30 November 2021

easyJet plc

Results for the year ending 30 September 2021

easyJet's financial position, optimised network, margin enhancing ancillaries and cost restructure is fast tracking its recovery, providing a strong base to accelerate growth and deliver strong shareholder returns.

- Headline loss before tax of £1,136 million, ahead of consensus. £4.4bn of liquidity held providing renewed strength to capture opportunities.

- Transformed business
    - Radical reallocation of our aircraft to higher contributing bases.
    - Step change in ancillary products delivering now and into the future – first in industry to implement dynamic pricing.
    - Cost base restructured - line by line cost savings delivered with further cost savings underway.

- Summer '22 – Current FY'22 H2 revenue booked is ahead of FY'19 level. Operational fleet plan increased by 25 aircraft as we capture growth opportunities.

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

"easyJet is moving through the pandemic with renewed strength having transformed the business by optimising our network and flexibility, delivering significant cost savings while also step-changing ancillary revenue. These initiatives alongside our strong, investment grade, balance sheet provide easyJet with renewed strength to manage any further Covid related travel disruptions, as well as a platform to fast track our growth and deliver strong shareholder returns. With this platform, we have the ambition to beat our targets set earlier this year.

"Having delivered FY'21 ahead of consensus, we have seen an encouraging start to this year with strong demand returning for peak winter holiday periods, coupled with increasing summer demand with Q422 capacity expected to be close to FY'19 levels. As the UK's largest carrier, easyJet expects a significant benefit as the UK bounces back next summer. Our winning formula combined with the improvements made during the pandemic will accelerate our recovery.

"With ambitious plans for profitable growth we are expanding our leadership positions at key bases such as Gatwick and Milan with additional slots and aircraft this year and have 118 aircraft on order with a further 59 purchase options and rights confirmed to further build on this in the years to come.

"In summary, we remain mindful that many uncertainties remain as we navigate the winter, but we see a unique opportunity for easyJet to win customers and take market share from rivals in this period."

Overview

It's too soon to say what impact Omicron may have on European travel and any further short-term restrictions that may result. However, we have prepared ourselves for periods of uncertainty such as this. While we've seen an increase in transfers with some softening of trading for Q1 it is really encouraging to see that we are still seeing good levels of new bookings for H2 and we still expect that Q4 FY'22 will see a return to near pre pandemic levels of capacity as people take their long awaited summer holidays.

easyJet has optimised its network and reallocated aircraft to higher contributing bases alongside the launch of two additional seasonal bases. Our new ancillary products are delivering now, utilising innovative industry leading dynamic revenue management to optimise returns. We have completed significant structural cost savings through seasonal contracts and improved productivity, while helping our customers navigate travel during the pandemic with our industry leading flexible policies.

Having successfully strengthened the balance sheet, we are fast tracking strategic investment and growth opportunities to deliver strong, sustainable shareholder returns. This is demonstrated by slot increases at Gatwick as well as additional slots which we have obtained in Linate, Lisbon and Porto alongside the expansion of all seasonal bases in summer 22. We will continue to focus on competing where it really matters, being relentlessly efficient and only investing where we can deliver strong, sustainable returns for our shareholders.

easyJet operated a disciplined flying programme throughout the 2021 financial year whilst continuing to deliver cost savings across every area of the business. As a result of the continued impact of Covid-19, easyJet has reported a headline loss before tax of £1,136 million.

Demand is accelerating with key periods such as October half term, ski and Christmas seeing strong performance. We continue to add capacity and expect to fly c. 70% of 2019 capacity in Q2 and expect that Q4 summer capacity will be at near 2019 levels. Customers will look for value as the economy recovers and short haul leisure demand will lead the recovery. easyJet will use its inherent strengths combined with the improvements made during the pandemic to grow throughout the recovery, which is already underway, and beyond.

Delivering growth in FY’22:

- Operational fleet plan increased by 25 aircraft
- Slots added at Gatwick, Porto, Lisbon and Linate
- Additional aircraft added to all seasonal bases

Capacity:

- Q1 Capacity expected to be c.65% of FY’19
- Q1 Load Factor expected to be over 80%
- Q2 Capacity is expected to be c.70% of FY’19
- Capacity expected to have recovered close to FY’19 levels by Q4 FY’22

Hedging

- easyJet is currently c.55% hedged for fuel in the financial year ending on 30 September 2022 at c.US$498 per metric tonne with the spot price as at 29 November 2021 being US$658.

Financial Summary

- Headline loss before tax of £1,136 million (2020: £835 million loss) ahead of consensus.
    - Total revenue decreased by 52% to £1,458 million (2020: £3,009 million) predominately due to H1 FY’20 having no impact from Covid-19.

- Group headline costs decreased by 33% to £2,594 million (2020: £3,844 million), driven by a decrease in capacity flown and the material savings achieved across many areas of the business from easyJet's continued cost focus.

- Reported loss before tax of £1,036 million (2020: £1,273 million).
  - Non-headline gain of £100 million (2020: £438 million cost). Non-headline items consist of restructuring provision release and gains from the sale and leaseback of aircraft, offset by hedge discontinuation.

	2021	2020	Change Favourable/(adverse)
Capacity[1] (millions of seats)	**28.2**	55.1	(48.9)%
Load factor[2] (%)	**72.5**	87.2	(14.7)ppts
Passengers[3] (millions)	**20.4**	48.1	(57.5)%
Total revenue (£ million)	**1,458**	3,009	(51.6)%
Headline EBITDAR (£ million)	**(551)**	(273)	(101.8)%
Headline (loss)/profit before tax (£ million)	**(1,136)**	(835)	(36.0)%
Reported (loss)/profit before tax (£ million)	**(1,036)**	(1,273)	18.6%
Headline basic (loss)/earnings per share (pence)	**(166.9)**	(149.7)	(11.5)%
Airline revenue per seat (£)	**50.54**	54.35	(7.0)%
Airline revenue per seat at Constant currency[4] (£)	**50.90**	54.35	(6.4)%
Airline headline cost per seat (£)	**90.41**	69.03	(31.0)%
Airline headline cost per seat excluding fuel and balance sheet revaluations at constant currency[4] (£)	**78.62**	55.94	(40.5)%
Headline return on capital employed (%)	**(25.5)**	(19.9)	(5.6)ppts

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Conference call
There will be an analyst presentation at 09.00am BST on 30 November 2021.
A webcast of the presentation will be available both live and for replay. Please register on the following link:
https://webcasting.brrmedia.co.uk/broadcast/61967d91f520ce2e075cc7d6

Revenue
Total revenue decreased by 52% to £1,458 million (2020: £3,009 million) with capacity decreasing to 28.2 million seats (2020: 55.1 million) because of pandemic-related travel restrictions and national lockdowns compared to 2020 where only H2 was impacted by the pandemic.

Passenger revenue decreased by 57% to £1,000 million (2020: £2,303 million) as we flew an optimised schedule with a focus on domestic and continental Europe where there was the least amount of restrictions over travel. Passenger RPS decreased by 15% to £35.48 (2020: £41.78).

Ancillary revenue decreased by 35% to £458 million (2020: £706 million) as capacity reduced. However, ancillary revenue per seat increased by 20% to £15.06 (2020: £12.57) as we launched our new cabin bag proposition as well as our Standard Plus fare.

Costs
Group headline costs excluding fuel and FX gains decreased by 29% to £2,232 million (2020: £3,123 million), driven by a decrease in capacity flown and the material savings achieved across many areas of the business. easyJet has delivered £512 million of savings in the 2021 financial year as a result of the continued cost focus.

We recorded a £9 million credit from foreign exchange, related to the impact of stronger Sterling on our net foreign currency-denominated liabilities, which is being included within headline costs.

The cost per seat performance was driven overwhelmingly by the impact of Covid-19, which has resulted in dramatic capacity reductions. Headline Airline cost per seat at constant currency increased by 33.0% to £91.82 (2020: £69.03). Headline Airline cost per seat excluding fuel and balance sheet revaluations at constant currency increased by 40.5% to £78.62 (2020: £55.94).

Non-Headline Items
Non-headline items are material non-recurring items or are items which do not reflect the trading performance of the business. These costs are separately disclosed and further detail can be found in the notes to the accounts.

A Group non-headline gain of £100 million (2020: £438 million loss) was recognised in the year. This consisted of a;

- £65 million gain as a result of the sale and leaseback of 35 aircraft and 2 engines during the year;
- £61 million credit in relation to our restructuring programme following constructive negotiations with our unions; offset by
- £26 million net charge related to fair value adjustment and hedge discontinuation.

Balance Sheet
easyJet maintained a disciplined approach to capacity and cash management. As a result, cash burn (on a fixed costs plus capex basis) during 2021 was £36 million per week on average, outperforming the guidance for £40 million per week. easyJet paid a further £455 million of customer refunds during 2021 (2020: £863 million).

easyJet's funding position remains strong with net debt as at 30 September 2021 of £910 million (2020: £1,125 million). This comprised cash and money market deposits of £3,536 million (2020: £2,316 million), debt of £3,367 million (2020: £2,731 million) and lease liabilities of £1,079 million (2020: £710 million).

As at 30 September 2021 easyJet has unrestricted access to £4.4 billion of liquidity, comprising cash and cash equivalents plus the undrawn portion of the UKEF facility and an undrawn $400m RCF. The remaining £300 million tranche of the CCFF was repaid in November 2021. easyJet has no other debt maturities outstanding until the 2023 financial year.

Liquidity of £4.4 billion (2020: £2.3 billion), represents material headroom compared to our revised liquidity policy being unearned revenue plus £500 million.

Headline return on capital employed (ROCE) for 2021 fell to negative 25.5% (2020: negative 19.9%). Total ROCE is negative 22.4% (2020: negative 23.0%).

Strategy Update

easyJet has prioritised six strategic initiatives that will continue to build on our structural advantages in the European aviation market and enable us to lead the recovery as travel returns.

- Network strategy
- Customer excellence
- Product portfolio evolution
- easyJet holiday's
- Cost focus
- Sustainability

These initiatives, underpinned by operational and digital safety and a continued focus on our people, will result in strong shareholder returns being delivered.

Network Strategy

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. We have decisively reallocated 43 aircraft to higher returning bases highlighting the strength of our network. These capital reallocations focused on markets where easyJet is strong, driving confidence in delivering higher returns.

We will seek to strengthen these positions as the competitive landscape evolves, as demonstrated at London Gatwick where we are increasing our market share after reallocating aircraft to this high yielding base along with the addition of new slots.

The scale and flexibility of our network will continue to provide us with opportunities to take advantage as the competitive landscape develops during the recovery phase. easyJet's network is unrivalled and difficult to replicate. We have a golden opportunity to continue to take market share from our main competitors, who fly 120 million seats in our markets and are facing challenges. As a result of these challenges they are focusing on long-haul whilst restructuring and retrenching their short-haul operations.

To better capture summer leisure demand, easyJet opened seasonal bases in Malaga and Faro on 1 June 2021, adding to Palma which was already an existing seasonal base. All three seasonal bases are expanding with additional aircraft for summer 22 being added. Our destination-based fleet, also including Barcelona, is now increasing from 9 in the

2019 financial year to 21 in the 2022 financial year. These bases operate leisure routes with aircraft at the destination airport instead of at the source market. This allows easyJet to manage seasonal demand profiles while reducing our fixed cost base over winter. This approach provides the flexibility to shift capacity across multiple source markets at short notice without impacting our people.

Our schedule for the summer 22 season went on sale far earlier than it would have done under normal circumstances. This enabled our customers to easily transfer any bookings which were cancelled due to Covid-19. This represents the first time that easyJet has ever had four seasons available for sale at the same time and it significantly reduced customers' propensity to request refunds.

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. 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 market leading networks and schedules. We are maintaining our focus on country leadership in the UK, France and Switzerland and our city focus in the Netherlands, Italy and Germany.
2. Accelerate investment in Destination Leaders
   We will build on our existing leading position 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.

Customer Excellence

easyJet aims to deliver a seamless and digitally enabled customer journey at every stage:

- Prior to travel – our 'direct is best' strategy is led by our digital channels, with an app/mobile-first mindset. Initiatives include optimising our web booking interface; driving app usage and improving the overall experience; enhancing self-service booking management such as changing passenger details or baggage booking; improving online redemption management such as vouchers; developing full pre-order capability for retail onboard; and payments innovation. To help our customers navigate through Covid travel rules, we launched the Covid-19 Travel Hub in 9 languages, providing a one stop shop for all information customers require to prepare for travel, including easy access to Covid-19 tests at negotiated rates.
- In airport – moving customers from kerb to aircraft without the need for human interaction. This involves improving boarding in order to improve CSAT and reduce queuing, which our new cabin bag policy is helping with. Streamlining the bag drop and boarding experience, building a model customer journey at Gatwick to roll out to other airports, and pushing for virtual solutions is enhancing the customer experience across our airports.
- In flight – our warm welcome and personal service to get you to your destination on time. We are committed to improving On-Time Performance (OTP) – on time, every time. This is done by managing suppliers, empowering crew, implementing pre-tactical and strategic ATC planning, carrying out base operating reviews, building a customer-level data view to enable targeted offers such as inflight retail and reviewing the CRM lifecycle for more relevant customer engagement.

- Support – we aim to give customers the digital tools to easily self-serve when things do not go to plan, or to engage after their flight. As part of this initiative we have delivered an enhanced Self-Service Disruption Management (SSDM) tool to let customers quickly self-serve in disruption; we introduced chatbot capability allowing customers to receive concise information on biosecurity measures, refunds, vouchers and travel restrictions without having to speak to a customer service agent. We launched a new social media strategy, offering more channels for our customers to contact us, while increasing their engagement with us through more relevant and inspiring content.

Actions delivered as part of our customer excellence initiative include:

- Protection Promise: Giving customers the flexibility they needed to be confident to book during the uncertainty of ever-changing travel restrictions, this includes fee free transfer of flights up to two hours before departure
- All easyJet flight vouchers can be redeemed online, quickly, and easily when making a booking
- Processing time of refunds has been further decreased to ensure customers are getting their money back as quickly as possible
- The launch of our chatbots, giving customers the opportunity to get answers to their queries quickly and easily without having to pick up the phone

This focus on customer excellence has continued to drive the strength of our brand and delivered strong customer satisfaction scores. easyJet remains first choice low cost carrier (LCC) in the UK, France, Switzerland and Berlin, best value airline in the UK and France ahead of other LCCs and legacy carriers and best value LCC in Italy, Switzerland and Berlin.

Our customer satisfaction was 75% which is higher than in pre-pandemic FY’19.

In FY’21, On Time Performance increased by 3 percentage points to 87%. This reflects the strides we are taking towards leaving ‘on time, every time’. This is crucially important for our operational efficiency, as well as customer satisfaction.

