virgin atlantic

Annual Report 2024

Our purpose is to ensure everyone can take on the world.
Our vision is to be the *most loved travel company*.

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Non-financial highlights

BRITAIN'S ONLY FIVE STAR AIRLINE FOR PASSENGER EXPERIENCE FOR THE **8TH YEAR IN A ROW**

COMPLETION FACTOR
98.6%
FY 2023 99.7%

FEMALES IN LEADERSHIP ROLES
47%
FY 2023 46%

MOST **PUNCTUAL AIRLINE** IN THE UK
(as recognised by Cirium)

Financial highlights

REVENUE
£3.3bn
FY 2023 £3.1bn

TOTAL CASH
£443m
FY 2023 £406m

EBIT[1]
£230m
FY 2023 £48m

PBTEI[2]
£20m
FY 2023 loss of £171m

1 EBIT before exceptional items. See pages 138 – 141 for reconciliation
2 PBTEI before exceptional items. See pages 138 – 141 for reconciliation

Virgin Atlantic at a glance

29 destinations

16 countries

5.6m
passengers flown annually

199,000
tonnes of cargo carried annually

78
daily departures

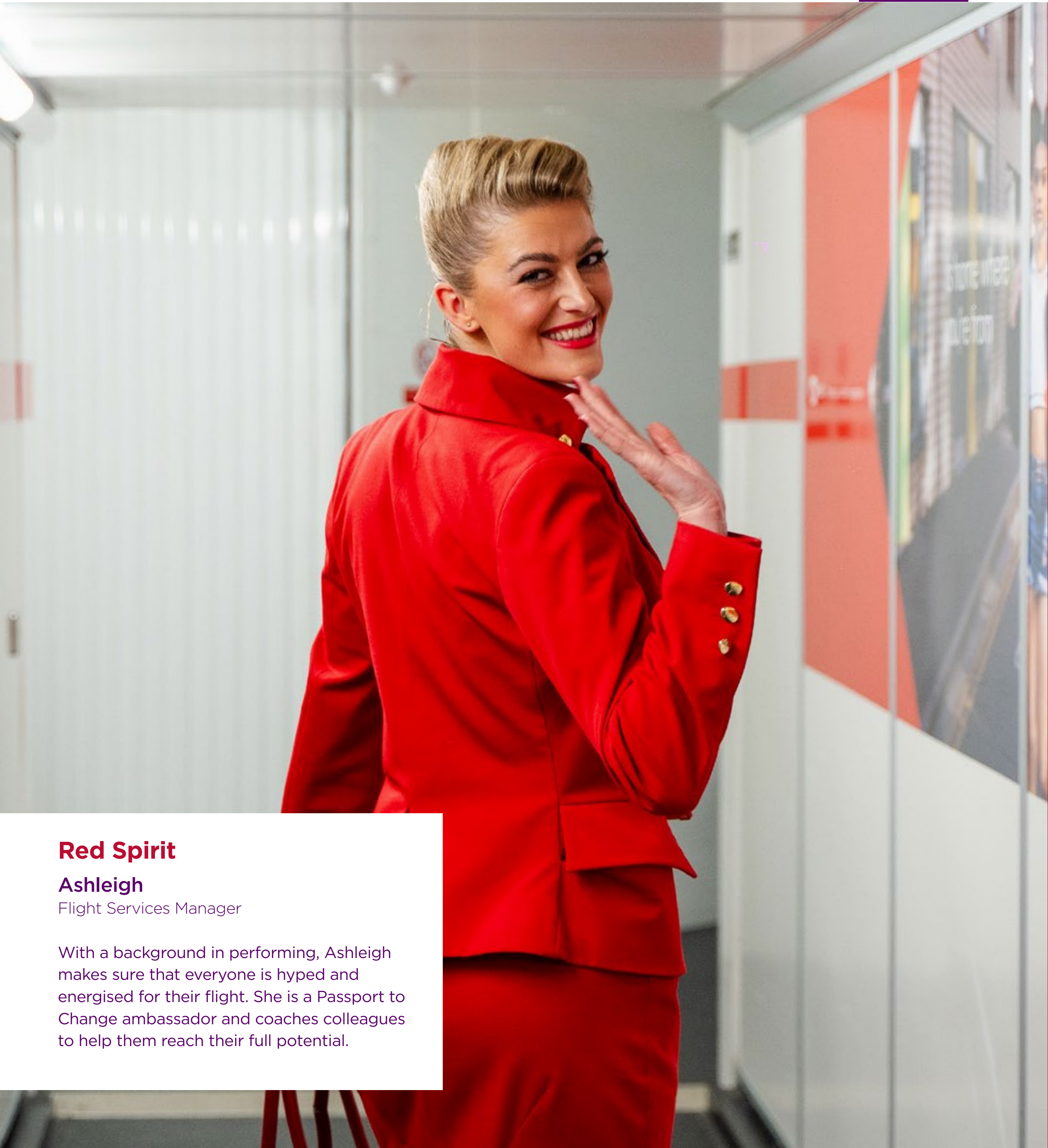
8,760
employees

77%
load factor

45
total aircraft

Our fleet

Virgin Atlantic has been pioneering sustainability leadership for more than 15 years, committing to Net Zero by 2050 and continuous action that reduces environmental impact. The airline operates one of the youngest and most fuel-efficient fleets in the skies. 82% of our aircraft are next generation, with an average fleet age of just seven years compared to a competitor average of 13. By 2028, once all of our 16 A330neos arrive, we will be 100% next generation, emitting 18% less CO_2 per revenue tonne km than we did ten years ago, despite growing capacity by 18%.



Red Spirit

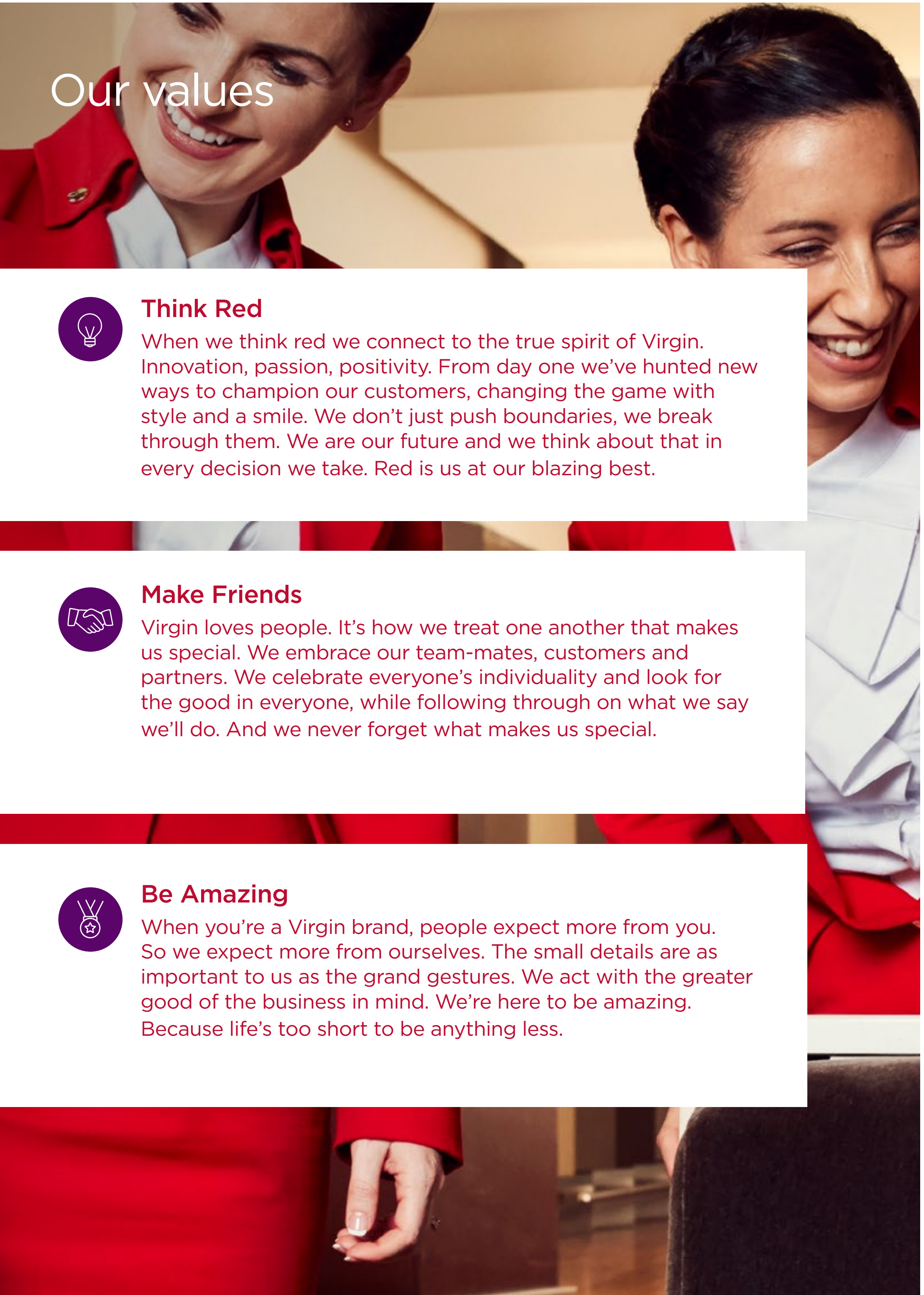
Ashleigh

Flight Services Manager

With a background in performing, Ashleigh makes sure that everyone is hyped and energised for their flight. She is a Passport to Change ambassador and coaches colleagues to help them reach their full potential.

Our brand promise

We create thoughtful experiences that feel brilliantly different, at every opportunity.



Our values

Think Red

When we think red we connect to the true spirit of Virgin. Innovation, passion, positivity. From day one we've hunted new ways to champion our customers, changing the game with style and a smile. We don't just push boundaries, we break through them. We are our future and we think about that in every decision we take. Red is us at our blazing best.

Make Friends

Virgin loves people. It's how we treat one another that makes us special. We embrace our team-mates, customers and partners. We celebrate everyone's individuality and look for the good in everyone, while following through on what we say we'll do. And we never forget what makes us special.

Be Amazing

When you're a Virgin brand, people expect more from you. So we expect more from ourselves. The small details are as important to us as the grand gestures. We act with the greater good of the business in mind. We're here to be amazing. Because life's too short to be anything less.

Chairperson's statement

Starting our fifth decade

In June 2024, we started our fifth decade of operations. To have come this far is in itself a tremendous achievement. But to mark the milestone with a financial year performance of record revenues and operating profit is a special way to celebrate. That June in 1984, our inaugural flight was a second-hand Boeing 747 from Gatwick to Newark, New Jersey. Richard had taken a very big personal risk on his ability to introduce a new approach to customer service and customer choice to a hidebound industry, which had successfully resisted previous attempts to shake up the traditional business model. The North Atlantic market was dominated by the behemoths of the industry – British Airways, Pan Am and TWA, with combined fleets of more than 800 aircraft – who had no time for interlopers.

Richard was right to back himself and all of us who have served at Virgin Atlantic over four decades can take great pride in having helped to make that happen. Despite the vicissitudes of operating long-haul aviation – wars, economic crises, terrorism, volcanoes, pandemic, competitive threats and the like – Virgin Atlantic has survived and prospered and has introduced many successful innovations to the industry. These have greatly benefitted customers and improved consumer choice.

In our fifth decade and beyond, we remain committed to the core values established at our inception. We will serve our customers better, and we will make it rewarding and fun for them, and for all our colleagues and partners.

Our performance

In 2021, fighting to survive through the Covid crisis, we conceived a four-year strategic plan. While we have not achieved all the objectives we set ourselves, it has been a significant achievement to return to net profitability[1] in 2024, built on record EBITDA and EBIT[2]. We have made great progress towards our central ambitions to be the *most loved travel company* and crucially, *sustainably profitable*.

We have done this by remaining true to our founding principles, to provide exceptional customer experience and an engaging and rewarding workplace. These remain at the core of our business.

The collective efforts of our people through this period have been exemplary. Nothing has been simple in the post-Covid world, whether at the societal level, or in the aviation industry itself. I believe our teams have displayed outstanding resilience and effort. We have acted swiftly and effectively to course correct where it has been needed and we have been highly disciplined in managing costs, which have grown by substantially less than inflation. We have honoured the commitments made to our financing partners to the letter and the day. We have generated the cash to repay approximately £500 million of Covid-related debt so far and virtually all the remaining balance will have been repaid by the end of this calendar year.

1 Defined as Profit before exceptional items (PBTEI) See page 138 for reconciliation

2 EBITDA and EBIT before exceptional items. See pages 138-141 for reconciliation

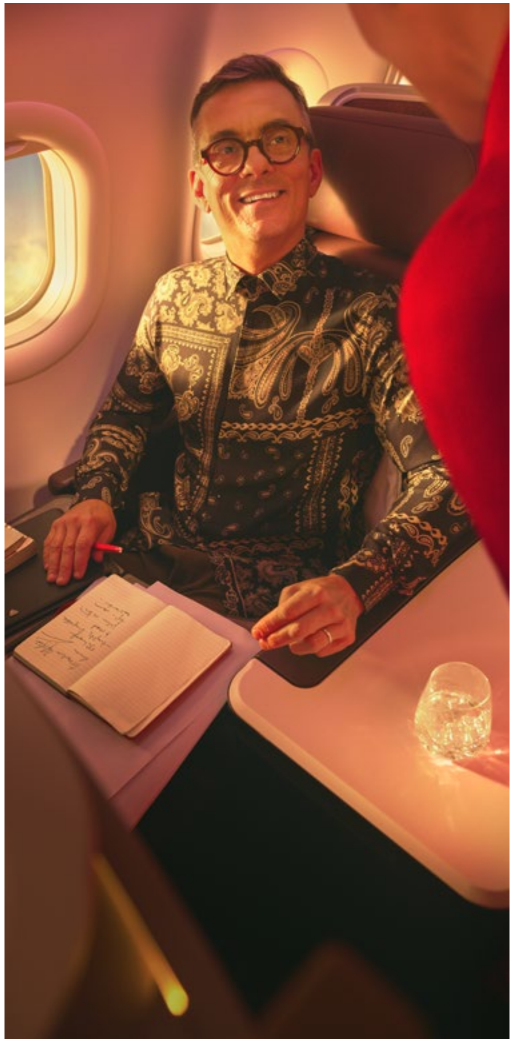
Chairperson's statement continued

Although business travel has not yet recovered to the extent we thought it would have done by now, we have been happy with the strength of consumer demand for premium leisure travel. But we remain constantly alert to changes in consumer sentiment. The impact of inflation, of precarious government finances and now the potential disruption of trade wars, are all cautionary factors in our plans. Meanwhile we continue to improve and innovate our offer to customers. Last Autumn, we took a bold and very important step forward by launching "Unlimited Availability": every seat on every flight is open to purchase by our customers with Virgin Points, earned in our loyalty programme through Virgin Red. And at the end of the year, we enhanced our proposition by relaunching virginatlantic.com as one digital platform for both flights, holidays and ancillary purchases.

Looking ahead

We believe that by building on the achievements of the post-Covid plan, we will have a bright future. Our partnership with Delta Air Lines, also our 49% shareholder, is already immensely strong and will strengthen again from here. Cornerstones of our new plan to take us to 2030 are to stay true to our principles, to set the highest bar in the industry for customer service and experience, to accelerate our introduction of digital productivity tools and to provide the framework for further growth of capacity and markets. We will continue with all our efforts to improve our sustainability in reducing carbon emissions. We will manage risk actively: the business environment is highly susceptible to economic and geopolitical shocks. There are new uncertainties abroad as societies and political systems continue to adapt to life after the pandemic. We know we will have to manage through surprise and volatility. In the UK, we will be very focused on our future at Heathrow. Management of the UK's principal aviation asset has fallen short, letting customers down, regardless of the government in place. We will do what we can to force that debate to a positive conclusion.

'We believe that by building on the achievements of the post-Covid plan, we will have a bright future.'



Gratitude

On behalf of the Board and of our shareholders and stakeholders, I express enormous thanks to our hard-working, positive and committed colleagues. The work you do to bring our principles to life is exemplary. These efforts encapsulate what is good about our business and why we are in business. They are the foundation for all we do. Thank you.

As we start our new plan period to 2030, I have confidence in our team and tenets of the plan. I believe we are ready to deal with the challenges and uncertainties which may lie ahead. We will continue our journey to be the *most loved travel company* and *sustainably profitable*.

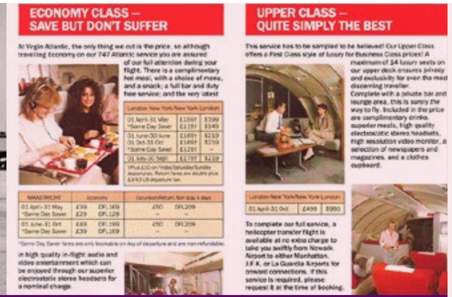
Peter Norris

Recent awards

Virgin Atlantic was incredibly proud to be awarded the APEX (Airline Passenger Experience Association) **2024 APEX Best Overall Airline in Europe** for the 4th year in a row.

Virgin Atlantic received the **2024 Newsweek Readers' Choice Awards Best Airport Lounge – Virgin Atlantic Clubhouse LHR** and the **2024 Institute of Customer Service Best Use of Customer Insight.**

We were also awarded **2024 Genesys Customer Innovation Awards Customer Experience Innovator winner for the enterprise category** and the **2024 PwC Building trust award for reporting in private business.**



Our maiden voyage

22 June 1984 marked the first commercial Virgin Atlantic flight.

VS1 from London Gatwick to Newark Airport, operated on a Boeing 747-200 – 'Maiden Voyager' - with the first ticket bought for £101.

40 years later, in our Ruby year, the same things continue to set us apart.

A recipe for leadership

In 2023, I was challenged to distil my leadership principles and beliefs into something simple and intuitive that would connect with our people. Something that would create a common language and behaviours to help our leaders succeed in achieving our collective mission of becoming the *most loved travel company* and *sustainably profitable*.

Other businesses have their own brilliant and famous manifestos, but this is ours. Something for us, that distils what it means to be a Virgin Atlantic leader.

It's a recipe 30 years in the making, shaped by more than a decade at Virgin Atlantic and five years as our CEO. Observing, studying, and refining ideas from leaders both inside and outside of our Company.

20 ingredients we can all live by. Acknowledging that we can't be good at everything all the time. That's not the point, really.

Use the recipe to reflect, learn and ultimately spur you to become a better leader. Perhaps, it will inspire you to set out on your own journey.

This Recipe for Leadership is particularly relevant in our 40th year, as we take stock of where it all began, dare to imagine a bright and brilliant future and make it happen.

Here it is. Virgin Atlantic's Recipe for Leadership.

Shai Weiss

1. We are Virgin Atlantic, and we see the world differently. Which sets us apart.
2. Relentless in our desire to be the *most loved travel company*. What we do matters. How we do things, equally so.
3. Here we are free to be who we truly are. Proudly so.
4. Our customers mean the world to us. We are flying because of them and exist to make their journey safe and special.

   Do right by them. Make them smile. It's that simple.
5. Partnerships power our success allowing us to overcome scale limitations. We partner the right way.

   Demanding yet equitable in our approach to overcoming obstacles. Together, we go farther.
6. The big picture is made of details and patterns. Dig deep. Seek perspective.
7. Consensus is not a goal. Making the right call is. Once it's made, act as one.
8. Action over words. Get s_ _t done.
9. Recognise that doing too much may get in the way of doing.
10. Focus on what matters. Brutal prioritisation is crucial to success.
11. Excellence exists and it must be pursued and achieved. It's an obsession.
12. We love winning and achieving results. Celebrate success. But don't let it get to your head.
13. To win we must risk and fail. Own it. Learn from it.
14. Lead! From the front. For your people.
15. Our starting point must be to demand more from ourselves. So we can become better. Every day. A lifelong journey.
16. Raise your hand before you are called upon.
17. Build your team with the best and only the best.
18. Team above self. For as a team we fly higher.
19. We trust our colleagues to act the same. Demand this from them.
20. Dare to imagine a better future. Make it happen. We are Virgin Atlantic.

shai - June 2023

CEO review of 2024

2024 was the year we made it count. Propelled by record revenues and continued cost discipline, Virgin Atlantic capitalised on the demand for business and premium leisure travel, achieving profitability[1] for the first time since 2016. A remarkable achievement for our teams and a significant step forward in our mission to becoming the *most loved travel company* and *sustainably profitable*.

In our 40th anniversary year, the financial, commercial and operational results illustrated that *Velocity*$_x$, our strategic plan, is working, setting a strong foundation for the future.

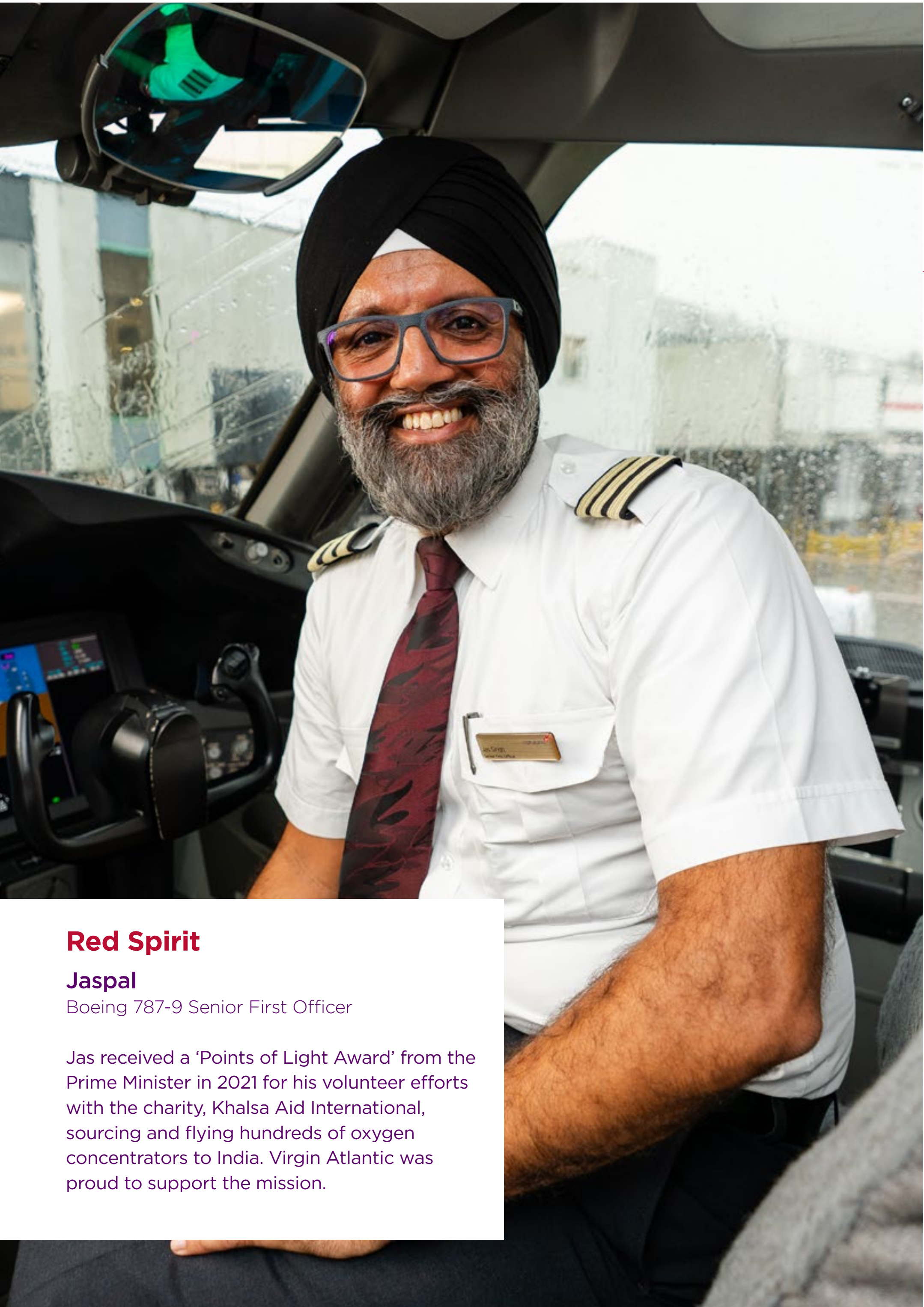
Record revenues and operating profit

Over the course of our plan, we have created an immensely strong core for Virgin Atlantic. Built on our purpose, that everyone can take on the world, and our values that put our guests at the heart of our existence. Most notably, we now have a network that delivers sustainable profits[1]. Serving both leisure and business. Flights, holidays and so much more under one brand with premium service. Digitally native driven by data and insight. Recognising and rewarding loyalty. Powered by operational excellence. Underpinned by a relentless focus on health, safety and security. And at the centre of our core is what makes Virgin Atlantic so special and unique: our amazing people. The core's beating heart. The red thread that keeps us flying miles above the rest, in service of our guests. We exist to make them smile, it's that simple.

We said that 2024 would be the year we make it count. We started the year with an ambitious but achievable plan, that required us all to be at our best. But it has not been smooth sailing, and we've encountered numerous challenges including persistent operational disruptions, wars, and economic uncertainty. Despite this, 2024 ended with record revenues of £3.3bn, record EBIT of £230m[2], more than four times that of 2023 and double our previous record set 25 years ago, and with so many more achievements to be proud of. Topped off by posting our first Profit Before Tax and Exceptional Items (PBTEI) since 2016, of £20m[1].

Confronted with reduced availability of Rolls-Royce Trent 1000 engines which power our Boeing 787 aircraft, we took decisive measures to safeguard our operations, achieving a flight completion factor of 98.6%. At the end of the year, Virgin Atlantic was recognised as the most punctual airline in the UK by Cirium. Subsequently, for an eighth consecutive year, we received recognition as Britain's only Five Star airline for passenger experience from APEX. All of this made possible thanks to the outstanding commitment of our teams, 365 days a year.

1 Defined as Profit before tax and exceptional items (PBTEI), see page 138 for reconciliation
2 EBITDA and EBIT before exceptional items. See pages 138 – 141 for reconciliation of all alternative performance measures



Red Spirit

Jaspal

Boeing 787-9 Senior First Officer

Jas received a ‘Points of Light Award’ from the Prime Minister in 2021 for his volunteer efforts with the charity, Khalsa Aid International, sourcing and flying hundreds of oxygen concentrators to India. Virgin Atlantic was proud to support the mission.

Record revenues were fuelled in part by demand for premium leisure air travel and holidays, with Virgin Atlantic Holidays regaining its number one position in Florida.

Passenger capacity was 7.6% higher than 2023, with growth across all revenue lines delivering record revenue of £3.3bn, up £182m versus 2023. Passenger revenue of £2.6bn beat previous records, with £1bn originating from the US. This despite the ongoing wars in both Ukraine and the Middle East.

In April, we launched our third Indian destination of Bengaluru, known as India’s Silicon Valley, representing an exciting opportunity to boost connectivity between India, the UK and tech hubs in the US. We also doubled our daily flights to Mumbai, meaning from 2025 we’ll offer more than one million seats to India – a 350% capacity growth since 2019, cementing the country’s position as a key strategic market and our largest area of growth outside of the US.

We continue to build a strong portfolio of premium sun destinations and leading global cities with our partners. As well as expansion in India, from May 2024 customers at our home in the North were able to fly direct from Manchester to Las Vegas once again and they helped us celebrate in style at our 40th birthday event in Vegas in June with Sir Richard Branson, our people and our partners. In 2025, our network will grow again with the introduction of Riyadh and return of Toronto at the end of March, and for those winter sun seekers, Cancun returns from October.

Our Hero products are vital to our core.

Flying Club members were able to take advantage of the launch of Unlimited Availability reward seats in October, when we became the first UK loyalty programme to allow members to pay for any seat on board with Virgin Points. In 2025 we will go further still. Meanwhile, a reimagined virginatlantic.com launched at the end of the year, unifying flights and holidays together in one place for the first time.

Virgin Atlantic Cargo continued to outperform out of the UK, exceeding 2023 revenue by £40m, capitalising on continued disruption to Red Sea freight and increased capacity out of India.

CEO review of 2024 continued

Leadership in sustainability

In November 2023, we made history with Flight100, the world's first transatlantic flight powered entirely by Sustainable Aviation Fuel (SAF), from London Heathrow to New York JFK. More than a year in the making, the flight demonstrated that SAF is a safe drop-in replacement for fossil-derived jet fuel, compatible with today's engines, airframes and fuel infrastructure and the only viable solution for decarbonising long-haul aviation. It built on our 15-year track record for leading the adoption of SAF at scale.

In support of our "Line in the Sand" manifesto published in October 2021, we committed to sharing all data, analysis, and findings from Flight100 on an open-source basis. Accordingly, in May, we held open access technical sessions to share these findings with industry stakeholders and the public, reinforcing our commitment to transparency.

> 'Our mission to elevate the guest experience will continue.'

We released results which showed that the use of 100% SAF saved the lifecycle equivalent of 95 tonnes of CO_2, or 64% of the emissions of a standard London Heathrow to New York JFK flight. We also learned that SAF has potential benefits beyond a reduction in lifecycle CO_2, including a 40% reduction in particulates which could potentially contribute to a significant reduction in contrail production. The higher energy density of SAF can also contribute to increased fuel efficiency and further emissions reductions. We know that SAF is the only viable mid-term solution to decarbonise long-haul aviation but a scale up in production is needed to meet 10% SAF by 2030 and the UK Government must move at pace to create a thriving UK SAF industry.

A fuel-efficient fleet is the most readily available and significant lever towards decarbonising long-haul aviation and we are proud to operate one of the youngest and most fuel and carbon efficient fleets across the Atlantic. Our special partnership with Airbus began with the arrival of 'Lady in Red' in 1993, with our most recent arrival, 'Ruby Rebel', marking our 40th birthday in 2024. Virgin Atlantic has flown more than 60 Airbus tails in the last three decades.
It was another proud moment at Farnborough International Airshow in July when we completed our multi-billion-dollar fleet transformation, with the purchase of seven additional Airbus A330-900s, which we know our customers and our people love to fly. It brings our A330neo fleet to 19 and by 2028, our fleet of 45 next gen aircraft will comprise 19 A330-900s, 12 A350-1000s, and 14 787-9s, with an average age of just 6.9 years.

Velocity$_x$

2024 was a turning point for Virgin Atlantic, the culmination of efforts over the last four years to return to sustainable profitability[1], following a pandemic which had threatened the entire sector. Over the course of *Velocity*$_x$, we have created an immensely strong core. Built on our purpose, that everyone can take on the world, and our values that put our guests at the heart of our existence.

2025 is the final year of *Velocity*$_x$, our four-year strategic plan, where we'll focus on protecting the core of our business and stimulating progress. We'll focus on developing our future home at London Heathrow and winning in London. Our connected network will continue to grow with the launch of Toronto, Riyadh and Cancun. We will encourage business customers to book holidays with us and we will reward our loyal guests by keeping Flying Club ahead of the competition and deepening our partnership with Virgin Red. We'll toast the centennial of our shareholder and Joint Venture partner, Delta Air Lines. Our mission to elevate the guest experience will continue, with a new app – the world of Virgin Atlantic in your pocket – a new Clubhouse in Los Angeles and we will grow our brand power with the next phase of our brand campaign, ensuring we reach new customers.

As ever, we will maintain our cost discipline, pay down debt and go further to deliver a profitable[1] year for the second year running. As we finish *Velocity*$_x$, we will no longer be constrained by our past or the challenges we've overcome. We'll pave the way for our next chapter – a bright and exciting future for Virgin Atlantic.

1 Defined as profit before tax and exceptional items (PBTEI). See page 138 for reconciliation

CEO review of 2024 continued

Our 40th anniversary

On June 22, we celebrated our 40th anniversary and reflected on the red thread that sets us apart and keeps us ahead. Sir Richard Branson founded Virgin Atlantic to shake up the airline industry by offering something different, unique and exciting. It was only right that we welcomed a brand new A330neo 'Ruby Rebel' into our fleet in April in honour of our founder, with a special Flying Icon and registration G-VSRB. In 1984, we brought a new approach to air travel, which challenged the status quo, revolutionising customer experience with exceptional service delivered by our people, bringing much needed competition to the skies.

It was in Las Vegas that I met Flight Service Managers Malcolm and Jacqui King-McKinnon, who met 40 years ago during our first year of flying. After spotting Jacqui in our iconic red uniform, Malcolm offered to help her with her luggage. Forty years later, the couple are married, have raised a family and still fly the skies together any chance they get. It really was love at first flight, which we marked with a vow renewal ceremony at the Little White Wedding Chapel, with Richard and I as celebrants. It was an honour to celebrate two of our people who have been with us since the beginning. They're part of our family and living proof that we have been bringing people together for the moments that matter for four decades.

Forty years on, we have evolved from a challenger to a leader, but our spirit remains as strong as ever. Our people will always be our superpower. Our promise to our guests is to create premium experiences that feel brilliantly different. We've always been purpose-led, driven by the belief that everyone can take on the world – we connect countries, families, businesses and loved ones. Bold in our ambition, uncompromising in our service and grounded in the responsibility we must do what's right for the communities we serve and the planet on which we all live. We'll champion inclusivity and use our business as a force for good. Always. This won't change.

In 2025, we dare to imagine a better future

2024 marked a turning point for Virgin Atlantic and our transformation. We have an exciting plan for 2025, which includes a new app, new routes to Toronto, Riyadh and Cancun, a reimagined clubhouse in Los Angeles and enhanced operational stability.

Our shareholders, Delta Air Lines and Virgin Group, have always shown confidence and conviction in our ability to thrive. Our teams do their absolute best, every day, to make our guests smile. It's that simple. I'm so proud to see their relentless efforts result in success and I'm grateful for everything they do.

Our people will continue to deliver the best experience for guests and our rich history of innovation drives us to continue improving, online, on the ground, in our Clubhouse and in the air. We'll pull the red thread forward. We'll dare to imagine an even better future. For Virgin Atlantic and aviation, just as we've done since 1984. Let's make it happen.

Shai Weiss

Virgin Atlantic comprises the passenger airline and three hero products

virgin atlantic

virgin atlantic holidays

Delivering premium holidays across our heartlands in Florida, the Caribbean and beyond

virgin atlantic cargo

Transporting freight in our aircraft throughout our network, including catering to specialist and time-sensitive cargo

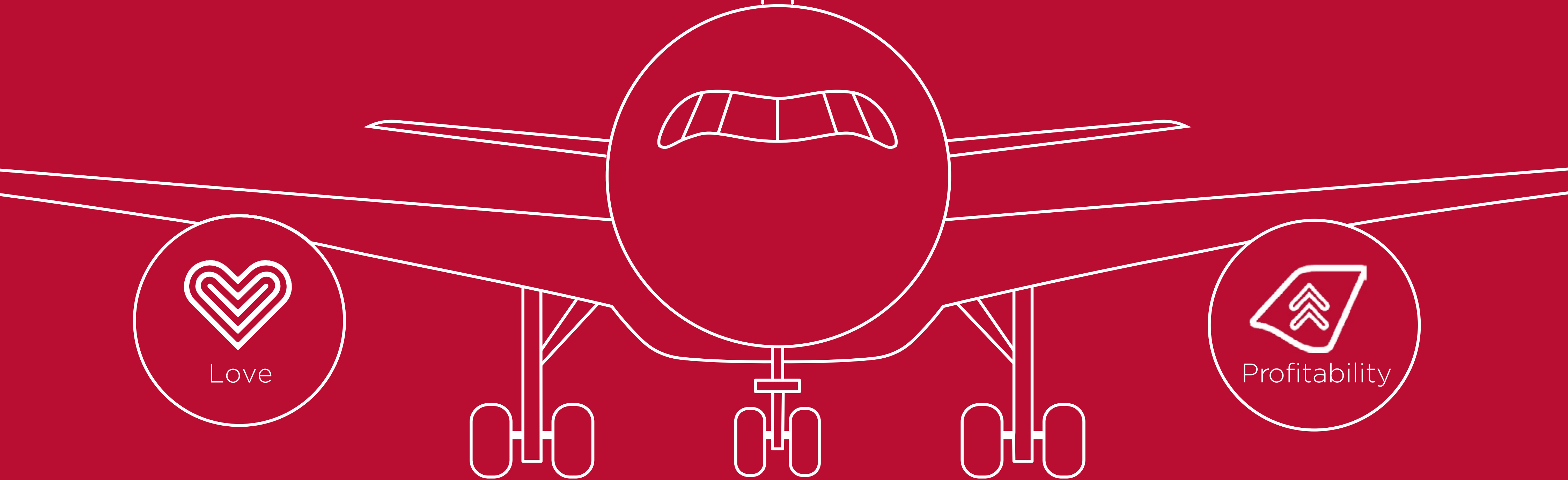
virgin atlantic flyingclub

Rewarding our loyal customers with an elevated Virgin experience, Flying Club unlocks access to rewards across the Virgin family through Virgin Red

Our strategy

With the belief that everyone can take on the world, Virgin Atlantic leads from the front. *Velocity*$_x$ is a transformational four-year plan built on the twin pillars of becoming the *most loved travel company* and *sustainable profitable*.

Through *Velocity*$_x$ we harness the power of our brand and our people – to make us the airline of choice for every destination we serve. Creating meaningful customer and people journeys that differentiate us whilst extending our reach and relevance through data, digitalization and brand power growth. Delivered with purpose, personalisation and a responsibility to do what's right for the communities we serve and the planet on which we all live. For our people, belonging and diversity of thought define what it means to be Virgin. ***Our business can and should be a force for good.***



Our key performance indicators

Key performance indicators

The Directors have outlined below the key performance indicators that they rely on to manage the business. These key metrics focus on volume, efficiency and cost performance within our business operations. The financial indicators are stated at constant currency.

Virgin Atlantic Airways

	2024	2023	2022	2021	2020	YoY
Passenger numbers (m)	**5.6**	5.3	4.4	1.1	1.2	+6%

Definition and purpose: A key volume measure used to assess volume growth and relative market share. Calculated as the total number of passengers who flew on Virgin Atlantic aircraft.

Performance: Passengers numbers have increased year on year in line with our increased capacity and capitalising on the desire for business and premium leisure travel. Numbers now reflect 95% of 2019.

	2024	2023	2022	2021	2020	YoY
ASK (km m)	**49,221**	45,748	39,383	14,180	13,043	+8%

Definition and purpose: An industry standard measure of passenger carrying capacity. Calculated as the number of available seats in each flown sector multiplied by the sector distance in km.

Performance: Full year capacity in 2024 is now flat with 2019, but impacted by operational challenges.

	2024	2023	2022	2021	2020	YoY
Sectors	**24,832**	23,720	21,835	13,593	10,601	+5%

Definition and purpose: An industry standard measure of capacity. Calculated as the number of one-way revenue flights flown between two points.

Performance: Sectors are up in line with increased capacity year on year, and are 5% higher than 2019 sectors despite two fewer aircraft, demonstrating enhanced fleet utilisation.

	2024	2023	2022	2021	2020	YoY
PRASK (p)	**5.23**	5.24	5.26	2.89	3.18	0%

Definition and purpose: An industry measure of operational efficiency that encompasses both passenger yield and load factor performance. Calculated as the total passenger revenue divided by total ASKs.

Performance: Passenger unit revenes are flat on 2023 reflecting the relative increases in both revenue and capacity.

	2024	2023	2022	2021	2020	YoY
Load factor (p)	**77**	77	73	49	61	0

Definition and purpose: An industry standard capacity utilisation measure that assesses how efficiently we fill our aircraft seats. Calculated as the total number of passengers divided by total available seats.

Performance: Load factors remained strong throughout the year aligned with increased passenger numbers, consistently above 80% during the summer months.

	2024	2023	2022	2021	2020	YoY
Fuel CASK (p)	**1.66**	1.93	2.25	1.77	2.22	-14%

Definition and purpose: A key fuel metric, Fuel CASK (p) measures our unit fuel spend and assesses our aircraft fuel efficiency and fuel hedging effectiveness. Calculated as the total fuel spend divided by total ASKs.

Performance: Fuel costs are down year on year due to the reduction in H1 in fuel price versus the record highs seen in 2022, as well as increases in our hedging cover.

	2024	2023	2022	2021	2020	YoY
Non-fuel CASK (p)	**3.99**	4.05	3.84	7.03	7.81	-1%

Definition and purpose: Our key volume-adjusted operational cost metric that indicates our cost control performance excluding fuel. Calculated as the total operational costs and overheads (ex-financing costs) divided by total ASKs.

Performance: Continued cost discipline has kept non-fuel costs flat year on year and below inflation.

Our key performance indicators continued

Virgin Atlantic Holidays

	2024	2023	2022	2021	2020	YoY
Virgin Atlantic Holidays customers ('000)	**255**	231	250	33	59	+10%

Definition and purpose: A key measure of volume and activity which drives holiday revenues. Calculated as the total number of customers served in the year, across all holiday types.

Performance: Growth in customer numbers reflects the demand for premium sun destinations and continued strength in our Florida heartland.

	2024	2023	2022	2021	2020	YoY
Virgin Atlantic Holidays revenue (£m)	**517**	471	487	63	96	+10%

Definition and purpose: A key financial metric, underlying overall performance and reflecting growth and market share.

Performance: Revenue up in line with increased customer demand.

Virgin Atlantic Cargo

	2024	2023	2022	2021	2020	YoY
Chargeable weight (m kg)	**199**	158	191	207	156	+26%

Definition and purpose: Utilisation of bellyhold cargo capacity helps drive overall profitability of the airline. Calculated as the revenue generating chargeable weight carried on Virgin Atlantic Cargo's network measured in kg.

Performance: Chargeable weight is up year on year as a result of increased bellyhold capacity and Red Sea disruption which heightened industry-wide demand for air cargo.

	2024	2023	2022	2021	2020	YoY
Yield (£/kg)	**1.19**	1.24	1.97	2.16	2.05	-4%

Definition and purpose: Used to measure revenue performance (£) per kilogram carried on Virgin Atlantic Cargo's network. It's a measure of pricing execution that has a direct impact on the overall profitability of the business.

Performance: As expected with the cargo market normalisation, yields are down but remain strong versus 2019 (up 27%).

Red Spirit

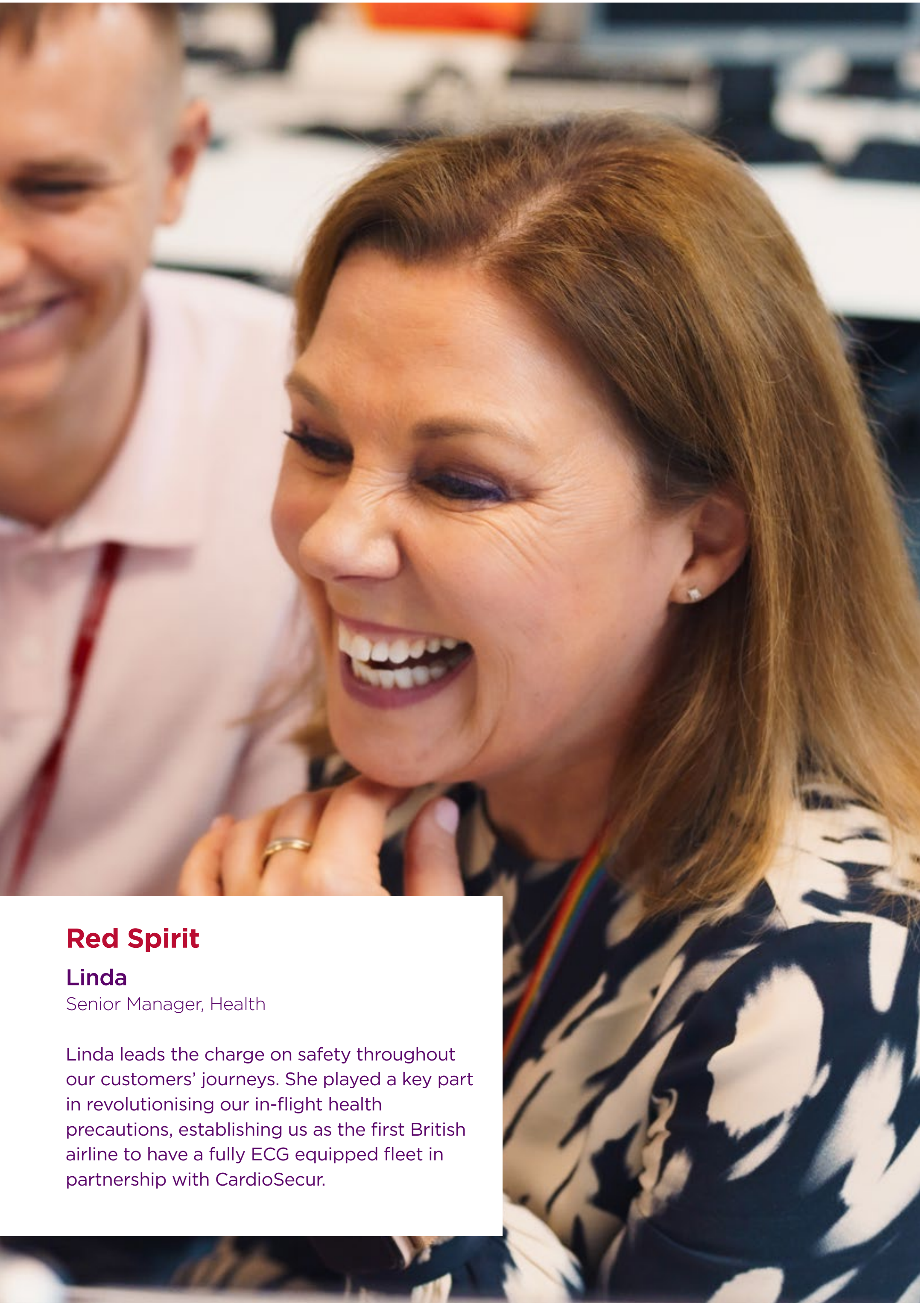
Hazel

Crew Performance Manager

Outside of her work looking after over 300 of the Virgin Atlantic crew, Hazel volunteers for the NHS – lifting spirits and spreading cheer with her warm and caring nature.

Four decades of style

Our people are our superpower – the bright red thread that has kept us together, from 1984 to today. And they've done it all in style, donning five stunning uniforms since we first took to the skies. Arabella Pollen set the tone for our uniforms from day one with two in succession. David and Elizabeth Emanuel shook things up in 1991, followed by John Rocha introducing a dash of purple in 1999, before Vivienne Westwood took up the mantle in 2014, adding colour and trademark style.



Red Spirit

Linda

Senior Manager, Health

Linda leads the charge on safety throughout our customers' journeys. She played a key part in revolutionising our in-flight health precautions, establishing us as the first British airline to have a fully ECG equipped fleet in partnership with CardioSecur.

CFO statement

Overview of financial performance

In 2024, our 40th year we delivered on our plan of returning Virgin Atlantic to profitability[1]. We recorded a Profit Before Tax and Exceptional Items of £20m (2023: loss of £171m[2]) and the first profit since 2016[1,2]. This result is down to the tremendous efforts of all the people at Virgin Atlantic and reflects substantial progress on our journey to become the *most loved travel company* and *sustainably profitable*.

