20 May 2021

easyJet plc

Results for the six months ending 31 March 2021

easyJet's H1 2021 results are in line with expectations and it maintains significant liquidity while also delivering Q2 cash burn[1] slightly better than guidance.

easyJet is encouraged by the reopening of travel across much of Europe and will maximise opportunities for European flying. easyJet is the largest operator from the UK to Green list countries and is looking forward to taking customers on a long-awaited holiday this summer.

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

"With leisure travel taking off in the UK again earlier this week where we are the largest operator to Green list countries and with so many European governments easing restrictions to open up travel again, we are ready to significantly ramp up our flying for the summer with a view to maximising the opportunities we see in Europe. We have the ability to flex up quickly to operate 90% of our current fleet over the peak summer period to match demand.

"We know there is pent-up demand – we saw this again when Green list countries were released and added more than 105,000 seats – and so we look forward to being able to help many more people to travel this summer supported by our industry-leading flexible customer policies which means they can book with confidence.

"Over the past six months, we have successfully undertaken a major restructuring and cost reduction process alongside maintaining an investment-grade balance sheet with significant liquidity and managing our cash burn[1] better than expectations. This has delivered results in line with guidance. Our agility, trusted brand and famous value means we are well placed to bounce back in the recovery."

Summary

- In the six months ending 31 March 2021, easyJet operated a disciplined flying programme whilst continuing to deliver a major restructuring and cost reduction programme
- Passenger numbers[2] for the six months ending 31 March 2021 decreased by 89.4% to 4.1 million (H1 2020: 38.6 million)
- Capacity[3] decreased by 85.0% to 6.4 million seats, representing 14% of H1 2019 capacity levels (H1 2020: 42.7 million)
- Load factor[4] decreased by 26.6 percentage points to 63.7%
- Total revenue decreased by 90% to £240 million (H1 2020: £2,382 million) with passenger revenue decreasing by 91% to £170 million and ancillary revenue decreasing by 87% to £70 million
- Group headline costs excluding fuel decreased by 59% to £844 million (H1 2020: £2,041), driven by a decrease in capacity flown and the material savings achieved across many areas of the business from easyJet's major cost-out programme. We recorded a £24 million credit from foreign exchange, related to

the impact of stronger Sterling on our foreign currency-denominated liabilities, which is being included within headline costs.

- easyJet's cost-out programme aims to deliver c.£500 million of savings in FY'21
- Non-headline items for the six months ending 31 March 2021 were a £56 million net credit before tax (H1 2020: £160 million net charge) were comprised principally of gains related to sale and leaseback transactions, with a net charge related to fuel hedge discontinuation being largely offset by a release of restructuring provisions
- Headline loss before tax of £701 million (H1 2020: £193 million loss), within the guidance range of £690 to £730 million loss
- Reported loss before tax of £645 million (H1 2020: £353 million loss)
- Robust balance sheet strength, with total liquidity raised during the pandemic of over £5.5 billion, a net debt position of £2.0 billion (H1 2020: net debt of £467 million) and investment grade credit ratings

Outlook

- Based on current travel restrictions in the markets in which we operate, easyJet expects to fly c.15% of 2019 capacity levels in Q3 with an expectation that capacity levels will start to increase from June onwards. Late announcements of changes to travel restrictions will impact load factors due to late capacity additions/cancellations to meet surges in demand, driving an even later booking behaviour.
- We maintain significant flexibility to ramp capacity up or down quickly depending upon the unwinding of travel restrictions and expected demand, with the flexibility to maximise European opportunities. This ramp up will involve increased variable costs during Q3 as we bring pilots and crew off furlough in readiness for the peak summer season in Q4. We remain focused on a disciplined schedule of cash generative flying
- Cost-out programme to generate c.£500 million of savings in FY'21 to help offset cost headwinds
- At this stage, given the continued level of short-term uncertainty, it would not be appropriate to provide any further financial guidance for the 2021 financial year

	H1 2021	H1 2020	Change Favourable/(adverse)	
Capacity (millions of seats)	**6.4**	42.7	(85.0)	%
Load factor (%)	**63.7**	90.3	(26.6)	ppts
Passengers (millions)	**4.1**	38.6	(89.4)	%
Total revenue (£ million)	**240**	2,382	(89.9)	%
Headline loss before tax (£ million)	**(701)**	(193)	(264.4)	%
Total loss before tax (£ million)	**(645)**	(353)	(82.7)	%
Headline basic loss per share (pence)	**(127.2)**	(49.4)	(157.5)	%
Airline revenue per seat[5] (£)	**36.93**	55.60	(33.6)	%

Airline revenue per seat at constant currency[6] (£)	**36.00**	55.60	(35.3)	%
Airline headline cost per seat (£)	**145.00**	59.75	(142.7)	%
Airline headline cost per seat excluding fuel at constant currency[4] (£)	**133.07**	47.24	(181.7)	%

For further details please contact easyJet plc:

Institutional investors and analysts:

Michael Barker	Investor Relations	+44 (0)7985 890 939
Holly Grainger	Investor Relations	+44 (0)7583 101 913

Media:

Anna Knowles	Corporate Communications	+44 (0)7985 873 313
Edward Simpkins	Finsbury	+44 (0)7947 740 551 / (0)207 251 3801
Dorothy Burwell	Finsbury	+44 (0)7733 294 930 / (0)207 251 3801

Conference call

There will be an analyst presentation at 09.30am BST on 20 May 2021. Given the UK Government's current restrictions on public gatherings, we regret that it will not be possible for analysts or investors to attend in person.

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/60a219078d9817323e2fbdfb

Please note that participants will not be able to ask questions via the webcast. Should you wish to ask question, please dial in using the details below:

UK & International:	+44 (0)330 336 9126
Confirmation code:	5065527

Overview

easyJet operated a disciplined flying programme over the winter months whilst continuing to deliver a major restructuring and cost reduction programme. As a result, easyJet has reported a first half headline loss before tax of £701 million, which is within the guidance range. The effects of the cost-out programme will support improved margins and reduce the impact of seasonality for the future. Our capacity forecasting has been accurate and disciplined throughout the pandemic, which has allowed for strong cost control. Our focus on cash generative flying over the winter season minimised cash burn, with cash burn in the second quarter better than guidance. As at 31 March 2021 easyJet has unrestricted access to c.£2.9 billion of liquidity having raised over £5.5 billion since the beginning of the pandemic, and is well positioned to capitalise on the recovery of travel once restrictions are eased across the network.

easyJet has maintained a high level of operational flexibility to respond to rapidly-changing travel restrictions. We will continue to operate a reduced schedule throughout much of Q3 but are ready to ramp up our operations to match the level of demand we see in the market and we anticipate an increase in flying from June.

Revenue

Total revenue decreased by 90% to £240 million (H1 2020: £2,382 million) with capacity decreased to 6.4 million seats (2020: 42.7 million) as a result of pandemic-related travel restrictions and national lockdowns.

Passenger revenue decreased by 91% to £170 million (H1 2020: £1,833 million) and ancillary revenue decreased by 87% to £70 million (H1 2020: £549 million) as we flew an optimal schedule with a focus on domestic routes.

Airline revenue per seat decreased by 34% to £36.93, driven by:

- A £2.11 or 3.8% decrease from external events, namely the strong prior year comparison of H1 2020 which included the bankruptcy of Thomas Cook
- A £2.44 or 4.4% decrease in ancillary revenues, including the impact of the pandemic
- A £15.05 or 27.1% decrease due to the pandemic
- A £0.93 increase due to foreign exchange impacts

Analysis of revenue on a per seat basis is not meaningful when capacity is at extremely low levels.

Costs & Cash Burn

Group headline costs excluding fuel and FX gains for the first half decreased by 59% to £844 million (H1 2020: £2,041 million), driven by a decrease in capacity flown and the material savings achieved across many areas of the business from easyJet's major cost-out programme. We recorded a £24 million credit from foreign exchange, related to the impact of stronger Sterling on our foreign currency-denominated liabilities, which is being included within headline costs.

The structural cost-out programme we announced last year, easyJet's largest ever, is on track to achieve our targeted cost savings and will position easyJet well to lead the recovery in aviation. We aim to deliver c.£500million of savings in FY'21 from the cost-out programme.

Airline headline cost per seat increased by 148% at constant currency to £148.39 (H1 2020: £59.75). This increase in headline cost per seat was comprised of:

- A £3.85 decrease in airports, ground handling and other operating costs, driven by lower flying volumes
- A £24.96 increase in crew costs, driven by adverse volume productivity partially offset by use of furlough schemes
- A £33.60 increase in ownership costs, driven by reduced flying volumes and greater number of leased aircraft and additional debt facilities, partially offset by reduced maintenance-related depreciation
- A £18.55 increase in overheads and other income, driven by fixed costs and reduced flying volumes
- A £0.12 increase in navigation costs driven by an increased sector length, partially offset by a Eurocontrol rate reduction
- A £12.45 increase in maintenance costs, driven by reduced flying volumes offset by line maintenance benefits from insourcing and parked fleet
- A £2.81 increase in fuel costs, driven by increased effective price

easyJet maintained a disciplined approach to capacity and cash management. As a result cash burn (on a fixed costs plus capex basis) during the first quarter was £39 million per week on average and during the second quarter was £38 million per week on average, outperforming the guidance for £40 million per week given at the Q1 trading update. easyJet paid a further £254 million of customer refunds during the first half.

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. Non-headline items for the six months ending 31 March 2021 were a £56 million net credit (H1 2020: £160 million net charge) include:

- £60 million gain as a result of the sale and leaseback of 35 aircraft in the period (H1 2020: £1 million gain)
- £29 million charge related to fair value adjustment on fuel hedge discontinuation (H1 2020: £164 million charge). Fair value movements after the hedges have been marked ineffective are now shown within Headline Items. These movements generated a £12m credit in Headline Items during H1
- £25 million credit arising from a release of restructuring provisions (H1 2020: nil), following constructive negotiations with our trade unions. These discussions have led to further concessions, which have allowed for a reduction in the estimated costs associated with the restructuring as at 31 March 2021

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 Holidays
- Cost reduction programme
- Sustainability

These initiatives, alongside our continued focus on our people and on operational and digital safety, provide easyJet the tools to achieve industry-leading returns and resilience.

Network Strategy

easyJet has a strong network of leading number one and number two positions in primary airports, which has proven during Covid-19 to be amongst the highest yielding in the market and which enables us to be efficient with our network choices, with an emphasis on maximising returns. We will seek to strengthen and defend these positions as the competitive landscape evolves. The scale and flexibility of our network will provide us with opportunities to take advantage of changes in the competitive landscape during the recovery phase. easyJet will act quickly to selectively acquire attractive slots made available in locations where the opportunity arises.

As part of the restructuring programme easyJet has closed its bases in Southend, Stansted and Newcastle, although Stansted and Newcastle continue to be served on an inbound flying basis. We have also cut capacity materially in some French and Italian bases, as well as in Berlin. This capacity has been allocated to higher yielding airports within our network. Further opportunities are likely to arise at these primary airports over the coming months as legacy carriers withdraw capacity and restructure, for example at Paris-Orly, Milan-Linate or Amsterdam-Schipol. To better capture summer leisure demand, easyJet is opening seasonal bases in Malaga and Faro on 1 June 2021.

easyJet remains extremely disciplined in focusing on flying which generates a positive contribution and during H1 easyJet flew 14% of H1 2019 capacity.

Over the last six months we have taken a number of key decisions to further optimise our schedule development. Our schedule for the summer ’22 season went on sale far earlier than it would have done under normal circumstances, in order to enable 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.