OTP % arrivals within 15 minutes(5)	Q1	Q2	Q3	Q4	FY’21
2021 Network	94%	91%	91%	84%	87%
2020 Network	80%	82%	83%	94%	84%

Product Portfolio Evolution

easyJet recognises that the continued evolution of our product portfolio represents a significant opportunity to increase revenue per seat and margins in the coming years. During the 2021 financial year we have launched a number of products, including:

- Standard Plus: includes Up front seat selection, access to easyJet Plus Bag Drop, Speedy Boarding, one cabin bag and an additional under seat cabin bag in one easy fare.
- Cabin Bags: purchased alongside a premium or standard seat allowing a large bag to be taken onboard the aircraft.
- Leisure fare (Essentials): includes a standard seat and 23kg hold bag.

The Directors believe that the continued evolution of the Group's product portfolio provides the opportunity to build on spend per customer, delivering enhanced sustainable returns. The initial performance from these products has been very encouraging with a significant spend per customer being observed.

Further opportunities within easyJet's product offering have been highlighted and will be delivered over the coming year. Inflight retail, our new retail brand & proposition is due to be launched in H2 of the 2022 financial year. This will involve direct sourcing and contracting for our on-board retail offering. We have partnered with dnata and aim to improve our customer proposition, offering a pre and during flight shopping experience.

easyJet holidays

The Group is continuing to build on the success of the launch of easyJet holidays, Europe's fastest growing holiday company, which offers flexible holiday packages at the best prices. Customers are drawn to our trusted brand with over 40% of easyJet holidays sales coming from flight customers choosing to upgrade to a holiday after visiting easyjet.com. With 300 million visits a year to our app and website, this provides a significant opportunity going forward. We offer unbeatable prices with our holidays being the cheapest like for like on the market. This coupled with our direct hotel contracting and low fixed cost base provides easyJet with a strong business model to grow and deliver sustainable returns.

easyJet holidays bookings are underpinned by an industry leading 'Protection Promise' which has meant that the Group has been able to retain over 60% of customers whose holidays were affected by the Covid-19 pandemic in FY'21. easyJet holidays also offsets the carbon emissions directly associated with its holidays—the fuel used from flights and transfers, plus the energy from hotel stays.

We enjoy strong partnerships with leading hotels without the need for financial commitments or inventory risk. 63% of bookings are with directly contracted hotels and during FY'21, the Group signed over 40 additional flagship beach hotels which were previously under exclusive contracts with competitors. This further optimises the easyJet holidays' portfolio, whilst also establishing connectivity with some of the world's largest hotel chains including Hilton, Accor, Radisson and Intercontinental Hotel Group to improve the range of our cities offering.

Reflecting the strength of the easyJet holidays business model and the significant opportunities to grow market share, the Group sees a clear roadmap to easyJet holidays contributing annual profit before tax in excess of £100 million. Our holidays business has a highly scalable business model based on low fixed costs (96% variable[6]) with strong margins and a digital platform which will provide a base for growth.

Cost focus

easyJet has delivered £512 million of cost savings in FY'21, with almost half being sustainable. These cost savings help mitigate some of our cost headwinds. Savings have been delivered across every cost line. As part of our continued cost challenge we are identifying further sustainable savings to strengthen our competitive advantage.

As a result of highly constructive relationships with our trade union partners and our people, we have been able to deliver significant cost and productivity savings, including:

- Reducing the number of full-time equivalent (FTE) crew per aircraft in all bases (excluding Italy at this stage) for our summer '21 flying programme. This has enabled significant improvements in our crew ratios and productivity in preparation for our return to flying

- Minimised redundancy costs by agreeing innovative part-time and seasonal contracts with our unions. This improves productivity on a sustainable basis and allows the capacity to grow if required, without needing to hire new people
- Re-balancing of the number of seasonal contracts we have across the network
- Reductions in base pay in some of our higher-cost jurisdictions, with easements in rostering rules also being agreed and two-year pay freeze agreements in most jurisdictions

These measures have reduced our overall cost of crew whilst addressing structural and productivity challenges with our old crew model. They have also enabled the investment in seasonal bases in Faro and Malaga which opened during the 2021 financial year alongside our existing seasonal base in Palma, continuing to improve efficiency at a lower cost base.

Airports and ground handling costs represent a major part of our cost base and have been a particular focus. We continue negotiations with airports across our network, to secure the best long-term deals. We have reviewed ground handling costs on a line-by-line basis and renegotiated 132 major ground handling contracts, with permanent savings achieved in Ground Operations and Customer Management Centres. New contracts focus on driving safety and OTP while reducing costs. We have achieved a 25% reduction in call centre costs with new contracts to 2027 and improved customer service.

easyJet outsources the majority of heavy maintenance where it is cost effective. We have extended our contract with Lufthansa Technik to 2025 and with SRT Malta to 2023, delivering cost savings and simpler work packages. We have also extended our low-cost engine shop visit contract out to 2023 and concluded a cost-effective deal on Leap engines and ongoing support. Our components deal has been extended to 2027 with additional cost savings and a Milan parts hub. We have worked closely with Airbus to create more efficient 6- and 12-year checks. We have completed insourcing of line maintenance in Berlin, Glasgow, Edinburgh and Bristol, which has delivered cost savings and higher quality. All line maintenance at Gatwick is now done in-house, with the addition of a completed third hangar bay in March ’21.

Sustainability

easyJet has committed to joining the Race to Zero while continuing to work on our Net Zero pathway to 2050. Sustainability is of significant and growing importance to our customers as 78% of consumers say that they are concerned about the impact of climate change. This is something that easyJet views with the upmost importance, as we aim to pioneer sustainable travel.

There has been significant progress made during 2021, demonstrated by our first ever SAF flight at London Gatwick, using a 30% blend flight taking off on 19 October 2021. A SAF blend was then used on all flights operating from Gatwick to Glasgow throughout COP26. During the year we have also conducted an emission free turnaround trial at Bristol airport where we saw a 97% reduction in CO2 emissions using electric powered ground equipment instead of diesel.

Our Sustainability strategy has three pillars: tackling our carbon emissions; stimulating carbon innovation; and going beyond carbon.

- Tackling carbon emissions: We were the world’s first major airline to offset the carbon emissions from the fuel used on all our flights across our entire network, and we continue to work tirelessly to minimise carbon emissions across our operations. We continue to operate a fleet of modern, fuel efficient aircraft and are always looking for more ways to be fuel efficient and emit less carbon. Customer awareness of our carbon offsetting, based on customers who have flown within the past 12 months, was 51%, compared to 45% in FY'20, and the positive difference in overall satisfaction between customers who were aware and not aware was 6.3 percentage points. easyJet holidays was also the first major holidays company to offset the carbon emissions directly associated with its holidays – the fuel from flights and transfers plus the energy from hotel stays.

- Stimulating carbon innovation: We are supporting the development of new technologies to stimulate the decarbonisation of aviation as quickly as possible. Offsetting can only be an interim solution, while zero emissions technology is developed. We are collaborating with several industry leaders to support technological step change: Wright Electric in their development of 'Wright 1' – a zero emissions 186-seater; and a strategic partnership with Airbus in their ambition to develop a zero-emission commercial aircraft by 2035. We are excited to see the growing momentum behind novel propulsion technologies, including hybrid-electric, hydrogen fuel-cell and hydrogen combustion. There is significant potential for these technologies, particularly on short-haul networks such as our own.

- Going beyond carbon: We are constantly looking for more ways to take action outside of carbon reductions including having taken steps to reduce the amount of plastic used on our services but also have crew and pilot uniforms made from recycled plastic, which is our latest initiative in our drive to reduce waste. By the end of the 2021 financial year we had already removed over 34 million individual items of plastic from our inflight retail. We are also aiming to reduce waste and plastic at easyJet and within our supply chain. We are implementing a ISO14001-compliant Environmental Management System, and are focused on creating a culture where employees can champion sustainability. We are particularly pleased that easyJet's long-term work with our charity partner UNICEF, who we have supported through on-board collections since 2012, is continuing by funding COVAX global vaccinations - with Unicef's aim being to deliver 2 billion vaccines by the end of 2021. Hundreds of easyJet crew members have volunteered to help at vaccination centres across Europe, with many of them having trained to deliver the vaccines.

Fleet

easyJet is pleased to confirm that it has today agreed with Airbus a firm commitment in respect of an additional nineteen (19) aircraft with deliveries between FY'25 and FY'28. This results in 118[7] firm Airbus A320 NEO family aircraft outstanding orders at the date of this announcement.

The 19 firm deliveries consist of:

a. Seven aircraft which easyJet had the option not to take up. This option not to take up has been relinquished and the aircraft are now confirmed as firm deliveries between FY'25 and FY'26;
b. Seven purchase option aircraft in respect of which easyJet has exercised its option to purchase. This results in firm deliveries for these aircraft between FY'25 and FY'26.
c. Five purchase right aircraft that have been converted into aircraft with firm delivery dates in FY'27.

Items (a) and (b) above had been previously disclosed. Item (c) results in easyJet's purchase right aircraft reducing from 58 to 53.

This agreement secures valuable, supply constrained, delivery slots between January 2025 and September 2027 for aircraft with a cash value of USD2.25 billion on delivery at 2021 list prices[8]. All aircraft purchased by easyJet under the terms of the original 2013 Airbus agreement are subject to a substantial discount from list price.

The resulting status of easyJet's order book with Airbus at 29th November 2021 is now:

Aircraft	Delivered	Future Deliveries	Purchase Options	Unexercised Purchase Rights
A320neo	39	102	6	53
A321neo	14	16	-	-
Totals	**53**	**118**	**6**	**53**

easyJet's total fleet as at 30 September 2021 comprised 308 aircraft (30 September 2020: 342 aircraft) with the decrease driven principally by the redelivery to lessors of A319 aircraft. The average gauge of the fleet is now 178 seats per aircraft, compared to 177 seats at 30 September 2020. The average age of the fleet increased slightly to 8.6 years (30 September 2020: 8.0 years).

Fleet as at 30 September 2021:

	Owned	Leased	**Total**	% of fleet	Changes since Sep-20	Future deliveries	Purchase options	Purchase rights
A319	45	52	**97**	31%	(17)	-	-	-
A320	105	55	**160**	52%	(5)	-	-	-
A320 neo	30	7	**37**	12%	-	104[1,2]	6[1]	53[1]
A321 neo	3	11	**14**	5%	-	16[2]	-	-
	183	**125**	**308**		**(22)**	**120**	**6**	**53**
Percentage of total fleet	*59%*	*41%*						

1) Includes the impact of Amendment to the Purchase Agreement with Airbus signed on 29 November 2021, which increased the number of firm future deliveries by 19, and reduced the number of Purchase Options by 14 and the number of Purchase Rights by 5.

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

At the 30 September 2021, easyJet was storing 12 leased aircraft at zero rent unless flown and are therefore not included within our fleet numbers published as part of the graphs outlining the fleet, but with footnotes to highlight the absence.

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

Number of aircraft	FY'22	FY'23	FY'24
Current contractual minimum	319	316	313
Base plan	**322**	**-**	**-**
Current contractual maximum	322	326	328
Expected deliveries	8	7	18

Capital Expenditure

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

	FY'22	FY'23	FY'24
Gross capital expenditure (£ million)	c.900	c.1,000	c.1,300

Capex in FY'22 is comprised of new Airbus fleet delivery payments, safety- and maintenance-related expenditure as well as lease payments. Our capex projections assume eight aircraft deliveries in FY'22, seven deliveries in FY'23 and 18 deliveries in FY'24.

Our People

Despite the challenges of Covid-19 and resulting restructuring, easyJet still has a strong reputation as an employer of choice. The high calibre of our people is a key source of differentiation for easyJet compared to our competitors, driving CSAT and customer loyalty. Our strong employer reputation attracts and retains engaged crew, with the spirit to deliver excellent service. Our Glassdoor rating of employee satisfaction is 4.2 (out of 5.0), which is the highest within the travel and hospitality sector, illustrating our market-leading position in the labour market.

FY'21 has had a significant impact on our entire workforce and the pandemic has changed the way in which we support Our People. Some of the key changes and successes delivered include:

1) Constructively worked in partnership with our employee representative bodies across Europe to avoid compulsory redundancies in most markets.

- We have driven changes to right-size our crew establishment, having implemented agreements to improve our seasonality, reduce our crew costs (e.g. through changed contracts and pay-freezes) and improve productivity across our network. Whilst we have protected jobs where we see future growth and avoided expensive compulsory redundancy costs in most markets, the changes delivered will continue to support our focus on productivity in the future.
- We've worked with local governments and union partners in order to claim £134m in furlough support.
- Prioritised growth in Spain and Portugal to give transfer opportunities for Our People who are at risk in other geographies.

2) Delivered hybrid working in a safe and secure way.

- Implemented biosecurity standards and initiatives to be aligned with those implemented for our customers and ensured a safe working environment for all.
- Successfully implemented our new hybrid working model across our network. 84% of our affected employees feel positive about our approach to hybrid working.

3) Set a platform for enhanced employee experience and improved our wellbeing and support

- Undertook multiple 'You Matter' campaigns to support the wellbeing of our people across the network.
- Implemented and refreshed a number of core employment policies e.g. Bullying and Harassment, Wellness and Absence in addition to providing training for people managers over these policies.

- Completed our payroll project (HR Evolution) delivering 98% pay accuracy throughout the network. We continue to invest in building out capability in Workday to support employee self-service.

Board

There have been a number of changes to our Board during the year. Andrew Findlay stood down as Chief Financial Officer in February 2021, and we welcomed Kenton Jarvis as his successor. David Robbie joined the Board as an Independent Non-Executive Director in November 2020, and Charles Gurassa, Moya Greene DBE and Dr Anastassia Lauterbach stood down as Independent Non-Executive Directors in December 2020.

Stephen Hester joined us as an Independent Non-Executive Director and Chair designate on 1 September 2021 and will succeed John Barton as Chair on 1 December 2021. John Barton will stand down as Chair on 1 December 2021 after serving for nearly nine years on the Board.

EU Ownership

On 23 December 2020, easyJet announced that the Board had passed resolutions as part of its contingency plan to ensure continued compliance with EU ownership and control requirements following the end of the Brexit transition period on 31 December 2020. Accordingly, and in line with its contingency plan, easyJet announced on 4 January 2021 that it had commenced steps to suspend voting rights in respect of certain shares held by relevant persons in accordance with easyJet's articles of association, so that a majority of the voting rights in easyJet are held by EU persons. As at 29 November 2021 the level of ownership by EU persons was 35.68%. Accordingly easyJet has suspended voting rights in respect of certain shares ('Affected Shares') held by Relevant Persons in accordance with easyJet's articles of association (the 'Articles') so that a majority of the voting rights in easyJet are held by EU Persons. As at 29 November 2021, a majority of the voting rights in easyJet are held by EU persons.

Those shareholders who own shares whose voting rights will be suspended at the AGM will receive a notice (an 'Affected Share Notice') by post from Equiniti, our Registrars, on or around 14 January 2022 notifying them of the suspension of voting rights in respect of their Affected Shares. Shareholders in receipt of an Affected Share Notice will not be entitled to attend, speak or vote at the AGM, in respect of those shares subject to an Affected Share Notice.