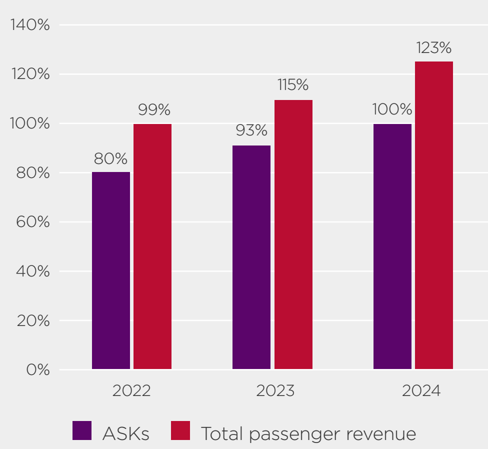
2024 was another year characterised by significant geopolitical uncertainty and supply chain disruption. Our operation was significantly impacted by the availability of spare aircraft engines, reducing our completion factor to 98.6% (2023: 99.7%). Despite this we delivered another year of capacity growth, with ASKs of 49.2bn up 7.6% vs 2023 and surpassing 2019 for the first time since the pandemic, and were rated as the most punctual airline in the UK by Cirium.

We recorded an operating profit before exceptional items of £230m, a £182m improvement on 2023 and £157m higher than 2019. Revenue reached £3.3bn, a record for the second year in a row. This combined with continued cost discipline (2024 NFCASK: 3.99p[4]) powered Virgin Atlantic to deliver a record EBITDA[3] of £504m and record EBIT[3] of £230m, over four times the 2023 result (£48m[2]). Our statutory loss for the year was £95m (2023: £226m).

Capacity and passenger revenue

We entered the year conscious of the ongoing pressures on consumer spending, and of the dampening of corporate demand we had seen in 2023. The network continued to grow with the launch of Bengaluru and additional services into several existing markets. The ongoing war in the Middle East meant we were unable to re-start flying to Tel Aviv and the impact of reduced engine availability required us to take tactical decisions to reduce flying during the year.

ASKs and passenger revenue as a % of 2019

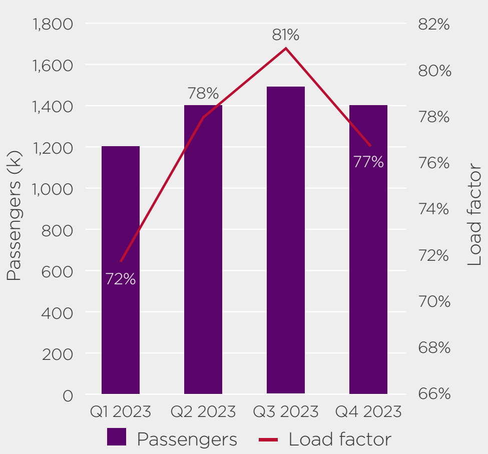


1 Defined as Profit before tax and exceptional items (PBTEI), see page 138 for reconciliation
2 2023 results restated to remove unrealised FX gains and losses from reported results
3 EBITDA and EBIT before exceptional items. See pages 138-141 for reconciliation of all alternative performance measures
4 2023 results restated to be consistent with current year, removing intercompany costs relating to shared services to give an accurate view of airline only costs. Refer to page 140 for details

CFO statement continued

Passenger revenue grew to £2.6bn (2023: £2.4bn) setting a new record for the second year in succession. Performance was driven by strong demand for premium cabins and yields, offsetting a flat load factor of 77% year on year.

2024 passengers and load factor



Cargo revenue

Cargo ended the year leading the market share position out of the UK, delivering revenues of £236m, up 20% on 2023 (£196m) and ahead of 2019 by 10% (2019: £214m). This strong performance was driven by a 26% increase in tonnage year on year, backed by strong yields. We have continued to benefit from disruption to the Red Sea freight routes and increased capacity out of India, whilst increasing our share of premium products such as pharmaceuticals.

Virgin Atlantic Holidays[3]

Virgin Atlantic Holidays delivered strong growth of 10% in both revenue and passenger volume through increased internal focus and external marketing effort. Revenue reached 82% of 2019 at £517m (2019: £627m) as the demand for premium leisure travel remained strong. We regained our number one position in Florida, with growth in passenger numbers as well as in winter sun destinations such as Dubai, the Maldives and the Caribbean.

Financial results and key metrics[2]

£m	2024	2023	2022	2019
Revenue	**3,301**	3,111	2,854	2,927
EBITDA[1,2]	**504**	320	300	337
EBIT[1,2]	**230**	48	61	70
PBTEI[1,4]	**20**	(171)	(145)	(26)
Statutory loss	**(95)**	(226)	(342)	(55)
EBIT Margin (%)	**7**	2	2	2
Sectors	**24,832**	23,720	21,835	23,551
ASK (km bn)	**49.2**	45.8	39.4	48.8
Passengers (000)	**5,615**	5,285	4,380	5,877
Load factor (%)	**77.3**	77.1	73.4	81.1
PRASK (p)	**5.23**	5.24	5.26	4.27
NFCASK (p)	**3.99**	4.05	3.84	3.46

1 2019, 2022 and 2023 results restated to remove unrealised FX gains and losses from reported results
2 EBITDA and EBIT before exceptional items. Refer to Alternative Performance Measures on pages 138-141 for definitions and reconciliations of these metrics
3 Virgin Holidays Limited shall be trading as Virgin Atlantic Holidays under our unified brand
4 PBTEI before exceptional items. See pages 138 – 141 for reconciliation

Cost discipline has remained tight, following actions taken in 2020 to rationalise our retail estate and streamline operations under the unified brand programme.

Capital investment

Our total capital expenditure of £343m, relates principally to investment in our fleet. We are committed to flying one of the youngest and most fuel-efficient long-haul fleets in the sky. During the year we took delivery of the final two of our twelve Airbus 350-1000s, as well as four more Airbus 330-900s. We now have eight of this aircraft type in the fleet, with a further four to arrive in 2026. In July we announced the order of another seven to be delivered by 2028, taking the fleet type to 19.

The majority of our non-fleet capital investment relates to the ongoing technology transformation of both our customer facing and enabling digital systems.

Fuel costs

Physical fuel costs of £815m were up 19% on 2019 primarily due to increases in the price of Brent and jet crack, as well as increased sectors. Lower fuel usage as a result of more fuel-efficient aircraft offset some of the impact of higher prices. Our hedging cover is aligned with pre-pandemic levels to provide protection against adverse fluctuations in the price of jet fuel.

CFO statement continued

‘We regained our number one position in Florida, with growth in passenger numbers as well as in winter sun destinations such as Dubai, the Maldives and the Caribbean.’

Aircraft costs

In 2024 we took delivery of six new aircraft, advancing efforts to simplify our fleet and reach 100% “next generation” by 2028. We ended the year with 45 aircraft, the same number of aircraft as we had in 2019. Aircraft and engineering costs together totalled £426m, 3% higher than 2023 and 21% higher than 2019. Aircraft costs remained flat year on year while engineering costs increased by £14m to £231m (2023: £217m), proportionately aligned with the increase in sectors flown during the year.

Other non-fuel costs

A key facet underpinning our overall financial performance is our tight cost control, which has kept increases in overheads and direct operating costs below UK inflation. Non-fuel CASK of 3.99p was flat on 2023 and 15% up on 2019. This contrasts with a 25% increase in CPI over the same period, demonstrating the results of continued cost discipline.

CFO statement continued

Finance costs

Finance costs of £322m were £14m higher than 2023, predominantly driven by interest rate increases on leases and on external and shareholder debts, in line with inflation. During the year over £700m of financing initiatives were delivered, including repayment of £174m of pandemic-related debt.

Results for the year

EBITDA[1], which excludes exceptional items, was £504m in 2024 (2019: £337m) and EBIT[1] of £230m was four times greater than 2023 and double that reported in 1999, which was our previous record. The gap between PBTEI[1] of £20m (2023: loss of £171m) and statutory loss after tax for the year of £95m, is largely driven by the finance costs incurred on shareholder debt and represents an improvement of £135m on the losses recorded in 2023.

Returning to profitability[2] for the first time since 2016 further demonstrates that our plan is working and we are closer to realising our commitment of becoming a *sustainably profitable* airline.

Total cash at the end of the year was £443m, including £64m (2023: £71m) of restricted cash, but excluded £51m (2023: £70m) of unremitted cash which is recognised within our receivables balances.

Net positive operating cash flows of £386m (2023: £332m) were primarily driven by a reduction in losses, as well as an improvement in working capital of £106m. Total cash increased by £37m, as operating cash flows were reduced by an increase in year on year outflows relating to fleet investment.

Long-term borrowings rose as a result of new aircraft financing coupled with increasing interest expenses accrued on shareholder loans. A portion of our long-term borrowings are secured against our UK slot portfolio which had a year-end market value of circa £715m.

Balance sheet, cash flow and financing

£m	2024	2023	2022	2019
Cash from operating activities	**386**	332	119	217
Cash (used in) investing activities	**(155)**	(98)	(100)	(558)
Cash (used in)/from financing activities	**(188)**	(215)	(217)	317
Cash increase/(decrease)	**43**	19	(196)	(25)
Effects of exchange rate differences	**-**	(12)	23	(15)
Unrestricted cash	**379**	335	329	353
Total cash	**443**	406	399	449
Debt	**(3,807)**	(3,573)	(3,401)	(2,215)
Net debt	**(3,364)**	(3,167)	(3,002)	(1,766)
Net (liabilities)	**(1,653)**	(1,538)	(1,454)	(190)

Adjusted balance sheet metrics

£m	2024	2023	2022	2019
Reported net (liabilities)	**(1,653)**	(1,538)	(1,454)	(190)
Slot portfolio valuation (fair value, less cost)	**650**	626	541	350
Adjusted net (liabilities)/assets	**(1,003)**	(912)	(913)	160
Unrestricted cash	**379**	335	329	353
Unremitted cash	**51**	70	208	70

Outlook

Demand for travel has remained strong through the first quarter of 2025, with peak campaign sales up year on year, boosted by capacity growth on routes such as Dubai and the Maldives.

In 2025 we plan to grow capacity by 3-5%, a more modest rate than recent years. Growth will be delivered through the annualised impact of 2024 aircraft deliveries, deployed into new markets: Riyadh, Cancun and Toronto. Cost discipline remains a fundamental cornerstone of our performance and will be delivered alongside investing in and improving our customer experience.

We are confident our plan is working and 2025 will deliver another successful year towards fulfilling our vision of becoming the *most loved travel company*, as well as *sustainably profitable*.

Oliver Byers
Chief Financial Officer

21 March 2025

1 EBITDA and EBIT before exceptional items. See pages 138 – 141 for reconciliation of all alternative performance measures
2 Defined as Profit before tax and exceptional items (PBTEI), see page 138 for reconciliation

Creating value for our stakeholders

Our people

At 31 December 2024 we had 8,760 people based in the UK and in key destinations around the world. Of this, 12% were pilots and 43% cabin crew.

How we engage: We promote a transparent, two-way multimedia communication approach with our people, utilising an enterprise social media platform: Workplace from Facebook. Workplace provides an open forum where our people regularly contribute, keep up to date on the news flow of the Company, and can engage in discussions with their colleagues and leaders. This includes a highly active ‘Ask Shai’ CEO Q&A group, a CEO “the week that was” blog post and regular live ‘in conversation’ sessions with senior leaders. We engage in formal communications with our people through trade union and employee committee representation.

Our incredible people are the red thread that makes Virgin Atlantic so special, and colleague feedback is critically important in our journey to become the *most loved travel company*, enabling us to focus on the moments that truly matter, and take meaningful actions. In our end-of-year happiness survey in 2024, 44% of our people took the time to share their views with us. The questions asked are science-backed and survey results help us understand sentiment, identify the areas that make a positive difference in the colleague experience and the opportunities for us to improve.

In 2024: Effective communication with our people has been critical to how we delivered record revenue and operating profit whilst navigating operational disruption and ongoing geopolitical uncertainty.

To support our people to be at their best, we broadened our learning and development offering, reinforced our commitment to fostering an inclusive culture where everyone feels a sense of belonging and continued to actively encourage the sharing of feedback across the Company, which provide opportunities for growth, enhancing development and performance.

This year we have continued to deliver on our ‘Be Yourself’ strategy, accelerating our thinking on how we build an increasingly inclusive workplace and organisation. We have taken tangible steps to improve diversity, equity and inclusion, delivering some impactful initiatives and new policies to support our people during the moments that matter. We are committed to creating a workplace at Virgin Atlantic where everyone can thrive.

Customers

Our customers are at the heart of everything we do. We served over 5.6 million airline passengers and over 250,000 holiday makers.

How we engage: Virgin Atlantic has built its reputation on unique and individual customer experience, a rich design history, and an innovative approach to our products. As well as our people’s direct personal engagement every day, we listen to our customers through a range of satisfaction and market research surveys, with net promoter score (NPS) being a key measure of success used across the Company.

In 2024: We have delivered a new unified website experience under the Virgin Atlantic masterbrand, integrating flights and holidays into a single digital experience at www.virginatlantic.com. This includes a new and improved booking journey for both flights and holidays, with Flying Club seamlessly embedded.

In parallel we have developed new Flying Club account functionality online, adding the ability to create and manage household accounts. We ended the year by launching unlimited availability of reward seats, combining some of the lowest points pricing in the market for Saver seats with the ability to spend points on any seat, maximising choice for our members. Since launch we have seen strong double-digit growth in reward seat volumes from all Flying Club member cohorts and geographies.

We continue to deliver brilliantly different journeys for our customers. This year, we expanded our meal pre-order selection to offer dishes beyond our onboard menu for Upper Class customers travelling from the US, increasing choice whilst reducing onboard wastage. We saw overall customer satisfaction improve in our Premium cabin main meal service following additional investment.

Creating value for our stakeholders continued

In recognition of increased flying to and from India, we introduced a highly regionalised food and beverage offering on our Delhi, Mumbai, and Bengaluru routes, and increased our Indian inflight entertainment selection by 85% compared with 2023.

In our award-winning London Heathrow Clubhouse, we designed a new relaxation space for customers to unwind before travel, or relax between connecting journeys through Heathrow, and renovated our Upper Class Wing with direct elevator access and refreshed branding and way-finding throughout.

Joint Venture partners, SkyTeam members and other airline agreements

Our airline partnerships include the expanded Joint Venture with Delta Air Lines, Air France, and KLM, together with 74 codeshare and interline partners. In March 2023, we became a member of the SkyTeam Global Alliance, which has generated new codeshare partnerships with China Eastern, Kenya Airways, Korean Air, Saudia, Vietnam Airlines and SkyTeam's newest member, SAS Scandinavian Airlines. These partnerships offer our customers the ability to travel to 1,000 destinations in 160 countries on 13,600 daily flights. Our customers have also benefitted from the development of bilateral loyalty partnerships with SkyTeam members' Frequent Flyer Programmes, including SkyPriority benefits which provide access to over 750 SkyTeam lounges for Flying Club Gold members.

How we engage: Our partnership with Delta Air Lines is in its tenth year, and in 2020 this expanded into a new Joint Venture between Delta Air Lines, Air France and KLM. Our Joint Venture focused on an aligned Flight Plan which aimed to make it the most preferred, integrated and profitable Transatlantic Joint Venture through focus on our customers, our employees, and sustainability. We aimed to reinvest our success to strengthen the Joint Venture network and products long-term by focusing on four key pillars within the partnership.

In 2024: Throughout the year, we continued our full Joint Venture governance at leadership and working group levels with both in person and virtual meetings, collaborating effectively with our partners Delta Air Lines, Air France, and KLM on strategic, commercial and operational deliverables. We focused on ensuring that our collective customers were and continue to experience aligned customer journeys, despite the rapidly changing travel environment.

Creating value for our stakeholders continued

Suppliers

Our suppliers make it possible to serve our customers with the flair and high standards that are akin to our brand; they are the backbone of our operation. We have a global supply base spanning airframe and engine manufacturers, airports and operational suppliers along with suppliers supporting our back-office infrastructures that enable our teams to operate at their best.

How we engage: We seek to maintain open and constructive relationships across our supplier network, recognising that the performance of our suppliers is integral to everything we do. We have a structured supplier relationship framework that supports engagement between our people and our suppliers. Policies and standards, including our Responsible Supplier Policy, are regularly reviewed to ensure they align with our supply chain sustainability criteria.

In 2024: The macro-economic climate continued to present challenges, making supplier relationships crucial for maintaining our high standards of service and delivery. Despite ongoing labour, supply and cost challenges, our collaboration with suppliers has been instrumental in upholding these standards.

In 2024, we initiated a structured relationship management programme across our high-value and critical suppliers. Key objectives include mandatory training for all Contract Managers, dedicated procurement resources to support the delivery of the programme, enterprise reporting of supplier performance and bi-annual forum for Contract Sponsors and Managers to share market insights.

Communities

We engage with the local communities in each of our major locations, partnering with local schools, business groups and community organisations.

How we engage: Our Passport to Change programme focuses on outreach into schools near our main operations centres to help inspire the next generation, particularly on STEM skills. We supplement these actions with charitable and business network activities in many of our locations and holiday destinations. We also use the power of our people and planes to support humanitarian crises in our communities.

In 2024: We launched new charity partnerships with STEM Learning who support our Passport to Change programme, and Save the Children as our disaster relief partner, concluding our previous partnerships with Speakers for Schools, The Smallpeice Trust and the United Nations High Commissioner for Refugees. Through our Passport to Change programme, we reached 1,091 young people across four school location in the US and UK, supported by 191 Virgin Atlantic mentors, who collectively volunteered 1,545 hours of time to the programme.

We deployed our disaster relief response in aid of Hurricane Beryl, providing flights to five humanitarian responders and delivering 35 tonnes of humanitarian aid free of charge.

Shareholders and other financial stakeholders

Our vision is to be the *most loved travel company*. Our shareholders, Virgin Group and Delta, are represented on the Group Board and play a critical role in helping us achieve this vision. Whilst shareholders are core providers of capital to support and invest in the Company we work with a number of capital providers, hedging and leasing counterparties who are key to supporting the short- and longer-term objectives of the Group.

How we engage: In addition to regular meetings of the Board and its sub-committees, there are frequent meetings with shareholder representatives as well as their Board representatives. These include in-person meetings, where possible, in addition to both routine and ad hoc conference calls. We maintain active, open and frequent communications with our financial stakeholders to ensure they are well informed in respect of our financial and operational performance, plus any specific or emerging topics. This includes a monthly call with the CFO, where financial stakeholders can engage and interact with senior management.

In 2024: We have maintained regular and significant engagement with our shareholders and financial stakeholders.

Creating value for our stakeholders continued

Regulators and governments

In the UK, we are regulated by the Civil Aviation Authority (CAA) and regularly engage with governments, policy makers, airline trade associations and tourism bodies both in the UK and overseas.

How we engage: Our government affairs, sustainability, operations, and commercial teams are in regular and close contact with relevant regulatory bodies, UK Government departments and their agencies, and elected representatives. We are highly active in engaging with all regulatory and political stakeholders on issues which impact our ability to operate, our reputation, and are important to our customers.

In 2024: Following the UK General Election in July and the appointment of a new Government, we have focused engagement on building stronger relationships with new ministers, advisers and parliamentarians. The new Government has set out national missions, including prioritisation of economic growth and support for the energy transition, which align closely to our priorities, including the sustainable growth of our sector to maintain the economic benefits of aviation as we drive towards our Net Zero 2050 goals. Our policy focus, therefore, remained strongly oriented towards these twin missions. We have consistently campaigned for greater and more urgent policy support to enable commercial production and usage of sustainable aviation fuel (SAF) in the UK. Having secured a commitment in the first King's Speech for a Revenue Certainty Mechanism Bill, we continue to engage on the detail of the scheme, which will be key to securing investment into UK SAF production in support of the SAF Mandate, which entered into force on 1 January 2025. We have also taken the role of Co-Chair at the Jet Zero Taskforce Expert Group, which will bring together industry and Government to work towards specific policy measures that support the transition to Net Zero, including on SAF, zero-emission aircraft and greenhouse gas removals.

We have also strongly advocated for recognition of the aviation sector in the new Industrial Strategy, which sets out the Government priorities for economic growth. Given the strategic importance of connectivity to many of the growth-driving sectors, airlines and aviation play a foundational role in the UK economy and its international competitiveness. This informs our engagement on a range of other issues, where we have worked alongside industry to create a competitive operating environment, to build resilience and minimise costs.

As we enter the next phase of economic regulation, we are engaging UK Government, Parliamentary stakeholders and the CAA on the economic regulation of Heathrow Airport, to ensure that investment at Heathrow is efficient, affordable and in the interests of consumers. We also engaged Government on the implementation of the new Electronic Travel Authority, which is will be rolled out to US nationals in January 2025, and to secure an exemption for connecting passengers through Heathrow to support connectivity between Virgin Atlantic, our Joint Venture partners and SkyTeam members. We are also working with the Departments for Transport and Education through the Aviation Industry Skills Board to develop new skills policies to address critical skills shortages in the sector, including reform of the apprenticeship levy.

Section 172(1) statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a director to have regard to (amongst other matters) the:

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the company.

The Directors understand that how we behave matters not only to our people but also to the many stakeholders who have an interest in our business.

We believe that productive business relationships with our suppliers, customers and other key stakeholders are key to the ongoing success of the Group and that the interests of relevant parties should be considered when making decisions that may impact them. Though engagement is carried out by those most relevant to the stakeholder or issue in question, the Directors receive updates on the engagement that has been undertaken, the reoccurring questions, concerns raised and the feedback provided by the Group's key stakeholders.

When making decisions the Directors take the course of action that they consider best leads to the success of the Group over the long term. When doing so, they also consider the interests of the stakeholders that we interact with.

The Directors acknowledge that every decision made will not necessarily result in a positive outcome for all our stakeholders, but by considering the Group's purpose and values together with its strategic priorities the Directors aim to make sure its decision is consistent and predictable.

We set out throughout the Strategic Report some examples of how the Directors have had regard to the matters set out in section 172(1) (a) to (f) when discharging their section 172 duty and the effect of that on certain of the decisions taken by them, in particular on pages 26-28.

By considering these matters the Directors have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 when performing their duty under section 172.

Non-financial and sustainability statement

The table below sets out where information relating to non-financial and sustainability matters can be found in our Annual Report.

All policies are available on the intranet for all employees to view.

Reporting requirements	Relevant initiatives and policies	Where to read more in this report about our impact, including principal risks relating to these matters	Page (s)
Climate change and sustainability	Commitment to Net Zero by 2050 Sharing Flight100 results with industry (page 63) Responsible supplier policy Member of: Jet Zero Council Cleaner Skies for Tomorrow Aviation Climate Taskforce Sustainable Aviation	Climate-related Financial Disclosures (Companies Regulations 2022) Task Force on Climate-related Financial Disclosures Sustainability approach, strategy, focus and targets Risk – sustainability Modern Slavery Act statement	65-81 65-81 46-59 89-90 Here
Employees	Employee handbook 'Red Book' Equal opportunities and anti-discrimination policy Data protection policy Travel and expenses policy	Diversity, equity and inclusion Employee wellbeing and happiness Talent acquisition, management, development and retention Gender pay gap reporting Purpose and vision Risk – Brand and People Risk – Health, safety and security Modern Slavery Act statement	33-38 33-38 33-38 38, Here 2 91-92 84-85 Here
Human rights	Employee handbook 'Red Book' Responsible Supplier policy	Modern Slavery Act statement	Here
Social matters	Passport to change Humanitarian relief efforts Gifts and hospitality policy	Communities	39-45
Compliances	Civil Aviation Authority licensing compliance Anti-bribery and corruption policy Competition law compliance Whistleblowing policy Anti-Facilitation of Tax Evasion policy	Risk – Health, safety and security Risk – Regulatory & legislative	84-85 92
Business model		Our business model *Velocity$_x$*	4, 15 16
Non-financial metrics		Operations Scope 1-3 Greenhouse Gas emissions	3 79-80

Red Spirit

Kirk

Cargo Operations Manager

Having joined Virgin Atlantic in 1996, Kirk has seen his fair share of interesting cargo. Including supercars, 7ft Christmas trees and even lobsters! He found his happy place at Virgin and would encourage others to stay positive.

Business as a force for good

Business as a force for good

At Virgin Atlantic, business as a force for good remains at the core of everything we do – supporting our belief that everyone can take on the world and our vision of becoming the *most loved travel company*. In 2024, we reinforced this commitment, bringing together our enterprise efforts to protect our planet, empower our people, and positively impact the communities we serve, under the accountability of our CEO.

In 2024, we continued to invest in our greatest asset – our people. This year, we introduced new training programmes, apprenticeships, and wellbeing services to support colleagues as they navigate their careers. We have strengthened our community action by forming two new strategic partnerships to expand our Passport to Change programme and further harness the power of our people and planes when disasters strike. Lastly, we remain committed to achieving our environmental targets through radical collaboration and innovation across our value chain.

Supporting the UN Sustainable Development Goals

Our dedication to the UN Sustainable Development Goals (SDGs) remains unwavering – a global call to action to end poverty, protect the planet, and improve lives by 2030. Our purpose aligns with 12 of the 17 SDGs, focusing on the areas where we can create the most significant positive impact.

UN SDGs aligned with most loved pillars

Materiality assessment

In early 2022, we conducted our first Environmental, Social and Governance (ESG) materiality assessment – evaluating the issues that influence our business values and matter most to our people, customers, partners, suppliers, and investors. In partnership with external ESG experts, we identified key priorities including people happiness, carbon reduction, climate resilience, leadership, advocacy, and innovation.

The assessment validated that these priorities are the right areas to drive sustainable, long-term business success while creating positive outcomes for our stakeholders and the planet. As we continue our journey, we're committed to taking bold action and collaborating across the industry to deliver lasting change.

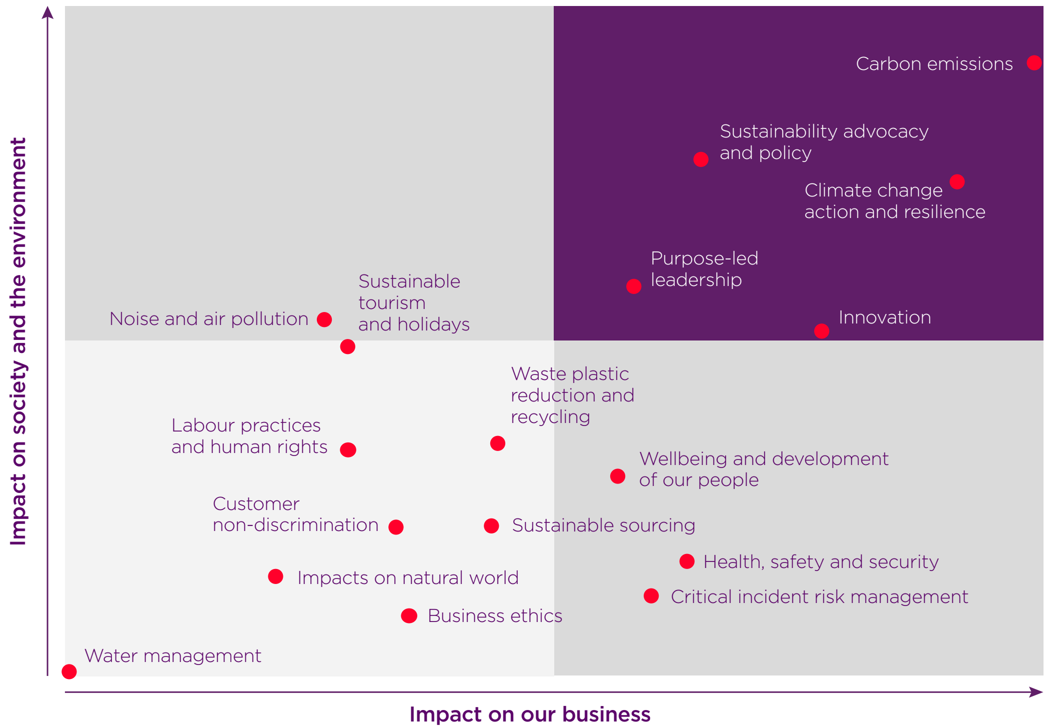
Governance

In 2024, we bolstered our business as a force for good governance with the approval of an ESG committee and the formation of our carbon taskforce, reflecting our commitment to manage the financial and sustainability implications of decarbonising the airlines' operations.

We continue to measure, monitor, and report quarterly to our Leadership Team on carbon emissions, colleague happiness, diversity and inclusion, and community investment.

Our senior leaders are incentivised and rewarded against carbon emission reduction targets and colleague inclusion scores.

Our current assessment and priorities



Our people

Our people are at the heart of everything we do. We're committed to bringing together a workforce that reflects the society we live in, creating an environment that supports diversity, equity and inclusion, and allowing all our people to bring their whole selves to work and perform at their best.

Key focus areas

Happiness
Learning
Diversity, equity and inclusion

2024 progress

47%•
females in leadership positions

14%•
ethnic diversity across total workforce

29,168
pieces of feedback captured in 2024

Velocity$_x$ target

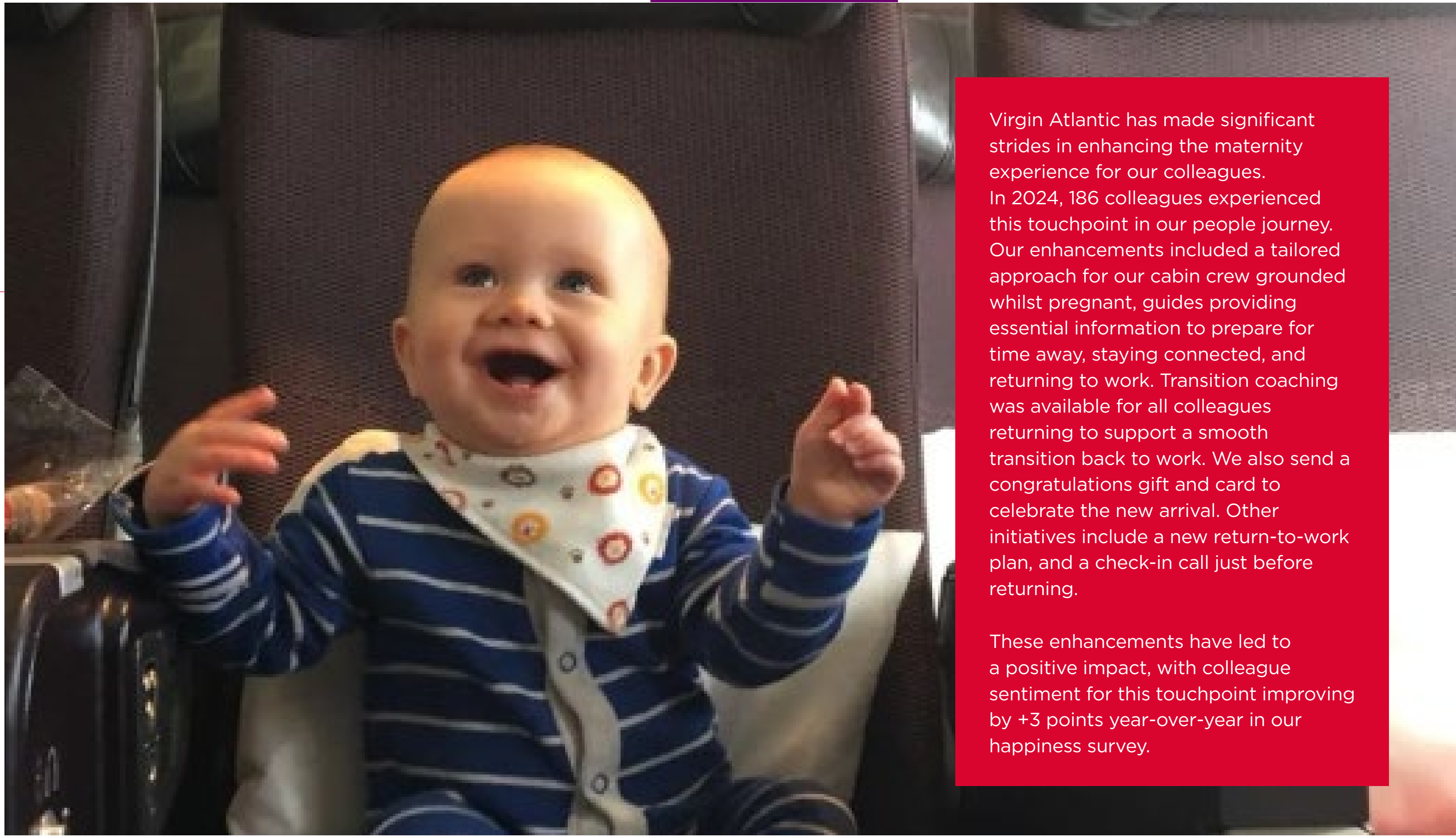
46%
females in leadership positions (recruitment at 50%)

15%
ethnic diversity across total workforce (recruitment at 20%)

SDG alignment

• KPMG LLP has issued independent limited assurance, using assurance standard ISAE(UK)3000, over selected data indicated. KPMG's assurance statement and Virgin Atlantic's Reporting Methodology are available here

Our people continued



Virgin Atlantic has made significant strides in enhancing the maternity experience for our colleagues. In 2024, 186 colleagues experienced this touchpoint in our people journey. Our enhancements included a tailored approach for our cabin crew grounded whilst pregnant, guides providing essential information to prepare for time away, staying connected, and returning to work. Transition coaching was available for all colleagues returning to support a smooth transition back to work. We also send a congratulations gift and card to celebrate the new arrival. Other initiatives include a new return-to-work plan, and a check-in call just before returning.

These enhancements have led to a positive impact, with colleague sentiment for this touchpoint improving by +3 points year-over-year in our happiness survey.

Our people

We see the world differently at Virgin Atlantic. Our incredible people are the red thread that makes us so special. We strive to create an environment where people can bring their full selves to work, using their unique individual perspectives to build the brilliantly different experiences our customers value. This connection – between our people and our customers – is at the heart of our identity, and forms the foundation of our distinctive approach: our double helix. This year, our people have remained at the forefront of our efforts, enabling us to deliver on our promise of brilliance and individuality, as part of mission to become most loved and *sustainably profitable*.

2024 is the year we made it count; by investing in our people we've supercharged their performance to deliver results for the Company. We broadened our learning and development offering, reinforced our commitment to fostering an inclusive culture where everyone feels a sense of belonging and continued to actively encourage the sharing of feedback across the Company, which provide opportunities for growth, enhancing development and performance.

Happiness of our people

Continuous improvement is the foundation of a performance culture, so twice a year we give all our people the opportunity to have their say through a confidential survey where they share valuable feedback that gives us an understanding of colleague sentiment across the Company and allows us to take meaningful action to increase happiness levels. We also measure inclusivity, wellbeing and retention through this survey.

Wellbeing remains a key pillar in our people plan, ensuring that we have the fundamentals in place so that our people know we care.

Supporting the mental health of our people is at the heart of our wellbeing plan. In 2024, we were proud to maintain our goal of training 10% of our team as Mental Health First Aiders. Our Wellbeing Hub continues to grow, offering resources like wellbeing learning modules, leadership toolkits, and personal Wellbeing Journals to support everyone across the organisation.

Recognising great work and contribution is incredibly important in our journey to be the *most loved travel company*. In 2024 we launched the VS100 awards: colleague-nominated recognition with 100 finalists invited to our spectacular event in January 2025 to announce the six winners. Our colleagues embraced the VS100, making over 800 nominations.

We also continued our Red Spirit series, recognising those who best personify the Virgin spirit, as nominated by fellow colleagues. To recognise extraordinary performance and service in the moment, we also continued to reward our people with instant recognition awards, a Red Moment, with over 3,200 awards made by leaders to colleagues across the organisation during 2024.

800 nominations, 100 finalists, 6 winners across Trailblazers – Make Friends, Be Amazing, Think Red, Team of the Year, Leader of the Year and Business as a force for good.

A place to learn, grow and perform at your best

Our approach to people performance is underpinned by our belief in the power of the team, the importance of continuous conversations, and meaningful personal development.

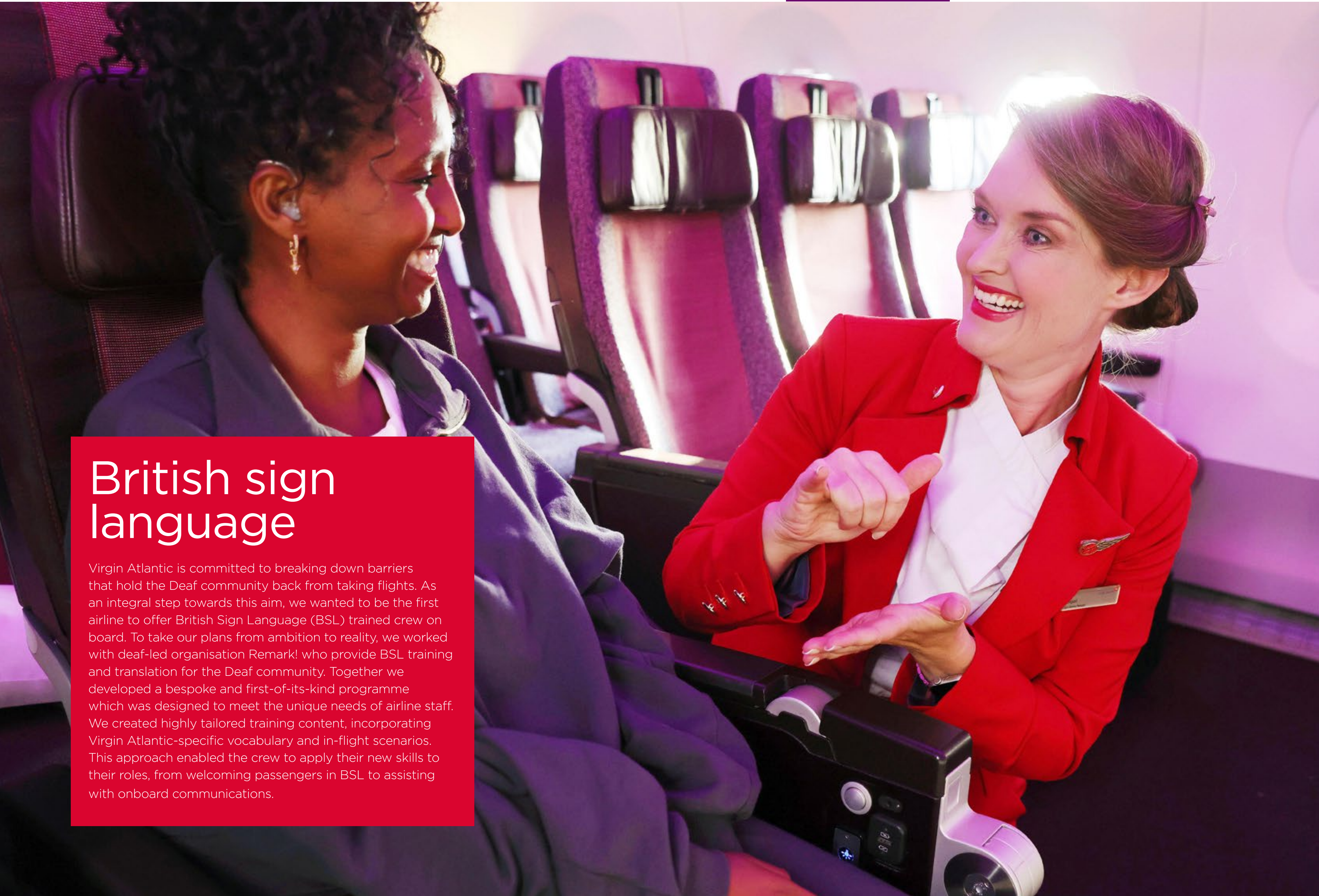
We value and recognise the importance of feedback in driving forward individual performance, learning along the way and enabling our people to reach the highest levels of performance. In 2024, we gave over 28,000 pieces of feedback, as well as over 21,500 objectives being logged. Throughout 2024, we have expanded our learning and development across all workgroups, giving our people access to resources as they strive for personal excellence.

In September, we took a significant step forward by introducing LinkedIn Learning for all our colleagues. This platform offers access to over 22,000 skills-based courses, allowing each individual to personalise their learning journey and drive their own performance. In just 12 weeks, nearly 30% of our colleagues had activated their LinkedIn Learning accounts, set their career goals, and started consuming content.

Moreover, we have transformed our compliance learning into micro-learning modules. This innovative approach has not only maintained the quality of this essential training but also significantly reduced the time each colleague spends on it. As a result, we will give back 2,668 hours in productivity to the Company over a two-year period[1].

We know the role that a leader has in driving the happiness, wellbeing and performance of their teams. This year, we have also made a substantial investment in our new leaders by introducing our first leader induction programme, LIFT. This six-month programme is designed to equip new leaders with the skills they need to excel. Underpinned by our leadership recipe, LIFT provides practical support and advice on how to be a great leader at Virgin Atlantic. We have already put 80 new leaders through the programme with plans to scale in 2025.

1 Calculated as a saving of approximately 30 minutes per applicable course, for all ground-based colleagues for a two-year period starting January 2024



British sign language

Virgin Atlantic is committed to breaking down barriers that hold the Deaf community back from taking flights. As an integral step towards this aim, we wanted to be the first airline to offer British Sign Language (BSL) trained crew on board. To take our plans from ambition to reality, we worked with deaf-led organisation Remark! who provide BSL training and translation for the Deaf community. Together we developed a bespoke and first-of-its-kind programme which was designed to meet the unique needs of airline staff. We created highly tailored training content, incorporating Virgin Atlantic-specific vocabulary and in-flight scenarios. This approach enabled the crew to apply their new skills to their roles, from welcoming passengers in BSL to assisting with onboard communications.

Our people continued

Apprenticeships

It's vital that we ensure our people remain skilled and equipped to deliver against our future ambitions. In 2024, were purposeful about the range of programmes and levels investing in 'homegrown' talent to fill critical skills gaps and align to the future of work. We grew our apprenticeship portfolio to 44 programmes, with the launch of apprenticeships in Commercial Procurement & Supply, Data Engineering, Applied Software Engineering, and Aviation Risk & Safety Management.

We've seen how nurturing talent through an apprenticeship develops a sense of loyalty to the Company, creates an engaged workforce, and increases belonging. The number of apprentices across the Company has increased from 102 to 146 in 2024 of which 11% are ethnically diverse versus only 3% in 2022.

At Virgin Atlantic, 80% of the current engineering Leadership Team started as an apprentice and are now mentoring the next generation. This year saw us take steps to replicate the same success in our Aviation Operations areas, implementing our first Aviation Operation apprenticeship to develop our future Operations leaders.

Championing diversity and a sense of belonging

Our identity at Virgin Atlantic is shaped by our people, which is why we aim to build a workforce that represents the communities we serve. A more diverse workforce enriches our collective perspectives and enhances the experiences both for us and our customers.

Our belonging networks play a vital role in enhancing our understanding of colleague experiences and promoting equity by ensuring every voice is recognised and represented, and that our policies and processes support our people to be at their best. There are five networks with a combined membership of over 8,000 – Family First, Pride (LGBTQ+), DEN (Disability Engagement Network), VALUED (Virgin Atlantic Loves Unity and Ethnic Diversity) and Scarlet (women's network). Each of our belonging networks also have an executive ally, which is a member of our Leadership Team to advocate for change and to demonstrate leadership commitment. In 2024, we spent time learning what matters to the members in this network and identifying suitable workstreams working together on key initiatives, such as refreshing our Respecting Differences DEI learning, which all of our people undertake annually. This digital learning focuses on curiosity, awareness and recognising the value of difference and diversity. We continued to celebrate important events including Black History Month, Brighton Pride and Diwali, hosting celebrations throughout our offices.

Our people continued

We remain committed to building a workforce that reflects and celebrates the diversity of our people, and our customers, and our communities; we pride ourselves on assessing talent, not just for skills, but for mindset – grounded in our values. This approach ensures an inclusive hiring process where every candidate is assessed on their unique strengths and potential.

Gender imbalances persist in aviation and we are committed to changing this by leading from the front. By 2023 we had achieved our 2025 target for females in leadership roles of 46%. In 2024 we increased this further to 47%•.

Supporting the growth of emerging female talent is at the heart of this plan with 95 female colleagues completing one of our dedicated development programmes, Springboard and Elevating Women in Leadership.

Gender pay gap 2024

(For the year ended 5 April 2024)

Median gender
28.3%

Mean gender
54.1%

The full gender pay gap report can be found here.

The FTSE Women Leaders Review follows the Hampton-Alexander and Davies Reviews. It is the UK's indepdent, voluntary and business-led initiative, supported by government, and aimed at increasing the representation of women on FTSE 350 Boards and in their Leadership teams. Since 2022, data from the top 50 largest private companies has also been included in the report. The target is to reach 40% women on boards and at senior leadership level by 2025. In the 2024 review, Virgin Atlantic has 38% women in the senior Leadership Team and was ranked tenth out of 20 companies in the travel and leisure sector, ahead of the other airlines listed. Our sector averaged 34% across both public and privately owned companies.

Virgin Atlantic is committed to improving ethnic diversity at senior leadership level and we continue to participate in the Parker Review. For 2024, our senior leadership ethnic diversity representation is 9%•. This is in line with the average FTSE 250 and UK top 50 companies. This year we set a 2027 ethnic diversity leadership target of 11% representation. Of the UKs top 50 privately owned companies, we are one of only 28% to have set a target.

We are a founding member of WiHTL (Women in Hospitality, Travel and Leisure) and continue to champion our partnership with them, supporting our people to take part in programmes including the Global Female Leaders programme and Ethnic Minorities Future Leaders programme.

We are a Disability Confident Employer which reaffirms our commitment to supporting those with a disability within the workplace. Additionally, this year we partnered with the British Disability forum, to remove barriers to the workplace. We look forward to further pushing boundaries in 2025.

We continue to connect with the Virgin Group through the online platform, 'Virgin Family'. This platform provides a space for all Virgin colleagues to connect, build new networks and collaborate, making our colleagues feel even more a part of the Virgin Family community.

Stakeholders

Our commitment to combating human trafficking

Human trafficking, forced and compulsory labour, and child labour remain urgent global challenges. At Virgin Atlantic, we recognise our role in addressing these complex issues directly, striving to create a safer world for our people, customers and partners.

Aligned with the Virgin Atlantic Modern Slavery Statement, our approach to combating human trafficking is anchored in empowering our people with the right tools and knowledge. Our teams pride themselves on delivering exceptional service and meaningful engagement with customers and suppliers, which uniquely positions them to identify and act on signs of exploitation. Each interaction becomes an opportunity to protect vulnerable individuals and uphold our shared values.

To ensure Virgin Atlantic employees are equipped to recognise and to act on signs of human trafficking, we have developed targeted training programmes:

- For our airport teams we launched a compulsory e-learning course to support our front-line staff. From January 2025 this will be followed by an in-person awareness course for all new hires.
- Our Cabin Crew spend significant time with customers, making their role in observing and responding to potential signs of trafficking crucial. Our cabin teams receive guidance within their safety manual, enabling them to confidently recognise and report suspicious behaviours.
- Human trafficking awareness extends beyond our operational roles. Digital training is available to all Virgin Atlantic employees, encouraging vigilance and empowering them to act, whether on business or personal travel.

Our commitment to preventing human trafficking is an important part of how we conduct business. We recognise that every member of our team, from ground staff to in-flight crew, has a role to play in maintaining ethical standards and supporting efforts to address modern slavery. Through awareness and preparedness, we remain dedicated to this responsibility.

• KPMG LLP has issued independent limited assurance, using assurance standard ISAE(UK)3000 over selected data indicated. KPMG's assurance statement and Virgin Atlantic's Reporting Methodology are available here

Our community

Guided by our unwavering belief that business is a force for good, in October 2024 we announced two new charity partnerships with STEM Learning and Save the Children, ending the 2023/24 academic year with our previous partners Speakers for Schools and The Smallpeice Trust.