In response to international travel restrictions we have shifted capacity onto domestic routes, particularly in the UK, France and Italy. We have been disciplined about focusing on cash generative flying and many of these domestic routes are performing very well. We have also launched new domestic leisure routes to capitalise on the increase in staycations. These have included Belfast-Inverness, Glasgow-Newquay, Manchester-Newquay and Gatwick-Newquay in the UK, Bergamo-Olbia in Italy and additional capacity from mainland France to Corsica. In order to capitalise on expected leisure demand this summer we have opened a summer base in Birmingham served by aircraft and crew based around Europe. We have been able to acquire scarce slots at Milan's city centre airport, Linate and have used these to boost our Italian domestic leisure portfolio with new routes to Catania and Palermo.

easyJet's response to changes in demand due to travel restrictions or competitor announcements has been extremely agile. Within 24 hours of the UK Government's announcement of the green list on 7 May easyJet had added 80,000 seats of additional capacity to Portugal for early summer and also added a further 20,000 seats within a week of the announcement. The addition of this capacity saw a strong increase in demand. Since February we have added over 2 million seats throughout our network into new and existing markets to respond to the evolving demand environment. To date, we have launched 55 new routes for Summer '21, covering a range of domestic leisure destinations, Greek Islands, Egypt and Spain amongst others.

Our focused network strategy can be summarised as follows:

1. Lead in our Core Markets
   easyJet prioritises slot-constrained airports because they are where customers want to fly from, we are able to achieve cost leadership and preserve our 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 looking to lend their support.
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 rebuilding 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.
- In airport – moving customers from kerb to aircraft without the need for human interaction. This involves improving boarding in order to improve CSAT and reducing queuing, which our new cabin bag policy is helping with; streamlining the boarding experience, improving the automatic gates process, pushing for 100% digital boarding passes; developing 'virtual boarding'; building the London Gatwick 'Model Customer Journey' and expanding this to other big cities; reducing the need for check-in.

- 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 – by managing suppliers, empowering crew, implementing pre-tactical planning 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 will deliver Self-Service Disruption Management (SSDM) to let customers quickly self-serve in disruption; we are launching a new social strategy to engage with our customers, we are building a hub of 'Voice of Customer' insights, creating an 'always on' feedback loop and shifting focus from CSAT to life time value of the customer.

Actions delivered in H1 as part of our customer excellence initiative include:

- We updated our protection promise to give customers even more flexibility this summer:
    - Freedom to change: Gives the customer the ability to transfer their flight fee free this summer, anytime up to two hours before departure to any flights currently on sale and to any destination on our network
    - Travel Restriction Protection: If a trip is impacted by a lockdown travel ban or mandatory hotel quarantine this summer, the customer can transfer their flight for free to a later date, anytime up to two hours before departure, or opt for a voucher or refund, even if their flight is still operating
- 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 through the first half of the year. 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 LCCs and legacy carriers and best value LCC in Italy, Switzerland and Berlin. Our customer satisfaction for H1 was 80% which is up 3 percentage points on H1 2020.

In the six months to 31 March 2021, On Time Performance increased by 3 percentage points to 94%. This reflects the temporary decrease in congestion of European airspace and the strides we are taking towards leaving 'on time, every time'.

OTP % arrivals within 15 minutes(7)	Q1	Q2
2021 Network	94%	91%
2020 Network	80%	82%

On Time Performance is crucially important for our operational efficiency, as well as customer satisfaction. Thanks to a relentless focus from our teams, OTP has been excellent, with D15 (doors closed within 15 minutes of scheduled departure time) across the full day of 93% year-to-date in FY'21, compared to 84% in 2020 and 75% in 2019. Achieving D15 for the first wave of flights each morning is vital importance (since this tends to have a knock-on effect through the day as delays build up), so we are extremely pleased with having reached 96% first wave D15 year-to-date in FY'21, compared to 91% in 2020 and 89% over 2019.

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.
Earlier this year easyJet launched a new fare class called Standard Plus which makes it easier for customers to buy a package which 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 step on the website. We had identified a gap in our current propositions in terms of fare offerings and during testing the new fare class has meaningfully increased average booking values.

We also updated our cabin bag policy in February this year. The ability to bring a large overhead cabin bag on board is going to be bundled with Up front and Extra legroom seating. The seating and bag packages will be actively yield managed and will be dynamically priced from £7.99 per bag per flight.

easyJet holidays

We are continuing to build on our significant opportunity within the holidays sector, offering the most flexible holidays at the best prices in the market through to October 2022, underpinned by our industry leading 'Protection Promise' which has meant that we have retained over 60% of those customers whose holidays were affected by Covid-19 in the first half of 2021. We are also proud to announce that easyJet holidays is now the first major tour operator to offset the carbon emissions directly associated with its holidays – the fuel from flights and transfers plus the energy from hotel stays.

Our highly scalable business model ensures low fixed costs (93% variable) with strong marginal profit contribution. We continue to enjoy strong partnerships with leading hotels without the need for financial commitments or inventory risk and during the first half we signed over 40 additional flagship beach hotels which were previously under exclusive contracts with our competitors, whilst establishing connectivity with some of the world's largest hotel chains including Hilton, Accor, Radisson and Intercontinental Hotel Group to offer range to our cities offering.

Four- and five-star hotels now account for c.70% of all holidays sold, generating a significant margin premium. Our low cost base ensures that we are able to offer outstanding value, with c.75% of our holidays offering the best value in the market on like-for-like searches, whilst still providing strong marginal profit contribution.

Holidays for Winter 2021/22 were launched in December and are experiencing very positive demand. Bookings for Summer 2021 are currently significantly ahead of last year, although it is evident that many customers are looking for further certainty around quarantine rules prior to booking.

Cost Reduction Programme

In response to the Covid-19 pandemic easyJet launched its largest ever cost efficiency programme, which aims to deliver c.£500 million in savings in FY'21, to help mitigate some of our cost headwinds. Significant work has been done across the business already, including a cost programme in H1'21 which delivered savings, ahead of internal expectations. Savings have been delivered across every cost line. This was a major factor in outperforming our cash burn guidance, on a fixed costs and capital expenditure basis, during Q2 and supports our confidence in the guidance going forwards.

We have now successfully concluded trade union agreements in every country except in Italy, where negotiations will begin shortly and are in the process of concluding crew agreements in Germany. 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
- Furlough agreements in all jurisdictions, which will continue to support us throughout FY21

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 open on 1 June, 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 in negotiations with airports across our network, to secure the best long-term deals. We continue to review ground handling costs on a line-by-line basis and have 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.

Significant progress on costs has also been made in engineering, whilst maintaining 95% of our aircraft in a flight-ready condition across the winter and with safety the number one priority. easyJet outsources the majority of heavy maintenance where it is cost effective. We have extended our contracts to 2025 and to 2023, with 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

Despite the impact of the pandemic, easyJet has continued to reaffirm its commitment to sustainability, which is of significant and growing importance to our customers. 72% of consumers say that the sustainable behaviour of a company is now a more important factor in a purchase decision since the global outbreak of Covid-19. The likelihood of consumers choosing easyJet over another airline as a direct result of our carbon offsetting policy continues to increase steadily, rising to 45% for YTD 2021 (an increase of 4 percentage points compared to FY20 figures). We are also proud to announce that easyJet holidays is now the first major tour operator to offset the carbon emissions directly associated with its holidays – the fuel from flights and transfers plus the energy from hotel stays.

In November 2019 we established our new Sustainability Strategy, focused on driving down our environmental impact. Our 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 operate carbon neutral flying 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. Alongside our continued efficiency efforts, we believe that radical action to address the impact of climate change is also needed. In 2019 we became the only major airline worldwide to offset all our organisation's direct carbon emissions (scope 1 and 2), through programs that plant trees or avoid the release of additional carbon dioxide. Since then we have retired over 3 million carbon credits from high-quality projects to provide carbon neutral flights to our customers at no additional cost to them. We remain committed to our approach on carbon offsetting and have continued to offset all our flights through the pandemic. We also continue to advocate smarter regulation for aviation that rewards carbon efficiency.

- Stimulating carbon innovation: We are supporting the development of new technologies to reinvent 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' – an all-electric 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 these disruptive technologies such as all electric, hybrid and hydrogen. 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 are also now debuting new crew and pilot uniforms made from recycled plastic, which is our latest initiative in our drive to reduce waste. To date we have already removed over 27 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 creating a culture where employees can champion sustainability and in the future we will focus our charitable efforts on environmental sustainability. We are also particularly pleased that easyJet's long-term work with our charity partner UNICEF, who we have supported through on-board collections since 2012, will continue with the focus of collections this summer supporting Unicef to fund 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's fleet is a major component of its business model and a competitive advantage. easyJet's total fleet as at 31 March 2021 comprised 330 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 177.6 seats per aircraft, an increase from 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 31 March 2021:

	Owned	Leased	**Total**	% of fleet	Changes since Sep-20	Future deliveries	Purchase options	Unexercised purchase rights

A319	45	67	**112**	34%	(10)	-	-	-
A320 180 seat	-	14	**14**	4%	-	-	-	-
A320 186 seat	105	48	**153**	47%	(2)	-	-	-
A320 neo	30	7	**37**	11%	-	85	20	58
A321 neo	3	11	**14**	4%	-	16	-	-
	183	**147**	**330**		**(12)**	**101**	**20**	**58**
Percentage of total fleet	*55%*	*45%*						

Our flexible fleet plan allows us to expand or contract the size of the fleet depending upon the demand outlook. The variance between 307 and 310 aircraft for FY2021 is due to three leased aircraft which are due to be redelivered to lessors very close to the end of 2021 financial year. The prior plan for 302 aircraft in FY21 was predicated on commercial negotiations we were in at the time, which, given the current market environment it did not make economic sense to complete on.

Number of aircraft	FY20	HY 21	FY21	FY22	FY23	FY24
Current contractual minimum	342	330	307	287	282	291
Base plan	**342**	**330**	**307**			
Current contractual maximum	342	330	310	327	355	342
Expected deliveries			0	8	7	

Capital Expenditure

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

Year	2021	2022	2023
Gross capital expenditure (£ million)	700	c.900	c.1,000

Capex in FY'21 is comprised principally of safety- and maintenance-related expenditure as well as lease payments. Growth capex is set to resume from FY'22 and our capex projections assume zero aircraft deliveries in FY'21, 8 deliveries in FY'22 and 7 deliveries in FY'23.

Sale and Leaseback Transactions

Sale and leaseback transactions on 23 aircraft were concluded during H2 2020, raising £608 million gross proceeds and adding c.£50 million to pro forma per annum headline costs. During H1 2021 transactions were concluded on 35 aircraft, raising £842 million gross proceeds and adding a further c.£90 million to pro forma per annum headline costs. We retain ownership of 55% of the total fleet, with 41% unencumbered.

Liquidity

easyJet has taken swift and decisive action successfully raising over £5.5 billion in liquidity since the beginning of the pandemic, from a diversified range of funding sources: c.£0.4 billion from drawing down a Revolving Credit Facility, c.£0.4 billion from two term loans, £0.6 billion from the Covid Corporate Financing Facility, c.£1.4 billion from sale and leaseback transactions, c.£0.4 billion from an equity placing, c.£1.4 billion from the UK Export Finance facility and a c.£1.0 billion bond. The €1.2 billion bond (c.£1.0 billion) issued in March by easyJet's subsidiary easyJet FinCo B.V. under our Euro Medium Term Note (EMTN) programme matures in March 2028 and has a coupon of 1.875%. There was good market appetite for the bond, which was heavily oversubscribed. The Revolving Credit Facility, term loans and first £300 million tranche of the CCFF have been repaid. easyJet continues to maintain access to a diverse range of funding sources and continues to review its debt maturity profile.

As at 31 March 2021 easyJet has unrestricted access to c.£2.9 billion of liquidity, comprising cash and cash equivalents plus the undrawn portion of the UKEF facility. The first £300 million tranche of easyJet's borrowings from the CCFF was repaid in March 2021 and the remaining £300 million is due in November 2021. easyJet has no other debt maturities outstanding until the 2023 financial year.