Note: ‘EU persons' refers to nationals of EU member states plus Switzerland, Norway, Iceland, Liechtenstein, but excludes the UK. 'Relevant Persons' has the meaning given to it in the Articles. In general terms, 'Relevant Persons' refers to non-EU nationals.

Outlook

Based on current travel restrictions in the markets in which we operate, easyJet expects to fly c.65% of 2019 capacity levels in Q1 with Loads expected to be over 80%%. Q2 capacity is expected to be c. 70% of Q2 2019 levels.

easyJet has been ramping up capacity as customer confidence returns and current expectations are that Q4 FY’22 capacity will have recovered to around Q4 2019 capacity levels.

The targets easyJet has set are; Grow to pre pandemic capacity by 2023, mid teen EBITDAR margins with low to mid teen ROCE in the medium term and having a clear roadmap for easyJet holidays to contribute £100 million plus profit before tax to the Group.

At this stage, given the continued level of short-term uncertainty, it would not be appropriate to provide any further financial guidance for the 2022 financial year. Customers are booking closer to departure and visibility remains limited.

Footnotes

(1) Capacity based on actual number of seats flown.
(2) 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.
(3) Represents the number of earned seats flown. Earned seats include seats which are flown whether or not the passenger turns up, as easyJet is a no-refund airline and once a flight has departed, a no-show customer is generally not entitled to change flights or seek a refund. Earned seats also include seats provided for promotional purposes and to staff for business travel.
(4) Constant currency is calculated by comparing 2021 financial year performance translated at the 2020 financial year effective exchange rate to the 2020 financial year reported performance, excluding foreign exchange gains and losses on balance sheet revaluations.
(5) On-time performance is defined as the percentage of flights which arrive within 15 minutes of the scheduled arrival time and is measured by internal easyJet systems
(6) Based on FY’22 budget volumes
(7) At 30 September 2021, as stated in this announcement, there were 101 outstanding orders with Airbus. Between 1st October 2021 and 29 November 2021, 2 aircraft were delivered. By committing to a further 19 firm orders on 29th November 2021, there are thus (101 – 2 + 19) = 118 firm outstanding orders with Airbus as at the date of this announcement.
(8) Airbus no longer publish list prices for aircraft. The estimated list price is based on the last available list price published in January 2018 and escalated by Airbus’ standard escalation mechanism from January 2018 to January 2021 averaging 2.96% per annum.

Our Financial Results

Financial overview

£ million (Reported) - Group	**2021**	2020
Group revenue	**1,458**	3,009
Headline costs excluding fuel, balance sheet FX and ownership	**(1,638)**	(2,561)
Fuel	**(371)**	(721)
Headline EBITDAR	**(551)**	(273)
Balance sheet foreign exchange gain	**9**	-
Other ownership costs	**(594)**	(562)
Group headline loss before tax	**(1,136)**	(835)
Headline tax credit	**236**	110
Group headline loss after tax	**(900)**	(725)
Non-headline items	**100**	(438)
Non-headline tax credit/(charge)	**(58)**	84
Group total loss after tax	**(858)**	(1,079)

£ per seat - Airline only	**2021**	2020
Airline revenue	**50.54**	54.35
Headline costs excluding fuel, balance sheet FX and ownership	**(56.62)**	(45.74)
Fuel	**(13.16)**	(13.09)
Headline EBITDAR	**(19.24)**	(4.48)
Balance sheet foreign exchange gain	**0.32**	-
Other ownership costs	**(20.95)**	(10.20)
Airline headline loss before tax	**(39.87)**	(14.68)
Headline tax credit	**8.39**	1.92
Airline headline loss after tax	**(31.48)**	(12.76)
Non-headline items	**3.53**	(7.98)
Non-headline tax credit	**(2.07)**	1.52
Airline total loss after tax	**(30.02)**	(19.22)

Due to the continued impact of Covid-19, in the 2021 financial year easyJet flew 20.4 million passengers (2020: 48.1 million), down 58% on the prior year. As a result, Group headline loss before tax was £1,136 million for the year ended 30 September 2021 (2020: loss of £835 million) and Group total reported loss after tax for the year was £858 million (2020: loss of £1,079 million).

With a full year impact of Covid-19 driving reduced flying and the softer macro-level demand, Group revenue for the full year decreased by 51.6% to £1,458 million (2020: £3,009 million), and Airline revenue per seat for the year fell 7.0% to £50.54 (2020: £54.35), and by 6.4% at constant currency. It should be noted that Covid-19 restrictions started in March 2020 and therefore did not impact the first half of the 2020 comparative financial year when easyJet delivered revenue per seat 9.6% higher than 2019 and load factors of 90.3%.

The ongoing restrictions on travel imposed by governments in response to Covid-19 have continued to adversely impact air travel. Our focus over the winter season was on cash generative flying to minimise cash burn. During the second half of the year, there was continued uncertainty due to the changing environment, however travel restrictions were eased across much of Europe. easyJet successfully maintained a disciplined focus and agile approach on matching capacity to available demand especially across UK domestics and mainland Europe.

As a result, cash burn (on a fixed costs plus capex basis) during 2021 was £36 million per week on average, outperforming the guidance for £40 million per week. Strong cash management also meant that operating cash generation was broadly flat in H2 with a £10 million cash outflow versus £1,438m in H1.

Group headline costs excluding fuel, balance sheet FX revaluations and ownership costs for the full year fell by 36% to £1,638 million (2020: £2,561 million), mainly as a result of the reduced level of flying. Airline headline cost per seat excluding fuel, balance sheet FX revaluations and ownership costs increased to £56.62 (2020: £45.74), driven by lower volumes, with fixed costs being spread over lower flown capacity. easyJet's cost reduction programme which was implemented in 2020 continues to achieve significant savings with the Group also benefitting from the extension of furlough schemes in the UK and across Europe.

Group fuel costs of £371 million were £350 million lower than the 2020 financial year (2020: £721 million) primarily as a result of the reduced flying. Airline fuel cost per seat of £13.16 (2020: £13.09) was in line with the prior year. There was an underlying decrease in the market price of fuel by 3.7% which was offset by the comparative benefits of the carbon credits asset sales in 2020. When considering easyJet's fuel and US dollar hedging programme, the effective fuel price decreased by 4.1% to £469 per tonne (2020: £489 per tonne).

Group ownership costs increased by 5.7% to £594 million (2020: £562 million) predominantly driven by increased interest costs as a result of higher levels of debt, partially offset by lower maintenance related depreciation as a result of the reduction in flying volumes.

A Group non-headline gain of £100 million (2020: £438 million loss) was recognised in the year. This consisted of a £65 million gain as a result of the sale and leaseback of 35 aircraft and 2 engines during the year, a £61 million credit in relation to our restructuring programme; offset by a £27 million net charge related to hedge discontinuation and ineffectiveness.

The Group total tax credit for the year was £178 million (2020: £194 million credit). The effective rate for the year was 17.2% (2020: 15.3%).

Loss per share and dividends per share

	2021	2020*	Change in
	Pence per share	Pence per share	Pence per share
Basic headline loss per share	**(166.9)**	(149.7)	(17.2)
Basic total loss per share	**(159.0)**	(222.9)	63.9
Diluted headline loss per share	**(166.9)**	(149.7)	(17.2)

During the year a rights issue, which gave rise to £1,197 million net proceeds, resulted in the prior year basic and diluted loss per share needing to be restated.

Basic headline loss per share was 166.9 pence (2020: loss per share 149.7 pence) and basic total loss per share was 159.0 pence (2020: loss per share 222.9 pence) driven by the losses for the year.

Weighted average shares in issue in the 2021 financial year were 539 million (diluted 544 million) (2020: 484 million, diluted 489 million, restated due to the rights issue from 407 million, diluted 412 million).

In line with easyJet's dividend policy of a pay-out ratio of 50% of headline profit after tax, the Board did not recommend the payment of a dividend in respect of the year ended 30 September 2021 (2020: £nil). No dividend payments have been made in the year (2020: 43.9 pence per share was paid for the 2019 dividend). The dividend policy will be reviewed by the Board during the 2022 financial year.

*Restated as a result of the 2021 rights issue.

Return on capital employed (ROCE)

	2021	2020
Headline Return on capital employed	**(25.5%)**	(19.8%)
Total Return on capital employed	**(22.4%)**	(23.0%)

Headline ROCE for the year was (25.5)%, a decline of 5.6 percentage points on the prior year, driven by the increased loss for the year. Total ROCE for the year was (22.4)%, in line with last year. The total ROCE improvement is mainly driven by the non-headline sale and leaseback gain and restructuring credit impact on operating profit.

ROCE is calculated by taking operating loss, less tax at the prevailing UK corporation tax rate at the end of the financial year, divided by average capital employed. Capital employed is shareholders' equity less net debt.

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 revenue per seat and cost per seat metrics as these are not directly correlated to the seats flown by the Airline business. The segmental note within the consolidated financial statements shows the contribution of each operating segment towards the Group's performance. All seats flown relate directly to the Airline business and are therefore included in total for the per seat metrics. The overall contribution of the holidays segment to the financial performance of the consolidated Group for the year ended 30 September 2021 was not significant. As a result, presenting the Airline-only financial performance metrics below does not materially distort the financial performance of the Group as a whole.

Amounts presented at constant currency are an alternative performance measure and not determined in accordance with International Financial Reporting Standards but provide relevant and comparative reporting for users.

Exchange rates

The proportion of revenue denominated in currencies other than Sterling remained broadly consistent year on year, although the proportion of Sterling revenue has declined as a result of a faster recovery in demand across Europe. The proportion of US Dollar by currency has changed significantly year on year as a result of the US Dollar exchange impact of sale and leaseback proceeds. Average effective exchange rates include the impact of hedging:

	Revenue		Costs	
	2021	2020	**2021**	2020
Sterling	**34%**	42%	**42%**	50%
Euro	**52%**	47%	**21%**	31%
US dollar	**0%**	1%	**32%**	13%
Other (principally Swiss franc)	**14%**	10%	**5%**	6%

Average exchange rates

	2021	2020
Euro – revenue	**€1.14**	€1.13
Euro – costs	**€1.16**	€1.15
US dollar	**$1.16**	$1.39
Swiss franc	**CHF 1.21**	CHF 1.26

The Group's foreign currency risk management policy aims to reduce the impact of fluctuations in exchange rates on future cash flows; however, the timing of cash flows can be different to the timing of recognition within the income statement resulting in foreign exchange movements.

As a result of the reduced flying programme the Group's near term exposures for jet fuel and foreign currency were significantly reduced. This caused a proportion of derivatives previously hedge accounted for to be discontinued from hedge relationships. The full fair value at the time of discontinuation recorded in the income statement as a non-headline item and subsequent movements in fair value recorded as headline items.

To minimise the effects of over-hedging going forward, easyJet temporarily reduced its operational hedging activity throughout the year.

Please see note 25 for further detail on hedging activities during the year.

Headline exchange rate impact

Headline exchange rate impact

Favourable/(adverse)	**Euro £**	**Swiss franc £**	**US dollar £**	**Other £**	**Total £**
Total revenue	(7)	(2)	-	(1)	(10)
Fuel	-	-	1	-	1
Headline costs excluding fuel	17	4	8	(1)	28
Prior year balance sheet revaluations	-	3	2	-	5
Headline total before tax	**10**	**5**	**11**	**(2)**	**24**

Non-headline exchange rate impact

Favourable/(adverse)	**Euro £**	**Swiss franc £**	**US dollar £**	**Other £**	**Total £**
Non-headline costs	7	-	(19)	-	(12)
Non-headline total before tax	**7**	**-**	**(19)**	**-**	**(12)**

There was a £12 million favourable (2020: £9 million favourable) impact on total loss due to the year-on-year changes in exchange rates. A £24 million favourable (2020: £29 million favourable) impact on headline profit was partially offset by a £12 million adverse (2020: £20 million adverse) impact on the non-headline items.

Financial performance

Revenue

	2021		2020	
	Group	**Airline**	Group	Airline
	£ million	**£ per seat**	£ million	£ per seat
Passenger revenue	**1,000**	**35.48**	2,303	41.78
Ancillary revenue	**458**	**15.06**	706	12.57
Total revenue	**1,458**	**50.54**	3,009	54.35

The total number of passengers carried decreased by 57.6% to 20.4 million (2020: 48.1 million), driven by a reduction in seats flown of 48.8% to 28.2 million seats (2020: 55.1 million) as a result of lower levels of flying due to the ongoing impact of Covid-19 on travel restrictions. Load factor decreased by 14.7 percentage points to 72.5% (2020: 87.2%).

During 2021 the airline industry has continued to be heavily disrupted by Covid-19, which has resulted in sustained softness in macro-level demand as customers' confidence and ability to travel have been impacted by fluctuating infection rates across the UK and Europe, resulting in local and national lockdowns and frequent changes in travel restrictions and travel advice.

With an annualised impact of Covid-19, Group revenue for the full year decreased by 51.6% to £1,458 million (2020: £3,009 million), and Airline revenue per seat for the year fell 7.0% to £50.54 (2020: £54.35), and by 6.4% at constant currency. It should be noted that during the first half of the 2020 comparative financial year, easyJet delivered very strong underlying trading, with Covid-19 restrictions affecting the second half.

As a result of reduced travel restrictions, revenue rose 94.4% to £1,218 million for the second half of the 2021 financial year compared to the second half of last year (H2 2020: £627 million).

Our dynamic capacity management and contribution forecasting allowed us to adapt our schedule to maximise profitable flying and to mitigate costs, with our flexible policies providing customers the reassurance to book. During the fourth quarter travel restrictions have begun to stabilise and to ease, which has led to an improvement in new bookings towards the end of the quarter for 2022 departures.

During the year we launched our new cabin bag proposition as well as our Standard Plus fare, which have provided us the tools to enhance our ancillary customer proposition and to deliver ancillary revenue per seat of £15.06, 19.9% higher than last year (2020: £12.57).

Headline costs excluding fuel

Airline headline cost per seat excluding fuel increased by 38.1% to £77.25 (2020: £55.94) and increased by 40.6% at constant currency.

	2021		2020	
	Group £ million	**Airline £ per seat**	Group £ million	Airline £ per seat
Operating costs and income				
Airports, ground handling and other operating costs	**446**	**15.01**	939	16.88
Crew	**495**	**17.56**	629	11.42
Navigation	**102**	**3.62**	206	3.74
Maintenance	**222**	**7.90**	278	5.04
Selling and marketing	**60**	**1.94**	107	1.70
Other costs	**319**	**10.80**	426	7.38
Other income	**(6)**	**(0.21)**	(23)	(0.42)
	1,638	**56.62**	2,561	45.74
Ownership costs				
Aircraft dry leasing	**5**	**0.20**	1	0.02
Depreciation	**456**	**16.18**	485	8.81
Amortisation	**24**	**0.74**	18	0.30
Net finance charges	**109**	**3.83**	58	1.07
Balance sheet foreign exchange gain	**(9)**	**(0.32)**	-	-
	585	**20.63**	562	10.20
Headline costs excluding fuel	**2,223**	**77.25**	3,123	55.94

2020 Group Other costs and Other income have been restated to reflect the grossing up of the sale and leaseback gains and losses.