We are focused on increasing our impact in the communities we serve across the twin pillars of school-based STEM education through our Passport to Change programme and using our people and planes to support those most in need when disaster strikes, be it conflict, climate or natural disasters. We are delighted to partner with two organisations that share our vision to empower everyone to take on the world, and together we look forward to increasing Virgin Atlantic's reach and impact across our communities.

Having set ambitious Community targets across our 5-year *Velocity*$_x$ plan from 2021 to 2025, we can be proud of our achievements, particularly those of our people and partners volunteering to support the community causes we care about. However, we have extended our Community strategy to better reflect our approach to fundraising and a need to expand our reach to more young people, which is why we reset our Community strategy and engaged our new charity partners, Save the Children and STEM Learning. We're confident in the action we're taking in 2025, the last year of our *Velocity*$_x$ plan.

Community *Velocity*$_x$
Invested in community initiatives

Targets: 2021-2025	Progress: 2021-2024	Progress: 2024
£2.5m	£1,735,368	£796,815
20,000 young people reached across **10** schools	**11,671** young people reached across **6** schools[1]	**1,091** young people across **4** schools
80 Virgin Atlantic volunteers	435 Virgin volunteers	191 Virgin volunteers
600 volunteer hours	**3,340** hours	**1,545** hours

1 Through our previous partnership with UNCHR, Virgin Atlantic Foundation reached 7,504 young refugees at the BOSCO Centre in Delhi. For reporting purposes, we count this institution as a school. We also include Pentrahafod in Swansea, with whom we partnered in 2021-2023.

Be yourself

Since we were founded in 1984, Virgin Atlantic has had a rich history and a strong culture of embracing the human spirit without prejudice or boundaries. In 2024, as we celebrated our 40th birthday, we proudly stand behind our Be Yourself manifesto, encouraging our people to be themselves, regardless of gender, background, beliefs, race, physical ability or sexual orientation.

At the beginning of 2022, we refreshed our diversity, equity and inclusion strategy, which we refer to as 'Be Yourself.' This multi-year plan focuses on curiosity, awareness, understanding and inclusion of all, recognising the value of difference and diversity to create a true sense of belonging. This year, we've gone further in challenging the status quo to deliver on our mantra to see the world differently by continuing to refresh and embed our "Celebrating differences". Our Accessibility Matters training is a transformative initiative designed to empower our front-line teams to support customers with both visible and non-visible disabilities. This training is not just about compliance; it's about creating a world where every customer feels valued and understood. By highlighting the barriers to access and the support we can provide, we are equipping our teams with the knowledge and confidence to make a real difference from the very first call. The training includes powerful testimonies from our customers and emphasises the importance of accessibility. The positive feedback has been overwhelming, and we are excited to extend this training to all customer-facing colleagues later this year.

This progress builds on the foundational changes we made to some key people policies – make up, tattoo and gender identity. We know that there is much more to do, and we never want to stand still.

Our community continued

In 2024, we:

Delivered £796,815 worth of funding to support our charity partners and community initiatives (see community funding table below for breakdown)

Expanded our flagship Passport to Change programme, launching at Space Studio West, a school next to our Heathrow hub

Reached 1,091 young people through 22 in-person sessions and 6 online panel events

Engaged 191 Virgin Atlantic volunteers who collectively gave 1,545 hours of their time

Launched two strategic charity partnerships Save the Children and STEM Learning

Community funding table

	Progress since 2021	2024 progress
Charitable grants	£1,328,650	£694,889
In-kind donations	£287,516	£51,570
Volunteer time	£95,924.80	£44,372.40
Pennies payroll giving	£23,276.78	£5,983.61
Total	**£1,735,368**	£796,815

Renewed community vision

At Virgin Atlantic, we've spent 40 years challenging the status quo. We've never been afraid to shake things up, strive to do better for our customers, our people and the communities we operate in. It's in this spirit that in our 40th birthday year, we reviewed our community strategy and vision, and challenged ourselves to do more. Notwithstanding the legacy impact of Covid recovery on our efforts, we felt it was time to reset our approach. In October 2024, the launch of two new strategic partnerships with STEM Learning and Save the Children marked a fundamental change in Virgin Atlantic's approach to our community work. We know that our impact is greatest when harnessing the power of our amazing people in the areas where we can make a difference.

Passport to Change remains our cornerstone STEM community programme. Since launching in 2019, we've partnered with six schools in our local communities, expanding the programme to a school in Heathrow in 2024. The success of the programme is all down to Virgin Atlantic colleagues who volunteer their time, share their stories, and inspire young people, and since 2019 we've seen the numbers of committed Passport to Change volunteers increase from 27 to 191 people. In partnership with STEM Learning, we're setting the stage for Passport to Change expansion into new territories, as originally envisioned when we launched the programme in 2019.

Given the impact of the pandemic on our ability to travel and deliver, we know we're off-track on our goal for the numbers of students we want to reach. With our renewed focus on expansion in 2025 and through partnering with STEM Learning to develop further STEM engagement opportunities such as Passport to Change after-school clubs, we're confident we'll reach significantly more young people, providing them with access to transformative STEM education.

Through a new partnership with Save The Children, we can build on our proud history of using our people and planes to support relief efforts when disaster strikes – from rescuing hostages in Iraq in 1990 to bringing Ukrainian refugees to the UK in 2022. With the help of Save the Children, we are embedding a collaborative process to harness the full power of our planes, cargo capacity and operations to support emergency efforts, alongside providing consistent funding to Save the Children's Emergency Fund. This fund allows Save the Children to respond wherever and whenever they are needed most, within hours of a disaster to help children survive. It also allows them to pool resources before emergencies happen, ensuring they can anticipate, plan and deliver humanitarian aid for children and communities.

As part of the change in our approach, we streamlined our fundraising efforts to go direct to our charity partners, allowing for more impact and efficiency in our community projects. As a result, our partnership with the Virgin Atlantic Foundation, an independent but closely aligned charity, came to an end in August 2024. Since then, the trustees made the decision to wind down the charity with residual funds of £482,247.02 raised by Virgin Atlantic being donated to UNHCR's DAFI Scholarship Programme, enabling refugees to build careers in key STEM areas. The donation provides a full 4-year scholarship for c.45 refugee students.

Our passport to change manifesto

At Virgin Atlantic, we believe everyone can take on the world – whatever their background or starting point. We strive to create an inclusive environment where people feel a sense of belonging; where our people, our customers, our partners and our communities are united and minority groups are represented. We call this Be Yourself.

Passport to Change is how we achieve our Be Yourself ambitions in the long term. Through Passport to Change, we're investing in the hearts and minds of the young people who will define the future.

We recognise the urgency for a cleaner, greener future. So we view all our initiatives through a lens of environmental sustainability.

We know there's a huge gender gap in STEM, and that young people from disadvantaged backgrounds are disproportionately impacted.

So, we focus on social mobility, closing the gap between majority and minority groups and create opportunities to address inequality in educational learning.

Through Passport to Change, we show the world that Virgin Atlantic acts as a force for good.

Our community continued

Passport to Change

Through Passport to Change, we work to open up accessibility and understanding of STEM subjects in secondary schools – particularly those in the communities we operate in and for children who come from underprivileged backgrounds. Currently we deliver the programme to four non-selective state schools in Crawley, Swansea, Heathrow and Atlanta. The year-long programme entails 11 modules and is delivered by our people from every area of the business, including engineers, pilots, cabin crew, cargo, airports, finance and sustainability teams. Our Passport to Change volunteers help shape the curriculum content, deliver the lessons and support students with critical thinking, teamwork, leadership and communication skills. At the end of the year, the students design and pitch their own airline back to our teams. Our ambition is to broaden young people's awareness of STEM subjects and their commercial application, whilst at the same time bringing representation from our business into the classroom. Whilst not a silver bullet, Passport to Change is an opportunity for Virgin Atlantic to play its part in closing the equity gap by offering more students the opportunity to see, believe and pursue STEM-related careers.

STEM Learning partnership

In October 2024 we announced a new partnership with STEM Learning who have the capability and expertise needed to help us enhance and expand Passport to Change, bringing stronger focus on STEM education and outreach. As the UK's leading provider of STEM education and careers support, STEM Learning is uniquely positioned to help us scale and deepen the programme's impact. In 2023, they engaged with over two million young people and supported over 400,000 teachers.

Together, we look forward to broadening the programme's reach to new destinations and communities. STEM Learning will continue to help us integrate STEM education into the core programme by developing bespoke aviation-focused STEM activities. Additionally, they are supporting the creation of after-school Passport to Change Clubs across the UK. These clubs will feature resources designed by STEM Learning, mentoring opportunities with STEM Ambassadors, and professional development for teachers and club leaders. Through this partnership, we aim to inspire more young people and educators to embrace STEM opportunities.

2023/24 Passport to Change initiatives

Speakers for Schools

Speakers for Schools was our core delivery partner for Passport to Change in the 2023/24 academic year, facilitating 17-in person events and five virtual sessions. 80% of students on the programme claimed they had never had a work experience before, meaning that for the majority of the students, Passport to Change was their first external introduction to the world of work and opportunity to have a meaningful connection with an employer.

- 3,572 learning hours were completed in the 2023/24 academic year
- 63% of students felt the programme helped them gain a better understanding of the world of work.

The Smallpeice Trust

The Smallpeice Trust provided mentoring support for eight Arkwright Engineering Scholars and delivered two aerospace engineering courses at Kingston University. 113 young people benefitted from attending these courses, which ran over three days and gave pupils the opportunity to explore a range of different STEM subjects outside of the classroom. The courses are closely linked to sustainability, with a focus on the first day on this theme, and designed to inspired underrepresented groups in engineering.

- 85% of attendees saw their interest in engineering increase
- 95% of students increased their awareness of future careers and routes into engineering.

Our community continued

Disaster relief

From flying to Iraq to rescue hostages in 1990, to bringing Ukrainian refugees to the UK in 2022, we have a proud history of using our planes and people to support relief efforts when disaster strikes.

In recognition of our 40th birthday, here's a summary of those flights through the years:

- **1990** – Iraq hostage rescue
- **2003** – Iraq deliver medical aid
- **2005** – Indian Ocean tsunami
- **2010** – Haiti earthquake
- **2011** – Japan earthquake
- **2014** – Philippines Typhoon Haiyan
- **2017** – Antigua Hurricane Irma
- **2020** – Supporting Covid PPE delivery
- **2021** – India to deliver oxygen generators
- **2022** – Poland refugees from Ukraine; Pakistan floods
- **2023** – Turkey earthquake
- **2024** – Caribbean Hurricane Beryl

Hurricanes in North America

In 2024, Hurricane Beryl swept through the Caribbean, leaving widespread devastation in its wake. The storm caused extensive damage to homes, infrastructure and essential services, displacing families and creating an urgent need for humanitarian assistance. In response to this crisis, we stepped forward to provide critical support through our relationship with Airlink, a rapid-response disaster logistics organisation.

Through Airlink's facilitation, we provided vital support for five leading NGOs actively responding to the disaster: Dart International UK, ShelterBox, Afya Foundation, the World Food Programme and GlobalMedic. These organisations relied on the swift delivery of aid to address urgent needs on the ground.

Our contributions included providing free of charge air transport for five emergency responders, enabling key personnel to coordinate relief efforts directly in affected areas. Additionally, we delivered 35 metric tonnes of humanitarian aid, ensuring critical supplies reached communities in need.

When Hurricane Milton hit Florida a few months later, Nicola Maggio, Manager of US Operations for Virgin Atlantic Holidays, went above and beyond to ensure our people and customers were safe. Thanks to her strong and empowering leadership, she and her team of 14 protected over 4,500 of our customers affected by the hurricane. Beyond looking after customers, she checked in on each member of staff and their families, supporting them with hotel stays if their homes had been affected. She is the epitome of our Leadership recipe, a worthy winner of our VS100 award and embodies the Virgin Atlantic spirit of striving to do better for our people, customers and communities.

Red Spirit

Tracey

Manager, Airport Operations Development & Change

Tracey's mindset is always 'anything is possible', and she encourages everyone to make sure they love what they do and have fun.

Our community continued

Save the Children partnership

Operating in 115 countries, Save the Children is committed to creating a world where every child has the future they deserve.

Virgin Atlantic had previously supported Save the Children through our onboard and ad-hoc fundraising initiatives via the Virgin Atlantic Foundation, including the Ebola crisis in West Africa in 2014, to the earthquakes in Syria and Turkey in 2023. Our new long-term strategic partnership solidifies this relationship centred on supporting the Children's Emergency Fund. It is through this fund that Save the Children acts quickly and effectively in times of disaster and conflict, not only in the immediate aftermath but also in anticipation of expected disasters and during the rebuilding phase.

By working together more closely, Virgin Atlantic is committed to doing more to support Save the Children in the role it plays supporting young people by anticipating where and when disasters are likely to strike and ensuring continued support during, and after crises strike.

Beyond our onboard fundraising efforts, we're embedding a collaborative partnership and sharing expertise so that, when disaster strikes and Virgin Atlantic is in a position to deploy the power of our planes and people in support, we can do it to maximum effect and within the quickest timeframe possible.

Together with Save the Children, we aim to have more impact in the lives of children at times of vulnerability, disruption and uncertainty, ensuring as many as possible receive the support they need to survive, recover, and thrive.

Save the Children

Our planet

We recognise the critical role Virgin Atlantic plays in shaping a more sustainable future for long-haul air travel. We have always strived to change the aviation industry and create an airline that puts customers first. As challengers of the status quo in the aviation industry, we are committed to reducing our environmental impact and fostering a positive legacy for future generations through research, innovation and transparency, recognising the need for radical collaboration across the value chain to deliver Net Zero 2050.

Key focus areas:
Carbon emission reduction; Industry Collaboration; Sustainable Aviation Fuel (SAF) procurement

2024 progress:

9% reduction
in Scope 1 carbon emission vs. 2019 baseline

6% reduction
in CO_2/RTK vs 2019 baseline

Flight100
research shared with the wider aviation community

10,000 tonnes
of Sustainable Aviation Fuel (SAF) procured

Industry chair
for the UK Government Jet Zero Taskforce

Awards:

CDP climate score: B

Winner: Partnership of the year

Winner: Best knowledge sharing contribution

CDP Discloser 2024

2024 THE AVIATION CHALLENGE

Red Spirit

David

Continuous Improvement Manager

Beyond his role, David is the Chairman of Dream Flight – which takes 192 deserving children from across the UK to Orlando every October, volunteering and raising money for this worthy cause through action-filled adventures such as climbing Mount Fuji.

Our planet continued

Our strategy

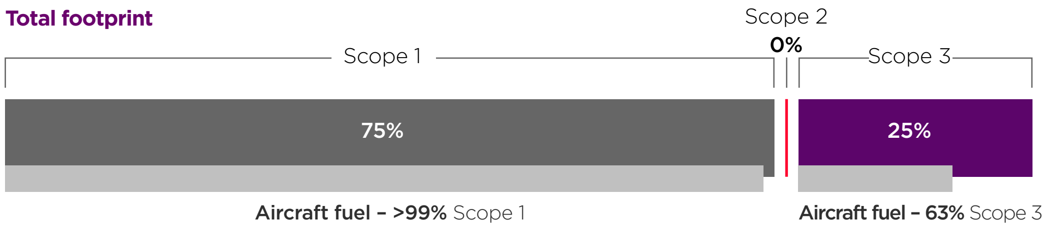
As outlined in our Line in the Sand manifesto, the climate crisis is the single greatest challenge of our lifetime and at Virgin Atlantic we have committed to doubling down on our efforts to achieve Net Zero by 2050. Driven by a priority to deliver in-sector reductions first, followed by the use of out-of-sector carbon removals and offsets last, our leadership position on deploying fuel-efficient fleet and reducing lifecycle emissions of our fuel through the use of Sustainable Aviation Fuel (SAF) remain critical to both Virgin Atlantic and, more broadly, for long-haul aviation as a whole.

Virgin Atlantic's strategy continues to develop and adapt as we balance what we can control – deployment of new, more efficient aircraft, demand for and use of SAF & out-of-sector offsets, policy support and involvement in research and development, versus the things we cannot control – such as high supply costs, continued lack of SAF availability and the complexities of UK and global policy.

Our focus will always be to target our most material environmental impacts on the planet, our carbon dioxide emissions, and for Virgin Atlantic aviation fuel represents 91% of our overall emissions footprint and our greatest impact. In 2024, the introduction of the UK Sustainable Aviation Fuel (SAF) mandate into legislation (effective from 1 January 2025) and the first year of mandatory CORSIA obligations marked significant milestones for the industry; and whilst Virgin Atlantic and other airlines continue to develop transition plans based on business strategies and regulated obligations, we are unable to control the risk, cost profile and lack of globally aligned SAF eligibility criteria being imposed by policy makers.

Notwithstanding these challenges, Virgin Atlantic remains unwavering in its commitment to meaningful action today, ensuring that progress towards Net Zero is both impactful and responsible balancing the environmental and social dimensions of the transition.

Total footprint



Jet fuel accounts for over 91% of our Scope 1 to 3 emissions when including the well-to-wake impacts of jet fuel production and use.

Line in the sand

In 1984 we set up to challenge the status quo. We wanted to change the aviation industry and create an airline that put customers first. It's that desire for change that's got us to where we are today. And it's what continues to push us to do things better.

The climate crisis is the single greatest challenge of our lifetime. So, this is our Line in the Sand. A commitment to double down on efforts made. The way we travel must evolve faster than ever before to ensure the next generation also get to experience the very best the world has to offer. The sights and sounds of the unfamiliar and beautiful.

A hug from the loved one you haven't seen in years or the handshake that speaks volumes. We know what travel really means, and it's why we're ready to roll up our sleeves and challenge everything we do.

We've already made bold strides by accelerating the development of sustainable fuels, investing billions into one of the cleanest and youngest fleets in the sky and being a founding member of the UK's Jet Zero council.

But we must now find even better, greener ways to fly by treading lighter and being more sustainable in everything we do. To be part of the solution, rather than the problem.

This is a crossroad for aviation. It's a time to work together so that we can move forward faster. We will share our research, our innovations, and our progress. Because we can't do this alone.

We know it can't be fixed overnight. But we'll give it all we've got. We're on a mission to achieve Net Zero, and we've set ambitious targets on our journey to get there. Because we're in it for the long haul. And we're just getting started.

Our planet continued

Performance vs targets

In line with industry roadmaps for decarbonisation, Virgin Atlantic's Net Zero targets relate to our biggest source of emissions, our Scope 1 aircraft fuel emissions. Using 2019 as our baseline year we set the following interim targets:

- By 2026: 15% gross reduction in carbon emissions per revenue tonne kilometre (RTK) achieved through continued fleet transformation and operational efficiency.
- By 2030: 15% net reduction in total CO_2 emissions, including 10% SAF.
- By 2040: 40% net reduction in total CO_2 emissions.

Whilst our interim targets have been set using 2019 as our baseline, we track our relative carbon performance over time, on both an absolute and intensity basis.

The transformation of our fleet, and our operational efficiency improvements, have been the key drivers of our emissions reductions over the past decade.

With SAF volumes continuing to represent less than 1% of fuel production globally, investment in more efficient fleet is the primary action airlines can take today (see page 50 for our fleet transformation progress).

In 2024 our CO_2/RTK intensity performance of 0.680 reflected a 4% improvement vs 2023 actual, exceeding our forecast of 0.692 gCO_2/RTK (published in our 2023 Annual Report) by 2%.

Contributing factors include:

- The continuation of our fleet transformation: in 2024 we welcomed six new aircraft into our fleet, two A350s and four A330neos, and retired two A330-300s
- Increased cargo volumes due to geopolitical events affecting cargo flows via the Red Sea
- A small increase in passenger load factors year on year of 0.3%.

Despite our emission intensity reduction, in 2024 our absolute carbon emissions increased year on year by 8%. This reflects network growth with sectors up 6%, ASKs 8% and total fleet count up four from 2023 as well as the operational impact of Russian airspace closure, airspace uncertainty and closure in the Middle East, and disruption caused by Trent 1000 engine issues. In 2024 we burnt 8% more fuel but improved our commercial performance metric, revenue tonne kilometres (RTK) (i.e. commercially generating weight carried per kilometre) by 13% contributing to our carbon efficiency improvement of 4%.

We expect this to continue into 2025 following the suspension of our Shangai service (previously having to operate around Russian airspace), reduced capacity into some markets to support commercial performance and year on year passenger load factor improvements of 3.5%.

Our current CO_2/RTK outlook for 2025 is 0.665 gCO_2/RTK.

Our carbon efficiency performance vs our 2019 baseline, against which all our targets are set, continues to improve in both absolute and intensity terms. 2019 was selected as the baseline year for our targets as this was the most representative benchmark year due to the impact of Covid. 2024 CO_2/RTK is tracking at a 6% improvement vs. our 2019, building towards our 15% reduction target by 2026. A further 10% reduction from 2024 to 2026 is required to close the gap to our CO_2/RTK intensity target. Scope 1 carbon emissions from our aircraft fuel burn have decreased 9% vs. 2019, as we continue to reduce emissions towards our 15% net reduction target by 2030 and 40% reduction by 2040. Virgin Atlantic's emissions reporting and calculations are carried out in line with the GHG Protocol accounting standards. See KPMG's assurance statement for further details of the limited assurance provided on our GHG emissions.

Metric	2012	2013	2014	2015	2016	2017	2018	2019 Base year	2020	2021	2022	2023	2024	2025 outlook	2026 target
Sectors flown	21,397	28,602	29,910	27,094	22,645	22,080	23,323	24,514	11,053	13,987	22,774	24,689	26,124	–	–
tCO_2	4,848,962	4,697,728	4,556,957	4,355,398	4,041,491	3,939,407	4,069,873	4,148,970	1,581,962	1,750,537	3,059,981	3,486,899	3,776,064	–	–
kgCO_2/RTK	0.823	0.793	0.783	0.791	0.724	0.711	0.712	0.723	0.826	0.825	0.695	0.708▲	0.680●	0.665	0.615
Fuel burn (tonnes)	1,539,500	1,491,484	1,446,791	1,382,798	1,283,149	1,250,765	1,292,195	1,317,271	502,263	555,784	971,524	1,107,068	1,198,876	–	–

▲ In 2023 KPMG provided limited assurance in line with ISAE(UK)3000 and ISAE 3410 over our CO2/RTK metric.
● KPMG LLP has issued independent limited assurance, using assurance standard ISAE(UK)3000 and ISAE 3410, over selected data indicated. KPMG's assurance statement and Virgin Atlantic's Reporting Methodology are available here

Decarbonisation strategy

Fleet

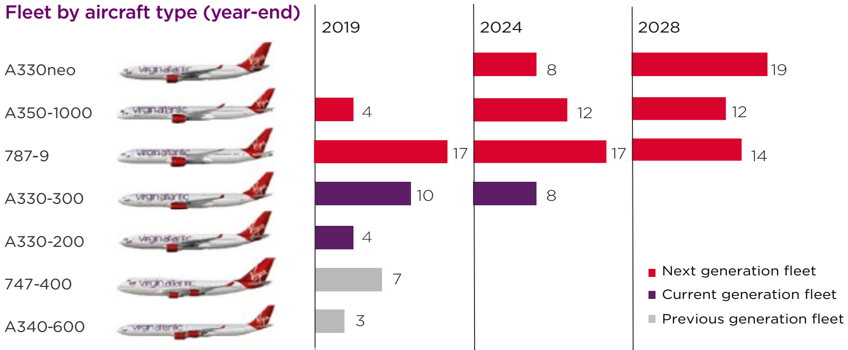
Continued investment in our fleet has resulted in an average fleet age of 6.9 compared a peer average of 12 years*

For airlines, fleet transformation represents the most significant lever to reduce aircraft emissions. Since 2017 our fleet renewal programme has been at the heart of our decarbonisation efforts.

In 2024, we welcomed six new aircraft into our fleet and reduced the average age of our aircraft from 7 to 6.9 (down from 9 years in 2019). Having the latest generation of aircraft in our fleet means we can take advantage of the most fuel and carbon-efficient wide-body planes available.

Next generation aircraft are comprised of new composite materials, aerodynamics, and/or new engine technology and in 2024, we continued our fleet transformation programme. Based on our operational data the next generation A330neos deliver a 11% fuel efficiency saving compared to the A330-300s they replace, the A350-1000s deliver a 35% fuel efficiency saving compared to the 747-400 and the 789-9s deliver a 40% fuel efficiency compared to the 747-400. Virgin Atlantic's fleet now comprises 17 Boeing 787-9s, 8 Airbus A330neos, 12 A350-1000 and 8 A330-300s. In 2024 our total fleet count increased from 41 to 45 and is currently 82% next generation with an average fleet age of 6.9 years compared to a peer average of 12 years.

Fleet by aircraft type (year-end)



	2019	2024	2028
Next generation fleet	47%	82%	100%
Average fleet age	9.0	6.9	7.3
Peer average fleet age*		12	

*Peer fleet age analysis used CAPA – Centre of aviation data on our peers including Air Canada, Aer Lingus, British Airways, Delta, JetBlue, Norse, TUI and United Airlines

Sustainable Aviation Fuel (SAF)

UK SAF mandate readiness

Beyond fleet, SAF represents the single biggest opportunity to deliver substantial reductions in long-haul aviation's lifecycle carbon emissions. However, high price points, supply constraints and commercial scalability of SAF are well documented and continue to act as barriers to increased production and use, despite strong demand signals from industry and through Government policy.

With Flight100, we demonstrated that 100% SAF is operationally viable today – in existing engines, airframes and fuel infrastructure. What is clear following Flight100 is the work ahead to scale up SAF in the UK and the nature of stakeholder collaboration needed – across policy makers, fuel producers, oil majors and aircraft manufacturers – to move the dial on the collective ambition of decarbonising aviation.

UK SAF Mandate

In 2024, the UK Government enacted into legislation the long-awaited UK SAF mandate. Starting from 1 January 2025 the UK SAF Mandate places an obligation on all UK suppliers of jet fuel to reduce the carbon dioxide emissions of their overall jet fuel supply by 2% through the use of SAF, building to 10% by 2030 and 22% by 2040.

Virgin Atlantic has been a long-time supporter of the SAF Mandate, with it playing a crucial role to consolidate voluntary commitments out to 2030 and act as a clear demand signal to SAF producers. However, investors and producers have made clear that, in the absence of supply side policy such as a Revenue Certainty Mechanism (RCM), raising the debt and equity capital needed to finance construction, production and commercialisation remains a challenge, particularly in the UK. For more on the policy environment Virgin Atlantic has been advocating for see page 56.

Recognising that airlines have a role to play in creating demand for SAF, Virgin Atlantic's ambition to decarbonise and support efforts to scale up SAF is evidenced through a commitment to 10% SAF use by 2030. In the last three years, Virgin Atlantic has scaled up the amount of SAF we have purchased in the UK. This has been enabled by the Heathrow incentive and supported by our corporate and cargo customers who share the price premium to reduce their own Scope 3 emissions.

In 2024 Virgin Atlantic more than doubled the amount of voluntary SAF purchased in 2022 and 2023 (combined), taking delivery of over 10,000 tonnes of SAF (3.3m USG / 78.8k BBL), equivalent to 1% of our UK fuel use. Unlike previous years, SAF procurements were made in conjunction with our conventional jet fuel procurement process as part of an integrated approach and whilst still relatively small in terms of volumes of fuel, the use of the HEFA SAF procured in 2024 represented a "well to wake" (WTW) reduction of 33,752 tCO_2e.

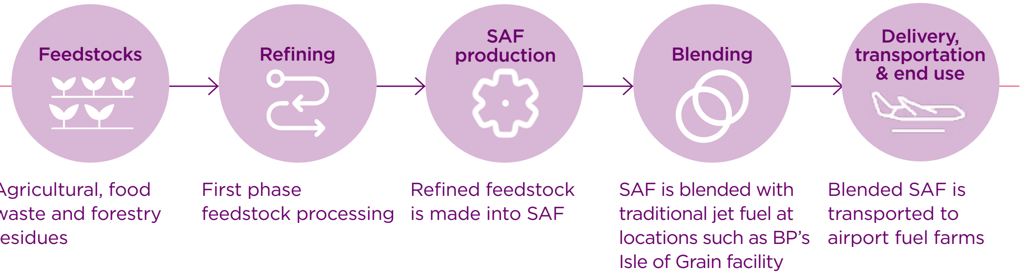
Decarbonisation strategy continued

Since 2022, Virgin Atlantic has been working alongside our corporate and cargo customers to support visibility, tracking and action to reduce carbon emissions from SAF use. Through our internally developed CO_2 emissions calculator we are able to provide our corporate and cargo customers with an accurate and independently verified emissions reporting profile of their travel and freight emissions, using the industry best practice IATA methodology. Customer emissions reporting provides insights broken down by route, aircraft type, timeframe and class of travel. Using this information, our customers are able to purchase the Scope 3 environmental attributes related to the SAF we purchase and use through our SAF certificate (SAFc) programme. In 2024, Virgin Atlantic concluded four corporate SAFc agreements, highlighting the growing willingness across our corporate and cargo customers to support the scale up and commercialisation of SAF.

Recognising that collaboration across the SAF value chain is key to accelerating the production and use of SAF, Virgin Atlantic continues to engage with its customers, policy makers, NGOs, fuel producers and other industry partners. Following our efforts across the last decade and Fight100 in 2023, Virgin Atlantic has become one of the leading industry voices on sustainability within the aviation industry.

In 2024, Virgin Atlantic held membership at the UK's Jet Zero Council, Deputy Chair of Sustainable Aviation (SA), member of IATA's Sustainability & Environment Advisory Council (SEAC) and was appointed as Industry Chair of the Government's new Jet Zero Taskforce Expert Group.

SAF supply chain



SAF technologies and feedstocks

SAF Pathway	Technological maturity/scale	Feedstocks	Typical % lifecycle GHG reduction vs. fossil jet	Virgin Atlantic SAF purchases & future agreements
Hydroprocessed Esters and Fatty Acids (**HEFA**) – Waste oils undergo processes to remove oxygen, and then break down molecules into simple hydrocarbons to produce jet fuel.	Safe, proven, and mature technology Producing commercially at a small scale today	Waste fats Algae oils Cover crops	60-85%	Exxon 5,000 tonnes (delivered 2024) Q8 5,000 tonnes (delivered 2024) Neste 3,623 tonnes (delivered 2022-23)
Alcohol to Jet (AtJ) – The alcohol from biomass is dehydrated to form olefins, oligomerised to longer hydrocarbons, and hydrogenated to produce jet fuel.	Very limited commercial production	Agricultural residues Forestry wastes	60-90%	Gevo 30,215 tonnes (future c. 2028)
Fischer-Tropsch (FT) – Waste materials are heated up and turned into gases forming carbon monoxide and hydrogen. This syngas then goes through processes to convert into jet fuel.	Commercial demonstration/ pilot scale	Forestry waste/ residues Agricultural waste Household wastes Waste gases	70-90%	
Power-to-Liquid / e-fuels (PtL) Renewable energy sources are used to split water molecules into hydrogen and oxygen. Hydrogen is then combined with captured CO_2 to produce a syngas which undergoes further processes to convert into jet fuel.	Limited to development/ pilot scale production	Water Captured CO_2 Green electricity H2	90-100%	Air Company 302,151 tonnes (MOU) (future c. 2028)

Innovating for our customers

Our promise to our customers is to create thoughtful experiences that feel brilliantly different, delivered by our amazing people. We were the first to offer individual seatback screens in all classes; the first to offer a Premium cabin; and the first to introduce lie-flat beds. Our Retreat Suite sets the standard for in-flight social spaces and our Clubhouses are renowned worldwide. Not forgetting the introduction of Unlimited Availability reward seats, of course. Our customers mean the world to us, and we exist to make them smile. It's that simple.

Decarbonisation strategy continued

The SAF value chain involves several critical components and considerations to ensure its effective and sustainable implementation. SAF production uses a range of feedstocks which vary according to the type of technology pathway used for production. Today, most feedstock for SAF comes from waste fats and oils, including used cooking oil (UCO) and animal fats, converted through the Hydroprocessed Esters & Fatty Acids (HEFA) pathway. HEFA represents the only pathway producing SAF at commercial scale today. However, there are challenges associated with these feedstocks, including availability constraints and sustainability concerns around the use of palm oils and virgin cooking oils in the supply chain. Virgin Atlantic has put in place measures to address these challenges, including specific contractual exclusions of palm oil, waste palm oils and its derivatives in any of our HEFA SAF offtakes. In addition, independent third-party audits of our voluntary SAF purchases are standard conditions and are conducted by recognised bodies such as ISCC or Roundtable on Sustainable Biomaterials Association in order to confirm the feedstock sustainability criteria and the GHG lifecycle savings. Diversifying the types of feedstock through new conversion technologies will increase the availability of SAF and remove over-reliance on one particular pathway or feedstock, as highlighted by our contractual relationships and negotiations with SAF producers in the UK and US to diversify our portfolio as we build volume to our 10% SAF by 2030 target.

Out-of-sector carbon mitigation

Our journey to Net Zero will focus primarily on reducing emissions within the aviation sector through advancements in fleet, sustainable aviation fuels, and operational efficiencies. In 2024, Virgin Atlantic did not purchase any voluntary offset or removal credits although we did procure 1,300 tonnes of CORSIA eligible credits (see page 54).

However, we acknowledge that the sector's long asset lifecycles and requirement for technological breakthroughs poses challenges to achieving decarbonisation at the pace required for 2050. Consequently, carbon offsets and removals will play an essential supporting role in helping the industry and Virgin Atlantic meet its Net Zero targets.

Greenhouse gas removals refer to the processes, technologies or natural mechanisms that remove greenhouse gases from the atmosphere.

These interventions include:

- **Nature-based removals** harness natural processes like afforestation, soil carbon sequestration, and wetland restoration to absorb CO_2.
- **Engineered removals** leverage technology, such as direct air capture and bioenergy with carbon capture and storage (BECCS), to extract CO_2 from the atmosphere and store it.
- **Offsetting** involves compensating for emissions by investing in projects that reduce, remove or avoid carbon elsewhere, like reforestation initiatives.

These processes, mechanisms and technologies will inevitably play an important part to fulfil our obligations under CORSIA, reduce our emissions trading scheme exposure and eliminate residual emissions.

CORSIA

CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation) is a global programme established by the International Civil Aviation Organization (ICAO) to help the aviation industry achieve carbon-neutral growth. CORSIA's primary goal is to limit CO_2 emissions from international aviation by requiring airlines to offset emissions growth above 85% of 2019 global emissions. The baseline, and an individual airlines' liability, is measured against industry growth. CORSIA is set out in three phases with 2024-2026 representing the first phase with which airlines from the United Kingdom, flying to other countries within the scheme, must now comply.

Decarbonisation strategy continued

Virgin Atlantic has been a strong supporter of CORSIA which applies to international flights between participating states. In 2024, 126 states participated in CORSIA phase 1, covering 78% of our network capacity and increasing to 100% in 2027. A sector growth factor determines our liability for 2024 and will be released in October 2025. We expect this to reflect an industry-wide offsetting obligation as we return to pre-pandemic industry demand. Like SAF availability and cost, a similar and continued area of concern is the current availability and price of CORSIA Eligible Emissions Units (EEU). Global EEU demand for CORSIA phase 1 vastly outweighs current availability by circa 13-32 times.

In May 2024, analysis from Abatable[1] highlighted a significant supply-demand imbalance for CORSIA-eligible credits emerging around 2029–2030, with demand outstripping available supply. Work undertaken by IATA[2] has also shown that a more immediate problem exists with only circa 4.6 million EEUs made available in the market during 2024 and the presiding concern is that despite its best efforts, airlines will be expected to bear the cost of policy set without the necessary intervention on the market supply and cost.

[1] CORSIA carbon credit demand expected to outstrip supply by 2030. Source: Abatable

[2] IATA Chart of the Week 9 August 2024 Aviation's decarbonisation requires more CORSIA credits Source: IATA

Guyana CORSIA project

In November 2024 Virgin Atlantic completed its first purchase of 1,300 CORSIA credits through an IATA CORSIA procurement event. This was used to develop industry understanding of the CORSIA programme and the mechanisms for purchasing credits. The Guyana CORSIA project represents a significant milestone in the global effort to mitigate aviation emissions. Under the Architecture for REDD+ Transactions (ART) programme, Guyana has authorised the issuance of 4.64 million carbon credits, which are the first CORSIA eligible credits to come to market. These credits were developed in accordance with Article 6 of the Paris Climate Agreement and align with stringent environmental integrity measures. The project aims at preserving Guyana's extensive rainforest, which serves as a critical carbon sink, by preventing deforestation and promoting sustainable land use. The project generates carbon offsets compliant with CORSIA standards and has been designed to redirect finance towards Guyana's Net Zero strategy and indigenous communities.

Decarbonisation strategy continued

Out-of-sector carbon mitigation strategy

Building on the research into offsets and removals conducted as part of the Flight100 project, our focus remains on supporting high-quality projects and ensuring that any credits we purchase meet clear criteria and standards.

Our out-of-sector carbon mitigation strategy will focus on procuring from a range of different projects, including both natural and engineered removal and offsetting projects. In parallel, we continue to advocate and support an increase in high quality, CORSIA eligible credits, and the inclusion of carbon removal projects in the CORSIA criteria, as we view removals as a critical component of future out-of-sector mitigation efforts. Whilst our priorities are clear, once again there are external impacts which limit what can realistically be achieved given the current lack of available CORSIA eligible credits on the marketplace and absence of eligible removal registries accepted under CORSIA.

Operational efficiencies

Virgin Atlantic's journey to Net Zero is built on a comprehensive strategy that leverages cutting-edge technology, behavioural insights, and industry collaboration to drive efficiency and reduce emissions. In 2024, we achieved a 0.6% reduction in fuel burn emissions – equating to approximately 24,700 tonnes of CO_2 – through targeted efficiency measures. Our approach prioritises in-sector reductions – focusing on advanced flight planning, operational enhancements, and research-led innovation to optimise fuel use and minimise environmental impact. This includes deploying data-driven tools like FliteDeck Advisor, improving air traffic management, reducing ground fuel consumption, and pioneering contrail mitigation research.

Collaboration has been key to this progress. By working with NATS (National Air Traffic Services), we supported Heathrow's Air Traffic Control efficiencies, implementing a Target Time of Arrival (TTA) system that reduced holding delays and expedited landings. The TTA system is designed to improve air traffic efficiency by managing aircraft arrival times well in advance. By trailing TTA at Heathrow we cut fuel consumption in several ways. First, by reducing airborne holding, preventing aircraft from needlessly circling and burning fuel. Second, enabling gradual speed adjustments at cruising altitude, instead of abrupt slowdowns near landing.

Finally, shortening engine idle time by minimising delays in the air and on the ground. Additionally, we continue to trial innovative solutions such as reduced engine taxiing and alternative ground power sources to further cut emissions.

Beyond CO_2, we are actively addressing our non-CO_2 climate impacts, particularly contrails. Through strategic partnerships and real-world flight trials, we are refining contrail prediction models to enhance flight planning while ensuring fuel efficiency.

For 40 years, innovation has been at the heart of Virgin Atlantic, driving meaningful change across the industry. This same pioneering spirit defines our Net Zero strategy, which is already delivering measurable results through significant advancements in fleet efficiency, operational performance, and emissions reduction. The following sections delve into the progress we've made and the successes that are shaping the future of sustainable long-haul aviation.

FliteDeck Advisor

FliteDeck Advisor (FDA) has become a key tool for Virgin Atlantic pilots, providing actionable insights and integrating tail-specific, data-driven recommendations. By enabling pilots to optimise aircraft speed, the FDA enhances fuel efficiency and reduces CO_2 emissions. The FDA has been deployed across all 17 Boeing 787 aircraft since 2022, delivering an estimated reduction of 45,000 tonnes of CO_2, including 15,900 in 2024. In December 2024, Virgin Atlantic partnered with Boeing Global Services to expand FDA across the Airbus fleet. By the end of 2024, following its integration across all A330-300 aircraft, primarily serving the Caribbean and US East Coast, the system was successfully rolled out across our entire fleet. On average, the use of FDA is estimated to reduce carbon emissions by up to 2% per flight – supporting fuel optimisation, cost savings, and environmental impact reduction. In 2024, these efficiencies resulted in a savings of 5,000 tonnes of fuel.

Decarbonisation strategy continued

Signol case study

In 2024, Virgin Atlantic continued its collaboration with Signol, a company that provides a web-based application and service designed to help pilots adopt more efficient flight behaviours. The Signol platform combines data analysis with behavioural science to evaluate fuel-saving practices and encourage crew engagement in identifying and acting on opportunities for efficiency.

By leveraging behavioural science, the platform helps captains unlock additional fuel-saving potential, while personalised data analysis offers tailored recommendations for optimising fuel burn without compromising safety. Pilots receive individual feedback to help reduce fuel consumption through improved efficiency behaviours, all while adhering to stringent fuel management and flight safety standards. Participation in the programme is voluntary, with 70% of captains currently signed up. Over an 18-month partnership, Virgin Atlantic and Signol successfully engaged pilots, achieving a reduction of 36,500 tonnes of CO_2 emissions compared to pre-implementation levels.

UK vehicle fleet

We continue to advance our ground operations with a strong focus on our UK vehicle fleet. Currently, 52% of our vehicles are electric, and 40% are petrol hybrids. 8% of vehicles will be diesel from 2025 onwards, reserved for essential tasks like towing capacity and payload requirements. As technology and infrastructure progress, we'll collaborate closely with our partners to further enhance electrification of our vehicle fleet.

Policy landscape

The UK has the third largest aviation network in the world – including London, the busiest global market with 168mppa[1] – and that connectivity plays a vital role in supporting economic growth and jobs across the country, driving investment in the UK and adding billions to the UK economy through tourism. It is also strategically important as an enabler of the UK's Industrial Strategy, with air freight underpinning our position as a hub for global trade and critical for key sectors of the economy, including pharmaceuticals, advanced manufacturing and financial and other business services, which represented ~£470bn in 2023[2].

To maintain these benefits and to preserve the competitiveness of UK aviation, the aviation sector must continue to decarbonise in line with Net Zero commitments. Doing so is both a climate and an economic imperative.

The UK Government has shown leadership in legislating for Net Zero, including legally binding Net Zero targets, the inclusion of aviation in carbon budgets and through the SAF mandate, UK ETS and CORSIA. However, Government also has a key role in attracting investment into the UK and must act decisively to deliver commitments to domestic SAF production, particularly where significant investment is required to develop plants capable of supporting the mandate.

There is global recognition of the central role the production and use of Sustainable Aviation Fuels (SAF) will play in aviation's transition to Net Zero. This is particularly true for long-haul aviation – responsible for c.70% emissions and for which there are no other travel alternatives. Through Flight100, Virgin Atlantic elevated public awareness of the potential for the use of SAF at scale but we also emphasised the scale of the supply gap and the urgent need for policies that attract investment – an area the UK has been successful in across other areas of the energy transition. Investing in the creation of a domestic SAF market and production capacity will build a strong, resilient industrial base, creating jobs across the country, promoting regional growth and creating security of supply for UK aviation.

[1,2] In aggregate, air freight supports around 30% UK trade by value. Source: Logistics UK

Decarbonisation strategy continued

Policy	US	EU	UK
Tax credits	US Renewable Fuel Standard Up to $1.75 per gallen IRA tax credit (total value is typically $1,500-2,000t)	No tax credits	No tax credits
Production grant funding	$290m over 4 years	EU Innovation Fund – c. €120m allocated for SAF projects already. French Government investment of €200m to boost production of SAF. German Government €1.5bn support for renewable fuels, including 3g fuels for aviation and maritime.	Up to £180m total through GFGS and Advanced Fuels Fund competitions
Mandates/production credits	No mandate	2% by 2030, 6% by 2030 and 70% by 2050. No HEFA cap. Tractable credits in some EU Member States.	2% in 2025, 10% by 2030, 22% by 2040. Limit on HEFA feedstocks – 2027 92%, 2030 71% – with feedstock eligibility constraints. Creates tradeable certificates for suppliers
Airline support	State-level bespoke tax credits	20m EU ETS allowances to bridge the price between SAF and fossil jet fuel (€ l .5bn at a carbon price of €75)	No support to airlines
Other support mechanisms	State-level low carbon fuel standards	Zero rating under EU ETS	Zero-emission rating under UK ETS Revenue Certainty Mechanism to be introduced by end 2026

In the Spring, we held an event at Speaker's House in the Palace of Westminster, showcasing the findings of Flight100 to industry, political and media stakeholders (see page 63), where the Secretary of State for Transport and Shadow Secretary spoke in support of Government action to deliver a revenue certainty mechanism that incentivises investment in domestic SAF production. Our message was clear: the barriers to SAF are not operational and if enough SAF is made, we will fly it.

Ahead of the General Election being called, the then Government issued a consultation on the Revenue Certainty Mechanism (RCM).

Similar to the Contracts for Difference programmes that were successfully developed the offshore wind industry in the UK, the RCM is important as it provides investors contractual certainty on future revenues, reducing one of the key risks for emerging SAF plants, which helps attract investment into UK SAF projects.

To build clarity and drive urgency on the policy and legislative 'next steps' for SAF policy, we produced a report urging parties to commit to implementation of an RCM by the end of 2025, with an objective to highlight investment in SAF as a key enabler of aviation decarbonisation and how the incoming Government would maintain the economic benefits of aviation as part of its growth agenda.

The new Government included a commitment to RCM legislation in its first King's Speech on 17 July and passed the UK SAF Mandate into law, which from 1 January 2025 introduces an obligation for 2% SAF usage, rising to 10% in 2030. The October budget included a £975m funding boost for the Aerospace Technology Institute, guaranteeing research and development funding to 2030 and maintaining the UK's leadership in the global aerospace sector.

More than one year on from Flight100 and despite political commitments to SAF policy, key elements of the proposed RCM have not been developed. Government's timetable for implementing the RCM by the end of 2026 risks undermining the potential for investment in the UK SAF industry.

With investors deploying capital into the US and Europe for SAF production, where the policy and incentives are clear, the UK must urgently bring forward legislation and any other supporting policies as early as possible in 2025 to attract investment into UK SAF plants and production.

The new Jet Zero Taskforce met for the first time in December to commence a new programme of work that promises to accelerate development of relevant policy. As co-chair of the Expert Group, Virgin Atlantic has committed to driving forward the necessary partnership between Government and industry and to champion the aviation industry and its relevance as an industrial priority for the UK.

Red Spirit

Martin

Manager, Crew Journey

A man who truly personifies what we're all about, he's been entertaining our customers and our teams for 40 years with his infectious positivity and cheeky charm.

Decarbonisation strategy continued

Non-CO_2

Contrails

The science of contrails remains an area of uncertainty, particularly in predicting their formation and understanding their full climate impact. Since Flight100, Virgin Atlantic has continued to explore how airlines can incorporate contrail avoidance into flight planning while balancing fuel efficiency.

In June 2024, we integrated a contrail forecast model into our flight planning system in collaboration with Imperial College London, Breakthrough Energy, and CAE. This enables planners to adjust routes based on contrail predictions, with trials focusing on our A330-300 aircraft, particularly on the Barbados–London Heathrow route. While initial results show that contrail avoidance can be incorporated into flight planning without major operational impact, challenges remain. These include refining forecast accuracy and ensuring contrail mitigation does not lead to unnecessary fuel burn. To support this, we have developed a pilot reporting system, collecting over 400 observations to improve forecast validation.

Our work in this area continues, including participation in the Contrails Impact Taskforce, a global initiative led by the Rocky Mountain Institute to address aviation's non-CO_2 effects. Through these efforts, Virgin Atlantic is helping to advance industry understanding of contrail mitigation as part of broader climate action.