As previously indicated, easyJet will continue to review its liquidity position on a regular basis and will continue to assess further funding opportunities.

Balance Sheet

easyJet's funding position remains solid with net debt at 31 March 2021 of £2,015 million (H1 2020: £467 million), which comprised cash and cash equivalents of £2,335 million (H1 2020: £1,388 million), borrowings of £3,323 million (H1 2020: £1,319 million) and lease liabilities of £1,027 million (2020: £536 million).

Liquidity per 100 seats was £5.2 million (H1 2020: £3.2 million), representing material headroom compared to our target of a liquidity buffer of £2.6 million per 100 seats, defined as cash plus Business Interruption insurance.

Headline return on capital employed (ROCE) for the six months ending 31 March 2021 fell to negative 16.8% (H1 2020: negative 4.8%). Total ROCE fell to negative 14.7% (H1 2020: negative 4.8%).

Fuel & FX

Due to the sustained lower capacity during the Covid-19 pandemic, easyJet saw hedge ratios moving over 100% from both a Jet Fuel and FX perspective. easyJet has taken action to close out over-hedged positions, to manage its exposure to volatility in the fair value of discontinued hedges. easyJet continues to hedge contractual exposures (such as leases and capex) and has decreased the amount of operational hedging that is taken out for future periods until there is greater clarity over demand. As noted in the 'Non-Headline Items' section above, a £28 million net charge was recognised in H1'21 for fair value adjustments related to the discontinuation of hedge accounting (H1 2020: £164 million charge). Additionally there was further fair value movement on discontinued hedges in H1 2021 up until the point these positions were closed out. This movement resulted in a £12 million credit to headline items.

Board

During the period Stuart Birrell joined the Airline Management Board as Chief Data & Information Officer and Sophie Dekkers was promoted to the AMB as Chief Commercial Officer.

David Robbie joined the Board in November 2020 and Kenton Jarvis in February 2021 as Chief Financial Officer. Anastassia Lauterbach, Charles Gurassa and Moya Greene stood down from the Board in December 2020.

John Barton will have served nine years as Chairman in May 2022, which is the recommended maximum under UK corporate governance. As a result the Board will take appropriate steps to identify potential successors and will provide further updates as appropriate. John remains fully committed to easyJet.

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[8]. As at 20 May 2021, a majority of the voting rights in easyJet are held by EU persons.

Outlook

Based on current travel restrictions in the markets in which we operate, easyJet expects to fly c.15% of 2019 capacity levels in Q3 with an expectation that capacity levels will start to increase from June onwards. Late announcements of changes to travel restrictions will impact load factors due to late capacity additions/cancellations to meet surges in demand, driving an even later booking behaviour.

We maintain significant flexibility to ramp capacity up or down quickly depending upon the unwinding of travel restrictions and expected demand, with the flexibility to maximise European opportunities. This ramp up will involve increased variable costs during Q3 as we bring pilots and crew off furlough in readiness for the peak summer season in Q4. We remain focused on a disciplined schedule of cash generative flying.

Our cost-out programme is expected to generate c.£500 million of savings in FY'21 to help offset the cost headwinds related to the lower volume of flying and increased ownership and financing costs.

At this stage, given the continued level of short-term uncertainty, it would not be appropriate to provide any further financial guidance for the 2021 financial year. Customers are booking closer to departure and visibility remains limited.

Footnotes

(1) On a fixed cost and capital expenditure basis.
(2) Represents the number of earned seats flown. Earned seats include seats which are flown whether or not the passenger turns up, as easyJet is a no-refund airline and once a flight has departed, a no-show customer is generally not entitled to change flights or seek a refund. Earned seats also include seats provided for promotional purposes and to staff for business travel.
(3) Capacity based on actual number of seats flown.
(4) Represents the number of passengers as a proportion of the number of seats available for passengers. No weighting of the load factor is carried out to recognise the effect of varying flight (or "sector") lengths.
(5) easyJet holidays forms a separate operating segment to the Airline. Therefore 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
(6) 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.
(7) 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
(8) 'EU persons' refers to nationals of EU member states plus Switzerland, Norway, Iceland, Liechtenstein, but excludes the UK.

PRINCIPAL RISKS AND UNCERTAINTIES

easyJet faces a range of risks that, if they materialise, could impact delivery of our corporate and strategic objectives. A risk identification, assessment and monitoring framework is imperative for any organisation to manage its risks and achieve its set goals and objectives. The easyJet Board is responsible for determining the nature of these risks and ensuring appropriate mitigating actions are in place to manage them.

easyJet has adopted a scenario analysis led risk management approach to ensure risks are identified, assessed, monitored and appropriately treated. easyJet can monitor existing and emerging risks and be prepared for scenarios outside of the corporate and strategic plan, the root causes of many risks are not within easyJet's control, for example adverse weather, pandemics, acts of terrorism, changes in government regulation and macroeconomic issues.

The principal risks and uncertainties set out in the 2020 Annual Report and Accounts have not changed materially, and include the following types of risks:

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

For the second half of FY21, the Directors consider that the principal risks and uncertainties detailed in the 2020 Annual Report and Accounts remain representative of the potential impacts on the Group's performance. In addition to the 2020 Annual Report and Accounts disclosure, there are three risks areas the Board continues to monitor, and the current position is set out below.

Brexit: risks and uncertainties develop alongside the new relationship between the UK and EU. The focus remains to limit the impact of Brexit, and the success of our planning was evident by the lack of operational issues from 1 January 2021. The cross functional Brexit programme continues to oversee the evolving impacts of Brexit and will monitor the risks and uncertainties as the flying schedule expands in line with the reopening of European airspace.

Covid-19: the global crisis created by the Pandemic has impacted every aspect of business in general and the effects continue into H2 2021. Since 1 October 2020, easyJet has operated a significantly reduced flying schedule as it navigates the uncertainty caused by the spread of Covid-19 and associated flying restrictions. Safety of our passengers and employees remains the highest priority, and our measures outlined on page 67 of the 2020 Annual Report and Accounts remain in place.

The risk of a prolonged recovery from the impacts of Covid-19 without any sector specific support and the potential of limited access to financial markets may impact our liquidity position. In response, easyJet has acted decisively. The largest cost efficiency programme in easyJet's history was launched, removing costs at every level of the business. Fleet flexibility has been retained, at the same time as reducing Capex, allowing further responses to any risks and opportunities as they arise. In addition to the £4.5 billion in liquidity raised by January 2021, easyJet announced in February 2021 it had raised a further €1.2 billion from a seven-year bond issue. These actions strengthen our balance sheet. This is in addition to retained ownership, as at 31 March 2021, of 55% of the total fleet with 41% of the total fleet unencumbered. During the pandemic, the market for aircraft transactions has slowed significantly. However, asset recoverable amounts, based on value in use, exceed the carrying values as at 31 March 2021. Management will continue to keep these valuations under review.

In adopting the going concern basis of preparation for these interim financial statements, the Directors have considered easyJet's liquidity position, financial forecasts, stress testing of principal risks and uncertainties and the committed funding facilities. The Directors have a reasonable expectation that the Group has sufficient resources to continue in operation for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparing the Group financial statements. In the unlikely event that the risks outlined combine to result in the low levels of flying experienced in the last 12 months to be repeated and also impact forward bookings for summer 2022, the Group will need to secure additional funding. This represents a material uncertainty at the date of this report that could cast significant doubt upon the Group's ability to continue as a going concern (see Going Concern in Note 1).

A level of unpredictability remains as the flying programme restarts due to the risk of further waves of infection. Each country within the easyJet network has developed their own approach to dealing with the effects of the pandemic. This variation in approach, including from a legislative perspective, increases complexity and the risk of regulatory action. The requirements for customer COVID testing is increasing the cost of air travel, which conflicts with our ethos of providing affordable, accessible travel for all. There is a risk of easyJet not having the ability to be flexible and missing the opportunity to meet the pent up customer demand. These risks are being actively managed through the business and several measures have been introduced to ensure, where possible, easyJet can service customers wishing to visit friends and family, and taking a much deserved holiday. These measures include lobbying governments and policymakers across our network on both the use of tests and their affordability, increasing resources to understand and ensure government restrictions and requirements are adhered to, retaining flexibility in the fleet programme, increasing the number of aircraft on standby, operating a dynamic planning and capacity management process and maintaining crew recency through continuation of the training programme. In addition to ensuring our own people are prepared for the restart, plans have been implemented to reduce the risk around third party preparedness. easyJet identified that, due to use of furlough schemes and reduced flying schedules, inactivity within our supply chain has the potential to cause an increase in safety and disruption events and the risks and uncertainties, including supplier insolvency, needed to be closely managed. Pre- and post-event plans are in place and include comprehensive risk assessments detailing hazard states associated with returning to historic movement levels, collaborating with industry peers and regulators, continual assessment and validation of third party plans and monitoring post event procedures to ensure efficacy. All activity is tracked through internal safety meetings, including the Summer 2021 Readiness Forum on a fortnightly basis.

At the time of writing, many of our people are on furlough or equivalent, or working remotely. This has increased our people and wellbeing risk. Measures implemented in response to these risks are still in place and detailed on page 67 of the 2020 Annual Report and Accounts.

Data Breach: On 19 May 2020, easyJet announced that it had been the target of a cyber-attack from a highly sophisticated source. The email address 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 Information Commissioner's Office (ICO) has opened an investigation into the cyber-attack, and a class action law firm has filed a claim against easyJet in the High Court. The merit, likely outcome and potential impact on easyJet of both the investigation by the ICO, and the class action claim are subject to a number of significant uncertainties and, therefore, any assessment of the likely outcome or quantum cannot be made at the date of this disclosure.

OUR FINANCIAL RESULTS

Headline loss before tax increased from £193 million for the six months ended 31 March 2020 to £701 million for the six months ended 31 March 2021. This was mainly driven by the continued impact of Covid-19 resulting in reduced commercial flying as travel restrictions across Europe have been in place, to varying levels, throughout the period. easyJet flew only 4.1 million passengers (H1 2020: 38.6 million), down 89.4% on the prior period. At constant currency, headline loss before tax for the six months ended 31 March 2021 was £728 million, giving a favourable foreign exchange impact of £27 million compared to last year.

Total loss before tax increased from £353 million for the six months ended 31 March 2020 to £645 million for the six months ended 31 March 2021. Included in total loss before tax was a sale and leaseback gain of £60 million (H1 2020: £1 million), a restructuring provision release of £25 million (H1 2020: £nil) and a fair value charge of £29 million (H1 2020: £164 million).

Our easyJet Holidays business forms a separate operating segment to the Airline. All per seat metrics are for the Airline business only, as the inclusion of hotel-related revenue and costs from the Holidays business will distort the RPS and CPS metrics as these are not directly correlated to the seats flown by the Airline business. The segmental note within the abbreviated consolidated financial statements shows the contribution of each operating segment towards the Group's performance. All seats flown directly relate 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 six months ended 31 March 2021 is not significant. In presenting the Airline-only financial performance metrics below this 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.

FINANCIAL OVERVIEW

£ million (Reported) – Group	**H1 2021**	H1 2020
Group revenue	**240**	2,382
Headline costs excluding fuel and balance sheet FX gain	**(868)**	(2,041)
Balance sheet foreign exchange gain	**24**	-
Fuel	**(97)**	(534)
Group headline loss before tax	**(701)**	**(193)**
Non-headline items	**56**	(160)
Group total loss before tax	**(645)**	**(353)**
Taxation	**96**	29
Group total loss after tax	**(549)**	**(324)**

£ per seat – Airline only	**H1 2021**	H1 2020
Airline revenue	**36.93**	55.60
Headline costs excluding fuel and balance sheet FX gain	**(133.61)**	(47.24)
Balance sheet foreign exchange gain	**3.69**	-
Fuel	**(15.08)**	(12.51)
Airline headline loss before tax	**(108.07)**	**(4.15)**
Non-headline items	**8.77**	(3.77)
Airline total loss before tax	**(99.30)**	**(7.92)**
Taxation	**15.07**	0.62
Airline total loss after tax	**(84.23)**	**(7.30)**

The total number of passengers carried decreased by 89.4% to 4.1 million (H1 2020: 38.6 million), which was driven by an 85% reduction in seats flown to 6.4 million seats (H1 2020: 42.7 million seats) and a 26.6 percentage point reduction in load factor to 63.7% (H1 2020: 90.3%). This reflects the travel restrictions imposed across Europe and the continued softness in macro-level customer demand as a result of Covid-19.