2020 Group Other costs and Other income have been restated to reflect the grossing up of the sale and leaseback gains and losses.

Operating costs and income

Group headline costs excluding fuel were £2,223 million (2020: £3,123 million), a decrease of 28.8% or £900 million on the prior year. The holidays business contributed £54 million to headline costs in 2021 (2020: £45 million), mainly driven by marketing spend, headcount costs and costs directly related to holidays provided in the year.

Airline headline cost per seat excluding fuel increased by 38.1% to £77.25 (2020: £55.94) and increased by 40.6% at constant currency. Most of the headline cost per seat adverse variance was driven by the full year impact of significantly reduced flown capacity resulting in fixed costs being spread over fewer flown seats. Partially offsetting this was the benefit of furlough support from the UK and European governments and easyJet's cost reduction programme which continues to achieve significant savings.

Group headline airports, ground handling and other operating costs decreased by 52.5% to £446 million. Airline cost per seat decreased by 11.1% to £15.01, and by 8.5% at constant currency driven by reduced load factors compared to last year.

Group headline crew costs decreased by 21.4% to £495 million, with Airline cost per seat increasing by 53.8% to £17.56, and by 55.1% at constant currency, partly driven by reduced job retention scheme support, but mainly reflecting significantly reduced productivity due to lower flying levels.

Group headline navigation costs decreased by 50.4% to £102 million resulting from decreased sectors flown, with Airline cost per seat decreasing by 3.0% to £3.62 and by 0.4% at constant currency due to network mix.

Group headline maintenance costs decreased by 19.9% to £222 million, with Airline cost per seat increasing by 56.6% to £7.90, and by 56.6% at constant currency, reflecting reduced capacity where fixed costs remain.

Group headline other costs decreased by 31.8% to £319 million, with Airline cost per seat increasing by 46.3% to £10.80, and by 46.9% at constant currency. The significant driver in the increase in the cost per seat is a result of fixed costs being spread over lower flown capacity. In addition to the capacity impact, there were a number of asset write-offs as a result of focus on spares and projects.

Ownership costs

Group depreciation costs have decreased 6.0% to £456 million (2020: £485 million) primarily due to both lower maintenance related depreciation as a result of the reduction in flying volumes , an increased benefit arising from discounting the maintenance provision due to changes in underlying interest rates, and the reduction in our fleet size, partially offset by a revision to our aircraft depreciation policy.

Group net finance charges have increased from £60 million in 2020 to £109 million in 2021, due to increased interest payable from additional debt facilities and increased leased aircraft resulting in higher lease-related interest.

Fuel

		2021		2020
	Group £ million	**Airline £ per seat**	Group £ million	Airline £ per seat
Fuel	**371**	**13.16**	721	13.09

Group headline fuel costs of £371 million were £350 million lower than 2020. Airline fuel cost per seat of £13.16 was 0.5% higher than last year, and by 0.7% at constant currency.

Group fuel costs of £371 million were £350 million lower than the 2020 financial year (2020: £721 million) primarily as a result of reduced flying. Airline fuel cost per seat of £13.16 (2020 £13.09) was broadly in line with the prior year, despite a one off credit in last year of £55 million which came from the sale of EU ETS credits. There was an underlying decrease in the pre hedge cost of fuel by 3.7% driven by lower fuel usage from reduced burn per block hour offset by increased market price. When taking into account easyJet's fuel and US dollar hedging programme, the effective fuel price decreased by 4.1% to $469 (2020: £489 per tonne).

The impact of the Sterling/US dollar exchange rate movement on fuel costs was £1 million favourable (2020: £14 million favourable).

easyJet continues to participate in the EU Emissions Trading System (EU ETS) and Swiss Emissions Trading System (CH ETS). As a result of Brexit, easyJet has also participated in the UK Emissions Trading System (UK ETS) from January 2021. These systems require easyJet's carbon footprint to be offset by submitting carbon allowances to the relevant Environment Agencies. The charge of the ETS systems is included within fuel costs.

The Group uses jet fuel derivatives to hedge against sudden and significant increases in jet fuel prices to mitigate volatility in the income statement in the short term.

As a result of the reduced flying programme the Group's near-term exposures for jet fuel and foreign currency were significantly reduced. This caused a proportion of derivatives previously hedge accounted for, to be discontinued from hedge relationships. The full fair value at the time of discontinuation was recorded in the income statement as a non-headline item and subsequent movements in fair value recorded as headline.

To minimise the effects of over-hedging going forward, easyJet temporarily reduced its operational hedging activity throughout the year.

Non-headline items

Non-headline items are non-recurring items or items which are not considered to be reflective of the trading performance of the business.

	2021		2020	
	Group £ million	**Airline £ per seat**	Group £ million	Airline £ per seat
Restructuring credit/(charge)	**61**	**2.19**	(123)	(2.22)
Sale and leaseback gain	**65**	**2.28**	38	0.69
Fair value adjustment	**(26)**	**(0.94)**	(311)	(5.69)
Impairment charge	**-**	**-**	(37)	(0.68)
Balance sheet foreign exchange loss	**-**	**-**	(5)	(0.08)
Non-headline items before tax	**100**	**3.53**	(438)	(7.98)

Group non-headline loss before tax items of £100 million credit comprise:

- a £61 million credit in relation to our restructuring programme. The credit primarily relates to the remeasurement of provisions following constructive negotiations with our trade unions (2020: £123 million charge).
- a £65 million net gain as a result of the sale and leaseback of 35 aircraft and 2 engines in the year (2020: £38 million net gain as a result of the sale and leaseback of 33 aircrafts).
- a fair value adjustment relating to a £26 million net charge related to discontinued hedges and ineffectiveness (2020: £311 million charge).

During the 2021 financial year foreign exchange gains or losses arising from the re-translation of monetary assets and liabilities held on the balance sheet have been recognised as headline items and will no longer be reported as non-headline items. No reclassification has been made to the prior year due to the immaterial value.

Summary net debt reconciliation

	2021	2020	Change
	£	£ million	£ million
Operating loss	**(910)**	(899)	(11)
Depreciation and amortisation	**480**	503	(23)
Increase/(decrease) in unearned revenue	**232**	(455)	687
Other net working capital movement	**(638)**	263	(901)
Net capital expenditure	**(149)**	(695)	546
Net proceeds from sale and leaseback of aircraft	**836**	702	134
Repayment of capital element of leases	**(261)**	(230)	(31)
Increase in lease liabilities	**(369)**	(132)	(237)
Loss on disposal of intangibles, property, plant and equipment	**(30)**	(30)	-
Net tax received	**1**	13	(12)
Net decrease/(increase) in restricted cash	**5**	(15)	20
Other (including the effect of exchange rates)	**(120)**	(52)	(68)
Net proceeds from issue of ordinary share capital	**1,144**	409	735
Purchase of own shares for employee share schemes	**(6)**	(7)	1
Ordinary dividend paid	**-**	(174)	174
Decrease/(increase) in net debt	**215**	(799)	1,014
Net debt at the beginning of the year	**(1,125)**	(326)	(799)
Net debt at end of year	**(910)**	(1,125)	215

Net debt as at 30 September 2021 was £910 million (2020: £1,125 million) and comprised cash and money market deposits of £3,536 million (2020: £2,316 million), debt of £3,367 million (2020: £2,731 million) and lease liabilities of £1,079 million (2020: £710 million).

Debt increased by £636 million largely driven by two new sources of debt, partially offset by repayments in the year. A new five-year term loan facility of $1.87 billion (circa £1.4 billion) was entered, 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 of this in the period. In addition, a €1.2 billion 7-year bond was issued in the period under the Euro Medium Term Note (EMTN) programme. During the year repayments of £300 million from the Covid Corporate Financing Facility (CCFF), $500 million Revolving Credit Facility and circa £400 million of term loans were made.

Unearned revenue increased by £232 million during 2021, reflecting increased forward flying bookings in the last quarter of the year and pent up demand for travel, compared with a £455 million year on year decline in 2020 as a result of the pandemic.

The movement in Other net working capital of £638 million over 2021 relates to an increase in current intangible assets (mainly due to increased ETS carbon allowances held), a reduction in provisions (mainly due to lower maintenance, restructuring and disruption provisions), derivative financial instruments (driven by exchange rate movements and jet forward curve) and a decrease in trade and other payables reflecting a reduction in revenue refund accruals and APD deferrals offset by increased levels of flying.

Net capital expenditure decreased by £546 million to aid cash preservation and as a result of no final delivery payments made for the acquisition of aircraft in the year (2020: 14 aircraft). The number of aircraft in the fleet decreased from 342 as at 30 September 2020 to 308 as at 30 September 2021 (which excluded 12 aircraft held under power by the hour agreements).

Net proceeds of £836 million were received as a result of the sale and leaseback of 35 aircraft and 2 engines in the year (2020: £702 million from 33 aircraft).

Lease liabilities and capital repayments on lease liabilities have both increased during the year. This is driven by the increased sale and leasebacks completed in the year of 35 aircraft and 2 engines (2020: 33 aircraft).

Corporate tax receipts in the year amounted to £1 million (2020: £13 million).

A rights issue in the year gave rise to £1,197 million of net proceeds, with £1,144 million of cash received in the year. As at 30 September 2021, there were £91 million of proceeds outstanding, which have been subsequently received. Costs of £38 million were incurred on the rights issue and were still payable as at 30 September 2021. During the 2020 financial year an equity placing raised £409 million proceeds net of associated costs.

Summary consolidated statement of financial position

	2021	2020	Change
	£ million	£ million	£ million
Goodwill and other non-current intangible assets	**582**	597	(15)
Property, plant and equipment (excluding RoU assets)	**3,639**	4,409	(770)
Right of use (RoU) assets	**1,096**	644	452
Derivative financial instruments	**203**	(327)	530
Equity investments	**30**	33	(3)
Other assets (excluding cash and money market deposits)	**619**	364	255
Unearned revenue	**(846)**	(614)	(232)
Trade and other payables	**(1,128)**	(1,242)	114
Other liabilities (excluding debt)	**(646)**	(840)	194
Capital employed	**3,549**	3,024	525
Cash and money market deposits*	**3,536**	2,316	1,220
Debt (excluding lease liabilities)	**(3,367)**	(2,731)	(636)
Lease liabilities	**(1,079)**	(710)	(369)
Net debt	**(910)**	(1,125)	215
Net assets	**2,639**	1,899	740

* Excludes restricted cash

Excludes restricted cash

Since 30 September 2020 net assets have increased by £740 million. This reflects the rights issue undertaken in the year, offset by the loss for the year and increased debt.

Goodwill and other intangible assets have decreased by £15 million predominantly due to amortisation of computer software.

The net book value of property, plant and equipment excluding right of use assets, has decreased by £770 million due to the sale and leaseback of 35 aircraft and 2 engines during the year.

At 30 September 2021, right of use assets amounted to £1,096 million (2020: £644 million) and lease liabilities amounted to £1,079 million (2020: £710 million) which reflects additions during the year as a result of aircraft sale and leasebacks, as well as the impact of lease payments and extensions.

There has been a £530 million movement on net derivative financial instruments with a closing net asset balance of £203 million (2020: £327 million liability). This movement is largely due to mark-to-market gains on jet fuel contracts as well as many out-of-the-money jet trades held at the end of the previous financial year having matured. This gain was partially offset by a loss on cross-currency interest rate swaps.

The equity investment of £30 million (2020: £33 million) represents a 13.2% shareholding in a non-listed entity, The Airline Group Limited, which has a shareholding of 41.9% in NATS Holdings Limited – the provider of UK air traffic control services for the UK. This investment is held at fair value, with movements recognised in other comprehensive income.

Other assets have increased by £255 million, mainly driven by increased current intangible assets driven by an increased number of ETS credits held, and increased trade and other debtors driven by amounts receivable from the rights issue.

Unearned revenue increased by £232 million reflecting increased forward flying bookings driven by pent up demand for travel.

Trade and other payables have decreased by £114 million reflecting a reduction in revenue refund accruals and APD deferrals offset by increased levels of flying.

Other liabilities have decreased by £194 million, mainly driven by a reduced maintenance and restructuring provisions. Other liabilities also include a £37 million post-employment benefit obligation in relation to a Swiss retirement benefit scheme (2020: £45 million).

Debt has increased by £636 million mainly as a result of two new debt facilities, a €1.2 billion bond issuance and $1.05 billion drawn down from a $1.87 billion term loan facility with repayments of £300 million from the Covid Corporate Financing Facility (CCFF), the $500 million Revolving Credit Facility and circa £400 million of term loans being made in the year.

As at 30 September 2021, the Group is unable to assess the likely outcome or quantum of the claims of the investigation by the ICO, group action and other claims following the cyber-attack in May 2020 and no provision has been recognised. (See note 1 under critical accounting judgements - contingency liability recognition).

Key statistics

	2021	2020	Increase/ (decrease)
Operating measures			
Seats flown (millions)	**28.2**	55.1	(48.9%)
Passengers (millions)	**20.4**	48.1	(57.5%)
Load factor	**72.5%**	87.2%	(14.7ppts)
Available seat kilometres (ASK) (millions)	**33,348**	62,380	(46.5%)
Revenue passenger kilometres (RPK) (millions)	**23,594**	58,914	(60.0%)
Average sector length (kilometres)	**1,184**	1,132	4.6%
Sectors	**155,664**	311,477	(50.0%)
Block hours ('000)	**311**	613	(49.3%)
Number of aircraft owned/leased at end of year	**308**	342	(9.9%)
Average number of aircraft owned/leased during year	**331**	337	(1.8%)
Number of aircraft operated at end of year	**239**	157	52.2%
Average number of aircraft operated during year	**198**	237	(16.5%)
Number of routes operated at end of year	**927**	981	(5.5%)
Number of airports served at end of year	**153**	154	(0.6%)
Financial measures			
Total return on capital employed	**(22.4%)**	(23.0%)	0.6ppt
Headline return on capital employed	**(25.5%)**	(19.9%)	(5.6ppt)
Airline total loss before tax per seat (£)	**(36.33)**	(22.66)	60.3%
Airline headline loss before tax per seat (£)	**(39.87)**	(14.68)	171.6%
Airline total loss before tax per ASK (pence)	**(3.11)**	(2.04)	52.5%
Airline headline loss before tax per ASK (pence)	**(3.41)**	(1.34)	154.5%
Revenue			
Airline revenue per seat (£)	**50.54**	54.35	(7.0%)
Airline revenue per seat at constant currency (£)	**50.90**	54.35	(6.4%)
Airline revenue per ASK (pence)	**4.37**	4.82	(9.4%)
Airline revenue per ASK at constant currency (pence)	**4.40**	4.82	(8.7%)
Airline revenue per passenger (£)	**71.37**	62.61	14.0%
Airline revenue per passenger at constant currency (£)	**71.86**	62.61	14.8%
Costs			
Per seat measures			
Airline headline cost per seat (£)	**90.41**	69.03	(31.0%)
Airline non-headline (income)/cost per seat (£)	**(3.53)**	7.98	144.3%
Airline total cost per seat (£)	**86.87**	77.01	(12.8%)
Airline headline cost per seat excluding fuel (£)	**77.25**	55.94	(38.1%)
Airline headline cost per seat excluding fuel at constant currency (£)	**78.62**	55.94	(40.5%)
Airline total cost per seat excluding fuel (£)	**73.72**	63.92	(15.3%)
Airline total cost per seat excluding fuel at constant currency (£)	**74.66**	63.92	(16.8%)
Per ASK measures			
Airline headline cost per ASK (pence)	**7.64**	6.16	(24.0%)
Airline non-headline cost per ASK (pence)	**(0.30)**	0.70	142.5%
Airline total cost per ASK (pence)	**7.34**	6.86	(6.9%)
Airline headline cost per ASK excluding fuel (pence)	**6.53**	5.01	(30.4%)
Airline headline cost per ASK excluding fuel at constant currency (pence)	**6.62**	5.01	(32.2%)
Airline total cost per ASK excluding fuel (pence)	**6.23**	5.71	(9.1%)
Airline total cost per ASK excluding fuel at constant currency (pence)	**6.19**	5.71	(8.5%)

Going Concern and Viability Statement

Assessment of prospects

The Strategic Report on pages 2 to 95 sets out the activities of the Group and the factors likely to impact its future development, performance and position. The Finance Review on pages 66 to 77 sets out the financial position of the Group, and Group cash flows, liquidity position and borrowing activity. The notes to the accounts include the objectives, policies and procedures for managing capital, financial risk management objectives, details of financial instruments and hedging activities, and exposure to credit risk and liquidity risk.