Decarbonisation strategy continued

Net Zero roadmap

Climate change is the greatest challenge of our lifetime and we are fully committed to achieving Net Zero by 2050. In 2021, Virgin Atlantic set ambitious interim goals, emphasising transparency, accountability, and clear milestones on our path to achieve Net Zero by 2050.

In line with industry decarbonisation roadmaps Virgin Atlantic's Net Zero targets relate to our biggest source of emissions, our Scope 1 aircraft fuel emissions. Using 2019 as our baseline year we set the following interim targets (see page 49 for our performance vs our targets):

By 2026:

15%

gross reduction in carbon emissions per revenue tonne kilometre (RTK) achieved through continued fleet transformation and operational efficiency.

By 2030:

15%

net reduction in total CO_2 emissions, including 10% SAF.

By 2040:

40%

net reduction in total CO_2 emissions.

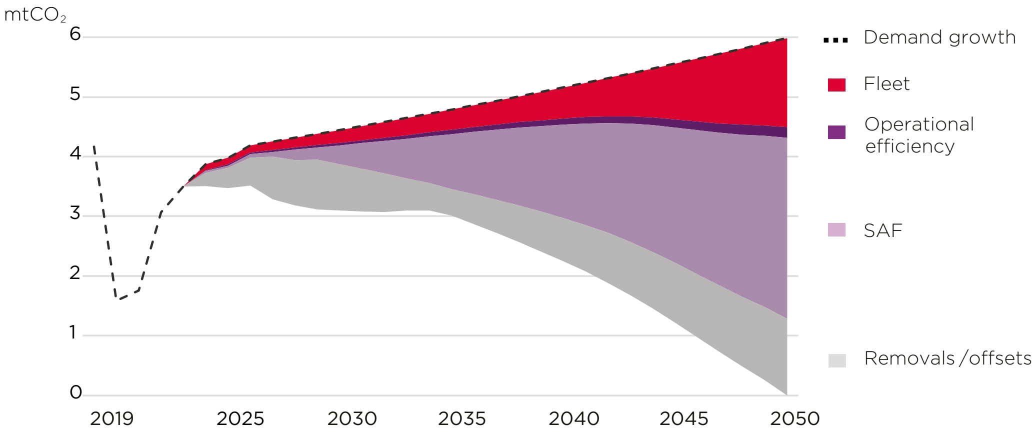
Aviation is a hard to abate sector given the long asset cycles of fleet and use of fossil-derived jet fuel. That means that beyond fleet renewal (see section 50) the levers we have for reducing our carbon emissions are limited to nascent technologies such as SAF and carbon offsets/removals whilst zero emissions technologies such as hydrogen planes are unlikely to contribute meaningful emissions reductions to long-haul travel by 2050.

Whilst it is very clear what levers will be available to decarbonise our airline and deliver Net Zero 2050, the nuances on timescale, cost and policy landscape require careful consideration.

Our Net Zero Roadmap sets out some key objectives and deliverables guided by our overall strategy, taking into account the levers and challenges ahead to map our pathway to Net Zero 2050. To help orientate the action needed, our Net Zero Roadmap is built using our data-driven Carbon Model which captures our evolving network and fleet plan, alongside scenario analysis on SAF adoption and operational efficiencies which take into consideration a broad set of external roadmaps including IATA Net Zero Roadmap, the EU's Destination 2050 and Sustainable Aviation Net Zero Roadmap.

Net Zero Roadmap to 2050

In our journey to Net Zero 2050 there are four key drivers: fleet transformation, SAF, operational efficiencies and out-of-sector actions (removals and offsets). Our central Net Zero 2050 scenario presents our pathway to Net Zero. This year our central scenario has been updated with the latest understanding of the emissions reductions we anticipate from voluntary and compliance measures beyond 2035.



Core assumption	Justification	Risk
Demand growth aligns with our internal growth assumptions.	Scenario analysis is aligned with our strategic thinking and financial planning assumptions.	Consumer demand for aviation impacted by the cost of carbon/decarbonisation.
A more fuel-efficient aircraft generation is introduced by OEMs in 2040 achieving a 20% fuel savings compared to the previous generation. Long-haul aviation is unlikely to take substantive benefit from zero emissions aircraft within the timeframe of Net Zero 2050.	Industry scenario roadmaps and OEM market outlooks expect new generation of long-haul aircrafts to be delivered between 2035-40.	Advancements in aircraft technology fail to materialise by 2040. Investment lifecycle is not aligned with new, more efficient wide-bodied aircraft.
Operational efficiency continues to achieve 0.1% improvement year on year.	Virgin's Atlantic's historical efficiency data supports this assumption.	Operational efficiency achieves peak efficiency before 2050.
Aviation fuel is comprised of 75% SAF by 2050.	This is supported by the UK Sustainable Aviation roadmap.	SAF availability and price as sectoral demand and policy outstrips supply.
Removals/offsets delivers residual decarbonisation to achieve Net Zero.	Removals/offsets mitigate remaining decarbonisation once in-sector measures have been applied.	Availability and price of removals. Acceptability of offsets forming part of a Net Zero pathway.

Responsible procurement and products

Fuel accounts for over 91% of our carbon emissions and remains our single biggest cost. That's why we're bringing an enterprise-wide focus to action – driving both incremental improvements and transformative breakthroughs that will redefine how we fuel our planes, partner with customers, and collaborate across the industry.

Beyond fuel, Virgin Atlantic is taking action across other touchpoints in the journey. Focused on bringing a sustainability mindset to everything we do. Working with partners, suppliers and customers to raise awareness, drive action, and invest in new products and innovation.

This commitment is reflected in our Responsible Procurement Policy and extends to our Thoughtful Food Journey, where we prioritise responsible sourcing, as well as our ongoing efforts to eliminate unnecessary single-use plastics and develop more sustainable onboard products. By collaborating with suppliers and investing in smarter solutions – such as pre-order meal services, lightweight packaging, and recycled materials – we are reducing waste, cutting emissions, and improving the customer experience. The following sections highlight the progress we've made, the partnerships that make it possible, and the tangible impact of our efforts to embed sustainability into every aspect of our procurement and inflight services.

The Aviation Initiative for Responsible Procurement (AIRPro)

In 2024, we continued to work with EcoVadis, a collaborative platform that allows us to assess and encourage suppliers' sustainability performance. This year, the Sustainable Airlines Initiative (SAI), an initiative powered by EcoVadis of which we are a founding member, was renamed the Aviation Initiative for Responsible Procurement (AIRPro) to better align with its mission of driving responsible procurement practices across the sector. AIRPro brings together a coalition of leading aviation companies and their global procurement organisations, all committed to continuously improving the ethical, social and environmental standards of their suppliers throughout the industry's value chain. This approach enhances efficiency while promoting the spread of best practices to address shared sustainability challenges. Since the initiative's inception, AIRPro members have collectively assessed 1,000 suppliers as of October 2024. This marks a significant increase from the 700 suppliers rated the previous year. Virgin Atlantic will continue to focus on enhancing supplier engagement and scaling positive impact to ensure ongoing progress in responsible procurement practices.

Responsible procurement and products continued

Eating onboard

We're committed to making onboard changes that reduce waste and improve the travel experience. Our menu pre-ordering service is a big part of this effort, allowing passengers to preview and choose from a range of menu options before their flight to ensure they receive meals that suit their preference. Currently only available for Upper Class and Premium on flights departing from the UK, US, Caribbean and India, this feature enhances the personalisation of the customer experience whilst supporting our efforts to reduce waste. In 2024, our pre-ordering system in Upper Class saved approximately 310,000 entrées, equivalent to around 86,000 kg of food. In Premium, it saved around 380,000 meals, amounting to 85,000 kg of food. This reflects our dedication to innovation that helps reduce unnecessary food waste whilst giving our customers the option to personalise their meal choice.

On-board packaging

Reducing waste and integrating more sustainable products into our onboard services is central to minimising our environmental footprint, enhancing the customer experience, and optimising operations. By focusing on innovative product design, investing in reusable alternatives, and smarter product loading strategies, we continually seek to reduce both weight and waste on board.

Our collaboration with suppliers has enabled us to trial and test replacement products that use alternative materials, increase recycled content, and transition to lightweight packaging wherever possible. As a result, in 2022, we successfully met our target of removing or replacing 90% of virgin single-use plastic in inflight service items by weight and in 2024 we continued to build on progress.

Responsible procurement and products continued

Making a difference with social plastic

In collaboration with Plastic Bank and Linstol, Virgin Atlantic is taking action against ocean-bound plastic. Since August 2024, we've incorporated Social Plastic® – recycled plastic collected by people in vulnerable communities – into the production of our Upper, Premium and Economy headsets. This initiative supports plastic waste collectors while reducing ocean pollution. By refurbishing these headsets, we extend their lifespan, enhance the passenger experience, and contribute to a cleaner environment. Over the next year, Virgin Atlantic will use an estimated 11,240 kgs of Social Plastic®, preventing the equivalent of 562,000 plastic water bottles from reaching the oceans.

Sapling climate positive vodka

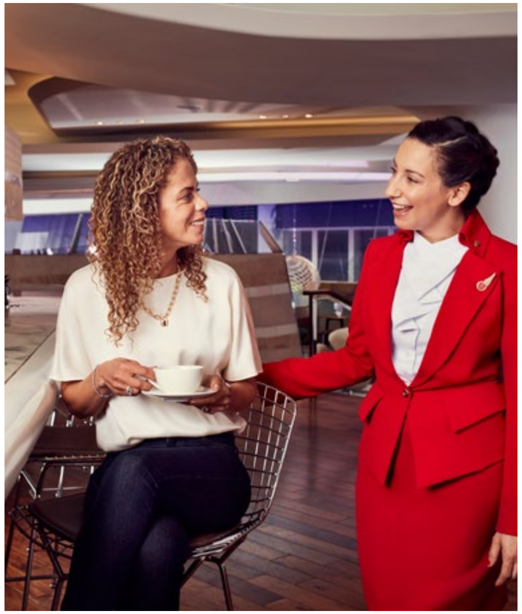
On 1 March, we introduced our first inflight aluminium spirit miniature – a 5cl bottle featuring B Corp-certified Sapling Climate Positive Vodka. This innovation marked a significant step in reducing single-use plastics (SUP) onboard, with each Sapling bottle boasting a carbon-negative footprint, removing more carbon from the atmosphere than it produces. Made from 100% recycled aluminium, these bottles weigh an average of 0.01kg less than their PET counterparts, saving 1,523kg in weight across the 152,300 units used to date. Reducing onboard weight leads to lower fuel consumption, which directly translates to fewer carbon emissions.

New Baileys Original Irish Cream bottles

In addition, in December 2024, we introduced the new Baileys Original Irish Cream in an aluminium bottle, five times lighter than its traditional glass counterpart and delivering an expected 44% carbon reduction. With an annual consumption of 2,500 bottles, this shift significantly reduces the environmental footprint of our beverage service.

Change Please coffee

Our commitment to sustainability extends to our coffee service. Through our five-year partnership with Virgin StartUp's social enterprise Change Please, we serve coffee across our cabins and in the LHR Clubhouse. This initiative has helped train 32 homeless individuals in the UK and the US to become baristas, providing them with valuable skills, stable employment, and the opportunity to transform their lives.



Sharing Flight100 results with industry

On 28 November 2023 Virgin Atlantic successfully operated the world's first 100% Sustainable Aviation Fuel (SAF) flight across the Atlantic from London to New York on a commercial aircraft: flown on a Boeing 787-9 and powered by Rolls-Royce Trent1000 engines.

The 100% SAF used for Flight100 was a blend of 87% HEFA-SPK sourced from the EU and supplied by Air bp and 13% SAK (Synthesised Aromatic Kerosene), a SAF rich in aromatic compounds and supplied by Virent Inc. from the US.

Flight100 was more than a year in the making; following a call to action from the Department for Transport (DfT) and demonstrating that together we can achieve more than we can alone. In our Line in the Sand manifesto, published in 2021, we set out our commitment to finding new solutions, to lead efforts to decarbonise our industry and to share any learnings or innovations Virgin Atlantic made. This same approach underpinned Flight100.

Safety and security underpins everything we do at Virgin Atlantic and across the aviation industry. Flight100 was no exception. It operated at an equivalent level of safety to any other commercial service we fly. This unique flight required approvals from multiple stakeholders and demonstrated an exemplar of the radical collaboration required to achieve a 100% SAF flight.

True to our commitment of sharing the approach taken to securing the necessary permits to fly and the results of Flight100, Virgin Atlantic and consortium partners made the results and details of Flight100 publicly available. The results of Flight100 were formally announced at a parliamentary reception in May 2024 in the presence of the Secretary of State and Shadow Secretary for Transport followed by a full technical deep dive session held at Imperial College London in July 2024 hosted in person and online to interested parties around the world. The full set of documented results are now available as open-source reference materials on the following web pages. Flight100 proved, if SAF is made – we will fly it.

Flight100 key results

100% SAF
with equivalent safety to Jet A-1

Demonstrated operation of wide-body long-haul aircraft (Boeing 787-9 with Rolls-Royce Trent 1000 engines) on 100% SAF at equivalent level of safety to Jet A-1.

No modification required or made to airframe, engines or any components.

64%
reduction in CO_2

95 tonnes CO_2e reduction compared to standard Virgin Atlantic flight from London Heathrow to New York JFK equivalent to a 64% CO_2e reduction.

End to end lifecycle assessment completed – providing replicable framework that can be adopted across industry.

+1%
in fuel calorific value vs Jet A-1

Lab analysis indicated that Flight100 SAF also delivered a 1% improvement in energy density compared to Jet A1.

The result would indicate a fuel burn saving of 0.35 tonnes during Flight100 vs standard flight using Jet A1.

At 10% SAF adoption by 2030 this could reduce total UK fuel burn by 12k tonnes and 400k tonnes globally.

4.4%
fuel reduction through operational efficiencies

Flight100 deployed nine ground and flight ops efficiency initiatives avoiding 2.2 tonnes of fuel burn and 8 tonnes CO_2e.

ATM and flight path initiatives delivered 70% of those benefits – highlighting the opportunity for international collaboration across air traffic management.

40%
reduction in particulates

Flight100 SAF showed a -40% reduction in particulate matter emissions, increasing to 70% for the HEFA component alone.

Demonstrating the potential of SAF to reduce the environmental impact of emissions beyond carbon.

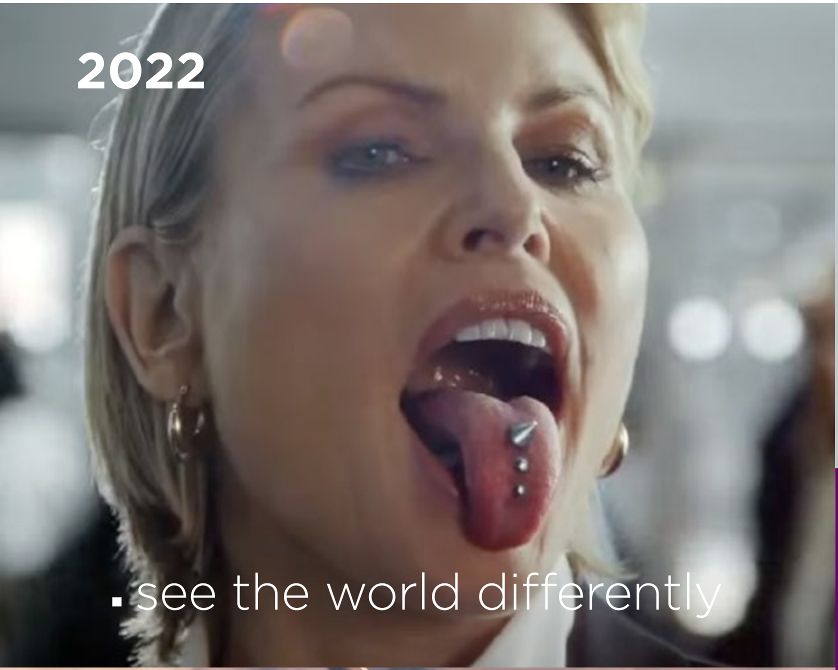
Reduction in particulates is also likely to reduce the in-air creation of persistent radiative forcing contrails.

0
contrails

Flight100 verified the accuracy of contrail creation forecasting and visual monitoring observed persistent contrail formation of aircraft at lower flight path levels.

Breakthrough Energy open-source model incorporated into flight planning.

No contrails formed in flight due to higher-than-normal cruising altitude of 40,000 feet.



Iconic ads and branding

Richard Branson founded Virgin Atlantic in 1984, pioneering a new approach to air travel which challenged the status quo, revolutionised the customer experience, delivered exceptional service, and brought much-needed competition to the skies. While our bright red brand has evolved over time, we continue to stay one step ahead, leading on the issues that truly matter – all with signature flair. We show how we see the world differently – always have, always will.

Climate-related financial disclosures

This is Virgin Atlantic's third voluntary Task Force on Climate-related Financial Disclosures (TCFD), building upon our previous disclosures and includes our regulatory requirement to comply with The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, or UK CFD.

The report demonstrates how Virgin Atlantic is taking action to identify, assess and manage physical and transitional risks associated with climate change, as well as the mechanisms and mitigations to support the transition to a low-carbon economy.

Summary table

Non-Financiaal and Sustainability Information Statement (NFSIS)	Relevant TCFD disclosure	Relevant CFD disclosure	2024 activity	Focus for 2025	Pg Ref
Governance	**A.** Disclose the organisation's governance around climate-related risks and opportunities **B.** Describe management's role in assessing and managing climate-related risks and opportunities	**A.** A description of the company's governance arrangements in relation to assessing and managing climate-related risks and opportunities	Update to Board and management-level governance through the approval of an ESG Sub-Committee to the Board and creation of a cross-functional Carbon Taskforce to address financial exposure from the transition to Net Zero. Board oversight through regular updates/approvals at quarterly Leadership Team meetings and Audit Committee.	ESG Sub-Committee to steer priorities and provide Board oversight of environmental, social and governance action across the business. Newly formed Carbon Taskforce to support financial planning regarding transition and physical risks.	67
Strategy	**A.** Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term **B.** Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning **C.** Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	**A.** A description of the principal climate-related risks and opportunities arising in connection with the company's operations and the time periods by reference to which those risks and opportunities are assessed **B.** A description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy **C.** An analysis of the resilience of the company's business model and strategy, taking into consideration different climate-related scenarios	Developed physical scenario analysis models demonstrating the quantified impacts across our entire airport sites. Continue integration of carbon cost impacts and opportunities into strategic planning cycles and business case reviews across network and fleet decisions. Assessment of transition scenarios to inform our own Net Zero Roadmap.	Further develop our Net Zero roadmap and ensure all levers have been explored to achieve Net Zero. Reflect this Net Zero roadmap in the Company strategy and utilise newly appointed ESG Sub-Committee to endorse.	68-78
Risk Management	**A.** Describe the organisation's processes for identifying and assessing climate-related risks **B.** Describe the organisation's processes for managing climate-related risks **C.** Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	**A.** A description of how the company identifies, assesses, and manages climate-related risks and opportunities **B.** A description of how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management process	Climate-related risks and opportunities are identified and assessed on an ongoing basis and integrated into our ERM framework.	No actions required.	78

Climate-related financial disclosures continued

Summary table (continued)

Non-Financiaal and Sustainability Information Statement (NFSIS)	Relevant TCFD disclosure	Relevant CFD disclosure	2024 activity	Focus for 2025	Pg Ref
Metrics and targets	**A.** Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process **B.** Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks **C.** Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	**A.** The key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based **B.** A description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets	Delivery against Net Zero roadmap. Clear metrics and targets in place for 2026, 2030 and 2040. CO_2/RTK metric reported and linked to leadership performance targets. Disclosure of Scope 1-3 (see page 79). Sustainability KPIs including SAF procurement and weather-related disruptions are reported on a quarterly basis and core CO_2/RTK metric is reported monthly to all senior leaders across the business as part of our Reported Business Performance.	Progress towards delivery of 2026 CO_2/RTK target and 2030 10% SAF.	49, 79-81

This disclosure outlines Virgin Atlantic's compliance with the UK Climate-related Financial Disclosures (CFD) and provides details on the eight CFD recommendations and 11 TCFD recommendations across four key pillars: Governance, Strategy, Risk Management and Metrics & Targets. Continuing from our 2023 disclosure, we have developed our internal capability for assessing climate-related risks and continue to monitor the most materials risks that face the business.

In 2024, we established new management-level governance structures to formalise the monitoring and assessment of climate risks, completed a fully quantified physical risk assessment of our airport operations and used scenario analysis to develop our strategic thinking around our transition to Net Zero. Our internal Carbon Model continues to provide valuable insights for forecasting against short-, medium- and long-term risks and informs strategic planning, policy exposure and network/fleet business case assessments.

Next steps

As we move forward, we will continue to use the TCFD and CFD framework to promote transparency and accountability both internally and externally. Virgin Atlantic is committed to promoting resilience within the business but also across the aviation industry. In 2025 we will explore the Transition Plan Taskforce (TPT) & Taskforce on Nature-related Financial Disclosures (TNFD) frameworks and see how we can further enhance our transition planning and management of broader environmental risks. Our physical risk analysis will be used to promote climate adaptation measures across our airports locations and protect the globally significant infrastructure that we use every day. Our ambition for 2025 is to continue purposeful collaboration with policy makers, our partners, and suppliers to achieve a resilient Net Zero aviation sector.

Utilising our newly convened ESG Sub-Committee to the Board, we will continue to develop and ratify our Net Zero roadmap and assess its relevance and impact on Virgin Atlantic's five year business plan, VX30, ensuring that the Carbon Taskforce understands the costs and mitigations of any financial and commercial decisions.

Climate-related financial disclosures continued

Governance

Our updated governance framework aims at driving sustainable action throughout Virgin Atlantic as we continue to assess the risks and seize the opportunities associated with the transition to Net Zero.

Board of Directors

The Virgin Atlantic Board takes a top-down approach to management of climate change, with the Board holding ultimate oversight. The Board convenes to discuss climate-related topics and have overall responsibility of climate-related risks and opportunities.

Four out of the nine Board members have ESG/climate-related experience. The Board met five times in 2024 and discussed sustainability on one occasion.

Newly formed ESG Committee

Virgin Atlantic's ESG Sub-Committee to the Board was officially approved at the end of 2024 with the specific remit of advising the Board on the strategy, progress and policies regarding Environmental, Social and Governance (ESG) matters. This includes but is not limited to identification, assessment and management of climate-related risks. The Committee will meet twice a year and report directly to the Board starting in 2025.

Board of Directors

↑ **Audit Committee** | ↑ **ESG Committee**

↑ **Executive leadership**

Vice President Corporate Development | Vice President Financial Planning

↕ **Cross-functional Carbon Taskforce**

Strategic finance, Sustainability | Corporate development, Revenue management | Treasury, Sales | Fuel, Cargo

↕ **Sustainability team**

Audit Committee

Virgin Atlantic's Audit Committee meets quarterly to discuss the key risks to the business and determine the principal risk register and associated mitigation strategies. Climate risk is treated as a principal risk at Virgin Atlantic and management is integrated into Virgin Atlantic's Enterprise Risk Management process.

Executive Leadership

The Vice President of Corporate Development sets the strategic direction of the Sustainability, Government Affairs and Enterprise Strategy teams providing the critical insight to drive forward climate strategy within the business. This work is completed alongside the Vice President of Financial Planning to ensure that Virgin Atlantic is truly embedding climate management into the financial planning processes within the business.

Newly appointed Carbon Taskforce

This cross-functional working group aligns the relevant teams within the business on managing the financial and sustainability implications of decarbonising the airlines' operations. This group meets quarterly ensuring that the business is well connected to address the major regulatory and market changes in decarbonising aviation.

Sustainability team

The day-to-day identification, assessment and management of climate-related risks and opportunities is completed by the Sustainability team, with input from various teams across the business including the Financial Planning team who take ownership of the Carbon Model and Treasury Team who monitor costs associated with EU and UK Emissions Trading Schemes.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration and other benefits of senior management employed by the Company. Since 2020, our senior leaders have been incentivised and rewarded for achieving absolute carbon emission reductions measured against our CO_2/RTK performance – a measure of an airline's carbon intensity based on the CO_2 emitted for each tonne of revenue generating passenger or freight cargo carried. In 2024, the LTIP's (Long term incentive Plan) CO_2/RTK target (minimum – maximum) was 0.70g CO_2/RTK – 0.67g CO_2/RTK and achieved through a relative business performance of 0.680g CO_2/RTK.

Climate-related financial disclosures continued

Strategy

Time horizon	Timeframe	Rationale
Short term	1-3 years	This timeframe allows Virgin to be agile when monitoring and assessing physical and transitional risks/opportunities that may materialise in the short term.
Medium term	4-14 years	Our medium-term planning horizon allows us to consider the economic and social environment when we will be making our most significant purchases in fleet.
Long term	15-35 years	Virgin Atlantic's long-term planning horizon is used to stress our strategy in various physical, economic and regulatory scenarios on the route to Net Zero.

Our approach to assessing climate-related risks and opportunities

Climate-related issues are fundamental across the airline, influencing our operational performance, fleet and fuel procurement, network decisions, commercial optimisation and financial planning. Sustainability commitments, decision making and investments are driven by identifying and assessing climate-related risks and opportunities. Key decisions focus on our fleet investment, utilisation and efficiency, and our commercial partnerships supporting breakthrough technologies such as SAF and carbon removals.

In 2023, we began quantifying our most material climate-related risks/opportunities through scenario analysis. This year we further developed our internal scenario analysis capability to guide financial planning and inform our adaptation and transition planning.

Climate-related financial disclosures continued

Climate-related risks

The table below outlines the most significant climate-related risks/opportunities facing Virgin Atlantic and the various tools used to identify, assess and manage them.

Risk summary	Risk identification and assessment	Potential impact	Material time horizon	Our response	Area impacted & responsible stakeholders
UK SAF policy The UK SAF mandate fails to achieve suitable investment to enable supply to be delivered at scale.	■ Actively engage in government forums and consultations through IATA and the Jet Zero Council. ■ Quantified scenario analysis has been built into our Carbon Model to explore the financial impact of incoming legislation. (See page 73) ■ UK SAF mandate has legislated a buy-out price of £4.70 per litre, c.8x the cost of jet fuel. ■ High sustainability standards with no supply-side policy support, risks failing to deliver SAF and investment to scale supply.	**SAF costs increases** Virgin Atlantic has seen the doubling of HEFA prices in the market from 2x to 4x the cost of jet fuel for mandated SAF. **Market failure** UK SAF mandate fails to achieve sufficient supply of SAF, buy-out prices will be enforced, and suppliers will pass through costs to airlines and consumers. **Competitive disadvantage** UK airlines at risk of higher SAF related costs due to UK SAF policy resulting in competitive distortion vs. US and EU peers.	Short & Medium	■ An enterprise focus on mitigating the cost impact of SAF through new governance structures, including ESG Sub-Committee to the Board and Carbon Taskforce. ■ Carbon model insights have been used to inform our financial planning, resulting in a carbon surcharge being implemented from the start of 2025 to reflect the increased cost associated with SAF and CORSIA. ■ Continued support for revenue certainty mechanism to secure necessary investment to deliver SAF production and supply at scale. ■ Continued monitoring of price and availability of SAF. ■ Early engagement with SAF producers and portfolio approach to offtakes. ■ Continued involvement in industry forums such as Jet Zero Council and IATA.	Sustainability, Government Affairs, Fuel, Treasury, Financial Planning
SAF supply, technological and feedstock risks The SAF market's limited supply, volatile costs and nascent technologies impact Virgin Atlantic's ability to meet our decarbonisation targets.	■ Review industry market outlooks and forums. ■ Actively engage with SAF producers and fuel suppliers. ■ Virgin Atlantic's Carbon Model holds a log of existing and required SAF volumes to achieve our targets. ■ 2024 SAF production limited to 1m tonnes (c. 0.3% of global jet fuel production), of which c. 95% was HEFA. SAF pathways require significant investment to achieve sector decarbonisation goals.	**SAF cost premium** In 2024 SAF prices were at a significant premium to fossil-derived jet fuel. HEFA 2-4x cost of jet fuel, AtJ/FT 3-7x cost of jet fuel, PtL 8-10x cost of jet fuel. **Environmental impacts** Feedstock supply issues result in unsustainable sourcing practices and failure to meet industry SAF usage and carbon reduction targets.	Short & Medium	■ Held a parliamentary event in Spring which highlighted the results of Flight100 and a call to action for government support to achieve Net Zero. ■ Continued engagement with existing and emerging SAF producers. ■ Explored the financial impact of different technological levers using climate scenario analysis. ■ Development of our SAF strategy (See page 50).	Sustainability, Fuel, Treasury, Financial Planning

Climate-related financial disclosures continued

Risk summary	Risk identification and assessment	Potential impact	Material time horizon	Our response	Area impacted & responsible stakeholders
CORSIA credit availability CORSIA costs increase as airlines face competition to buy limited number of credits.	■ Engaged with government and industry forums and consultations through IATA and the Jet Zero Council. ■ Virgin Atlantic's Carbon Model provides forecasting of future emissions and associated carbon pricing exposure. It informs yearly budget forecasts and longer-term business strategy forecasts. ■ Current global CORSIA demand estimated to be 13-32x greater than current CORSIA Eligible Emission Unit supply, with only a handful of fully eligible projects currently issuing credits.	**CORSIA costs** Demand for CORSIA Eligible Emissions Units outstrips supply causing a market failure with potential penalties for airlines for non-compliance. **Environmental impact** Failure of a CORSIA credit market to develop will result in significant loss of out-of-sector decarbonisation potential.	Medium	■ Carbon Model insights have been used to inform our financial planning, resulting in a carbon surcharge being implemented from the start of 2025 to reflect the increased cost associated with CORSIA and SAF. ■ IATA 2024 CORSIA procurement event was used as a test and learn exercise to ensure we have the internal structures to support future CORSIA credit purchases. ■ Development of our out-of-sector mitigation strategy (See page 55).	
Carbon removal/ offset efficacy and acceptance Uncertainty around carbon removals/ offset effectiveness and consumers' willingness to accept removals/ offsets as part of a decarbonisation strategy.	■ Actively engaged with suppliers providing access to offsetting and removals schemes. ■ No Greenhouse Gas Removals (GGRs) are currently accepted under the CORSIA and ETS criteria. ■ Conducted a review of the technological landscape of carbon removals/offsets across nature-based and engineered removals.	**Technological risks** Technological risks prevent investment and consequently the scaling of removals to meet market demand and affordability. **Reputational impact** Engaging with poor quality offsets/ removals projects results in changing consumer perceptions of out of sector decarbonisation. **Cabon removals/offset cost** Cost of removals is c.5-30x higher than carbon offsets (c. \$25/tCO_2 vs.\$200-800/ tCO_2).	Medium	■ Carbon Model insights have been used to inform our financial planning to achieve our emission reduction targets, including the requirement of removals/offsets. ■ Explored the technological maturity and associated risks with different carbon removals/offsets. ■ Development of our out-of-sector mitigation strategy (See page 55).	Sustainability, Government Affairs, Financial Planning
Regional aviation demand Cost of decarbonisation impacting demand for aviation.	■ Continuous review of network and destinations profitability as an indicator of changing customer demand. ■ Perform demand modelling to understand the impact of the cost of the transition. ■ Regions with high decarbonisation costs become less favourable destinations for tourists as they become unable to pay for the decarbonisation premium.	**Changing in regional demand** Aviation becomes unaffordable for UK consumers and UK airlines become uncompetitive in the global aviation market.	Medium	■ Exploration of new markets to keep up with demand from other regions. ■ Continued involvement in industry forums such as Jet Zero Council and IATA to ensure UK market remains competitive. ■ Provide the best products and service for our customers. ■ Ensuring our fleet is best placed across our network to address the demand from our customers.	Treasury, Fuel, Route Planning, Financial Planning, Sustainability

Climate-related financial disclosures continued

Risk summary	Risk identification and assessment	Potential impact	Material time horizon	Our response	Area impacted & responsible stakeholders
Customer sentiment and brand perception Changes in consumer sentiment and opinion that can directly or indirectly result in changing customer behaviours.	■ Customer feedback surveys and market studies monitor customer preferences and expectations. ■ Monthly monitoring of our GHG progress against our targets. ■ Continuous review of network and destinations profitability as an indicator of changing customer behaviour.	**Customers changing behaviours** Evolving customer preferences, including shifts towards competitors and alternative modes of transport, impact all business segments, resulting in decreased demand for destinations and a decline in revenues.	Short & Medium	■ Industry leading fleet renewal programme to ensure we are targeting our most material decarbonisation levers. ■ Tailoring our products and services where possible to ensure customer satisfaction. ■ Ensuring transparency in sustainability reporting, including voluntary disclosures through CDP, and providing clear updates on progress towards carbon reduction targets.	Public Relations, Sustainability, Brand, and Customer
Physical climate risks impacting our operations Our routes, airports and hotels facing increased operational disruption due to climate change.	■ Quantified climate scenario analysis provides a short-, medium- and long-term view of the business' exposure to physical climate hazards impacting our destinations. (See page 74). ■ Route planning is undertaken before flights to monitor weather-related disturbances. ■ Climate scenario analysis has highlighted the exposure our airports face from climate hazards by 2050. ■ Continuous risk assessment is undertaken by pilots during flights to minimise impact from weather events.	**Disruption cost** Physical climate risks, such as extreme weather, flooding, and rising temperatures, disrupt flight operations, damage airport infrastructure, and reduce tourism demand in vulnerable regions. These risks lead to financial impacts, including increased costs from diversions, extend hotel costs, fuel shortages, and infrastructure repairs, as well as revenue losses from decreased tourism.	Short, Medium & long	■ A 24/7 disaster response team ensures rapid action during weather-related disruptions, minimising downtime and maintaining safety. ■ Trained volunteers are available for immediate deployment to assist passengers and staff, providing critical on-ground support. ■ Disruption planning prepares the airline for major events like hurricanes and flooding. These measures enhance resilience to physical climate risks while reducing operational impacts and ensuring high levels of customer service during emergencies. ■ Adaptation planning work will be undertaken in 2025. Virgin Atlantic will share our scenario analysis modelling with airport teams across our network.	Operational Control Centre, Sustainability, Pilots, Holiday, Customer Care

Climate-related financial disclosures continued

Climate-related opportunities

Opportunity summary	Opportunity identification & assessment	Potential impact	Material time horizon	Our response	Area impacted & responsible stakeholders
Future aircraft technology Future innovations in aviation technology driving emissions and fuel reductions.	■ Actively engage with new suppliers to understand maturity of new technologies and timeline new products will come to market. ■ Quantified scenario analysis has been built into the Carbon Model to assess the role of future technologies on route to Net Zero. (See page 76)	**Reduced carbon pricing exposure** CORSIA and ETS exposure reduced by the identification of carbon reduction technologies. **Environmental benefits** Reduced emissions, contrail and noise production and improved air quality.	Medium & Long	■ Flight100 results demonstrated benefits to contrail performance and local air quality. ■ Maintain understanding of updates to aviation technology. ■ Fleet transition provides more efficient flights and a lower Scope 3 along with a superior product to the aircraft they replace.	Sustainability, Fleet, Inflight services, Fuel, Financial Planning teams
Innovations in on-board products New innovation in on-board products and services on board our fleet.	■ Engaging with our customers to understand the demand for new products and services. ■ Conduct lifecycle assessments on new products to understand the effectiveness of sustainability initiatives. ■ Digitalisation of our inflight offering allows Virgin Atlantic to provide a better service to our customers.	**Improved fuel efficiency** Reduced weight from onboard products helps fuel efficiency of the aircraft. **Reputational benefits** Increase revenue opportunities from alternative revenue streams and more tailored products.	Short	■ Our SAF certificate programme allows corporates to signal demand for SAF and mobilise investment towards new projects. ■ Digitalisation of our menu offering promotes reduced weight on our aircraft resulting in lower fuel burn. ■ New on-board products to reduce waste.	Sustainability, Fleet, Inflight services, Fuel
Lower emission air travel Fleet transformation benefits result in lower carbon intensity air travel compared to our competitors' less efficient fleet.	■ Customer feedback surveys monitor customer and stakeholder preferences and expectations. ■ Monitoring progress against our targets. ■ Competitor fleet reviews to understand products they have in operation compared to Virgin Atlantic.	**Improved fuel efficiency** Technological improvements in our young fleet result in improved aircraft fuel efficiency which reduces fuel expenses.	Short, Medium & Long	■ Implementing a fleet transformation programme that comprises the youngest and most fuel-efficient fleets aircraft in the sky, mitigating fuel cost and increasing efficiency. ■ Our advanced fleet transition programme provides Virgin Atlantic with a structural advantage on CO_2 emissions per passenger over our competitors, likely diminishing within the next five years.	Customer, Sustainability, Fleet, Fuel, Inflight services
Harness new fuel sources Explore the use of new novel SAF pathways and new suppliers.	■ Utilise data and operational advancements to build resource efficiency and inform customers of our impact. ■ Review industry market outlooks and forums. ■ Actively engage with SAF producers and fuel suppliers. ■ Virgin Atlantic's Carbon Model holds a log of existing and required SAF volumes to achieve our targets.	**New transitional industry** Reduced carbon emissions on a lifecycle basis and wider opportunities for SAF industry such as route network adaptability and new jobs in the UK.	Medium & Long	■ Procured >10,000 tonnes SAF in 2024. ■ Established a 10% SAF target by 2030. ■ Creation of a corporate and cargo SAF certificate programme to assist the reduction of Scope 3 travel emissions for our corporate customers. This will enable us to share the SAF premium and to facilitate partnering with wider stakeholders to drive commercialisation and scale up of SAF.	Sustainability, Fleet, Inflight services, Treasury
Physical hazard preparedness	■ Climate scenario analysis provides a quantitative view on the risks associated with physical hazards to our airport operations. (See page 74).	**Increased operational resilience.** Reduced disruptions and improved customer journeys through increased resiliency and effective climate-related risk management.	Short, Medium & Long	■ Assessed the vulnerability of our global airport network to climate change. ■ In 2024, we began our adaptation efforts by prioritising airport sites to benefit from improved resilience from climate-related hazards.	Sustainability, Holiday, Customer Care

Climate-related financial disclosures continued

Virgin Atlantic's Carbon Model

Our Carbon Model is an internal tool with the primary function of forecasting our future CO_2 emissions from flying, and model the trajectory and costs associated with our transition to Net Zero. The Carbon Model has been in use across the business since 2020 and is also used to provide insights on our material climate-related risks. We regularly update, project, and monitor these CO_2 emissions from a risk perspective to inform business decision making and assess their impact, while also forecasting future carbon emissions and financial implications. Two of our most significant financial risks – the UK SAF mandate and CORSIA compliance – form the foundation of our financial cost modelling and are integrated into both Virgin Atlantic's future business strategy and financial planning processes.

The Carbon Model's inputs include known fuel efficiency and performance data, future fleet and network plans, alongside projected growth rates and carbon pricing assumptions. Key drivers include fleet transition, fuel efficiency, and anticipated volumes and pricing for SAF and CORSIA. This enables us to establish a carbon cost range to support financial modelling. The outputs of our Carbon Model inform critical business areas, such as long-term budgeting, climate risk management, fleet strategy, senior leadership reward targets, and progress against our climate-related metrics and objectives.

Climate-related financial disclosures continued

Scenario analysis

Climate scenario analysis is used by Virgin Atlantic to stress our understanding of different physical and transitional environments that could impact our strategy. This year our approach has been to further quantify the most material risks to Virgin Atlantic whilst also progressing our transition and adaptation planning.

Physical risk scenario analysis

Our physical risk analysis looked at answering two focal questions:

“What is our potential future cost exposure from climate-related events impacting the airports we fly to?”

and

“Which airports could benefit from adaptation measures to prevent climate hazards materialising?”

In 2024, we engaged with XDI pty ltd, a physical climate risk modelling provider, to develop our understanding of the quantified financial impacts of climate change. Our physical risk modelling provided a probabilistic view of climate events causing disruption to our airport operations and highlighted low-, medium- and high-risk areas of each airport to guide adaptation decisions. This provides us with an understanding of the financial risk from climate-related events and decision-useful insights for airports to invest in adaptation measures.

Methodology

The physical risk model utilised the Intergovernmental Panel on Climate Change (IPCC) physical risk scenarios and climate risk engines which simulate the past, current and future climate. The climate modelling focused on our airport network due to the strategic significance airports have to our operations. The model provided climate value at risk (CVaR), failure probability and productivity loss metrics for us to integrate into an internal cost impact model.

The modelling used three physical scenarios defined by the IPCC sixth assessment report, a Sustainable Pathway (SSP1-2.6), a Middle-of-the-Road Pathway (SSP2-4.5) and a High Emission Development Pathway (SSP5-8.5).

The modelling assessed our exposure to nine climate hazards in our short-, medium- and long-term planning horizons and provided a spatial assessment of the entire airport footprint demonstrating where adaptation measures would be most effective to increase resilience.

Using this data, we assessed the annual cost exposure across our planning horizons and the adaptation measures that would be effective for airports to implement. The global network map highlights the sites assessed in the scenario analysis (route map correct as of 1 December 2024).

Airports assessed by physical scenario analysis

Climate-related financial disclosures continued

Physical scenario analysis results

Scenario	Scenario narrative	Hazards assessed	Potential impact	2050 exposure
SSP1-2.6: a Sustainable Pathway	Government, industry and society come together to avoid the most catastrophic impacts of climate change. Nations invest heavily in renewable energy, energy efficiency, and reforestation efforts, leading to a peak in global emissions around 2030, followed by a steady decline. The world limits global warming to about 1.5–2°C by 2100, avoiding the most severe climate impacts.	■ Coastal Inundation ■ Extreme Heat ■ Extreme Wind ■ Forest Fires ■ Freeze Thaw ■ Riverine Flood ■ Surface Water Flood ■ Soil Movement ■ Tropical Cyclone	Minimal impact to airport infrastructure. Climate events slightly increase in frequency and financial impact remains at a manageable level, but adaptation reduces risk at airports.	4/34 airports have significant operational risk exposure from climate hazards
SSP2-4.5: a Middle-of-the-Road Pathway	The world takes a balanced, yet fragmented approach to development, resulting in moderate success in mitigating climate change. Governments and industries act on climate issues, but efforts are unevenly distributed, leaving sustained emissions. By 2100, global warming stabilises around 2.5–3°C. Climate impacts – such as heatwaves, droughts and floods – are increasingly severe and have material impacts in some locations.		Moderate impacts on airports from changing climatic conditions. These conditions result in a greater number of rerouted and cancelled flights, along with increased care costs to support customers during airport disruptions. Greatest risk is experienced by 2050.	9/34 airports have significant operational risk exposure from climate hazards
SSP5-8.5: a High Emission Development Pathway	Economic growth is prioritised and efforts to address climate change are minimal, leading to high emissions and severe climate impacts. Global warming exceeds 4°C by 2100, triggering catastrophic climate impacts: massive ice sheet loss, extreme sea level rise, frequent tropical storms, and severe droughts.		Airports face significant challenges from heightened risks of tropical storms, flooding, and high wind speeds, which lead to severe and prolonged events. These conditions lead to increased costs from rerouted flights and higher care expenses during periods of airport incapacitation.	11/34 airports have significant operational risk exposure from climate hazards

Our reponse

Virgin Atlantic continuously track and monitors weather-related disruptions to ensure resilience in day-to-day operations and are well-positioned to adjust flight routes as needed to minimise the impact of weather.

We have established response teams, disaster planning processes and have call centres on hand to assist immediate physical risk incidents.

A changing physical climate could influence future customer preferences and demand for travel destinations, prompting the exploration of alternative travel options.

In 2025, Virgin Atlantic will continue our adaptation work for our airport network. Using our physical risk modelling and an understanding of adaptation measures at airports we will identify the highest risk airports and support resiliency work to protect this critically important infrastructure.

Climate-related financial disclosures continued

Transition risk

In 2024 our focal question to assess transition risks was **"which technology pathway best aligns with our strategy, values and targets?"**. Our transition analysis aims to further understand the pathways to Net Zero and begins to stress our strategy around the transition to Net Zero, particularly post 2030.

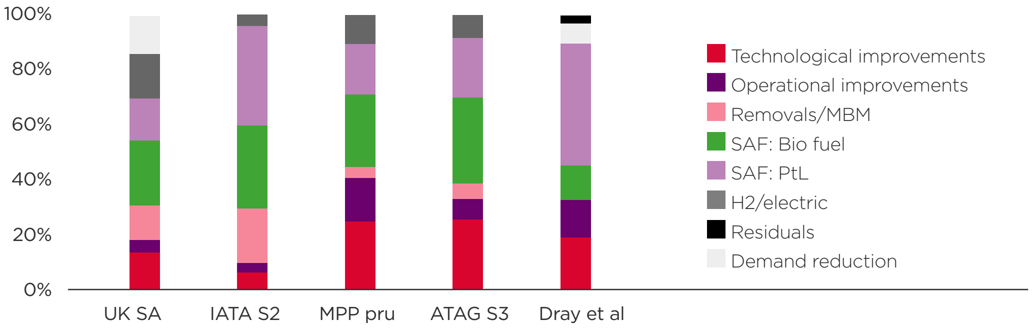
Methodology

The modelling utilised IATA's Net Zero transition pathway review[1]; the review describes Net Zero pathways created by various industry bodies and academic experts. The completed analysis explored the implications of five Net Zero roadmaps which use different technology mixes to reach Net Zero. Utilising our Carbon Model, we applied these roadmaps to our fleet, fuel and emissions profile to understand the financial impact and sustainability considerations associated with each roadmap.

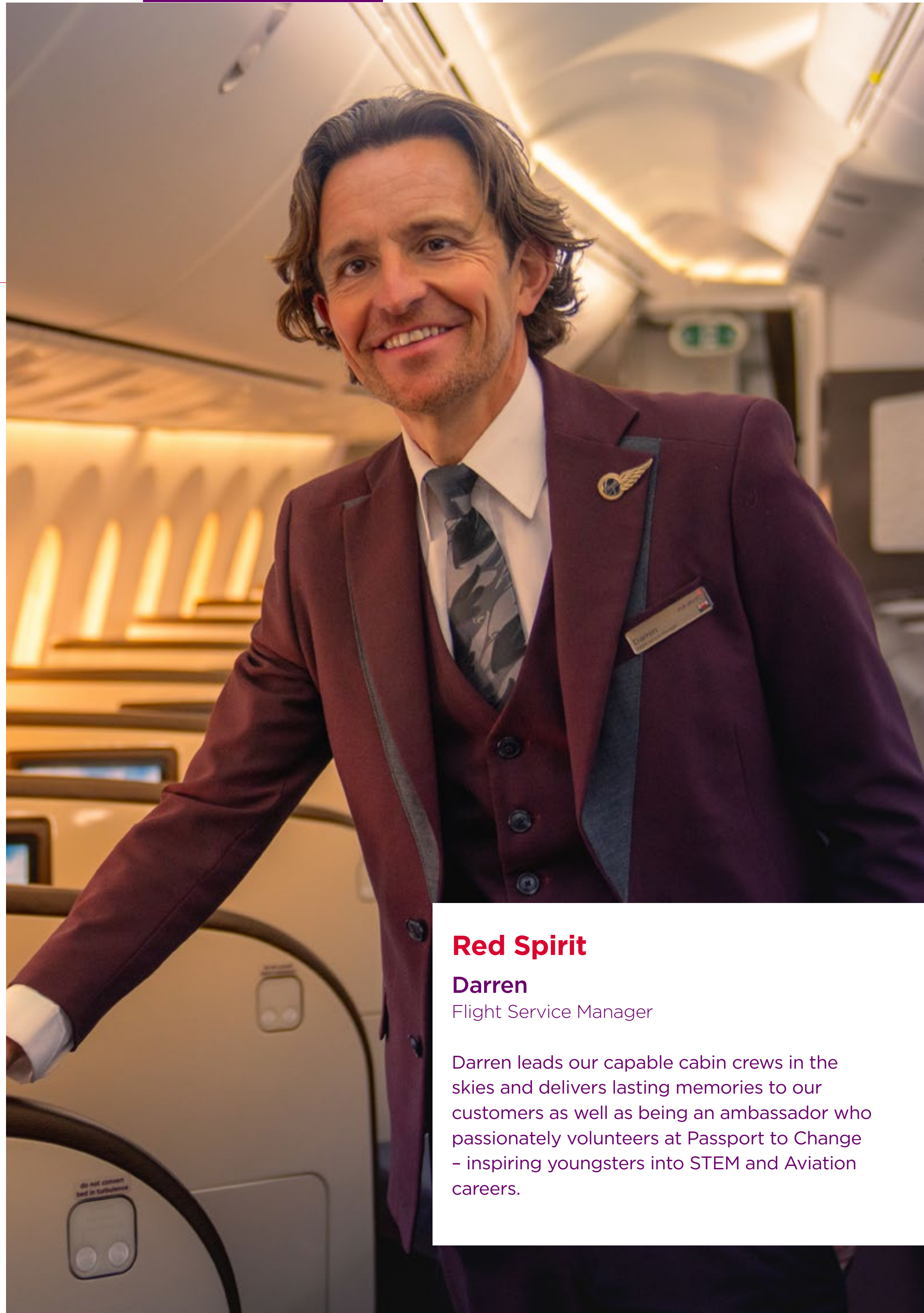
These outputs were then used to understand how the transition may impact our strategy, the benefits/drawbacks of different pathways and to ultimately inform our own Net Zero roadmap.