Total revenue decreased by 89.9% to £240 million (H1 2020: £2,382 million) and decreased by 90.2% at constant currency. Airline revenue per seat decreased by 33.6% to £36.93 (H1 2020: £55.60) and decreased by 35.3% at constant currency. The decrease in Airline revenue per seat is a consequence of reduced loads, reflecting the continued softness in macro-level demand, driven by the continued travel restrictions across Europe. However, we have proactively managed our capacity and yields to maintain a balance between ensuring we are competitive on key routes, whilst protecting yields to ensure our flying remains contribution positive.

Headline Airline cost per seat excluding fuel increased by 175.0% to £129.92 (H1 2020: £47.24), and increased by 181.7% at constant currency. The Airline cost per seat excluding fuel increase is mainly as a result of reduced flying as fixed operating costs are being spread across less flying capacity. Cost increases were partially offset by decisive action taken by management in order to remove cost and non-critical expenditure from the business which is being delivered through our cost-out programme.

Airline fuel cost per seat increased by 20.5% to £15.08 (H1 2020: £12.51) and by 22.5% at constant currency, primarily as a result of the sale of EU ETS credits in H1 2020, which resulted in the remeasurement of the ETS liability and reduced H1 2020 fuel costs in the income statement by £55 million.

A non-headline gain of £56 million (H1 2020: £160 million loss) was recognised in the period consisting of a £60 million gain as a result of the sale and leaseback of 35 aircraft (H1 2020: 10) in the period and a £25 million release in relation to our restructuring provision as agreements with unions progress. This was partially offset by a £29 million net fair value adjustment for hedge discontinuation. Hedge discontinuation occurred as a result of actual and estimated requirements for fuel volumes falling below the amount that was hedged. During H1 2021 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 (see note 1 to the abbreviated back half).

Corporate tax has been recognised at a statutory effective rate of 14.9% (H1 2020: 8.3%) based on the anticipated tax rate for the full year ending 30 September 2021, resulting in a tax credit of £96 million (H1 2020: £29 million credit) during the period.

Loss per share and dividends per share

	H1 2021 pence per share	H1 2020 pence per share	Change pence per share
Basic headline loss per share	**(126.9)**	(49.4)	(77.5)
Basic total loss per share	**(121.2)**	(82.4)	(38.8)
Ordinary dividend per share paid during the period	-	43.9	(43.9)

Basic headline loss per share increased by 77.5 pence and basic total loss per share increased by 38.8 pence as a consequence of the £381 million increase in the headline loss after tax and a £225 million increase in the total loss after tax in the six months to 31 March 2021 respectively.

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 to 30 September 2020. No dividend payments have been made in the period (H1 2020: 43.9 pence per share).

EXCHANGE RATES

The proportion of revenue and costs denominated in currencies other than Sterling are outlined below:

	Revenue		Costs	
	H1 2021	H1 2020	**H1 2021**	H1 2020
Sterling	**30%**	42%	**67%**	33%
Euro	**54%**	48%	**5%**	32%
US dollar	**0%**	1%	**22%**	28%
Other (principally Swiss franc)	**16%**	9%	**6%**	7%

Average exchange rates	**H1 2021**	H1 2020
Euro – revenue	**€1.10**	€1.14
Euro – costs	**€1.11**	€1.17
US dollar	**$1.30**	$1.32
Swiss franc	**CHF 1.33**	CHF 1.29

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

As a result of the significantly reduced flying programme, and lower expected capacity going forward, the Group's near term foreign currency exposures reduced, relating specifically to fuel cost and foreign currency revenues. This caused a proportion of previously hedge accounted derivative financial instruments to be recorded as discontinued as a result of the hedge no longer being effective based on projections of future demand. The fair value of these trades at the time of discontinuation has been recognised as a non-headline item.

Subsequent fair value movements on discontinued hedges have been recorded as headline items. easyJet actively closes out discontinued hedges to minimise its exposure to fair value movement through the headline income statement.

easyJet continues to hedge contractual exposures (lease, capex) but has decreased the amount of operational hedging that is taken out for future periods until there is greater clarity over demand.
During the period there was a £24 million gain arising from foreign exchange movements from the prior year revaluations. This is in addition to the foreign exchange impacts shown below.

Headline exchange rate impact	**Euro**	**Swiss franc**	**US dollar**	**Total**
Favourable/(adverse)	£ million	£ million	£ million	£ million
Total revenue	4	2	-	6
Fuel	(1)	-	2	1
Headline costs excluding fuel	(8)	(1)	5	(4)
Headline loss before tax	**(5)**	**1**	**7**	**3**

Non-Headline exchange rate impact	**Euro**	**Swiss franc**	**US dollar**	**Total**
Favourable/(adverse)	£ million	£ million	£ million	£ million
Non-headline items	9	-	(21)	(12)
Non-headline items before tax	**9**	**-**	**(21)**	**(12)**

FINANCIAL PERFORMANCE

Revenue

£m Group	H1 2021	H1 2020
Passenger revenue	**170**	**1,833**
Ancillary revenue	**70**	**549**
Total revenue	**240**	**2,382**

£ Airline per seat	H1 2021	H1 2020
Passenger revenue	**26.47**	**42.93**
Ancillary revenue	**10.46**	**12.67**
Total revenue	**36.93**	**55.60**

The total number of passengers carried decreased by 89.4% to 4.1 million (H1 2020: 38.6 million), which was driven by an 85% reduction in seats flown to 6.4 million seats (H1 2020: 42.7 million seats) and a 26.6 percentage point reduction in load factor to 63.7% (H1 2020: 90.3%). This reflects the travel restrictions imposed across Europe and the continued softness in macro-level customer demand as a result of Covid-19.

Total revenue decreased by 89.9% to £240 million (H1 2020: £2,382 million) and decreased by 90.2% at constant currency. Revenue from the Holidays segment has been very minimal, mainly due to the UK lockdown from early January.

Airline revenue per seat decreased by 33.6% to £36.93 (H1 2020: £55.60) and decreased by 35.3% at constant currency. The decrease in Airline revenue per seat is a consequence of reduced loads, reflecting the continued softness in macro-level demand, driven by the continued travel restrictions across Europe. This was mitigated by proactively thinned poorer performing routes, maintaining a balance between ensuring we are competitive on key routes, whilst protecting yields on remaining flights to ensure our flying remains contribution positive.

Q1 2021 saw frequent changes in travel restrictions and then positive vaccine announcements in early November. Since mid-December, a new virus variant resulted in further restrictions being imposed across much of the UK, followed by a full lockdown announced on 4 January 2021, with international travel only permitted for exceptional reasons. This UK lockdown continued throughout Q2 2021 alongside a third wave of the virus spreading across Europe resulting in a further tightening of travel restrictions across parts of Europe during March.

During the period yields have been pro-actively managed to ensure price competitiveness on key routes, whilst optimising yields where demand has been inelastic to maintain a profitable flying programme.

Ancillary revenue per seat decreased by 17.4% to £10.46 (H1 2020: £12.67) and decreased 19.5% at constant currency, impacted by lower loads. Cabin bags initiatives including the new Standard Plus fare, are performing ahead of expectations in H1 2021.

Headline costs excluding fuel

	H1 2021		H1 2020	
	Group £ million	**Airline Cost per seat £ per seat**	Group £ million	Airline Cost per seat £ per seat
Operating costs/(income)				
Airports, ground handling and other operating costs	**86**	**13.14**	715	16.65
Crew	**224**	**34.87**	398	9.32
Navigation	**25**	**3.84**	152	3.57
Maintenance	**109**	**17.01**	191	4.47
Selling and marketing	**17**	**2.54**	78	1.57
Other costs	**158**	**23.72**	241	5.45

Other income	**(7)**	**(1.03)**	(15)	(0.36)
	612	**94.09**	1,760	40.67
Ownership costs				
Aircraft dry leasing	**2**	**0.24**	-	-
Depreciation	**204**	**31.80**	254	5.95
Amortisation	**11**	**1.44**	8	0.17
Net finance charges	**15**	**2.35**	19	0.45
	232	**35.83**	281	6.57
Headline costs excluding fuel	**844**	**129.92**	**2,041**	**47.24**

Group headline cost per seat excluding fuel increased by 175% to £129.92 (H1 2020: £47.24), and increased by 181.7% at constant currency.

Included within the Group headline costs excluding fuel of £844 million, £12 million related to the Holidays business mainly driven by headcount and hotel costs for those holidays which proceeded.

Operating costs and income

Group headline airports, ground handling and other operating costs decreased by 88% to £86 million, and Airline cost per seat decreased by 21.1% to £13.14 (H1 2020: £16.65), and by 23.2% at constant currency. Airport charges were reduced as a result of the lower flown load factors in the period, partially offset by ground handling costs which have increased as a result of our cost base servicing a reduced schedule due to the impact of the travel restrictions seen across Europe.

Group headline crew costs decreased by 43.7% to £224 million (H1 2020: £398 million), and Airline cost per seat increased by 274.1% to £34.87, and by 268.0% at constant currency. This cost per seat increase was primarily due to reductions in flying volumes impacting on crew productivity as well as fixed payroll costs being spread over lower flying capacity, partially offset by furlough schemes which have been utilised where available.

Group headline navigation costs decreased by 83.5% to £25 million, and Airline cost per seat increased by 7.6% to £3.84 (H1 2020: £3.57) and by 3.8% at constant currency, as a result of an increase in sector length of our commercial flying compared to the comparative period.

Group headline maintenance costs decreased by 42.9% to £109 million, and Airline cost per seat increased by 280.5% to £17.01 (H1 2020: £4.47), and increased by 278.7%% at constant currency. This cost per seat increase was driven by the fixed element of our maintenance costs which have been spread over a much reduced capacity in the period.

Group headline other costs decreased by 34.4% to £158 million, and Airline cost per seat increased by 335.2% to £23.72 (H1 2020: £5.45), and by 334.8% 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.

Ownership costs

Depreciation costs have decreased from £254 million in H1 2020 to £204 million in H1 2021. This decrease was driven by reduced maintenance-related depreciation as a result of lower flying volumes, and a larger benefit arising from discounting the maintenance provision due to changes in underlying interest rates during the six months ended 31 March 2021.

Net finance charges have decreased from £19 million in H1 2020 to £15 million in H1 2021. Foreign exchange gains/losses from the revaluation of monetary assets and liabilities have been reclassified from non-headline to headline items in the current period, which has resulted in a £26 million gain within headline net finance charges (see note 1 for further details). Additionally there was further fair value movement on discontinued hedges in H1 2021 up until the point these positions were closed out. This resulted in a £12 million gain which is reflected in Net finance charges above (H1 2020 nil). These more than offset the increased interest payable from additional debt facilities and increased leased aircraft resulting in higher lease-related interest.

Fuel costs

	H1 2021		H1 2020	
	Group £ million	**Airline £ per seat**	Group £ million	Airline £ per seat
Fuel	**97**	**15.08**	**534**	**12.51**

Fuel costs of £97 million were £437 million lower than H1 2020. Fuel cost per seat of £15.08 was 20.5% higher than last year, and increased by 22.5% at constant currency.