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

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

The strategic plan – which takes into consideration market conditions, future commitments, cash flow, expected impact of key risks, funding requirements and maturity of existing financing facilities (see below)

	Maturity date	**Available funds (drawn and undrawn)**
At 30 September 2021		
Eurobonds	February 2023	€500m
	October 2023	€500m
	June 2025	€500m
	March 2028	€1,200m
Commercial Paper (Covid Corporate Financing Facility)	November 2021	£300m
Revolving credit facility	September 2025 (*)	$400m
Term loan facility	January 2026	$1,870m

The Commercial Paper (Covid Corporate Financing Facility) was repaid on 18 November 2021.

Option to extend to September 2027 at lenders consent

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

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

Risk assessment – see detailed risk assessment on pages 78 to 95

Impact of Covid-19

The impact of the Covid-19 pandemic continues to have a wide impact across the travel industry. Restrictions on travel and quarantine requirements continue to be imposed by governments across our markets. The speed of vaccine programmes, efficacy of vaccines, along with differing governmental testing requirements continues to result in lower expected customer demand and load factors in the short term when compared to historical levels of flying prior to the pandemic.

Since the start of the pandemic, the Group has successfully raised circa £7 billion liquidity through a diverse range of funding sources. Since the 30 September 2020 year end this includes raising $1.1

billion of sale and leaseback proceeds, securing a five year term loan facility of $1.9 billion underwritten by a syndicate of banks and supported by a partial guarantee from UK Export Finance, issuing a seven year bond of €1.2 billion, a rights issue raising £1.2 billion and securing a new revolving credit facility of $400 million. Term loans of £400 million, £300 million of the CCFF and the $500 million revolving credit facility were repaid and cancelled in the period. The bond issuance was heavily oversubscribed which demonstrates external confidence in the easyJet business model and balance sheet.

Cash collateralisation triggers for key credit card acquirers have been renegotiated to reduce the risk of collateralisation.

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 managements best estimation of how the business plans to increase flying which assumes a phased increase to the schedule over the forecast period, returning to near 2019 financial year levels by the second half of the 2022 financial year and full recovery by the second half of the 2023 financial year.

Stress testing

The corporate risk management framework facilitates the identification, analysis, and response to plausible risk, including emerging risks as our business evolves, in an increasingly volatile environment. Through our corporate risk management process, a robust assessment of the principal risks facing the organisation has been performed (see pages 78 to 95 in the strategic report) and the controls and mitigations identified.

Due to the ongoing uncertainty created by the global Covid-19 pandemic, there remains a risk that the recovery from the pandemic could affect our markets, leading to travel restrictions being imposed at short notice and reducing customer confidence in travel. Accordingly, easyJet has considered the severe but plausible downside scenarios based on the potential impact of risk factors on the Group's future performance and liquidity, including combinations of government lockdowns and international travel bans, leading to a prolonged recovery period, reduction in revenue yield, lower load factors, cash collateralisation of unearned revenue by card acquirers, and a reduction to anticipated forward bookings.

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

Going concern statement

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

After taking into account the net proceeds of the rights issue, the new revolving credit facility and the other sources of funding described above , easyJet has unrestricted access to £4.4 billion of liquidity and has retained ownership of 59% of the total fleet with 44% being unencumbered. This presents an improved liquidity position of £2.1 billion since 30 September 2020 year end.

After reviewing the current liquidity position, financial forecasts, stress testing of potential risks and considering the uncertainties described above and the committed funding facilities, the Directors believe it appropriate to continue to adopt the going concern basis of accounting in preparing the Group financial statements without the inclusion of material uncertainty, which has been removed since the interim financial statements as at 31 March 2021 and the full year financial statements as at 30 September 2020.

In modelling the impact of severe but plausible downside risks, the Directors have considered travel restrictions including government lockdowns and international travel bans, leading to a prolonged recovery period, reduction in revenue yield, lower load factors, cash collaterisation of unearned revenue by card acquirers, and a reduction to anticipated forward bookings.

After reviewing the current liquidity position, financial forecasts, stress testing of potential risks and considering the uncertainties described above and the committed funding facilities, the Directors believe it appropriate to continue to adopt the going concern basis of accounting in preparing the Group financial statements without the inclusion of material uncertainty which has been removed since the interim financial statements as at 31 March 2021 and the full year financial statements as at 30 September 2020.

Viability Statement

Based on the assessment performed, the Directors have a reasonable expectation that the Company and the Group will be able to continue in operation and meet all liabilities as they fall due up to September 2024. In making this statement, the Directors have made the following key assumptions:

easyJet has access to a variety of funding options including capital markets, aircraft financing and bank or government debt. The downside stress testing demonstrates that the current funding with refinancing of the existing bonds would be sufficient to retain liquidity.

In assessing viability, it is assumed that the detailed risk management process as outlined on pages 78 to 95 captures all plausible risks, and that the mitigating actions are implemented on a timely basis and have the intended impact.

The impact of Covid-19 is not more prolonged or significant than the severe but plausible downside stress testing performed. More severe scenarios, either through multiple risks occurring concurrently or risks which are not able to be mitigated by management actions to the extent expected, do not occur.

There will not be another prolonged grounding of a substantial portion of the fleet.

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

Risk theme	Impact on viability	Risks considered and stress testing performed	Management action and Board considerations
Asset efficiency and effectiveness	1. Unavailability of slots or partial fleet 2. Single aircraft type operation	• Schedule reductions/cancellations or partial grounding leading to reduction in revenue of 10% (1,2) • Loss of market share due to increased competitor capacity (1) • Significant increase in costs (1)	• Work closely with Airbus to retain some flexibility in fleet planning (2) • Robust effective cross functional governance structures (1)
Environment and sustainability	3. Future environmental legislation 4. Changes to carbon trading scheme 5. Reputational damage 6. Increased taxation	• Closure of existing ETS scheme leading to increased cost (4) • Increased cost of carbon offsetting and introduction of eco-taxes (3,4,6) • Reduction in revenue of up 10% due to customer demand (5)	• Sustainability strategy and governance structure implemented (3,4,5,6) • Emission reduction or offset programmes (3,4,5) • Work with relevant industry bodies and stakeholders (3,4) • More fuel efficient A320 and A321 neo's (3,4,5,6)
Legislative/regulatory landscape	7. Brand licence impact 8. Failure to comply with requirements	• Loss of brand licence (7) • Sustained adverse media coverage leading to reduction in revenue of up to 10% (7,8) • Significant spike in costs operationally (8) • Material legal and settlement costs (8)	• Regular engagement with easyGroup holdings and proactive management of brand-related issues (7) • Compliance framework in place including mandatory training (8)
Macro-economic and geopolitical	9. Supply/demand imbalance including slower recovery from Covid-19 10. Refinancing risk and access to alternative financing when required 11. Market price risk: increase in fuel price, foreign exchange rates, carbon prices and inflation rates	• Slower return to previous flying levels and low levels for the next financial year. Impact of management initiatives (9) • Modelling excluding uncommitted funding (10) • Fuel sensitivities to $800/MT, adverse foreign exchange rate movement by 5% and fluctuating carbon prices. Cost inflation estimates increased up to 3% (11)	• Strategic planning to ensure flying schedules are responsive to demand and contribution positive (9) • Consideration of various sensitivities and stress testing to the forecast presented to the Board on an on-going basis (9,10,11) • Review funding requirements and opportunities in scenarios considered (10) • Finance Committee regular monitoring of hedging policies to reduce exposure to market price exposures for fuel and foreign exchange (11)
People	12. Industrial action 13. Talent recruitment and retention within the Group	• Operation disruption and increase of costs (12,13) • Sustained inability to deliver strategic initiatives leading to a reduction in revenue (12,13) • Reduction in revenue of up to 10% (12)	• Positive and on-going relationship with trade unions and employee workforce (12) • Regular employee surveys and action groups to focus on well-being, talent and retention (13) • Creation of Retention program (13) • Hybrid working (13)
Safety, security, and operations	14. Major flight safety, security incident or health and safety incident	• Operational disruption and increase of costs (14) • Significant media coverage and reduction in future revenue of up to 10% (14)	• easyJet Safety Board meet monthly. Functional Safety Action Groups in place across the business (14) • Hull and Liability insurance in place (14, 15)

	15. Supply chain challenges	• Fines/regulatory sanctions (14) • Inefficient use of aircraft/crew leading to increased costs (15)	• A safety policy is published (14)
Technology and cyber	16. Failure of critical technologies 17. Data breach and Ransomware	• Material legal and settlement costs (17) • Immediate loss of website and reduction in revenue of up to 10% (16,17)	• Regular Board updates on Cyber Security (17) • Dedicated Information Security team (17) • Ongoing monitoring of critical technologies and interdependencies (16) • IT governance structure (16,17) • IT major incident management team (16,17) • Cross functional committee to address customers legal and regulatory concerns (17)

Consolidated Income Statement

	Notes	**Headline £ million**	**Non-headline (note 2) £ million**	**Total £ million**	Headline £ million	Non-headline (note 2) £ million	Total £ million
		Year ended 30 September					
		2021			2020		
Passenger revenue		**1,000**	**-**	**1,000**	2,303	-	2,303
Ancillary revenue		**458**	**-**	**458**	706	-	706
Total revenue		**1,458**	**-**	**1,458**	3,009	-	3,009
Fuel		**(371)**	**-**	**(371)**	(721)	-	(721)
Airports, ground handling and other operating costs		**(446)**	**-**	**(446)**	(938)	-	(938)
Crew		**(495)**	**-**	**(495)**	(629)	-	(629)
Navigation		**(102)**	**-**	**(102)**	(206)	-	(206)
Maintenance		**(222)**	**-**	**(222)**	(278)	-	(278)
Selling and marketing		**(60)**	**-**	**(60)**	(107)	-	(107)
Other costs		**(319)**	**47**	**(272)**	(426)	(130)*	(556)
Other Income		**6**	**79**	**85**	23	45*	68
EBITDAR		**(551)**	**126**	**(425)**	(273)	(85)	(358)
Aircraft dry leasing		**(5)**	**-**	**(5)**	(1)	-	(1)
Impairment		**-**	**-**	**-**	-	(37)	(37)
Depreciation	7	**(456)**	**-**	**(456)**	(485)	-	(485)
Amortisation of intangible assets		**(24)**	**-**	**(24)**	(18)	-	(18)
Operating (loss)/profit		**(1,036)**	**126**	**(910)**	(777)	(122)	(899)
Interest receivable and other financing income		**50**	**33**	**83**	12	105	117
Interest payable and other financing charges		**(150)**	**(59)**	**(209)**	(70)	(421)	(491)
Net finance charges		**(100)**	**(26)**	**(126)**	(58)	(316)	(374)
Profit/(loss) before tax		**(1,136)**	**100**	**(1,036)**	(833)	(438)	(1,273)
Tax (charge)/credit	3	**236**	**(58)**	**178**	110	84	195
(Loss)/Profit for the year		**(900)**	**42**	**(858)**	(725)	(354)	(1,079)
Loss per share, pence							
Basic	4			**(159.0)**			(222.9)
Diluted	4			**(159.0)**			(222.9)

* Sale and leaseback gains and losses recognised in the prior year have been re-presented, see note 2

Consolidated Statement of Comprehensive Income

	Notes	**Year ended 30 September 2021 £ million**	Year ended 30 September 2020 £ million
Loss for the year		**(858)**	(1,078)
Other comprehensive income/(loss)			
Items that may be reclassified to the income statement:			
Cash flow hedges			
Fair value gains/(losses) in the year		**477**	(628)
(Gains)/losses transferred to income statement		**(17)**	39
Hedge discontinuation losses transferred to income statement		**25**	284
Related tax (charge)/credit	3	**(93)**	55
Cost of Hedging		**(3)**	(8)
Related tax credit		**1**	1
Items that will not be reclassified to the income statement:			
Remeasurement of post-employment benefit obligations		**5**	3
Related deferred tax credit	3	**(4)**	-
Fair value movement on equity investment		**(3)**	(15)
		388	(269)
Total comprehensive loss for the year		**(470)**	(1,347)

Consolidated Statement of Financial Position

	Notes	**30 September 2021 £ million**	30 September 2020 £ million
Non-current assets			
Goodwill		**365**	365
Other intangible assets		**217**	232
Property, plant and equipment	7	**4,735**	5,053
Derivative financial instruments		**86**	89
Equity investment		**30**	33
Restricted cash		**1**	5
Other non-current assets		**135**	133
Deferred tax assets		**39**	-
		5,608	5,910
Current assets			
Trade and other receivables		**291**	193
Intangible assets		**140**	12
Derivative financial instruments		**185**	21
Current tax assets		**-**	7
Restricted cash		**13**	14
Money market deposits		**-**	32
Cash and cash equivalents		**3,536**	2,284
		4,165	2,563
Current liabilities			
Trade and other payables		**(1,128)**	(1,242)
Unearned revenue		**(844)**	(614)
Borrowings	8	**(300)**	(987)
Lease liabilities		**(189)**	(224)
Derivative financial instruments		**(31)**	(352)
Current tax payable		**(2)**	-
Provisions for liabilities and charges	9	**(183)**	(407)
		(2,677)	(3,826)
Net current assets/(liabilities)		**1,488**	(1,263)
Non-current liabilities			
Borrowings	8	**(3,067)**	(1,744)
Unearned revenue		**(2)**	-
Lease liabilities		**(890)**	(486)
Derivative financial instruments		**(37)**	(85)
Non-current deferred income		**(4)**	(5)
Post-employment benefit obligation		**(37)**	(45)
Provisions for liabilities and charges	9	**(420)**	(332)
Deferred tax		-	(51)
		(4,457)	(2,748)
Net assets		**2,639**	1,899

