before tax, divided by available seat kilometres. |
| Airline cost per seat | Airline revenue less profit before tax, divided by seats flown. |
| Airline cost per seat, excluding fuel | Airline revenue, less profit before tax, adding back fuel costs, divided by seats flown. |
| Airline CSAT (Customer Satisfaction Score) | A weighted average of responses of surveys sent to customers who experienced either an on-time, delayed, severely delayed or cancelled flight. |
| Gearing | Net debt divided by the sum of shareholders' equity and adjusted net cash/debt. |
| Booked load factor | Number of passengers as a percentage of number of seats flown. The load factor is not weighted for the effect of varying sector lengths. |
| Normalised operating profit after tax | Reported operating profit, less tax at the prevailing UK corporation tax rate at the end of the period. |
| Operating costs excl fuel | Includes costs relating to airports and ground handling, crew, navigation, maintenance, selling and marketing and other costs/income. |
| Ownership costs | Includes depreciation, amortisation, net finance charges and the impact of foreign exchange gain/losses from the revaluation of the statement of financial position. |
| Other costs | Administrative and operational costs not reported elsewhere, including disruption costs, IT costs, costs of 3rd party providers, some employee costs, wet lease costs and insurance. Additionally, some non-headline costs, such as loss on sale and leaseback transactions, and restructuring costs, are included in other costs. |
| Other income | Includes insurance receipts, supplier compensation payments, rental income and gain on sale and leaseback transactions. |
| Passengers | Number of earned seats flown. Earned seats comprises seats sold to passengers (including no-shows), seats provided for promotional purposes and seats provided to staff for business travel. |
| Profit before tax per seat | Profit before tax divided by seats flown. |
| Total revenue | The sum of passenger revenue and ancillary revenue, including package holiday revenue. |
| Revenue passenger kilometres (RPK) | Number of airline passengers multiplied by the number of kilometres those passengers were flown. |
| Revenue per ASK | Airline revenue (passenger and ancillary) divided by available seat kilometres. |
| Revenue per seat | Airline revenue (passenger and ancillary) divided by seats flown. |
| Seats flown | Seats available for passengers. |
| Sector | A one-way revenue flight |

**Statement of Directors' responsibilities**

The Directors are responsible for preparing the interim report in accordance with applicable law and regulations. The Directors confirm that the condensed consolidated interim financial information has been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim management report includes a fair review of the information required by the Disclosure Guidance and Transparency Rules paragraphs 4.2.7 R and 4.2.8 R, namely:

- an indication of important events that have occurred during the six months ended 31 March 2023 and their impact on the condensed set of financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions during the six months ended 31 March 2023 and any material changes in the related-party transactions described in the Annual report and accounts for the year ended 30 September 2022.

The Directors of easyJet plc are listed in the Annual report and accounts for the year ended 30 September 2022. A list of current Directors is maintained on the easyJet plc website: http://corporate.easyJet.com.

The Directors are responsible for the maintenance and integrity of, amongst other things, the financial and corporate governance information as provided on the easyJet website (http://corporate.easyJet.com). Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

The interim report was approved by the Board of Directors and authorised for issue on 18 May 2023 and signed on its behalf by:

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|---|---|
| Johan Lundgren | Kenton Jarvis |
| Chief Executive | Chief Financial Officer |

**Independent review report to easyJet plc**
**Report on the condensed consolidated interim financial information**

**Our conclusion**
We have reviewed easyJet plc's condensed consolidated interim financial information (the "interim financial statements") in the interim report of easyJet plc for the 6 month period ended 31 March 2023 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed consolidated statement of financial position as at 31 March 2023;
- the Condensed consolidated income statement and Condensed consolidated statement of comprehensive income for the period then ended;
- the Condensed consolidated statement of cash flows for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim report of easyJet plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

**Basis for conclusion**
We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

**Conclusions relating to going concern**
Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

**Responsibilities for the interim financial information and the review**

**Our responsibilities and those of the directors**
The interim report, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the interim report, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the interim report based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
Watford
18 May 2023