These Net Zero pathways provide plausible futures demonstrating where decarbonisation will originate from in the aviation sector. The industry roadmaps were developed by IATA, Sustainable Aviation UK[2] (SA UK), Air Transport Action Group (ATAG), Mission Possible Partnership (MPP), and leading academics. Each scenario has assumptions regarding SAF cost, decarbonisation measure implementation year and the emission reduction potential of each lever. These assumptions were applied to our forecasted fuel burn, carbon costs and fleet to understand how our strategy would perform in the different scenarios and further understand our route to Net Zero. Insights from this exercise were used to support the development of Virgin Atlantic's Net Zero roadmap, see page 59.

Industry roadmap emissions reduction by transition measure in 2050



1 IATA Sustainability and Economics, Aviation Net-Zero CO_2 Transition Pathways Comparative Review (2024).
2 Sustainable Aviation UK Net Zero Carbon Road-map (2023) is not included in the IATA technology transition review. This roadmap provides a UK-specific context.



Red Spirit

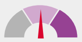
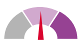
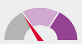
Darren
Flight Service Manager

Darren leads our capable cabin crews in the skies and delivers lasting memories to our customers as well as being an ambassador who passionately volunteers at Passport to Change – inspiring youngsters into STEM and Aviation careers.

Climate-related financial disclosures continued

High
Medium
Low

Technological scenario analysis results

Scenario	Scenario narrative	Sustainability considerations	Potential financial impact	Our response
UK Sustainable Aviation Roadmap	This UK-specific scenario highlights substantial decarbonisation driven by new technologies and a notable reduction in demand. Among the various pathways explored, sustainable aviation fuel (SAF) plays the smallest role, reflecting a shift towards other innovative solutions and systemic changes.	Emerging technologies present risks including the efficacy of GHG reductions. Demand reduction impact must be managed and not impact our ability to invest in GHG reducing technology.	High technology costs, and demand impact results in high/moderate transition costs. 	Diversification of carbon reduction technologies will reduce supply risks. Continue to monitor consumer preferences and demand elasticity associated with transition costs.
IATA Roadmap Scenario 2	Global aviation relies heavily on Sustainable Aviation Fuel, removals and market-based measures. Limited additional technologies and operational improvements are introduced. In this scenario removals and market-based measures account for the greatest proportion of decarbonisation across the scenarios assessed.	SAF supply chain must consider broader environmental impacts. The greenhouse gas removals and offsets market must improve reputation and demonstrate the importance of securing long-lasting emissions removals.	High SAF and removal costs and limited technologies reducing fuel usage, drive high overall transition costs. 	Limited additional technologies will put pressure on the supply of SAF and removal projects potentially increasing prices. Detailed procurement criteria developed for SAF purchases.
Mission Possible Partnership Prudent	Significant GHG reductions are driven by technological advances and operational efficiencies, as a wide range of technologies are adopted including unconventional aircraft design. Greenhouse gas removals are relied upon less than other scenarios as in-sector decarbonisation is prioritised.	Substantial reliance on emerging technologies to improve GHG performance. Innovative technologies allow for improved in-sector decarbonisation.	Fuel reduction caused by significant advances in fleet and operational technology result in a moderate cost transition. 	Waiting for a 'silver bullet' solution could hamper action to decrease emissions – strategy must prioritise technologies available to us today. New technologies will continue to be explored to understand all options available to Virgin Atlantic.
ATAG Waypoint Scenario 3	Decarbonisation in aviation is driven by a combination of ambitious technological advancements and diverse innovative solutions. New technologies become adopted in the short-haul and narrow-body market significantly improving carbon intensity.	Long-haul flying becomes more carbon intensive compared to short haul which may lead to a greater shift away from long-haul flying.	Moderate SAF costs and new technology results in reduced fuel burn and a low/med cost transition. 	Continue to monitor consumer sentiment towards long-haul flying and the latest technologies available to us.
Dray et al. (2022) Biofuel + PtL, Mid	Increased global availability of renewable energy has paved the way for power-to-liquid (PtL) SAF to emerge as the leading solution for aviation decarbonisation. By 2050, SAF is projected to account for 100% of aviation fuel use.	Renewable energy used in SAF production should be in addition to any renewable energy on the market. Reduced impact on land use and biodiversity.	Scenario assumes low SAF costs and high PtL volumes resulting in low overall transition costs. 	Our SAF procurement is favourable to PtL due to its environmental benefits, however PtL costs will need to be reduced to make this scenario commercially viable.

Climate-related financial disclosures continued

Scenario assumptions

	UK Sustainable Aviation[1]	IATA Roadmap S2	Mission Possible Partnership Prudent	ATAG Waypoint S3	Dray et al. (2022)
Average SAF cost ($/tonne) 2050	**1,850**	**1,712**[2]	**1,096**	**878**	**592**
Technological efficiency improvement (%)	2024-2050: **1.2%**	2024-2050: **1.1%**	2024-2030: **1.5%** 2030-2050: **2%**	2024-2050: **1.1%**	Modelling provided by IATA
Operational efficiency improvement (%)	2024-2050: **0.1%**	2024-2050: **0.9%**	2024-2030: **1.5%** 2030-2050: **2%**	2024-2050: **0.1%**	Modelling provided by IATA

In summary, the analysis has reaffirmed our focus on monitoring the changing cost and availability of decarbonisation levers, the demand impacts from the cost of the transition to Net Zero and influencing the policy landscape to drive investment into decarbonisation technologies. Our transition scenario analysis continues to support transition planning and identification of the associated risks and opportunities as we navigate the route to Net Zero.

1 Derived from Sustainable Aviaiton UK Net Zero Roadmap
2 Derived from the IATA finance roadmap

Risk management

Virgin Atlantic identifies and assesses climate-related risks and opportunities on an ongoing basis using various approaches, see page 69 for a detailed breakdown of our risk identification and assessment approaches. Our risk management process is integrated into our sustainability strategy, corporate risk management process, enterprise risk management framework and risk governance model. Our enterprise risk management framework ensures that the most significant risks are escalated to our Leadership Team. The process is carried out quarterly at a minimum and ensures that climate-related risks and opportunities are consistently managed against the other risks faced by the organisation.

During the ERM process each quarter, scenarios are evaluated for a range of identified risks, scored for both likelihood and potential impact, and how the business would respond to the risk. Material risks exceeding a threshold of £25-50m are escalated to the Leadership Team Group Risk Register, which is reviewed by the CEO and C-suite quarterly and presented to the Audit Committee Board Meeting biannually.

Annually, we disclose our most material risks. Sustainability is a designated Top Risk, encompassing consumer expectations for sustainable aviation, financial challenges in meeting carbon reduction commitments, and the physical impacts of climate change on operations.

Looking ahead

Over the next year the cost of carbon abatement in the aviation industry as a result of SAF and CORSIA policy measures will require careful consideration. To manage these financial burdens, many carriers, including Virgin Atlantic, have introduced a "carbon surcharge," or equivalent, incorporating the cost of abatement directly into ticket prices and reflecting our belief that both airlines and end users have an obligation to pay a fair share in helping reduce the climate impacts of flying. However, airlines and end users should not be responsible for market failures or underwriting the risk to industries that are not directly within our control.

We will continue to use our risk management tools, newly formed governance structures, and reporting processes to further our management of risk, and develop our transition and adaptation plans. Over 2025 we will connect with airports to support their adaptation efforts by providing the site-specific climate risk assessments and use the transition scenario analysis results to inform a costed view on Virgin Atlantic's transition to Net Zero. Early next year we will begin to explore the Transition Plan Taskforce framework and build upon our plan to Net Zero.

Climate-related financial disclosures continued

Metrics and targets

Our 2024 performance against our interim and Net Zero targets is detailed on page 49 and provides context to the changes in our emissions this year.

GHG table (tCO_2e)

Type of emissions	Activity	2019	2020	2021	2022	2023	2024	2024 (%)	2024 vs. 2023 (%)	2024 vs. 2019 (%)
Direct (Scope 1)	Aircraft fuel	4,190,727	1,597,905	1,768,189	3,090,836	3,518,666	3,810,466	75%	8%	-9%
	Natural gas	2,428	1,808	1,467	1,244	822	916	0%	11%	-62%
	Ground vehicles	575	229	235	164	206	421	0%	104%	-27%
	Refrigerant	-	827	309	246	32	57	0%	78%	
	Other fuels	498	164	232	267	366	164	0%	-55%	-67%
	Subtotal	4,194,229	1,600,932	1,770,432	3,092,757[▲]	3,520,093[▲]	3,812,024[•]	75%	8%	-9%
Indirect energy (Scope 2)	Location-based	3,225	2,101	1,440	1,246[▲]	1,326[▲]	1,291[•]	0%	-3%	-60%
	Market-based	N/A*	N/A*	N/A*	-[▲]	-[▲]	-[•]	0%		
Indirect other (Scope 3)	Category 1 – Purchased goods and services	240,503	126,511	103,818	108,067	153,418	150,970	3%	-2%	-37%
	Category 2 – Capital goods	211,469	39,099	10,401	14,206	15,645	62,917	1%	302%	-70%
	Category 3 – Fuel and energy related, well to tank (WTT)	869,019	331,601	366,922	640,572	733,437	794,132	16%	8%	-9%
	Category 4 – 9	158,433	39,608	60,845	127,907	143,366	139,651	3%	-3%	-12%
	Category 11 – Use of sold products	249,844	37,676	23,744	86,262	88,001	109,596	2%	25%	-56%
	Subtotal	1,729,267	574,495	565,730	977,014[▲]	1,133,867[▲]	1,257,265[•]	25%	11%	-27%
Total emissions location-based (tCO_2e)	**Total**	5,926,721	2,177,527	2,337,603	4,071,017	4,655,287	5,070,579	100%	9%	-14%
Total emissions market-based (tCO_2e)	**Total**	N/A	N/A	N/A	4,069,771	4,653,960	5,069,289	100%	9%	

▲ In 2022 and 2023 KPMG provided a limited assurance in line with ISAE(UK)3000 and ISAE 3410.

• KPMG LLP has issued independent limited assurance, using assurance standard ISAE(UK)3000 and ISAE 3410, over selected data indicated. KPMG's assurance statement and Virgin Atlantic's Reporting Methodology are available here

* Market based emissions not previously reported

Climate-related financial disclosures continued

Sustainable Aviation Fuel

Year	Tonnes	TTW SAF biogenic emissions (tCO_2e)	WTW SAF emissions reductions (tCO_2e)
2022	1,952	6,209	7,179
2023	1,719	5,463	6,674
2024	10,208	32,445	36,672
Total	**13,878**	**44,116**	**50,526**

* SAF reporting based on the IATA Sustainable Aviation Fuel (SAF) Accounting & Reporting Methodology. Virgin Atlantic has updated its SAF reporting table from previous years to separately disclose the tank-to-wake biogenic emissions and well-to-wake lifecycle emissions reductions from SAF usage (see methodology statement).

Sustainability metrics

Sustainability metric	2019 data	2020 data	2021 data	2022 data	2023 data	2024 data	YoY % change
Aircraft CO_2 (kg) per revenue tonne kilometre (CO_2/RTK)	0.723	0.826	0.825	0.695	0.708	0.680	-4%
Total CO_2 emissions (tonne) from aircraft operations	4,148,970	1,581,962	1,750,537	3,059,981	3,486,899	3,776,064	8%
Aircraft CO_2 (g) per passenger kilometre	78.9	119.0	137.8	77.0	76.3	74.2	-3%
Aircraft CO_2 (g) per cargo tonne kilometre	470	496	494	460	449	437	-3%
Aircraft fuel, tonnes	1,317,271	502,263	555,784	971,524	1,107,068	1,198,876	8%
Electricity use, kWh	12,409,002	9,011,904	6,606,327	6,440,825	6,405,319	6,234,426	-3%
Gas use (excluding airport properties), kWh	8,524,419	8,749,654	6,415,359	3,223,052	3,448,457	3,960,359	15%
Vehicle, kWh	2,217,604	886,916	925,624	659,875	829,676	665,956	-20%
Combined electricity and gas, (tonnes) CO_2e (location-based)	4,739	3,710	2,615	1,838	2,149	2,207	3%
Average aircraft noise (decibels)	95.1	93.3	92.8	93.0	93.0	93.0	0%

Waste

Operation	Activity	Source	Unit	Recycled	Landfill	Energy recovery	Anaerobic digestion	Total
Ground operations	VHQ office and LHR hangar waste	CBRE	Tonnes	117 (2%)	(%)	223 (4%)	(%)	340 (7%)
Aircraft – onboard	Onboard catering and production waste	Gate Gourmet	Tonnes	519 (10%)	(%)	3,418 (67%)	(%)	3,937 (78%)
Aircraft – onboard	Cabin and amenities waste	MNH	Tonnes	720 (14%)	(%)	80 (2%)	(%)	799 (16%)
Total			Tonnes	1,356 (27%)	(%)	3,721 (73%)	(%)	5,077 (100%)

Climate-related financial disclosures continued

SASB

Topic	Accounting metric	Category	Unit of measurement	Page reference or data
Greenhouse gas emissions	Gross global Scope 1 emissions	Quantitative	Metric tonnes CO_2e	3,812,024
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and analysis	n/a	x
	(1) Total fuel consumed, (2) percentage alternative, (3) percentage sustainable	Quantitative	Gigajoules (GJ), Percentage (% of volume)	52,636,656, 1%, 1%
Labour practices	Percentage of active workforce covered under collective bargaining agreements	Quantitative	Percentage (%)	0.55
	(1) Number of work stoppages and (2) total days idle	Quantitative	Number, days idle	0, 0
Competitive behaviour	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behaviour regulations	Quantitative	Reporting currency	0
Accident safety & management	Description of implementation and outcomes of a Safety Management System	Discussion and analysis	n/a	Virgin Atlantic Airways has an implemented Safety Management System approved by the UK Civil Aviation Authority
	Number of aviation accidents	Quantitative	Number	0
	Number of governmental enforcement actions of aviation safety regulations	Quantitative	Number	0

Sustainability activity metric	Category	Unit of Measure	Page reference or data
Available seat kilometres (ASK)	Quantitative	ASK	53,248,652,441
Passenger load factors	Quantitative	Rate	78.1*
Revenue passenger kilometres (RPK)	Quantitative	RPK	41,707,080,761
Revenue ton kilometres (RTK)	Quantitative	RTK	5,552,913,362
Number of departures	Quantitative	Number	26,124
Average age of fleet	Quantitative	Years	6.9

*Includes non-revenue passengers

Red Spirit

Alice

Avionics Design & Development Engineer

Alice's time and effort mentoring and inspiring young people into STEM based careers was recently rewarded by becoming a Department for Transport UK aviation ambassador. She was also nominated for the Women to Watch list in 2024.

Risk management

Our risk management philosophy

We believe corporate risk processes create value and protect the organisation by allowing us to be better prepared and more flexible; providing oversight of opportunities; helping us prioritise and deploy resources; and minimising the revenue, cost and/or reputational impacts of risks that may crystalise.

Our risk processes are focused on both (1) providing effective short-term risk management in a dynamic macro-economic, political and operating environment, and (2) ensuring medium and longer term risk horizon scanning activity is identifying new and emerging threats in a timely manner. Throughout, we place the health and safety of our people, customers and partners at the heart of our decision making.

We now use a framework utilising both quantitative and qualitative information to inform our risk understanding. This has better equipped our business owners, management team and Board to assess movements in our risk landscape during the course of the year. As a result, time and focus is better directed to priority risk areas representing the issues that matter most from a materiality and likelihood perspective.

Risk management model & risk processes

Our risk processes enable risk escalation and de-escalation from divisional, programme and process risk registers into a central Top Risk Register. We assess risks for likelihood of occurrence, and impact on our corporate objectives and strategy by using a number of lenses. We align and deploy risk taxonomy, risk language and risk assessment scales consistently across the business. This provides a reliable and comparative method to focus our management team's attention on the aspect of risk management that matters the most – identifying additional mitigation activity or investment needed to maintain our risk profile within our appetite.

As health, safety and security is our number one priority, underpinning everything we do, this risk category has its own reporting structure and escalation procedures. These integrate with our corporate risk processes through shared membership, aligned frameworks and a cadence of regular meetings. A number of additional risk committees and working groups have also been established where needed, to provide additional governance over top risks, such as Information and Cyber Security, and Crisis Management.

Key risk indicators against all our top risks now provide quantitative data on how these risks are being managed and to track movement and progress over time. We have defined a "risk appetite" scale to supplement the existing impact and likelihood rating scales, which are a guide into the level of risk we believe we are willing to tolerate in the achievement of our strategic objectives. Finally, for each of our top risks there is a stated target set for the eventual, desired permanent positioning of the risk.

The reporting and monitoring of key risk indicators and target state for our key risks supplements our understanding and measurement of risks to ensure risk discussions are focused on adequacy and urgency of mitigation plans.

Board of Directors & Audit Committee
- Sets overall risk appetite in line with strategic objectives
- Assesses effectiveness of risk management systems
- Approves the risk framework and policy

CEO & Leadership Team
- Assesses risk landscape and identification of material risks
- Defines risk appetite and individual risk tolerance
- Reviews adequacy of mitigating actions and controls
- Ensures appropriate resource allocation

Corporate Risk Team
- Defines corporate risk policies and procedures
- Coordinates executive/board risk discussion
- Independently assesses and escalates significant risks
- Risk training and support to business

Safety & Security Review Board
- Independently chaired
- Interfaces with regulatory agencies
- Sets high level strategy and policy
- Monitors effectiveness of safety supervision

Operating units
- Assesses localised risks and landscape
- Reports on key risk indicators
- Manages risks within defined tolerances
- Implements risk response plans

Safety groups
- Flight and cabin safety group
- Engineering safety group
- Security action group

Information Security Board
- Independently chaired
- Oversees data security and privacy
- Monitors cyber security risks and mitigations

Other boards
- Financial Risk Committee
- Organisational Resilience Board
- Crisis Management function

Risk management continued

Principal risks and uncertainties

In 2024 we defined our Top Risks across seven categories, being (i) Health, Safety and Security (ii) Financial & Macro-Economic (iii) Third Party Relationships (iv) Sustainability (v) Technology and Cyber Security (vi) People and Brand and (vii) Compliance.

Our risk environment is continually evolving and consequently we need to remain alert to longer-term operational, economic and financial factors that increase uncertainty; many are outside of our control. The Directors believe that the risks and uncertainties which are described below are the ones which may have the most significant impact on our long-term performance.

Risk Category 1: Health, Safety and Security

Risk 1.1: Major safety, terrorism or security incident

Risk context:

A major flight or ground safety event could have a significant impact on our ability to operate or attract customers. Failure to prevent or respond promptly and effectively to such an incident could have a material adverse effect on Virgin Atlantic's reputation, business, and financial condition.

Additional adverse consequences of any such events, and the threat of any such events, could include a complete or partial closure of UK airspace or other airspace affecting our routes, reduced demand for air travel, increased costs associated with security precautions, other flight restrictions and, to the extent Virgin Atlantic is or could be involved, significant liability and litigation costs.

In addition, all aviation and tour operation businesses are generally exposed to security threats, including the threat of terrorism. Aircraft crashes or other safety incidents, even if they do not directly involve Virgin Atlantic, could still impact passenger confidence and have a material adverse effect on the airline and holiday industries in general, and/or lead to reduced demand for our services.

Main controls and mitigations:

Safety and security is our number one priority. It is the cornerstone of our corporate strategy and underpins everything that we do.

The UK Civil Aviation Authority (CAA) authorises us to conduct our activities following assessments of safety, ownership and control. In addition to complying with all regulatory and airworthiness directives and processes, we have an independently chaired Safety and Security Review Board comprising Executives and Senior Managers from across the business, which reports directly and regularly to our Board on our safety and security position.

To ensure the robustness of our security regime we operate a self-inspection and test programme. Joint audits and inspections are also conducted with regulators. Regulated compliance performance is monitored by way of a dedicated scorecard which is reviewed by our Safety and Security Review Board.

We adopt a holistic approach to security with the Corporate Security team having overall responsibility for security matters linked to aviation, border security, cargo, facilities, personnel and asset protection. In view of the ongoing targeting of civil aviation and the potential impacts of global geopolitical events, much focus is placed on threat monitoring and assessment to ensure that we have the most current and accurate data to make informed judgements about the security of our people and our physical assets.

Risk management continued

Risk Category 1: Health, Safety and Security

Risk 1.2: Other high impact/low likelihood adverse events

Risk context:

Many other "Black Swan" and similar crisis management risk scenarios apply to all airline and package holiday operators, many with a health, safety and security priority, including but not limited to:

- Significant weather events which impact our ability to operate aircraft or deliver our holiday packages;
- Operational disruption as a result of geopolitical tensions, regional disputes, conflicts, wars between nations, public health emergencies and other humanitarian disasters;
- Worldwide fleet grounding events, including as a result of rapidly emerging airworthiness concerns on an engine or aircraft type; and
- Acts of terrorism or civil unrest in destinations that we serve, which lead to the inability to operate in/to or from these locations.

If any of these events were to transpire, the ability of our business to respond and survive depends on having well established crisis management and business continuity processes.

There is a risk that, despite taking precautions, our preparations may not be sufficient to protect us from material damage should an actual event occur.

Main controls and mitigations:

The risk management processes we have established are designed to protect us from future short and mid-term shocks associated with crisis events, and briefly are as follows:

- We have a crisis management and resilience function which constantly and consistently manages the risk of major disruption from an operational perspective.
- We conduct company-wide business impact analysis and have established Business Continuity Plans for all the critical areas of our operating and head office functions. These remain under continuous review. We test our crisis management processes regularly using a range of different scenarios.
- Our Organisational Resilience Board and Safety and Security Board meet regularly to assess the risks associated with crisis management and business continuity.
- Our active monitoring includes the incorporation of additional resilience into our operations with appropriate measures to have staff on standby should there be an incident. Our resilience measures are designed to ensure customer and employee safety and to minimise any impact on operations.

Risk Category 2: Financial and Macro-Economic Factors

Risk 2.1: Liquidity risk

Risk context:

Liquidity risk continued to be a key focus for 2024 especially given the challenges and uncertainties arising from conflicts in Ukraine and the Middle East, high fuel prices, ongoing global supply chain issues and an uncertain economic environment. The macro-economic volatility means our laser focus on protecting liquidity remains.

Risks to liquidity are also driven by business performance, capital investments, our financing structures, and the timing of associated cash flows. We are also exposed to the risk of increased finance costs as a result of movements in interest rates on floating rate debt, and the general availability of financing.

Derivative financial instruments are used selectively for financial risk management purposes. The timing difference between derivative maturity date and current mark to market value can give rise to cash margin exposure during volatile market conditions.

Main controls and mitigations:

The careful management of our cash position continues to play a significant role in management decision making. This includes an ongoing focus on maintaining the recurring cost savings we have delivered in the past, obtaining additional liquidity through new card acquirer agreements, and raising new finance from the market, developing our network, and identifying new revenue opportunities.

To strengthen our liquidity management and reporting processes we have established specific governance to oversee cash management activity and support strategic cash decisions, which is in turn informed by robust cash modelling and cash forecasting activities. Our capital governance and approval processes also ensure we maintain financial discipline in respect to prioritising and managing our capital expenditure.

The net exposure to movements in interest rates is calculated and managed with a view to mitigate the impact of rate increases; this being especially pertinent in the current economic climate. A mix of fixed and floating rate products are used to reduce exposure and where necessary we utilise financial instruments approved under our risk management policies. We maintain the majority of our debt at fixed rates to manage this exposure.

Any hedging activities are undertaken in line with our financial risk management policies to provide a degree of certainty for future financing costs and to reduce volatility of cash flows. We do not speculatively trade and use these instruments to manage the underlying physical exposures of the business.

Risk management continued

Risk Category 2: Financial and Macro-Economic Factors

Risk 2.2 Financing risk

Risk context:

Financial leverage from operating leases, finance leases, secured loan facilities and other facilities is a key area of focus for the business, with a range of potential negative implications if not carefully planned and managed. In common with the rest of the airline industry, the amount of financial leverage within the business increased due to the additional debt that we took on in response to the Covid-19 pandemic. 2024 saw material repayment of some of this historical debt including full pay down of Davidson Kemper Partners who entered the capital structure in September 2020. This, together with improved earnings levels, has improved the leverage position during 2024. During the year, we also added six new aircraft which have been financed using operating & finance leases.

Main controls and mitigations:

The Board regularly reviews our capital structure and approves changes and initiatives to ensure the structure remains within its risk appetite.

We continuously appraise balance sheet obligations, including our fleet commitments, and maintain short, medium and long-term financial capital planning models that ensure we identify new financing requirements in good time and with a high degree of confidence. This allows us to proactively engage with financing parties at an early stage and achieve optimal solutions. We maintain close and strong relationships with key financing stakeholders to ensure that our arrangements with them remain well governed and risk controlled.

We regularly review the use of our assets, including securitisation options, to ensure we maintain our costs of borrowing and capital within our capital structure targets. We have an approved strategy and plan which is focused on ensuring our operations maintain a healthy, cash flow positive position and includes a detailed assessment of the most efficient use of revenue – including re-investment and financing repayment opportunities.

Risk Category 2: Financial and Macro-Economic Factors

Risk 2.3: Foreign currency and jet fuel risk

Risk context:

We have significant exposure to US dollar denominated costs, most significantly for jet fuel and aircraft financing and interest costs, but also for fleet maintenance and other US dollar financing arrangements. Adverse movements in the US dollar to Pound Sterling rate can therefore significantly impact our financial position.

Repatriation may also be constrained in countries where exchange controls are imposed to regulate the flow of money, and in such locations the risk of currency devaluation for unrepatriated balances can be high.

In addition, jet fuel comprises a significant and material element of our cost base, and we therefore have considerable exposure to adverse movements in the base price of oil and jet fuel, independently of the foreign exchange risk outlined above.

Main controls and mitigations:

Where possible we reduce our exposure through the matching of receipts and payments in individual currencies. For countries where remittance challenges and risks exist, we closely monitor our currency exposure to identify any issues at an early stage and to take remedial action, both operational and financial, to minimise the risk to these funds. Where a significant exposure in foreign currency holdings remains, we utilise financial instruments approved under the financial risk management policies, including at times foreign currency exchange hedges.

We aim to protect the business from significant near-term adverse movements in the jet fuel price. Our fuel hedging policy allows for the use of derivatives available on the over the counter (OTC) markets with approved counterparties. We do not speculatively trade and use these instruments to manage the underlying physical exposures of the business. Any hedging activities are also undertaken in line with our approved financial risk management policies to provide a degree of certainty for future financing costs and to reduce volatility of cash flows.

Risk management continued

Risk Category 3: Third Party Relationships	
Risk 3.1: Key Supplier Failure Risk	
Risk context: We are dependent on suppliers from a wide range of business domains for several of our principal business processes. The failure of any of our key suppliers to deliver contractual obligations could have a significant impact on our operational performance and customer delivery. 2024 has continued to highlight the pressures on our supply chains across a variety of industry sectors, including aviation and many of our suppliers. This has led to a heightened risk for many businesses we deal with. In addition, inflationary pressures have compounded this risk meaning that elements of our supply chain could be more likely to experience financial distress as a result of the increased strain being placed on their costs and business models. We are reliant on a limited number of aircraft and engine manufacturers, including Airbus, Boeing, and Rolls-Royce. Any issues relating to the airworthiness of the aircraft models or engine types used by us could lead to a significant part of our fleet being grounded, and any failure or non-performance of aircraft and engine manufacturers to deliver new aircraft or engines could lead to operational disruption and additional costs.	**Main controls and mitigations:** Our Organisational Resilience Board has oversight of this risk and meets regularly to assess the controls linked to our key suppliers' performance. We carefully assess the adequacy and resilience of our supply chain when entering into new contractual agreements and we maintain close relationships with existing key suppliers to ensure we are aware of any potential supply chain disruption. We monitor our supply chain to alert us to supply and inflationary pressures. We will look to take mitigating actions, such as maintaining a larger inventory, where appropriate and ensure the actions we are taking do not place unnecessary additional stress on our valued suppliers and counter-parties. We maintain strong strategic relationships with all our fleet and engine suppliers, which includes holding regular service delivery reviews to identify risks and emerging issues, review supply chain planning and component delivery dates, and to secure resilience. Where issues do impact us, we work proactively with our partners to identify solutions. Our fleet and network planning activities are kept under close review. If issues occur, we have forums established which identify tactical solutions to minimise the impact to our operations, customers, and revenue and costs – including reviewing the flying plans, adjusting our scheduling and destinations, optimising maintenance schedules, and looking at options to secure additional short-term capacity such as by dry or wet leasing.

Risk management continued

Risk Category 3: Third Party Relationships

Risk 3.2 Airport Infrastructure and Slots

Risk context:

We depend on a number of UK and overseas airport hubs, and certain holiday destinations, for our operations. With 90% of our operation consolidated at London Heathrow – we are acutely affected by the commercial and operational terms of use. At Heathrow, and our other airports in the UK and down route destinations, we can be affected by political, regulatory and commercial changes in respect of the airport infrastructure we use. These are often outside of our control and our ability to influence is often limited.

In order to utilise our UK hub (London Heathrow), Manchester airport and overseas airports, we pay various fees such as infrastructure and commercial fees for use. These include passenger service charges, on campus infrastructure fees, landing fees, air traffic security costs and transfer fees for connecting passengers we transit through airports. These charges can vary materially between airports and at single airports over time (for example Heathrow consults on annual charging structures to differentiate fees within its economically regulated "Maximum Allowable Yield" or average cost it can charge per passenger. There can be no assurances that such costs will not increase year on year, between price control periods (where relevant) and that regulated charges (as applicable) will not increase disproportionately in favour of airport operators with substantial market power in the services they provide.

To operate from most airports internationally, airlines are required to hold "slots" in order to take off and land. There are various international and local application of rules governing slot award, ownership and use. For example, if a slot is not sufficiently used in a season (the so-called "use it or lose it" rule) it can be lost for future use. The loss of slots carries financial, commercial and operational risks; affecting Virgin Atlantic's ability to fly its planned schedule, utilise aircraft efficiently or serve all destinations in the network. A loss of slots could impact Virgin Atlantic's financing arrangements, and its ability to fly to key destinations.

Main controls and mitigations:

When changes are proposed to airport infrastructure we work closely and actively with regulators, airport operators, airline communities and industry groups, to understand the impact and to make our voice heard during consultations. We lobby both to protect consumers' interests, and to balance required investment in infrastructure with value for money and equitable cost distribution mechanisms.

In the context of Heathrow, where our operation is consolidated and where passenger charges remain the highest in the world, we continue to engage with industry partners, Government and Heathrow on the incentives and outcomes of today's regulatory model. Our view remains there is need for a fundamental review and in February 2025 we launched the "Reimagined Heathrow" campaign alongside IAG, Arora and the Heathrow AOC. In the course of 2025, we will continue to work with industry partners to achieve better outcomes for consumers and users. An essential pre-requisite before material further capital expenditure is incurred.

We closely monitor our slot usage versus the requirements of slot utilization at coordinated airports, to ensure that we protect our historic precedents over our slots. If necessary, we identify options to lease or lend slots to other operators to ensure such slots are used both to serve destinations/consumers and to protect historic rights and future use of such slots.

To maintain rights and access to slots in the future we work closely with decision making bodies to continue to improve our slot management and ensure we have early sight of any upcoming changes.

Risk management continued

Risk Category 4: Sustainability

Risk 4.1: Sustainable aviation and associated challenges

Risk context:

From 2024 the airline industry has moved into a mandatory compliance phase across the levers of decarbonisation. From January 2024, CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation) obligations to offset emissions (at a global industry level) above 85% of 2019 emissions become mandatory. From January 2025 the UK SAF Mandate came into force, requiring 2% Sustainable Aviation Fuel (SAF) in the UK aviation fuel mix (with the obligation being on the fuel suppliers but the cost of use being passed on to airlines and passengers). In addition, there is increasing consumer pressure – at a minimum from price due to increasing costs but also from a consumer behaviour perspective if attitudinal sentiment flows through into behaviour change. As a long-haul only operator the changing compliance and consumer landscape will continue to be both a risk and opportunity for Virgin Atlantic.

The challenges to our carbon reduction efforts include price premium above traditional jet fuel, any material delay in the commercial availability of eligible SAF supply or carbon offset projects and/or trading schemes, as well as the risk of increased carbon-related taxes across the markets we serve.

The timetable for development and commercial availability of SAF remains highly uncertain, particularly in the UK, and the aviation industry recognises that market-based measures are also going to play a part in addressing carbon emissions, particularly for long-haul flights in the medium term.

Whilst our internal carbon models are maturing, providing better insight into future emissions, financial exposures remain uncertain due to nascency of the SAF industry, ambiguous global and UK SAF policy landscape, and a lack of eligible credits that comply with the CORSIA scheme.

Main controls and mitigations:

Our actions to support technology, innovation and SAF commercialisation, alongside fleet transformation and operational efficiencies are demonstrative of our ongoing commitment to take action that reduces our carbon impact in the short term and give us the greatest chance of decarbonising our operation over time.

We have committed to Net Zero carbon emissions by 2050. We continuously work to find ways to improve efficiency across all our operations, and to provide greater transparency in our performance through independent auditing and verification of our carbon footprint.

We have transformed our fleet over the past decade from four-engine powered aircraft to more efficient twin-engine aircraft. Investing in a fleet transformation programme means we fly one of the youngest and most fuel-efficient fleets across the Atlantic.

We have supported the development of SAF since 2011 working in partnership with a number of companies to make SAF a viable and more affordable option for airlines. These partnerships are key to achieving 10% use of SAF across our fleet by 2030. But we note, beyond the actions we can take, there remain a number of uncontrollable elements including the policy environment in the UK. Flight100 demonstrated that the barriers to adoption are not operational but there are technical, cost and policy challenges to overcome to catalyse production. Today SAF production remains below 1% of Jet A fuel use globally.

Despite the challenge ahead for supply, particularly in the UK, we remain committed to playing our part and supporting the radical collaboration to finance, build and operate SAF plants. We are active members of a number of cross industry groups including the Jet Zero Taskforce, Cleaner Skies for Tomorrow, Aviation Climate Taskforce and Sustainable Aviation.

Risk management continued

Risk Category 4: Sustainability

Risk 4.2: Physical Impact of Climate Change on Operations

Risk context:

The physical effects of global warming and climate change have the potential to affect our operations, people, customers and suppliers.

Climate change has resulted in more volatile weather, which could disrupt our operations. Changes in wind patterns and jet stream disruption as a result of climate change are also recognised as having the potential to increase turbulence on common flight paths. More extreme winter weather events also have the capability to increase the demand on winter planning activity, as well as critical services such as de-icing, which could result in delays and cancellations.

Main controls and mitigations:

Quantitative physical climate risk analysis was undertaken on Virgin Atlantic's entire airport network and core operational sites to ascertain where we are likely to see the greatest physical risks in the long term and our commercial teams constantly track demand and trends as well as the commercial viability of new routes and destinations.

We maintain robust monitoring across our operations to ensure that sources of disruption and potential disruption are being closely followed including adverse weather conditions. Where necessary, our operations will be re-planned to minimise any adverse effects on our operations. There are well rehearsed planning scenarios to manage major disruption from an operational perspective. This includes a dedicated crisis management centre, with an operational readiness state 24/7/365, and clearly established protocols for engagement, escalation and closure of potential crisis events. We also have a team of volunteers that can be deployed at short notice in the event of a weather-related disruption.

Risk Category 5: Technology and Cyber Security

Risk 5.1: Failure or non-availability of a critical IT system, including due to cyber security threats

Risk context:

We rely on technology systems to conduct our principal business processes. A compromise, loss of integrity, or loss of availability of these systems could cause significant operational disruption, financial loss, reputational damage, or regulatory non-compliance.

Financially motivated crimes such as ransomware and data extortion are currently the most common types of cyber attacks affecting our industry, whether directly or through our supply chain. Third party threats such as supply chain and software compromises have increased in likelihood since the last reporting period, as has the cyber security threat associated with the current geo-political landscape.

Main controls and mitigations:

The Information Security Board (ISB) has improved governance, set risk appetite, validated the security plans, and reviewed security investments as part of its revised role.

Our three-year Information and Security plan is delivering benefits and risk reduction through several control activities. These include the development of new InfoSec Baseline Controls Framework that will drive internal control effectiveness and reporting. We are migrating security services to a next generation security platform and supporting services with additional capabilities. Enhancements to our scanning services means that exploitable vulnerabilities can be detected and remediated expeditiously.

We continue to drive and deliver regulatory compliance for Information Security under the CAA's Civil Aviation Publication (CAP) 1753, and PCI-DSS payment card standard.

Technology provides ongoing controls, including disaster recovery planning and business continuity arrangements to identify and mitigate the risk of a critical system failure. We have a planned programme of capital investment to continuously update and refresh our technology solutions and services. This is designed to improve performance, availability, confidentiality, integrity, and resilience, and to reduce risks from obsolescence. We also strategically partner with third parties to accelerate our technology transformation, increase speed of recovery and responses, and to reduce the risk of material technology systems or services failure.

Risk management continued

Risk Category 6: Brand & People

Risk 6.1: Brand and Reputational Damage

Risk context:

Any factors which have a material adverse effect on the Virgin or Virgin Atlantic brand could result in a significant loss of confidence from our customers in Virgin Atlantic, with a consequent material adverse effect on our business.

The Virgin brand is used in a wide range of different economic sectors both in the United Kingdom and internationally. Virgin Atlantic is exposed to a general risk that others associated with the Virgin brand could bring the brand into disrepute.

Main controls and mitigations:

Our brand is one of our greatest assets, and we treat it with great care and consideration.

We focus on retaining one powerful brand which stands out and inspires our customers to trust and transact with us.

We constantly monitor a wide range of indicators to help us understand how our customers feel about us and our brand, and to update our services and offerings to reflect this. This includes looking at NPS and other survey results from customers who have transacted with us, and also by tracking external brand metrics – such as brand power – with the support of third parties.

Our advertising strategy, products and assets are kept under regular review, to ensure that we are positioning and marketing ourselves to our existing and potential customers in a way which maximises their affiliation, loyalty and resonance, and to drive continuous improvement.

We coordinate regularly with Virgin management and other Virgin Companies to ensure we understand the positioning of the master brand, and have clear escalation points established.

Risk Category 6: Brand & People

Risk 6.2: Industrial Relations

Risk context:

We have a unionised workforce represented by trade unions. Whilst Virgin Atlantic has not experienced industrial action in its history, it is a known and recognised risk. Industrial action by employees or by key third party service providers could have adverse operational and/or financial impacts on the business.

Main controls and mitigations:

We recognise the following trade unions: Unite the Union and BALPA. Virgin Atlantic continues to engage regularly and meaningfully with recognised trade unions, as we do with colleague committees in areas not represented by trade unions. We continually take steps to build positively on our working relationships, which are underpinned by trust and respect in order to benefit our people.

Risk management continued

Risk Category 6: Brand & People

Risk 6.3: Talent acquisition, management, development and retention

Risk context:

We compete to attract the best talent globally. Without effective talent management and development processes we may have difficulty in attracting and retaining people with the skills we need to deliver our strategy.

Failure to meet our ambitions to be an open, inclusive and representative business could also compromise our ability to attract and retain the best talent, impacting the performance of our business.

Main controls and mitigations:

The strong reputation and loyalty engendered by the Virgin Atlantic brand is a core part of the value of our business, and one which continues to stand us in good stead when we compete for talent.

We maintain a clear and equitable talent management process internally, linked to a variety of performance-related pay mechanisms, which encourage and reward effective performance. We conduct succession planning to ensure that we have an effective view of our internal and external talent pipeline, to provide continuity, and to identify development opportunities for our people.

We have ambitious ethnic diversity and gender targets, and a number of strategic initiatives are running internally to ensure we meet these. We invest in a number of local and international efforts to increase the diversity and strength of the longer-term talent pipeline.

Our initiatives include programmes designed to increase the representation of women in STEM subjects and careers; mentoring programmes to support local schools; and apprenticeship schemes which allow us to identify and attract the next generation of leaders.

We also have specific initiatives in place to ensure that the mental health, wellbeing, and occupational health of our people is maintained, including actively managing fatigue risks; and to provide additional support, resources, and other corrective actions as and when necessary.

Risk Category 7: Compliance

Risk 7.1: Compliance with corporate and aviation regulations

Risk context:

The aviation and tour operator industries are highly regulated. Key regulations cover many of our activities, including safety, security, route flying rights, airport slot access, data protection, environmental controls, government taxes and levies. Compliance with these regulations is critical to the maintenance of mandatory licences and to avoid, reputational damage, sanctions, fines, or losses.

Additionally, there is a significant number of regulatory compliance requirements arising from our obligations as a corporation. Failure to comply with these regulations risks reputational damage, sanctions, fines, or losses to our business.

Main controls and mitigations:

The CAA authorises us to continue our activities following assessments of safety, ownership and control as well as financial fitness criteria, the broad framework of which is available via the CAA website (www.caa.co.uk). We have a dedicated internal compliance function which both conducts and supports a significant level of internal and external audits, reviews and assessments required by the CAA and other bodies including IOSA and IASA, to ensure we remain compliant. This function reports into our Safety and Security Review Board.

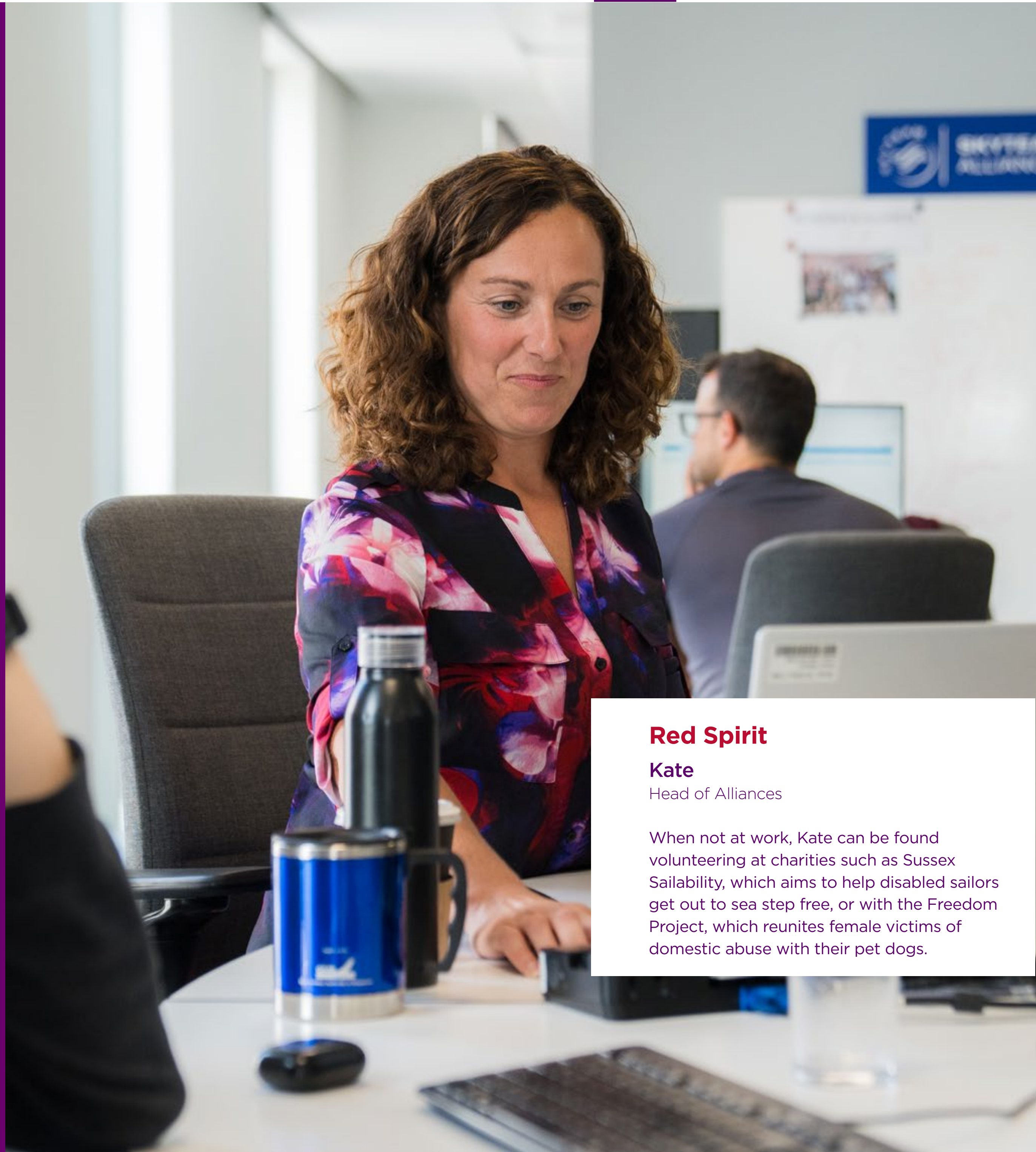
For proposed new or amended regulations, we continue to engage with the UK Government to understand how its objectives are expected to impact our business and to constructively drive debate and effective policy formulation. We regularly assess the impacts of UK Government policy and objectives on our business and take appropriate action as required.

Globally, we continue to assess political risk and work with governments across the world to understand any potential regulatory impact on our operations. We retain legal counsel for all jurisdictions we operate in, as well as maintaining close relationships with our trading partners, government departments and through a network of trusted and professional advisors to ensure that our operations are compliant with all required legislation.

We have comprehensive training schemes and controls in place to both prevent and detect non-compliance. Mandated training courses for all employees cover topics including competition compliance, data protection and anti-bribery policy, and must be completed annually and on joining the company.