Shareholders' equity			
Share capital		**207**	125
Share premium		**2,166**	1,051
Hedging reserve		**156**	(236)
Cost of hedging reserve		**(1)**	1
Translation reserve		**-**	(2)
Retained earnings		**111**	960
		2,639	1,899

Consolidated Statement of Changes in Equity

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Cost of Hedging Reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 October 2020	125	1,051	(236)	1	(2)	960	1,899
Result for the period	-	-	-	-	-	(858)	(858)
Other comprehensive income /(loss)	-	-	392	(2)	-	(2)	388
Total comprehensive income/(loss)	**-**	**-**	**392**	**(2)**	**-**	**(860)**	**(470)**
Net proceeds from rights issue	82	1,115	-	-	-	-	1,197
Share incentive schemes							
Value of employee services	-	-	-	-	-	15	15
Related tax (note 3)	-	-	-	-	-	2	2
Purchase of own shares	-	-	-	-	-	(6)	(6)
Currency translation differences	-	-	-	-	2	-	2
At 30 September 2021	**207**	**2,166**	**156**	**(1)**	**-**	**111**	**2,639**

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Cost of Hedging Reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 October 2019	108	659	(4)	8	(1)	2,215	2,985
Loss for the period	-	-	-	-	-	(1,079)	(1,079)
Other comprehensive loss	-	-	(250)	(7)	-	(12)	(269)
Total comprehensive loss	**-**	**-**	**(250)**	**(7)**	**-**	**(1,091)**	**(1,348)**
Transfer to property, plant and equipment	-	-	18	-	-	-	18
Dividends paid (note 6)	-	-	-	-	-	(174)	(174)
Net proceeds from shares issued	17	392	-	-	-	-	409
Share incentive schemes							
Value of employee services	-	-	-	-	-	18	18
Related tax (note 3)	-	-	-	-	-	(1)	(1)
Purchase of own shares	-	-	-	-	-	(7)	(7)
Currency translation differences	-	-	-	-	(1)	-	(1)
At 30 September 2020	**125**	**1,051**	**(236)**	**1**	**(2)**	**960**	**1,899**

On 9 September 2021 the Company invited its shareholders to subscribe to a rights issue of 301,260,394 ordinary shares at an issue price of 410 pence per share on the basis of 31 shares for every 47 fully paid ordinary shares held, with such shares issued on 28 September 2021.

The rights issue resulted in £1,235 million of gross proceeds. Shares totalling 280.2 million were taken up by existing shareholders (93%) with the remaining rump of 21.0 million shares being underwritten. As at 30 September 2021, there were £91 million of proceeds outstanding, which have been subsequently received. Costs of £38 million were incurred on the rights issue.

In June 2020, easyJet successfully raised net proceeds of £409 million through an equity placing of new shares.

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments relating to highly probable transactions that are forecast to occur after the year end. Included within the hedging reserve are amounts totalling a £13 million gain related to derivative hedge trades that were mutually early terminated with counterparty banks in the year ended September 2020 (2020: £46 million gain), as these trades had an effective hedge relationship at the point of termination, the fixed fair value is held in the hedging reserve and recycled to the income statement in line with when the original hedge item also impacts the income statement.

At 30 September 2021 amounts in the hedging reserve comprised of £nil related to cross-currency basis (2020: £4 million gain) and a £1 million loss related to the time value of options (2020: £3 million loss).

Consolidated Statement of Cash Flows

	Year ended 30 September 2021 £ million	Year ended 30 September 2020 £ million
Cash flows from operating activities		
Cash used in operations	**(755)**	(542)
Ordinary dividends paid	**-**	(174)
Interest and other financing charges paid	**(282)**	(71)
Interest and other financing income received	**1**	12
Net tax received	**1**	13
Net cash generated from operating activities	**(1,035)**	(762)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(140)**	(659)
Purchase of non-current intangible assets	**(9)**	(36)
Net decrease in money market deposits	**32**	259
Net proceeds from sale and leasebacks	**836**	702
Net cash used by investing activities	**719**	266
Cash flows from financing activities		
Net proceeds from issue of ordinary shares	**1,144**	409
Purchase of own shares for employee share schemes	**(6)**	(7)
Proceeds from debt financing	**1,804**	1,399
Repayment of bank loans and other borrowings	**(1,045)**	-
Repayment of capital element of leases	**(261)**	(230)
Decrease/(increase) in restricted cash	**5**	(15)
Net cash generated from financing activities	**1,641**	1,556
Effect of exchange rate changes	**(73)**	(61)
Net increase in cash and cash equivalents	**1,252**	999
Cash and cash equivalents at beginning of period	**2,284**	1,285
Cash and cash equivalents at end of year	**3,536**	2,284

Notes to the financial statements

1. Accounting policies, judgements and estimates

Statement of compliance

easyJet plc (the 'Company') and its subsidiaries ('easyJet' or the 'Group' as applicable) is a low-cost airline carrier operating principally in Europe. The Company is a public limited company whose shares are listed on the London Stock Exchange under the ticker symbol EZJ and is incorporated and domiciled in the United Kingdom. The address of its registered office is Hangar 89, London Luton Airport, Luton, Bedfordshire, LU2 9PF.

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis of preparation

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

The financial information set out in this document does not constitute statutory financial statements for easyJet plc for the two years ended 30 September 2021 but is extracted from the 2021 Annual Report and Financial statements.

The financial statements have been prepared on a going concern basis. In adopting the going concern basis for preparing these financial statements, the Directors have considered easyJet's business activities, together with factors likely to affect its future development and performance, as well as easyJet's principal risks and uncertainties and liquidity position.

After taking into account the net proceeds of the rights issue, the new revolving credit facility and the other sources of funding described above, easyJet has unrestricted access to £4.4 billion of liquidity and has retained ownership of 59% of the total fleet with 41% being unencumbered. This presents an improved liquidity position of £2.1 billion since 30 September 2020 year end.

After reviewing the current liquidity position, financial forecasts, further stress testing of potential risks and considering the uncertainties described above and the committed funding facilities, the Directors believe it appropriate to continue to adopt the going concern basis of accounting in preparing the Group financial statements without the inclusion of material uncertainty.

In modelling the impact of severe but plausible downside risks, the Directors have considered travel restrictions including government lockdowns and international travel bans, leading to a prolonged recovery period, reduction in revenue yield, lower load factors, cash collaterisation of unearned revenue by card acquirers, and a reduction to anticipated forward bookings. Following the demonstratable success of the Group's ability to raise liquidity, the Group is well placed to withstand the risks identified. Both individually and combined, the risks and scenarios identified are unlikely to require significant additional management actions to support the business. Further details of going concern are detailed in the 2021 Annual Report and Financial statements.

The Annual Report and Financial statements for 2020 has been delivered to the Registrar of Companies.

The Annual Report and Financial statements for 2021 will be delivered to the Registrar of Companies in due course. The auditors' report on those financial statements was unqualified and neither drew attention to any matters by way of emphasis nor contained a statement under either section 498(2) of Companies Act 2006 (accounting records or returns inadequate or financial statements not agreeing with records and returns), or section 498(3) of Companies Act 2006 (failure to obtain necessary information and explanations).

Accounting policies

The accounting policies adopted are consistent with those described in the Annual report and financial statements for the year ended 30 September 2021.

Critical accounting judgements and estimates

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

Critical accounting judgements

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

Classification of income or expenses between headline and non-headline items

The Group seeks to present a measure of underlying performance which is not impacted by material non-recurring items or items which are not considered to be reflective of the trading performance of the business. This measure of profit is described as 'headline' and is used by the Directors to measure and monitor performance. The excluded items are referred to as 'non-headline' items.

Non-headline items may include impairments, amounts relating to acquisitions and disposals, expenditure on major restructuring programmes, litigation and insurance settlements, the income or expense resulting from the initial recognition of sale and lease back transactions, fair value adjustments on financial instruments and other particularly significant or unusual non-recurring items. Items relating to the normal trading performance of the business will always be included within the headline performance.

Judgement is required in determining the classification of items between headline and non-headline. In line with Financial Reporting Council (FRC) guidance, easyJet has not attempted to identify additional non-headline items as a direct or indirect result of Covid-19, other than those items which clearly meet our existing definition of non-headline, such as hedge discontinuation, restructuring and asset impairment.

Consolidation of easyJet Switzerland

Judgement has been applied in consolidating easyJet Switzerland S.A. as a subsidiary on the basis that the Company exercises a dominant influence over the undertaking. A non-controlling interest has not been reflected in the consolidated financial statements on the basis that holders of the remaining 51% of the shares have no entitlement to any dividends from that holding and the Company has an option to acquire those shares for a pre-determined minimal consideration.

Vouchers issued

Due to the amount of cancelled flights, easyJet continues to offer customers the option to accept vouchers in lieu of cash refunds. The liability for vouchers is classified as other payables until the voucher is redeemed against a future booking when it is reclassified to unearned revenue. Breakage may occur if customers do not redeem their voucher prior to expiry and would be recognised in revenue. The liability has been recorded in full as no vouchers have yet expired, and due to the significant level of flight cancellations as a result of the pandemic impact there is not sufficient historical data available to reliably estimate the amount of vouchers that will not be used prior to expiry. To date no vouchers have expired as the vouchers have had the expiry dates extended to ensure customers have the maximum opportunity to utilise their vouchers. Applying breakage at 10% would result in a c. £20 million reduction to the liability.

Sale and leaseback transactions

Judgement is required when determining if sale and leaseback proceeds and lease rentals are at fair value. The sale and leaseback transactions completed in the year have been assessed with reference to external valuations specific to the easyJet fleet and deemed to be at fair value. The accounting treatment would have been different if the transactions had not been at fair value (see leases accounting policy).

Contingent liability recognition

On 19 May 2020, easyJet announced that it had been the target of a cyber-attack from a highly sophisticated source. The email addresses and travel details of approximately 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.

Judgement has been applied in assessing the merit, likely outcome and potential impact on the Group of the continued investigation by the ICO, group action and other claims. These are still subject to a number of significant uncertainties and therefore the Group is unable to assess the likely outcome or quantum of the claims as at the date of these financial statements.

Critical accounting estimates

The following critical accounting estimates involve a higher degree of judgement or complexity, or are areas where assumptions are significant to the financial statements. The critical accounting estimates concerned are not major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year.

Aircraft maintenance provisions - £550 million

The most critical estimate required for the provision is considered to be the expected costs of the heavy maintenance checks at the time they are expected to occur. Other estimates also impacting the provision include the future utilisation of the aircraft, the condition of the aircraft, the lifespan of life-limited parts and the rate used to discount the provision.

easyJet incurs liabilities for maintenance costs in respect of aircraft leased during the term of the lease. These arise from legal and constructive contractual obligations relating to the condition of the aircraft when it is returned to the lessor. To discharge these obligations, easyJet will also normally need to carry out one heavy maintenance check on each of the engines and the airframe during the lease term.

The bases of all estimates are reviewed at least annually, and when information becomes available that is capable of causing a material change to an estimate, such as renegotiation of end of lease return conditions, increased or decreased aircraft utilisation, or changes in the cost of heavy maintenance services. Given the much increased uncertainty in forecasting future maintenance requirements, and the associated judgemental nature of the assumptions applied in determining the maintenance provision, management believe that a reasonable combination of changes to these estimates could result in a material movement to the carrying value of the provision. A 5% movement in the estimated cost of final maintenance events would result in a £24 million movement to the provision.

Goodwill and landing rights - £533 million

The recoverable amount of goodwill and landing rights has been determined based on value in use calculations for the whole airline route network cash generating unit. The value in use is determined by discounting future cash flows to their present value. When applying this method, easyJet relies on a number of key estimates including the ability to meet its strategic plans, future fuel prices, the ability to pass on cost price increases to the customer and exchange rates, long-term economic growth rates for the principal countries in which it operates, and its pre-tax weighted average cost of capital. Strategic plans incorporate estimations of the future impact of climate change on easyJet, this includes the future financial impact within cashflow projections of carbon-offsetting, the price of ETS permits and quantity of Sustainable Aviation Fuel usage.

Fuel price and exchange rates continue to be volatile in nature and the assumptions used are sensitive to significant changes in these rates and the ability to pass these on to the customer. In addition, assumptions over the recovery of customer demand levels could have a significant effect on the impairment assessment performed. Due to the uncertainty created by the Covid-19 pandemic, there remains a risk that further waves of the pandemic could affect our markets, leading to further travel restrictions being imposed. These uncertainties could have an effect on future impairment or useful economic life assessments performed.

Defined benefit pension assumptions - £152 million gross obligation

The Swiss pension scheme meets the requirements under IAS 19 to be recognised as a defined benefit pension scheme and the net pension obligation is recognised in the statement of financial position. The measurement of scheme assets and obligations are calculated by an independent actuary in line with IAS 19. The financial and demographic assumptions used in the calculation are determined by management following consultation with the independent actuary with consideration of external market movements and inputs. The calculation is most sensitive to movements in the discount rate applied to the future obligation.

Derivative financial instruments – £203 million net asset

easyJet is exposed to financial risks including fluctuations in exchange rates, jet fuel prices and interest rates. Financial risk management aims to limit these market risks with selected derivative hedging instruments being used for this purpose. The Group holds a number of derivatives and financial instruments including foreign currency forward contracts, jet fuel forward and option contracts and cross-currency interest rate swap contracts. easyJet's policy is not to speculatively trade derivatives but to use the instruments to hedge anticipated exposure. Given the inherently complex nature of this area, the Finance Committee (a committee of the Board) oversees the Group's treasury and funding policies and activities.

Provisions for customer claims - £21 million (2020: £39 million)

easyJet incurs liabilities for amounts payable to customers who make claims in respect of flight delays and cancellations, and refunds of air passenger duty or similar charges, for which claims could be made up to 6 years after the event. Estimates include passenger claim rates, the value of claims made, and the period of time over which claims will be made. The bases of all estimates are reviewed at least annually and also when information becomes available that is capable of causing a material change to the estimate. A 5% movement in the estimated customer claim rate would result in a £1 million movement to the provision.

Hedge discontinuation and ineffectiveness and discontinuation– £26 million charge

As a result of the reduced flying programme throughout the year, the Group's near-term exposures for jet fuel and foreign currency were reduced, causing a proportion of derivatives previously hedge accounted for to be discontinued from a hedge relationship. A net charge of £26 million has been recognised as a non-headline item in the income statement primarily due to the discontinuation in the year of hedge accounting for impacted derivatives. In assessing whether future exposures are still expected to occur, easyJet made estimates as at 30 September 2021 regarding its jet fuel consumption requirements and expected future foreign currency cash flows. These estimates used assumptions based on the expected recovery of customer demand and subsequent flying schedule as at that date.