During the first half of the year the average market price for jet fuel decreased by 32% to $382 per tonne from $563 per tonne in H1 2020. The effective fuel price movement for the first half of the year saw an increase of 5% to £502 per tonne (H1 2020: £476). The increase in effective rate was due to a one-off credit of £55 million in H1 2020, which came from the sale of EU ETS credits that resulted in a remeasurement of the ETS liability and a reduction in fuel costs in H1 2020. easyJet was unable to benefit from the fall in market prices as it was hedged at a higher price than the market and because the reduction in flying had resulted in a greater proportion of fuel being hedged, than would have been the case under normal operating conditions.

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. In order to manage the risk exposure, jet fuel derivative contracts are used in line with the Board approved policy to hedge between 65% and 85% of estimated exposures up to 12 months in advance, and to hedge between 45% and 65% of estimated exposures from 13 up to 24 months in advance.

As a result of the significant grounding of fleet and a lower expected flying capacity for the period, the Group's near term exposures for jet fuel and foreign currency reduced, causing a proportion of previously hedge accounted derivative financial instruments to be recorded as discontinued. Fair value associated with these financial instruments at the time of discontinuation, have been recognised as non-headline items.

Non-headline items

	H1 2021 £ million	H1 2020 £ million
Sale and leaseback gain	**60**	1
Restructuring	**25**	-
Balance sheet foreign exchange gain	**-**	3
Fair value adjustments charge	**(29)**	(164)
Non-headline gain/(loss) before tax	**56**	(160)

Non-headline gain before tax of £56 million (H1 2020: £160 million loss) comprises:

- A £60 million gain as a result of the sale and leaseback of 35 aircraft in the period (H1 2020: £1 million gain as a result of the sale and leaseback of 10 aircraft);
- A £25 million credit in relation to the restructuring, which was started in H2 2020, as the programme continues to progress (H1 2020: nil charge);
- The re-translation of monetary assets and liabilities held on the balance sheet have been recognised as headline items in H1 2021 (H1 2020: £3 million gain); and
- A fair value adjustment for hedge discontinuation of £28 million net charge (H1 2020: £163 million net charge). Due to the reduced commercial flying as a result of Covid-19, easyJet was in a significantly over-hedged position from both a jet fuel and FX perspective, with a loss recognised in the period. In addition, there is a £1 million charge (H1 2020: £1 million charge) for hedge ineffectiveness on Cross Currency Interest Rate Swaps hedging Eurobond debt.

NET DEBT AND FINANCIAL POSITION

Summary net debt reconciliation

The table below presents cash flows on a net debt basis. This is different to the GAAP presentation of the statement of cash flows in the condensed financial information.

	H1 2021 £ million	H1 2020 £ million	Change £ million
Operating loss	**(601)**	(173)	(428)
Depreciation and amortisation	**215**	262	(47)
Unearned revenue movement	**48**	(95)	143
Other net working capital movement	**(731)**	460	(1,191)
Net tax paid	**(5)**	(20)	15
Net capital expenditure	**(73)**	(452)	379
Net proceeds from sale and operating leaseback of aircraft	**810**	114	696
Purchase of own shares for employee share schemes	**(3)**	(6)	3
Repayment of capital element of leases	**(174)**	(111)	(63)
Foreign exchange impact	**(114)**	(19)	(95)
Net funding activities	**(148)**	-	(148)
Other	**(114)**	73	(187)
Ordinary dividend paid	**-**	(174)	174
Net debt at the beginning of the period	**(1,125)**	(326)	(799)
Net debt at the end of the period	**(2,015)**	(467)	(1,548)

Net debt as at 31 March 2021 was £2,015 million (31 March 2020: £467 million) and comprised cash and cash equivalents of £2,335 million (31 March 2020: £1,388 million), borrowings of £3,323 million (31 March 2020: £1,319 million) and lease liabilities of £1,027 million (31 March 2020: £536 million).

Debt has increased by £1,548 million largely driven by two new sources of debt. A new five-year term loan facility of $1.87 billion (c.£1.4 billion) was entered into, 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. The bond was issued out of easyJet FinCo BV registered in the Netherlands and was guaranteed by easyJet Airline Company Limited (EACL) and easyJet PLC.

The unearned revenue movement has increased by £143 million, largely driven by the significant decrease of the balance in H1 2020 due to the entire fleet being fully grounded for 11 weeks at the start of the pandemic.

Other working capital movement has decreased by £1,191 million due largely to a decrease in trade payables of £448 million (H1 2020: £603 million increase) driven by the settlement of invoices from suppliers on delayed payment plans.

Net capital expenditure includes pre-delivery payments relating to aircraft purchases There were no final delivery payments for the acquisition aircraft in the period (H1 2020: eight aircraft). The sale and leaseback of 35 aircraft in H1 2021 (H1 2020: 10 aircraft) resulted in a net cash inflow of £810 million (H1 2020: £114 million).

easyJet made corporation tax payments totalling £5 million during the period (H1 2020: £20 million).

Summary consolidated statement of financial position

	31 March 2021 £ million	30 September 2020 £ million	Movement £ million
Goodwill and other intangible assets	**589**	597	(8)
Property, plant and equipment (excluding RoU assets)	**3,733**	4,409	(676)
Right of use assets	**1,078**	644	434
Derivative financial instruments	**(58)**	(327)	269
Equity investments	**33**	33	-
Other assets (excluding cash and cash equivalents)	**403**	364	39
Unearned revenue	**(662)**	(614)	(48)
Trade and other payables	**(801)**	(1,242)	441
Other liabilities (excluding debt)	**(718)**	(840)	122
Capital employed	**3,597**	3,024	**573**
Cash and cash equivalents	**2,335**	2,316	19
Debt (excluding lease liabilities)	**(3,323)**	(2,731)	(592)
Lease liabilities	**(1,027)**	(710)	(317)
Net assets	**1,582**	1,899	(317)
Net debt	**(2,015)**	(1,125)	**(890)**

* excludes restricted cash

The net book value of property, plant and equipment excluding right of use assets has decreased by £676 million due to the sale and leaseback of 35 aircraft during the year. The closing balance of right of use assets was £1,078 million, an increase of £434 million reflecting the additions as a result of the sale and leasebacks, partially offset by leased aircraft returns.

Derivative financial instruments as at 31 March 2021 were in a £58 million net liability position, a £269 million movement from the £327 million net liability position as at 30 September 2020. This movement is largely down to derivatives maturing and increases in jet fuel prices.

The equity investment of £33 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 £39 million, mainly driven by increased current intangible assets relating to our carbon offsetting scheme.

Unearned revenue increased by £48 million which is expected given the seasonality of bookings, but was further enhanced by Summer 2022 flights being on sale.

In January easyJet drew $1.05 billion from a new five-year term loan facility for $1.87 billion (c.£1.4 billion) which was underwritten by a syndicate of banks and supported by a partial guarantee from UK Export Finance under their Export Development Guarantee scheme. These funds were used to repay and cancel the fully drawn $500 million Revolving Credit Facility and to repay term loans of $245 million and £200 million.

In March, a 7 year bond of €1.2 billion under the Euro Medium Term Note programme was issued. In addition, the Government Covid Corporate Finance Facility of £300 million was repaid with the remaining £300 million to be repaid in November 2021.

Trade and other payables have decreased by £441 million as a result of reduced number of suppliers on payment plans and fewer cancellations being owed back to customers at H1 2021 compare to H1 2020.

Other liabilities have decreased by £120 million primarily due to reduced maintenance and restructuring provisions.

Return on Capital Employed (ROCE)

ROCE Calculation

Reported £m	H1 2021	H1 2020
Headline loss before interest and tax	**(686)**	(174)
UK corporation tax rate	**19%**	19%
Normalised headline operating loss after tax (NOPAT)	**(556)**	(141)
Average shareholders' equity	**1,741**	2,539
Average net debt	**1,570**	397
Average adjusted capital employed	**3,311**	2,936
Headline Return on capital employed	**(16.8%)**	(4.8%)
Total Return on capital employed	**(14.7%)**	(4.8%)

Headline ROCE for the period was (16.8)%, a worsening of 12 percentage points on the prior period, driven by an increase in the loss for the period. Total ROCE for the period was (14.7)%, a worsening of 9.9 percentage points on the prior year. The total reported operating loss before interest and tax was favourable to the headline loss due to the inclusion of the sale and leaseback gains, and the restructuring provision release.

ROCE is calculated by taking operating loss/profit, less tax at the prevailing UK corporation tax rate at the end of the period, divided by average capital employed. Capital employed is Shareholders' equity plus net debt.

KEY STATISTICS

OPERATING MEASURES

	H1 2021	H1 2020	Increase/ (decrease)
Seats flown (millions)	**6.41**	42.7	(85.0%)
Passengers (millions)	**4.09**	38.6	(89.4%)
Load factor	**63.7%**	90.3%	(26.6ppt)
Available seat kilometres (ASK) (millions)	**8,088**	46,753	(82.7%)
Revenue passenger kilometres (RPK) (millions)	**5,136**	42,920	(88.0%)
Average sector length (kilometres)	**1,261**	1,095	15.2%
Sectors	**35,100**	244,235	(85.6%)
Block hours	**73,311**	474,082	(84.5%)
Number of aircraft owned/leased at end of period	**330**	337	(2.1%)
Average number of aircraft owned/leased during period	**338**	333.4	1.4%
Number of aircraft operated at end of period	**36**	302	(88.1%)
Average number of aircraft operated during period	**58**	294.7	(80.3%)
Number of routes operated at end of period	**918**	1,104	(16.8%)
Number of airports served at end of period	**151**	161	(6.2%)

FINANCIAL MEASURES

	H1 2021	H1 2020	Increase/ (decrease)
Total return on capital employed	**(14.7%)**	(4.8%)	(9.9ppt)
Headline return on capital employed	**(16.8%)**	(4.8%)	(12.0ppt)
Liquidity per 100 seats (£m)	**5.2**	3.2	62.5%
Total Airline loss before tax per seat (£)	**(99.30)**	(7.92)	1,153.3%
Headline Airline loss before tax per seat (£)	**(108.07)**	(4.15)	2,504.1%
Total Airline loss before tax per ASK (pence)	**(7.87)**	(0.72)	987.9%
Headline Airline loss before tax per ASK (pence)	**(8.57)**	(0.38)	2,157.0%
Revenue			
Airline revenue per seat (£)	**36.93**	55.60	(33.6%)
Airline revenue per seat at constant currency (£)	**36.00**	55.60	(35.3%)
Airline revenue per ASK (pence)	**2.93**	5.08	(42.3%)
Airline revenue per ASK at constant currency (pence)	**2.91**	5.08	(42.6%)
Airline revenue per passenger (£)	**57.96**	61.56	(5.8%)
Airline revenue per passenger at constant currency (£)	**57.70**	61.56	(6.3%)
Costs			
Per seat measures			
Airline headline cost per seat (£)	**(145.00)**	(59.75)	142.7%
Airline non-headline per seat (£)	**8.77**	(3.77)	(332.6%)
Airline total cost per seat (£)	**(136.23)**	(63.52)	114.5%
Airline headline cost per seat excluding fuel (£)	**(129.92)**	(47.24)	175.0%
Airline headline cost per seat excluding fuel at constant currency (£)	**(133.07)**	(47.24)	181.7%
Airline total cost per seat excluding fuel (£)	**(121.15)**	(51.01)	137.5%
Airline total cost per seat excluding fuel at constant currency (£)	**(122.48)**	(51.01)	140.1%
Per ASK measures			
Airline headline cost per ASK (pence)	**(11.49)**	(5.45)	110.8%
Airline non-headline cost per ASK (pence)	**0.70**	(0.34)	(304.4%)
Airline total cost per ASK (£)	**(10.80)**	(5.80)	86.2%
Airline headline cost per ASK excluding fuel (pence)	**(10.30)**	(4.32)	138.4%
Airline headline cost per ASK excluding fuel at constant currency (pence)	**(10.55)**	(4.32)	144.2%
Airline total cost per ASK excluding fuel (pence)	**(9.61)**	(4.66)	106.1%
Airline total cost per ASK excluding fuel at constant currency (pence)	**(9.71)**	(4.66)	108.4%