For our third-party relationships, all our suppliers and general sales agents agree in their written contracts with us that they will comply with all applicable laws and regulations, together with adherence to our anti-bribery and ethical business policy. We maintain right-to-audit clauses in all our key and critical supplier contracts, giving us the ability to inspect records and assure compliance where (or if) we have any concerns about supplier compliance with laws and regulations.

Governance



Red Spirit

Kate

Head of Alliances

When not at work, Kate can be found volunteering at charities such as Sussex Sailability, which aims to help disabled sailors get out to sea step free, or with the Freedom Project, which reunites female victims of domestic abuse with their pet dogs.

Corporate governance

Overview

The Board is responsible for the long-term sustainable success of the Group.

To achieve this, the Board leads and provides direction for the Leadership Team by setting our strategy. Its role includes overseeing strategic decision making, scrutinising the performance of its management in meeting the goals set by the Board and taking a proactive role in monitoring the performance of the Group as a whole.

The Board convenes regularly so that management can update the Board on the Group's performance. In addition, the Executive Directors have regular meetings with representatives of both shareholders as well as with their Board representatives.

Governance Code

For the year ended 31 December 2024, under The Companies (Miscellaneous Reporting) Regulations 2019, we have applied the Wates Corporate Governance Principles for Large Private Companies ("Wates Principles"). We have adopted the Wates Principles as an appropriate framework for our corporate governance arrangements which are set out in more detail in various sections of this Report. The key principles are reviewed in the table opposite.

Purpose & leadership, stakeholder engagement	Opportunities and risks; remuneration
Purpose & leadership Our corporate vision, values and strategy are described throughout this Annual Report and set out in detail in the Chairperson's statement and the CEO review. The Group purpose is 'Everyone can take on the world' – reflecting both our business activities and our corporate culture of inclusivity, activism and challenger spirit which has defined Virgin Atlantic throughout its existence.	**Strategy** The Board has provided ongoing support to the Leadership Team throughout the year, to ensure the organisation dealt with the various challenges in 2024 in a manner which continued to position it towards reaching profitability in 2024.
Stakeholders The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions. See pages 25 to 28 for a summary of our stakeholder engagement.	**Risk** The Board's role is to ensure the long-term success of the Group, whilst maintaining oversight for the identification and mitigation of risk. Risk categories are aligned around central topics which include safety, security, sustainability and liquidity. These are explained fully on pages 83 to 92. The Board, through the Audit Committee, is updated twice a year on the management of existing and emerging risks.
	Remuneration The Board promotes executive remuneration structures aligned to the achievement of KPIs required to deliver the long-term sustainable success of the Group. Metrics which define Executive Director remuneration are closely aligned to key milestones and performance targets which are linked to the Group's strategy. These do not differ significantly from those of the wider leadership team.

Corporate governance continued

Board composition

The Board of Directors comprises seven Non-Executive Directors and two Executive Directors. Four of the Non-Executive Directors are appointed by Virgin Group (51% shareholder), and three Non-Executive Directors are appointed by Delta Air Lines, Inc. (49% shareholder). As set out in the Company's Articles, identified Non-Executive Directors can act as Alternates for certain Non-Executive Directors. In addition, further Non-Executive Directors have been appointed by Virgin Group to act as Alternate Directors.

As at 31 December 2024, the two Executive Directors were the Chief Executive Officer and the Chief Customer & Operating Officer. In addition, the Chief Commercial Officer and the Chief Financial Officer each act as Alternate Director to the two Executive Directors. All four are full-time employees of the Group.

Our Board composition reflects the concentrated shareholding structure of the Company and does not include an identified independent director. The assessed skillset of the Board (see table below) is felt to be sufficiently broad and deep, encompassing senior experience from across a wide range of industries and disciplines.

The Board believes that when combined with the Leadership team, this creates a group with diverse, varied and balanced experience and skills that are highly relevant to the Group's needs and challenges. This has served the Group well in the development and scrutiny of our strategic decision making and performance.

Board composition and skills	Directors' responsibilities
Composition The composition of the Board and its sub-committees is set out on pages 95 to 96.	**Responsibilities** The Board and individual directors have a clear understanding of their accountability and responsibilities (see page 99). These are underpinned by the Group's policies and procedures.
Skills The Board benefits from the significant experience of its members across a broad range of industries and disciplines. The Board representation for 2024 in five selected areas of significant importance is detailed as follows: Strategy: 100% Financial: 73% Airlines: 100% Customer: 45% Technology: 27% ESG: 36%	**Areas of focus** In 2024, five board meetings were held providing support, review and challenge in a number of areas, in particular: ■ The airline's financial performance and revenue growth plans for profitability ■ Options to enhance the Group's liquidity ■ Strategic planning for the Group

Audit Committee

Role of the Committee

The Audit Committee is responsible for the appropriateness of accounting policies; ongoing compliance with accounting standards; and the adequacy and effectiveness of internal reporting and control systems. It also oversees the scope and delivery of the external and internal audit plans.

Key responsibilities

- The approval of the Group's annual consolidated financial statements, including the appropriateness of accounting policies, compliance with accounting standards and material matters;
- The scope of work for external audit, actions required as a result of the Auditor's findings and conclusions, the Auditor's remuneration and the reappointment or replacement of the Auditors; and
- The adequacy and effectiveness of the Group's internal systems concerning reporting and control; including ensuring that the internal audit function is adequately resourced, has appropriate standing within the Company with a primary reporting line to the Chair of the Audit Committee, and to review and approve internal audit plans of activity.

The Committee meets a minimum of three times a year and receives regular updates on the internal audit programme from the Group Head of Internal Audit. It meets with the Group Head of Internal Audit and the external auditors without management present at least once a year.

Members of the Audit Committee

The Audit Committee comprises two Virgin appointed Non-Executive Directors and two Delta appointed Non-Executive Directors. As at 31 December 2024 the Committee members were Christopher Bennett (Chair), Peter Norris, Peter Carter and Alain Bellemare. Christopher Bennett is serving as Alternate during Andreea Ene Murphy's maternity leave.

Corporate governance continued

Remuneration Committee

Role of the Committee

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration and other benefits of senior management employed by the Company.

The Committee also oversees the introduction and amendment of any long or short-term incentive plans.

Key responsibilities

- The setting and monitoring of a fair and appropriate remuneration policy and its application for senior management;
- To ensure that policies, plan designs and reward decisions align with business strategy, are well cost governed and support sustainable business performance; and
- To balance the needs of Executive and shareholder interests and to ensure alignment of reward policies with the Executive talent management strategy.

Members of the Renumeration Committee

The Remuneration Committee is made up of two Virgin appointed Non-Executive Directors and two Delta appointed Non-Executive Directors. As at 31 December 2024 the Committee members were Peter Norris (Chair), Luigi Brambilla, Ed Bastian and Alain Bellemare.

Safety and Security Review Board

Role of the Virgin Atlantic Safety and Security Review Board

The Safety and Security Review Board is responsible for: monitoring, improving and constantly enhancing safety and security management, including cyber security across the airline and Virgin Atlantic Holidays.

Key responsibilities

- Setting the strategy and dealing with high level issues in relation to policies, resource allocation and safety and security performance monitoring;
- Proactively reviewing data and encouraging continuous improvement, to ensure the highest standards of safety and security assurance are maintained for our people and customers;
- Monitoring the effectiveness of the Group's safety supervision processes including oversight of subcontracted operations;
- Promotion of an open and honest reporting and discussion forum, to enable the airline to learn from both internal and industry incidents;
- Ensuring that the Group continues to adopt and makes use of effective industry recognised risk management principles, to evaluate safety and security risks though a transparent risk management framework;
- Checking to ensure the business develops, maintains, reviews and tests its emergency response, threat management and resilience plans on a regular basis; and
- Providing the Board with regular updates and reports from both the Safety and Security Review Board and the Independent Chair in relation to airworthiness, safety and security standards and operations.

Members of the Safety and Security Review Board

The Safety and Security Review Board is owned and led by Virgin Atlantic's Accountable Manager and primary Post Holder and is chaired by an independent third-party advisor to the Board. It is supported by Virgin Atlantic's Nominated Post Holders and Safety and Security specialists across the Group.

Information Security Board

Role of the Virgin Atlantic Information Security Board (ISB)

The Information Security Board is responsible for information security oversight across the Group. As at 31 December 2024 the Chair was James Hunt and the Executive Board member was Oliver Byers.

Key responsibilities

- Setting strategy and providing an oversight of the Group's practices and policies concerning confidentiality, integrity and availability of information;
- Providing an oversight of the Group's practices and policies relating to the protection of the Group's technology infrastructure and applications against cyber security risks;
- Providing an oversight of the Group's practices and policies relating to data protection; and
- Providing an oversight of the Group's practices and policies relating to the protection of physical assets used to process information.

The ISB brings together key stakeholders that can provide oversight, governance and informed decision making to ensure:

- An appetite has been set and clearly communicated, by which all Information and cyber security risks will be managed;
- Information and Cyber Security programmes and investments are reviewed and endorsed on an annual basis;
- Compliance with all Information and Cyber Security regulations, such as GDPR, PCI, NISD and CAP 1753 is monitored and reported; and
- Response procedures are in place to manage all aspects of a serious information security incident; and to have oversight of cyber incidents or risks which may have safety implications with potential impact on Corporate or Aviation Safety.

The Board receives regular updates and reports from the ISB and its Independent Chair.

Members of the Information Security Board

The Information Security Board is sponsored by the Chief Executive Officer and chaired by a third-party advisor to the Board. It is supported by representatives from the Leadership and Technology teams.

1 In accordance with unified brand ambitions, Virgin Holidays Limited is trading as Virgin Atlantic Holidays.

Directors' report

Registered number: 08867781

The Directors present their Annual Report and the audited financial statements for Virgin Atlantic Limited ("the Company") and subsidiary companies (together with the Company, "the Group") for the year ended 31 December 2024. The comparative amounts are stated for the year ended 31 December 2023.

Pages 1-98 comprise the Directors' report that has been drawn up and presented in accordance with English company law and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

The Company was incorporated on 29 January 2014 as Virgin Atlantic (Holdings) Limited and changed its name to Virgin Atlantic Limited on 30 May 2014. The Group was formed as part of a reorganisation in March 2014 with the Company at its head.

The consolidated financial statements have been prepared using the principles of merger accounting and present the results for the Group.

Directors and Directors' interests

The Directors who held office during the year were as follows:

Directors:

Sir Richard Branson	(President and Virgin nominated Director)
Peter Norris	(Chairperson and Virgin nominated Director)
Luigi Brambilla	(Virgin nominated Director)
Joshua Bayliss	(Virgin nominated Director) (appointed 31 December 2024)
Edward Bastian	(Delta nominated Director)
Alain Bellemare	(Delta nominated Director)
Peter Carter	(Delta nominated Director)
Shai Weiss	(Executive Director)
Cornelis Koster	(Executive Director)
Juha Jarvinen	(Executive Director alternate)
Oliver Byers	(Executive Director alternate)
Andreea Ene Murphy	(Virgin nominated Director alternate)
Christopher Bennett	(Virgin nominated Director alternate) (appointed 01 April 2024)
Hirad Horoufchin	(Virgin nominated Director alternate) (appointed 31 December 2024)

Virgin Atlantic Independent Board observer

Following the successful recapitalisation in September 2020, Klaus Heinemann was appointed on behalf of certain creditors as an independent board observer to Virgin Atlantic Limited's subsidiary Virgin Atlantic Airways Limited. As part of his appointment as board observer he has rights to receive all board materials and to attend and speak at Virgin Atlantic Airways Limited board meetings but does not hold any voting rights.

Share-based payments: long-term incentive plan

The Group has a long-term Incentive scheme for Executive Directors and other invited participants to incentivise and recognise execution of the Group's strategic plan. The details of this share appreciation rights (cash settled) scheme can be found in note 7.

Results, business review and future developments

The Group's results for the period are on page 105, with commentary in the Strategic Report on pages 6-24. The report also reviews the business and future developments.

Employees

In considering applications for employment from disabled people Virgin Atlantic seeks to ensure that full and fair consideration is given to the abilities and aptitudes of the applicant against the requirements of the job for which he or she has applied. Employees who become temporarily or permanently disabled are given individual consideration. Where possible equal opportunities for training, career development and promotions are given to disabled persons.

Within the bounds of commercial confidentiality, information is disseminated to all levels of staff about matters that affect the progress of our business and are of interest and concern to them as employees. Virgin Atlantic also encourages employees, where relevant, to meet on a regular basis to discuss matters affecting them.

Dividends

The Directors did not declare or pay preference dividends in respect of the year ended 31 December 2024 (2023: paid £nil). The Directors did not declare or pay interim ordinary dividends in respect of the year ended 31 December 2024 (2023: paid £nil). The Directors recommend that no final ordinary dividend be paid in respect of the year ended 31 December 2024 (2023: £nil).

Directors' report continued

Overseas branches

The Group provides services to multiple countries and has established overseas branches in many of these locations. Additionally, Virgin Atlantic has set up branches in some countries where it does not operate flights.

Political contributions

No company in the Group made any political donations or incurred any political expenditure during the year (2023: £nil).

Going concern

The Directors have satisfied themselves that it is reasonable for them to conclude it is appropriate to adopt the going concern basis for preparing these financial statements. The business activities, performance, strategy, risks and financial position of the Group are set out elsewhere in these reports and financial statements. The Directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future, although material uncertainties do exist that may cast significant doubt on the Group's ability to continue as a going concern as set out in Note 3 to the financial statements.

Auditors

Pursuant to Section 487 of the Companies Act 2006, KPMG LLP as existing auditors will be deemed to be reappointed and will therefore continue in office.

Disclosure of information to Auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

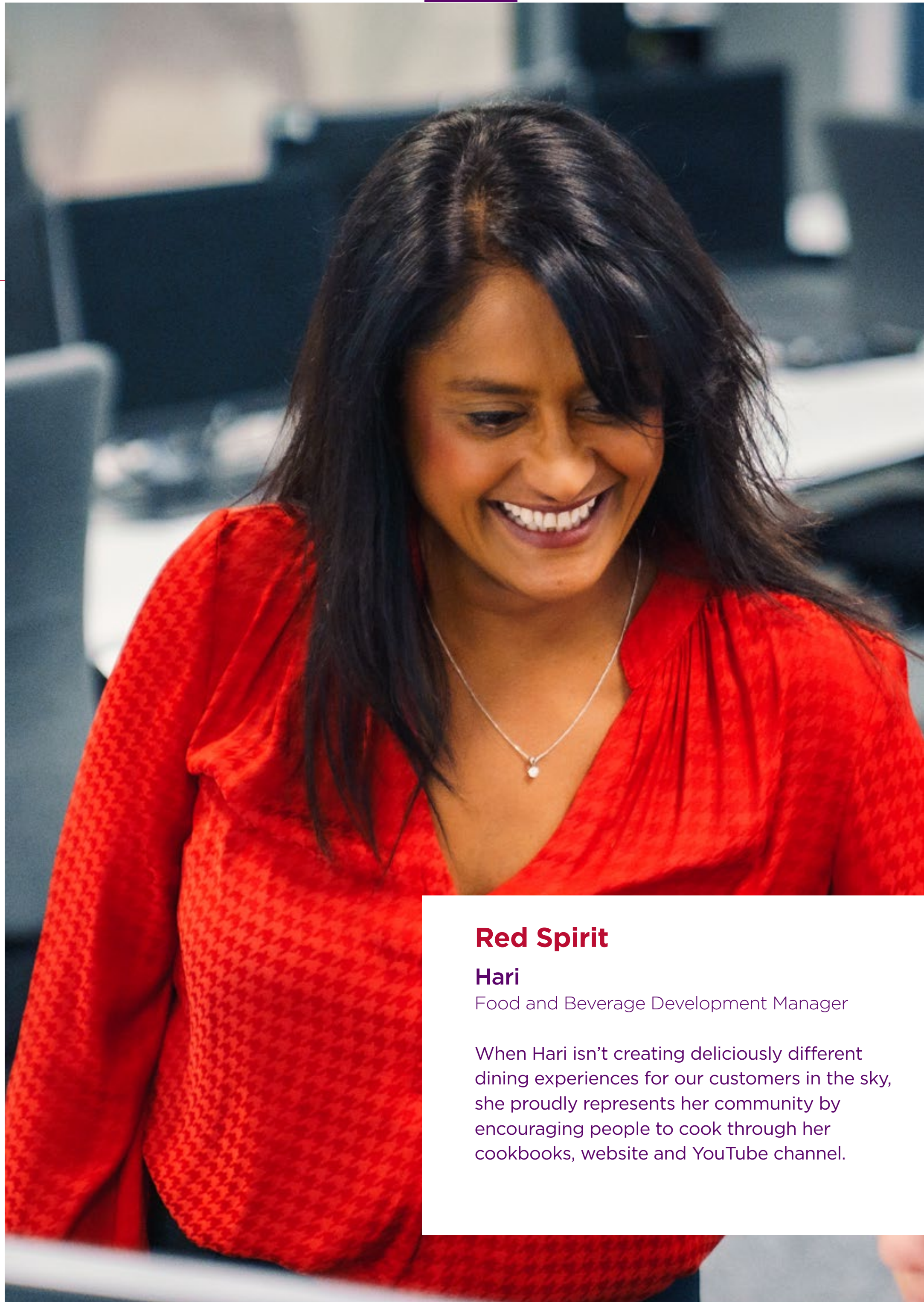
By order of the Board

Julian Homerstone
Company Secretary

The VHQ, Fleming Way
Crawley, West Sussex
RH10 9DF

21 March 2025

Registered number: 08867781



Red Spirit

Hari

Food and Beverage Development Manager

When Hari isn't creating deliciously different dining experiences for our customers in the sky, she proudly represents her community by encouraging people to cook through her cookbooks, website and YouTube channel.

Directors' responsibility statement

The Statement of Directors Responsibilities in Respect of the Annual Report, Strategic Report, The Directors Report and the Financial Statements

The directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006/ UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate structure

- **VIRGIN ATLANTIC LIMITED** (Company No. 08867781)
  - **Virgin Atlantic Two Limited** (Company No. 03553500)
    - **Virgin Travel Group Limited** (Company No. 02274332)
      - **Virgin Atlantic Airways Limited** (Company No. 01600117)
        - **Fit Leasing Limited** (Jersey)
        - **VA Cargo Limited** (Company No. 02645535)
        - **VAA Holdings UK Limited** (Company No. 09744818)
          - **VAA Holdings Jersey Limited** (Jersey)
            - **Virgin Atlantic International Limited** (Company No. 09539561)
        - **Virglease (3) Limited** (Company No. 03791307)
        - **Virglease (4) Limited** (Company No. 12814173)
        - **Virgin Holidays Limited** (Company No. 01873815)
          - **Virgin Incoming Services, Inc (USA)**

Notes: All companies are wholly owned by Virgin Atlantic Limited and registered in England and Wales, unless otherwise indicated.

Independent Auditor's report

Independent Auditor's report to the Members of Virgin Atlantic Limited

Opinion

We have audited the financial statements of Virgin Atlantic Limited ("the Company") for the year ended 31 December 2024 which comprise the Consolidated statement of comprehensive income, Consolidated statement of financial position and Company statement of financial position, Consolidated statement of changes in equity and Company statement of changes in equity, Consolidated statement of cashflows and related notes, including the accounting policies in note 3.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 3 to the financial statements which indicates that in a plausible worst case scenario driven by geopolitical risks, cash and cash equivalents would breach current liquidity covenants over a portion of the external debt in November 2025 but all other covenant requirements would be met. These events and conditions, along with the other matters explained in note 3, constitute a material uncertainty that may cast significant doubt on the group's and the parent company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company, or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic for at least a year from the date of approval of the financial statements ("the going concern period"). As stated above, they have also concluded that there is a material uncertainty related to going concern.

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group and parent Company's financial resources or ability to continue operations over the going concern period. The risk associated with geopolitical tensions impacting oil prices, as well as macroeconomic factors, are considered the most likely to adversely affect the Group and parent Company's available financial resources over this period.

Given the level of financial resources, and the risks inherent in the cash flows, our evaluation of the directors' going concern assessment was of particular significance in our audit.

We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the directors' sensitivities over the level of available financial resources indicated by the Group and parent Company's financial forecasts taking into account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

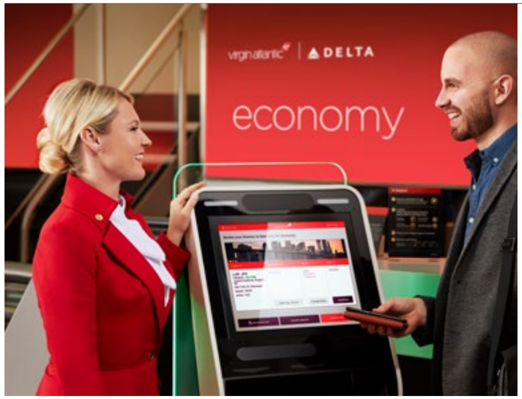
We performed the following procedures:

- Critically assessed assumptions in the directors' forecast relevant to liquidity, by comparing to external forecasts for the aviation industry and economic forecasts, overlaying our knowledge of the Group and parent Company's plans based on approved budgets and our knowledge of the Group and the sector in which it operates.
- We inspected loan facility agreements with lenders to confirm the level of facilities available and understand the associated covenant requirements.
- We considered whether the going concern disclosure in note 3 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks, dependencies, and related sensitivities.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we found the going concern disclosure in note 3 to be acceptable.

Independent Auditor's report continued



Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Audit Committee, internal audit and inspection of policy documentation as to the Group and parent company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group and parent company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit Committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because sales transactions are high volume, low value and non-complex in nature occurring in a largely automated, routine environment, thus reducing opportunities for systematic material fraudulent revenue recognition to occur.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test at Group level based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and those posted with descriptions that could be indicative of fraud.

- Assessing whether the judgements made in making accounting estimations are indictive of potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and others management (as required by auditing standards), and from inspection of the Group's and parent company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group and parent company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, UK Civil Aviation Authority regulations and Association of British Travel Agents regulations and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group and parent company are subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the nature of the Group's and parent company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent Auditor's report continued

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report.
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors responsibilities

As explained more fully in their statement set out on page 99, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

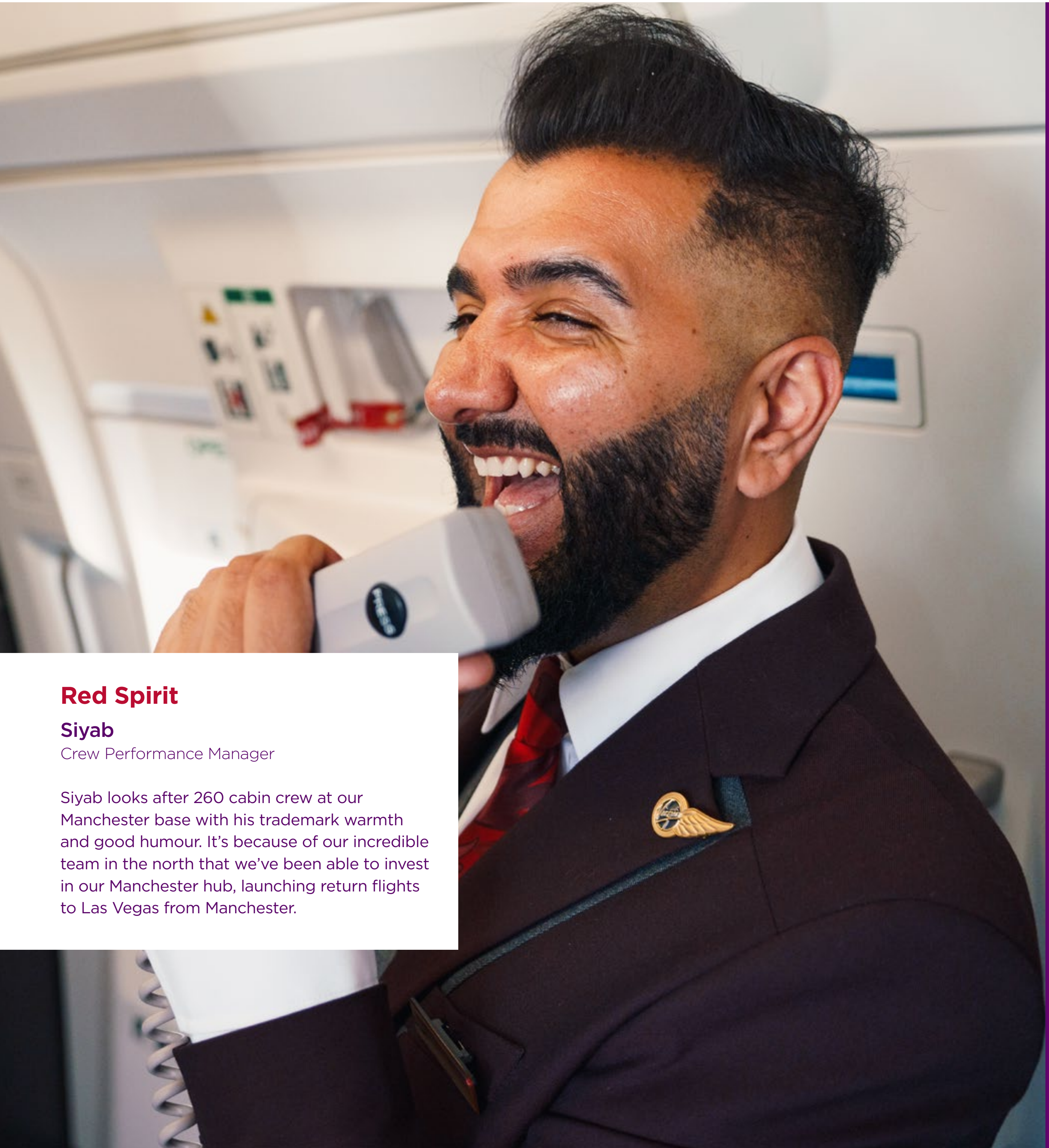
The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jeremy Hall
Senior Statutory Auditor
For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

21 March 2025



Red Spirit

Siyab

Crew Performance Manager

Siyab looks after 260 cabin crew at our Manchester base with his trademark warmth and good humour. It's because of our incredible team in the north that we've been able to invest in our Manchester hub, launching return flights to Las Vegas from Manchester.

Financial statements

Consolidated statement of comprehensive income

	Note	For the year ended 31 December 2024 £m	For the year ended 31 December 2023 £m
Total revenue	5	**3,301.3**	3,118.9
Operating costs			
Physical fuel		**815.2**	841.0
Airline direct operating costs		**618.7**	634.5
Aircraft costs		**194.7**	195.8
Holiday distribution, marketing and selling costs		**466.1**	423.6
Employee remuneration	7	**477.2**	417.0
Other operating and overhead costs		**241.4**	170.4
Engineering and maintenance costs		**230.8**	216.9
Other depreciation and amortisation		**68.6**	64.8
Loss/(profit) on disposal of property, plant and equipment		**1.4**	(0.9)
Restructuring		**14.6**	2.5
Impairment of assets		**-**	3.8
Fair value losses/(gains) on derivative contracts		**(35.9)**	67.4
Other income		**(22.0)**	(1.5)
Operating profit		**230.5**	83.6
Finance income		**18.0**	16.0
Finance expense		**(339.9)**	(324.2)
Net finance costs	8	**(321.9)**	(308.2)
Loss before tax	6	**(91.4)**	(224.6)
Tax charge	9	**(3.5)**	(0.9)
Loss for the year		**(94.9)**	(225.5)
Other comprehensive income			
(items that may be subsequently reclassified to the income statement)			
Exchange translation differences		**0.3**	(0.2)
Cash flow hedges			
(Losses)/gains arising during the year		**(23.4)**	115.0
Losses transferred to income statement	14	**(27.1)**	-
Fair value movements on cost of hedging	14	**1.1**	-
Total comprehensive loss for the year		**(144.1)**	(110.7)

All amounts relate to continuing operations.

The notes on pages 108 to 137 form part of these financial statements.

Consolidated statement of financial position

As at 31 December 2024

	Note	As at 31 December 2024 £m	As at 31 December 2023 £m
Non-current assets			
Intangible assets and goodwill	10	**371.6**	388.4
Property, plant and equipment	11	**2,645.7**	2,451.0
Deferred tax	12	**-**	3.3
Derivative financial instruments	14	**6.1**	1.1
Trade and other receivables	15	**25.7**	26.5
		3,049.1	2,870.3
Current assets			
Inventories	16	**52.7**	44.8
Trade and other receivables	15	**279.9**	228.0
Derivative financial instruments	14	**14.5**	11.4
Cash and cash equivalents	17	**378.9**	335.3
Restricted cash	17	**64.4**	70.8
		790.4	690.3
Total assets		**3,839.5**	3,560.6
Current liabilities			
Borrowings	18	**424.4**	392.4
Trade and other payables	19	**757.4**	640.6
Deferred revenue on air travel and holidays	20	**678.1**	619.6
Provisions	21	**47.5**	55.7
Derivative financial instruments	14	**25.6**	45.0
		1,933.0	1,753.3
Net current liabilities		**(1,142.5)**	(1,063.0)
Total assets less current liabilities		**1,906.6**	1,807.3
Non-current liabilities			
Borrowings	18	**3,383.2**	3,181.0
Trade and other payables	19	**90.3**	86.4
Deferred revenue on air travel and holidays	20	**1.9**	1.8
Provisions	21	**82.1**	70.0
Derivative financial instruments	14	**6.4**	6.1
		3,563.9	3,345.3
Net liabilities		**(1,657.3)**	(1,538.0)
Equity			
Ordinary share capital		**100.0**	100.0
Preference share capital		**204.3**	179.6
Share-based payment reserve		**48.7**	72.3
Hedging reserve		**(52.3)**	(1.7)
Cost of hedging reserve		**1.1**	-
Other reserves		**100.2**	76.4
Retained earnings		**(2,059.3)**	(1,964.6)
Total equity		**(1,657.3)**	(1,538.0)

The notes on pages 108 to 137 form part of these financial statements.

These financial statements were approved by the Board of Directors on 21 March 2025 and were signed on its behalf by:

Oliver Byers,
Director

21 March 2025
Registered number 08867781

Company statement of financial position

As at 31 December 2024

	Note	As at 31 December 2024 £m	As at 31 December 2023 £m
Non-current assets			
Investments in subsidiaries	13	**855.0**	830.5
Total assets		**855.0**	830.5
Current liabilities			
Trade and other payables	19	**262.6**	250.1
Net current liabilities		**(262.6)**	(250.1)
Net assets		**592.4**	580.4
Equity			
Ordinary share capital		**100.0**	100.0
Preference share capital		**204.3**	179.6
Share-based payment reserve		**48.7**	72.3
Other reserves		**127.6**	103.9
Retained earnings		**111.8**	124.6
Total equity		**592.4**	580.4

The notes on pages 108 to 137 form part of these financial statements.

The loss for the Company for the year is £12.8m (2023: £10.9m).

These financial statements were approved by the Board of Directors on 21 March 2025 and were signed on its behalf by:

Oliver Byers,
Director

21 March 2025

Registered number 08867781

Consolidated statement of changes in equity

For the year ended 31 December 2024

	Ordinary share capital £m	Preference share capital £m	Share-based payment reserve £m	Hedging reserve £m	Cost of hedging reserve £m	Other reserves £m	Retained earnings £m	Total £m
Balance at 1 January 2023	100.0	157.9	91.5	(116.7)	-	52.6	(1,739.1)	(1,453.8)
Increase in preference shares issuable	-	-	-	-	-	24.0	-	24.0
Preference shares issued	-	21.7	(21.7)	-	-	-	-	-
Equity settled share-based payment cost	-	-	2.5	-	-	-	-	2.5
Loss for the year	-	-	-	-	-	-	(225.5)	(225.5)
Other comprehensive income/(expense)	-	-	-	115.0	-	(0.2)	-	114.8
Total comprehensive income/(expense)	-	-	-	115.0	-	(0.2)	(225.5)	(110.7)
Balance at 31 December 2023	100.0	179.6	72.3	(1.7)	-	76.4	(1,964.6)	(1,538.0)
Increase in preference shares issuable	-	-	-	-	-	23.5	-	23.5
Preference shares issued	-	24.7	(24.7)	-	-	-	-	-
Equity settled share-based payment cost	-	-	1.1	-	-	-	-	1.1
Loss for the year	-	-	-	-	-	-	(94.9)	(94.9)
Other comprehensive income/(expense)	-	-	-	(50.6)	1.1	0.3	-	(49.2)
Total comprehensive income/(expense)	-	-	-	(50.6)	1.1	0.3	(94.9)	(144.1)
Balance at 31 December 2024	**100.0**	**204.3**	**48.7**	**(52.3)**	**1.1**	**100.2**	**(2,059.3)**	**(1,657.3)**

Allotted, called up and fully paid share capital includes 100,000,000 (2023: 100,000,000) ordinary shares of £1 each and 50,000 (2023: 50,000) preference shares at £1,000 each.

The Company was incorporated on 29 January 2014 following a Group reorganisation with a share capital of £2 consisting of 2 ordinary shares of £1 each. On 13 March 2014 the share capital of the Company was increased of £1 each and a further 50,000 preference shares of £1,000. These shares were issued as part of a share for share exchange to acquire the group of companies headed by Virgin Atlantic Two Limited (formally Virgin Atlantic Limited). The rights of each class of share are set out in the Company's Articles as Association.

The terms and conditions of the preference shares do not create the automatic right of the holders to receive cumulative dividends. Instead, preference dividends may only be paid at the discretion of the Company and are based on the total capital outstanding.

In 2020, as part of the Group's solvent recapitalisation, certain liabilities were novated to the Company by subsidiary entities, resulting in an increase in investments. The Company then exchanged preference shares issuable to its shareholders for payments of these liabilities over the period 2020-2025. At 31 December 2024, VAL had issued a total of £154.3m (2023: £129.6m) preference shares in respect of these liabilities. The remaining preference shares will be issued annually based on the actual amounts incurred in the preceding financial year.

At 31 December 2024, there are £42.6m of preference shares issuable included in the share-based payment reserve, and £47.5m in other reserves. £49.7m were issued in February 2025 in relation to payments relating to 2023 and 2024.

The preference shares carry no entitlement to vote at meetings. On a winding up of the Company, the preference shareholders have a right to receive, in preference to payments to ordinary shareholders, the amount paid up on any share including any amount paid up by way of share premium plus any arrears or accruals of dividend declared but not paid on the due date.

Certain foreign exchange and fuel derivatives were designated in a hedge accounting relationship from 1 January 2024. Detail of the treatment is included under note 3(q).

Other reserves includes the merger reserve of £378.0m (refer to note 3), as well as the foreign currency translation reserve of £0.8m.

The notes on pages 108 to 137 form part of these financial statements.

Company statement of changes in equity

For the year ended 31 December 2024

	Ordinary share capital £m	Preference share capital £m	Share-based payment reserve £m	Other reserves £m	Retained earnings £m	Total £m
Balance at 1 January 2023	100.0	157.9	91.5	79.9	135.5	564.8
Increase in preference shares issuable	-	-	-	24.0	-	24.0
Preference shares issued	-	21.7	(21.7)	-	-	-
Equity settled share-based payment cost	-	-	2.5	-	-	2.5
Loss for the year	-	-	-	-	(10.9)	(10.9)
Total comprehensive income/(expense)	-	-	-	-	(10.9)	(10.9)
Balance at 31 December 2023	**100.0**	**179.6**	**72.3**	**103.9**	**124.6**	**580.4**
Increase in preference shares issuable	-	-	-	23.5	-	23.5
Preference shares issued	-	24.7	(24.7)	-	-	-
Equity settled share-based payment cost	-	-	1.1	-	-	1.1
Loss for the year	-	-	-	-	(12.8)	(12.8)
Other comprehensive income/(expense)	-	-	-	0.2	-	0.2
Total comprehensive income/(expense)	-	-	-	0.2	(12.8)	(12.6)
Balance at 31 December 2024	**100.0**	**204.3**	**48.7**	**127.6**	**111.8**	**592.4**

The notes on pages 108 to 137 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2024

	Note	For the year ended 31 December 2024 £m	For the year ended 31 December 2023 £m
Net cash from operating activities	28	385.4	332.4
Purchase of property, plant and equipment		(310.8)	(72.8)
Purchase of intangible assets		(32.2)	(44.9)
Proceeds from sale of property, plant and equipment and intangible assets		170.4	3.4
Interest received		18.0	16.0
Net cash used in investing activities		(154.6)	(98.3)
Payment of borrowings		(451.0)	(98.1)
Payment of leases		(185.6)	(158.3)
New borrowings	18	449.1	41.0
Net cash used in financing activities		(187.5)	(215.4)
Net increase in cash and cash equivalents		43.3	18.7
Cash and cash equivalents at beginning of year	17	335.3	328.7
Effect of foreign exchange rate changes		0.3	(12.1)
Cash and cash equivalents at end of year	17	378.9	335.3

The notes on pages 108 to 137 form part of these financial statements.

Notes forming part of the financial statements

1. General information

Virgin Atlantic Limited, (the "Company") and its subsidiaries (the "Group") is principally a passenger airline with a significant tour operations component, operating primarily from the United Kingdom. Further details on the nature of the Group's operations and its principal activities can be found within the Strategic Report on pages 2 to 30.

The Company is a private limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of its registered office is given on page 98.

2. Statement of compliance with IAS

The Group financial statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards ("UK-adopted IFRS").

The separate financial statements of the Company were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006. Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes
- Disclosures in respect of transactions with wholly owned subsidiaries

The principal accounting policies adopted by the Group and by the Company are set out in note 3.

3. Accounting policies

(a) Basis of preparation

The Group financial statements have been prepared on the historical cost basis, except for certain financial instruments that are recorded at fair value. These financial statements are presented in pounds Sterling as that is the currency of the primary economic environment in which the Group operates. All values are rounded to the nearest hundred thousand pounds, except where indicated otherwise.

The principal accounting policies adopted, which unless otherwise stated have been applied consistently in the current and the prior financial year, are outlined below.

Basis of consolidation

The Group's consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company ('its subsidiaries') made up to 31 December each year. The financial statements of subsidiaries are deconsolidated from the date that control ceases. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Merger accounting and the merger reserve

Prior to 1 January 2015, certain significant business combinations were accounted for using the 'pooling of interests method' (or merger accounting) which gave rise to a merger reserve in the consolidated statement of financial position. These transactions have not been restated, as permitted by the IFRS 1 transitional arrangements. The merger reserve is presented within other reserves on the statement of changes in equity.

Significant changes to accounting policies

Hedge accounting (note 14)

Certain foreign exchange and fuel derivatives were designated in a hedge accounting relationship from 1 January 2024. Detail of the treatment is included under note 3(q).

Going concern

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2024, the Directors are required to consider whether the Group and Company can continue in operational existence for at least the 12-month period from the date of approval of the financial statements. The Board has concluded that it is appropriate to adopt the going concern basis, having assessed the financial forecasts with specific consideration to the trading position of the Group and Company in the context of continuing economic uncertainty driven by softer corporate demand, particularly in the tech sector, high interest and fuel prices and ongoing geopolitical uncertainty in Ukraine and the Middle East in addition to industry-wide supply chain disruption affecting B787 engine availability.

Notes forming part of the financial statements continued

3. Accounting policies *continued*

Passenger revenue continued to perform strongly through 2024. Passenger numbers increased 6% from 2023, and we continued to see strong consumer demand and yields throughout 2024, which resulted in an increase in passenger revenue year on year of £179m. Capacity increased in the year following the delivery of a net four new aircraft into the fleet, resulting in an 8% increase in ASKs compared to 2023. A tight focus on maintaining the cost measures implemented in 2020 also enabled us to keep increases in overheads and direct operating costs below UK inflation. As at the balance sheet date, cash totalled £443m, including £64m of restricted cash, and borrowings (including leases) totalled £3,808m (refer to note 18). There were no contractually available facilities which were undrawn, however there remains circa £635m worth of additional funding available to the Group in relation to the Group's total slot portfolio based on the year end market value.

To assess Going Concern, the Directors have prepared two scenarios – the 'Base Case' and the 'Plausible Worst Case'.

In assessing the Base Case, the Directors have considered the following assumptions:

- An increase in flying capacity of 4% compared to 2024;
- A $8/bbl reduction in average fuel cost compared to 2024, reflecting forward curve assumptions;
- An easing of CPI inflation to 2.2%, however costs modelled at 3%;
- Macro-economic slowness across principal markets (UK GDP to increase 1.3% over the year from 0.9% increase in 2024; US GDP to increase slowly by 1.7% from 2.7% growth in 2024), marginally improving yields;
- A stabilisation of USD/GBP foreign exchange rates at USD 1.22:GBP 1;
- The estimated financial impact of the Group's long-term strategy to reach Net Zero by 2050, including meeting CORSIA obligations;
- Removal of two lines of flying to cover aircraft on ground (AOG) issues arising from engine supply chain disruption to protect resilience;
- No impact of border and travel restrictions; and
- Improvement in corporate demand recovery rate vs previous year.

This scenario results in forecast 2025 passenger revenues improving 9% over 2024 performance, and continued profitability on a PBTEI basis, with unrestricted cash being sufficient to meet all Group liquidity and covenant requirements, ensuring the business is able to operate for at least the 12-month period from the date of approval of the financial statements. This includes the ability to meet all creditor repayments.

The Directors have also modelled a Plausible Worst Case scenario, which assessed the impact of a $10/bbl increase in fuel price, a 10c deterioration of the USD/GBP exchange rate, a 3% increase in inflation and a 3% reduction in passenger unit revenue per ASK compared to the Base Case. This scenario also considers an additional AOG resulting from the above-mentioned engine supply chain disruption and excludes additional financing assumptions that have been included within the 2025 base case. The Directors consider the Plausible Worst Case scenario unlikely to arise, as a combined reduction in passenger unit revenue and increase in fuel price to the extent modelled is not a trend historically observed in the industry. In this Plausible Worst Case scenario, cash and cash equivalents would breach current liquidity covenants over a portion of our external debt in November 2025, but all other covenant requirements would be met.

In the unlikely event that the Plausible Worst Case scenario transpires, additional mitigating actions being considered by the Directors include:

- Deferral of expenditure;
- Further shareholder support;
- Additional cost reduction activities;
- Review of network and profitability; and
- Opportunities to raise additional financing utilising equity value in the Group's slot portfolio.

Having reviewed the Base Case and the Plausible Worst Case scenarios, the Directors have a reasonable expectation that if required, mitigating actions could be phased in swiftly to prevent the most severe scenario occurring. The Directors have therefore concluded that the Group has adequate resources to be able to meet its current obligations for at least the 12-month period from the date of approval of the financial statements, and believe that it remains appropriate to prepare the financial statements on a going concern basis.

However, the mitigations listed above are not fully within the Group's control, and could also be influenced by the macro-economic environment. These circumstances indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Group's and parent Company's ability to continue as a going concern and, therefore, that the Group and Company may be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Notes forming part of the financial statements continued

3. Accounting policies *continued*

(b) Revenue and revenue recognition (note 5)

Revenue is comprised of passenger revenue, holidays revenue, cargo revenue and other revenue.

Passenger revenue

Passenger revenue encompasses passenger ticket sales, net of passenger taxes and discounts. Passenger ticket sales are generally paid for in advance of travel, and are recorded within deferred income, until recognised as revenue when the transportation occurs. Points earned and redeemed via the Group's loyalty scheme, Flying Club, are administered via Virgin Red, an entity outside of the Group, and therefore no obligation for the Group is created for future redemptions on issuance of loyalty awards. Revenue generated via redemption of loyalty awards and purchase of loyalty awards are recognised net within revenue when the transportation occurs.

If a flight is cancelled, the passenger is entitled to receive either a refund, an alternative flight or a voucher for future travel. Where a voucher is issued, no revenue is recognised until either the voucher is redeemed through transportation services or it expires. Revenue is stated net of compensation for flight delays and cancellations, taking into consideration the level of expected claims.

The Group considers whether it is an agent or a principal in relation to passenger transportation services by considering whether it has a performance obligation to provide services to the customer or whether the obligation is to arrange for the services to be provided by a third party. Commissions earned in relation to agency services are recognised as revenue when the underlying goods or services have been transferred to the customer, which is the point that the Group's performance obligations are satisfied under agreements with third parties. In all other instances, the Group considers it acts as the principal in relation to passenger transportation services.

Holidays revenue

The Group records revenue on a net basis after deducting customer discounts and VAT. Holiday sales are paid for in advance of travel and are recorded within deferred revenue until the performance obligation has been satisfied. For revenue relating to travel services arranged by the Group's travel providers, the performance obligation is the provision of a holiday package. This is treated as a single performance obligation which is delivered over the duration of the holiday, and as such revenue is recognised in the income statement pro rata across the duration of the holiday. The Group considers whether it is an agent or a principal in relation to package holiday services by considering whether it has a performance obligation to provide services to the customer or whether the obligation is to arrange for the services to be provided by a third party. Where the Group's role in the transaction is that of an agent, revenue is recognised on a net basis with revenue representing the margin earned. This revenue is recognised on the date of booking at which point the performance obligation has been met.

Cargo revenue

Revenue arising from the provision of cargo services is recognised at the point of departure when the performance obligation is met. Revenue is recognised net of taxes and discounts. Payments are made in arrears so accrued income is recognised until the cash is received.

Other revenue

The Group has identified several performance obligations in relation to services that give rise to Other Revenue. These services, their performance obligations and associated revenue recognition include:

- Charter flight revenue, recognised as revenue when the transportation occurs;
- Ancillary revenue, recognised as revenue when the associated transportation occurs;
- Clubhouse revenue, recognised as revenue when the customer receives the goods or service;
- Unused tickets, recognised as revenue when the right to travel has expired, where validity is determined by the terms and conditions of the ticket; and
- Ticket breakage, recognised as revenue in proportion to the pattern of rights exercised by the customer.

Compensation payments

Income resulting from claims for compensation payments/liquidated damages from suppliers is recognised as income in the income statement. Income will be recognised when all performance obligations are met, including when a contractual entitlement exists, it can be reliably measured, and it is probable that economic benefits will accrue to the Group.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of operations, has been identified as the Virgin Atlantic Leadership Team. Regular reporting on both Virgin Atlantic Airways and Virgin Atlantic Holidays is provided to the CODM in order to make resource allocation decisions and, as such, management have identified each as a separate operating segment.

(d) Emissions trading schemes

The Group accrues for emissions allowances under the UK and EU Emissions Trading Schemes based on the market price of allowances required. These schemes are established to assist in the control of greenhouse gas emissions and carbon pricing. The corresponding expense is recorded within Physical fuel costs.

Notes forming part of the financial statements continued

3. Accounting policies *continued*

(e) Sustainable Aviation Fuel schemes

The Group operates a SAF certificate programme designed to help corporate customers manage their carbon emissions via the purchase of Scope 3 credits. When the Group purchases SAF under this scheme, the value attributable to Scope 3 credits is recognised within inventories, to the extent it is expected to be recovered from corporate customers, with the remaining cost of the SAF recorded within Physical fuel. When a sale of Scope 3 credits occurs, the corresponding inventory value is released and recorded within Physical fuel costs while the income is recorded within other revenue.

(f) Translation of foreign currencies

The consolidated accounts of the Group are presented in pounds Sterling, which is the Company's functional currency and the Group's presentation currency. Certain subsidiaries have operations that are primarily influenced by a currency other than Sterling.