Aircraft carrying values - £3,559 million

Aircraft asset recoverable amounts have been tested for impairment based on value in use at the airline route network cash generating unit level as described in the goodwill section above. Strategic plans incorporate estimations of the future impact of climate change on easyJet, this includes the future financial impact within cashflow projections of carbon-offsetting, the price of ETS permits and quantity of Sustainable Aviation Fuel usage. The recoverable amounts exceed the carrying values as at 30 September 2021.

Aircraft are depreciated over their useful economic life to their residual values in line with the property, plant and equipment accounting policy. A review has been performed during the current financial year and the useful economic life and residual value amounts for aircraft and capitalised maintenance have been revised in line with the latest information available. This included the expected useful economic life estimate for CEO aircraft revised from 23 years to 18 years in line with expected usage and the residual value for aircraft revised based on reports obtained from independent aircraft valuation experts. The revised estimates led to a net accelerated depreciation of the fleet on a prospective basis from 1 July 2021. The changes increased the depreciation charge by c. £13 million in the 2021 financial year. This increase is expected to annualise at £47 million in financial year 2022. The change in depreciation charge is non-cash.

However, in light of the global pandemic, the longer-term impact on the airline industry is currently uncertain and the market for aircraft transactions has also slowed. Should future demand fall significantly below current expectations there could be a risk that the recoverable amount for some aircraft assets falls below their current carrying value or that residual values are subject to significant deterioration.

Recoverability of deferred tax assets - £425 million

The deferred tax asset balances include £425 million (2020: £275 million) arising on full recognition of the UK trading tax losses accumulated at the statement of financial position date. The Group has concluded that these deferred tax assets will be fully recoverable against the unwind of taxable temporary differences and future taxable income based on the long term strategic plans of the Group. Where applicable the financial projections used in assessing future taxable income are consistent with those used elsewhere across the business for example in the assessment of the carrying value of goodwill. These assessments includes the expected impact of climate change on easyJet and the future financial impact within cashflow projections of carbon-offsetting, the price of ETS permits and quantity of Sustainable Aviation Fuel usage.

The tax losses for which a deferred tax asset has been recognised are expected to be utilised within the next eight years, based on probable forecast future taxable income. Probable forecast future taxable income includes an incremental and increasing risk weighting to represent higher levels of uncertainty in future periods.

The loss utilisation has been stress tested by assessing probable future taxable income for the next five years, based on the same risk weightings to those applied above, but assuming no profit growth from the end of a five year forecast period. The resultant reduction in forecast taxable profit calculated on this basis would extend the tax loss utilisation period by two years.

The tax losses can be carried forward indefinitely and have no expiry date.

New and revised standards and interpretations not applied

A number of amended standards became applicable during the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustment's as a result of adopting these standards. For the amendments that became applicable for annual reporting periods commending on or after 1 January 2020, and did not have a material impact were:

- IAS 1 *Presentation of Financial Statements* & IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of material;
- IFRS 3 *Business Combinations* – Definition of business;
- IFRS 16 *Leases* – Amendments in relation to Covid-19 related rent concessions; and
- Revised conceptual framework for financial reporting.

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.

In September 2019 the IASB issued the first accounting amendment to IFRS 9 and IFRS 7 related to the upcoming IBOR reform and to address the impact that the current uncertainty could have when applying specific hedge accounting requirements on applicable hedge relationships. In particular, the amendment provides temporary relief to allow hedge accounting to continue during the transition period before IBOR based hedge items or instruments are amended as a result of the reform being completed.

The Group early adopted this amendment in the financial year ending September 2020, applying it retrospectively to accounting relationships that existed before the start of the current reporting period. The impacts of IBOR reform on the Group is assessed as being limited, with this amendment only applicable to one hedge relationship as at 30 September 2021.

Specifically the amendment impacts the fair value hedge relationship on one of the Group's Eurobonds, where a cross-currency interest rate swap (with a sterling notional of £379 million, maturity of February 2023 and a fair value of £53 million in an asset position) is used to swap the fixed interest coupon of the euro denominated debt into a floating interest rate, reset quarterly using future expected GBP LIBOR. In assessing hedge effectiveness on a prospective basis for this relationship, the Group has continued to assume that the GBP-LIBOR related interest cash flows on the swap are not altered by IBOR reform and the hedge continues to be highly effective.

Furthermore, hedge accounting did not need to be discontinued during the period of IBOR-related uncertainty as the Group has taken the relief available in Phase 1 to separately identify the risk component at the initial hedge designation and not on an ongoing basis.

In August 2020, IASB also issued Phase 2 amendments which are effective from 1 January 2021. This looked to address issues around the updating of hedge designations and documentation following the adoption of alternative benchmark rates. The Group is not adopting these amendments currently due to continued uncertainty over IBOR transition. Therefore no amendments have been made to the hedged item and/or hedging instruments in the 2021 financial year.

In October 2020 the International Swaps and Derivatives Association (ISDA) released its IBOR fallback protocol to aid the IBOR transition. In June 2021 the Group signed up to this protocol as part of its approach to the transition.

During the year a LIBOR transition working group was formed to consider wider impacts on the business of changes. Key areas that this group reviewed included existing supplier contracts, debt financing, leases, inter-company loan agreements and discount rates. No material impacts were identified as part of this review.

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

2. Non-headline items

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

	Year ended 30 September 2021	Year ended 30 September 2020
	£ million	£ million
Sale and leaseback gain	**(65)**	(38)
Restructuring (release)/charge	**(61)**	123
Impairment	**-**	37
Recognised in operating profit	**(126)**	122
Fair value adjustment	**26**	311
Statement of financial position foreign exchange gain	**-**	5
Total non-headline (credit)/charge before tax	**(100)**	438
Tax on non-headline items	**58**	(84)
Total non-headline (credit)/charge after tax	**(42)**	354

Sale and leaseback charge

During the year, easyJet completed the sale and leaseback of 7 A319 (2020: 17), 24 A320 (2020: 9) and 4 A321 (2020: 7) and 2 engines (2020: nil). The Income Statement impact of the 35 aircraft and 2 engine sale and leasebacks was a £79 million gain (2020: £45 million gain) recognised in Other income offset by a £14 million loss (2020: £7 million loss) recognised in Other costs.

The prior year net gain of £38 million has been reclassified on the face of the Income statement to present £45 million of gains within Other income and £7 million of losses within Other costs. There is no net impact on EBITDAR or the loss before tax.

Restructuring

As a result of the ongoing restructuring programme and continuing negotiations with unions, restructuring provisions have been remeasured throughout the year. As a result of this, a credit of £61 million (2020: £123 million of costs) has been recognised as non-headline within Other costs where the initial expense was recognised. As at 30 September 2021 there were unpaid amounts of £18 million (2020: £101 million) for those consultations which have not been finalised and settled

Impairment

In 2020 due to lower forecasted customer demand, the Group reassessed the fleet capacity and utilisation requirements leading to 34 leased aircraft being permanently removed from commercial service. These assets were not utilised again before being returned to the lessor at the end of their existing lease term and therefore did not generate any further economic benefit. As a result, an impairment charge of £37 million was recognised in 2020 for these aircraft and was categorised as non-headline in the income statement, along with an equivalent reduction within right of use assets.

Fair value adjustment and hedge discontinuation

This relates to hedge accounting ineffectiveness for items currently held in fair value and cash flow hedge relationships, and the cumulative fair value of derivatives at the time of being discontinued from a previous hedge accounting relationship.

In accordance with IFRS 9, hedge effectiveness testing is performed on a regular, periodic basis. For cash flow hedges this includes an assessment of highly probable future cash exposures with the amount compared to the notional of derivatives held in a hedge relationship. In FY21, due to the reduced commercial flying easyJet was in an over-hedged position from both a jet fuel and FX perspective. As the forecast exposures were no longer expected to occur, these previously hedged amounts no longer qualify for hedge accounting. In FY21, cumulative fair value movement of a £25 million loss (2020: £311 million loss) related to these discontinued derivatives held in Other Comprehensive Income was immediately recorded in the income statement. Subsequent fair value movement of a £30 million gain on these discontinued derivatives was recognised as a headline item.

Additionally, fair value adjustments of £1 million (2020: £nil) were recorded during the period related to hedge ineffectiveness on hedges of foreign currency denominated borrowings that continue to be effective hedge relationships. This hedge ineffectiveness arises as the value of hedged items are adjusted for changes in fair value attributable to the hedged risks, which are not perfectly offset by the fair value change on the hedging instruments due to factors such as in counterparty credit risk, cash flow timing or amount changes.

Statement of financial position foreign exchange charge

This relates to foreign exchange gains or losses arising from the re-translation of monetary assets and liabilities held in the statement of financial position, which have been reclassified as headline items in the current year (see Voluntary change in policy section). A £9 million gain was recognised as a headline item (2020: £5 million charge recognised as non-headline).

3. Tax charge

Tax on profit on ordinary activities

	2021	2020
	£ million	£ million
Current tax		
Adjustments in respect of UK tax for prior years	**5**	(1)
Foreign tax	**4**	6
Total current tax charge	**9**	5
Deferred tax		
Temporary differences relating to property, plant and equipment	**(36)**	41
Other temporary differences	**(189)**	(275)
Adjustments in respect of prior years	**7**	(1)
Attributable to rates other than the standard UK rate	**31**	36
Total deferred tax charge	**(187)**	(199)
Total tax charge	**(178)**	(194)
Effective tax rate	**17.2%**	15.3%

Current tax payable at 30 September 2021 amounted to £2 million (2020: £7 million receivable). This is related to tax payable in other European jurisdictions.

During the year ended 30 September 2021, net cash tax received amounted to £1 million (2020: £13 million).

The Finance Act 2016 included legislation to reduce the main rate of UK corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. The rate reduction to 17% was subsequently reversed by the Finance Act 2020, such that the main rate of UK corporation tax from 1 April 2021 remains at 19%. The Finance Act 2021 confirmed an increase of UK corporation tax rate from 19% to 25% with effect from 1 April 2023 and this was substantively enacted by the statement of financial position date and therefore included in these financial statements. Temporary differences have been remeasured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

Reconciliation of the total tax (credit)/charge

The tax for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK as set out below:

	2021	2020
	£ million	£ million
Loss before tax	**(1,036)**	(1,273)
Tax credit at 19.0% (2020: 19.0%)	**(197)**	(242)
Expenses not deductible for tax purposes	**2**	1
Share-based payments	**2**	(1)
Adjustments in respect of prior years - current tax	**5**	(1)
Adjustments in respect of prior years - deferred tax	**7**	(1)
Difference in applicable rates for current and deferred tax	**(54)**	-
Attributable to rates other than standard UK rate	**2**	1
Change in substantively enacted tax rate	**31**	36
Movement in provisions	**(1)**	(1)
IFRS 16 restricted gain	**25**	14
Total tax credit	**(178)**	(194)

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

	2021	2020
	£ million	£ million
Charge/(credit) to other comprehensive income/(loss)		
Deferred tax on change in fair value of cash flow hedges	**(93)**	56
Deferred tax on post-employment	**(4)**	**-**

Deferred tax

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

	Accelerated capital allowances £ million	**Short-term timing differences £ million**	**Fair value gains/ (losses) £ million**	**Share-based payments £ million**	**Post-employment benefit obligation £ million**	**Trading loss £ million**	**Total £ million**
At 1 October 2020	**386**	**(7)**	**(43)**	**(2)**	**(8)**	**(275)**	**51**
Charged/(credited) to income statement	(13)	(19)	1	(1)	(5)	(150)	(187)
Charged/(credited) to other comprehensive income	-	-	93	-	4	-	97
At 30 September 2021	**373**	**(26)**	**51**	**(3)**	**(9)**	**(425)**	**(39)**

	Accelerated capital allowances £ million	Short-term timing differences £ million	Fair value gains/ (losses) £ million	Share-based payments £ million	Post-employment benefit obligation £ million	Trading loss £ million	Total £ million
At 1 October 2019	308	(1)	14	(8)	(8)	-	305
Charged/(credited) to income statement	78	(6)	-	5	-	(275)	(198)
Charged/(credited) to other comprehensive income	-	-	(57)	1	-	-	(56)
At 30 September 2020	386	(7)	(43)	(2)	(8)	(275)	51

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

4. Loss per share

Basic loss per share has been calculated by dividing the total loss for the year by the weighted average number of shares in issue during the year after adjusting for shares held in employee benefit trusts.

On 9 September 2021 the Company invited its shareholders to subscribe to a rights issue of 301,260,394 ordinary shares at an issue price of 410 pence per share on the basis of 31 shares for every 47 fully paid ordinary shares held, with such shares issued on 28 September 2021. As a result of this rights issue in September 2021, the comparative loss per share has been restated having applied the relevant bonus factor to the calculator of the weighted average number of shares.

The rights issue resulted in £1,235 million of gross proceeds. Shared totalling 280.2 million were taken up by existing shareholders (93%) with the remaining rump of 21 million shares being underwritten. As at 30 September 2021, there were £91 million of proceeds outstanding, which have been subsequently received.

To calculate diluted loss per share, the weighted average number of ordinary shares in issue has been adjusted to assume conversion of all dilutive potential shares. Share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year are considered to be dilutive potential shares. Where share options are exercisable based on performance criteria and those performance criteria have been met during the year, these options are included in the calculation of dilutive potential shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

Headline basic and diluted loss per share are also presented, based on headline loss for the year.

Loss per share is based on:

	2021 **£ million**	2020 £ million
Headline loss for the year	**(900)**	(725)
Total profit for the year	**(858)**	(1,079)

	2021 **million**	2020 million
Weighted average number of ordinary shares used to calculate basic loss per share	**539**	484
Weighted average number of ordinary shares used to calculate diluted loss per share	**539**	484

Earnings per share	**2021** **pence**	2020 pence
Basic	**(159.0)**	(222.9)
Diluted	**(159.0)**	(222.9)

Headline earnings per share	**2021** **pence**	2020 pence
Basic	**(166.9)**	(149.7)
Diluted	**(166.9)**	(149.7)

5. Segmental and geographical revenue reporting

Segmental Analysis:

	Year ended 30 September 2021			
	Airline £ million	Holidays £ million	Intergroup transactions £ million	**Group** **£ million**
Revenue	1,424	41	(7)	**1,458**
Operating costs excl fuel	(1,595)	(50)	7	**(1,638)**
Fuel	(371)	-	-	**(371)**
Ownership costs	(582)	(3)	-	**(585)**
Headline loss before tax	**(1,124)**	**(12)**	**-**	**(1,136)**
Non-headline items	100	-	-	**100**
Total loss before tax	**(1,024)**	**(12)**	**-**	**(1,036)**

	Year ended 30 September 2020			
	Airline £ million	Holidays £ million	Intergroup transactions £ million	Group £ million
Revenue	2,995	18	(4)	3,009
Operating costs excl fuel	(2,520)	(45)	4	(2,561)
Fuel	(721)	-	-	(721)
Ownership costs	(562)	-	-	(562)
Headline loss before tax	**(808)**	**(27)**	**-**	**(835)**
Non-headline items	(441)	3	-	(438)
Total loss before tax	**(1,249)**	**(24)**	**-**	**(1,273)**

The intergroup transaction column represents intercompany revenues from Airline to Holidays which are recorded at arm's length and are eliminated on consolidation. Individual cost lines are not reported separately as these are not key metrics reported to the Chief Operating Decision Maker (CODM). Assets and liabilities are not allocated to individual segments and are not separately reported to or reviewed by the CODM, and therefore these have not been disclosed. Interest income and expenditure are not allocated to segments as this activity is driven by the central treasury function which manages the cash position of the Group.