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Condensed consolidated income statement (unaudited)

		Six months ended 31 March					
		2021			2020		
		Headline	**Non-headline (note 3)**	**Total**	Headline	Non-headline (note 3)	Total
	Notes	**£ million**	**£ million**	**£ million**	£ million	£ million	£ million
Passenger revenue		**170**	**-**	**170**	1,833	-	1,833
Ancillary revenue		**70**	**-**	**70**	549	-	549
Total revenue		**240**	**-**	**240**	2,382	-	2,382
Fuel		**(97)**	**-**	**(97)**	(534)	-	(534)
Airports, ground handling and other operating costs		**(86)**	**-**	**(86)**	(715)	-	(715)
Crew		**(224)**	**-**	**(224)**	(398)	-	(398)
Navigation		**(25)**	**-**	**(25)**	(152)	-	(152)
Maintenance		**(109)**	**-**	**(109)**	(191)	-	(191)
Selling and marketing		**(17)**	**-**	**(17)**	(78)	-	(78)
Other costs		**(158)**	**17**	**(141)**	(241)	1	(240)
Other income		**7**	**68**	**75**	15	-	15
EBITDAR		**(469)**	**85**	**(384)**	88	1	89
Aircraft dry leasing		**(2)**	**-**	**(2)**	-	-	-
Depreciation	8	**(204)**	**-**	**(204)**	(254)	-	(254)
Amortisation of intangible assets		**(11)**	**-**	**(11)**	(8)	-	(8)
Operating (loss)/profit		**(686)**	**85**	**(601)**	(174)	1	(173)
Interest receivable and other financing income		**26**	**25**	**51**	8	69	77
Interest payable and other financing charges		**(41)**	**(54)**	**(95)**	(27)	(230)	(257)
Net finance charge		**(15)**	**(29)**	**(44)**	(19)	(161)	(180)
(Loss)/profit before tax		**(701)**	**56**	**(645)**	(193)	(160)	(353)
Tax (charge)/credit	4	**126**	**(30)**	**96**	(1)	30	29
(Loss)/profit for the period		**(575)**	**26**	**(549)**	(194)	(130)	(324)
Loss per share, pence							
Basic	5			**(121.2)**			(82.4)

Condensed consolidated statement of comprehensive income (unaudited)

	Note	**Six months ended 31 March 2021 £ million**	Six months ended 31 March 2020 £ million
Loss for the period		**(549)**	(324)
Other comprehensive loss			
Items that may be reclassified to the income statement			
Cash flow hedges			
Fair value gains/(losses) in the period		**281**	(572)
Gains transferred to income statement		**(27)**	(66)
Related tax (charge)/credit	4	**(53)**	91
Hedge discontinuation losses/(gains) transferred to income		**28**	163
Cost of hedging		**(2)**	(4)
Items that will not be reclassified to the income statement			
Remeasurement of post-employment benefit obligations		**(2)**	8
Related deferred tax charge	4	**(1)**	(1)
Fair value loss on equity investment		**-**	(15)
		224	(396)
Total comprehensive loss for the period		**(325)**	(720)

Condensed consolidated statement of financial position (unaudited)

	Notes	**31 March 2021 £ million**	30 September 2020 £ million
Non-current assets			
Goodwill		**365**	365
Other intangible assets		**224**	232
Property, plant and equipment	8	**4,811**	5,053
Derivative financial instruments		**104**	89
Equity investments		**33**	33
Restricted cash		**4**	5
Other non-current assets		**137**	133
		5,678	5,910
Current assets			
Trade and other receivables		**150**	193
Intangible assets		**100**	12
Derivative financial instruments		**33**	21
Current tax assets		**3**	7
Restricted cash		**9**	14
Money market deposits		**-**	32
Cash and cash equivalents		**2,335**	2,284
		2,630	2,563
Current liabilities			
Trade and other payables		**(801)**	(1,242)
Unearned revenue		**(609)**	(614)
Borrowings	9	**(300)**	(987)
Lease liabilities		**(194)**	(224)
Derivative financial instruments		**(129)**	(352)
Provisions for liabilities and charges	10	**(307)**	(407)
		(2,340)	(3,826)
Net current assets/ (liabilities)		**290**	(1,263)
Non-current liabilities			
Unearned revenue		**(53)**	-
Borrowings	9	**(3,023)**	(1,744)
Lease liabilities		**(833)**	(486)
Derivative financial instruments		**(66)**	(85)
Non-current deferred income		**(4)**	(5)
Post-employment benefit obligations		**(37)**	(45)
Provisions for liabilities and charges	10	**(361)**	(332)
Deferred tax		**(9)**	(51)
		(4,386)	(2,748)
Net assets		**1,582**	1,899
Shareholders' equity			
Share capital		**125**	125
Share premium		**1,051**	1,051
Hedging reserve		**(8)**	(236)
Cost of hedging reserve		**(1)**	1
Translation reserve		**1**	(2)
Retained earnings		**414**	960
Total Equity		**1,582**	1,899

Condensed consolidated statement of cash flows (unaudited)

	Notes	**Six months ended 31 March 2021 £ million**	Six months ended 31 March 2020 £ million
Cash flows from operating activities			
Cash (used)/generated from operations	12	**(1,118)**	472
Ordinary dividends paid	7	**-**	(174)
Interest and other financing charges paid		**(71)**	(25)
Interest and other financing income received		**-**	34
Net tax paid		**(5)**	(20)
Net cash (used)/generated from operating activities		**(1,194)**	287
Cash flows from investing activities			
Purchase of property, plant and equipment		**(71)**	(392)
Purchase of non-current intangible assets		**(2)**	(60)
Net increase in money market deposits		**32**	118
Net proceeds from sale and leaseback of aircraft		**810**	114
Net cash (used)/generated from investing activities		**769**	(220)
Cash flows from financing activities			
Purchase of own shares for employee share schemes		**(3)**	(6)
Proceeds from Eurobond issue and UKEF		**1,804**	-
Repayment of bank loans and other borrowings		**(1,043)**	-
Repayment of capital element of leases		**(174)**	(111)
Net decrease in restricted cash		**6**	-
Net cash (used)/generated by financing activities		**590**	(117)
Effect of exchange rate changes		**(114)**	(19)
Net decrease in cash and cash equivalents		**51**	(69)
Cash and cash equivalents at beginning of period		**2,284**	1,285
Cash and cash equivalents at end of period		**2,335**	1,216

Condensed consolidated statement of changes in equity (unaudited)

	Share capital £ million	**Share premium £ million**	**Hedging reserve £ million**	**Cost of hedging reserve £ million**	**Translation reserve £ million**	**Retained earnings £ million**	**Total £ million**
At 1 October 2020	**125**	**1,051**	**(236)**	**1**	**(2)**	**960**	**1,899**
Loss for the period	-	-	-	-	-	(549)	(549)
Other comprehensive expense	-	-	228	(2)	-	(2)	224
Total comprehensive loss	**-**	**-**	**228**	**(2)**	**-**	**(551)**	**(325)**
Dividends paid (note 7)	-	-	-	-	-	-	-
Share incentive schemes							
Value of employee services	-	-	-	-	-	8	8
Purchase of own shares	-	-	-	-	-	(3)	(3)
Currency translation differences	-	-	-	-	3	-	3
At 31 March 2021	**125**	**1,051**	**(8)**	**(1)**	**1**	**414**	**1,582**

	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	-	-	-	-	-	(324)	(324)
Other comprehensive expense	-	-	(384)	(4)	-	(8)	(396)
Total comprehensive loss	**-**	**-**	**(384)**	**(4)**	**-**	**(332)**	**(720)**
Dividends paid (note 7)	-	-	-	-	-	(174)	(174)
Share incentive schemes							
Value of employee services	-	-	-	-	-	8	8
Purchase of own shares	-	-	-	-	-	(6)	(6)
Currency translation differences	-	-	-	-	(1)	-	(1)
At 31 March 2020	**108**	**659**	**(388)**	**4**	**(2)**	**1,711**	**2,092**

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 period end.

Notes to the condensed consolidated interim financial information (unaudited)

1. General information

easyJet plc (the Company) is a Company registered in England (Company no. 03959649) domiciled in the United Kingdom (UK). The condensed consolidated interim financial information of the Company as at and for the six months ended 31 March 2021 comprise the Company and its interest in its subsidiaries (together referred to as the Group). Its principal business is that of a low-cost airline carrier operating principally in Europe. The consolidated financial statements of the Group as at and for the year ended 30 September 2020 are available upon request to the Company Secretary from the Company's registered office at Hangar 89, London Luton Airport, Luton, Bedfordshire, LU2 9PF or are available on the corporate website at corporate.easyJet.com.

Basis of preparation

The condensed consolidated interim financial information has been prepared in accordance with IAS 34 Interim Financial Reporting (IAS 34) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority. It should be read in conjunction with the Annual Report and Accounts for the year ended 30 September 2020, which were prepared in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The annual financial statements for the Group for the year ended 30 September 2021 will be prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The interim financial information does not constitute statutory accounts within the meaning of sections 434 and 435 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2020 were approved by the Board of Directors on 17 November 2020, and have been delivered to the Registrar of Companies. The report of the auditors was unqualified.

The Group's financial risk management objectives and policies are materially consistent with that disclosed in the consolidated financial statements as at and for the year ended 30 September 2020.

Going concern

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

Unprecedented levels of travel restrictions continue to be imposed by governments across our markets as a result of the COVID-19 pandemic. The speed of vaccine programmes, efficacy of vaccines, along with differing governmental quarantine and testing requirements and travel restrictions (including the implementation and ongoing changes to the new traffic light system in the UK), are expected to negatively impact 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 over £5.5 billion liquidity through a diverse range of funding sources. During the six months to 31 March 2021 this includes raising over $1.1 billion of sale and leaseback proceeds, securing UK export financing of $1.9 billion with a five year term, and issuing a seven year bond of €1.2 billion. Term loans of £400 million and the $500 million revolving credit facility were repaid and cancelled in the period resulting in an overall increase in the debt maturity profile. 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.

As at 31 March 2021 easyJet has unrestricted access to c. £2.9 billion of liquidity and has retained ownership of 55% of the total fleet with 41% being unencumbered. This presents an improved liquidity position of £0.6 billion since 30 September 2020 year end.

Management's base case forecasts assumes a much delayed and phased return to flying activity levels which represent a significant reduction to historical revenue levels until summer 2022, together with cost saving measures.

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 have a reasonable expectation that the Group has sufficient resources to continue in operation for the foreseeable future. For these reasons the Directors continue to adopt the going concern basis of accounting in preparing the Group financial statements.

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 collateralisation of unearned revenue by card acquirers, and a reduction to anticipated forward bookings. Individually the risks and scenarios identified are unlikely to require significant additional management actions to support the business.

In the unlikely event that the risks outlined above combine to result in the low levels of flying experienced in the last 12 months to be repeated and also impact forward bookings for summer 2022, the Group will need to secure additional funding. This could include the use of unencumbered aircraft to support further financing together with further access to bond and equity markets. The Group's ability to obtain sufficient additional funding in the event of the combined severe downside scenarios represents a material uncertainty at the date of this report that could cast significant doubt upon the Group's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Accounting policies

The accounting policies adopted are consistent with those described in the Annual report and accounts for the year ended 30 September 2020.

New and revised standards and interpretations

A number of amended standards became applicable during the current reporting period. The Group did not have to change its accounting policies or make retrospective 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.

The Group early adopted IFRS 9 *Financial instruments*, IAS 39 *Financial instruments: Recognition and Measurement* & IFRS 7 *Financial Instruments: Disclosures* – Interest rate benchmark reform (phase 1) and applied this retrospectively from 1 September 2019 as reported within the Annual report and accounts for the year ended 30 September 2020. There was a limited impact on the accounts.