For the purposes of presenting consolidated financial statements, the assets and liabilities associated with the Group's foreign subsidiary undertakings are translated at exchange rates prevailing on the balance sheet date. Income and expense items associated with the Group's foreign subsidiary undertakings are translated at the average exchange rate for the period. Exchange differences arising are recognised in other comprehensive income and accumulated in shareholders' equity. On disposal of a foreign operation, all accumulated exchange differences in respect of that subsidiary attributable to the Group are reclassified to the consolidated income statement.

Transactions arising, other than in the functional currency, are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated using the rate of exchange ruling at the balance sheet date. Profits or losses arising on translation are reported within other operating and overhead costs in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

(g) Employee benefits (note 7)

Pension

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. The amount charged to the income statement represents the contributions payable to the scheme by the Group in respect of the accounting period.

(h) Share-based payments (note 7)

Long-term incentive scheme

The Group operates a cash-settled long-term incentive scheme (LTIP); a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. The Group accrues for any element of foreseeable future awards for employees and Directors under LTIPs which have been agreed by the Board of Directors, and which are deemed to have been earned in the current period.

Equity-settled scheme

The Group operates an equity-settled share-based payment scheme under which the Group awards equity instruments in exchange for services rendered by Directors and employees. At the date of the grant, the fair value is based on a model provided by external valuation experts. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The fair value at grant date is recognised as a cost in the income statement over the period from the grant date to the vesting date. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

(i) Preference shares issuable

In 2020 the Group agreed to exchange preference shares issuable to its shareholders to settle certain obligations falling due over the years 2020-2025. In accordance with IFRS 2, goods or services received as consideration for preference shares issuable have been recognised as an increase in the share-based payment reserve. At the point preference shares are issued to settle obligations that have fallen due, they are reclassified within equity to preference shares.

(j) Taxation

Tax on the profit or loss for the year comprises current and deferred tax.

Current tax (note 9)

The Group's liability for current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Taxable profit differs from net profit or loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible.

Notes forming part of the financial statements continued

3. Accounting policies *continued*

Deferred tax (note 12)

Deferred tax is provided in full on all temporary differences relating to the carrying amount of assets and liabilities, where it is probable that the recovery or settlement will result in an obligation to pay more, or a right to pay less, tax in the future, with the following exceptions:

- In respect of taxable temporary differences associated with investments in subsidiaries or associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Deferred income tax assets are recognised only to the extent that it is probable (more likely than not) that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and it is the intention to settle these on a net basis.

The Group has adopted the mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules.

(k) Intangible assets (note 10)

Intangible assets are held at cost and amortised on a straight-line basis over their economic life, except for those deemed to have an indefinite economic life. The latter are tested annually for impairment. The carrying value of intangibles is reviewed for impairment if and when events or changes in circumstances indicate the carrying value may not be recoverable.

Landing rights

Landing rights acquired from other airlines are capitalised at cost on acquisition. Subsequently they are accounted for at cost less any accumulated impairment losses. Capitalised landing rights based within the UK and EU are not amortised, as regulations provide that these landing rights are perpetual. Instead, they are subject to annual impairment reviews as part of the airline CGU.

Goodwill

Where the cost of a business combination exceeds the fair value attributable to the net assets acquired, the resulting goodwill is capitalised and tested for impairment annually and whenever indicators exist that the carrying value may not be recoverable.

Agreements: Delta and Air France-KLM transatlantic contract and brand licence

The cost of entering into an agreement which will give rise to future economic benefits is capitalised and amortised on a straight-line basis over the length of the agreement. The Group applies judgement in considering whether any payments made on entering into such arrangements or amended arrangements are the costs of the new arrangement, resulting in the recognition of an asset reflecting the benefit of the arrangement, or expensed as a cost of terminating an existing agreement. These agreements relate to access to the expanded joint arrangement with Delta and Air France-KLM and the use of the Virgin Atlantic and Virgin Holidays brand (see note 10 and note 23). The carrying value is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Software

The cost of purchase or development of computer software that is separable from an item of related hardware is capitalised separately. Core system assets are amortised over a period of 12 years; other software is amortised over a period not exceeding 6 years on a straight-line basis.

Development expenditure on activities is capitalised if the product or process is technically and commercially feasible and the Group intends to, and has the technical ability and sufficient resources to, complete development and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. The expenditure capitalised includes directly attributable costs and direct labour. Other development expenditure is recognised in the income statement as an expense as incurred.

Annual licence agreements to use Cloud software are expensed and treated as a service agreement. Perpetual licences to use Cloud software are capitalised if the Group has contractual rights to the software and the ability to run this software independently from the host vendor. In addition, the costs incurred for configuration of the application software are generally expensed as incurred. Where there is an acquisition of intellectual property arising from customisation of the application software, these will be capitalised and depreciated in accordance with the policy for core system assets.

(l) Property plant and equipment ("PPE") (note 11)

Property, plant and equipment is recognised at cost. The Group has a policy of not revaluing property, plant and equipment. Depreciation is calculated to write off the cost less estimated residual value on a straight-line basis, over the economic life of the asset or the period of the underlying lease if shorter. Residual values and useful economic lives of assets are reviewed annually against prevailing market values for equivalently aged assets and depreciation rates are adjusted accordingly on a prospective basis.

The carrying value is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable and the cumulative impairment losses are shown as a reduction in the carrying value of property, plant and equipment.

Notes forming part of the financial statements continued

3. Accounting policies *continued*

Fleet

All aircraft are stated at the fair value of the consideration given after taking account of manufacturers' credits or discounts. An element of the cost of a new aircraft is attributed on acquisition to prepaid maintenance of the landing gear, thrust reversers and airframe, and is depreciated over a period of up to 12 years from the date of purchase to the date of the next scheduled maintenance event for the component.

The balance of aircraft and engine cost is depreciated on a straight-line basis over periods of up to 24 years, so as to reduce the cost to an estimated residual value at the end of that period. Residual values are determined with the assistance of an independent valuation specialist and are based on a best estimate for each fleet type.

For installed engines maintained under 'pay-as-you-go' contracts, the useful economic lives and residual values are the same as the aircraft to which the engines relate.

Aircraft and engine spares acquired on the introduction or expansion of the fleet as well as rotable spares purchased separately are carried as PPE and are generally depreciated in line with the fleet to which they relate. The Group depreciates such spares on a straight-line basis so as to reduce the cost or valuation to estimated residual value at the end of their useful lives. The effective depreciation rate per annum in respect of rotable spares is 7.25% or 12.5% dependent on type. Cabin interior modifications, including those required for brand changes and relaunches, are depreciated over six to eight years.

Subsequent costs, such as long-term scheduled maintenance and major overhaul of aircraft, are capitalised and amortised over the length of period benefiting from these costs. All other replacement spares and other costs relating to maintenance of fleet assets (including maintenance provided under 'pay-as-you-go' contracts) are charged to the income statement on consumption or as incurred respectively.

Financing costs incurred on borrowings to fund progress payments on assets under construction, principally aircraft, are capitalised as incurred, up to the date of the aircraft entering service and included as part of the aircraft cost.

Advance payments and option payments made in respect of aircraft and engine purchase commitments and options to acquire aircraft where the balance is expected to be funded by lease financing or outright purchase are recorded at cost in current or non-current aircraft deposits. On acquisition of the related aircraft, these payments are included as part of the cost of aircraft and are depreciated from that date.

Expenditure incurred on modifications to aircraft under leases is depreciated on a straight-line basis to a nil residual value over a period not exceeding the remaining lease period.

Land/buildings, assets in the course of construction, fixtures and fittings

No depreciation is provided in respect of assets in the course of construction. Plant and machinery, fixtures and fittings are depreciated at the following rates, which are reviewed annually:

Fixtures and fittings	20% – 25% on cost
Plant and equipment	10% – 33% on cost
Computer equipment & software	8% – 33% on cost
Motor vehicles	10% – 25% on cost
Leasehold improvements	Lower of useful economic life or period of lease

Impairment of non-current assets

At each balance sheet date, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

Aircraft deposits

Aircraft deposits are capitalised and represent deposits made with aircraft manufacturers for future delivery of aircraft or deposits made with aircraft financiers or operating lessors to provide security for future maintenance work or lease payments. Upon delivery of aircraft, these are transferred to leased or owned aircrafts and subsequently depreciated.

(m) Leases

Measurement of the right-of-use asset (note 11)

Right-of-use assets are measured at cost and comprise the amount equal to the initial measurement of the lease liability, discounted to reflect the present value on initial recognition and the cost of restoring asset to its original state, in accordance with IFRS 16. The right-of-use asset is subsequently depreciated using the straight-line basis over the shorter of the lease period or the estimated useful life of the right-of-use asset.

The Group presents right-of-use assets in 'property, plant and equipment' in the statement of financial position.

Notes forming part of the financial statements continued

3. Accounting policies *continued*

Measurement of the lease liability (note 18)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease if readily available, or otherwise the Group's incremental borrowing rate. The Group includes extension options in the measurement of lease liabilities only when concluded it is reasonably certain the options will be exercised.

The lease liability is subsequently measured based on a process similar to the amortised cost method. The liability is increased by accrued interest resulting from the discounting of the lease liability at the beginning of the lease period and the liability is reduced by lease payments made.

In addition, the lease liability may be remeasured in the following situations:

- Change in the lease term;
- Modification related to the assessment of the likelihood of an option being exercised;
- Remeasurement linked to residual value guarantees;
- Adjustment to the indices on which the rents are calculated when rent adjustments occur; and
- Changes in foreign exchange rate, for lease liabilities due in foreign currency.

When there is a change in the lease term, change in assessment of purchase option or change in floating interest rate, a revised discount rate is applied, resulting in an adjustment to the right-of-use asset and lease liability. The Group presents lease liabilities in 'borrowings' in the statement of financial position.

Sale and leaseback

The Group applies judgement as to whether finance raised for purchase of aircraft is treated as a lease per IFRS 16 or a financial liability per IFRS 9. In sale and leaseback transactions where the Group sells and then leases back aircraft, provided it meets the criteria of a sale per IFRS 15, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. If a sale has not occurred, the asset is retained on balance sheet within property, plant and equipment with a corresponding finance liability recognised under IFRS 9.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets, with a value equal to or less than $5,000, and shorter-term leases, with a duration equal to or less than 12 months. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(n) Inventories (note 16)

Inventories are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate. Any full write off for a specific fleet type is considered to be an impairment charge. Aircraft inventory includes aircraft parts which are expendable and non-renewable.

(o) Unremitted cash (note 15)

Unremitted cash comprises amounts owed by card acquirers for flights sold.

(p) Provisions (note 21)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as a result of a past event at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Leased aircraft maintenance provisions

The Group incurs liabilities for maintenance costs in respect of aircraft treated as right-of-use assets during the term of the lease. These arise from legal and constructive contractual obligations relating to the condition of the aircraft when it is returned to the lessor.

To discharge these obligations, the Group will either need to compensate the lessor for the element of the life of the component or maintenance interval used, or carry out the maintenance check before return of the aircraft to the lessor. The provisions recorded and charged to the income statement are dependent on the life of the component or maintenance interval used and the individual terms of the lease:

- Where no compensation or maintenance is required prior to hand-back, maintenance events are expensed as incurred and no provision is recorded;
- Where compensation or maintenance is required prior to hand-back, a provision is recorded during the initial period of lease agreements at an amount corresponding to the proportion of usage; and
- After a component or maintenance interval has passed the trigger point such that the Group is contractually obliged to carry out the specified work (in order to meet the return conditions), a full provision for the cost of work is recorded.

Notes forming part of the financial statements continued

3. Accounting policies *continued*

To the extent that this provision represents an increase to any provision accrued for usage up to the trigger point, a maintenance asset is recorded within property, plant, and equipment. The asset is depreciated over the expected period to maintenance event, or the end of the lease, whichever is sooner.

Where maintenance is provided under 'power by the hour' contracts and maintenance is paid to maintenance providers to cover the cost of the work, these payments are expensed as incurred. The basis of all estimates are reviewed once each year and also when information becomes available that is capable of causing a material change to an estimate, such as renegotiation of end of lease return conditions, increased or decreased utilisation, or unanticipated changes in the cost of heavy maintenance services.

Restructuring provisions

Restructuring provisions are recognised when the Group has developed a detailed formal plan for the restructuring and has raised valid expectations in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of restructuring provision includes only the direct expenditures arising from the restructure.

Leasehold dilapidations provisions

On inception of a new lease, where there is an obligation to restore the property to its original condition, a leasehold dilapidation provision is recognised amounting to the estimated cost of restoration. Leasehold dilapidations are discounted only when the interest rate has a material impact on the provision. Any associated unwinding of the discount is taken to the income statement.

Passenger delay compensation

A provision is made for passenger compensation claims when the Group has an obligation to recompense customers under regulations. Provisions are measured based on known eligible flights delays and historic claim rates and are expected to unwind across the claim window, which is deemed to be six years.

Supply chain financing

The Group has entered into supplier financing arrangements. The arrangement is assessed against indicators to understand if these liabilities meet the definition of trade creditors or should be classified as borrowings. The cash flows arising from such arrangements are reported within cash flows from operating activities or within cash flows from financing activities, in the Consolidated cash flow statement, depending on whether the associated liabilities meet the definition of trade creditors or as borrowings. As at 31 December 2024, these liabilities met the criteria of trade creditors.

(q) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the relevant instrument.

Financial instruments are recorded initially at fair value, subsequent measurement of those instruments at the balance sheet date reflects the designation of the financial instrument. The Group determines the classification at initial recognition and re-evaluates this designation at each period end except for those financial instruments measured at fair value through the income statement.

Derivative financial instruments and hedging (note 14)

The Group utilises forwards, swaps and options to manage its exposure to foreign exchange risk and jet fuel price volatility. Eligible derivative contracts are designated in a hedge relationship with the forecast expenditure.

Derivative financial instruments are initially recognised and subsequently re-measured at fair value. The method of recognising the resulting gain or loss arising from remeasurement depends on whether the derivative is designated as a hedging instrument.

Fair value movement in three-way structures, which are not designated as a hedging instrument, are recognised in the income statement.

Hedge accounting for derivatives

At adoption existing derivatives, with the exception of three-way structures, were designated into a hedging relationship.

Where derivative financial instruments are designated as a hedging instrument in a cash flow hedge relationship, the effective portion of gains or losses arising on the change in fair value of the instrument are recognised within other comprehensive income and held in the Hedging reserve within equity to the extent that the hedges are determined to be effective.

For forward contracts, the Group designates the forward rate and therefore accounts for fair value changes in forward contracts, to the extent they are effective, through the hedging reserve.

The time value of options is excluded from the designated hedging instrument and accounted for as a cost of hedging, and subsequently recycled to the income statement when the hedged item impacts the Income statement.

Notes forming part of the financial statements continued

3. Accounting policies *continued*

Hedge accounting for lease arrangements

The Group designates certain US dollar denominated lease contracts in a cash flow hedge relationship with forecasted US dollar revenue. Accumulated gains and losses are recognised within Other comprehensive income in the cash flow hedging reserve within equity and are recycled to the income statement in the same period as the forecast revenue cash flows occur, under other operating and overhead costs.

Sources of hedge ineffectiveness

The Group determines the existence of an economic relationship between the hedging instruments and hedged item based on the currency, amount, price indexing and timing of their respective cash flows.

All hedge relationships where the underlying exposure is still considered highly probable continue to exhibit a strong economic hedge relationship as the changes in fair value of hypothetical hedged items is materially offset by the changes in the fair value of hedging instruments.

Hedge effectiveness is performed for all hedge relationships at each reporting date. This includes comparing the critical terms of forecast transactions with the derivatives used as hedging instruments to ensure these continue to match.

Although the relationship is set up to match critical terms, ineffectiveness may occur due to significant changes in credit risk, price fixing basis, or the timing of hedged cash flows.

For the foreign currency and fuel hedge relationships the critical terms such as the nominal value, maturity and underlying of the hedged item and hedging instrument match closely. Therefore, hedge ineffectiveness could only occur due to mismatches in these critical terms, such as timing or the amount of the forecasted expenditure.

Additionally, ineffectiveness may arise where derivatives do not have a zero fair value when designated in a hedge.

Any material ineffectiveness is recognised as an exceptional item in the income statement.

Hedge discontinuation

Hedge accounting is discontinued when a hedging instrument is derecognised (e.g. through expiry, disposal or termination of a derivative), or no longer qualifies for hedge accounting.

If a hedge relationship is discontinued and the forecasted transaction is no longer expected to occur, the amount recognised in the hedging reserve is immediately reclassified to the income statement. If the forecasted transaction is still expected to occur but at a later date, the amount is recycled to profit or loss when the transaction occurs.

Non-derivative financial assets

Non-derivative financial assets are deemed to be assets which have no fixed or determinable payments that are not quoted in an active market and would therefore be classified as ‘loans and receivables’. Such non-derivative financial assets are measured at amortised cost using the effective interest method, less any impairment and include trade and other receivables. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents (note 17)

Cash comprises cash held in bank accounts and money market deposits repayable on demand with no access restrictions, less overdrafts payable on demand.

Restricted cash (note 17)

Restricted cash represents funds held by the Group in bank accounts, which cannot be withdrawn until certain conditions have been fulfilled, and is classified as current or non-current based on the estimated remaining length of the restriction. Movement in restricted cash are shown within operating activities in the consolidated statement of cash flows.

Impairment of non-derivative financial assets (note 26)

The Group assesses at each balance sheet date whether a non-derivative financial asset or group of financial assets is impaired.

The ‘expected credit loss’ approach is taken when calculating impairments on financial assets. All financial assets are reviewed for potential prospective losses and an impairment applied accordingly.

De-recognition of non-derivative financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Notes forming part of the financial statements continued

3. Accounting policies *continued*

Non-derivative financial liabilities (note 26)

Non-derivative financial liabilities are initially recorded at fair value less directly attributable transaction costs, and subsequently at amortised cost. These include trade and other payables, borrowings and provisions. Interest expense on borrowings is recognised using the effective interest method. Borrowings are classified as current liabilities unless there is a right to defer settlement of the liability for at least 12 months after the balance sheet date.

Certain leases contain interest rate swaps that are closely related to the underlying financing and, as such, are not accounted for as an embedded derivative.

De-recognition of non-derivative financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts is recognised in the income statement.

(r) Investments in subsidiaries (note 13)

The Company's investments in subsidiaries are held at cost less accumulated impairments.

(s) Preference shares

The Group's preference shares are either non-redeemable, or only redeemable with approval from the Board of Directors. The terms and conditions of the preference shares do not create the automatic right of the holders to receive cumulative dividends. Instead, preference dividends may only be paid at the discretion of the Company and are based on the total capital outstanding. As such the preference shares have been presented within equity.

4. Material judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The following accounting policies are considered critical accounting policies as they require a significant amount of management judgement and the results are material to the Group's financial statements. The estimates and assumptions that affect the current year or have a significant risk of causing a material adjustment within the next financial year are as follows:

(a) Significant and material judgements

Determining the lease term of contracts with renewal and termination costs (note 18)

The Group applies judgement in evaluating whether it is reasonably certain it will exercise the option to renew or terminate the lease. Such judgement includes consideration of fleet plans which underpin approved business plans, and historic experience regarding the extension of leases. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that affects the Group's ability to exercise or not to exercise the option to renew or to terminate.

Following the firm order of seven additional A330-900neo aircraft earlier in the year, the Group has reviewed its long-term fleet plan and re-evaluated the likelihood of exercising extension options or early termination options present in its aircraft lease agreements. Management have concluded that certain options to extend leases are no longer reasonably certain to be exercised. As a result, the Group has reduced the estimated minimum lease term of certain leased aircraft resulting in a reduction in obligations under leases, and corresponding reduction in right-of-use assets, of £232.7m during the year.

Determining the fair value of loan arrangements (note 18)

The Group applies judgement in determining whether loan arrangements are at arm's length. If loan arrangements are deemed to be not at arm's length, the Group estimates the fair value of the loans on inception, using information available both internally and externally, for example attributes of similar financing arrangements which are at arm's length. Where there are loan arrangements with shareholders, any difference between nominal value and fair value of the loans on inception is recognised as a capital contribution.

Notes forming part of the financial statements continued

4. Material judgements and estimates *continued*

(b) Significant estimates

There were no significant estimates affecting the current year.

(c) Other sources of estimation uncertainty

Residual value and useful economic lives of assets (note 11)

The carrying amounts of property, plant and equipment as at 31 December 2024 were £2,645.7m (2023: £2,451.0m). The Group estimates useful lives and residual values of property, plant and equipment, including fleet assets. Useful lives and residual values are reassessed annually taking into consideration the latest fleet plans and other business plan information.

During the year the estimated useful economic life of owned fleet and the estimated residual value have been revised to better reflect the time period over which it is expected that aircraft will be in service and its estimated residual value at the end of that useful economic life. The net effect of the changes in the current financial year is a decrease to the depreciation expense of £18.4m.

Assuming the fleet are held until the end of their estimated useful lives, depreciation for the following ten years in relation to these assets will (decrease)/increase by the following amounts:

Year ended 31 December 2025 – 2034:	Annual change (£ million): 19.1

Impairment of non-financial assets (note 10)

The recoverable amount of cash-generating units have been determined based on value-in-use calculations. The relevant sensitivity analysis relating to this estimate can be found in note 10.

Maintenance provision (note 21)

As at 31 December 2024 maintenance provisions totalled £67.5m (2023: £52.2m). The critical estimates required for the provision are: aircraft utilisation, the expected costs of maintenance checks, the condition of the aircraft, renegotiation of end of lease return conditions, increased or decreased utilisation and the lifespan of life-limited parts. The bases of all estimates are reviewed once a year and when information becomes available. If expected costs of maintenance were to escalate by 4%, then this would result in an increase to the maintenance provision of £2.7m.

Revenue recognition (note 5)

As at 31 December 2024, deferred revenue on air travel and holidays totalled £680.0m (2023: £621.4m). The Group applies judgement over the amount of revenue recognised in relation to ticket breakage, which is estimated based on the terms and conditions of the ticket and historical trends.

Income taxes (note 9)

As at 31 December 2024 the Group recognised no deferred tax assets (2023: £3.3m). The Group recognises deferred income tax assets only to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Management considers the operating performance in the current year and the future projections of performance laid out in the approved business plan in order to assess the probability of recoverability. The business plan relies on the use of assumptions, estimates and judgements in respect of future performance and economics.

Impact of new International Financial Reporting Standards and Interpretations not yet adopted

The following UK-adopted IFRSs have been issued but are not expected to have a material effect on the financial statements:

- Amendments to IAS 1 Presentation of Financial Statement, classification of liabilities as current or non-current (effective date 1 January 2024).
- Amendments to IAS 16 Lease liability in sale and leaseback (effective date 1 January 2024).
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instrument Disclosures for supplier finance arrangements (effective date 1 January 2024).
- Amendments to IAS 1 Presentation of Financial Statements non-current liabilities with covenants (effective date 1 January 2024).

The following UK-adopted IFRSs have been issued but are not yet effective. Their adoption is not expected to have a material effect on the financial statements in future years:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates for Lack of Exchangeability (effective date 1 January 2025).

The following IFRSs have been issued but have not yet been adopted by the UK Endorsement Board:

- Amendments to IFRS 9 Classification and Measurement of Financial Instruments (effective date 1 January 2026).
- IFRS 18 Presentation and disclosure in financial statements (effective date 1 January 2027).
- IFRS 19 Subsidiaries without Public Accountability (effective date 1 January 2027).

Notes forming part of the financial statements continued

5. Segment information

(a) Business segments

	For the year ended 31 December 2024			
	Virgin Atlantic Airways £m	Virgin Atlantic Holidays £m	Other companies/ eliminations £m	Total £m
Revenue				
Passenger	**2,574.9**	**-**	**-**	**2,574.9**
Cargo	**236.4**	**-**	**-**	**236.4**
Holidays	**-**	**517.0**	**-**	**517.0**
Other	**126.3**	**-**	**-**	**126.3**
Segment revenue	**2,937.6**	**517.0**	**-**	**3,454.6**
Revenue from transactions with other operating segments	**(153.3)**	**-**	**-**	**(153.3)**
External revenue	**2,784.3**	**517.0**	**-**	**3,301.3**
Depreciation and amortisation charge	**266.2**	**8.3**	**-**	**274.5**
Finance expense	**(186.8)**	**(41.4)**	**-**	**(228.2)**
Profit/(loss) before exceptional items and tax	**(28.0)**	**47.7**	**-**	**19.7**
Exceptional items (refer to Alternative Performance Measures section)				
Other operating and overhead costs	**(17.7)**	**(3.0)**	**-**	**(20.7)**
Restructuring	**(14.6)**	**-**	**-**	**(14.6)**
Fair-value gains/(losses) on derivative contracts	**32.6**	**3.3**	**-**	**35.9**
Finance expense	**(111.7)**	**-**	**-**	**(111.7)**
Profit/(loss) before tax	**(139.4)**	**48.0**	**-**	**(91.4)**

	For the year ended 31 December 2023			
	Virgin Atlantic Airways £m	Virgin Atlantic Holidays £m	Other companies/ eliminations £m	Total £m
Revenue				
Passenger	2,395.7	-	-	2,395.7
Cargo	196.2	-	-	196.2
Holidays	-	471.0	-	471.0
Other	192.2	-	-	192.2
Segment revenue	2,784.1	471.0	-	3,255.1
Revenue from transactions with other operating segments	(136.2)	-	-	(136.2)
External revenue	2,647.9	471.0	-	3,118.9
Depreciation and amortisation charge	263.4	9.0	-	272.4
Impairment credit	3.8	-	-	3.8
Profit/(loss) before exceptional items and tax	(206.9)	36.0	-	(170.9)
Exceptional items (refer to Alternative Performance Measures section)	(54.1)	0.4	-	(53.7)
Profit/(loss) before tax	(261.0)	36.4	-	(224.6)

(b) Geographical analysis

Revenue by area of original sale	**For the year ended 31 December 2024 £m**	For the year ended 31 December 2023 £m
UK	**1,809.0**	1,736.6
US	**1,110.9**	1,033.1
Other	**381.4**	349.2
Total	**3,301.3**	3,118.9

A geographical analysis of the Group operating profit is not disclosed, as it is neither practical nor meaningful to allocate the Group's operating expenditure on a geographical basis. Since the aircraft fleet (which is the major revenue-earning asset of the Group) is employed flexibly across a worldwide route network, there is no suitable basis of allocating such assets and related liabilities to geographical areas and accordingly no geographical analysis of assets or net liabilities is disclosed, nor reported to the chief operating decision maker (CODM).

6. Loss before tax for the year

Loss for the year has been arrived at after charging the following:

	Group		Company	
	For the year ended 31 December 2024 £m	For the year ended 31 December 2023 £m	**For the year ended 31 December 2024 £m**	For the year ended 31 December 2023 £m
Depreciation of property, plant and equipment (note 11)	**(225.3)**	(227.3)	**-**	-
Amortisation of intangible assets (note 10)	**(49.1)**	(45.1)	**-**	-
Contribution to pension schemes	**(37.6)**	(32.6)	**-**	-
Remuneration of the auditors and their associates				
Audit services	**(1.1)**	(1.0)	**(0.2)**	(0.2)
Other services	**(0.1)**	(0.1)	**-**	-

Notes forming part of the financial statements continued

6. Loss before tax for the year *continued*

Fees payable to the Group's auditor and its associates for services other than the statutory audit of the Company and subsidiaries are as follows:

Fees payable for:

	Group	
	For the year ended 31 December 2024 £m	For the year ended 31 December 2023 £m
Other assurance services	**(0.1)**	(0.1)
Total fees for other services	**(0.1)**	(0.1)

7. Employee remunerations

(a) Headcount and total remuneration

The average monthly number of employees (shown as full time equivalent, including Executive Directors) was:

	Group	
	For the year ended 31 December 2024	For the year ended 31 December 2023
Management and administration	**1,244**	1,194
Flight crew	**942**	892
Cabin crew	**3,290**	3,180
Reservations, sales and retail staff	**1,404**	1,381
Engineering, cargo and production	**749**	695
	7,629	7,342

At 31 December 2024, total headcount was 8,760 (2023: 8,539), and average monthly headcount for the year was 8,706 (2023: 8,348).

The aggregate payroll costs (including Directors) of these persons were as follows:

	Group	
	For the year ended 31 December 2024 £m	For the year ended 31 December 2023 £m
Wages and salaries	**400.2**	351.3
Social security costs	**45.8**	39.2
Other pension costs	**37.6**	32.6
	483.6	423.1

Included within Holiday distribution, marketing and selling costs within the Statement of Comprehensive Income are employee costs amounting to £6.4m (2023: £6.1m) which relate to retail staff costs.

The Virgin Atlantic Limited Group operates a defined contribution pension scheme. The pension cost charged to the income statement for the year represents contributions payable by the Group to the scheme. The assets of the schemes are held separately from those of the Group in independently administered funds. There were outstanding contributions of £5.6m at 31 December 2024 (2023: £4.8m).

The Company has no salaried employees (2023: nil).

Notes forming part of the financial statements continued

7. Employee remunerations *continued*

(b) Aggregate Directors' remuneration

No amounts were recharged to the Company in the current or preceding year in respect of the non-executive Directors (5) as the Director's qualifying services in respect of the Company are negligible. During the year/period of their service, the emoluments of the 4 directors (2023: 4) of the Virgin Atlantic Group were:

	Group and Company	
	For the year ended 31 December 2024 £m	For the year ended 31 December 2023 £m
Total emoluments		
Aggregate emoluments	**2.9**	3.6
Company contributions to money purchase pension schemes	**0.2**	0.2
Aggregate amounts receivable under Long Term Incentive Scheme	**1.6**	3.7
	4.7	7.5
Highest paid Director		
Aggregate emoluments and other benefits	**1.4**	1.8
Company contributions to money purchase pension schemes	**0.1**	0.1
Aggregate amounts receivable under Long Term Incentive Scheme	**0.7**	2.1
	2.2	4.0

Retirement benefits are accruing to 4 (2023: 4) Directors under the defined contribution pension scheme. During the year an amount of £nil (2023: £nil) was paid to shareholders in respect of the services of certain shareholder-appointed Non-Executive Directors of the Company.

The charge to the income statement in respect of share-based payments attributable to Directors is £1.0m (2023: £2.2m) during the year.

The Directors are considered to be the key management personnel of the Group.

(c) Long-term incentive scheme

In 2019, the Group established a new long-term incentive scheme for Executive Directors and other invited participants to incentivise and recognise execution of the 'Velocity$_x$' plan. The scheme consists of a series of three-year rolling grants, with a cash payment at the end of each grant. Payments are based on the Group's performance against pre-agreed financial and non-financial measures which are linked to the Group's long-term objectives. Included above are cash payments made to Directors relating to services rendered during 2024.

(d) Share-based payment scheme

The establishment of the Virgin Atlantic Management Incentive Plan was approved by the shareholders in April 2022. The Management Incentive Plan is designed to provide long-term incentives for the Leadership Team (including Executive Directors) to deliver against long-term performance objectives. Under the plan, participants were issued shares in an indirect subsidiary of the Group, which hold no voting or dividend rights. Subsequently, participants are eligible to receive a share of the equity value of the Group at predetermined vesting dates, provided the scheme targets have been met. The scheme has been accounted for as an equity-settled scheme. The fair value of the scheme at the grant date has been measured using a Monte Carlo simulation. As at 31 December 2024, 13,879,645 shares had been issued, and the weighted average fair value of these shares at grant date was £0.49. During the year a charge of £1.1m (2023: £2.5m) has been recognised in the income statement in relation to the scheme.

8. Net finance costs

	Group	
	For the year ended 31 December 2024 £m	For the year ended 31 December 2023 £m
Finance income		
Interest on bank deposits	**17.2**	15.8
Other finance income	**0.8**	0.2
	18.0	16.0
Finance expense		
Interest on leases (note 18)	**(129.2)**	(137.1)
Other finance charges	**(6.9)**	(7.3)
Interest on external loans (note 18)	**(206.1)**	(183.5)
	(342.2)	(327.9)
Interest capitalised on aircraft progress payments (note 11)	**2.3**	3.7
	(339.9)	(324.2)
Net finance costs	**(321.9)**	(308.2)

Notes forming part of the financial statements continued

9. Tax

Analysis of the tax expense during the year:

	Group	
	For the year ended 31 December 2024 £m	For the year ended 31 December 2023 £m
Current tax		
Adjustments in respect of prior periods	**(0.2)**	(0.6)
Total current tax charge	**(0.2)**	(0.6)
Deferred tax		
Current year	**-**	(0.3)
Origination and reversal of timing differences	**(3.3)**	(0.3)
Adjustments in respect of prior periods	**-**	0.3
Total deferred tax charge	**(3.3)**	(0.3)
Total tax charge	**(3.5)**	(0.9)

The standard rate of UK corporation tax for the year is 25.0% (2023: 23.5%).

The actual tax charge for the year is higher than (2023: higher than) that computed by applying the standard corporation tax rate in the UK of 25% (2023: 23.5%). The differences are reconciled below:

	Group	
	For the year ended 31 December 2024 £m	For the year ended 31 December 2023 £m
Loss before taxation	**(91.4)**	(224.6)
Tax at the standard rate at 25.0% (2023: 23.5%)	**22.9**	52.8
Factors affecting the credit for the year		
Income not subject to corporation tax	**1.5**	0.9
Expenses not deductible for tax purposes	**(28.3)**	(21.3)
Adjustments in respect of prior periods	**(0.2)**	(2.6)
Amounts not recognised on tax losses	**(10.2)**	(1.5)
Other unrecognised temporary differences	**10.8**	(26.5)
Non-qualifying assets	**-**	(2.7)
Total tax charge	**(3.5)**	(0.9)

The Finance Act 2021 (substantively enacted on 24 May 2021) set the main corporation tax rate at 25% from April 2023. The deferred tax asset at 31 December 2023 has been calculated based on 25%.

In December 2021, the OECD Pillar Two GloBE Rules introduced a global minimum corporation tax rate of 15% applicable to multinational enterprise groups with global revenue exceeding €750m. The rules first apply to the Group for its accounting period commencing 1 January 2024.

The Group has assessed its potential exposure to Pillar Two income taxes based on 2024 financial data and considers that the rules will not result in a material impact to the Group ETR for 2024.

This conclusion is based on the Group's financial result for the year; the nature of our trading activities; and the jurisdictions in which we operate.

The increase in other unrecognised temporary differences of £37.3m from a charge of £26.5m in 2023 to a benefit of £10.8m in 2024 primarily arises due to a £100m Corporate Interest Restriction applicable in 2023 contributing to a charge in 2023 of £23.5m with no impact in 2024 and a movement on derivatives from an expense of £36.4m in 2023 to an income position of £33.6m in 2024 which have been disregarded for tax purposes driving a year-on-year tax benefit of £17m for the Group.

Notes forming part of the financial statements continued

10. Intangible assets and goodwill

	Group					
	Goodwill £m	**DL AF KL transatlantic agreement and brand licence £m**	**Landing rights £m**	**Other intangibles £m**	**Assets under construction £m**	**Total £m**
Cost						
At 1 January 2024	6.8	293.5	147.7	270.7	34.9	753.6
Additions	-	-	6.5	0.9	24.9	32.3
Disposals	-	-	-	(0.2)	-	(0.2)
Reclassifications	-	-	-	48.2	(48.2)	-
At 31 December 2024	**6.8**	**293.5**	**154.2**	**319.6**	**11.6**	**785.7**
Amortisation						
At 1 January 2024	2.9	119.6	12.6	230.1	-	365.2
Amortisation	-	33.6	-	15.5	-	49.1
Disposals	-	-	-	(0.2)	-	(0.2)
At 31 December 2024	**2.9**	**153.2**	**12.6**	**245.4**	**-**	**414.1**
Carrying amount						
At 31 December 2024	**3.9**	**140.3**	**141.6**	**74.2**	**11.6**	**371.6**
At 31 December 2023	3.9	173.9	135.1	40.6	34.9	388.4

	Group					
	Goodwill £m	DL AF KL transatlantic agreement and brand licence £m	Landing rights £m	Other intangibles £m	Assets under construction £m	Total £m
Cost						
At 1 January 2023	6.8	293.5	120.9	264.8	26.4	712.4
Additions	-	-	26.8	-	18.1	44.9
Disposals	-	-	-	(3.7)	-	(3.7)
Reclassifications	-	-	-	9.6	(9.6)	-
At 31 December 2023	**6.8**	**293.5**	**147.7**	**270.7**	**34.9**	**753.6**
Amortisation						
At 1 January 2023	2.9	86.1	12.6	222.2	-	323.8
Amortisation	-	33.5	-	11.6	-	45.1
Disposals	-	-	-	(3.7)	-	(3.7)
At 31 December 2023	**2.9**	**119.6**	**12.6**	**230.1**	**-**	**365.2**
Carrying amount						
At 31 December 2023	**3.9**	**173.9**	**135.1**	**40.6**	**34.9**	**388.4**
At 31 December 2022	3.9	207.4	108.3	42.6	26.4	388.6

Other intangibles relate to computer software.

The Group has entered into agreements that give access to benefits from the Joint Arrangement with Delta and Air France-KLM, and licence to use the Virgin Atlantic and Virgin Holidays brands with a cost of £293.5m. The joint arrangement asset is being amortised over its contract term of 15 years, and the brand asset is being amortised over its contract term of 5 years. As at 31 December 2024, the carrying value of the joint arrangement asset was £118.7m with a remaining amortisation period of 10 years, and the carrying value of the brand asset was £21.6m with a remaining amortisation period of one year.

Landing rights with carrying value of £81.6m (2023: £81.6m) are pledged as security for certain borrowings.

An annual impairment review is conducted on all intangible assets that have an indefinite economic life, including goodwill. Landing rights based within the EU and UK are considered to have an indefinite economic life. The Group also tests the carrying amount of goodwill for impairment annually and whenever circumstances change. The impairment review is carried out at the level of a 'cash-generating unit' (CGU), defined as the smallest identifiable group of assets, liabilities and associated intangible assets that generate cash inflows that are largely independent of the cash flows from other assets or groups of assets. On this basis, management have determined that the Group has two CGUs:

(i) Its airline route network, comprising landing rights, access to the Virgin Atlantic brand, Delta and Air France-KLM joint arrangement synergies, aircraft, spare engines and related assets and liabilities; and
(ii) The holidays business comprising access to the Virgin Atlantic Holidays brand, the sales channels including retail stores and any related goodwill.

An impairment review was carried out at a CGU level for both the airline route network and the holidays business as each CGU contains an intangible asset which is subject to an annual review. The carrying value of landing rights allocated to the airline route network was £141.6m (2023: £135.1m) and goodwill allocated to the holidays business £3.9m (2023: £3.9m).

The recoverable amounts of each CGU have been measured based on their value in use, using a discounted cash flow model, and adjusted for the fair value of the subsidiary's debt and surplus assets and liabilities. Cash flow projections are based on the forecasts approved by the Board covering a two-year period and an estimated terminal growth rate, and projections are in line with the Group's strategic plans.

Notes forming part of the financial statements continued

10. Intangible assets and goodwill *continued*

The discount rate has been calculated based on the weighted average cost of capital of the Group, using external inputs where relevant and adjusted to reflect the relevant debt structure in place to support each CGU. The Group has adjusted the cash flows for any uncertainties rather than the discount rate.

The terminal growth rate represents an estimation of average long-term economic growth rates for the principal countries in which the Group operates. The future impact of climate change on the Group has been incorporated into strategic plans, the estimated financial impact of which is included within approved forecasts. Considerations of the costs expected to be incurred to reach the Group's long-term sustainability strategy of being Net Zero by 2050, to comply with the introduction of future SAF mandates and to meet the Group's CORSIA obligations, have been embedded into the financial forecasts.

The impairment review did not identify an impairment for either CGU as the value in use was greater than the carrying value (2023: no impairment).

An impairment review was also performed over the value of investments in subsidiaries held by the Company. The recoverable amount was measured based on the combined airline route network and the holidays business CGU value in use, using a discounted cash flow model. Cash flow projections are based on the same forecasts and assumptions used for the Group analysis. The impairment review did not identify an impairment of the Company's investment in subsidiaries, as the value in use was greater than the carrying value with significant headroom (2023: no impairment).

Sensitivity analysis

The Group has conducted sensitivity analyses on each CGU's value in use. This included either increasing the discount rates, reducing the terminal growth rate, or reducing the anticipated future cash flows through changes to the EBITDA in each of the years through to the terminal year. The sensitivity assumptions applied to the VIU calculations are set out in the table below. These are considered to be reasonably possible, but not likely.

Increase in discount rate	2pts
Reduction in long-term growth rate applied in year	1pts
Decrease in forecasted adjusted EBITDA in each year	20%
Increase in fuel price	10%

None of the individual reasonably possible scenarios listed above resulted in an impairment in either of the CGUs.

Assumptions	Airline CGU	Holidays CGU
Pre-tax discount rate	6% (2023: 7%)	5% (2023: 5%)
Terminal growth rate	2% (2023: 2%)	2% (2023: 2%)
No. years before terminal growth applied	2 (2023: 3)	2 (2023:3)
Exchange rates USD	1.25 (2023: 1.27)	1.25 (2023: 1.27)
Fuel prices ($/bbl)	108.7 (2023: 112.7)	N/A

11. Property, plant and equipment

	Group					
	Aircraft, rotable spares and ancillary equipment		Other		Assets under construction	
	Owned £m	Leased £m	Owned £m	Leased £m	Owned £m	Total £m
Cost						
At 1 January 2024	1,421.7	2,289.8	145.6	195.8	23.6	4,076.5
Additions	281.2	494.3	3.6	0.6	28.2	807.9
Disposals	(195.4)	(87.4)	(3.0)	(3.2)	-	(289.0)
Reclassifications	39.5	-	3.4	-	(42.9)	-
Other movements	-	(228.3)	-	13.2	-	(215.1)
At 31 December 2024	**1,547.0**	**2,468.4**	**149.6**	**206.4**	**8.9**	**4,380.3**
Accumulated depreciation						
At 1 January 2024	459.9	921.5	132.8	111.3	-	1,625.5
Depreciation for the year	64.5	137.3	6.5	17.0	-	225.3
Disposals	(23.8)	(87.4)	(2.4)	(2.6)	-	(116.2)
At 31 December 2024	**500.6**	**971.4**	**136.9**	**125.7**	**-**	**1,734.6**
Carrying amount						
At 31 December 2024	**1,046.4**	**1,497.0**	**12.7**	**80.7**	**8.9**	**2,645.7**
At 31 December 2023	961.8	1,368.3	12.8	84.5	23.6	2,451.0

Notes forming part of the financial statements continued

11. Property, plant and equipment *continued*

	Group					
	Aircraft, rotable spares and ancillary equipment		Other		Assets under construction	
	Owned £m	Leased £m	Owned £m	Leased £m	Owned £m	Total £m
Cost						
At 1 January 2023	1,352.8	1,891.6	142.4	162.1	22.9	3,571.8
Additions	60.4	309.8	1.5	2.3	14.5	388.5
Disposals	1.9	(2.6)	(1.7)	(2.2)	(3.8)	(8.4)
Reclassifications	6.6	-	3.4	-	(10.0)	-
Other movements	-	91.0	-	33.6	-	124.6
At 31 December 2023	**1,421.7**	**2,289.8**	**145.6**	**195.8**	**23.6**	**4,076.5**
Accumulated depreciation						
At 1 January 2023	375.3	801.0	128.5	95.8	-	1,400.6
Depreciation for the year	81.2	123.2	5.9	17.0	-	227.3
Impairments	-	-	-	-	3.8	3.8
Disposals	3.4	(2.7)	(1.6)	(1.5)	(3.8)	(6.2)
At 31 December 2023	**459.9**	**921.5**	**132.8**	**111.3**	**-**	**1,625.5**
Carrying amount						
At 31 December 2023	**961.8**	**1,368.3**	**12.8**	**84.5**	**23.6**	**2,451.0**
At 31 December 2022	977.5	1,090.6	13.9	66.3	22.9	2,171.2

Other movements relate to lease extensions which do not constitute a new lease addition pursuant to IFRS 16, and in addition relate to asset adjustments resulting from variable lease rentals, which are linked to the prevailing secured overnight financing rate (SOFR) at a point in time as per the lease agreements, as well as other judgements which impact the measurement of the right-of-use asset. A review of accounting estimates has occurred in year leading to a £232.7m reduction to our leased aircraft carrying amount, as disclosed in note 4.

The total additions of owned property, plant and equipment in the year were £313.0m (2023: £76.4m).

During the year, the Group took delivery of one Airbus 350-1000 aircraft under an asset-backed financing arrangement, one leased Airbus A350-1000 aircraft and four leased Airbus 330-900 neo aircraft.

The Group also purchased one spare Trent XWB engine.

Included in aircraft, rotable spares and ancillary equipment are progress payments of £29.7m (2023: £38.5m). These amounts are not depreciated.

Interest capitalised by the Group and Company on aircraft progress payments included in additions during the year amounted to £2.3m (2023: £3.7m). Owned aircraft and ancillary equipment with a carrying value of £1,046.4m (2023: £961.8m) is pledged as security for certain borrowings.

The Company did not have any property, plant and equipment (2023: £nil).

12. Deferred tax

The following are the material deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior year. Deferred taxation is provided for at 25% (2023: 25%):

	Group			
	Accelerated capital allowances £m	**Other temporary differences £m**	**Holdover relief £m**	**Total £m**
Balance as at 1 January 2024	3.3	22.2	(22.2)	3.3
Charged to statement of comprehensive income	24.7	(28)	-	(3.3)
Balance as at 31 December 2024	**28.0**	**(5.8)**	**(22.2)**	**-**

	Group			
	Accelerated capital allowances £m	Other temporary differences £m	Holdover relief £m	Total £m
Balance as at 1 January 2023	(2.8)	31.3	(24.9)	3.6
Charged to statement of comprehensive income	6.1	(9.1)	2.7	(0.3)
Balance as at 31 December 2023	3.3	22.2	(22.2)	3.3

The Group has restricted its recognition of deferred tax assets to equal the amount of deferred tax liabilities at the period end, as required by IAS 12. The gross temporary differences not recognised by the Company total £1,991.2m (2023: £1,889.3m), which equates to a deferred tax asset not recognised of £497.8m (2023: £472.3m).

Notes forming part of the financial statements continued

12. Deferred tax *continued*

The Finance Act 2021 (substantively enacted on 24 May 2021) set the main corporation tax rate at 25% from April 2023.

The deferred tax asset as at 31 December 2024 has been calculated based on 25% (2023: 25%).

The Company did not have any deferred tax (2023: £nil).

13. Investment in subsidiaries

	Company	
	2024 £m	2023 £m
Investment in subsidiaries	**855.0**	830.5

	Company
	Investment in subsidiaries £m
Balance as at 1 January 2024	830.5
Additions during the year	24.5
Balance as at 31 December 2024	**855.0**

For further information on the subsidiaries of the Company, refer to note 22. Additions during the year relate to capital contributions made into subsidiaries as a result of the novation of certain liabilities from the subsidiaries to the Company (see notes accompanying the statement of changes in equity).

14. Derivative financial instruments

The following table discloses the carrying amounts and fair values of the Group's derivative financial instruments.

	Group	
	2024 £m	2023 £m
Non-current assets		
Foreign currency	**2.7**	0.1
Fuel	**3.4**	1.0
	6.1	1.1
Current assets		
Foreign currency	**9.8**	3.6
Fuel	**4.7**	7.8
	14.5	11.4
Non-current liabilities		
Foreign currency	**(0.9)**	(0.2)
Fuel	**(5.5)**	(5.9)
	(6.4)	(6.1)
Current liabilities		
Foreign currency	**(4.7)**	(22.3)
Fuel	**(20.9)**	(22.7)
	(25.6)	(45.0)
	(11.4)	(38.6)

The Company did not hold any derivative financial instruments (2023: £nil).