Geographical revenue:

	2021 £ million	2020 £ million
United Kingdom	**413**	1,154
Southern Europe	**619**	1,065
Northern Europe	**411**	740
Other	**15**	50
	1,458	3,009

Geographical revenue is allocated according to the location of the first departure airport on each booking.

Southern Europe comprises countries lying wholly or mainly south of the border between Italy and Switzerland, plus France.

Holiday's revenue is generated wholly from the United Kingdom.

easyJet's non-current assets principally comprise its fleet of 183 (2020: 215) owned and 125 (2020: 127) leased aircraft, giving a total fleet of 308 at 30 September 2021 (2020: 342). In addition to this easyJet was storing 12 aircraft under power by the hour agreements (2020: nil). 27 aircraft (2020: 29) are registered in Switzerland, 119 (2020: 125) are registered in Austria and the remaining 174 (2020: 188) are registered in the United Kingdom.

6. Dividends

No dividend was paid in the year ending 30 September 2021. An ordinary dividend of 43.9 pence per share, or £174 million, in respect of the year ended 30 September 2019 was paid in the year ended 30 September 2020.

7. Property, plant and equipment

	Owned assets			Right of use assets held under leasing arrangements		Total
	Aircraft and spares £ million	**Land and Buildings £ million**	**Other £ million**	**Aircraft and spares £ million**	**Other £ million**	**Total £ million**
Cost						
At 1 October 2020	**5,520**	**44**	**44**	**1,692**	**37**	**7,337**
Additions	112	-	28	148	8	296
Transfers	64	-	-	(64)	-	-
Aircraft sold and leased back	(795)	-	(15)	559	-	(251)
Disposals	(99)	-	(2)	-	-	(101)
At 30 September 2021	**4,802**	**44**	**55**	**2,335**	**45**	**7,281**
Accumulated depreciation and impairment						
At 1 October 2020	**1,187**	**-**	**12**	**1,062**	**23**	**2,284**
Charge for the year	227	-	7	216	6	456
Transfers	23	-	-	(23)	-	-
Aircraft sold and leased back	(120)	-	-	-	-	(120)
Disposals	(74)	-	-	-	-	(74)
At 30 September 2021	**1,243**	**-**	**19**	**1,255**	**29**	**2,546**
Net book value						
At 30 September 2021	**3,559**	**44**	**36**	**1,080**	**16**	**4,735**
At 1 October 2020	4,333	44	32	630	14	5,053

	Owned assets			Right of use assets held under leasing arrangements under IFRS 16		
	Aircraft and spares £ million	Land and Buildings £ million	Other £ million	Aircraft and spares £ million	Other £ million	Total £ million
Cost						
At 1 October 2019	**5,720**	**34**	**76**	**1,298**	**34**	**7,162**
Additions	559	-	100	64	3	726
Transfers	107	10	(113)	(41)	-	(37)
Aircraft sold and leased back	(851)	-	-	371	-	(480)
Disposals	(15)	-	(19)	-	-	(34)
At 30 September 2020	**5,520**	**44**	**44**	**1,692**	**37**	**7,337**
Accumulated depreciation and impairment						
At 1 October 2019	**1,147**	**-**	**18**	**818**	**16**	**1,999**
Charge for the year	251	-	5	222	7	485
Transfers	15	-	-	(15)	-	-
Impairment	-	-	-	37	-	37
Aircraft sold and leased back	(220)	-	-	-	-	(220)
Disposals	(6)	-	(11)	-	-	(17)
At 30 September 2020	**1,187**	**-**	**12**	**1,062**	**23**	**2,284**
Net book value						
At 30 September 2020	**4,333**	**44**	**32**	**630**	**14**	**5,053**
At 1 October 2019	4,573	34	58	480	18	5,163

The net book value of aircraft includes £132 million (2020: £281 million) relating to advance and option payments for future deliveries. This amount is not depreciated.

As at 30 September 2021, easyJet was contractually committed to the acquisition of 101 (2020: 101) Airbus 320 family aircraft, with a total estimated list price* of US$ 12.31 billion (2020: US$ 12.16 billion) before escalations and discounts for delivery in financial years 2022 (8 aircraft), 2023 (7 aircraft) and 2024 (18 aircraft).

The 'Other' categories comprise of leasehold improvements, computer hardware, leasehold property and fixtures, fittings and equipment and work in progress in respect of tangible and intangible projects.

Assets of £934 million are pledged as security for the drawn portion of the UKEF backed facility (2020: £1,066 million pledged as security for the Revolving Credit Facility and term loans).

* 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 2021 of 7.3% (or 2.38% CAGR).

8. Borrowings

	Current	**Non-current**	**Total**
	£ million	**£ million**	**£ million**
At 30 September 2021			
Eurobonds	**-**	**2,303**	**2,303**
Commercial Paper (Covid Corporate Financing Facility)	**300**	**-**	**300**
Commercial Paper (UK Export Finance)	**-**	**764**	**764**
	300	**3,067**	**3,367**

	Current	Non-current	Total
	£ million	£ million	£ million
At 30 September 2020			
Eurobonds	-	1,356	1,356
Drawn down amounts on Revolving Credit Facility	387	-	387
Commercial Paper (Covid Corporate Financing Facility)	600	-	600
Bank loans	-	388	388
	987	1,744	2,731

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.

On 7 January 2016, the UK Listing Authority approved a prospectus relating to the establishment of a £3,000 million Euro Medium Term Note Programme of easyJet plc. Under this programme, on 9 February 2016 easyJet plc issued notes amounting to €500 million for a seven-year term with a fixed annual coupon rate of 1.750%. On 18 October 2016 easyJet plc issued additional notes amounting to €500 million for a seven-year term with a fixed annual coupon rate of 1.125%. On 11 June 2019 easyJet plc issued additional notes amounting to €500 million for a six-year term with a fixed annual coupon rate of 0.875%.

On 10 February 2015 easyJet signed a $500 million Revolving Credit Facility which was due to mature in February 2022. On 9 April 2020 easyJet fully drew down this $500 million Revolving Credit Facility, secured against aircraft assets. This was repaid in January 2021.

On 6 April 2020 easyJet issued a £600 million Commercial Paper through the Covid Corporate Financing Facility (CCFF). This is an unsecured, short-term paper issued at a discount, of which £300 million was repaid in March 2021 and the remaining £300 million was repaid in November 2021. On 16 April 2020 easyJet secured two term loans with separate counterparty banks for £200 million and $245 million respectively. Both loans were secured against aircraft assets and were due to mature in February 2022, but have since been repaid as set out below.

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, utilising these funds to repay and cancel the fully drawn $500 million Revolving Credit Facility and repaying term loans of $245 million and £200 million.

easyJet issued a €1.2 billion 7 year bond with an annual coupon of 1.875% in March 2021, under its Euro Medium Term Note (EMTN) Programme. The bond was issued out of easyJet FinCo B.V registered in the Netherlands and was guaranteed by easyJet Airline Company Limited (EACL) and easyJet plc.

On 9 September 2021 easyJet signed a $400 million Revolving Credit Facility with a minimum four-year term, which was undrawn as at 30 September 2021.

9. Provisions for liabilities and charges

	Maintenance provisions £ million	Provisions for customer claims £ million	Restructuring £ million	Other provisions £ million	Total provisions £ million
At 1 October 2020	**597**	**39**	**101**	**2**	**739**
Exchange adjustments	(23)	-	(3)	-	(26)
Credited to income statement	(20)	(14)	(65)		(99)
Charged to income statement	71	4	-	12	87
Related to aircraft sold and leased back	132	-	-	-	132
Unwinding of discount	(20)	-	-	-	(20)
Utilised	(187)	(8)	(15)	-	(210)
At 30 September 2021	**550**	**21**	**18**	**14**	**603**

Maintenance provisions comprise of maintenance costs arisen 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, 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.

	2021 £ million	2020 £ million
Current	**183**	407
Non-current	**420**	332
	603	739

The split of the current / non-current maintenance provision is based on the current 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 12 years. Provisions for customer claims, restructuring, and other provisions are generally expected to be utilised within one year.

10. Reconciliation of operating loss to cash used in operations

	2021 **£ million**	2020 £ million
Operating loss	**(910)**	(899)
Adjustments for non-cash items:		
Depreciation	456	485
Gain on disposal of property, plant and equipment and intangibles	30	30
Gain on sale and leaseback	(65)	(38)
Amortisation of intangible assets	24	18
Share-based payments	16	17
Impairment	-	37
Changes in working capital and other items of an operating nature:		
(Increase)/decrease in trade and other receivables	(8)	101
Decrease in current intangible assets	(74)	46
(Decrease)/increase in trade and other payables	(187)	173
Increase/(decrease) in unearned revenue	232	(455)
Post employment benefit contributions	(7)	-
Increase/(decrease) in provisions	(294)	150
Decrease in other non-current assets	24	9
Decrease in derivative financial instruments	9	(215)
Decrease in non-current deferred income	(1)	(1)
Cash used in operations	**(755)**	(542)

11. Reconciliation of net cash flow to movement in net cash

	1 October 2020	Fair value and foreign exchange	New debt raised in the year	Other loan issue costs	Net cash flow	30 September 2021
	£ million	£ million	£ million	£ million	£ million	£ million
Cash and cash equivalents	2,284	(73)	-	-	1,325	**3,536**
Money market deposits	32	-	-	-	(32)	**-**
	2,316	(73)	-	-	1,293	**3,536**
Eurobond	(1,356)	24	(971)	-	-	**(2,303)**
Drawn down amounts on Revolving Credit Facility	(387)	-	-	-	387	**-**
Commercial Paper (Covid Corporate Financing Facility)	(600)	-	-	-	300	**(300)**
Bank loans	(388)	76	(833)	23	358	**(764)**
Lease Liabilities	(710)	63	(693)	-	261	**(1,079)**
	(3,441)	140	(2,497)	23	1,329	**(4,446)**
Net debt	(1,125)	90	(2,497)	23	2,599	**(910)**

12. Government Grants and assistance

During the years ended 30 September 2020 and 2021, easyJet Airline Company Limited utilised of the Coronavirus Job Retention Scheme implemented by the UK government, where those employees designated as being 'furloughed workers' are eligible to have 80 per cent of their wage costs paid up to a maximum amount of £2,500 per month. In the same period, easyJet Group (companies) utilised similar schemes provided by governments in Portugal, Germany, Netherlands, France, Italy and Switzerland. The total amount of such relief received by the Group amounted to £134 million (2020: £116 million) and is offset within employee costs in the income statement. There are no unfulfilled conditions or contingencies relating to these schemes.

On 6 April 2020, easyJet issued a commercial paper through the Covid Corporate Finance Facility (CCFF) implemented by the UK government. Under the CCFF, easyJet received £600 million, with interest incurred at the prevailing market rate. The facility is classified within borrowings in the statement of financial position. On 5 March 2021 easyJet repaid £300 million of the CCFF liability, with the remaining £300 million was repaid in November 2021.

On 8 January 2021 easyJet signed a five-year term loan facility of $1.87 billion, underwritten by a syndicate of banks and supported by a partial guarantee from UK Export Finance under their Export Development Guarantee Scheme. The Export Development Guarantee scheme for commercial loans is available to qualifying UK companies, does not carry preferential rates or require state aid approval, and contains some restrictive covenants including dividend payments, however these are compatible with easyJet's existing dividend policy.

13. Contingent liabilities and commitments

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

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 financial statements.

At 30 September 2021 easyJet had outstanding letters of credit and performance bonds totalling £72 million (2020: £120 million), of which £43 million (2020: £89 million) expires within one year. The fair value of these instruments at each year end was negligible.

No amount is recognised in 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.

As part of the commitment to voluntary carbon offsetting, easyJet currently has contractual commitments to purchase Verified Emission Reductions worth £11 million (2020: £29 million) in total until December 2022.

14. Related party transactions

The Company licenses the easyJet brand from easyGroup Limited ('easyGroup'), a wholly owned subsidiary of easyGroup Holdings Limited, an entity in which easyJet's founder, Sir Stelios Haji-Ioannou, holds a beneficial controlling interest. The Haji-Ioannou family concert party shareholding (being easyGroup Holdings Limited and Polys Holding Limited) holds, in total, approximately 15.27% of the issued share capital of easyJet plc as at 30 September 2021.

Key management personnel who were existing shareholders were part of the rights issue that took place during the year, the issue price was 410 pence per share on the basis of 31 shares for every 47 fully paid ordinary shares held.

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

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

Three side letters have been entered into: (i) a letter dated 29 September 2016 in which easyGroup consented to easyJet acquiring a portion of the equity share capital in Founders Factory Limited; (ii) a letter dated 26 June 2017 in which the easyJet's permitted usage of the brand was slightly extended; and (iii) a letter dated 02 February 2018 in which easyGroup agreed that certain affiliates of easyJet have the right to use the brand.

The amounts included in the income statement, within other costs, for these items were as follows:

	2021 £ million	2020 £ million
Annual royalty	**4**	8
Brand protection (legal fees paid through easyGroup to third parties)	**1**	1
	5	9

At 30 September 2021, £0.1 million (2020: £0.1 million) of the above aggregate amount was included in trade and other payables.

At 30 September 2021 £5.3 million (2020: £8.5 million) is due from related parties and is included within trade and other receivables.

15. Events after the balance sheet date

On 18 November 2021, the remaining £300 million Commercial paper issued through the Covid Corporate Financing Facility (CCFF) was repaid.

On 29 November 2021, a firm commitment was agreed with Airbus in respect of an additional 19 aircraft with deliveries between financial years 2025 and 2028. This results in 118 firm Airbus A320 NEO family aircraft outstanding orders on this date. The 19 firm deliveries consist of:

- Seven aircraft which easyJet had the option not to take up. This option not to take up has been relinquished and the aircraft are now confirmed as firm deliveries between financial years 2025 and 2026;
- Seven purchase option aircraft in respect of which easyJet has exercised its option to purchase. This results in firm deliveries for these aircraft between financial years 2025 and 2026; and
- Five purchase right aircraft that have been converted into aircraft with firm delivery dates in financial year 2027, which results in easyJet's purchase right aircraft reducing from 58 to 53.