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.

Estimates and judgements

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

In preparing these condensed consolidated interim financial statements, the key judgements and estimates are the same as those that applied in the most recent published consolidated financial statements, except for the following amendments.

The restructuring provision is a critical accounting estimate which involves a higher degree of judgement and complexity, the amount recognised has been updated to reflect the current best estimate as at 31 March 2021.

The Group has concluded that the deferred tax assets will be recoverable against the unwind of the taxable temporary differences and the future taxable income based on the strategic plans of the Group. The losses can be carried forward indefinitely and have no expiry date, but it is expected that the deferred tax asset would be recovered within a seven year time horizon.

For the period ended 31 March 2021 foreign exchange gains and losses arising from the revaluation of monetary assets and liabilities have been categorised as headline items within the financial statements. No reclassification has been made to the prior year due to the immaterial value.

2. Seasonality

The airline industry is highly seasonal and demand and yields are significantly higher during the summer. Accordingly revenue and profitability are usually higher in the second half of the financial year. Historically, easyJet has reported a loss/low profit for the first half of the financial year which the pandemic has exacerbated in the current period.

3. Non-headline profit measures

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, the income or expense resulting from the initial recognition of sale and leaseback 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.

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

	Six months ended 31 March 2021 £ million	Six months ended 31 March 2020 £ million
Sale and leaseback gain	**(60)**	(1)
Restructuring release	**(25)**	-
Recognised in operating loss	**(85)**	(1)
Balance sheet foreign exchange gain	**-**	(3)
Fair value adjustments charge	**29**	164
Total non-headline (credit)/ charge before tax	**(56)**	160
Tax on non-headline items	**30**	(30)
Total non-headline (credit)/ charge after tax	**(26)**	130

Sale and leaseback

During the period, easyJet completed the sale and leaseback of 7 A319 (H1 2020: 10), 24 A320 (H1 2020: nil) and 4 A321 (H1 2020: nil). The Income Statement impact of the 35 sale and leasebacks was a £68 million gain recognised in Other income offset by a £8m loss recognised in Other costs (H1 2020: £1 million gain).

Restructuring

Due to the change in demand environment as a result of Covid-19 the business has undertaken a restructuring process during 2020. During the period the estimate was updated to reflect ongoing discussions with unions which resulted in a £25 million credit (H1 2020: nil). The programme is expected to complete in the financial year 2022.

Fair value adjustments

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

In accordance with IFRS 9, hedge effectiveness testing is performed on a regular, periodic basis. For cash flow hedges this includes an assessment of highly probable future cash exposures with the amount compared to the notional value of derivatives held in a hedge relationship. Where derivative contracts exceed the amount of projected exposures and the forecast is no longer expected to occur (e.g. for foreign currency or jet fuel), these amounts no longer qualify for hedge accounting. Fair valuation related of these ineffective derivatives held in Other Comprehensive Income is then immediately recorded in the income statement.

Due to the reduced commercial flying as a result of COVID-19, easyJet was in a significantly over-hedged position from both a jet fuel and FX perspective. Primarily as a result of this, a £28 million net charge was recognised in the period for fair value adjustments related to the discontinuation of hedge accounting (2020: £163 million loss).

There was further fair value movement on discontinued hedges in H1 2021 up until the point these positions were closed out. This resulted in a £12 million gain in the income statement and has been reflected in the headline result.

Additionally, fair value adjustments may also be recorded related to hedge relationships that continue to be effective. This 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. Included in this number is £1 million charge (2020: £1 million charge) relating to Cross Currency Interest Rate Swaps hedging Eurobond debt in the period. These items continue in a strong hedge accounting relationship and ineffective amounts are unrelated to the reduced flying programme. The impact of this is a £1 million charge (2020: £1 million charge).

4. Tax credit

Tax on loss on ordinary activities:

	Six months ended 31 March 2021 £ million	Six months ended 31 March 2020 £ million
Current tax	**1**	3
Deferred tax	**(97)**	(32)
	(96)	(29)
Effective tax rate	**14.9%**	8.3%
Effective tax rate excluding rate change impact	**14.9%**	18.6%

The forecast effective tax rate (using currently enacted rates) is lower than the standard rate of corporation tax in the United Kingdom (19%) principally due to permanent tax differences and differences in tax rates in jurisdictions where easyJet has a taxable presence outside the UK. The permanent tax costs are as a result of the sale and leaseback transactions (disclosed within note 3). The forecast effective tax rate has been determined on the premise that the tax loss as at H1 2021 is recoverable in full.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date and all deferred tax balances re-measured at the future rate, would be to increase the closing deferred tax liability at 31 March 2021 to £12 million.

Tax on items recognised directly in other comprehensive income

	Six months ended 31 March 2021 £ million	Six months ended 31 March 2020 £ million
(Charge)/credit to other comprehensive income		
Deferred tax charge on defined benefit scheme	**(1)**	(1)
Deferred tax on fair value movements of cash flow hedges	**(53)**	91
Total (charge)/credit to other comprehensive income	**(54)**	90

There was no tax on items recognised directly in shareholders' equity in the period (H1 2020: £nil).

5. Loss per share

	Six months ended 31 March 2021 £ million	Six months ended 31 March 2020 £ million
Headline loss for the period	**(575)**	(194)
Total loss for the period	**(549)**	(324)

	Six months ended 31 March 2021 million	Six months ended 31 March 2020 million
Weighted average number of ordinary shares used to calculate basic loss per share	**453**	393

Basic loss per share	Six months ended 31 March 2021 pence	Six months ended 31 March 2020 pence
Total	**(121.2)**	(82.4)
Adjustment for non-headline	**(5.7)**	33.0
Headline	**(126.9)**	(49.4)

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

6. Segmental Reporting

	H1 2021			
	Airline	**Holidays**	**Intra-group transactions**	**Group**
	£ million	**£ million**	**£ million**	**£ million**
Revenue	237	4	(1)	240
Operating costs excl fuel	(604)	(10)	1	(613)
Fuel	(97)	-	-	(97)
Ownership costs	(229)	(2)	-	(231)
Headline loss before tax	(693)	(8)	-	(701)
Non-headline items	56	-	-	56
Total loss before tax	(637)	(8)	-	(645)

	H1 2020			
	Airline	**Holidays**	**Intra-group transactions**	**Group**
	£ million	**£ million**	**£ million**	**£ million**
Revenue	2,374	11	(3)	2,382
Operating costs excl fuel	(1,737)	(26)	3	(1,760)
Fuel	(534)	-	-	(534)
Ownership costs	(280)	(1)	-	(281)
Headline loss before tax	(177)	(16)	-	(193)
Non-headline items	(161)	1	-	(160)
Total loss before tax	(338)	(15)	-	(353)

The intra-group transaction column represents intercompany costs 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.

7. Dividends

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 six months ended 31 March 2021. No dividend payments have been made in the period (H1 2020: 43.9 pence per share)

8. Property, plant and equipment

	Owned assets			Right of use assets held under leasing arrangements		Total
	Aircraft and spares	**Land and buildings**	**Other**	**Aircraft and spares**	**Other**	**Total**
	£ million	**£ million**	**£ million**	**£ million**	**£**	**£ million**
Cost						
At 1 October 2020	**5,520**	**44**	**44**	**1,692**	**37**	**7,337**
Additions	52	-	19	9	-	80
Aircraft sold and leased back	(795)	-	-	559	-	(236)
Transfers	80	-	(16)	(64)	-	-
Disposals	(28)	-	(1)	-	-	(29)
At 31 March 2021	**4,829**	**44**	**46**	**2,196**	**37**	**7,152**
Depreciation						
At 1 October 2020	**1,187**	**-**	**12**	**1,062**	**23**	**2,284**
Charge for the period	108	-	3	90	3	204
Transfers	23	-	-	(23)	-	-
Aircraft sold and leased back	(120)	-	-	-	-	(120)
Disposals	(27)	-	-	-	-	(27)
At 31 March 2021	**1,171**	**-**	**15**	**1,129**	**26**	**2,341**
Net book value						
At 31 March 2021	**3,658**	**44**	**31**	**1,067**	**11**	**4,811**
At 1 October 2020	4,333	44	32	630	14	5,053

	Owned assets			Right of use assets held under leasing arrangements		Total
	Aircraft and spares	Land and buildings	Other	Aircraft and spares	Other	Total
	£ million	£ million	£ million	£ million	£ million	£ 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**
Depreciation						
At 1 October 2019	**1,147**	**-**	**18**	**818**	**16**	**1,999**
Charge for the period	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

Net book value includes £312 million (H1 2020: £300 million) relating to advance and option payments for future aircraft deliveries. This amount is not depreciated.

At 31 March 2021 easyJet was contractually committed to the acquisition of 101 (H1 2020: 107) Airbus A320 family aircraft, with a total list price of US$12.31 billion (H1 2020: US$12.9 billion) before escalations and discounts for delivery. It is expected that nil aircraft will be delivered for the remainder of FY 2021 and 8 aircraft deliveries in FY 2022.

9. Borrowings

	Current £ million	Non-current £ million	Total £ million
At 31 March 2021			
Eurobonds	-	2,280	2,280
Commercial Paper (UK Export Finance)	-	743	743
Commercial Paper (Covid Corporate Financing Facility)	300	-	300
	300	3,023	3,323
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.

Lease obligations relate to aircraft and bear interest partly at fixed rates and partly variable rates linked to USD LIBOR.

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%.

The three €500 million Eurobonds issued on 9 February 2016, 18 October 2016 and 11 June 2019 are discussed within note 11.

On 10 February 2015 easyJet signed a $500 million revolving credit facility with a minimum five-year term. The facility is due to mature in February 2022. On 9 April 2020 easyJet fully drew down this $500 million Revolving Credit Facility, secured against aircraft assets.

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 is due to be 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 are 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 a $1.05 billion loan 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 at a rate of 1.875% in March 2021, under its Euro Medium Term Note (EMTN) programme. The bond was issued out of easyJet FinCo BV registered in the Netherlands and was guaranteed by easyJet Airline Company Limited (EACL) and easyJet PLC.

10. Provisions for liabilities and charges

	Maintenance provisions £ million	Provisions for customer claims £ million	Restructuring £ million	Other Provisions £ million	Total provisions £ million
At 1 October 2020	**597**	**39**	**101**	**2**	**739**
Exchange adjustments	(34)	-	-	-	(34)
Charged/(credited) to income statement	12	(3)	(25)	-	(16)
Related to aircraft sold and leased back	131	-	-	-	131
Unwinding of leased back discount	(21)	-	-	-	(21)
Utilised	(113)	(3)	(15)	-	(131)
At 31 March 2021	**572**	**33**	**61**	**2**	**668**

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.

	31 March 2021 £ million	30 September 2020 £ million
Current	**(307)**	(407)
Non-current	**(361)**	(332)
	(668)	(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 ten years. Provisions for customer claims, restructuring, and other provisions are generally expected to be utilised within one year.