All derivatives are presented gross as the offsetting criteria have not been met. This is due to the Group not having any legally enforceable right to offset recognised amounts, as the right to offset is contingent on future events, for example default or other credit events.

Notes forming part of the financial statements continued

14. Derivative financial instruments *continued*

The following table discloses the carrying amounts of derivatives recognised in the Group statement of financial position that are subject to master netting arrangements but are not set off due to offsetting criteria not being met.

	Gross amount £m	Amount not set-off £m	Net amount £m
As at ended 31 December 2024			
Assets	**20.6**	**(14.3)**	**6.3**
Liabilities	**(32.0)**	**14.3**	**(17.7)**
	(11.4)	**-**	**(11.4)**
As at ended 31 December 2023			
Assets	12.5	(9.1)	3.4
Liabilities	(51.1)	9.1	(42.0)
	(38.6)	-	(38.6)

Recognition of movement in derivative financial instruments.

	2024		2023	
	Foreign currency £m	Fuel £m	Foreign currency £m	Fuel £m
Derivatives designated in a hedging relationship				
Gains/(losses) arising during the year recognised in OCI	**20.6**	**2.1**	-	-
Gains transferred to income statement	**(16.5)**	**(13.8)**	-	-
Hedge ineffectiveness recognised in the profit or loss	**-**	**-**	-	-
Fair value movements on cost of hedging recognised in OCI	**2.9**	**(1.8)**	-	-
Derivatives not designated in a hedging relationship	**-**	**-**	22.0	39.2

Notional amounts of significant financial instruments used as cash flow hedging instruments

	Group			
	Average rate	<1 Year m	1-2 Years m	Notional Total m
2024				
Brent (Barrels)[1]	77.5	5.0	1.2	6.2
Jet Crack (Barrels)[1]	19.6	1.2	-	1.2
Foreign exchange contracts (USD)[2]	1.26	559.8	74.8	634.6
2023				
Brent (Barrels)[1]	86.7	6.0	1.2	7.2
Jet Crack (Barrels)[1]	26.3	1.2	-	1.2
Foreign exchange contracts (USD)[2]	1.23	536.1	5.3	541.4

The Group enters into derivative transactions under master netting agreements. Under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated. The termination value is assessed and only a single amount is payable in settlement of all transactions.

1 The hedge rate for Brent and Jet Crack is expressed as the US Dollar price per barrel

2 The notional of foreign exchange contracts is expressed in GBP

Undiscounted cash flows by maturity

	0-6 month £m	6-12 months £m	12-24 months £m
Brent	10.4	8.7	2.9
Jet Crack	2.5	-	-
Fuel	**12.9**	**8.7**	**2.9**
FX	**3.1**	**1.9**	**1.4**

Notes forming part of the financial statements continued

15. Trade and other receivables

	Group	
	2024 £m	2023 £m
Non-current		
Other receivables	25.7	26.5
Current		
Trade receivables	64.1	65.8
Provision for doubtful receivables	(2.5)	(3.3)
Net trade receivables	61.6	62.5
Unremitted cash	51.2	69.7
Other receivables	121.0	55.1
Accrued income	7.6	2.8
Prepayments	38.5	37.9
	279.9	228.0

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The Group uses the expected credit loss approach when impairing trade receivables; the calculated loss according to the observed default rate is not material.

Other receivables includes a receivable from a joint arrangement partner, security deposits on aircraft/engines, VAT and flight taxes.

The Company had no trade and other receivables (2023: nil).

	2024 £m	2023 £m
Ageing of past due but not impaired receivables		
1-30 days	14.7	19.2
31-60 days	-	0.5
61-90 days	0.3	-
91-120 days	0.1	-
120+ days	1.5	1.0
	16.6	20.7

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. The carrying amounts of trade and other receivables are approximately equal to their fair value.

16. Inventories

	2024 £m	2023 £m
Aircraft consumable spares	41.4	37.7
Inflight stock	5.6	6.8
Scope 3 carbon credits	5.6	-
Fuel	0.1	0.3
	52.7	44.8

Inventories recognised as an expense in the year amounted to £790.7m (2023: £836.5m). The Company did not have any inventories (2023: £nil).

17. Cash, cash equivalents and restricted cash

	2024 £m	2023 £m
Cash at bank and in hand	378.9	335.3
Cash and cash equivalents	378.9	335.3
Restricted cash	64.4	70.8
	443.3	406.1

Cash and cash equivalents comprise of cash and short-term bank deposits with maturity of three months or less. The carrying amount of these assets is equal to their fair value. Restricted cash includes liquidity reserves relating to collateralised borrowings and cash collateral relating to finance and merchant banking facilities.

In addition to the above cash balances there was £51.2m of unremitted cash owed to the Group in transit at 31 December 2024 (2023: £69.7m) (refer to note 15).

The Company did not have any cash and cash equivalents (2023: £nil).

Notes forming part of the financial statements continued

18. Borrowings

(a) Non-current and current balances

	Group 2024 £m	Group 2023 £m
Non-current		
Obligations under leases (i)	**(1,690.2)**	(1,607.0)
Senior Bonds – A1 (ii)	**(131.0)**	(142.1)
Senior Bonds – A2 (ii)	**(14.7)**	(16.8)
Senior Bonds – A3 (ii)	**(22.2)**	(24.1)
Other loans (iii)	**(1,525.1)**	(1,391.0)
	(3,383.2)	(3,181.0)
Current		
Obligations under leases (i)	**(194.0)**	(173.7)
Senior Bonds – A1 (ii)	**(11.1)**	(10.8)
Senior Bonds – A2 (ii)	**(2.1)**	(2.0)
Senior Bonds – A3 (ii)	**(1.9)**	(1.9)
Senior Bonds – A4 (ii)	**-**	(50.8)
Other loans (iii)	**(215.3)**	(153.2)
	(424.4)	(392.4)

(i) See below for a full breakdown of all commitments under leasing agreements. £197.1m (2023: £383.1m) of the obligations under leases have variable lease payments that depend on an index (such as SOFR). Movements in the index rate will impact the value of these leases. Certain leases contain extension options which may be exercisable by the Group, and on inception of the lease, or if there is a significant event or change in circumstances that is in the lessee's control, the Group assesses the likelihood of the option being exercised. During the year, the Group re-evaluated the likelihood of exercising extension options or early termination options; as a result the Group reduced the estimated minimum lease term of certain leaded aircraft leading to a reduction in obligations under leases of £232.7m (refer to note 4). The Group is exposed to potential undiscounted cash flows of £392.5m (2023: £34.3m) for extension options, for which no amounts have been recognised as the Group does not currently expect to exercise the options.

(ii) In December 2015, the Group issued £220m of Senior Bonds to bond investors (£190m Class A1 bonds and £30m of Class A2 bonds). The terms are such that repayment of the principal will occur in part over the life of the bonds such that £112m (£100m Class A1 bonds and £12m of Class A2 bonds) is only payable on the maturity of the bonds after 15 years. In January 2017, the Group issued an additional £32m of Senior Bonds to investors (Class A3). The maturation date of the bonds matches that of the A1 and A2 bonds, with repayment of the principal occurring in part over the life of the bonds and £16m payable after 14 years. The value of the bonds is stated after transaction costs. In September 2020, the Group issued £60m of Senior Bonds to investors (Class A4), and the remaining principal was repaid in full during 2024.

(iii) Other loans includes £627.6m (2023: £515.9m) of loans due to shareholders.

(b) Analysis of borrowings by currency represented in GBP

	Group Sterling £m	US dollars £m	Chinese yuan £m	South African rand £m	Total £m
As at 31 December 2024					
Obligations under leases	**(68.0)**	**(1,815.6)**	**(0.4)**	**(0.2)**	**(1,884.2)**
Senior Bonds – A1	**(142.1)**	**-**	**-**	**-**	**(142.1)**
Senior Bonds – A2	**(16.8)**	**-**	**-**	**-**	**(16.8)**
Senior Bonds – A3	**(24.1)**	**-**	**-**	**-**	**(24.1)**
Senior Bonds – A4	**-**	**-**	**-**	**-**	**-**
Other loans	**(627.6)**	**(1,112.8)**	**-**	**-**	**(1,740.4)**
	(878.6)	**(2,928.4)**	**(0.4)**	**(0.2)**	**(3,807.6)**
As at 31 December 2023					
Obligations under leases	(73.0)	(1,707.1)	(0.2)	(0.2)	(1,780.7)
Senior Bonds – A1	(152.9)	-	-	-	(152.9)
Senior Bonds – A2	(18.8)	-	-	-	(18.8)
Senior Bonds – A3	(26.0)	-	-	-	(26.0)
Senior Bonds – A4	(50.8)	-	-	-	(50.8)
Other loans	(566.4)	(977.8)	-	-	(1,544.2)
	(887.9)	(2,684.9)	(0.2)	(0.2)	(3,573.4)

(c) Analysis of contractual undiscounted cash flows by maturity

	Group Within 1 year £m	1-2 years £m	2-5 years £m	Over 5 years £m	Total £m
Loans	**(307.9)**	**(1,012.4)**	**(721.6)**	**(328.9)**	**(2,370.8)**
Leased aircraft, rotable spares and ancillary equipment	**(298.4)**	**(273.0)**	**(656.7)**	**(1,268.2)**	**(2,496.3)**
Leased other	**(19.5)**	**(16.5)**	**(40.0)**	**(14.1)**	**(90.1)**
As at 31 December 2024	**(625.8)**	**(1,301.9)**	**(1,418.3)**	**(1,611.2)**	**(4,957.2)**
Loans	(233.6)	(289.5)	(1,377.5)	(297.6)	(2,198.2)
Leased aircraft, rotable spares and ancillary equipment	(273.0)	(255.1)	(604.0)	(1,278.4)	(2,410.5)
Leased other	(20.3)	(14.7)	(42.7)	(38.7)	(116.4)
As at 31 December 2023	(526.9)	(559.3)	(2,024.2)	(1,614.7)	(4,725.1)

Notes forming part of the financial statements continued

(d) Analysis of change in borrowings

	Group			
	Loans £m	**Leased aircraft, rotable spares and ancillary equipment £m**	**Leased other £m**	**Total £m**
As at 1 January 2024	**(1,792.7)**	**(1,689.2)**	**(91.5)**	**(3,573.4)**
Proceeds from loans and borrowings	**(449.1)**	**-**	**-**	**(449.1)**
Repayment of borrowings	**451.0**	**-**	**-**	**451.0**
Payment of lease rental	**-**	**170.0**	**15.6**	**185.6**
Total changes arising from financing cash flows	**1.9**	**170.0**	**15.6**	**187.5**
Interest paid	**92.9**	**123.1**	**6.1**	**222.1**
Non-cash movements:				
New contracts and renewal of contracts	**-**	**(478.7)**	**(0.6)**	**(479.3)**
Other movements	**1.4**	**236.1**	**(12.9)**	**224.6**
FX Revaluation	**(20.8)**	**(32.6)**	**(0.4)**	**(53.8)**
Interest expense	**(206.1)**	**(123.1)**	**(6.1)**	**(335.3)**
As at 31 December 2024	**(1,923.4)**	**(1,794.4)**	**(89.8)**	**(3,807.6)**

	Group			
	Loans £m	Leased aircraft, rotable spares and ancillary equipment £m	Leased other £m	Total £m
As at 1 January 2023	(1,800.0)	(1,521.6)	(79.6)	(3,401.2)
Proceeds from loans and borrowings	(41.0)	-	-	(41.0)
Repayment of borrowings	98.1	-	-	98.1
Payment of lease rental	-	141.7	16.6	158.3
Total changes arising from financing cash flows	57.1	141.7	16.6	215.4
Interest paid	80.5	131.6	5.5	217.6
Non-cash movements:				
New contracts and renewal of contracts	-	(305.0)	(0.7)	(305.7)
Other movements	-	(92.9)	(28.7)	(121.6)
FX Revaluation	53.2	88.6	0.9	142.7
Interest expense	(183.5)	(131.6)	(5.5)	(320.6)
As at 31 December 2023	(1,792.7)	(1,689.2)	(91.5)	(3,573.4)

The Company did not have any borrowings (2023: £nil).

19. Trade and other payables

	Group		Company	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Non-current				
Other revenue received in advance	**(2.4)**	(2.4)	**-**	-
Trade payables	**-**	-	**-**	-
Other payables	**(87.9)**	(84.0)	**-**	-
	(90.3)	(86.4)	**-**	-
Current				
Trade payables	**(311.3)**	(249.8)	**-**	-
Other revenue received in advance	**(6.6)**	(5.8)	**-**	-
Flight and airport charges	**(150.6)**	(122.0)	**-**	-
Amounts owed to other Group companies	**-**	-	**(262.6)**	(250.1)
Other taxes and social security	**(28.4)**	(25.5)	**-**	-
Other payables	**(14.9)**	(32.5)	**-**	-
Corporate tax payable	**-**	(0.4)	**-**	-
Accruals	**(245.6)**	(204.6)	**-**	-
	(757.4)	(640.6)	**(262.6)**	(250.1)

The carrying amounts of trade and other payables are approximately equal to their fair values.

Trade payables include £30.4m (2023: £nil) under supplier financing arrangements, where a partner financial institution paid the supplier in line with the agreed payment terms and the Group enters into payment terms with the partner institution of up to 120 days.

Other payables includes an embedded derivative asset of £14.3m (2023: asset of £9.1m) measured at fair value (refer to note 26).

20. Deferred revenue on air travel and holidays

	Group	
	2024 £m	2023 £m
Non-current	**(1.9)**	(1.8)
Current	**(678.1)**	(619.6)
Total deferred revenue on air travel and holidays	**(680.0)**	(621.4)

Notes forming part of the financial statements continued

20. Deferred revenue on air travel and holidays *continued*

	Forward sales of passenger carriage and holidays £m
Balance at 1 January 2024	(621.4)
Revenue recognised in income statement	3,301.3
Cash received from customers	(3,359.9)
Balance as at 31 December 2024	**(680.0)**

Cash received from customers is presented net of refunds.

Deferred revenue in respect of forward sales of holidays consists of revenue allocated to tour operations. These tickets can typically be purchased up to 18 months in advance of the date of travel. Of the prior year deferred balance brought forward, £618.0m was recognised in the income statement during the year (2023: £628.8m). The Company did not have any deferred income (2023: £nil).

21. Provisions

(a) Non-current and current balances

	Group	
	2024 £m	2023 £m
Non-current		
Maintenance	**(58.8)**	(42.4)
Leasehold dilapidations	**(16.9)**	(17.7)
Legal claims	**(1.7)**	(3.1)
Restructuring costs	**(4.7)**	(6.8)
	(82.1)	(70.0)
Current		
Maintenance	**(8.6)**	(9.8)
Leasehold dilapidations	**(0.5)**	(2.9)
Legal claims	**(29.5)**	(37.5)
Restructuring costs	**(8.9)**	(5.5)
	(47.5)	(55.7)

Maintenance included in provisions relates to the costs to meet the contractual return conditions on aircraft treated as right-of-use assets. Cash outflows on aircraft and engine maintenance occur when the maintenance events take place on future dates, typically covering the leased aircraft term, not exceeding January 2039. Maintenance provisions are discounted only when the interest rate has a deemed material impact on the provision.

Leasehold dilapidations represent provisions held relating to leased land and buildings where restoration costs are contractually required at the end of the lease, with dates not exceeding December 2034. Where such costs arise as a result of capital expenditure on the leased asset, the restoration costs are also capitalised.

Legal claims represent the estimated outstanding cost arising from the settlement of civil actions. Included within legal claims are compensation amounts due to customers whose flights were significantly delayed, unless the airline can prove that the delay was caused by circumstances beyond its control.

The Company did not have any provisions (2023: £nil).

(b) Analysis of change in provisions

	Maintenance £m	Leasehold dilapidations £m	Legal claims £m	Restructuring costs £m	Total £m
At 1 January 2023	(53.0)	(15.8)	(24.6)	(9.5)	(102.9)
Amounts (provided)/released in the year	(6.7)	(5.0)	(26.8)	(6.9)	(45.4)
Amounts utilised in the year	4.9	0.2	11.2	4.2	20.5
FX Revaluation	2.6	-	(0.4)	(0.1)	2.1
At 31 December 2023	**(52.2)**	**(20.6)**	**(40.6)**	**(12.3)**	**(125.7)**
Amounts (provided)/released in the year	**(22.3)**	**1.9**	**(24.5)**	**(6.6)**	**(51.5)**
Amounts utilised in the year	**8.4**	**1.3**	**33.7**	**5.3**	**48.7**
FX Revaluation	**(1.4)**	**-**	**0.2**	**-**	**(1.2)**
At 31 December 2024	**(67.5)**	**(17.4)**	**(31.2)**	**(13.6)**	**(129.6)**

Notes forming part of the financial statements continued

22. Interest in subsidiaries and associates

The Group consists of a parent Company, Virgin Atlantic Limited, incorporated in the UK and a number of subsidiaries and associates which operate and are incorporated around the world. The subsidiaries and associates of the Group as at 31 December 2024 are:

Subsidiaries and associates	Country of incorporation or registration	% Ordinary issued	Principal activity
Virgin Atlantic Two Limited	England and Wales	100	Holding company
Virgin Travel Group Limited	England and Wales	100	Holding company
Virgin Atlantic Airways Limited	England and Wales	100	Airline operations
Virgin Holidays Limited	England and Wales	100	Sale of holidays
Fit Leasing Limited	Jersey	100	Ceased trading
VA Cargo Limited	England and Wales	100	Ceased trading
VAA Holdings Jersey Limited	Jersey	100	Holding company
VAA Holdings UK Limited	England and Wales	100	Holding company
Virgin Atlantic International Limited	England and Wales	100	Airline operations
Virgin Incoming Services Incorporated	United States of America	100	Tour operator
Virglease (3) Limited	England and Wales	100	Ceased trading
Virglease (4) Limited	England and Wales	100	Ceased trading

Subsidiaries and associates	Registered office addresses
Fit Leasing Limited, VAA Holdings Jersey Limited	47 Esplanade, St Helier, Jersey, JE1 0BD
Virgin Incoming Services Incorporated	5787 Vineland Road, Suite 204, Orlando, Florida, 32819
All other trading subsidiaries	The VHQ, Fleming Way, Crawley, West Sussex RH10 9DF

VA Cargo Limited ceased trading in June 2020, Virglease (3) Limited ceased trading in December 2020 and Virglease (4) Limited and Fit Leasing Limited ceased trading in December 2024.

The Group consolidates the results of Barbados Enterprises plc, a special purpose vehicle set up to facilitate external capital raising activities, into the results of the Group. In accordance with IFRS 10, the Group is exposed, or has rights, to variable returns from its involvement and has the ability to affect those returns through its power over Barbados Enterprises plc.

The proportion of voting rights held by the Group in each of its subsidiaries is the same as the proportion of ordinary shares held. All subsidiaries have been included in the consolidation. All entities in the consolidation have the same accounting reference date.

All subsidiaries other than Virgin Atlantic Two Limited are indirectly held.

23. Related party transactions

The Group had transactions in the ordinary course of business during the year ended 31 December 2024 and 31 December 2023 with related parties.

	Group	
	2024 £m	2023 £m
Parent		
Purchases from parent	**-**	-
Purchases from associate	**-**	-
Related parties under common control		
Sales to related parties	**82.5**	63.5
Purchases from related parties	**(47.2)**	(35.4)
Amounts owed by related parties	**103.3**	32.5
Amounts owed to related parties	**(113.1)**	(19.9)

Sales to related parties primarily relates to airline ticket sales. Purchases from related parties represent goods and services purchased for use within the business. All of the above transactions are on an arm's length basis.

In 2013, Delta Air Lines Inc. acquired a 49% equity stake in Virgin Atlantic Limited from Singapore Airlines. From 1 January 2014 the Group entered into a joint arrangement with Delta Air Lines Inc.

In January 2020, the Group entered into a joint arrangement with Delta Air Lines Inc. and Air France-KLM S.A., which provides for the sharing of revenues and costs, as well as joint marketing and sales, coordinated pricing and revenue management, network planning and scheduling and other coordinated activities with respect to the parties' operations on joint arrangement routes until 2035. This joint arrangement, for which the Group received anti-trust immunity from the US Department of Transportation in November 2020, is a continuation, extension and expansion of the joint arrangement which previously existed between the Group and Delta Air Lines Inc. that was due to expire in 2028. On transitioning to the expanded joint arrangement, the Group agreed to make a series of payments to Delta over the period 2020-2028. On the basis that the new arrangement represented a continuation of the existing arrangement these payments formed a cost to enter the expanded joint arrangement and the Group made a judgement to recognise an intangible asset to be amortised over the 15-year contract term (refer to note 11), and a corresponding liability representing the obligation to make the payments through to 2028. The liability contains a portion measured at amortised cost, and an embedded derivative measured at fair value representing the variable element of payments linked to fuel price. The net value of the liability was £84.0m at 31 December 2024 (2023: £101.2m).

Notes forming part of the financial statements continued

23. Related party transactions *continued*

Costs incurred in relation to the joint arrangement are presented within other operating and overhead costs. Total sales to Delta Air Lines, Inc. during the year amounted to £38.4m (2023: £22.5m); total purchases were £84.9m (2023: £15.8m). Outstanding receivable balances amounted to £nil (2023: £20.9m) and outstanding payables (excluding amounts owed under the joint arrangement) were £87.4m (2023: £6.1m).

In March 2020, a £30.0m facility was made available by the Group's shareholders; Delta Air Lines committed 49% of this facility and Virgin Investments Limited committed 51%. This facility was fully drawn down in 2020 and the Group also accrued commitment fees of £0.4m to Delta Air Lines and £0.4m to Virgin Investments Limited in respect of this facility. During 2020, the facility was converted to preference shares.

In addition, the following liabilities were converted to preference shares:

- £65.7m for amounts owed to Delta Air Lines relating to the 2020 joint operation settlement, and other invoices payable; and
- £21.7m for amounts owed to Virgin Investments Limited relating to royalties incurred in 2020 and other liabilities owed.

In September 2020, Virgin Investments Limited advanced a £200m facility to the Group, repayable in November 2026. This loan was initially recognised at fair value, with the difference between nominal and fair value resulting in a capital contribution of £103.7m. Further loans were advanced to the Group in 2021 as follows: £75m in March 2021 and £215.2m in December 2021 from Virgin Investments Limited, and £206.8m in December 2021 from Delta Air Lines Incorporated, each repayable in November 2026. The loans were initially recognised at fair value, with the difference between nominal and fair value resulting in a capital contribution of £241.6m.

24. Ultimate holding

Virgin Atlantic is the ultimate parent company of the Group. The Directors consider that Sir Richard Branson is the ultimate controlling party of the Group.

25. Commitments

(a) Capital commitments

	Group	
	2024 £m	2023 £m
Capital commitments at the balance sheet date for which no provision has been made	**3,377.9**	2,251.5

Capital commitments relate to aircraft and engine purchases and are stated at escalated list price less progress payments. It is intended that these purchases will be financed partly through cash flow and partly through external financing and leasing arrangements.

The Company has no capital commitments (2023: nil).

(b) Commitments under leases not yet commenced

As at 31 December 2024, the Group had committed to lease agreements on future aircraft deliveries totalling £nil (2023: £705.3m) over the term of the leases. The Company has no commitments under leases not yet commenced (2023: £nil).

Notes forming part of the financial statements continued

26. Financial instruments

(a) Financial instruments by category

	Group 2024 £m	Group 2023 £m
Financial assets		
Cash and bank balances	378.9	335.3
Restricted cash	64.4	70.8
Designated as cash flow hedges		
Derivative financial instruments	20.6	-
Fair value through profit and loss:		
Derivative financial instruments	-	12.5
Loans and receivables at amortised cost:		
Trade and other receivables (excluding prepayments and accrued income)	259.5	213.8
	723.4	632.4
Financial liabilities		
Designated as cash flow hedges		
Derivative financial instruments	(32.0)	-
Fair value through profit and loss:		
Derivative financial instruments	-	(51.1)
Other payables (i)	6.1	9.1
Financial liabilities at amortised cost:		
Borrowings (including lease liabilities)	(3,807.6)	(3,573.4)
Trade and other payables	(599.2)	(522.9)
	(4,432.7)	(4,138.3)

(i) Other payables measured at fair value through profit or loss represent the joint arrangement embedded derivative (refer to note 23). The embedded derivative could be an asset or a liability and is presented net with the portion of the joint arrangement liability measured at amortised cost.

(b) Fair values of financial assets and liabilities

The fair values of the Group's financial instruments are disclosed in hierarchy levels depending on the nature of the inputs used in determining the fair values as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data.

The only instruments carried at fair value by the Group are the derivative financial instruments that consist of fuel and foreign exchange and interest rate swap derivatives, and joint arrangement embedded derivative (refer to note 23). These are listed at level 2 on the fair value hierarchy. Discounted cash flow is the valuation technique used to arrive at fair value. Future cash flows are estimated based on forward exchange rates and forward fuel price rates (from observable rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

For all other financial instruments that are not measured at fair value on a recurring basis, the Directors consider that the carrying amounts of financial assets and financial liabilities (as disclosed in (a) above) approximate their fair values.

There were no transfers between levels during the year.

Notes forming part of the financial statements continued

27. Financial risk management

The Group is exposed to a variety of financial risks including: market risk (including foreign currency risk, interest rate risk and fuel price risk), credit risk, capital risk and liquidity risk.

The overall financial risk management processes focus on managing the exposures arising from unpredictable financial markets, to keep them within the Group's risk appetite, and to minimise potential adverse effects on financial performance.

The Group's financial risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate limits and controls and to monitor risks and adherence to limits.

The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

The Treasury function of the Group implements the financial risk management policies, under governance approved by the Board, and overseen by the Financial Risk Committee.

The Group's Treasury function also identifies, evaluates and hedges financial risks within the appetite and boundaries established by the financial risk committee and financial risk policies. The Group does not speculatively trade and when instruments are used, this is to manage the underlying physical exposures of the business.

(a) Fuel price risk

The Group is exposed to fuel price risk. The Group reduces its exposure using derivatives, as any gains and losses arising are offset by the outcome of the underlying exposure being hedged. The Group's fuel hedging policy aims to protect the business from significant near-term adverse movement in the jet fuel price. The policy allows the Group to hedge within bands up to 18 months out with declining percentages. In implementing the strategy, the fuel hedging policy allows for the use of a number of derivatives available on the over-the-counter (OTC) markets with approved counterparties and within approved limits.

Brent and Jet crack derivatives, where eligible, are entered into a cash flow hedge relationship against the respective risk components of future forecasted jet fuel usage.

The impact of movements on reserves is detailed in note 14.

During the year, fair value adjustments of nil were recorded related to hedge ineffectiveness on fuel hedges that continue to be effective hedge relationships.

The following table demonstrates the sensitivity of financial instruments to a reasonably possible change in fuel prices, with all other variables held constant, on profit before tax and equity:

	Group	
	For the year ended 31 December 2024 £m	For the year ended 31 December 2023 £m
Increase in fuel price by a fixed percentage	**30%**	30%
Increase in equity	**96.2**	-
Increase in profit before tax	**2.2**	110.8
Decrease in fuel price by a fixed percentage	**(30%)**	(30%)
Decrease in equity	**(103.8)**	-
Decrease in profit before tax	**(2.8)**	(104.0)

(b) Foreign currency risk

The Group is primarily exposed to fluctuations in the US dollar which can significantly impact financial results and liquidity. The Group has substantial liabilities denominated in US dollars, due to engineering maintenance provisions and aircraft leases. A significant proportion of these are matched with US dollar cash.

Currency risk is reduced through the matching of receipts and payments in individual currencies and holding foreign currency balances to meet future obligations. In addition, the Group designates certain aircraft lease contracts as cash flow hedges.

Any exposure that cannot be naturally hedged, or is not designated in a cash flow hedge is managed through application of the foreign exchange hedging policy.

Notes forming part of the financial statements continued

27. Financial risk management *continued*

The Group has designated certain US dollar aircraft lease liabilities (the hedging instrument) to hedge exposure in highly probable forecast US dollar revenue (the hedged item). The probability of such transactions arising is based on past performance (USD revenues received in prior years), forecast cash flows and the Group's business model (i.e. an emphasis on transatlantic flying). These are designated as cash flow hedges, and the hedge ratio applied is 1:1. The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the aircraft lease designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method. In these hedge relationships, the main sources of ineffectiveness are:

- Changes in the timing of the hedged transactions; and
- Non-alignment between the exchange rate ruling at the balance sheet date and the exchange rate ruling at the date the forecast revenue is recognised.

The carrying value of these hedging instruments as at 31 December 2024 was $2,872.0, (2023: $2,660.6m). Included within other operating and overhead costs are £3.2m of hedging gains (2023: £4.5m losses) reclassified from the hedging reserve.

The Group reduced its exposure using derivatives, as any gains and losses arising are offset by the outcome of the underlying exposure being hedged. The foreign exchange hedging policy aims to protect the business from significant near-term adverse movement in exchange rates. The policy allows the Group to hedge within bands up to 18 months out with declining percentages. In implementing the strategy, the foreign exchange hedging policy allows for the use of a number of derivatives available on the over-the-counter (OTC) markets with approved counterparties. Foreign exchange derivatives, where eligible, are entered into a cash flow hedge relationship against future forecasted foreign currency cash outflows.

The impact of movements on reserves is detailed in note 14.

During the year, fair value adjustments of £nil were recorded related to hedge ineffectiveness on foreign exchange hedges that continue to be effective hedge relationships.

The following table demonstrates the sensitivity of the US dollar foreign exchange derivative exposure to a reasonably possible change in the US dollar exchange rates, with all other variables held constant, on profit/(loss) before tax and equity.

	Group	
	For the year ended 31 December 2024 £m	For the year ended 31 December 2023 £m
Strengthening in the currency exchange rate by a fixed percentage	**10%**	10%
Decrease in equity	**(56.3)**	-
Decrease in profit before tax	**-**	(47.4)
Weakening in currency exchange rate by a fixed percentage	**(10%)**	(10%)
Increase in equity	**71.1**	-
Increase in profit before tax	**-**	57.9

(c) Interest rate risk

Interest rate cash flow risk arises on floating rate borrowings and cash investments. The Interest rate risk management policy objective is to lower the cost of capital by maintaining a targeted optimal range of net floating rate debt instruments while at the same time, not over-exposing the Company to interest rate fluctuations.

Interest rate exposure is managed on net basis i.e. after taking into consideration the natural hedge available due to cash invested in the short term at floating interest rates.

Aircraft leases are a mix of fixed and floating rates. Of the 45 leases in place at 31 December 2024 (2023: 41), 77% were based on fixed interest rates and 23% were based on floating interest rates (2023: 78% fixed, 23% floating).

(d) Credit risk

The Group is exposed to credit risk to the extent of non-performance by its counterparties in respect of financial assets receivable, cash, money market deposits and derivative financial instruments.

Credit risk management aims to reduce the risk of default by diversifying exposure and adhering to acceptable limits on credit exposure to counterparties based on their respective credit ratings. Credit default swaps are also considered wherever relevant and available.

Notes forming part of the financial statements continued

Counterparty credit quality and exposures are regularly reviewed and, if outside of the acceptable tolerances, management will make a decision on remedial action to be taken.

The financial assets recognised in the financial statements, net of impairment losses (if any), represent the Group's maximum exposure to credit risk.

Disclosure relating to the credit quality of trade and other receivables is given in note 16.

Eligible currencies are USD and GBP. Interest return on the collateral is based on Effective Fed Fund rates for USD and Overnight SONIA for GBP.

(e) Liquidity risk
The objective of the Group's liquidity risk management is to ensure sufficient cash is available to meet future liabilities as and when they fall due and ensure planned access to cost effective funding in various markets.

The Group maintains a high proportion of cash in overnight money market funds with same day access to manage the impact of any business disruption. Additionally, the Group uses a combination of Credit Support Annex (CSA) and Non-CSA arrangements with its counterparties to manage liquidity requirements relating to derivatives trading activities.

The Group has entered into supplier financing arrangements to maintain a robust cash position while ensuring timely payments to key suppliers. This introduces the risk that the Group might become reliant on the extended payment terms offered by the arrangement. The Group mitigates this risk through careful cash balance monitoring, scenario analysis, and diversification of financing sources.

The maturity profile of financial liabilities based on undiscounted gross cash flows and contractual maturities can be found in note 18.

(f) Capital risk
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors its leverage ratio i.e. net debt to EBITDA. Net debt is defined as the total loans and borrowings, leases, (for calculation purposes) net of cash and cash equivalents.

28. Reconciliation between loss for the year and cash generated by operations

	Group	
	For the year ended 31 December 2024 £m	For the year ended 31 December 2023 £m
Loss for the year	**(94.9)**	(225.5)
Adjustments for:		
Depreciation	**225.4**	227.3
Amortisation	**49.1**	45.1
Impairment	**-**	3.7
Loss/(gain) on unrealised items and FX	**23.1**	(29.3)
Loss/(profit) on disposal of property, plant and equipment and intangible assets	**1.4**	(0.9)
Taxation	**3.5**	0.9
Movement in provision for bad debts	**0.8**	(0.2)
Net finance costs	**321.9**	308.2
Movement in restricted cash	**6.4**	(0.4)
Working capital changes:		
Inventory	**(7.9)**	(6.7)
Trade and other receivables	**(50.8)**	153.9
Trade and other payables	**104.2**	40.1
Deferred revenue on air travel and tour operations	**58.6**	(19.5)
Provisions	**1.7**	16.6
Equity-settled share-based payment transactions	**1.1**	2.5
Non-cash movements in derivatives	**(35.9)**	36.3
Interest paid	**(222.1)**	(219.1)
Income taxes paid	**(0.2)**	(0.6)
Net cash from operating activities	**385.4**	332.4

29. Subsequent events
There have been no subsequent events to report.

Alternative performance measures

The performance of the Group is assessed using a number of alternative performance measures (APMs) as outlined below.

These measures are not defined under International Financial Reporting Standards (IFRS) and should be considered in addition to IFRS measurements.

Changes in presentation

The definition of non-underlying items has been revised to include unrealised foreign exchange gains and losses. Unrealised foreign exchange movement is predominantly comprised of the revaluation of significant USD-denominated liabilities, particularly in aircraft financing and maintenance provisions. These FX movements are accounting adjustments that do not impact actual cash flows, operational efficiency, or the economic activities that define our core business operations.

This change has been enacted to provide a clearer representation of underlying business performance undistorted by foreign exchange movements and ensure our alternative performance metrics are more understandable.

The definition of each APM, together with a reconciliation to the nearest measure prepared in accordance with IFRS, is presented below.

(a) Profit/(loss) before tax and exceptional items

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

Exceptional items may include impairments, expenditure on major restructuring programmes and other particularly significant or unusual non-recurring items. Non-underlying items may include fair value adjustments on financial instruments and items not considered to be reflective of the trading performance of the business. Items relating to the normal trading performance of the business will always be included within the underlying performance.

The following table contains a reconciliation between PBTEI and the statutory income statement for the Group:

	For the year ended 31 December 2024			For the year ended 31 December 2023[1]		
	Underlying activities before exceptional items £m	Exceptional items and non-underlying items £m	Total £m	Underlying activities before exceptional items £m	Exceptional items and non-underlying items £m	Total £m
Total revenue	**3,301.3**	**-**	**3,301.3**	3,118.9	-	3,118.9
Physical fuel	**(815.2)**	**-**	**(815.2)**	(841.0)	-	(841.0)
Fuel hedging (i)	**-**	**-**	**-**	(41.5)	41.5	-
Airline direct operating costs	**(618.7)**	**-**	**(618.7)**	(634.5)	-	(634.5)
Aircraft costs	**(194.7)**	**-**	**(194.7)**	(195.8)	-	(195.8)
Holiday distribution, marketing and selling costs (i)	**(466.1)**	**-**	**(466.1)**	(429.9)	6.3	(423.6)
Employee remuneration	**(477.2)**	**-**	**(477.2)**	(417.0)	-	(417.0)
Other operating and overhead costs (i), (ii), (iii)	**(220.7)**	**(20.7)**	**(241.4)**	(231.2)	60.8	(170.4)
Engineering and maintenance costs	**(230.8)**	**-**	**(230.8)**	(216.9)	-	(216.9)
Other depreciation and amortisation	**(68.6)**	**-**	**(68.6)**	(64.8)	-	(64.8)
Profit on disposal of property, plant and equipment	**(1.4)**	**-**	**(1.4)**	0.9	-	0.9
Restructuring (v)	**-**	**(14.6)**	**(14.6)**	-	(2.5)	(2.5)
Impairment of assets (vi)	**-**	**-**	**-**	-	(3.8)	(3.8)
Fair value gains/(losses) on derivative contracts (i)	**-**	**35.9**	**35.9**	-	(67.4)	(67.4)
Other income (iv)	**22.0**	**-**	**22.0**	0.6	0.9	1.5
Operating profit	**229.9**	**0.6**	**230.5**	47.8	35.8	83.6
Finance income	**18.0**	**-**	**18.0**	16.0	-	16.0
Finance expense (vii)	**(228.2)**	**(111.7)**	**(339.9)**	(234.7)	(89.5)	(324.2)
Net finance costs	**(210.2)**	**(111.7)**	**(321.9)**	(218.7)	(89.5)	(308.2)
Profit/(loss) before tax	**19.7**	**(111.1)**	**(91.4)**	(170.9)	(53.7)	(224.6)

1 The definition of non-underlying items has been amended during 2024 to include unrealised FX gains and losses. The prior year comparatives have been restated to align with the current year presentation.

Alternative performance measures continued

The Group separately presents certain items as exceptional. These are items which in the judgement of the Directors need to be disclosed separately by virtue of their size or incidence in order for the reader to obtain a proper understanding of the financial information:

(i) Fair value gains/(losses) on derivative contracts in relation to the Group's fuel and foreign currency derivatives totalling gains of £35.9m (2023: gains of £5.9m) are classified as non-underlying items through Fair value gains/(losses) on derivative contracts as they do not reflect underlying performance. In the current year, these movements represent the unwind of derivatives that were in place prior to the adoption of hedge accounting which have expired during the year.

During the year, the Group adopted hedge accounting which has led to a change in presentation of matured derivative contracts. In previous years, all fair value gains/(losses) on matured derivative contracts were reclassified to Fair value gains/(losses) on derivative contracts to ensure that the operating costs of the Group could be reflected at an unhedged rate, as the Group did not apply hedge accounting for derivative contracts. Subsequent to adopting hedge accounting in 2024, no such reclassification is required; gains/losses on matured fuel derivatives are now presented within Physical fuel, and gains/losses on matured foreign exchange derivatives are presented within Other operating and overhead costs, consistent with the presentation of other realised foreign exchange gains and losses.

(ii) Other operating and overhead costs include unrealised gains of £21.4m (2023: gains of £32.2m) relating to the revaluation of foreign denominated balance sheet items. Unrealised foreign exchange movements are presented as non-underlying as they do not reflect underlying performance.

(iii) Other operating and overhead costs includes a net release of £0.8m (2023: £1.9m expense) worth of exit costs related to leasehold properties that were vacated during the year.

(iv) A related party, Flybe Limited, entered administration in March 2020. At that date, the Group had advanced loans to Flybe Limited. The Group fully impaired the loans and has netted any amounts recovered against the write down. Amounts recovered in the year totalled £nil (2023: £0.9m).

(v) The business undertook a restructuring and recapitalisation process in response to the impact of Covid-19 resulting in costs incurred in the year of £14.6m (2023: £2.5m). This amount relates primarily to severance and advisory costs.

(vi) In the prior year an impairment of Property, plant and equipment amounting to £3.8m was recognised in the year following the decision to exit a VAA Clubhouse (2023: £3.8m).

(vii) Interest expense totalling £111.7m (2023: £89.5m) arose on accounting for loans advanced from shareholders at fair value (refer to note 23). Management considers this expense to be non-underlying as it does not reflect the true cost of the arrangement.

(b) EBITDA

Profit/(loss) for the year/period before net finance costs, tax, depreciation and amortisation, exceptional items and unrealised foreign exchange gain/(loss).

	Group	
	For the year ended 31 December 2024 £m	For the year ended 31 December 2023[1] £m
Profit/(loss) before tax	**(91.4)**	(224.6)
Add: Exceptional items	**111.1**	53.7
Add: Net finance costs	**210.2**	218.7
EBIT	**229.9**	47.8
Add: Depreciation and amortisation	**274.4**	272.4
EBITDA	**504.4**	320.2

1 The definition of non-underlying items has been amended during 2024 to include unrealised FX gains and losses. The prior year comparatives have been restated to align with the current year presentation.

Alternative performance measures continued

(c) EBIT margin

EBIT divided by total revenue.

	Group	
	For the year ended 31 December 2024 £m	For the year ended 31 December 2023[1] £m
EBIT	229.9	47.8
Total Revenue	3,301.3	3,118.9
EBIT margin	7.0%	1.5%

1 The definition of non-underlying items has been amended during 2024 to include unrealised FX gains and losses. The prior year comparatives have been restated to align with the current year presentation.

(d) Passenger revenue per ASK (PRASK)

An industry measure of operational efficiency that encompasses both passenger yield and load factor performance. Calculated as total passenger revenue divided by total available seat kilometres (ASKs).

	Group	
	For the year ended 31 December 2024	For the year ended 31 December 2023
Airline passenger revenue (£m)	2,574.9	2,395.7
ASKs (km bn)	49.2	45.7
PRASK (p)	5.23	5.24

(e) Airline fuel costs per ASK (Fuel CASK)

A key fuel metric, fuel CASK measures our unit fuel spend and assess our aircraft fuel efficiency and fuel hedging effectiveness. Calculated as the total fuel spend divided by total ASKs.

	Group	
	For the year ended 31 December 2024	For the year ended 31 December 2023
Physical fuel (£m)	815.2	841.0
Fuel hedging (£m)	-	41.5
Fuel costs (£m)	815.2	882.5
ASKs (km bn)	49.2	45.7
Fuel CASK (p)	1.66	1.93

(f) Airline non-fuel costs per ASK (Non-fuel CASK)

Our key volume adjusted operational cost metric that indicates our cost control performance excluding fuel. Calculated as the total airline operational costs and overheads (ex-financing costs divided by total ASKs).

	Group	
	For the year ended 31 December 2024 £m	For the year ended 31 December 2023 £m
Total operating expenditure (£m)	3,070.8	3,035.3
Less: Exceptional items (£m)	0.6	4.1
Less: Fuel costs (£m)	(815.2)	(882.5)
Less: Non-flight costs[1] (£m)	(293.3)	(305.8)
Non-fuel costs (£m)	1,962.9	1,851.1
ASKs (km bn)	49.2	45.7
Non-fuel CASK (p)[2]	3.99	4.05

(g) Net debt

Total borrowings, net of cash and cash equivalents and restricted cash.

	Group	
	2024 £m	2023 £m
Total borrowings	(3,807.6)	(3,573.4)
Cash and cash equivalents	378.9	335.3
Restricted cash	64.4	70.8
Net debt	(3,364.3)	(3,167.3)

1 Non-flight costs are included within Holiday, distribution and marketing costs, Employee remuneration, Other operating and overhead costs, Other depreciation and amortisation and Profit on disposal of property, plant and equipment in the statement of comprehensive income.

2 Restated 2023 NF CASK to be consistent with current year, removing intercompany costs relating to shared services to give an accurate view of airline only costs.

Alternative performance measures continued

(h) Adjusted net assets/(liabilities)

Net assets/(liabilities) shown on its consolidated statement of financial position, adjusted for the market value of Virgin Atlantic's slot portfolio (less cost). Per IFRS, landing rights, or slots, are recognised within intangible assets at cost, for which the majority of the Group's portfolio is £nil due to the allocation of slots at London Heathrow Airport. Net liabilities shown on the consolidated statement of financial position therefore excludes significant value in the landing rights portfolio, yet includes borrowings which are secured against these landing rights. Adjusted net liabilities is used by management as an indication of the Group's financial position which includes all material assets and liabilities.

	Group	
	2024 £m	2023 £m
Net liabilities	**(1,657.3)**	(1,537.6)
Market value adjustment[1]	**650.0**	625.6
Adjusted net liabilities	**(1,007.3)**	(912.0)

i) Adjusted free cash

Cash and cash equivalents adjusted for unremitted cash in transit.

	Group	
	2024 £m	2023 £m
Cash and cash equivalents	**378.9**	335.3
Unremitted cash	**51.2**	69.7
Adjusted free cash	**430.1**	405.0

1 The market value of the slot portfolio has been determined using a third-party valuation.

Glossary

Airline Passenger unit revenue (PRASK)	Our total airline Passenger Revenue divided by the number of Available Seat Kilometres.
Airline Passenger Revenue per RPK or Yield	Our measure for yield, calculated as our total airline passenger revenue divided by the number of seats occupied by revenue customers multiplied by distance flown.
Available Seat Kilometre (ASK)	Our passenger carrying capacity, calculated by seats available multiplied by distance flown.
CGU	Cash-generating unit.
Constant currency	The restatement of our prior year revenue and cost at the average IATA five-day exchange rate for the current year.
Cost per Available Seat Kilometre (CASK)	This is how much each seat on a flight costs us for every kilometre it operates.
Earnings Before Interest and Taxes (EBIT)	A measure of a company's operating income, equal to earnings before the deduction of net finance costs and taxes and before Exceptional Items and Non-Underlying Items.
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	A measure of a company's operating cash flow, equal to earnings before the deduction of depreciation, amortisation, net finance cost and taxes and before Exceptional Items and Non-Underlying Items.
Exceptional Items and Non-Underlying Items	Items excluded from the profit measure PBTEI. Items excluded may result from one-off events which do not form part of business as usual, or are not reflective of the underlying trading performance of the business.
Flying Club	Our customer loyalty proposition.
IASA	International Aviation Safety Assessment Programme.
IOSA	The IATA Operational Safety Audit (IOSA) is an internationally recognised and accepted evaluation system designed to assess the operational management and control systems of an airline.
International Civil Aviation Organization (ICAO)	A specialised agency of the United Nations, the International Civil Aviation Organization was created in 1944 to promote the safe and orderly development of international civil aviation throughout the world. It sets standards and regulations necessary for aviation safety, security, efficiency and regularity, as well as for aviation environmental protection.
IEA	International Energy Agency.
IPCC	Intergovernmental Panel on Climate Change.
Load factor	The proportion of seats filled by revenue passengers, weighted by distance flown.
Net Promoter Score (NPS)	The Net Promoter Score (NPS) is a metric based on survey responses to the 'likelihood to recommend' question and is calculated by subtracting the percentage of customers who are 'Detractors' (score 0-6, unlikely to recommend) from the percentage of customers who are 'Promoters' (score 9-10, likely to recommend).
Non-fuel unit costs	This is how much each seat on a flight costs us for every kilometre it operates once the effect of fuel price and hedging is removed.
Profit Before Tax and Exceptional Items (PBTEI)	Our measure of profit, which excludes Exceptional Items and Non-Underlying Items thereby providing a better view of underlying performance.
Revenue Passenger Kilometre (RPK)	Our passenger revenue measure weighted for distance, calculated by seats occupied by revenue customers multiplied by the distance flown.
Revenue Tonne Kilometres (RTK)	The revenue load in tonnes multiplied by the distance flown.
RCF	Revolving Credit Facility.
SAF	Sustainable Aviation Fuel.
STEM	Science, technology, engineering and maths.
VAT	Value added tax.
Year on Year (YoY)	Comparing two financial years.
Yield	A measure of financial return.

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