11. Financial instruments

Carrying value and fair value of financial assets and liabilities

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

	Amortised cost		**Held at fair value**					
	Financial assets	**Financial liabilities**	**Fair value hedges**	**Cash flow hedges**	**Other financial instruments**	**Other [1]**	**Carrying value**	**Fair value**
At 31 March 2021	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**
Other non-current assets	**137**	**-**	**-**	**-**	**-**	**-**	**137**	**137**
Trade and other receivables	**34**	**-**	**-**	**-**	**-**	**116**	**150**	**150**
Trade and other payables	**-**	**(472)**	**-**	**-**	**-**	**(329)**	**(801)**	**(801)**
Derivative financial instruments	**-**	**-**	**50**	**(63)**	**(45)**	**-**	**(58)**	**(58)**
Restricted cash	**13**	**-**	**-**		**-**	**-**	**13**	**13**
Cash and cash equivalents	**1,275**	**-**	**-**	**-**	**1,060**	**-**	**2,335**	**2,335**
Eurobonds [3],[4],[5],[6]	**-**	**(2,280)**	**-**	**-**	**-**	**-**	**(2,280)**	**(2,295)**
Other Borrowings	**-**	**(1,043)**	**-**	**-**	**-**	**-**	**(1,043)**	**(1,043)**
Lease liabilities	**-**	**(1,027)**	**-**	**-**	**-**	**-**	**(1,027)**	**(1,027)**
Equity Investments [2]	**-**	**-**	**-**	**-**	**33**	**-**	**33**	**33**

	Amortised cost		Held at fair value					
	Financial assets	Financial liabilities	Fair value hedges	Cash flow hedges	Other financial instruments	Other [1]	Carrying value	Fair value
At 30 September 2020	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Other non-current assets	133	-	-	-	-	-	133	133
Trade and other receivables	53	-	-	-	-	140	193	193
Trade and other payables	-	(837)	-	-	-	(405)	(1,242)	(1,242)
Derivative financial instruments	-	-	82	(310)	(99)	-	(327)	(327)
Restricted cash	19	-	-	-	-	-	19	19
Money market deposits	32	-	-	-	-	-	32	32
Cash and cash equivalents	1,467	-	-	-	817	-	2,284	2,284
Eurobonds [3],[4],[5]	-	(1,356)		-		-	(1,356)	(1,173)
Other Borrowings	-	(1,375)	-	-	-	-	(1,375)	(1,375)
Lease liabilities	-	(710)	-	-	-	-	(710)	(710)
Equity Investments [2]	-	-	-	-	33	-	33	33

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

(2). The equity investment of £33 million represents a 13.2% shareholding in a non-listed entity, The Arline Group Limited. Valuation movements are designated as being fair valued through other comprehensive income due to the nature of the investment being held for strategic purposes.

(3). In February 2016, easyJet Plc issued a €500 million bond under the £3,000 million Euro Medium Term Note Programme guaranteed by easyJet Airline Company Limited. The Eurobond pays an annual fixed coupon of 1.750%. At the same time the Group entered into three cross-currency interest rate swaps to convert the entire €500 million fixed rate Eurobond to a Sterling floating rate exposure. All three swaps pay floating interest (three-month LIBOR plus a margin) quarterly, receive fixed interest annually, and have maturities matching the Eurobond. The Group designated all three cross-currency interest rate swaps as a fair value hedge of the interest rate and currency risks on the €500 million Eurobond. The swaps are measured at fair value through profit or loss with any gains or losses being taken immediately to the income statement (except where related to timing differences related to-cross currency basis amortisation). The carrying value of the Eurobond is adjusted for changes in fair value attributable to the risks being hedged. This net carrying value differs to the swap's fair value depending on movements in the Group's credit risk and cross-currency basis. The carrying value of the fixed rate Eurobond net of the cross-currency interest rate swap at 31 March 2021 was £380 million. This value does not include capitalised set-up costs incurred in the issuing of the bond.

(4). In October 2016 easyJet plc issued €500 million bond under the £3,000 million Euro Medium Term Note Programme guaranteed by easyJet Airline Company Limited. The Eurobond pays an annual fixed coupon of 1.125%. Shortly after the issuance of the €500 million bond the Group entered into three cross-currency interest rate swaps to convert the entire €500 million fixed rate Eurobond to a Sterling fixed rate exposure. The cross-currency interest rate swaps were executed on 8 November 2016 with settlement and notional exchange occurring on 14 November 2016. All three swaps pay fixed interest semi-annually, receive fixed interest annually, and have maturities matching the Eurobond. The Group designated all three cross-currency interest rate swaps as a cash flow hedge of the currency risk on the €500 million Eurobond. The cross-currency interest rate swaps are measured at fair value with the effective portion taken through the statement of comprehensive income. The element of the fair value generated by the change in the spot rate is recycled to the income statement from the statement of comprehensive income to offset the revaluation of the Eurobond. The carrying value of the fixed rate Eurobond net of the cross-currency interest rate swap at 31 March 2021 was £449 million. This value does not include capitalised set-up costs incurred in the issuing of the bond.

(5). In June 2019 easyJet plc issued €500 million bond under the £3,000 million Euro Medium Term Note Programme guaranteed by easyJet Airline Company Limited. The Eurobond pays an annual fixed coupon of 0.875%. At the same time the Group entered into three cross-currency interest rate swaps to convert the entire €500 million fixed rate Eurobond to a Sterling fixed rate exposure. All three swaps pay fixed interest semi-annually, receive fixed interest annually, and have maturities matching the Eurobond. The Group designated all three cross-currency interest rate swaps as a cash flow hedge of the currency risk on the €500 million Eurobond. The cross-currency interest rate swaps are measured at fair value with the effective portion taken through the statement of comprehensive income. The element of the fair value generated by the change in the spot rate is recycled to the income statement from the statement of comprehensive income to offset the revaluation of the Eurobond. The carrying value of the fixed rate Eurobond net of the cross-currency interest rate swap at 31 March 2021 was £448 million. This value does not include capitalised set-up costs incurred in the issuing of the bond.

(6) In March 2021 easyJet Finco issued €1,200 million bond under the £3,000 million Euro Medium Term Note Programme guaranteed by easyJet Airline Company Limited. The Eurobond pays an annual fixed coupon of 1.875%.

Fair value calculation methodology

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

The fair values of the four Eurobonds are classified as level 1 of the IFRS 13 'Fair Value Measurement' fair value hierarchy (valuations taken as the closing market trade price for each respective Eurobond as on 31 March 2021). Apart from the equity investment, the remaining financial instruments for which fair value is disclosed in the table above, and derivative financial instruments, are classified as level 2.

The equity investment is classified as level 3 due to the use of forecast cash flows which are discounted to present value. Though there are other level 2 inputs to the valuation, the discounted cash flow is a significant input which is not based on observable market data. The fair value is assessed at each reporting date based on the discounted cash flows and two other valuations calculated using a market approach and level 2 inputs. If the level 3 forecast cash flows were 10% higher or lower the fair value would not increase / decrease by a significant amount.

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

Fair value hierarchy levels

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

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

12. Reconciliation of operating loss to cash (used in)/generated from operations

	Six months ended 31 March 2021 £ million	Six months ended 31 March 2020 £ million
Operating loss	**(601)**	(173)
Adjustments for non-cash items:		
Depreciation	**204**	254
Amortisation of intangible assets	**11**	8
Loss on disposal of property, plant and equipment and intangibles	**3**	12
Gain on sale and leaseback	**(60)**	(1)
Share-based payments	**8**	7
Changes in working capital and other items of an operating nature:		
(Increase)/decrease in trade and other receivables	**31**	(29)
Increase in current intangible assets	**(88)**	(86)
Increase/(decrease) in trade and other payables	**(448)**	603
Increase/(decrease) in unearned revenue	**48**	(95)
Decrease in post-employment benefit contribution	**(6)**	(5)
Decrease in provisions	**(71)**	-
(Increase)/decrease in other non-current assets	**(4)**	15
Decrease in derivative financial instruments	**(144)**	(37)
Decrease in non-current deferred income	**(1)**	(1)
Cash (used in)/generated from operations	**(1,118)**	472

13. Government Grants and assistance

During the period, easyJet Airline Company Limited utilised the Coronavirus Job Retention Scheme implemented by the United Kingdom 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 £73 million (H1 2020: nil) 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 government of the United Kingdom. Under the CCFF, easyJet received £600 million, with interest incurred at the prevailing market rate. The facility is classified within Borrowings in the Balance sheet. On 5 March 2021 easyJet repaid £300 million of the CCFF liability, with the remaining £300 million due to be 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 (note 7).

14. 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 address 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. Discussions continue to be held with the Information Commissioner's Office (ICO) and no provision has been recognised in the financial period. The merit, likely outcome and potential impact on easyJet of the investigation by the ICO, and legal claims, including potential class actions, are still subject to a number of significant uncertainties and, therefore, any assessment of the likely outcome or quantum cannot be made at the date of this disclosure.

At 31 March 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 £22 million (H1 2020: £29 million) in total over the next two years.

15. Related party transactions

The Company licenses the easyJet brand from easyGroup Ltd ('easyGroup'), a wholly owned subsidiary of easyGroup Holdings Limited, an entity in which easyJet's founder, Sir Stelios Haji-Ioannou, holds a beneficial controlling interest. The Haji-Ioannou family concert party shareholding (being easyGroup Holdings Limited and Polys Holding Limited) holds, in total, approximately 26.7% of the issued share capital of easyJet plc as at 31 March 2021.

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

easyJet and easyGroup established a fund to meet the annual costs of protecting the 'easy' (and related marks) and the 'easyJet' brands. easyJet contributes up to £1 million per annum to this fund and easyGroup contributes £100,000 per annum. If easyJet contributes more than £1 million per annum, easyGroup will match its contribution in the ration 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 for these items were as follows:

	Six months ended 31 March 2021 £ million	Six months ended 31 March 2020 £ million
Annual royalty	**0.1**	5.9
Brand protection (legal fees paid through easyGroup to third parties)	**0.1**	0.3
	0.2	6.2

At 31 March 2021, £4.6 million (H1 2020: £3.5 million) of related party balances were held in trade and other receivables and payables (net receivable).

16. Events after the balance sheet date

Subsequent to 31 March 2021, discussions with union representatives resulted in a further release of c. £25 million from the restructuring provision. This was due to a change in the nature of the restructuring activities which are now expected to take place. During H2 2021, a provision of a materially equivalent value may be recognised in light of different restructuring activities with later recognition criteria for the employees impacted by this change in circumstance.

Statement of Directors' responsibilities

The Directors are responsible for preparing the interim report in accordance with applicable law and regulations. The Directors confirm that the condensed consolidated interim financial information has been prepared in accordance with IAS 34 Interim Financial Reporting adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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

- an indication of important events that have occurred during the six months ended 31 March 2021 and their impact on the condensed set of financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions during the six months ended 31 March 2021 and any material changes in the related-party transactions described in the Annual report and Accounts 2020.

The Directors of easyJet plc are listed in the Annual Report and Accounts 2020, however please note that since the year end, Andrew Findlay resigned on 3 February 2021 and Alistair Kenton Jarvis was appointed. A list of current Directors is maintained on the easyJet plc website: http://corporate.easyJet.com.

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

The interim report was approved by the Board of Directors and authorised for issue on 20 May 2021 and signed on its behalf by:

Johan Lundgren	Alistair Kenton Jarvis
Chief Executive	Chief Financial Officer

Independent review report to easyJet plc
Report on the consolidated interim financial statements

Our conclusion

We have reviewed easyJet plc's consolidated interim financial statements (the "interim financial statements") in the interim report of easyJet plc for the 6 month period ended 31 March 2021 (the "period").

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

Emphasis of matter

Without modifying our conclusion on the interim financial statements, we have considered the adequacy of the disclosure made in note 1 to the interim financial statements concerning the Group's ability to continue as a going concern.

The Group's base case forecast and projections assume a phased return to flying activity levels which represent a reduction to historical revenue levels, until summer 2022, together with cost saving measures. This base case demonstrates significant headroom relative to current facilities. However, given the ongoing uncertain outlook, in the event there are travel restrictions, 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 booking, it is plausible that the Group may require further financing.

As described in note 1, the possible occurrence of such severe events and the lack of certainty regarding the availability of additional financing represents a material uncertainty that could cast significant doubt upon the Group's ability to continue as a going concern. The interim financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated statement of financial position as at 31 March 2021;
- the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

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

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim report, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

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

What a review of interim financial statements involves

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

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

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

PricewaterhouseCoopers LLP
Chartered Accountants
Watford
20 May 2021